

**JEMIMA FOUNDATION**

**BEIT JALA**

**PALISTINE**

**Financial Statement**

**As of December 31,2016/2015**

**Together With The Auditors' Report**

**Husam Wahhab**

**Certified Public Accountant**

## Independent Auditors' Report

**To: Board of Directors  
Jemima Foundation  
Beit Jala**

We have audited the accompanying financial statements of the **Jemima Foundation** which comprise the financial position as at December 31, 2016/2015, the statement of activities and changes in net assets and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation preparation and fair presentation of the financial statements 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 Foundation internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Jemima Foundation** as of December 31, 2016/2015, the results of its activities and cash flow and the statement of changes in net assets for the year then ended in accordance with International Financial Reporting Standards.

**Husam Wahhab CPA**

Bethlehem, Palestine  
July 15, 2017

**Jemima Foundation**  
**Financial Position**  
**As at December 31, 2016/2015**  
*(Currency: NIS)*

<u>Assets</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>
		NIS	NIS
<b>Current assets</b>			
Cash on hand and at banks	3	94,334	624,275
Checks for collection		-----	2,920
Receivables and prepayments	4	32,468	20,805
<b>Total current assets</b>		<b>126,802</b>	<b>648,000</b>
Property, plant, and equipment (Net)	5	4,626,996	4,823,805
<b>Total assets</b>		<b>4,753,798</b>	<b>5,471,805</b>
 <u>Liabilities and net assets</u>			
<b>Liabilities</b>			
Bank overdraft/ Checks		-----	150,241
Accrued expenses		30,512	22,947
Account Payable		77,202	217,011
<b>Total current liabilities</b>		<b>107,714</b>	<b>390,199</b>
Reserve for end of service benefits	6	721,437	769,611
<b>Total liabilities</b>		<b>829,151</b>	<b>1,159,810</b>
 <b>Net Assets</b>			
Unrestricted		3,957,521	4,310,381
Temporarily restricted		(32,874)	1,614
<b>Total net assets</b>		<b>3,924,647</b>	<b>4,311,995</b>
<b>Total liabilities and net assets</b>		<b>4,753,798</b>	<b>5,471,805</b>

*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, 2016/2015**  
*(Currency: NIS)*

	Note	Net assets		2016	2015
		Unrestricted	Temporarily restricted	Total	Total
<b><i>Revenues</i></b>					
Grants and Donations	7	2,004,998	35,784	2,040,782	2,662,815
Other Operating Revenues	8	106,676		106,676	102,891
Net Assets Released from Restriction:					
Satisfaction of Program Restrictions	9	70,272	(70,272)	-----	-----
<b>Total REVENUES</b>		<b>2,181,946</b>	<b>(34,488)</b>	<b>2,147,458</b>	<b>2,765,706</b>
<b>Operating Expenses</b>					
General and Administrative	10	2,538,201		2,538,201	2,558,690
Change in Net Assets before Currency Differentials & Capital gain and Loss		(356,255)	(34,488)	(390,743)	207,016
From Currency Differentials gain (loss)	11	3,395		3,395	(9,706)
<b>Change in net assets</b>		<b>(352,860)</b>	<b>(34,488)</b>	<b>(387,348)</b>	<b>197,310</b>
Net Assets at the Beginning of the year		4,310,381	1,614	4,311,995	4,114,685
<b>Net Assets at the End of the year</b>		<b>3,957,521</b>	<b>(32,874)</b>	<b>3,924,647</b>	<b>4,311,995</b>

*The accompanying notes form an integral part of these financial statements*

**Jemima Foundation**  
**Statement of Cash Flow**  
**For the Year Ended December 31, 2016/2015**  
*(Currency: NIS)*

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>NIS</b>	<b>NIS</b>
<b>OPERATING ACTIVITIES</b>			
Change in net assets		(387,348)	197,310
Depreciation		247,113	229,085
Increase (decrease) in Accrued expenses		7,565	(13,245)
Decrease (increase) end of service benefit		(48,174)	82,495
Increase(decrease)in Bank Overdraft		(150,241)	119,364
Decrease (increase) Checks for collection		2,920	(1,620)
Decrease (increase) in receivable / prepayments		(11,663)	2,837
Increase(decrease)in account payable		(139,809)	197,418
		<b>(479,637)</b>	<b>813,644</b>
<b>INVESTING ACTIVITIES</b>			
Procurement of property & equipment		(50,304)	(279,775)
Proceeds from sales of fixed assets		-----	-----
<b>Net cash used in investing activities</b>		(50,304)	(279,775)
<b>Increase (decrease) in cash during the year</b>		(529,941)	533,869
<b>Cash at beginning of the year</b>		624,275	90,406
<b>Cash at the end of the year</b>		<b>94,334</b>	<b>624,275</b>

