

KAYANY FOUNDATION

**Report and financial statements
for the year ended 31 December 2015**

KAYANY FOUNDATION

Report and financial statements for the year ended 31 December 2015

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INDEPENDENT AUDITOR'S REPORT to the Board of Trustees of KAYANY FOUNDATION

Report on the financial statements

We have audited the accompanying financial statements of KAYANY FOUNDATION, (“the Foundation”), which comprise the statement of financial position as of 31 December 2015, the statement of contributions and expenses, statement of changes in fund balance, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the year ended 31 December 2014 were audited by another auditor.

Management's responsibility

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 whether the financial statements are free from material misstatement.

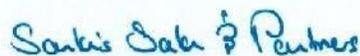
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

**INDEPENDENT AUDITOR'S REPORT
to the Board of Trustees of KAYANY FOUNDATION (continued)**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of KAYANY FOUNDATION ("the Foundation") as of 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Sarkis Sakr & Partners
An independent member of Geneva Group International
Beirut, Lebanon
14 December 2016

KAYANY FOUNDATION

Statement of financial position at 31 December 2015

		<u>2015</u>	<u>2014</u>
	Notes	LBP '000	LBP '000
Assets			
Non-current assets			
Property and equipment	4	<u>764,914</u>	<u>308,255</u>
Total non-current assets		<u>764,914</u>	<u>308,255</u>
Non-current assets			
Other receivables	5	<u>13,600</u>	3,769
Cash and bank balances	6	<u>131,864</u>	<u>497,318</u>
Total current assets		<u>145,464</u>	<u>501,087</u>
Total assets		<u>910,378</u>	<u>809,342</u>
Fund balance and liabilities			
Surplus		<u>812,937</u>	<u>791,406</u>
Liabilities			
Non-current liabilities			
Provision for liabilities and charges	8	<u>66,839</u>	<u>17,484</u>
Total non-current liabilities		<u>66,839</u>	<u>17,484</u>
Current liabilities			
Other payables	7	<u>30,150</u>	-
Due to a related party		<u>452</u>	<u>452</u>
Total current liabilities		<u>30,602</u>	<u>452</u>
Total liabilities		<u>97,441</u>	<u>17,936</u>
Total fund balance and liabilities		<u>910,378</u>	<u>809,342</u>

The financial statements on pages 3 to 12 were approved and signed by Mrs. Nora Sharabati Jomblatt, Founder, on behalf of the Trustees on.

Mrs. Nora Sharabati Jomblatt

The notes on pages 7 to 12 are an integral part of the financial statements.

KAYANY FOUNDATION

Statement of contributions and expenses for the year ended 31 December 2015

	Notes	<u>2015</u> LBP '000	<u>2014</u> LBP '000
Contributions			
Donations received		<u>1,313,067</u>	<u>368,413</u>
		1,313,067	368,413
Expenses			
Professional fees		(765,125)	(253,857)
Donations distributed		(221,269)	(574,773)
Provision and depreciation expense	8	(75,072)	(20,636)
Stationary expense		(51,323)	(45,023)
Entertainment, travel and transportation expense		(45,122)	(35,316)
Rent and related charges		(43,985)	(46,804)
Maintenance fees		(35,286)	(17,048)
Kitchen expense		(13,114)	(12,609)
Insurance premiums		(1,875)	(3,229)
Other expense		(39,365)	(12,799)
Operating expenses		<u>(1,291,536)</u>	<u>(1,022,094)</u>
Surplus/(deficit) for the year		<u><u>21,531</u></u>	<u><u>(653,681)</u></u>

The notes on pages 7 to 12 are an integral part of the financial statements.

KAYANY FOUNDATION

Statement of changes in fund balance for the year ended 31 December 2015

	<u>Total</u> <u>LBP '000</u>
Balance at 1 January 2014	1,445,087
Deficit for the year	<u>(653,681)</u>
Balance at 31 December 2014	791,406
Surplus for the year	<u>21,531</u>
Balance at 31 December 2015	<u>812,937</u>

The notes on pages 7 to 12 are an integral part of the financial statements.

KAYANY FOUNDATION

Statement of cash flows for the year ended 31 December 2015

		<u>2015</u>	<u>2014</u>
	Notes	LBP '000	LBP '000
Cash flows from operating activities			
Surplus/(deficit) for the year		21,531	(653,681)
Adjustments for:			
Depreciation expense	8	25,717	3,888
Provision for liabilities and charges	8	49,355	16,748
Changes in working capital:			
Increase/(decrease) in other receivables	5	(9,831)	17,336
Increase in other payables	7	30,150	-
Net cash generated from/(used in) operating activities		<u>116,922</u>	<u>(615,709)</u>
Cash flows from investing activities			
Purchase of equipment	4	(482,376)	(311,088)
Net cash used in investing activities		<u>(482,376)</u>	<u>(311,088)</u>
Cash flows from financing activities			
Increase in due from related party		-	452
Net cash provided by financing activities		<u>-</u>	<u>452</u>
Net change in cash and cash equivalents		(365,454)	(926,345)
Cash and cash equivalents at beginning of year	6	<u>497,318</u>	<u>1,423,663</u>
Cash and cash equivalents at end of year	6	<u>131,864</u>	<u>497,318</u>

The notes on pages 7 to 12 are an integral part of the financial statements.

