

Husam Wahhab

Certified Public Accountant
Khamashta Building – Bab Al-Zuqaq
P.O.Box 585 Bethlehem – Palestine
Tel: 2775172 / Jawwal: 0599-256648
Email: h.wahhab@gmail.com

حسام وهايب

مدقق حسابات قانوني
عمارة خمشتا – باب الزقاق
ص.ب. 585 بيت لحم – فلسطين
تلفون: 2775172 / جوال: 0599-256648
البريد الالكتروني: h.wahhab@gmail.com

JEMIMA FOUNDATION**BEIT JALA****PALISTINE****Financial Statement****As of December 31,2018/2017****Together With The Auditors' Report****Husam Wahhab****Certified Public Accountant**

Husam Wahhab

Certified Public Accountant
Khamashta Building – Bab Al-Zuqaq
P.O.Box 585 Bethlehem – Palestine
Tel: 2775172 / Jawwal: 0599-256648
Email: h.wahhab@gmail.com

حسام وهاب

مدقق حسابات قانوني
عمارة خمشتا – باب الزقاق
ص.ب. 585 بيت لحم – فلسطين
تلفون: 2775172 / جوال: 0599-256648
البريد الإلكتروني: h.wahhab@gmail.com

Independent Auditors' Report

Jemima Foundation

Opinion

We have audited the financial statements of **Jemima Foundation**, which comprise the statement of financial position as at December 31, 2018/2017, and the statement of activities and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Jemima Foundation** as at December 31, 2018/2017 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the 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 are independent of **Jemima Foundation** in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 **Jemima Foundation** ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate **Jemima Foundation** or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing **Jemima Foundation** 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 if 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 this financial statements.

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

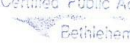
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 **Jemima Foundation** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 **Jemima Foundation** 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 **Jemima Foundation** 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 **Jemima Foundation** management 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.

Husam Wahhab


Certified Public Accountant
License number: 234/21994

Bethlehem Palestine April 15, 2019

Husam Wahhab/CPA
Certified Public Accountant

Bethlehem

Jemima Foundation
Financial Position
As at December 31, 2018/2017
(Currency: NIS)

<u>Assets</u>	<u>Note</u>	<u>2018</u> NIS	<u>2017</u> NIS
Current assets			
Cash on hand and at banks	3	69,027	45,971
Checks for collection		-----	-----
Receivables and prepayments	4	10,780	32,303
Total current assets		<u>79,807</u>	<u>78,274</u>
Property, plant, and equipment (Net)	5	4,221,980	4,449,574
Total assets		<u>4,301,787</u>	<u>4,527,848</u>
 <u>Liabilities and net assets</u>			
Liabilities			
Bank overdraft/ Checks		17,170	19,406
Accrued expenses		12,998	19,410
Account Payable		33,585	52,299
Total current liabilities		<u>63,753</u>	<u>91,115</u>
Reserve for end of service benefits	6	646,618	754,209
Total liabilities		<u>710,371</u>	<u>845,324</u>
 Net Assets			
Unrestricted		3,682,524	3,730,191
Temporarily restricted		(91,108)	(47,667)
Total net assets		<u>3,591,416</u>	<u>3,682,524</u>
Total liabilities and net assets		<u>4,301,787</u>	<u>4,527,848</u>

The accompanying notes form an integral part of these financial statements

Jemima Foundation
Statement of Activities and Change in net assets
For the Year Ended December 31, 2018/2017
(Currency: NIS)

	Note	Net assets		2018	2017
		Unrestricted	Temporarily restricted	Total	Total
<hr/>					
<u>Revenues</u>					
<hr/>					
Grants and Donations	7	2,038,115	35,530	2,073,645	2,127,801
Other Operating Revenues	8	83,361		83,361	132,973
Net Assets Released from Restriction:					
Satisfaction of Program Restrictions	9	39,888	(39,888)	-----	-----
Total REVENUES		2,161,364	(4,358)	2,157,006	2,260,774
<hr/>					
Operating Expenses					
General and Administrative	10	2,250,827		2,250,827	2,504,021
Change in Net Assets before Currency		(89,463)		(89,463)	(243,247)
Differentials & Capital gain and Loss					
From Currency Differentials gain (loss)	11	2,713		2,713	1,124
Change in net assets		(86,750)	(4,358)	(91,108)	(242,123)
Net Assets at the Beginning of the year		3,730,191	(47,667)	3,682,524	3,924,647
Net Assets at the End of the year		3,643,441	(52,025)	3,591,416	3,682,524

