

JEMIMA FOUNDATION

BEIT JALA

PALISTINE

Financial Statement

As of December 31,2019/2018

Together With The Auditors' Report

Husam Wahhab

Certified Public Accountant

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, 2019/2018, 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, 2019/2018 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

Bethlehem Palestine June 6,2020

Certified Public Accountant
License number: 234/1994

Jemima Foundation
Financial Position
As at December 31, 2019/2018
(Currency: NIS)

<u>Assets</u>	<u>Note</u>	<u>2019</u>	<u>2018</u>
		NIS	NIS
Current assets			
Cash on hand and at banks	3	73,527	69,027
Checks for collection		790	-----
Receivables and prepayments	4	21,710	10,780
Total current assets		96,027	79,807
Property, plant, and equipment (Net)	5	4,028,150	4,221,980
Total assets		4,124,177	4,301,787
 <u>Liabilities and net assets</u>			
Liabilities			
Bank overdraft/ Checks		11,489	17,170
Accrued expenses		20,286	12,998
Account Payable		49,692	33,585
Total current liabilities		81,467	63,753
Reserve for end of service benefits	6	733,072	646,618
Total liabilities		814,539	710,371
 Net Assets			
Unrestricted		3,363,163	3,643,441
Temporarily restricted		(53,525)	(52,025)
Total net assets		3,309,638	3,591,416
Total liabilities and net assets		4,124,177	4,301,787

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, 2019/2018
(Currency: NIS)

	Note	Net assets		2019	2018
		Unrestricted	Temporarily restricted	Total	Total
<i>Revenues</i>					
Grants and Donations	7	1,794,950	34,621	1,829,571	2,073,645
Other Operating Revenues	8	99,185		99,185	83,361
Net Assets Released from Restriction:					
Satisfaction of Program Restrictions	9	36,121	(36,121)	-----	-----
Total REVENUES		1,930,256	(1,500)	1,928,756	2,157,006
Operating Expenses					
General and Administrative	10	2,203,455		2,203,455	2,250,827
Change in Net Assets before Currency Differentials & Capital gain and Loss		(273,199)	(1,500)	(274,699)	(89,463)
From Currency Differentials gain (loss)	11	(7,079)		(7,079)	2,713
Change in net assets		(280,278)	(1500)	(281,778)	(91,108)
Net Assets at the Beginning of the year		3,643,441	(52,025)	3,591,416	3,682,524
Net Assets at the End of the year		3,363,163	(53,525)	3,309,638	3,591,416

The accompanying notes form an integral part of these financial statements

Jemima Foundation
Statement of Cash Flow
For the Year Ended December 31, 2019/2018
(Currency: NIS)

	Note	2019 NIS	2018 NIS
OPERATING ACTIVITIES			
Change in net assets		(281,778)	(91,108)
Depreciation		211,430	240,894
Increase (decrease) in Accrued expenses		7,288	(6,413)
Decrease (increase) end of service benefit		86,454	(107,593)
Increase(decrease)in Bank Overdraft		(5,681)	(2,236)
Decrease (increase) Checks for collection		(790)	
Decrease (increase) in receivable / prepayments		(10,930)	21,523
Increase(decrease)in account payable		16,107	(18,714)
		22,100	36,356
INVESTING ACTIVITIES			
Procurement of property & equipment		(17,600)	(13,300)
Proceeds from sales of fixed assets		-----	-----
Net cash used in investing activities		(17,600)	(13,300)
Increase (decrease) in cash during the year		4,500	23,056
Cash at beginning of the year		69,027	45,971
Cash at the end of the year		73,527	69,027

The accompanying notes form an integral part of these financial statements

Jemima Foundation
Notes to the Financial Statements
December 31, 2019/2018
(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 34 and 31 employees as of 31 December 2019, and 2018 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:

	<u>%</u>
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, 2019/2018 were as follows:

	<u>2019</u>	<u>2018</u>
One U.S. Dollar	3.5000	3.7000
One Euro	3.8550	4.2600

3. Cash on Hand and at Banks

Cash on hand and at banks comprise:

	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Cash on hand	9,543	5,320
Cash at banks in NIS	61,922	61,457
Cash at banks in USD	2,040	2,234
Cash at banks in EURO	22	16
	<u><u>73,527</u></u>	<u><u>69,027</u></u>

4. Receivables and Prepayments:

	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Receivables/ Prepayments	21,710	10,780
	<u><u>21,710</u></u>	<u><u>10,780</u></u>

Jemima Foundation did not recognize nor record any receivable in the amount of 992,400NIS as of December 31,2019. This amount represent a pledge of 20,675 NIS per month from the Ministry of Social Affairs covering the period from January 1,2016up toDecember 31,2019.

5. Fixed Assets, Net

Components of fixed assets costs and related accumulated depreciation as of December 31, 2019and movement thereon during the year follow:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Cost				
Land	600,581	-		600,581
Building	5,630,565	-		5,630,565
Equipment	936,333	9,200		945,533
Furniture	369,157	8,400		377,557
Cars	323,505	-		323,505
	<u><u>7,860,141</u></u>	<u><u>17,600</u></u>		<u><u>7,877,741</u></u>
Accumulated depreciation				
Building	2,229,407	137,482		2,366,889
Equipment	752,203	53,952		806,155
Furniture	348,327	4,714		353,041
Cars	308,224	15,282		323,506
	<u><u>3,638,161</u></u>	<u><u>211,430</u></u>		<u><u>3,849,591</u></u>
Net book value	<u><u>4,221,980</u></u>			<u><u>4,028,150</u></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, 2019 and movements thereon during the year follow:

	<u>NIS</u>
Balance, beginning of year	646,618
Additions during the year	175,852
Payments during the year	89,398
Balance, end of year	<u>733,072</u>

7. Grants and Donations

	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Jemima Holland - Unrestricted	1,766,535	1,964,021
Other Donation	6,300	67,500
Home Based Intervention - Temporary restricted	34,621	35,530
Donation in kind	12,726	2,360
Ministry of Social Affairs	-----	-----
Local Donation	9,389	4,234
	<u>1,829,571</u>	<u>2,073,645</u>

8. Other Operating Revenues

	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
School fees	38,000	41,851
Sales	4,624	8,532
Others	56,561	32,978
	<u>99,185</u>	<u>83,361</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:

	2019	2018
	NIS	NIS
Salaries and related benefits	30,151	32,561
Utilities		53
Travel	1,965	6,100
Medical treatment		260
Resident needs	505	505
Fuel	3,500	---
Food		409
Recreation	-----	-----
	36,121	39,888

10. General and Administrative Expenses

General and administrative expenses comprise:

	2019	2018
	NIS	NIS
Salaries	1,030,136	1,156,327
Personnel Other Costs	116,668	69,616
Volunteers Cost	73,082	79,741
Food	148,153	147,239
Maintenance	202,712	98,774
Depreciation	211,429	240,894
Utilities	206,329	205,630
Cars insurance and fuel	47,424	61,280
Medical treatment	79,730	59,336
Professional expenses	18,144	16,022
Heat fuel and gas	12,739	10,480
Residents needs	53,288	99,897
Others	3,621	5,589
	2,203,455	2,250,827

11. Foreign Currency Gain (Loss)

Foreign currency transactions generated NIS 7,079 loss and NIS 2,713 gain for the years ended 2019 and 2018 respectively.