

BEIT EL BARAKA (NGO)
BEIRUT - LEBANON
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

BEIT EL BARAKA
Independent Auditor's Report and Financial Statements
For the year ended December 31, 2020

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INDEPENDENT AUDITOR’S REPORT

**To the board of the:
BEIT EL BARAKA (NGO)
Beirut – Lebanon**

Opinion

We have audited the financial statements of BEIT EL BARAKA , Beirut – Lebanon, which comprise the statement of financial position as at December 31 2020, and the statement of financial activities and statement of changes in net assets 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 BEIT EL BARAKA, Beirut – Lebanon , as at December 31, and its financial performance for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with 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 BEIT EL BARAKA, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to Note 6 of the financial statements, which indicates that since October 17, 2019, the Lebanese banks with whom BEIT EL BARAKA, deals started applying informal capital controls over the available balances. In addition, BEIT EL BARAKA, is not able to perform bank transfers outside Lebanon, unless it receives fresh money either transferred from abroad or deposited after the above-mentioned date

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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 the ability of BEIT EL BARAKA, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations of BEIT EL BARAKA, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit 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 when 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 these 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 BEIT EL BARAKA, internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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 the ability of BEIT EL BARAKA, to continue as a going concern.

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 BEIT EL BARAKA, to cease to continue as a going concern. We communicate with those charged with governance 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.



MYRIAM GHANEM
Chartered Accountant
Beirut, January 20th, 2021

BEIT EL BARAKA
Statement of Financial Position
As at December 31, 2020

	<u>Notes</u>	2020 USD	2019 USD
ASSETS	-	-	-
Current Assets			
Cash and cash equivalents	6	3,626,346	177,148
Grants and others	7	682,473	-
Due from related parties	8	12,519	-
Receivables and prepayments	9	5,360	-
Total current assets		4,326,697	177,148
Non-Current Assets			
Property, plant & equipment	10	180,256	-
Total non-current assets		180,256	-
TOTAL ASSETS		4,506,953	177,148
LIABILITIES			
Current Liabilities			
Payables and accruals	11	22,677	-
Total current liabilities		22,677	-
Non-Current Liabilities			
Provisions	12	520,349	-
Total non-current liabilities		520,349	-
TOTAL LIABILITIES		543,026	-
NET ASSETS			
Net Assets			
Surplus for the period		3,786,779	176,921
Accumulated Surplus		177,148	227
Total equity		3,963,927	177,148
Total Liabilities and Net Assets		4,506,953	177,148

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation. These financial statements were approved by the Board and signed on their behalf by:

The notes on pages 8 to 19 form part of these financial statements.
The report of the Independent Auditor is set out on pages 2 - 3

BEIT EL BARAKA
Statement of Financial Activities
For the year ended December 31, 2020

	<u>Notes</u>	2020 USD	2019 USD
Revenues and Other Support	13	6,792,285	337,340
Programs services	14	(3,276,785)	(126,320)
Supporting services	15	(129,649)	(34,099)
Depreciation and impairments	16	(582,335)	-
Surplus from operations		2,803,516	176,921
Other operating income/(expenses)	18	976,500	
Financial result	17	6,763	-
Surplus for the period		3,786,779	176,921

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BEIT EL BARAKA
Statement of Changes in Net Assets
For the year ended December 31, 2020

	Surplus USD	Total USD
Balance as at January 1, 2019	227	227
Surplus for the year 2019	176,921	176,921
Balance as at December 31, 2019	177,148	177,148
Surplus for the year 2020	3,786,779	3,786,779
Balance as at December 31, 2020	3,963,927	3,963,926

The notes on pages 8 to 19 form part of these financial statements.
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BEIT EL BARAKA
Statement of Cash Flow
For the year ended December 31, 2020

	2020 USD
Cash flows from operating activities	
Surplus for the year	3,786,779
Adjustment for:	
Impairments of assets	59,420
Depreciation of assets	2,566
Expected credit loss provision	520,349
Changes in assets and liabilities:	
Grants and others	(682,473)
Due from related parties	(12,519)
Receivables and prepayments	(5,360)
Payables and accruals	22,677
Net cash (used in)/provided by operating activities	3,691,440
Cash flows from investing activities	
Purchase of property and equipment	(242,242)
Proceeds from sale of property and equipment	
Net cash (used in)/provided by investing activities	(242,242)
Cash flows from financing activities	
Net cash (used in)/provided by financing activities	-
Net increase/ (decrease) in cash and cash equivalents	3,449,198
Cash and cash equivalents at the beginning of the year	177,148
Cash and cash equivalents at the end of the year	3,626,346

The notes on pages 8 to 19 form part of these financial statements.
The report of the Independent Auditor is set out on pages 2 - 3.

