EMBRACE

Report and financial statements
for the year ended 31 December 2023

Embrace

Report and financial statements for the year ended 31 December 2023

Independent Auditor's Report
to the members of Embrace

Opinion

We have audited the accompanying financial statements of Embrace ("the Association") which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenses, the statement of changes in net assets, and 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 material respects, the financial position of the Association as at 31 December 2023 and its financial performance and its cash flows 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 Financial Statements section of our report. We are independent of the Association in accordance with the 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 responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Without qualifying our opinion, we draw attention to the note 1.1 of the financial statements which describes the current economic situation in Lebanon.

Responsibility of Management and those charged with governance

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (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 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. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Independent Auditor's Report
to the members of Embrace (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 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 scepticism 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.
- 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 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 Association 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.

We communicate with management 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.

Sarkis Sakr & Partners

Sarkis Sakr & Partners
An independent member of Geneva Group International
Beirut, Lebanon
16 February 2024

Embrace

Statement of financial position
at 31 December 2023

	Notes	**2023**	2022
		USD	USD
Assets			
Non-current assets			
Intangible assets (software and website upgrade)	4	**31,558**	29,221
Equipment	5	**279,319**	271,934
Total non-current assets		**310,877**	301,155
Current assets			
Accounts and other receivables	6	**583,067**	1,304,042
Due from banks	7	**55,550**	69,836
Cash and cash equivalents	7	**643,721**	554,986
Total current assets		**1,282,338**	1,928,864
Total assets		**1,593,215**	2,230,019
Liabilities and net assets			
Liabilities			
Non-current liabilities			
Provision for end of service indemnity	8	**8,830**	2,796
Total non-current liabilities		**8,830**	2,796
Current liabilities			
Deferred income	9	**1,180,020**	1,810,001
Accrued charges		**2,812**	1,632
Accounts and other payables	10	**18,760**	68,648
Total current liabilities		**1,201,592**	1,880,281
Total liabilities		**1,210,422**	1,883,077
Net assets			
Net assets at beginning of year		**346,942**	455,453
Surplus (deficit) for the year		**35,851**	(108,511)
Total net assets		**382,793**	346,942
Total liabilities and net assets		**1,593,215**	2,230,019

The financial statements were approved for issuance by the President of the Association, Ms. Mia Atoui, on behalf of the members.

Mrs. Mia Atoui
President

Embrace

Statement of income and expenses
for the year ended 31 December 2023

	Notes	**2023** **USD**	2022 USD
Grants and donations	11	**1,471,123**	760,388
Salaries and related charges	16	**(591,535)**	(346,396)
Consultancy fees	12	**(377,443)**	(320,688)
Medical expenses		**(143,306)**	(38,578)
Awareness expenses		**(69,020)**	(400)
Rent (3 floors) and related charges		**(59,050)**	(52,330)
Telecommunication expenses	13	**(22,721)**	(19,382)
Maintenance, repairs equipment and IT expenses		**(16,891)**	(17,482)
Campaign cost		**(16,868)**	-
Training expenses		**(15,016)**	(14,664)
Marketing expenses		**(8,000)**	(107)
Office expenses		**(7,787)**	(4,560)
Reception		**(6,477)**	(3,307)
Professional fees	14	**(4,864)**	(6,036)
Postage expense		**(2,008)**	(1,128)
Cleaning expenses		**(856)**	(1,474)
Generator (a)		-	(13,424)
Other expenses	15	**(36,023)**	(9,117)
Taxes and similar expenses	17	**(20,806)**	(8,455)
Depreciation and amortization expense	4,5	**(41,815)**	(30,734)
Bank charges	18	**(16,827)**	(6,758)
Net foreign currency exchange gain	19	**21,850**	25,468
Other non-operating income, net		**191**	653
Total expenses		**(1,435,272)**	(868,899)
Surplus (deficit)* for the year		**35,851**	(108,511)

(a) The generator expense is zero in 2023 because it was covered by IRC under CIK budget where the procurement is issued under their P&L.

* In 2022, Embrace experienced growth and increased expenditure while maintaining a strong financial position. However, due to the implementation of Sayrafa rates compared to the official exchange rate of 1,507.5 at December 31, 2022, and a decrease in unrestricted private donations, certain financial items related to money receipt and disbursement appear inflated, resulting in an apparent operational deficit.