The accompanying notes form an integral part of these financial statements

Jemima Foundation
Statement of Cash Flow
For the Year Ended December 31, 2018/2017
(Currency: NIS)

	Note	2018 NIS	2017 NIS
OPERATING ACTIVITIES			
Change in net assets		(91,108)	(242,123)
Depreciation		240,894	249,475
Increase (decrease) in Accrued expenses		(6,413)	(11,102)
Decrease (increase) end of service benefit		(107,593)	32,772
Increase(decrease)in Bank Overdraft		(2,236)	19,406
Decrease (increase) Checks for collection			-----
Decrease (increase) in receivable / prepayments		21,523	165
Increase(decrease)in account payable		(18,714)	(24,903)
		<u>36,356</u>	<u>23,690</u>
INVESTING ACTIVITIES			
Procurement of property & equipment		(13,300)	(72,053)
Proceeds from sales of fixed assets		-----	-----
Net cash used in investing activities		(13,300)	(72,053)
Increase (decrease) in cash during the year		23,056	(48,363)
Cash at beginning of the year		45,971	94,334
Cash at the end of the year		<u>69,027</u>	<u>45,971</u>

The accompanying notes form an integral part of these financial statements

Jemima Foundation
Notes to the Financial Statements
December 31, 2018/2017
(Currency: NIS)

1. The Foundation and its Activities

JEMIMA Foundation was established in 1984 in Netherlands, as a not for profit organization.

JEMIMA has been registered in West Bank with the Israeli Civil Administration on June 6, 1986 as a foreign institution. Jemima also was registered at the Ministry of Social Affairs of the Palestinian Authority on May 26, 1997. And in the Ministry of Interior of the Palestinian Authority as a foreign institution on May 12, 2010 number QR-0156-F.

JEMIMA is working in Bethlehem and employed 31 and 48 employees as of 31 December 2018, and 2017 respectively.

JEMIMA's objectives are to receive or cause to receive nurse and education to, as large as possible measure of independence, children who are handicapped in any form whatsoever – in particular the children in and around Bethlehem in West bank, Palestine.

Jemima endeavors to attain these objectives by:

- Supporting persons, juridical and natural, organizations and activities to the implementation of its objectives.
- Running, maintaining and if necessary by purchasing, building and/ or extending one or more homes with appurtenant institutions.
- Cooperating with other institutions of an identical or similar objective.
- Any other lawful means which may be conducive to the attainment of the aforesaid objectives.

2. Summary of Significant Accounting Policies

The financial statements have been prepared under the historical cost convention. The significant accounting policies follow:

a. Revenues and Expenses Recognition

Revenues and expenses are recognized on the accrual basis of accounting.

b. General

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are those whose use by the Foundation is not subject to donor-imposed stipulations. Temporarily restricted net assets are those whose use by the Foundation has been limited by donors specific time period or purpose. Permanently restricted net assets are those restricted by donors to be maintained by the Foundation in perpetuity.

c. Donors' Contributions

Unconditional promises to give cash and other assets to the Foundation are recorded at the fair market value at the date promises to give are made. Conditional promises to give and indications of intention to give are recorded at the fair market value at the date contribution is received. Unconditional promises to give are promises that depend only on passage of time and certain performance demanded by the promising donors. Restricted contributions are recorded as either temporarily or permanently restricted revenues. When donors' restricted contributions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted revenues are recorded as unrestricted revenues if restriction expires in the same year.

d. Use of Estimates

The presentation of financial statements in conformity with accounting principles requires management to make estimates that may affect assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

e. Fixed Assets

Fixed assets are stated at cost (or market value if the fixed assets are received as a donation) and depreciated over their estimated useful lives using the straight-line method, at the following annual rates:

	%
Building	2
Furniture	10
Equipment	10-25
Improvements	10-15

f. Foreign Currency Translation

The Foundation maintains its records in New Israeli Shekel (NIS). Transactions expressed or denominated in other currencies are translated to NIS using exchange rates prevailing at the time of each transaction. Assets and liabilities denominated in other currencies are translated to NIS using exchange rates prevailing at the balance sheet date. Gains and losses arising from the translation are reflected in the statement of activities.

