

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

FINANCIAL STATEMENTS

For the year ended August 31, 2022

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, 2022, 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, 2022;
- 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

27 September 2022

HLB - Palestia

For Auditing and Professional Services

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

	<u>Note</u>	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Assets			
Current assets			
Cash and Cash equivalents	(3)	709,011	835,158
Students Account Receivable	(4)	2,101,100	2,356,562
Other current assets	(5)	6,840	4,791
Total current asses		<u>2,816,951</u>	<u>3,196,510</u>
Non - Current Assets			
Property , Plant and equipment, net	(6)	349,334	452,866
Total non current assets		<u>349,334</u>	<u>452,866</u>
Total Assets		<u>3,166,285</u>	<u>3,649,377</u>
Liabilities and Net Assets			
Current liabilities			
Account payable	(7)	7,079,451	7,222,046
Other Current Liabilities	(8)	599,197	539,544
Total current liabilities		<u>7,678,648</u>	<u>7,761,590</u>
Non-Current Liabilities			
Employees End of Service Indemnity	(9)	1,077,438	1,001,423
Total non current liabilities		<u>1,077,438</u>	<u>1,001,423</u>
Total Liabilities		<u>8,756,085</u>	<u>8,763,013</u>
Net Assets			
Unrestricted Net Assets			
From Operations		(5,240,466)	(4,660,770)
For Fixed Assets		(349,334)	(452,866)
Total Net Assets		<u>(5,589,800)</u>	<u>(5,113,637)</u>
Total liabilities and Net Assets		<u>3,166,285</u>	<u>3,649,377</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-22</u>	<u>31-Aug-21</u>
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
School fees-Tuition, Uniform & Other revenues*		1,916,618	2,085,449
Donations	(10)	24,790	184,395
Total Revenues, Grants and Other Revenues		<u>1,941,408</u>	<u>2,269,844</u>
Net Assets Released from Temporary Restrictions		<u>1,941,408</u>	<u>2,269,844</u>
Total Changes in Unrestricted Net Assets		<u>1,941,408</u>	<u>2,269,844</u>
Expenditures			
Cost of Activities	(11)	1,601,365	1,647,990
General and administrative expenses	(12)	842,989	891,075
Total expenditures		<u>2,444,354</u>	<u>2,539,065</u>
Net revenues (expenses) before financing expenses		<u>(502,947)</u>	<u>(269,222)</u>
Financing Income (Expenses), Net		(1,777)	1,487
Increase (Decrease) in Unrestricted Net Assets		<u>(504,723)</u>	<u>(267,735)</u>
Prior Period Adjustment -Account Payable		28,560	-
Changes in Net Assets for the Beginning of the year		(5,113,637)	(4,845,902)
Changes in Net Assets for the End of the year		<u>(5,589,800)</u>	<u>(5,113,637)</u>

*Part of the school fees were from donors, and directly to the students' account.(3,000 ILS)

- 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-22</u>	<u>31-Aug-21</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(476,163)	(267,735)
Adjustments to reconcile change in net assets to net cash flow from operating		
Depreciation	135,753	200,413
Increase (decrease) in provision for end of service benefits	76,014	143,263
(Increase) decrease in accounts receivable and student receivable	255,462	214,884
(Increase) decrease in other current assets	(2,049)	(1,911)
Increase (decrease) in account payable	(142,595)	159,053
Increase (decrease) in other current liabilities	59,653	148,218
Net cash flow (used in) from operating activities	<u>(93,926)</u>	<u>596,185</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	<u>(32,220)</u>	<u>(186,850)</u>
Net cash flow used in investing activities	<u>(32,220)</u>	<u>(186,850)</u>
Net (decrease) increase in cash and cash equivalents	(126,146)	409,335
Cash and Cash Equivalents, beginning of year	<u>835,158</u>	<u>425,822</u>
Cash and Cash Equivalents, end of year	<u>709,011</u>	<u>835,158</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 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-22</u>	<u>31-Aug-21</u>
Cash box	9,007	19,369
Bank- Current Account	700,004	815,789
	<u>709,011</u>	<u>835,158</u>

