

MAKHZOUMI FOUNDATION
Beirut - Lebanon

Report and Financial Statements
for the Year Ended December 31, 2019

MAKHZOUMI FOUNDATION

Beirut - Lebanon

Report and Financial Statements for the Year Ended December 31, 2019

1 – 4 Independent Auditor's Report

Financial Statements

5 *Statements of Activities*
6 *Statements of Financial Position*
7 *Statements of Cash Flows*

8 – 19 **Notes to the Financial Statements**

1 - Constitution of the Foundation
2 - Purpose of the Foundation
3 - Summary of Significant Accounting Policies
4 - Projects and Contributions
5 - General and Administrative Expenses
6 - Intangible Assets
7 - Tangible Fixed Assets
8 - Cash and Cash Equivalents
9 - Accounts Receivable and Prepayments
10 - Micro Credit Loans
11 - Provision for End of Service Indemnity
12 - Accounts Payable and Accruals
13 - Related Party Transactions
14 - Subsequent Events

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON**

Opinion

We have audited the accompanying financial statements of Makhzoumi Foundation, Beirut - Lebanon (hereinafter referred to as the "Foundation"), which comprise the statement of financial position as at December 31, 2019, and the related statements of activities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2019, its financial performance and its cash flows for the year ended December 31, 2019 in accordance with the "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 the Foundation in accordance with "International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)" together 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 and the "International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)". We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON
(continued)**

Emphasis of Matters

1. *We draw attention to note 2 to the financial statements which describes the current economic situation in Lebanon.*
2. *We draw attention to note 14 of the financial statements which describes events that took place subsequent to the year ended December 31, 2019.*

Our opinion is not modified in respect of the above matters.

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 the "International Financial Reporting Standards (IFRS)" 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 "International Standards on Auditing (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.

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON
(continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with "International Standards on Auditing (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 Foundation's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *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 Foundation's ability to continue as a going concern. If 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 the Foundation to cease to continue as a going concern.*
- *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.*

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON
(continued)**

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Samy Zacca.

*Beirut, Lebanon
May 21, 2020*



MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statements of Activities

For the Years Ended December 31,		2019	2018
	Notes	US\$	US\$
Revenues and Support			
Membership dues		1,260	1,260
Projects and contributions	4	4,668,405	4,646,088
Donations		2,417,875	2,425,152
Health contributions and programs		577,087	654,349
Training center and other small projects		270,362	237,379
Administrative fees - Micro Credit Units		279,669	376,977
Foreign exchange differences, net		7,356	16,963
Interest revenues		45,781	18,995
Other revenues		40,645	4,260
Total Revenues and Support		8,308,441	8,381,423
Expenses			
Projects and contributions expenses		2,667,431	2,264,859
Medicine, supplies and laboratories		276,673	418,843
Medical support		15,654	171,951
Schooling and other support		2,453	104,929
Salaries and benefits		2,613,755	2,253,029
Material for trainees		76,848	68,650
Staff training		13,444	19,029
Service expenses		575,513	723,271
Professional fees		226,803	131,527
Bad debt expense		43,080	4,926
General and administrative expenses	5	1,439,951	2,186,064
Previous year expenses		1,589	32,202
		7,953,194	8,379,280
Expenses not requiring outlay of funds:			
Amortisation expense	6	487	618
Depreciation expense	7	98,753	99,803
Provision for end of service indemnity	11	7,504	43,588
		106,744	144,009
Total Expenses		8,059,938	8,523,289
Excess of Revenues and Support over (Expenses)		248,503	(141,866)
Net Assets, at January 1		1,637,050	1,778,916
Net Assets, at December 31 <i>(to statements of financial position)</i>		1,885,553	1,637,050

The accompanying notes on pages 8 through 19 form an integral part of these financial statements

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statements of Financial Position

December 31,		2019	2018
Assets	Notes	US\$	US\$
Fixed Assets			
Intangible assets	6	11,088	907
Tangible fixed assets	7	261,818	334,487
		272,906	335,394
Current Assets			
Bank balances and cash	8	1,909,380	755,113
Accounts receivable and prepayments	9	678,143	647,577
Micro credit loans	10	1,224,877	1,407,927
		3,812,400	2,810,617
Total Assets		4,085,306	3,146,011
Liabilities and Net Assets	Notes	US\$	US\$
Non-Current Liabilities			
Provision for end of service indemnity	11	390,313	490,552
Current Liabilities			
Accounts payable and accruals	12	1,809,440	1,018,409
Net Assets		1,885,553	1,637,050
Total Liabilities and Net Assets		4,085,306	3,146,011