BEIT EL BARAKA
Notes to the Financial Statements
For the year ended December 31, 2020

1. Formation and object of BEIT EL BARAKA:

- a. These financial statements encompass the activities of BEIT EL BARAKA, Beirut – Lebanon, which is a non-for-profit organization.
- b. The BEIT EL BARAKA, is a non-profit organization established by Mrs Maya Chams Ibrahimchah. The Association was founded in 2018 with the aim of providing emergency assistance and social and health services to families to meet their financial and social needs and providing house refurbishment, education and medical assistance to these people.
- c. The address of its registered office is Beirut, Achrafieh, Karem el Zeitoun, Sheikh el Ghabi street.
- d. These financial statements present the financial position and the results of the operations of BEIT EL BARAKA, Beirut – Lebanon, as reflected by those transactions that are recorded by BEIT EL BARAKA, and under its responsibility.

2. Adoption of new and revised International Financial Reporting Standards:

In the current year, BEIT EL BARAKA have adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations and effective of BEIT EL BARAKA , for the annual reporting periods beginning on January 1 2020

The adoption of these new and revised Standards and Interpretations did not result in any significant impact on BEIT EL BARAKA, financial statements or changes to BEIT EL BARAKA, accounting policies.

3. Summary of significant accounting policies:

The significant accounting policies are set here below:

a. Statement of Compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention

b. Statement of Preparation:

The financial statements have been prepared under the historical cost convention.

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

c. Property and Equipment:

Property and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to BEIT EL BARAKA, and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of financial activities during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of financial activities.

	Amortization Rate %
Lands	NA
Buildings	2%
Vehicles	10%
Office Equipment	8%
Furniture & Fixtures	8%
Computer Equipment	20%
Generators and Electrical Equipment	8%

d. Impairment of Assets:

At each statement of financial position date, BEIT EL BARAKA, review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of financial activities, unless the relevant asset is

carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

A reversal of an impairment loss is recognized immediately in the statement of financial activities, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

e. Foreign currency translation:

(a) Functional and presentation currency

Items included in the financial statements of BEIT EL BARAKA, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in US dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the Central Bank of Lebanon exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities also using the Central Bank of Lebanon exchange rates.

f. Cash and cash equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

g. Provisions:

Provisions are recognized when BEIT EL BARAKA , have a present obligation as a result of a past event, whereby it is probable that it will result in an outflow of economic benefits that can reasonably be estimated.

h. Revenue Recognition:

Revenue is recognized when the performance obligations are satisfied according to IFRS 15.

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

4. Financial risk management:

4.1 Financial risk factors:

The Association activities expose it to a variety of potential financial risks: market risk (including currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. BEIT EL BARAKA, overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Association's financial performance.

(a) Market risk

▪ *Foreign exchange risk*

Foreign exchange risk arises when recognized assets and liabilities are denominated in a currency that is not the association's functional currency. Other foreign currency transactions are denominated in US Dollars. The Central Bank of Lebanon has not materially changed the foreign exchange rate between the US Dollar and the Lebanese Pound during the current year. We wish however to stress that the exchange rates between the US Dollar and the Lebanese Pound in the unofficial market, which rates were not used in these financial statements, differ significantly from the rate fixed by the Central Bank of Lebanon.

▪ *Cash flow and fair value interest rate risk*

"The Association" expenses and operating cash flows are also substantially independent of changes in market interest rates as its long-term borrowings are subject to fixed interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposure to clients, including outstanding receivables and committed transactions.

Management assesses the credit quality of the clients, taking into account its financial position and its past experience.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

4.2 Capital risk management:

The Association objectives when managing capital are to safeguard the ability to continue as a going concern.

4.3 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

5. Critical Accounting Judgment and Key Sources of Estimation Uncertainty:

In the application of the accounting policies, which are described in note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

BEIT EL BARAKA, have no other major estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

BEIT EL BARAKA,
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

6. Cash at bank and in hand:

Cash at bank and in hand are composed of the following:

	2020	2019
	USD	USD
BEMO BANK (FRESH)	1,895,496	
EAGLE BANK USA (FRESH)	741,713	
SARADAR BANK	328,425	
BEMO BANK	351,025	
CREDIT LIBANAIS BANK (FRESH)	48,094	
CREDIT LIBANAIS BANK	44,332	-
BLC BANK	19,574	177,148
CASH USD	190,407	
CASH LBP	7,280	
TOTAL	3,626,346	177,148

Since October 17, 2020 and, as of that date, the Lebanese banks of BEIT EL BARAKA are applying an informal capital control over its available bank balances, therefore any cash withdrawals or transfers to outside Lebanon are limited, except for fresh money either transferred from abroad or deposited after the mentioned date.