Note (4) - Account receivable

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Account receivable/Students fees	816,737	787,250
Collectable Checks	364,922	496,005
Cheques in transit	32,264	28,314
Account receivable/Students -Bad Debt	887,177	1,044,993
	<u>2,101,100</u>	<u>2,356,562</u>

Note (5) - Other current assets

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Registration for Exams	6,840	2,880
Income tax	-	1,911
	<u>6,840</u>	<u>4,791</u>

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – ST.GEORGE SCHOOL

Financial Statements for the year ended August 31, 2022

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	589,171	195,700	295,526	1,080,397
Additions during the year	17,000	-	15,220	32,220
Disposal during the year	-	-	-	-
End of year	606,171	195,700	310,746	1,112,617
Accumulated Depreciation				
Beginning balance	309,638	129,162	188,731	627,531
Accumulated Depreciation for the year	65,953	39,140	30,659	135,753
Disposal during the year	-	-	-	-
End of year	375,591	168,302	219,390	763,283
Net Book Value, Aug, 31 2022	230,580	27,398	91,356	349,334
Net Book Value, Aug, 31 2021	279,533	66,538	106,795	452,866

Note (7) - Account Payable

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Greek Orthodox Patriarchae of Jerusalem		
during the period	7,074,647	7,183,064
Suppliers payable	397	38,005
Outstanding cheques	4,407	977
	7,079,451	7,222,046

Note (8) - Other current liabilities

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Employees	107,883	107,830
Accrued expenses	5,026	18,286
Unearned Revenue Registration Fees	486,039	413,428
Income Tax Payable	248	-
	599,197	539,544

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (9) - Employees End of Service Indemnity

Details:

	31-Aug-22	31-Aug-21
Balance - beginning of the year	1,001,423	858,160
Add: provision made during the year	141,437	217,779
Less: payments of benefits made during the year	(65,423)	(74,516)
Balance - end of the year	1,077,438	1,001,423

Note (10) - Donations

Details:

	31-Aug-22	31-Aug-21
Save the children	-	35,050
The Higher Presidential Committee to- Follow up on Church Affairs in Palestine	6,200	4,950
IOCC	-	105,395
Hungarian actress	-	32,000
Palestine Investment Bank	6,490	-
PWC	3,000	-
Personal donations	9,100	7,000
	24,790	184,395

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - Cost of Activities

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Salaries & wages and related expenses	1,224,759	1,296,504
Severance pay expenses	101,347	156,051
Books,Printing and teaching materials	96,944	107,474
Utilities	34,246	29,112
Christmas gifts for employees	7,800	1,600
Students donations	3,000	-
Year Book , Tawjihi Exam expenses & Graduation&open day Activities Expense	19,039	5,285
Sessions, Courses & Trainings for teachers	3,570	966
Employees Medical Treatment & Health Ins ¹	27,782	18,522
Rent and maintenance expense	82,878	32,476
	<u>1,601,365</u>	<u>1,647,990</u>

Note (12) - General and Administrative expenses

Details:

	<u>31-Aug-22</u>	<u>31-Aug-21</u>
Management salaries, Wages and related expenses	492,373	535,505
Management severance pay expenses	40,090	61,728
expenses	52,866	6,640
Professional fees	4,200	3,990
Office supplies and stationary	2,862	9,808
Transportation expenses and Fuel for heating expense	36,873	19,617
After School Activities	5,650	2,663
Communication	3,194	36,337
Internet & Website expenses	43,217	10,235
Advertising expenses	1,450	-
Hospitality	7,071	3,139
Day Care expenses	-	1,000
Subscription for Certificates System	10,329	-
Taxes Expenses	7,063	-
Depreciation expenses	135,753	200,413
	<u>842,989</u>	<u>891,075</u>