The accompanying notes on pages 8 through 19 form an integral part of these financial statements

The financial statements on pages 5 to 20 were approved and signed by the President Mrs. May Fouad Makhzoumi on May 21, 2020:

Mrs. May Fouad Makhzoumi
President

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statements of Cash Flows

For the Years Ended December 31,		2019	2018
	Notes	US\$	US\$
Operating Activities			
Revenues and support over (expenses)		248,503	(141,866)
<i>Adjustments to reconcile excess of revenues and support over (expenses)</i>			
Amortisation expense	6	487	618
Depreciation expense	7	98,753	99,803
Provision for end of service indemnity	11	7,504	42,958
Changes in working capital:			
(Increase) decrease in accounts receivable and prepayments	9	(30,566)	62,237
Decrease (increase) in micro credit loans, net	10	183,050	(123,871)
Increase (decrease) in accounts payable and accruals	12	791,031	(196,838)
Cash from Operations		1,298,762	(256,959)
End of service indemnity paid	11	(107,743)	-
Net Cash Provided by (Used in) Operating Activities		1,191,019	(256,959)
Investing Activities			
Acquisition of intangible assets	6	(10,668)	-
Proceeds from disposal of tangible fixed assets		484	-
Acquisition of tangible fixed assets	7	(26,568)	(86,822)
Net Cash (Used in) Investing Activities		(36,752)	(86,822)
Cash and Cash Equivalents			
Increase (decrease) in cash and cash equivalents		1,154,267	(343,781)
Cash and cash equivalents, at January 1		755,113	1,098,894
Cash and Cash Equivalents, at December 31	8	1,909,380	755,113
<i>Proceeds from disposal of tangible fixed assets comprise:</i>			
Net book value	7	484	-
Gain on sale of tangible fixed assets		-	-
Proceeds from sale of tangible fixed assets		484	-

The accompanying notes on pages 8 through 19 form an integral part of these financial statements

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements for the Year Ended December 31, 2019

Note 1. Constitution of the Foundation

Makhzoumi Foundation, Beirut - Lebanon (hereinafter referred to as the "Foundation") is a non-profit organization registered as an association at the Ministry of Interior, Department of Political and Administrative Affairs, under advice No. 22/AD dated February 7, 1997.

The address of the registered office of the Foundation is Barbour, Zreik Street, Makhzoumi building, P.O.Box: 13/5009, Beirut, Lebanon. The financial statements for the year ended December 31, 2019, were approved and authorized for issuance by the President Mrs. May Fouad Makhzoumi on May 21, 2020.

The Foundation had 148 employees at December 31, 2019. (129 employees at December 31, 2018)

Note 2. Purpose of the Foundation

The purpose of the Foundation is to provide the citizens with educational, cultural and social services and support, and to cooperate with similar associations in Lebanon and other countries.

Lebanon's Economic and Financial Crisis

The Company's operations are in Lebanon which is in a severe interconnected fiscal, monetary and economic crisis. Lebanon has long relied on steady flow of dollars from overseas to help fund its financial system. This has been choked off following the loss of confidence in economic and political system and the credit rating downgrade of the Lebanese Republic. From a fiscal standpoint, the primary surplus required to stabilize the country's debt-to-GDP ratio exceeded 5% in October 2019, according to the International Monetary Fund "IMF". On March 7, 2020 the Lebanese Republic announced that it will withhold payment on the bonds due on March 9, 2020 in order to safeguard the country's foreign currency reserves. On March 23, 2020 the Lebanese Republic announced that it will discontinue payments on all of its US Dollars denominated Eurobonds due to further pressure on Lebanon's access to foreign currency and that it will take all measure it deems necessary to prudently manage its limited foreign currency reserves. The Lebanese government reluctance to implement the necessary fiscal and economic reforms led to Lebanon's first-ever external default. This event only worsened the economic crisis the country is facing, in addition to political and geopolitical instability and a low contribution of productive sectors to the GDP. Lebanon's over-indebtedness and the dollarization of the economy further worsened its crisis. The official exchange rate for the US Dollar has been, and still is, 1507.5 Lebanese Pound since 1997, while the parallel exchange rate uses around 4,500 Lebanese Pounds as of June 2020, and is still increasing due to the US Dollar shortage in Lebanon.