*The accompanying notes form an integral part of these financial statements*

**Jemima Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016/2015**  
(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 39 and 39 employees as of 31 December 2016, and 2015 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.
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**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, 2016/2015 were as follows:

	<u>2016</u>	<u>2015</u>
One U.S. Dollar	3.7400	3.8800
One Euro	3.9800	4.2200



### 3. Cash on Hand and at Banks

Cash on hand and at banks comprise:

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Cash on hand	1,595	10,813
Cash at banks in NIS	74,639	145,686
Cash at banks in USD	18,100	130,025
Cash at banks in EURO	-----	215,629
Cash at banks in SWISS FRANC	-----	122,122
	<u><b>94,334</b></u>	<u><b>624,275</b></u>

### 4. Receivables and Prepayments:

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Receivables/ Prepayments	32,468	20,805
	<u><b>32,468</b></u>	<u><b>20,805</b></u>

### 5. Fixed Assets, Net

Components of fixed assets costs and related accumulated depreciation as of December 31, 2016 and movement thereon during the year follow:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
<b>Cost</b>				
Land	600,581	-	-	600,581
Building	5,530,679	-		5,530,679
Equipment	776,923	50,304		827,227
Furniture	476,497	-		476,497
Cars	339,804	-		339,804
	<u><b>7,724,484</b></u>	<u><b>50,304</b></u>		<u><b>7,774,788</b></u>
<b>Accumulated depreciation</b>				
Building	1,848,713	137,859		1,986,572
Equipment	465,928	65,718		531,646
Furniture	407,456	8,776		416,232
Cars	178,582	34,760		213,342
	<u><b>2,900,679</b></u>	<u><b>247,113</b></u>		<u><b>3,147,792</b></u>
<b>Net book value</b>	<u><b>4,823,805</b></u>			<u><b>4,626,996</b></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, 2016 and movements thereon during the year follow:

	<u>NIS</u>
<b>Balance, beginning of year</b>	<b>769,611</b>
Additions during the year	92,671
Payments during the year	140,845
<b>Balance, end of year</b>	<b><u>721,437</u></b>

## 7. Grants and Donations

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Jemima Holland - Unrestricted	1,684,108	2,065,015
Other Donation	16,224	324,022
Home Based Intervention - Temporary restricted	35,784	32,089
Others		-----
Donation in kind	8,537	7,377
Ministry of Social Affairs	276,400	146,250
Local Donation	19,729	88,062
	<b><u>2,040,782</u></b>	<b><u>2,662,815</u></b>

## 8. Other Operating Revenues

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
School fees	35,514	56,074
Sales	13,683	10,576
Others	57,479	36,241
	<b><u>106,676</u></b>	<b><u>102,891</u></b>

## 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:

	<b>2016</b>	<b>2015</b>
	<b>NIS</b>	<b>NIS</b>
Salaries and related benefits	40,635	38,139
Utilities	2,280	1,760
Travel	15,998	8,761
Medical treatment	4,210	12,252
Resident needs	270	1,792
Others	4,144	9,814
Food	1,685	3,094
Recreation	1,050	5,502
	<b>70,272</b>	<b>81,114</b>

## 10. General and Administrative Expenses

General and administrative expenses comprise:

	<b>2016</b>	<b>2015</b>
	<b>NIS</b>	<b>NIS</b>
Salaries	1,218,160	1,182,246
Personnel Other Costs	97,772	132,889
Volunteers Cost	101,047	89,087
Food	170,383	171,447
Maintenance	151,960	187,268
Depreciation	247,113	229,085
Utilities	240,175	208,464
Cars insurance and fuel	65,969	61,082
Medical treatment	72,720	91,625
Professional expenses	14,448	17,934
Heat fuel and gas	22,700	57,320
Residents needs	130,730	126,834
Others	5,024	3,409
	<b>2,538,201</b>	<b>2,558,690</b>

## 11. Foreign Currency Gain (Loss)

Foreign currency transactions generated NIS 3,395 gain , and NIS 9,706 loss for the years ended 2016 and 2015 respectively.