

ABRAHAM PATH/MASAR IBRAHIM
AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK

IMPLEMENTED BY
ABRAHAM PATH INITIATIVE, INC.

FINANACIAL STATEMENTS

December 31, 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Abraham Path Initiative, Inc.
Newtown, Pennsylvania

Opinion

We have audited the financial statements of "Abraham Path/Masar Ibrahim Al Khalil Project (TF 016302)" (the Project), funded by the World Bank and implemented by Abraham Path Initiative, Inc. (Organization), which comprise the statement of financial position as of December 31, 2018, statement of funds and expenditures, and statement of designated bank account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 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.

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 about 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 entity'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 entity's 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:

- (a) The Project's financial statements present fairly, in all material respects, the financial position of the Project as of December 31, 2018, and the funds received and expenditures made by the Project for the year then ended, in accordance with the basis of accounting specified in Note 2 to the accompanying financial statements;
- (b) The expenditures reimbursed on the basis of the statement of funds and expenditures are eligible, in all material respects, to the World Bank financing;
- (c) The designated bank account has been used exclusively for the payment of the Project's expenditures as reflected in the financial statements;
- (d) The Project's accounting system (books and records) provides basis for the preparation of the Project's financial statements, which was established to record the financial transactions of the Project, and is maintained by the Project's implementing agency;
- (e) The Project's internal control measures could be relied upon to support the Project's transactions.

This report is intended solely for use of the members of management of the Organization and the World Bank and shall not be used for any other purpose.

Restivo Monacelli LLP

Providence, Rhode Island
June 26, 2019

ABRAHAM PATH/MASAR IBRAHIM AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK
STATEMENT OF FINANCIAL POSITION
December 31, 2018

	Notes	U.S. \$
ASSETS		
Grants receivable	5	\$ 99,628
TOTAL ASSETS		\$ 99,628
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	5	\$ 99,628
TOTAL LIABILITIES AND NET ASSETS		\$ 99,628

The attached notes from 1 to 5 form part of these financial statements.

ABRAHAM PATH/MASAR IBRAHIM AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK
STATEMENT OF FUNDS AND EXPENDITURES
Year Ended December 31, 2018

	<u>Notes</u>	<u>U.S. \$</u>
FUNDS		
Transfers from donor		\$ 529,560
Direct payments by donor		<u>121,800</u>
		<u>\$ 651,360</u>
 EXPENDITURES		
Direct labor and non-labor expenses	4	\$ 608,864
Indirect expenses		<u>42,496</u>
		<u>651,360</u>
 NET ASSETS		
	5	<u>\$ -</u>

The attached notes from 1 to 5 form part of these financial statements.

ABRAHAM PATH/MASAR IBRAHIM AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK
STATEMENT OF DESIGNATED BANK ACCOUNT
Year Ended December 31, 2018

	Notes	U.S. \$
Balance, beginning of the year		\$ 45,835
Cash receipts	3	400,000
Cash disbursements		(445,835)
Transfer from operating account		77,913
Balance, end of the year		\$ 77,913

The attached notes from 1 to 5 form part of these financial statements.

ABRAHAM PATH/MASAR IBRAHIM AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - GENERAL

Abraham Path Initiative, Inc. (Organization) has received a grant for the cost of the implementation of the “Abraham Path/Masar Ibrahim Al Khalil Project (TF 016302)” (the Project) with a total budget of U.S. \$2,324,008. On January 23, 2014, the World Bank has provided a grant on the amount to cover the entire Project cost. On November 18, 2016, the Organization was awarded an additional \$1,000,000 on the grant. The period of the project was originally from January 23, 2014 to March 31, 2016. However, the period of the project has been extended December 31, 2018. Our audit covered the year ended December 31, 2018.

The objective of the Project is to contribute to job creation and income generation for marginalized rural communities along the Abraham Path in the West Bank, with a particular focus on women and youth, and to capture lessons from piloting job creation through experimental tourism that could be applied in other fragile, and conflict-affected situation settings.

The table below sets forth the budget costs per each category and donor of the Project:

<u>Category</u>	<u>World Bank</u> <u>U.S. \$</u>
Direct labor and non-labor expenses	\$ 608,864
Indirect expenses	<u>42,496</u>
	<u>\$ 651,360</u>

The financial statements of the Project were approved by the Project’s management on June 26, 2019.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenses are recognized when cash is disbursed.

The financial statements is presented in United States Dollars (U.S. \$) unless otherwise indicated.

ABRAHAM PATH/MASAR IBRAHIM AL KHALIL PROJECT (TF 016302)
FUNDED BY THE WORLD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 - TRANSFER FROM DONOR

This amount represents cash transfers from the World Bank during 2018 as follows:

<u>Reference No.</u>	<u>Transfer Date</u>	<u>Replenishments</u> <u>U.S. \$</u>
EDAFC – 20	January 30, 2018	\$ 100,000
EDAFC – 21	February 21, 2018	100,000
EDAFC – 22	June 7, 2018	100,000
EDAFC – 23	September 12, 2018	<u>100,000</u>
Current year transfers		<u>\$ 400,000</u>

NOTE 4 - PROJECT EXPENDITURES

The direct labor and non-labor expenses amount represents the following items at December 31, 2018:

	<u>U.S. \$</u>
Consulting and other technical services	\$ 591,392
Goods purchase	2,000
Transportation	10,451
Audit preparation	<u>5,021</u>
	<u>\$ 608,864</u>

NOTE 5 - NET ASSETS, END OF YEAR

Net assets represent the following:

	<u>U.S. \$</u>
Balance per designated bank account	\$ 77,913
Grants receivable	99,628
Accounts payable	(99,628)
Transfer from operating account	<u>(77,913)</u>
Net assets, end of the year	<u>\$ -</u>