

Certified Public Accountant-Sworn Auditor
Syndicate no.:1838
Yasser Ali Ghanawi

Association
Audit report
And
Financial statements
On 31/12/2023

BUKRA LA2ILKOM
Notification No: 1088
Financial no: 3818471

Financial statements and Audit Report for the Year Ended December 31, 2023

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Certified Public Accountant-Sworn Auditor
Syndicate no.:1838
Yasser Ali Ghanawi

Name of Association: BUKRA LA2ILKOM

Subject: Statutory Auditor's Report

Year: **2023**

Statutory Auditor's Report for the 2023 Fiscal Year

Dear Partners

Opinion

We have audited the financial statements, which comprise the statement of financial position at **December 31, 2023**, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all significant respects, the financial position as of December **31, 2023**, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion Basis

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 the association 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.

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 association's ability 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 the association or to cease operations or has no realistic alternative but to do so.

The 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 it 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 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 the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 a 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 association's ability to continue as a going concern. If we conclude that 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 the association to cease to exist 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.

Signature of the auditor:

Report Date: 25-8-2024

Certified Public Accountant-Sworn Auditor
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Statement of Financial Position On 31/12/2023

| | Notes | 2023 | Statement No. 1(2/1) \$\$\$ 2022 |
|--|-------|---------------|--|
| Asset | | | |
| Fixed assets | | | |
| Fixed assets | | 3,251 | 3,061 |
| Amortizations & Depreciation | | (1,336) | (849) |
| Total fixed assets (net value) | | 1,915 | 2,212 |
| Shareholders accounts receivable | | - | - |
| Current assets | | | |
| Inventory | | - | - |
| Suppliers- Advance payments on account | | - | - |
| Receivables-clients and notes receivable | | 11,515 | 8,637 |
| Personnel accounts receivable | | - | - |
| Receivables - Social security | | - | - |
| Taxes due (operating) | | - | - |
| Receivables -Value added tax | | - | - |
| Receivables - Government and Public Institutions | | - | - |
| Other Receivables - Operating | | - | - |
| Receivables (non-operating) | | - | - |
| Pre-Payments & Accruals - Assets | | - | - |
| Total receivables | | 11,515 | 8,637 |
| Equity Participations | | - | - |
| Banks and financial institutions-Accounts receivable | | 25,073 | - |
| Cash in Hand | | 28,686 | 34,215 |
| Total financial accounts | | 53,759 | 34,215 |
| Total assets | | 67,189 | 45,064 |

Statement of Financial Position On 31/12/2023

| | Notes | 2023 | Statement No. 1(2/2) \$\$\$ 2022 |
|--|-------|---------------|--|
| Liability | | | |
| Capital reserve | | | |
| Capital | | 36,427 | 24,947 |
| Issue and Merger premiums | | - | - |
| Revaluation variances | | - | - |
| Reserves | | - | - |
| Brought Forward Results (credit or debit balance) | | - | - |
| Net result of the financial Year - Profit \ (Loss) | | 1,902 | 14,671 |
| Investment Subsidies | | - | - |
| Total shareholders' equity | | 38,329 | 39,618 |
| Non-Current Liabilities | | | |
| Total Provisions for contingencies & charges | | - | - |
| Total long and medium- term financial debts | | - | - |
| Total non-current liabilities | | - | - |
| Current liabilities | | | |
| Shareholders accounts payable | | - | - |
| Advances and receipts at the expense of orders in progress | | - | - |
| Accounts payable (investment and fixed assets suppliers) | | - | - |
| Accounts payable-Employees | | 21,385 | - |
| Accounts payable - Social security | | - | - |
| Taxes due (operating) | | - | - |
| Government and Public Institutions | | - | - |
| Tax due (non-operating) | | - | - |
| Accounts payable - Government and Public Institutions | | - | - |
| Other Payables (operating) | | 7,475 | 5,446 |
| Accounts payable (non-operating) | | - | - |
| Pre-Payments & Accruals - Liabilities | | - | - |
| Total current liabilities | | 28,860 | 5,446 |
| Banks-Loans | | - | - |
| Total Equity and Liabilities | | 67,189 | 45,064 |

