

**GREEK ORTHODOX
PATRIARCHAE OF JERUSALEM
ST.GEORGE SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED
AUGUST 31, 2015, 2014 AND INDEPENDENT AUDITORS'
REPORT

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL
Financial statements for the year ended August 31, 2015

- TABLE OF CONTENTS -

	<u>Page</u>
Independent Auditors' Report	2
Balance Sheet	3
Statement of Activities	4
Statement of Cash Flow	5
Notes to the Financial Statements	6-10

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

Independent Auditors' Report

To

The Directors of Greek Orthodox Patriarchae and the Board of Trustees of St. George School.

Report on the Financial Statements

We have audited the accompanying financial statements of the St. George School which comprise the balance sheet as at August 31st, 2015 & 2014 and the related statement of activities and the cash flow Statement for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles in Palestine (GAAP). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and taking our comments presented in the management letter into consideration, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of St. George School as of August 31st, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with Generally Accepted Accounting Principles in Palestine. Noting that we did not make any kind of audit or review for any financial information occurred before this year audit therefore we are not entitled for any potential responsibility that may arise for anything related to that period of the old financial information.

Palestia for Auditing & Professional Services

Ramallah, December 26, 2016

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

BALANCE SHEET

(All amounts in New Israeli Shekels)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Assets			
Current Assets			
Cash and cash equivalent	(3)	341,391	218,791
Students' accounts receivable	(4)	732,583	758,246
Other accounts receivable	(5)	<u>5,462</u>	<u>1,160</u>
Total Current Assets		<u>1,079,436</u>	<u>978,197</u>
		-----	-----
Fixed Assets			
Fixed assets, Net	(6)	144,550	132,437
		-----	-----
Total Assets		<u>1,223,986</u>	<u>1,110,634</u>
		-----	-----
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	(7)	4,204,063	3,358,297
Other accounts payable	(8)	<u>107,272</u>	<u>108,225</u>
Total Current Liabilities		<u>4,311,335</u>	<u>3,466,522</u>
		-----	-----
Long term Liabilities			
Reserve for severance Pay, Net	(9)	<u>989,586</u>	<u>857,398</u>
Total Long Term Liabilities		<u>989,586</u>	<u>857,398</u>
		-----	-----
Net Assets			
Unrestricted Net Assets			
From operations		(4,076,935)	(3,213,286)
For fixed assets		<u>-</u>	<u>-</u>
Total Net Assets		<u>(4,076,935)</u>	<u>(3,213,286)</u>
		-----	-----
Total Liabilities and Net Assets		<u>1,223,986</u>	<u>1,110,634</u>
		-----	-----

Notes of the financial statements form an integral part thereof.

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

STATEMENT OF ACTIVITIES

(All amounts in New Israeli Shekels)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets			
Revenue, grants and other gains			
Tuition fees		1,052,734	1,073,608
Cantine Sales		20,000	20,000
Uniform Sales		24,903	17,276
Books Sales		117,110	40,767
Transportation & Trips Revenues		54,260	20,580
Other Revenues		28,152	25,846
Donations	(10)	<u>82,988</u>	<u>16,354</u>
Total Revenues, grants and other gains		<u>1,380,147</u>	<u>1,214,431</u>
Net Assets Released from Temporary Restrictions		<u>-</u>	<u>-</u>
Total changes in Unrestricted Net Assets		<u>1,380,147</u>	<u>1,214,431</u>
Expenses			
Cost of activities	(11)	1,660,126	1,332,541
Administrative and general expenses	(12)	<u>585,618</u>	<u>446,504</u>
Total expenses		<u>2,245,744</u>	<u>1,779,045</u>
Net revenues (expenses) before financing expenses		<u>(865,597)</u>	<u>(564,614)</u>
Financing Income (expenses), Net		<u>1,948</u>	<u>(447)</u>
Increase (Decrease) in Unrestricted Net Assets		<u>(863,649)</u>	<u>(565,061)</u>
Changes in Net Assets for the beginning of the year		<u>(3,213,286)</u>	<u>(2,648,225)</u>
Changes in Net Assets for the end of the year		<u>(4,076,935)</u>	<u>(3,213,286)</u>

Notes of the financial statements form an integral part thereof.

