

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

FINANCIAL STATEMENTS

For the year ended August 31, 2021

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, 2021, 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, 2021;
- 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

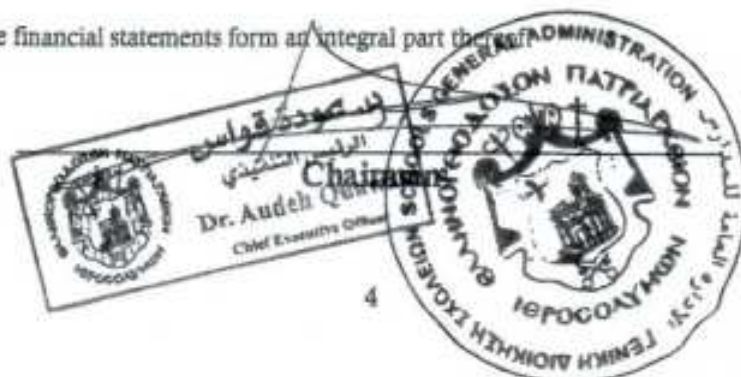
16 September 2021

HLB Palestia
For Auditing and Professional Services

STATEMENT OF FINANCIAL POSITION
(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Assets			
Current assets			
Cash and Cash equivalents	(3)	835,158	425,822
Students Account Receivable	(4)	2,356,562	2,571,446
Other current assets	(5)	4,791	2,880
Total current assets		<u>3,196,510</u>	<u>3,000,148</u>
Non - Current Assets			
Property , Plant and equipment, net	(6)	452,866	466,429
Total non current assets		<u>452,866</u>	<u>466,429</u>
Total Assets		<u>3,649,377</u>	<u>3,466,578</u>
Liabilities and Net Assets			
Current liabilities			
Account payable	(7)	7,222,046	7,062,993
Other Current Liabilities	(8)	539,544	391,326
Total current liabilities		<u>7,761,590</u>	<u>7,454,319</u>
Non-Current Liabilities			
Employees End of Service Indemnity	(9)	1,001,423	858,160
Total non current liabilities		<u>1,001,423</u>	<u>858,160</u>
Total Liabilities		<u>8,763,013</u>	<u>8,312,479</u>
Net Assets			
Unrestricted Net Assets			
From Operations		(4,660,770)	(4,379,473)
For Fixed Assets		(452,866)	(466,429)
Total Net Assets		<u>(5,113,637)</u>	<u>(4,845,902)</u>
Total liabilities and Net Assets		<u>3,649,377</u>	<u>3,466,578</u>

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



STATEMENT OF ACTIVITIES
(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
School fees-Tuition,Uniform & Other revenues*		2,085,449	2,269,579
Donations	(10)	184,395	-
Total Revenues, Grants and Other Revenues		<u>2,269,844</u>	<u>2,269,579</u>
Net Assets Released from Temporary Restrictions		<u>2,269,844</u>	<u>2,269,579</u>
Total Changes in Unrestricted Net Assets		<u>2,269,844</u>	<u>2,269,579</u>
Expenditures			
Cost of Activities	(11)	1,647,990	1,835,649
General and administrative expenses	(12)	891,075	831,113
Total expenditures		<u>2,539,065</u>	<u>2,666,761</u>
Net revenues (expenses) before financing expenses		<u>(269,222)</u>	<u>(397,182)</u>
Financing Income (Expenses), Net		1,487	(2,046)
Increase (Decrease) in Unrestricted Net Assets		<u>(267,735)</u>	<u>(399,229)</u>
Changes in Net Assets for the Beginning of the year		<u>(4,845,902)</u>	<u>(4,446,673)</u>
Changes in Net Assets for the End of the year		<u>(5,113,637)</u>	<u>(4,845,902)</u>

*Part of the school fees were from donors, and directly to the students' account.(32,720 ILS)

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

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – ST.GEORGE SCHOOL
Financial Statements for the year ended August 31, 2021

STATEMENT OF CASH FLOWS

(All amounts in New Israeli Shekels)

	31-Aug-21	31-Aug-20
Cash Flow from Operating Activities		
Change in net assets for the year	(267,735)	(399,229)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	200,413	107,124
Increase (decrease) in provision for end of service benefits	143,263	55,736
(Increase) decrease in accounts receivable and student receivable	214,884	(890,719)
(Increase) decrease in other current assets	(1,911)	(2,880)
Increase (decrease) in account payable	159,053	767,913
Increase (decrease) in other current liabilities	148,218	247,001
Net cash flow (used in) from operating activities	596,185	(115,054)
Cash Flow from Investing Activities		
Purchase of fixed assets	(186,850)	-
Net cash flow used in investing activities	(186,850)	-
Net (decrease) increase in cash and cash equivalents	409,335	(115,054)
Cash and Cash Equivalents, beginning of year	425,822	540,877
Cash and Cash Equivalents, end of year	835,158	425,822

