

Teacher Creativity Center

Financial Statements

and

Independent Auditor's Report

31 December 2015

Teacher Creativity Center

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees

Teacher Creativity Center (TCC)

Report on the financial statements

We have audited the accompanying statement of financial position of **Teacher Creativity Center (Not for Profit Organization)** as of **31 December 2015** and the related statement of activities, statement of changes in net assets and statement of cash flows for the year 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 and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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 Center's 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 internal control of the Center. 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 referred to above present fairly, in all material respects, the financial position of **Teacher Creativity Center (Not for Profit Organization)** as of 31 December 2015, the results of its operations, and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities.

A handwritten signature in blue ink, reading "Peter Husarry", with a long horizontal flourish underneath.

Deloitte & Touche

Ramallah
10 May 2016

Teacher Creativity Center
Statement of Financial Position
As of 31 December 2015

		2015	2014
	Notes	U.S. \$	U.S. \$
Assets			
Cash on Hand and Deposits with Banks	5	224,767	654,207
Accounts Receivable and Advances	6	4,201	13,289
Pledges Receivable	7	105,333	14,198
Furniture and Equipment, Net	8	133,358	145,364
Total Assets		467,659	827,058
Liabilities and Net Assets			
Liabilities			
Payables and Accruals	9	8,163	6,399
Reserve for Severance Pay	10	96,508	131,897
Provident Fund Liability	11	61,373	58,801
Total Liabilities		166,044	197,097
Net Assets:			
Unrestricted		71,710	54,906
Temporary Restricted	12	96,547	429,691
Investment in Furniture and Equipment		133,358	145,364
Total Net Assets		301,615	629,961
Total Liabilities and Net Assets		467,659	827,058

See Notes to Financial Statements

Teacher Creativity Center

Statement of Activities and Change in Net Assets

Year Ended 31 December 2015

		2015	2014
	Notes	U.S. \$	U.S. \$
Grants and Revenues			
Grants	12	738,016	1,010,707
Other revenues		4,798	6,735
Total Grants and Revenues		<u>742,814</u>	<u>1,017,442</u>
Operating Expenses			
Salaries and related expenses		403,370	456,871
Honoraria, technical assistance and training		112,229	63,737
Professional fees		21,038	18,616
Stationery and office supplies		32,405	27,230
Occupancy costs		5,245	8,334
Local transportation, international travel and per diem		85,993	94,586
Publications, printings, editing, and documentation cost		69,416	48,885
Communication		9,525	10,537
Hospitality for workshops		221,935	162,400
Miscellaneous and overhead expenses		30,161	14,462
Prizes		7,282	8,969
Evaluation		14,979	1,180
Spots and media advertisement		12,057	9,888
Total Operating Expenses		<u>1,025,635</u>	<u>925,695</u>
Increase (Decrease) in net assets for the year		<u>(282,821)</u>	<u>91,747</u>
(Loss) Gain on currency translation		(32,629)	(45,327)
Depreciation	8	(12,896)	(13,979)
Net increase (Decrease) in net assets for the year		<u>(328,346)</u>	<u>32,441</u>
		629,961	597,520
Net Assets at End of Year		<u><u>301,615</u></u>	<u><u>629,961</u></u>

See Notes to Financial Statements

Teacher Creativity Center

Statement of Cash Flows

Year Ended 31 December 2015

	2015	2014
	U.S. \$	U.S. \$
Cash Flows from Operating Activities		
Grants Received from Contributors	646,881	1,009,421
Other Revenues	4,798	6,735
Cash Paid to Employees and Suppliers	(1,080,229)	(948,232)
Cash provided from (Used in) Operating Activities	(428,550)	67,924
Cash Flows from Investing Activities		
Procurement of Fixed Assets	(890)	(1,395)
Cash used in Investing Activities	(890)	(1,395)
Increase in Cash and Deposits with Banks During the Year	(429,440)	66,529
Cash on Hand and Deposits with Banks at Beginning of Year	654,207	587,678
Cash on Hand and Deposits with Banks at End of Year	224,767	654,207
Adjustments to Reconcile Change in Net Assets to Net Cash Inflows from Operating Activities:		
Change in Net Assets	(328,346)	32,441
Depreciation	12,896	13,979
Increase (Decrease) in Reserve for Severance Pay	(35,389)	19,998
Increase in Provident Fund Liability	2,572	16,580
(Decrease) Increase in Payables and Accruals	1,764	(10,182)
(Increase) Decrease in Accounts Receivable and Advances	9,088	(3,606)
(Increase) in Pledges Receivables	(91,135)	(1,286)
Total Cash Provided from (used in) Operating Activities	(428,550)	67,924

See Notes to Financial Statements

Teacher Creativity Center

Notes to Financial Statements

For the Year Ended 31 December 2015

1. Teacher Creativity Center and Its Activities

The Teacher Creativity Centre (TCC) is a Palestinian, non-profit, non-governmental organization, established in May 1995, by a group of teachers working in schools in the government, private and UNRWA schools.