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

STATEMENT OF CASH FLOW

(All amounts in New Israeli Shekels)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets for the year	(863,649)	(565,061)
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities		
Depreciations	17,895	15,579
Provision for severance pay	132,188	103,029
Decrease (Increase) in accounts receivable	25,663	(230,549)
Decrease (Increase) in other accounts receivable	(4,302)	(1,160)
Increase (Decrease) in accounts payable	845,766	695,347
Increase (Decrease) in other accounts payable	<u>(953)</u>	<u>13,502</u>
Net cash provided from operating activities	<u>152,608</u>	<u>30,687</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(30,008)</u>	<u>(27,589)</u>
Net cash used in investing activities	<u>(30,008)</u>	<u>(27,589)</u>
Increase (Decrease) in cash and cash equivalents	122,600	3,098
Cash and cash equivalent, beginning of year	<u>218,791</u>	<u>215,693</u>
Cash and cash equivalent, end of year	<u>341,391</u>	<u>218,791</u>

Notes of the financial statements form an integral part thereof.

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

1. GENERAL

Greek Orthodox Patriarchae of Jerusalem established in 1999 , the new location for the Greek Orthodox School under the name of St.George School at Ramallah City – Al Tierih neighbourhood . The School building contains three floors from kindergarten to twelfth grade including all facilities from playgrounds, gardens, library and labs.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in Palestine (GAAP) for Not for profit organizations. Following is a summary of the significant accounting policies:

2.1 Fixed Assets -

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of these assets based on the following annual percentage rates:-

Equipment	15-20%
Furniture	5-15%

2.2 Net Assets -

Net assets and contributions are classified based on the existence or absence of donor imposed restrictions. Therefore, net assets are classified as either unrestricted or temporarily restricted.

2.3 Revenue -

Revenue is recognized when contributions and/or donations are received or services are performed. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulation that limits the use of donation. When donor restriction expires, temporarily restricted net assets are reclassified to Unrestricted net assets and reported in the statements of activities as net assets Released from restrictions. In accordance with Financial Accounting Standards Board Pronouncement number 116.

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

2.4 Severance Pay -

Benefits payable to the employees of St. George school at the end of their services are provided for in accordance with the guidelines set by the Palestinian labor laws. The reserve for employee's severance pay for the year is calculated at the rate of one month's salary per year of service based on the last salaries paid.

2.5 Translation of Foreign Currencies -

The accompanying financial statements are denominated in new Israeli Shekel. Transactions in other currencies during the year were translated according to prevailing rates at the time the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into New Israeli shekels by applying the exchange rates prevailing at the reporting date.

3. CASH AND CASH EQUIVALENTS

Details -

	<u>2015</u>	<u>2014</u>
Cash on hand	23,257	14,490
The National Bank / Current Account	135,973	75,063
The National Bank / Saving Account	79,548	101,088
The National Bank / Deposit in Transit	<u>102,613</u>	<u>28,150</u>
	<u>341,391</u>	<u>218,791</u>

4. ACCOUNTS RECEIVABLE

Details -

	<u>2015</u>	<u>2014</u>
Students Receivables	253,398	388,942
Collectable checks	124,152	117,113
Students Receivables-Bad Debt	<u>355,033</u>	<u>252,191</u>
	<u>732,583</u>	<u>758,246</u>

5. OTHER ACCOUNTS RECEIVABLE

Details -

	<u>2015</u>	<u>2014</u>
Prepaid Expenses	<u>5,462</u>	<u>1,160</u>
	<u>5,462</u>	<u>1,160</u>

