

**KAYANY FOUNDATION**

**Report and financial statements  
for the year ended 31 December 2014**

# **KAYANY FOUNDATION**

## **Report and financial statements for the year ended 31 December 2014**

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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 balance sheet as of 31 December 2014, the statements of income and expenditure, changes in surplus balance and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 (continued)**  
**To the Board of Trustees of KAYANY FOUNDATION**

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with the IFRS for Small and Medium-sized Entities.

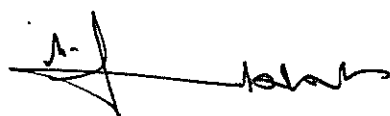


Beirut, Lebanon  
30 December 2016

**Balance sheet  
at 31 December 2014**

	Note	2014 LL'000	2013 LL'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	308,255	1,055
<b>Current assets</b>			
Other receivables		3,769	21,105
Cash and cash equivalents	5	497,317	1,423,662
		<u>501,086</u>	<u>1,444,767</u>
<b>Total assets</b>		<u>809,341</u>	<u>1,445,822</u>
<b>Surplus and liabilities</b>			
Surplus		791,406	1,445,087
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	6	17,935	735
<b>Total surplus balance and liabilities</b>		<u>809,341</u>	<u>1,445,822</u>

The financial statements on pages 3 to 11 were approved and signed by Mrs. Nora Sharabati Jomblatt, Founder, on behalf of the Trustees on 19 September 2016.



Mrs Nora Sharabati Jomblatt

The notes on pages 7 to 11 are an integral part of the financial statements.

**Statement of income and expenditure  
for the year ended 31 December 2014**

	Note	From 1 January to 31 December 2014 LL'000	From inception 1 October to 31 December 2013 LL'000
<b>Income</b>			
Donation received		368,430	-
Auction income	7	-	1,616,799
		<u>368,430</u>	<u>1,616,799</u>
<b>Income for the year/period</b>		<u>368,430</u>	<u>1,616,799</u>
<b>Expenditure</b>			
Donations distributed		599,625	104,910
Professional fees		235,390	9,799
Rent expense		39,497	-
Stationery		28,644	25,929
Transportation expense		22,984	28,073
Other		95,971	3,001
		<u>1,022,111</u>	<u>171,712</u>
<b>(Deficit)/surplus</b>		<u>(653,681)</u>	<u>1,445,087</u>

The notes on pages 7 to 11 are an integral part of the financial statements.

**Statement of changes in surplus  
for the year ended 31 December 2014**

	<b>Fund balance LL'000</b>
Balance at 1 October 2013	-
Surplus for the period	<u>1,445,087</u>
Balance at 31 December 2013	1,445,087
Deficit for the year	<u>(653,681)</u>
<b>Balance at 31 December 2014</b>	<b><u><u>791,406</u></u></b>

The notes on pages 7 to 11 are an integral part of the financial statements.

**Statement of cash flows  
for the year ended 31 December 2014**

	<b>From 1 January to 31 December 2014</b>	<b>From inception 1 October to 31 December 2013</b>
<b>Note</b>	<b>LL'000</b>	<b>LL'000</b>
<b>Cash flows from operating activities</b>		
Deficit for the year	(653,681)	1,445,087
Adjustments for:		
Depreciation charge	3,888	-
Provision for other liabilities and charges	16,748	735
Changes in working capital:		
Other receivables	17,336	(21,105)
	<u>(615,709)</u>	<u>1,424,717</u>
<b>Net cash (used in) generated from operating activities</b>		
<b>Cash used in investing activities</b>		
Purchase of equipment	4 (311,088)	(1,055)
<b>Cash used in financing activities</b>		
Proceeds from a related party	6 452	-
<b>Net movement in cash and cash equivalents</b>	<b>(926,345)</b>	<b>1,423,662</b>
Cash and cash equivalents at beginning of year	<u>1,423,662</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	<b>5 <u>497,317</u></b>	<b><u>1,423,662</u></b>

The notes on pages 7 to 11 are an integral part of the financial statements.



