

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

FINANCIAL STATEMENTS

For the year ended August 31, 2020

And Independent Auditor's Report

- Table of Contents -	Page
Independent auditors' report	2
Statement of financial position	4
Statement of activities	5
Statement of cash flow	6
Notes' to the financial statements	7



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, 2020, 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, 2020;
- 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.

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

9 November 2020

STATEMENT OF FINANCIAL POSITION

(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Assets			
Current assets			
Cash and Cash equivalents	(3)	425,822	540,877
Students Account Receivable	(4)	2,571,446	1,680,727
Other current assets	(5)	2,880	-
Total current asses		<u>3,000,148</u>	<u>2,221,603</u>
Non - Current Assets			
Property , Plant and equipment, net	(6)	466,429	573,553
Total non current assets		<u>466,429</u>	<u>573,553</u>
Total Assets		<u>3,466,578</u>	<u>2,795,156</u>
Liabilities and Net Assets			
Current liabilities			
Account payable	(7)	7,062,993	6,295,079
Other Current Liabilities	(8)	391,326	144,326
Total current liabilities		<u>7,454,319</u>	<u>6,439,405</u>
Non-Current Liabilities			
Employees End of Service Indemnity	(9)	858,160	802,424
Total non current liabilities		<u>858,160</u>	<u>802,424</u>
Total Liabilities		<u>8,312,479</u>	<u>7,241,829</u>
Net Assets			
Unrestricted Net Assets			
From Operations		(4,845,902)	(4,380,454)
For Fixed Assets		-	(66,219)
Total Net Assets		<u>(4,845,902)</u>	<u>(4,446,673)</u>
Total liabilities and Net Assets		<u>3,466,578</u>	<u>2,795,156</u>

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

Chairman

STATEMENT OF ACTIVITIES

(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
School fees-Tuition, Uniform & Other revenues		2,269,579	2,239,101
Donations	(10)	-	60,180
Total Revenues, Grants and Other Revenues		<u>2,269,579</u>	<u>2,299,281</u>
Net Assets Released from Temporary Restrictions		<u>2,269,579</u>	<u>-</u>
Total Changes in Unrestricted Net Assets		<u>2,269,579</u>	<u>2,299,281</u>
Expenditures			
Cost of Activities	(11)	1,835,649	1,709,354
General and administrative expenses	(12)	831,113	926,728
Total expenditures		<u>2,666,761</u>	<u>2,636,081</u>
Net revenues (expenses) before financing expenses		(397,182)	(336,800)
Financing Income (Expenses), Net		<u>(2,046)</u>	<u>(109,384)</u>
Increase (Decrease) in Unrestricted Net Assets		<u>(399,229)</u>	<u>(446,184)</u>
Changes in Net Assets for the Beginning of the year		(4,446,673)	(4,000,489)
Changes in Net Assets for the End of the year		<u>(4,845,902)</u>	<u>(4,446,673)</u>

- 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-20</u>	<u>31-Aug-19</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(399,229)	(446,184)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	107,124	205,842
Increase (decrease) in provision for end of service benefits	55,736	64,111
(Increase) decrease in accounts receivable and student receivable	(890,719)	(243,023)
(Increase) decrease in other current assets	(2,880)	6,561
Increase (decrease) in account payable	767,913	398,342
Increase (decrease) in other current liabilities	247,001	2,818
Net cash flow (used in) from operating activities	<u>(115,054)</u>	<u>(11,534)</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	-	(66,219)
Net cash flow used in investing activities	<u>-</u>	<u>(66,219)</u>
Net (decrease) increase in cash and cash equivalents	(115,054)	(77,753)
Cash and Cash Equivalents, beginning of year	540,877	618,629
Cash and Cash Equivalents, end of year	<u>425,822</u>	<u>540,877</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 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

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:

	31-Aug-20	31-Aug-19
Cash box	5,887	20,870
Bank- Current Account	4,370	7,019
Bank- Deposit	-	-
Bank- Saving	415,566	512,987
	425,822	540,877