This economic crisis made Lebanon's gross domestic product fall to about US\$ 44 billion, which uses about US\$ 55 billion the year before. This crisis became worse when the COVID-19 pandemic affected the Lebanese economy.

At the date of the authorization of these financial statements, banks are unable to borrow from international markets, have imposed unofficial capital controls, restricted transfers of foreign currencies outside Lebanon and significantly reduced credit lines to companies, which resulted in the disruption of the economic activity and had a negative impact on obtaining sources of liquidity.

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 2. Purpose of the Foundation (continued)

Possible Risks

The persisting economic crisis in Lebanon, the unavailability of financing, the imposition of unofficial capital controls together with current instability, might lead to significant deterioration in the Company's future financial performance. Management is closely monitoring the environment in which the Company operates, including key indicators within its business, in order to minimize risks facing the Company and its future performance.

Note 3. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A - Accounting Method

The financial statements of the Foundations's accounts which have been prepared in accordance with "International Financial Reporting Standards" (IFRS) and interpretations issued by the "International Financial Reporting Standards Interpretations Committee" (IFRS IC) applicable to organizations reporting under "International Financial Reporting Standards" (IFRS). These financial statements comply with "International Financial Reporting Standards" (IFRS) as issued by the "International Accounting Standards Board" (IASB).

B - Accounting Convention

The financial statements are prepared under the historical cost convention. The monetary units used in the accounting records is the US Dollar. The accounting policies are consistent with those used in the previous year.

C - Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of the Foundation 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 Dollars, which is the Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the 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 of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement. Foreign exchange gains and losses that relate to bank overdrafts (if any) are presented in the income statement, within finance costs, net.

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 3. Summary of Significant Accounting Policies (continued)

D - Intangible Assets

The key criteria for determining whether intangible assets are to be recognised are:

- Whether the intangible asset can be identified separately from other aspects of the business entity;
- Whether the use of the intangible asset is controlled by the entity as a result of its past actions and events;
- Whether future economic benefits can be expected to flow to the entity; and
- Whether the cost of the asset can be measured reliably.

Under IAS 38, an intangible asset is identifiable when it is separable (i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset or liability); or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Under IAS 38, the capitalisation of any subsequent costs incurred on recognised intangible assets are subject to the same key recognition criteria as initial costs.

Software is amortised over a period of five (5) years using the straight-line method.

E - Tangible Fixed Assets

Fixed assets are stated net of accumulated depreciation and recorded at their purchase cost together with any incidental expenses of acquisition and other costs directly attributable to bring the asset to working condition for its intended use.

Expenditure incurred to replace a component of an item of tangible fixed assets that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related asset. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in the results of comprehensive income.

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as determined by the income tax authorities.

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 3. Summary of Significant Accounting Policies (continued)

E - Tangible Fixed Assets (continued)

Annual depreciation rates are as follows:

Furniture	8%
Vehicles	8%
Office equipment	8%
Medical equipment	10%
Computer equipment	20%

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

H - Impairment of Assets

Tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. 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 comprehensive income, 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 comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

F - Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three (3) months or less that are ready convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the statement of financial position, bank overdrafts are shown under current liabilities.

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 3. Summary of Significant Accounting Policies (continued)

G - Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited in the statement of comprehensive income.

H - Employees' Termination Benefits

Provision for staff indemnity is made in accordance with National Social Security Fund legislation and is based on current remuneration rates and cumulative service at the balance sheet date less amounts actually contributed to the Fund.

I - Accounts Payable and Accruals

Liabilities are obligations to be paid in the future for consumables or services that have been acquired in the ordinary course of business whether billed by the supplier or not. Accounts payable are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

J - Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provision due to the passage of time is recognised as finance cost.

K - Membership Dues

General membership dues are credited to income when received.

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 3. Summary of Significant Accounting Policies (continued)

L - Donations

- Donations that are restricted by the donor for use in specific programs are transferred to an appropriate restricted fund.
- Donations that are unrestricted by donor institution, foundation or individual are recognized as general funds revenues.
- Services billed and donated and in kind support (contributions) are recognized as revenue at their current fair value, with an offset to an expense account.

