

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

FINANCIAL STATEMENTS

For the year ended August 31, 2019

And Independent Auditor's Report

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Independent Auditor's Report

To The Board of Directors of:

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – ST.GEORGE SCHOOL

Report on the audit of the financial Statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ST. George School, as at August 31, 2019, and its financial Activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements comprise:

- the statement of financial position as at August 31, 2019;
- the statement of activities for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters Paragraph

According to our audit procedures and requirements, we provided school's management with Donors Confirmation Template and requested donors replies to confirm these balances.

Unfortunately, and until this moment, we did not get any reply from any donor. At the same, the School's Management did not obtain any type of Donors written Agreements. Therefore: we included the donated amounts in the financial statement exactly as school's management provided us, noting that the auditors will not take any responsibility nor will be liable for this information in front of any potential or future claim.

Independence

We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of management and those charged with governance 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), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

HLB Palestia for Auditing & Professional Services

Omran Naser

License Number 106/2001

Ramallah, Palestine

STATEMENT OF FINANCIAL POSITION

(All amounts in New Israeli Shekels)

	Note	31-Aug-19	31-Aug-18
Assets			
Current assets			
Cash and Cash equivalents	(3)	540,877	618,629
Students Account Receivable	(4)	1,680,727	1,437,704
Other current assets	(5)	-	6,561
Total current asses		2,221,603	2,062,894
Non - Current Assets			
Property , Plant and equipment, net	(6)	573,553	713,176
Total non current assets		573,553	713,176
Total Assets		2,795,156	2,776,070
Liabilities and Net Assets			
Current liabilities			
Account payable	(7)	6,295,079	5,896,738
Other Current Liabilities	(8)	144,326	141,508
Total current liabilities		6,439,405	6,038,246
Non-Current Liabilities			
Employees End of Service Indemnity	(9)	802,424	738,313
Total non current libilities		802,424	738,313
Total Liabilities		7,241,829	6,776,559
Net Assets			
Unrestricted Net Assets			
From Operations		(4,380,454)	(3,532,511)
For Fixed Assets		(66,219)	(467,978)
Total Net Assets		(4,446,673)	(4,000,489)
Total liabilities and Net Assets		2,795,156	2,776,070

- Notes (1 to 12) to the financial statements form an integral part thereof.

Chairman

STATEMENT OF ACTIVITIES

(All amounts in New Israeli Shekels)

	Note	31-Aug-19	31-Aug-18
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
School fees-Tuition,Uniform & Other revenues		2,239,101	2,008,509
Donations	(10)	60,180	58,168
Total Revenues,Grants and Other Revenues		2,299,281	2,066,677
Net Assets Released from Temporary Restrictions		-	-
Total Changes in Unrestricted Net Assets		2,299,281	2,066,677
Expenditures			
Cost of Activities	(11)	1,709,354	1,676,712
General and administrative expenses	(12)	926,728	763,918
Total expenditures		2,636,081	2,440,630
Net revenues (expenses) before financing expenses		(336,800)	(373,953)
Financing Income (Expenses), Net		(109,384)	(404)
Increase (Decrease) in Unrestricted Net Assets		(446,184)	(374,357)
Changes in Net Assets for the Beginning of the year		(4,000,489)	(3,626,131)
Changes in Net Assets for the End of the year		(4,446,673)	(4,000,489)

- Notes (1 to 12) to the financial statements form an integral part thereof.

STATEMENT OF CASH FLOWS

(All amounts in New Israeli Shekels)

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(446,184)	(374,357)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	205,842	8,188
Increase (decrease) in provision for end of service benefits	64,111	(6,631)
(Increase) decrease in accounts receivable and student receivable	(243,023)	(172,645)
(Increase) decrease in other current assets	6,561	-
Increase (decrease) in account payable	398,342	789,020
Increase (decrease) in other current liabilities	2,818	13,450
Net cash flow (used in) from operating activities	<u>(11,534)</u>	<u>257,025</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	(66,219)	(467,978)
Net cash flow used in investing activities	<u>(66,219)</u>	<u>(467,978)</u>
Net (decrease) increase in cash and cash equivalents	(77,753)	(210,953)
Cash and Cash Equivalents, beginning of year	618,629	829,582
Cash and Cash Equivalents, end of year	<u>540,877</u>	<u>618,629</u>

- Notes (1 to 12) to the financial statements form an integral part thereof.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

NOTE (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 Tiereh neighbourhood . The School building contains three floors from kindergarten to twelfth grade including all facilities from playgrounds, gardens, library and labs.

NOTE (2) SUMMARY OF SIGNIFICANT 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.

2.4 Severance Pay - Benefits payable to the employees of Shepherds High 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

FINANCIAL RISK MANAGEMENT**Liquidity risk**

The Institute minimize its liquidity risk by ensuring that credit facilities are available, and following up on the collection of the pledges receivable.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all categories of financial assets held by the Organization , the maximum exposure to credit risk is the carrying value, as disclosed in the statement of financial position.