Statement of Comprehensive Income from 01/01/2023 to 31/12/2023

| | Notes | <u>2023</u> | Statement No. 2 \$\$\$ <u>2022</u> |
|-------------------------------------|-------|------------------|--|
| Sales | | 74,792 | 48,291 |
| Gross profit | | 74,792 | 48,291 |
| External Charges and services | | (182,022) | (211,919) |
| Salaries and wages | | (122,322) | - |
| Provisions for depreciation | | (487) | (483) |
| Operating profit | | (230,039) | (164,111) |
| Total financial revenues | | - | - |
| Negative exchange differences | | (23) | - |
| Other Interests | | (3,539) | (2,907) |
| Total Financial Charges | | (3,562) | (2,907) |
| Fines and Penalties | | (12) | - |
| Total other External Charges | | (12) | - |
| Revenues from extraordinary events | | 235,515 | 181,689 |
| Total | | 235,515 | 181,689 |
| Surplus before income tax | | 1,902 | 14,671 |
| Surplus for the Fiscal Year | | 1,902 | 14,671 |

Statement of changes in partners equity December 31 2023

| | Capital | Accumulated Results debit and credit | Reserves | Statement No. 3 \$\$\$ Total |
|-------------------------------------|---------------|--|----------|------------------------------------|
| Balance on December 31 2022 | 24,947 | - | - | 24,947 |
| (Plus/Minus) | - | - | - | - |
| Surplus for the FiscalYear 2022 | - | 14,671 | - | 14,671 |
| Balance on December 31 2022 | 24,947 | 14,671 | - | 39,618 |
| Balance on January 1 2023 | 24,947 | 14,671 | - | 39,618 |
| (Plus/Minus) | 11,480 | (14,671) | - | (3,191) |
| distribute profit for previous year | - | - | - | - |
| Surplus for the Fiscal Year 2023 | - | 1,902 | - | 1,902 |
| Balance on December 31 2023 | 36,427 | 1,902 | - | 38,329 |

Statement of general cash flows 2023

Statement No. 4

\$\$\$

| | (Util.)/Resources 2023 | (Util.)/Resources 2022 |
|--|---------------------------|---------------------------|
| A-Cash flow from operating activities and working capital | | |
| Cash flow from operating activities | | |
| Net return after tax | 1,902 | |
| Re-depreciation | 487 | |
| Total cash flow from operating activities | <u>2,389</u> | |
| Net cash flow from operating activities (1) | <u>2,389</u> | |
| Customers and other receivables for investment | (2,878) | |
| Suppliers and other payables for investment | 2,029 | |
| Social security and employers receivables | 21,385 | |
| Total cash flow from working capital | <u>20,536</u> | |
| *Net cash flow from working capital (2) | <u>20,536</u> | |
| | <u>22,925</u> | |
| B-Cash flow from investing activities | | |
| Acquisition of tangible and intangible fixed assets | (190) | - |
| Total cash flow from investing activities | <u>(190)</u> | - |
| Net cash flow from investing activities | <u>(190)</u> | - |
| C. Cash flow from financing activity | | |
| Capital | 11,480 | - |
| Previous revolving results | (14,671) | - |
| Total cash flow from financing activities | <u>(3,191)</u> | - |
| Net cash flow from financing activities | <u>(3,191)</u> | - |
| Total net cash flow from (A+B+C) | <u>19,544</u> | - |
| Net amounts of ready money from cash flow | 19,544 | - |
| Opening balance for ready money amounts | 34,215 | - |
| Closing balance for ready money amounts | <u>53,759</u> | - |

Statement of fixed assets and their depreciations On December 31 2023

| | Cost On December 31 2022 | Additions and cuts on 2023 | Balance On December 31 2023 | Depreciation. On December 31 2022 | Depreciation. Year 2023 | Balance On December 31 2023 | Net book value On December 31 2023 | Net book value On December 31 2022 |
|--|--------------------------------|-------------------------------|-----------------------------------|---|----------------------------|-----------------------------------|--|--|
| office equipment/ office and computer equipment/ | 1,071 | 190 | <u>1,261</u> | 177 | 89 | <u>266</u> | 995 | 894 |
| | 1,990 | - | <u>1,990</u> | 672 | 398 | <u>1,070</u> | 920 | 1,318 |
| Total | 3,061 | 190 | 3,251 | 849 | 487 | 1,336 | 1,915 | 2,212 |