M - Related Party Transactions

Advances and transactions with related parties are summarized under note 13.

N - Taxes

The Foundation qualifies as a tax-exempt organization and, accordingly, is not subject to income taxes.

Note 4. Projects and Contributions

During 2019, the Foundation executed the following projects:

- “Vocational Training Program for Youth in Lebanon”

Vocational Training Program for Youth in Lebanon-phase 2” funded by UNICEF from 28/11/2018 till 31/12/2019, a new amendment has been signed between UNICEF, AVSI and CESVI, to Specify the modality of implementation of the youth basic literacy and Numeracy Courses.

- “Direct Food Assistance 2019”

Whereas Premiere Urgency Aide medical international and Makhzoumi foundation have on the basis of their respective mandates ,common aim in the furtherance of sustainable human development. Implementation of the partnership shall take place within a period 12 months, with an end date no later than the 31 December 2019.

- Qudra-Resilience for Syrian Refugees, IDPs and host communities in the response to the Syrian and Iraqi Crises”

The primary aim of the project promoted by the grant is improving Employability of displaced Syrians and their host communities through competency based Trainings. this overall objective is defined by the following benchmarks:

-Providing competency based training in the construction sector for vulnerable Lebanese youth and Syrian refugees in Baalbek area, Tripoli, Beirut and Mount Lebanon

(continued)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 4. Projects and Contributions (continued)

- *Qudra-Resilience for Syrian Refugees, IDPs and host communities in the response to the Syrian and Iraqi Crises” (continued)*

-Organizing up to 8 community projects to reduce tensions within the communities and engage youth. The limits of the period of activities between February till July 2019.

- *Educational, Economic and Social Development for Syrian and Lebanese Youth”*

Action Aid Denmark - Arab Regional Initiative (AA ARI) granted Makhzoumi Foundation US\$ 68,798 for the implementation of this project from March 1, 2018 till February 29, 2020. Makhzoumi Foundation aims to build the capacity of youth aged 18 to 29 years to design and sustain micro and small enterprises. The Foundation also aims to support at least 5 existing start-ups (especially those led by young women) to sustain their businesses and build a network for influencing.

- *Resilience and sustainable economic opportunities for Syrian refugees and host communities in Lebanon”*

SCI approve the allocation of 133,400 USD .this is relevant. This agreement shall have effect from 1 July 2019 and shall expire 30 June 2020. the overall objective of project is the Syrian refugees and vulnerable host communities in Lebanon are resilient against shocks and continue to invest in their children protection, learning and development.

- *Training on Beekeeping Skills and Environmental Arts and Crafts in the Bekaa and Greater Beirut”-*

The goal of our project is to improve the economic condition of Iraqi, Syrian and Lebanese women and youth in Greater Beirut and the Bekaa regions. In order to reach that aim, we plan to hold, on one hand, four training workshops on beekeeping skills targeting 60 Syrian and Lebanese youth and women in the Bekaa and provide them with the tools to start their production; and three training workshops on: a. loom weaving b. patchwork and clothes repair c. chocolate molding, making marzipan and basket decoration targeting 36 Iraqi youth and women in Beirut on the other. In addition, our beneficiaries will be provided with business skills workshops and opportunities to make their way into the market.

- *“Improving MNCAH through Promoting Access to comprehensive PHC Services”-*

United Nations Children’s Fund (UNICEF) granted Makhzoumi Foundation US\$ 160,044 for the implementation of this project from Octoberr 01, 2019 till January 31, 2020. Makhzoumi Foundation aims to proceed in the implementation of outreach activities.

Caregivers of children under 5 years old, pregnant and lactating women, pregnant adolescent’s girls Lebanese & non- Lebanese.