- 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 Tierah 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:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Cash box	19,369	5,887
Bank- Current Account	815,789	4,370
Bank- Deposit	-	-
Bank- Saving	-	415,566
	<u>835,158</u>	<u>425,822</u>

Note (4) - Account receivable

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Account receivable/Students fees	787,250	1,260,996
Collectable Checks	496,005	226,891
Cheques in transit	28,314	20,314
Account receivable/Students -Bad Debt	1,044,993	1,063,245
	<u>2,356,562</u>	<u>2,571,446</u>

Note (5) - Other current assets

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Registration for Exams	2,880	2,880
Income tax	1,911	-
	<u>4,791</u>	<u>2,880</u>

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	67,900	70,600	48,350	186,850
Disposal during the year	-	-	-	-
End of year	589,171	195,700	295,526	1,080,397
Accumulated Depreciation				
Beginning balance	194,616	93,669	138,833	427,118
Accumulated Depreciation for the year	115,022	35,494	49,897	200,413
Disposal during the year	-	-	-	-
End of year	309,638	129,162	188,731	627,531
Net Book Value, Aug, 31 2021	279,533	66,538	106,795	452,866
Net Book Value, Aug, 31 2020	326,655	31,431	108,343	466,429

Note (7) - Account Payable

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Greek Orthodox Patriarchae of Jerusalem during the period	7,183,064	7,018,064
Suppliers payable	38,005	22,307
Outstanding cheques	977	22,622
	7,222,046	7,062,993

Note (8) - Other current liabilities

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Employees	107,830	145,657
Accrued expenses	18,286	14,300
Unearned Revenue Registration Fees	413,428	229,130
Income Tax Payable	-	2,239
	539,544	391,326

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (9) - Employees End of Service Indemnity

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Balance - beginning of the year	858,160	802,424
Add: provision made during the year	217,779	292,201
Less: payments of benefits made during the year	<u>(74,516)</u>	<u>(236,465)</u>
Balance - end of the year	<u>1,001,423</u>	<u>858,160</u>

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

According to the local law, the end of service expense is calculated as follows:

An employee who works for the school from one to five years is entitled to 1/3 salary for each year.

An employee who works for the school from five to ten years is entitled to 2/3 salary for each year.

An employee who works for the school over ten years is entitled to a full salary for each year.

Result: According to local law, the actual amount due from the school until 31/8/2021 is NIS 859,948.92.

Note (10) - Donations

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Save the children	35,050	-
The Higher Presidential Committee to Follow up on Church Affairs in Palestine	4,950	-
IOCC	105,395	-
Hungarian actress	32,000	-
Personal donations	7,000	-
	<u>184,395</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - Cost of Activities

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Salaries & wages and related expenses	1,296,504	1,341,361
Severance pay expenses	156,051	209,378
Entertainment and other Related Expenses	-	11,997
Books,Printing and teaching materials	107,474	128,350
School Uniform	-	40,225
Utilities	29,112	28,806
Christmas gifts for employees	1,600	2,643
Year Book , Tawjihi Exam expenses & Graduation&open day Activities Expense	5,285	1,370
Sessions, Courses & Trainings for teachers	966	1,270
Employees Medical Treatment & Health Insurance	18,522	34,889
Rent and maintenance expense	32,476	35,359
	<u>1,647,990</u>	<u>1,835,649</u>

Note (12) - General and Administrative expenses

Details:

	<u>31-Aug-21</u>	<u>31-Aug-20</u>
Management salaries, Wages and related expenses	535,505	532,496
Management severance pay expenses	61,728	82,823
Building maintenance and cleaning expenses	6,640	10,799
Professional fees	3,990	4,060
Office supplies and stationary	9,808	17,342
Transportation expenses and Fuel for heating expense	19,617	23,525
After School Activities	2,663	-
Communication	36,337	15,568
Internet & Website expenses	10,235	23,445
Advertising expenses	-	2,700
Hospitality	3,139	2,487
Day Care expenses	1,000	4,980
Subscription for Certificates System	-	3,763
Depreciation expenses	200,413	107,124
	<u>891,075</u>	<u>831,113</u>