Foreign currency exchange rates against NIS at December 31, 2018/2017 were as follows:

	2018	2017
One U.S. Dollar	3.7000	3.5000
One Euro	4.2600	4.1250

3. Cash on Hand and at Banks

Cash on hand and at banks comprise:

	2018	2017
	NIS	NIS
Cash on hand	5,320	2,761
Cash at banks in NIS	61,457	39,285
Cash at banks in USD	2,234	3,903
Cash at banks in EURO	16	22
	<u>69,027</u>	<u>45,971</u>

4. Receivables and Prepayments:

	2018	2017
	NIS	NIS
Receivables/ Prepayments	10,780	32,303
	<u>10,780</u>	<u>32,303</u>

Jemima Foundation did not recognize nor record any receivable in the amount of 744,300 NIS as of December 31, 2018. This amount represent a pledge of 20,675 NIS per month from the Ministry of Social Affairs covering the period from January 1,2016 up to December 31,2018.

5. Fixed Assets, Net

Components of fixed assets costs and related accumulated depreciation as of December 31, 2018 and movement thereon during the year follow:

	Balance, beginning of year	Additions	Disposals	Balance, end of year
Cost				
Land	600,581	-		600,581
Building	5,630,565	-		5,630,565
Equipment	934,033	2,300		936,333
Furniture	358,157	11,000		369,157
Cars	323,505	-		323,505
	<u>7,846,841</u>	<u>13,300</u>		<u>7,860,141</u>
Accumulated depreciation				
Building	2,091,925	137,482		2,229,407
Equipment	693,959	58,244		752,203
Furniture	337,825	10,502		348,327
Cars	273,558	34,666		308,224
	<u>3,397,267</u>	<u>240,894</u>		<u>3,638,161</u>
Net book value	<u>4,449,574</u>			<u>4,221,980</u>

6. Reserve for End of Service Benefits

End of service benefits due to employees are provided for in accordance with labor laws prevailing in Palestine. End of service benefits at December 31, 2018 and movements thereon during the year follow:

	NIS
Balance, beginning of year	754,209
Additions during the year	71,299
Payments during the year	178,890
Balance, end of year	646,618

7. Grants and Donations

	2018	2017
	NIS	NIS
Jemima Holland - Unrestricted	1,964,021	1,730,620
Other Donation	67,500	39,948
Home Based Intervention - Temporary restricted	35,530	34,436
Donation in kind	2,360	3,546
Ministry of Social Affairs	-----	248,100
Local Donation	4,234	71,151
	<u>2,073,645</u>	<u>2,127,801</u>

8. Other Operating Revenues

	2018	2017
	NIS	NIS
School fees	41,851	45,045
Sales	8,532	28,737
Others	32,978	59,191
	<u>83,361</u>	<u>132,973</u>

9. A) HBI Project

Jemima has established a program started in 2006 called HBI project that is aimed to help the students at their homes, this project revenues are restricted, and its expenditures were as follows:

	2018	2017
	NIS	NIS
Salaries and related benefits	32,561	23,468
Utilities	53	1,515
Travel	6,100	17,474
Medical treatment	260	1,240
Resident needs	505	2,077
Others	---	2,655
Food	409	800
Recreation	-----	-----
	39,888	49,229

10. General and Administrative Expenses

General and administrative expenses comprise:

	2018	2017
	NIS	NIS
Salaries	1,156,327	1,308,716
Personnel Other Costs	69,616	98,288
Volunteers Cost	79,741	82,090
Food	147,239	157,507
Maintenance	98,774	100,139
Depreciation	240,894	249,475
Utilities	205,630	216,264
Cars insurance and fuel	61,280	68,482
Medical treatment	59,336	62,298
Professional expenses	16,022	13,639
Heat fuel and gas	10,480	22,320
Residents needs	99,897	119,766
Others	5,589	5,037
	2,250,827	2,504,021

11. Foreign Currency Gain (Loss)

Foreign currency transactions generated NIS 2,713 gain , and NIS 1,124 gain for the years ended 2018 and 2017 respectively.