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

6. FIXED ASSETS, NET

A) Details -

	<u>Equipment</u>	<u>Furniture</u>	<u>Total</u>
Cost			
Beginning of year	59,999	110,459	170,458
Additions during the year	26,303	3,705	30,008
Disposals during the year	-	-	-
End of year	<u>86,302</u>	<u>114,164</u>	<u>200,466</u>
	-----	-----	-----
Accumulated Depreciation			
Beginning of year	13,929	24,092	38,021
Additions during the year	11,929	5,966	17,895
Disposals during the year	-	-	-
End of year	<u>25,858</u>	<u>30,058</u>	<u>55,916</u>
	=====	=====	=====
Net Book Value - 2015	<u>60,444</u>	<u>84,106</u>	<u>144,550</u>
Net Book Value - 2014	<u>46,070</u>	<u>86,367</u>	<u>132,437</u>

B) Depreciation rates 15-20% 5-15%

7. ACCOUNTS PAYABLE

Details -

	<u>2015</u>	<u>2014</u>
Greek Orthodox Patriarchae of Jerusalem	4,139,800	3,334,300
Suppliers Payable	6,609	-
Outstanding cheques	<u>57,654</u>	<u>23,997</u>
	<u>4,204,063</u>	<u>3,358,297</u>

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

8. OTHER CURRENT LIABILITIES

Details -

	<u>2015</u>	<u>2014</u>
Employees	99,346	103,263
Accrued expenses	<u>7,926</u>	<u>4,962</u>
	<u>107,272</u>	<u>108,225</u>

9. RESERVE FOR SEVERANCE AND PENSION, NET

Details -

	<u>2015</u>	<u>2014</u>
Reserve for severance pay – beginning Balance	857,398	754,369
Severance pay expenses during the year	340,246	122,321
Severance pay paid during the year	<u>(208,058)</u>	<u>(19,292)</u>
Reserve for severance pay – Ending Balance	<u>989,586</u>	<u>857,398</u>

10. Donations

Details -

	<u>2015</u>	<u>2014</u>
Donation for Christmass decoration	8,785	4,717
Azeez Shahin Charitable Trust	25,353	-
Donations for Hall Renewal	-	6,503
Pharmaceutcal Company (laptop & Projector)	3,100	-
Kintergarden Toys & Supplies	2,850	-
Donations for Graduation Festival	3,500	5,134
Solitare PM Jerusalem	<u>39,400</u>	<u>-</u>
	<u>82,988</u>	<u>16,354</u>

GREEK ORTHODOX PATRIARCHE - ST.GEORGE SCHOOL

Financial statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

11. COST OF ACTIVITIES

Details -

	<u>2015</u>	<u>2014</u>
Salaries & wages and related expenses	1,053,092	1,038,793
Severance pay expenses	253,956	100,450
Field trips	56,715	20,781
Books and teaching materials	87,156	47,792
School Uniform	19,886	31,940
Social activities	40,820	31,362
Christmas decoration	12,498	6,053
School renovation	16,755	8,170
Utilities	25,138	25,170
Christmas gifts for employees	22,549	16,800
Kids Toys, Sport & Lab Supplies	12,950	-
Year Book & Tawjihi Exam expenses	24,086	-
Medical Treatment & Health Insurance	29,125	-
Rent and maintenance expense	5,400	5,230
	<u>1,660,126</u>	<u>1,332,541</u>

12. ADMINISTRATIVE AND GENERAL EXPENSES

Details -

	<u>2015</u>	<u>2014</u>
Management salaries, Wages and related expenses	416,567	347,386
Management severance pay expenses	86,289	21,871
Building maintenance and cleaning expenses	16,885	10,930
Professional fees	2,962	2,962
Office supplies and stationary	13,208	16,445
Transportation expenses	2,230	5,255
Computers and other equipment maintenance	13,523	13,780
Communication	4,184	5,652
Internet & Website expenses	4,080	3,195
Advertising expenses	900	2,040
Fuel & Heat Expense	5,895	-
Miscellaneous	1,000	1,409
Depreciation expenses	17,895	15,579
	<u>585,618</u>	<u>446,504</u>