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 5. General and Administrative Expenses

	2019	2018
	US\$	US\$
Rent expense	346,372	348,046
Publicity, advertising and public relations	139,493	787,111
Communication expenses	171,353	180,708
Guarding expenses	124,835	161,109
Transportation	118,630	296,326
Printings and stationery	36,455	77,322
Maintenance and repairs	56,215	52,619
Utilities expenses	78,645	83,303
Insurance premiums	26,419	30,814
Leasehold improvements	19,870	19,655
Travel and accommodation	14,179	6,836
Cleaning and kitchen expenses.....	26,282	34,304
Bank charges	8,453	10,136
External services and other disbursements.....	272,750	97,775
	<u>1,439,951</u>	<u>2,186,064</u>

Note 6. Intangible Assets

<u>Classification</u>	<u>December 31, 2018</u>	<u>Additions</u>	<u>December 31, 2019</u>
	US\$	US\$	US\$
Cost			
Software	36,420	10,668	47,088
Amortisation			
Software	35,513	487	36,000
Net Book Value	<u>907</u>		<u>11,088</u>

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 7. Tangible Fixed Assets

<u>Classification</u>	<u>December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
	US\$	US\$	US\$	US\$
Cost				
Vehicles	103,910	-	-	103,910
Furniture	205,676	1,085	(75)	206,686
Office equipment	239,591	15,714	(1,236)	254,069
Computer equipment	286,233	9,069	-	295,302
Medical equipment.....	413,426	700	-	414,126
	<u>1,248,836</u>	<u>26,568</u>	<u>(1,311)</u>	<u>1,274,093</u>
Depreciation				
Vehicles	103,910	-	-	103,910
Furniture	103,151	19,205	(75)	122,281
Office equipment	165,801	28,572	(752)	193,621
Computer equipment	225,033	25,487	-	250,520
Medical equipment.....	316,454	25,489	-	341,943
	<u>914,349</u>	<u>98,753</u>	<u>(827)</u>	<u>1,012,275</u>
Net Book Value	<u>334,487</u>			<u>261,818</u>

Note 8. Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Bank balances	1,817,998	743,207
Cash on hand	91,382	11,906
	<u>1,909,380</u>	<u>755,113</u>

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 9. Accounts Receivable and Prepayments

	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Accounts Receivable		
VAT to be reimbursed	342,996	227,062
Due from related parties	165,245	188,921
Advances to personnel	51,488	68,123
Receivables from projects	64,227	64,304
Other receivables	-	8
	<u>623,956</u>	<u>548,418</u>
Prepayments		
Rent	36,800	33,550
Inhouse programs	17,385	65,609
	<u>54,185</u>	<u>99,159</u>
Accounts Receivable and Prepayments	<u>678,141</u>	<u>647,577</u>

Note 10. Micro Credit Loans

	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Micro credit loans*	1,256,893	1,427,730
Less: allowance for doubtful loans	(32,016)	(19,803)
	<u>1,224,877</u>	<u>1,407,927</u>

The Micro Credit Unit (MCU) is a program that aims to serve micro enterprises in Lebanon by providing them access to short-term credit.

Note 11. Provision for End of Service Indemnity

	<u>December 31, 2018</u>	<u>Provision Charged to Operations</u>	<u>Deductions</u>	<u>December 31, 2019</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Employees.....	490,552	7,504	(107,743)	<u>390,313</u>

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 12. Accounts Payable and Accruals

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Accounts Payable		
Suppliers	49,340	31,801
Due to related parties	920,922	761,450
Payables for projects	445,822	106,192
Other creditors.....	306,908	5,316
	<u>1,722,992</u>	<u>904,759</u>
Accrued Taxes and Social Security Charges		
Withholding tax on salaries	15,676	15,294
Non-resident and other taxes	36,009	67,288
National Social Security Fund	34,764	31,068
	<u>86,449</u>	<u>113,650</u>
Accounts Payable and Accruals	<u>1,809,441</u>	<u>1,018,409</u>

Note 13. Related Party Transactions

At the statement of financial position date, the balances with related parties were as follows :

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Included in accounts receivable and prepayments (note 9)	165,245	188,921
Included in accounts payable and accruals (note 12)	920,922	761,450

The nature and significant related party transactions during the year and the amounts involved were as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Donations received	2,294,996	2,636,321
Rent expense	90,876	97,679
Guarding services	124,835	161,109

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2019

Note 14. Subsequent Events

The outbreak of Novel Coronavirus (Covid-19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The outbreak of Covid-19 has had an impact on demand for oil and petroleum products. Recent global developments in March 2020 have caused further volatility in commodity markets.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

These developments could impact the Foundation's future financial activities, cash flows and financial condition.

(concluded)