Statement of Expenses December 31 2023

| | 2023 | Statement No. 6 \$\$\$\$ 2022 |
|---------------------------------------|-----------------------|--|
| Phone Expenses | 5,623 | 5,985 |
| Telecommunication Expenses | 6,274 | 1,671 |
| Maintenance And Repair | 19 | - |
| Rent | 4,800 | 8,366 |
| Other Rental Charges | 4,703 | - |
| Travel Expenses | 1,347 | - |
| Personnel Meals | 2,081 | 956 |
| Fees | 151,170 | 178,128 |
| Insurance Premiums | 200 | - |
| Stationary & Office Supplies | 772 | 123 |
| Other Miscellaneous External Services | 5,035 | 16,690 |
| | <u>182,024</u> | <u>211,919</u> |

Notes to the financial statements as at 31/12/2023

A - Incorporation of the association and its subject

The association known under the name of **BUKRA LA2ILKOM** is a non-profit Lebanese association established on September 11, 2020, and registered in the Associations Register at the Ministry of Interior and Municipalities under the notification number 1088. It operates in the field of supporting and educating underprivileged children who have dropped out of school, and it operates in other fields as well.

Association Address: Beirut - Property no. 5130, Ground floor.

B – THE MOST IMPORTANT ACCOUNTING PRINCIPLES

1. Records

The association shall keep its records in accordance with the laws and regulations in force according to the Lebanese Trade Law pursuant to Articles 16,17,18,19 thereof.

2. The accounting principle

The financial statements have been prepared in accordance with international standards and based on the historical cost principle.

3. Properties, facilities and equipment

Properties, facilities and equipment are registered at cost of purchase in addition to any additional acquisition costs. Depreciation of fixed assets is calculated on a straight-line basis.

4. Foreign currencies

Transactions during the year are recorded in foreign currencies, including income and charges, in accordance with the exchange rates prevailing at the date they are recorded. Assets and liabilities denominated in foreign currencies are assessed at the exchange rate at the end of the year.

5. Stock

There is no stock in the association accounts due to the nature of its activities.

6. End of service indemnity

The end of service indemnity for employees working in accordance with the provisions of the Lebanese Law and the regulations of the National Social Security Fund is not recognized.

7. Revenue recognition

The revenues constitute the income generated from contributions, donations, and activity fees.

8. The principle of independence of financial cycles

The principle of entitlement, which stipulates that each financial cycle includes the revenues of a association and the due obligations.

9. The principle of continuity

The association has prepared and issued financial statements in accordance with the applicable standards and regulations.

10. Fair value estimation

The carrying value of assets and financial liabilities approximate their fair value at the balance sheet date.

11. Financial instruments

Financial instruments included in the balance sheet comprise financial assets and liabilities. Financial assets consist of cash, cash equivalents, bank balances and accounts. Financial liabilities consist of accounts receivable.

The adopted approval methods have been disclosed under their separate financial policies.

12. Cash and cash equivalents

Cash and cash equivalents consist of the Fund, demand deposits in banks and other quick-to-cash investments whose original maturity does not exceed three months or less.

13. Provisions

Provisions are recognized when the association has legal or implied products as a result of past events, in case resource flows are likely to be used to stop them, and if there is a possibility to reliably estimate their value.

C. FINANCIAL RISK MANAGEMENT

1. Foreign currency risks

The association does not face any major foreign currency risks due to its dependence on the US dollar in all its foreign currencies operations. The exchange rate of the US dollar against the Lebanese pound did not change during the year.

2. Interest rate risks

The association's revenues and cash flows are substantially independent from fluctuations in market interest rates. The association does not have significant assets bearing interest nor liabilities.

3. Credit risks

The financial assets that lead to exposing the association to concentrated credit risks are generally cash, cash equivalents and customer accounts.

4. Liquidity risks

Currently, the association does not have financial facilities from banks.

D- NOTES TO THE BALANCE SHEET

- The accounts receivable balance amounted to \$11,515, and we did not receive any reconciliation for these balances.
- The balance of employees' receivables is \$21,385, which represents amount due to employees for December 2023.

- The balance of accounts payable is \$7,475, representing amounts due to service providers for the association.
- The association has not yet registered with the social security, resulting in obligations to the fund that have not been recorded in the association's accounts as of the date of the report.
- The association has not paid the taxes owed for individuals providing services to the association, including any related penalties. These taxes have not been recorded in the association's account.