## Notes to the financial statements for the year ended 31 December 2014

### 1 General information

The Kayany Foundation is a Lebanese Non-Governmental Organization (registration no.1806) founded in 2013.

Established in response to the Syrian refugee crisis in Lebanon, Kayany 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of presentation

The financial statements of Kayany Foundation have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention.

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

##### 2.1.1 Changes in accounting policy and disclosures

The IASB has issued on 21 May 2015 limited amendments to the IFRS for SMEs following a comprehensive review.

The most significant changes, which relate to transactions commonly encountered by SMEs, are:

- permitting SMEs to revalue property, plant and equipment; and
- aligning the main recognition and measurement requirements for deferred income tax with IFRS.

The amendments are effective 1 January 2017 but early application is permitted.

The Foundation is yet to assess the impact of these amendments on its financial statements.

**Notes to the financial statements (continued)****2 Summary of significant accounting policies (continued)****2.2 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".

**2.3 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:

	<b>Years</b>
Buildings	50
Vehicles	15 - 25
Furniture and office equipment	9 - 20

**Notes to the financial statements (continued)****2 Summary of significant accounting policies (continued)****2.3 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 recognised within other expenses in the statement of comprehensive income.

**2.4 Trade receivables**

Trade receivables are recognised initially at the transaction price. They are 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 the receivables.

**2.5 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, bank overdrafts are shown on the face of balance sheet in current liabilities.

**2.6 Expenditure**

Expenditures are recorded when goods and services are actually received.

**2.7 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 recognised as a liability until such performance conditions are met.

## Notes to the financial statements (continued)

**3 Information about key sources of estimation uncertainty and judgements**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future.

The Foundation did not make any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4 Property and equipment**

	<b>Buildings LL'000</b>	<b>Vehicles LL'000</b>	<b>Furniture, fixtures and office equipment LL'000</b>	<b>Total LL'000</b>
<b>Period ended 31 December 2013</b>				
Opening net book amount	-	-	-	-
Additions	-	1,055	-	1,055
Depreciation charge	-	-	-	-
<b>Closing net book amount</b>	<b>-</b>	<b>1,055</b>	<b>-</b>	<b>1,055</b>
<b>At 31 December 2013</b>				
Cost	-	1,055	-	1,055
Accumulated depreciation	-	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>1,055</b>	<b>-</b>	<b>1,055</b>
<b>Year ended 31 December 2014</b>				
Opening net book amount	-	1,055	-	1,055
Additions	195,529	61,053	54,506	311,088
Depreciation charge	-	(2,108)	(1,780)	(3,888)
<b>Closing net book amount</b>	<b>195,529</b>	<b>60,000</b>	<b>52,726</b>	<b>308,255</b>
<b>At 31 December 2014</b>				
Cost	195,529	62,108	54,506	312,143
Accumulated depreciation	-	(2,108)	(1,780)	(3,888)
<b>Net book amount</b>	<b>195,529</b>	<b>60,000</b>	<b>52,726</b>	<b>308,255</b>

## Notes to the financial statements (continued)

**5 Cash and cash equivalents**

	<b>2014</b>	2013
	<b>LL'000</b>	LL'000
Cash at banks	<b>496,843</b>	1,423,662
Cash on hand	<b>474</b>	-
	<u><b>497,317</b></u>	<u>1,423,662</u>

**6 Payables**

Provisions for other liabilities and charges	<b>17,483</b>	735
Due to a related party	<b>452</b>	-
	<u><b>17,935</b></u>	<u>735</u>

**7 Auction income**

The Foundation first project, was Syri-Arts exhibition and charity auction that took place at the Beirut International Exhibition and Leisure Center (BIEL) from 30 October 2013 to 9 November 2013. The Syri-Arts charity auction generated over LL 1.6 billion from the sale of art pieces donated by painters and artists. All proceeds will be used to alleviate the plight of the Syrian refugee children in Lebanon and Syria.