(1) Cash and cash equivalents and deposits:

The Organization deposits its funds with reputable banks, and there are no restrictions on their use.

(2) Students Account receivables:

The Organization receives cash direct to the banks that deal with them and which enjoy excellent reputation.

Market risk**(i) Exchange rate**

The institute is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the \$USA, JOD and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities. To manage their foreign exchange risk arising from future commercial transactions, the organization's management maintains cash balances in different currencies.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (3) - Cash and Cash Equivalents

Details:

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Cash box	20,870	(226)
Bank- Current Account	7,019	334,260
Bank- Deposit	-	261,303
Bank- Saving	512,987	23,292
	<u>540,877</u>	<u>618,629</u>

Note (4) - Account receivable

Details:

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Account receivable/Students fees	1,022,475	880,424
Collectable Checks	267,949	163,977
Account receivable/Students -Bad Debt	390,303	393,303
	<u>1,680,727</u>	<u>1,437,704</u>

Note (5) - Other current assets

Details:

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Prepaid expenses	-	6,561
	<u>-</u>	<u>6,561</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (6) - Fixed Assets -Net

Details:

	<u>Equipments</u>	<u>Office Furniture</u>	<u>Total</u>
Historical Cost			
Beginning balance	225,599	601,304	826,903
Additions during the year	5,760	60,459	66,219
Disposal during the year	-	-	-
End of year	<u>231,359</u>	<u>661,763</u>	<u>893,122</u>
Accumulated Depreciation			
Beginning balance	70,896	42,831	113,726
Accumulated Depreciation for the year	84,755	121,087	205,842
Disposal during the year	-	-	-
End of year	<u>155,651</u>	<u>163,918</u>	<u>319,569</u>
Net Book Value, Aug, 31 2019	<u>75,708</u>	<u>497,845</u>	<u>573,553</u>
Net Book Value, Aug, 31 2018	<u>154,703</u>	<u>558,473</u>	<u>713,176</u>

Note (7) - Account Payable

Details:

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Greek Orthodox Patriarchae of Jerusalem		
during the period	6,269,520	5,815,720
Suppliers payable	-	46,118
Outstanding cheques	25,559	34,900
	<u>6,295,079</u>	<u>5,896,738</u>

Note (8) - Other current liabilities

Details:

	<u>31-Aug-19</u>	<u>31-Aug-18</u>
Employees	126,866	127,833
Accrued expenses	17,460	13,260
Income Tax Payable	-	415
	<u>144,326</u>	<u>141,508</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (9) - Employees End of Service Indemnity

Details:

	31-Aug-19	31-Aug-18
Balance - beginning of the year	738,313	744,944
Add: provision made during the year	123,891	219,957
Less: payments of benefits made during the year	(59,780)	(226,588)
Balance - end of the year	802,424	738,313

Note (10) - Donations

Details:

	31-Aug-19	31-Aug-18
Greek Orthodox Church Committee	-	3,000
Rayyan Currency Exchange Corporation	-	3,500
Mr. Ammar Ammar	-	700
Esam Iskander E'sis	-	3,500
Dar Al-Shefa' Pharmaceutical Company	-	3,000
Spiro Khoury	-	1,780
PONTIFICAL MISSION	58,370	39,128
Esam Iskander E'sis	1,810	3,560
	60,180	58,168

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - Cost of Activities

Details:

	31-Aug-19	31-Aug-18
Salaries & wages and related expenses	1,267,618	1,160,164
Severance pay expenses	88,775	157,612
Field trips	-	26,680
Books and teaching materials	36,863	168,890
School Uniform	145,700	35,868
Social activities	17,300	2,500
Christmas decoration	16,133	27,809
School renovation	11,733	10,783
Utilities	28,935	24,554
Christmas gifts for employees	19,295	18,000
Kids Toys, Sport & Lab Supplies	3,930	-
Year Book , Tawjihi Exam expenses & Graduation&open day Activities Expense	53,365	26,941
Sessions, Courses & Trainings for teachers	4,320	-
Medical Treatment & Health Insurance	892	3,552
Rent and maintenance expense	14,495	13,360
	1,709,354	1,676,712

Note (12) - General and Administrative expenses

Details:

	31-Aug-19	31-Aug-18
Management salaries, Wages and related expen	586,417	528,136
Management severance pay expenses	35,116	62,346
Building maintenance and cleaning expenses	15,069	20,720
Professional fees	4,200	4,512
Office supplies and stationary	20,245	59,468
Transportation expenses	10,159	4,287
Computers and other equipment maintenance	17,065	7,928
Communication	5,058	7,658
Internet & Website expenses	9,109	4,950
Advertising expenses	1,130	5,750
Hospitality	7,784	19,253
Subscription for Certificates System	9,534	30,722
Depreciation expenses	205,842	8,188
	926,728	763,918