

Teacher Creativity Center

Financial Statements

and

Auditor's Report

31 December 2014

Teacher Creativity Center

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees

Teacher Creativity Center (TCC)

Ramallah,

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 2014** 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 2014, 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.



Saba & Co.

Ramallah

April 27, 2015

Teacher Creativity Center
Statement of Financial Position
As of 31 December 2014

		2014	2013
	Notes	U.S. \$	U.S. \$
Assets			
Cash on Hand and Deposits with Banks	5	654,207	587,678
Accounts Receivable and Advances	6	13,289	9,683
Pledges Receivable	7	14,198	12,912
Furniture and Equipments, Net	8	145,364	157,948
Total Assets		827,058	768,221
Liabilities and Net Assets			
Liabilities			
Payables and Accruals	9	6,399	16,581
Reserve for Severance Pay	10	131,897	111,899
Provident Fund Liability	11	58,801	42,221
Total Liabilities		197,097	170,701
Net Assets:			
Unrestricted		54,906	72,734
Temporary Restricted	12	429,691	366,838
Investment in Furniture and Equipments		145,364	157,948
Total Net Assets		629,961	597,520
Total Liabilities and Net Assets		827,058	768,221

See Notes to Financial Statements

Teacher Creativity Center

Statement of Activities and Change in Net Assets

Year Ended 31 December 2014

		2014	2013
	Notes	U.S. \$	U.S. \$
Grants and Revenues			
Grants	12	1,010,707	1,065,465
Other revenues		6,735	3,958
Total Grants and Revenues		1,017,442	1,069,423
Operating Expenses			
Salaries and related expenses		456,871	414,244
Honoraria, technical assistance and training		63,737	76,754
Professional fees		18,616	26,457
Stationery and office supplies		27,230	38,659
Occupancy costs		8,334	9,865
Local transportation, international travel and per diem		94,586	156,571
Publications, printings, editing, and documentation cost		48,885	33,914
Communication		10,537	14,293
Support to National Campaign activities		-	905
Hospitality for workshops		162,400	221,777
Miscellaneous and overhead expenses		14,462	21,679
Prizes		8,969	11,304
Evaluation		1,180	1,320
Spots and media advertisement		9,888	4,267
Total Operating Expenses		925,695	1,032,009
Increase in net assets for the year		91,747	37,414
(Loss) Gain on currency translation		(45,327)	15,984
Depreciation	8	(13,979)	(12,594)
Net increase in net assets for the year		32,441	40,804
Net assets at beginning of year		597,520	556,716
Net Assets at End of Year		629,961	597,520

See Notes to Financial Statements

Teacher Creativity Center
Statement of Cash Flows
Year Ended 31 December 2014

	2014	2013
	U.S. \$	U.S. \$
Cash Flows from Operating Activities		
Grants Received from Contributors	1,009,421	1,052,553
Other Revenues	6,735	3,958
Cash Paid to Employees and Suppliers	(948,232)	(970,770)
Cash Inflows from Operating Activities	<u>67,924</u>	<u>85,741</u>
Cash Flows from Investing Activities		
Procurement of Fixed Assets	(1,395)	(31,777)
Cash Outflows from Investing Activities	<u>(1,395)</u>	<u>(31,777)</u>
Increase in Cash and Deposits with Banks During the Year	66,529	53,964
Cash on Hand and Deposits with Banks at Beginning of Year	587,678	533,714
Cash on Hand and Deposits with Banks at End of Year	<u>654,207</u>	<u>587,678</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Inflows from Operating Activities:		
Change in Net Assets	32,441	40,804
Depreciation	13,979	12,594
Increase in Reserve for Severance Pay	19,998	13,319
Increase in Provident Fund Liability	16,580	16,752
(Decrease) Increase in Payables and Accruals	(10,182)	4,249
(Increase) Decrease in Accounts Receivable and Advances	(3,606)	10,935
(Increase) in Pledges Receivables	(1,286)	(12,912)
Total Cash Provided by Operating Activities	<u>67,924</u>	<u>85,741</u>

See Notes to Financial Statements

Teacher Creativity Center

Notes to Financial Statements

For the Year Ended 31 December 2014

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 2014. 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

	2014	2013
	USD	USD
Deposits with banks in US \$	106,389	43,048
Deposits with banks in NIS (Overdrawn)	(5,133)	2,303
Deposits with banks in Euro	337,144	398,364
Deposits with banks in US \$ - Restricted for Staff Benefits	215,807	143,963
	<u>654,207</u>	<u>587,678</u>

6. Accounts Receivable and Advances

	2014	2013
	USD	USD
Due from employees	9,389	9,683
Advance payments to suppliers	3,900	-
	<u>13,289</u>	<u>9,683</u>