Note (4) - Account receivable

Details:

	31-Aug-20	31-Aug-19
Account receivable/Students fees	1,260,996	1,022,475
Collectable Checks	226,891	267,949
Cheques in transit	20,314	-
Account receivable/Students -Bad Debt	1,063,245	390,303
	2,571,446	1,680,727

Note (5) - Other current assets

Details:

	31-Aug-20	31-Aug-19
Registration for Exams	2,880	-
	2,880	-

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (6) - Fixed Assets -Net

Details:

	<u>Equipments</u>	<u>Computers</u>	<u>Office Furniture</u>	<u>Total</u>
Historical Cost				
Beginning balance	521,271	125,100	247,176	893,547
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
End of year	521,271	125,100	247,176	893,547
Accumulated Depreciation				
Beginning balance	136,765	68,580	114,649	319,994
Accumulated Depreciation for the year	57,851	25,089	24,184	107,124
Disposal during the year	-	-	-	-
End of year	194,616	93,669	138,833	427,118
Net Book Value, Aug, 31 2020	326,655	31,431	108,343	466,429
Net Book Value, Aug, 31 2019	384,506	56,520	132,527	573,553

Note (7) - Account Payable

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Greek Orthodox Patriarchae of Jerusalem during the period	7,018,064	6,269,520
Suppliers payable	22,307	-
Outstanding cheques	22,622	25,559
	7,062,993	6,295,079

Note (8) - Other current liabilities

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Employees	145,657	126,866
Accrued expenses	14,300	17,460
Unearned Revenue Registration Fees	229,130	-
Income Tax Payable	2,239	-
	391,326	144,326

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (9) - Employees End of Service Indemnity

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Balance - beginning of the year	802,424	738,313
Add: provision made during the year	292,201	123,891
Less: payments of benefits made during the year	<u>(236,465)</u>	<u>(59,780)</u>
Balance - end of the year	<u>858,160</u>	<u>802,424</u>

*This balance represents an obligation on the institution, and it is preferable to maintain a balance in the bank .

Note (10) - Donations

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
PONTIFICAL MISSION	-	58,370
Esam Iskander E'sis	<u>-</u>	<u>1,810</u>
	<u>-</u>	<u>60,180</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - Cost of Activities

Details:

	31-Aug-20	31-Aug-19
Salaries & wages and related expenses	1,341,361	1,267,618
Severance pay expenses	209,378	88,775
Entertainment and other Related Expenses	11,997	-
Books,Printing and teaching materials	128,350	36,863
School Uniform	40,225	145,700
Social activities	-	17,300
Christmas decoration	-	16,133
School renovation	-	11,733
Utilities	28,806	28,935
Christmas gifts for employees	2,643	19,295
Kids Toys, Sport & Lab Supplies	-	3,930
Year Book , Tawjihi Exam expenses &		
Graduation&open day Activities Expense	1,370	53,365
Sessions, Courses & Trainings for teachers	1,270	4,320
Employees Medical Treatment & Health Insurance	34,889	892
Rent and maintenance expense	35,359	14,495
	<u>1,835,649</u>	<u>1,709,354</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (12) - General and Administrative expenses

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Management salaries, Wages and related expenses	532,496	586,417
Management severance pay expenses	82,823	35,116
Building maintenance and cleaning expenses	10,799	15,069
Professional fees	4,060	4,200
Office supplies and stationary	17,342	20,245
Transportation expenses and Fuel for heating expense	23,525	10,159
Computers and other equipment maintenance	-	17,065
Communication	15,568	5,058
Internet & Website expenses	23,445	9,109
Advertising expenses	2,700	1,130
Hospitality	2,487	7,784
Day Care expenses	4,980	-
Subscription for Certificates System	3,763	9,534
Depreciation expenses	107,124	205,842
	<u>831,113</u>	<u>926,728</u>