Since its inception TCC has worked to ensure a peaceful and secure environment within schools. TCC's goal is to eliminate violence from schools by means of encouraging human rights and civic education culture. TCC has been in the forefront of organizations calling for the integration of civic education and human rights concepts into the entire school curriculum; not only at the Palestinian level but also at the wider Arab World Level.

TCC has successfully implemented a number of studies and training programs in the fields of human rights, democracy and civic education targeted at educators, especially teachers, in the West Bank and the Gaza Strip.

TCC works closely with the Palestinian Ministry of Education and Higher Education to deliver training programs to teachers, principals, supervisors, and senior managerial personnel at the Ministry. In 1997, TCC became an active member of the Palestinian Educational Collective. In 2000, TCC joined the Palestinian Network of Non-governmental Organizations (PNGO) and as a founding member, became part of the steering committee of the Arab Civic Education Network (Civitas) in 2002

2. Adoption of new and revised International Financial Reporting Standards (IFRS)

In the current year, The Center management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on 31 December 2015. The application of the new standards and interpretations has no effect on the financial position or the results of operations of the Center.

3. Summary of Significant Accounting Policies

a. Statement of Compliance

The financial statements of Teacher Creativity Center (TCC) have been prepared in accordance with International Financial Reporting Standards and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities.

b. Basis of Preparation

The financial statements of Teacher Creativity Center (TCC) have been prepared on accrual basis of accounting using the historical cost convention.

c. Pledge Receivables

Pledge receivable represents amounts due from funding organizations for expenses incurred through the date of the statement of financial position.

d. Revenues

Revenues are reported as increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decrease in unrestricted net assets. When a donor restriction expires, 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 as net assets released from restrictions.

e. Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets ranging from 10% to 20%.

When the expected recoverable amount is less than the net book value, the fixed assets amount is reduced to the lower of the cost or net realizable value and the difference (if any) is included in the statement of activities.

The useful lives of fixed assets are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being as a change in estimate.

Fixed Assets are disposed off when there is no expected future benefit from the use of that asset.

3. Summary of Significant Accounting Policies (Continued)

f. Reserve for Severance Pay

The Center provides for employees' severance pay by accruing for one month compensation for each year of service based on the last salary paid during the year.

g. Provident Fund Liability

The Center has a defined provident fund scheme that covers qualified employees. Each of the employees and the Center makes contributions equal to 5% of the basic salaries.

h. Foreign Currency Transactions

- The books of accounts are maintained in U.S. Dollar. Transactions, which are denominated in foreign currencies other than U.S. Dollar are converted into U.S. Dollar equivalent at the spot exchange rate prevailing at the date of each transaction.
- Transactions and balances which are denominated or expressed in U.S. Dollar are presented at the actual U.S. Dollar received or paid.
- Exchange differences arising from currency conversion are charged to the statement of activities.

4. Accounting Judgements and Key Sources of Estimation Uncertainty

The financial statements include certain estimates and assumptions made by management relating to reporting of assets and liabilities at the date of the statement of financial position, and the reporting of revenue, expenses, gains, and losses during the year. Actual results may differ from those estimates adopted by the Center's management. Estimates used in the preparation of the financial statements are the assessment of useful lives of fixed assets and all other provisions.

5. Cash on Hand and Deposits with Banks

	2015	2014
	USD	USD
Cash on Hand in NIS	51	-
Deposits with banks in US \$ (Overdrawn)	(10,025)	106,389
Deposits with banks in NIS (Overdrawn)	14,817	(5,133)
Deposits with banks in Euro	40,617	337,144
Deposits with banks in US \$ - Restricted for Staff Benefits	179,307	215,807
	<u>224,767</u>	<u>654,207</u>

6. Accounts Receivable and Advances

	2015	2014
	USD	USD
Due from employees	4,201	9,389
Advances (Transportation)	-	3,900
	<u>4,201</u>	<u>13,289</u>

7. Pledges Receivable

	2015	2014
	USD	USD
Oxfam Novib	4,990	319
Oxfam Quebec	-	2,240
Alternatives	6,825	-
HR-IHL Secretariat	19,928	-
Integrity Action Gaza	33,660	-
Save the Children	39,930	11,639
	<u>105,333</u>	<u>14,198</u>