7. Grants and others:

Grants and others are composed of the following:

	2020
	USD
Food	312,524
Non Food	239,450
Furniture	60,635
Medicine	53,218
Shop	12,039
Dining & Kitchen ware	4,606
TOTAL	682,473

BEIT EL BARAKA
Statement of Financial Position
As at December 31, 2020

8. Due from related parties:

Due from related parties are composed of the following:

	2020
	USD
Kanz	12,519
TOTAL	12,519

*An advance payment has been given to Kanz a related party company that will aim to support BEIT EL BARAKA financially in the near future.

9. Receivables and prepayments:

Receivables and prepayments are composed of the following:

	2020
	USD
Advances to suppliers	5,360
TOTAL	5,360

BEIT EL BARAKA**Notes to the Financial Statements (continued)****For the year ended December 31, 2020****10. Property, plant & equipment (continued):**

Property, plant & equipment are composed of the following:

Property, plant & equipment	General Installation	Transportation Equipment	Office Furnitures	Computer Equipment	Agricultural Installation	Total
Cost as at January 1, 2020						-
Additions	97,709	45,500	22,700	3,992	72,341	242,242
Impairments of assets	-		(13,620)	(2,395)	(43,405)	(59,420)
Cost as at December 31, 2020	97,709	45,500	9,080	1,597	28,936	182,822
Depreciation as at January 1, 2020						-
Charge for the period	521	1,517	121	21	386	2,566
Write back on disposals	-		-			-
Depreciation as at December 31, 2020	521	1,517	121	21	386	2,566
Net book value as at December 31, 2020	97,188	43,983	8,959	1,576	28,551	180,256
Net book value as at December 31, 2019	-	-	-	-	-	-

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

11. Payables and accruals:

The payables and accruals are composed of the following:

	2020 USD
Trade payables	21,147
Other payables, accruals and provisions	1,166
NSSF payables	353
Tax on salaries payables	11
TOTAL	22,677

12. Provisions:

The provision is composed of the following:

	2020 USD
Expected credit loss provision	582,335
TOTAL	582,335

13. Revenues and Other Support:

The Revenues and Other Support are composed of the following:

	2020 USD	2019 USD
Cash Donation	6,063,884	335,670
Other Donation	728,401	1,670
TOTAL	6,792,285	337,340

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

14. Programs Services:

The programs services are composed of the following:

	2020	2019
	USD	USD
Home Refurbishing	1,418,730	55,249
Food Donation	1,207,054	39,223
Livelihood	272,648	
Education	146,077	
Other Donations	53,637	17,906
Agriculture fees	77,121	
Medical aid	36,490	5,185
Rent Donation	30,020	8,757
Financial Aid	13,727	
Goods	10,142	
Hygiene Donations	7,422	
Unpaid Bills(Elect., Water, Municipality)	3,718	
TOTAL	3,276,785	126,320

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

15. Supporting services:

Supporting services are composed of the following:

	2020 USD	2019 USD
Interim Staff	29,956	
Transportation and parking fees	17,401	
Marketing, Advertising ,and Promotions	16,837	
Rental fees	15,522	
Reception Fees	6,266	
Salaries and related expenses	5,495	891
Office equipment's	10,626	12,175
Misc. expenses	3,582	21,033
Stationary and office supplies	3,004	
Uniforms	5,077	
Maintenance and repairs	5,065	
Medical care	1,429	
Telecom fees	1,255	
Bank commission	1,235	
Electricity and generator fees	848	
Lawyers, consultants, and experts fees	1,689	
Subcontractors	1,263	
Depreciation and provision	2,566	
Insurance fees	312	
Others taxes	221	
TOTAL	129,649	34,099

BEIT EL BARAKA
Notes to the Financial Statements (continued)
For the year ended December 31, 2020

16. Depreciation and impairments:

Depreciation and impairments are composed of the following:

	2020 USD
Depreciation of assets	2,566
Impairments of assets	59,420
Expected credit loss provision	520,349
TOTAL	582,335

17. Financial result:

Financial result is composed of the following:

	2020 USD
Bank interest	6,763
TOTAL	6,763

18. Other operating income:

	2020 USD
Exchange result	976,500
TOTAL	976,500

*Exchange result is due to the high depreciation in LBP value during 2020.

19. Taxation:

Open tax years that remain subject to examination and acceptance by the fiscal authorities comprise the financial years 2018 till 2020.

Open tax years that remain subject to examination and acceptance by the social security authorities comprise the financial years from inception till December 31st, 2020.

20. Comparative figures:

Comparative figures have been reclassified / regrouped, wherever necessary, to conform to the presentation adopted in the current year.