KAYANY FOUNDATION

Notes to the financial statements for the year ended 31 December 2015

1 General information

The KAYANY FOUNDATION (“the Foundation”) is a Lebanese Non-Governmental Organization (registration no.1806) founded in 2013.

Established in response to the Syrian refugee crisis in Lebanon, the Foundation delivers aid and initiates educational projects in informal tented settlements within the Bekaa governorate and its surrounding areas.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of KAYANY FOUNDATION have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and IFRIC interpretations (“IFRIC”).

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

The financial statements are presented in Lebanese Pounds (LBP) which is the official reporting currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Adoption of new and revised IFRS and IFRIC

In the current year, the Foundation has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to the Foundation's operations and effective for annual reporting periods beginning on 1 January 2015. The adoption of these new and revised Standards and Interpretations did not result in any significant impact on the Foundation's financial statements or changes to the Foundation's accounting policies.

In addition, and as of the date of authorization of these financial statements, certain Standards and Interpretations were in issue but not yet effective. Management anticipates that the adoption of these Standards and Interpretations in the related future periods will have no material financial impact on the financial statements of the Foundation.

KAYANY FOUNDATION

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation

(a) 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 Lebanese Pounds, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement in a foreign currency 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other expenses".

2.4 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Foundation adds to the carrying amount of an item of equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Foundation. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on equipment is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful life range is as follows:

	Rate
Buildings	2.5%
Vehicles	10%
Furniture, fixtures and office equipment	<u>8 – 20%</u>

KAYANY FOUNDATION

2 Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other expenses in the statement of comprehensive income.

2.5 Other receivables

Other receivables are recognized initially at the transaction price. They are subsequently measured at amortized 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 the receivables.

2.6 Other payables

Other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

2.8 Disbursements

All disbursements and capital expenditures are recorded when goods and services are actually received.

KAYANY FOUNDATION

2 Summary of significant accounting policies (continued)

2.9 Contribution income

The foundation's income mainly arises from contributions. The Foundation recognises income from contributions as follows:

- (i) upon receipt of donations in cash or in kind where the donor does not bind the foundation by any specific performance condition; and
- (ii) upon the fulfilment of any specific performance conditions for those contributions where the donor imposes such conditions.

Any cash received on conditional contributions is recognized as a liability until such performance conditions are met.

2.10 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3 Critical accounting judgments and use of estimates

In the application of the accounting policies described in note 2, 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.

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4 Property and equipment

	Buildings	Vehicles	Furniture, fixtures and office equipment	Total
	LBP '000	LBP '000	LBP '000	LBP '000
Cost:				
Balance at 1 January 2015	195,529	62,108	54,506	312,143
Additions	387,273	-	95,103	482,376
Balance at 31 December 2015	582,802	62,108	149,609	794,519
Accumulated depreciation:				
Balance at 1 January 2015	-	(2,108)	(1,780)	(3,888)
Additions	(10,417)	(6,211)	(9,089)	(25,717)
Balance at 31 December 2015	(10,417)	(8,319)	(10,869)	(29,605)
Net book value:				
Balance at 31 December 2015	572,385	53,789	138,740	764,914
Balance at 31 December 2014	195,529	60,000	52,726	308,255

5 Other receivables

	2015	2014
	LBP '000	LBP '000
Prepaid charges	8,625	-
Other receivables	4,975	3,769
	13,600	3,769

6 Cash and bank balances

	2015	2014
	LBP '000	LBP '000
Current bank balances	128,331	496,843
Cash on hand	3,533	475
	131,864	497,318

The cash and bank balances are denominated in US Dollars and Lebanese Pounds.

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7 Other payables

	<u>2015</u>	<u>2014</u>
	LBP '000	LBP '000
Sundry operating creditors	<u>30,150</u>	<u>-</u>

8 Provision and depreciation expense

	<u>2015</u>	<u>2014</u>
	LBP '000	LBP '000
Provision expense	49,355	16,748
Depreciation expense (note 4)	<u>25,717</u>	<u>3,888</u>
	<u>75,072</u>	<u>20,636</u>