8. Furniture and Equipments, Net

	Office Furniture	Office Equipments	Apartment	Vehicle	Total
	USD	USD	USD	USD	USD
Cost					
Balance as of 1 January 2015	40,121	124,389	109,659	25,952	300,121
Additions	-	890	-	-	890
Balance as of 31 December 2015	<u>40,121</u>	<u>125,279</u>	<u>109,659</u>	<u>25,952</u>	<u>301,011</u>
Accumulated Depreciation					
Balance as of 1 January 2015	21,946	83,506	46,080	3,225	154,757
Additions	2,092	5,498	2,711	2,595	12,896
Balance as of 31 December 2015	<u>24,038</u>	<u>89,004</u>	<u>48,791</u>	<u>5,820</u>	<u>167,653</u>
Net Book Value as of December 31, 2015	<u>16,083</u>	<u>36,275</u>	<u>60,868</u>	<u>20,132</u>	<u>133,358</u>
Cost					
	Office Furniture	Office Equipments	Apartment	Vehicle	Total
	USD	USD	USD	USD	USD
Balance as of 1 January 2014	40,121	122,994	109,659	25,952	298,726
Additions	-	1,395	-	-	1,395
Balance as of 31 December 2014	<u>40,121</u>	<u>124,389</u>	<u>109,659</u>	<u>25,952</u>	<u>300,121</u>
Accumulated Depreciation					
Balance as of 1 January 2014	19,618	77,161	43,369	630	140,778
Additions	2,328	6,345	2,711	2,595	13,979
Balance as of 31 December 2014	<u>21,946</u>	<u>83,506</u>	<u>46,080</u>	<u>3,225</u>	<u>154,757</u>
Net Book Value as of December 31, 2014	<u>18,175</u>	<u>40,883</u>	<u>63,579</u>	<u>22,727</u>	<u>145,364</u>

9. Payables and Accruals

	2015	2014
	USD	USD
Professional fees	-	6,220
Withheld payroll tax	-	179
Due to employees	8,163	-
	<u>8,163</u>	<u>6,399</u>

10. Reserve for Severance Pay

	2015	2014
	USD	USD
Balance, beginning of year	131,897	111,899
Additions during the year	32,455	23,675
Payments	(67,844)	(3,677)
Balance, end of year	<u>96,508</u>	<u>131,897</u>

11. Provident Fund Liability

	2015	2014
	USD	USD
Balance, beginning of year	58,801	42,221
Additions during the year	16,690	16,580
Payments	(14,118)	-
Balance, end of year	<u>61,373</u>	<u>58,801</u>

12. Temporary Restricted Net Assets

	Unspent				Unspent		
	Grants	Grants		Total	Available	Grants	Grants
	as of	Received	Pledges	Grants for	Grants	Spent in	as of
	31-12-14	in 2015	Receivables	2015	for 2015	2015	31-12-15
	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$	U.S \$
Alternatives 2014/2015	2,027	17,387	6,825	24,212	26,239	26,239	-
European Community	92,020	26,179	-	26,179	118,199	118,199	-
Global Campain For Education - CSEF2015-2016	37,960	182,212	-	182,212	220,172	175,941	44,231
Norwegian Pepole's AID 2013/2014	16,479	-	-	-	16,479	16,479	-
Norwegian Pepole's AID 2014/2015	76,247	82,453	-	82,453	158,700	158,700	-
Oxfam Novib - Project 2015	56,305	45,929	4,990	50,919	107,224	107,224	-
Save The Children - Gaza 2015-2017	-	3,167	39,930	43,097	43,097	41,014	2,083
HR-IHL Secretariat	-	79,362	19,928	99,290	99,290	99,290	-
Integrity Action WB- Young Palestinaian Conducting Sdocial Audit	29,625	33,760	-	33,760	63,385	63,385	-
Integrity Action Gaza- Gaza Youth in the Fight Against Corruption in the Humanitarian Aid and Reconstruction	33,640	-	33,660	33,660	67,300	59,000	8,300
AECID - Youth Against Corruption	85,388	-	-	-	85,388	85,388	-
SOIR 2015-2017-Human Rights Towards an Enabling Environment for Enhanced Inclusive Education	-	51,092	-	51,092	51,092	36,399	14,693
EFE- Palestine National Youth Volunteer Project	-	81,752	-	81,752	81,752	55,902	25,850
OHCHR-Promoting the role of IHRL and IHL in protecting the right to education in Palestine	-	29,390	-	29,390	29,390	28,000	1,390
Total	429,691	632,683	105,333	738,016	1,167,707	1,071,160	96,547

13. Financial Instruments, Fair Values and Risks Management

- **Operational Risk**

The costs of the programs, administrative as well as fixed assets procurement are significantly financed by donors through donations. The management believes that the funding level in the year 2016 will be sufficient to finance all of its disbursements and will be consistent with the funding level in the prior years. Furthermore, the management believes that the political and economical conditions prevailing in the area will not materially affect its operations.

- **Fair Values of Financial Assets and Liabilities**

The carrying book value of financial assets and liabilities are not materially different from their fair values at the date of the statement of financial position.

- **Credit Risk**

TCC credit risk is primarily attributable to its liquid funds and receivables. The credit risk on liquid funds is limited because liquid assets are placed with reputable financial institutions.

- **Currency Risk**

Currency risk arises from the possibility that changes in the exchange rates may affect negatively the value of the financial assets and liabilities in case TCC does not hedge its currency exposure by means of hedging instruments. The management usually distributes its liquid assets over its functional currencies to minimize any possible loss from currency rates fluctuation.