7. Pledges Receivable

	2014	2013
	USD	USD
Oxfam Novib	319	-
Oxfam Quebec	2,240	-
Save the Children	11,639	12,912
	<u>14,198</u>	<u>12,912</u>

8. Furniture and Equipments, Net

	Office Furniture		Office Equipments		Apartment		Vehicle		Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost										
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	40,121		124,389		109,659		25,952		300,121	
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	21,946		83,506		46,080		3,225		154,757	
Net Book Value as of December 31, 2014	18,175		40,883		63,579		22,727		145,364	
Cost										
Balance as of 1 January 2013	40,121		117,169		109,659		-		266,949	
Additions	-		5,825		-		25,952		31,777	
Balance as of 31 December 2013	40,121		122,994		109,659		25,952		298,726	
Accumulated Depreciation										
Balance as of 1 January 2013	16,866		70,660		40,658		-		128,184	
Additions	2,752		6,501		2,711		630		12,594	
Balance as of 31 December 2013	19,618		77,161		43,369		630		140,778	
Net Book Value as of December 31, 2013	20,503		45,833		66,290		25,322		157,948	

9. Payables and Accruals

	2014	2013
	USD	USD
Professional fees	6,220	2,260
Withheld payroll tax	179	-
Due to employees	-	14,321
	<u>6,399</u>	<u>16,581</u>

10. Reserve for Severance Pay

	2014	2013
	USD	USD
Balance, beginning of year	111,899	98,580
Additions during the year	23,675	13,319
Payments	(3,677)	-
Balance, end of year	<u>131,897</u>	<u>111,899</u>

11. Provident Fund Liability

	2014	2013
	USD	USD
Balance, beginning of year	42,221	25,469
Additions during the year	16,580	16,752
Balance, end of year	<u>58,801</u>	<u>42,221</u>

12. Temporary Restricted Net Assets

	Unspent Grants as of 31-12-2013 U.S.\$	Grants Received in 2014 U.S.\$	Pledges Receivables U.S.\$	Total Grants for 2014 U.S.\$	Available Grants for 2014 U.S.\$	Grants Spent in 2014 U.S.\$	Unspent Grants as of 31-12-2014 U.S.\$
Alternatives 2014/2015	-	12,724	-	12,724	12,724	10,697	2,027
European Community	151,292	156,494	-	156,494	307,786	215,766	92,020
Foundation For The Future 2011/2012/2013	-	37,472	-	37,472	37,472	37,472	-
Global Campaign For Education - CSEF 2013-2014	53,174	130,822	-	130,822	183,996	146,036	37,960
Global Campaign For Education - CSEF WORKSHOP	-	41,162	-	41,162	41,162	41,162	-
Global Campaign For Education - Small Grant - GCE	-	2,500	-	2,500	2,500	2,500	-
Nonvegian People's AID 2013/2014	14,356	44,524	-	44,524	58,880	42,401	16,479
Nonvegian People's AID 2014/2015	-	76,247	-	76,247	76,247	-	76,247
Oxfam Novib 2013-2014 Core Budget	118,066	50,684	319	51,003	169,069	169,069	-
Oxfam Novib - Gaza	-	25,418	-	25,418	25,418	25,418	-
Oxfam Novib - Project 2015	-	56,305	-	56,305	56,305	-	56,305
Oxfam Quebec 2014	-	44,914	2,240	47,154	47,154	47,154	-
Said Foundation 2013-2014	13,067	-	-	-	13,067	13,067	-
Save The Children - Ext. Norad 2013-2014	-	18,140	-	18,140	18,140	18,140	-
Save The Children - SCI - Fighting Child Labour - WB	-	86,534	8,819	95,353	95,353	95,353	-
Save The Children -Gaza Funding to Education in the Opt	-	20,264	-	20,264	20,264	20,264	-
Save The Children - Summer Camps	-	-	-	-	-	-	-
Save The Children - New 2014 in Gaza	-	25,380	2,820	28,200	28,200	28,200	-
Network For Integrity in Reconstruction Programme of Integrity Action	16,883	-	-	-	16,883	16,883	-
TIRI WB - Young Palestinians Conducting Social Audits	-	33,740	-	33,740	33,740	4,115	29,625
TIRI Gaza - Gaza Youth in the Fight Against Corruption in the Humanitarian Aid and Reconstruction	-	33,640	-	33,640	33,640	-	33,640
Aman - Students Against Corruption	-	6,190	-	6,190	6,190	6,190	-
DVV - Training on Campaigns Management for the Palestinian Coalition Members	-	5,104	-	5,104	5,104	5,104	-
AECID - Youth Against Corruption	-	88,251	-	88,251	88,251	2,863	85,388
Total	366,838	996,509	14,198	1,010,707	1,377,545	947,854	429,691

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 2015 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.