Embrace

Statement of changes in net assets
for the year ended 31 December 2023

	Net assets
	USD
Balance at 1 January 2022	455,453
Deficit for the year	(108,511)
Balance at 31 December 2022	**346,942**
Surplus for the year	35,851
Balance at 31 December 2023	**382,793**

Embrace

Statement of cash flows
for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Cash flows from operating activities			
Surplus (deficit) for the year		**35,851**	(108,511)
Adjustments for:			
Amortization expense	4	**16,310**	5,284
Depreciation expense	5	**25,505**	25,450
Provision for end of service indemnity	8	**6,034**	280
Changes in working capital:			
Decrease (increase) in accounts and other receivables	6	**720,975**	(829,359)
Decrease in due from banks	7	**14,286**	57,006
Increase (decrease) in accrued charges		**1,180**	(11,268)
(Decrease) increase in deferred income	9	**(629,981)**	1,337,731
(Decrease) increase in accounts and other payables	10	**(49,888)**	22,952
Net cash generated from operating activities		**140,272**	499,565
Cash flows from investing activities			
Acquisition of intangible assets	4	**(18,647)**	-
Purchase of equipment	5	**(32,890)**	(52,986)
Net cash used in investing activities		**(51,537)**	(52,986)
Net change in cash and cash equivalents		**88,735**	446,579
Cash and cash equivalents – beginning of year	7	**554,986**	108,407
Cash and cash equivalents – end of year	7	**643,721**	554,986

Embrace

Notes to the financial statements for the year ended 31 December 2023

1 General information

Embrace ("the Association) is an organization registered at the Ministry of Finance under number 3363482. It operates in Lebanon under license number 1676 issued by the Ministry of Interior and Municipalities on 9 August 2018.

The principal activity of the Association is to raise awareness about mental health, provide equitable access to mental health care services to any person in need, to prevent suicide and provide emotional support and orientation to mental health services through the National Lifeline, and build the capacity of future mental health professionals.

Embrace does this through operating the National Lifeline (1564) for emotional support and suicide prevention, which it has been operating in collaboration with the National Mental Health Program (NMHP) at the Ministry of Health since 2017. It also operates the National Mental Health Emergency Response Mechanism in Beirut and Tripoli, also in collaboration with the NMHP. Embrace also delivers mental health services through its Mental Health Center and Mobile Mental Health Clinic. It also provides awareness and support sessions in the community through direct outreach work and training of frontliners.

In 2023, there was an increase in the number of staff and consultants at Embrace reaching 40 persons including staff and employees under Step by Step, a self-help digital project by the National Mental Health Program hosted under Embrace. The “Step-by-Step” intervention is an innovative approach to treatment for depression using a five-session internet-delivered self-help intervention for adults experiencing common mental health issues. The World Health Organization (WHO) and the National Mental Health Programme at the Ministry of Public Health (MoPH) tested its feasibility and effectiveness through a Randomized Controlled Trial (RCT) in Lebanon and now it is in the first phase of scale-up to become a widely available service. People interested in this program can access Step-by-Step through their own device (app or web-browser). “Step-by-Step” users will receive technical and motivational support each week from e-helpers, who are non-specialists, trained to provide basic support to users.”.

1.1 Operating environment of the Association

Macroeconomic Environment

The Association’s operations are in Lebanon that has been witnessing, since the last quarter of 2019, severe events that have set off an interconnected fiscal, monetary and economic crisis as well as deep recession that have reached unprecedent levels.

Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of default when, on 7 March 2020, the Lebanese Republic announced that it will withhold payment on the bonds due on 9 March 2020, which was followed by another announcement on 23 March 2020 for the discontinuation of payments on all of its US Dollars denominated Eurobonds.

Throughout this sequence of events, the ability of the Lebanese Government and the banking sector in Lebanon to borrow funds from international markets was significantly affected.

1 General information (continued)

1.1 Operating environment of the Association (continued)

Macroeconomic Environment (continued)

Banks have imposed defacto capital controls, restricted transfers of foreign currencies outside Lebanon and significantly reduced credit lines to companies and withdrawal of cash to private depositors, all of which added to the disruption the country's economic activity, as the economic model of Lebanon relies mainly on imports and consumption. Businesses are downsizing, closing or going bankrupt and unemployment and poverty are rising fast and have reached unprecedent levels.

The difficulty in accessing foreign currencies lead to the emergence of a parallel market to the peg whereby the price to access foreign currencies has been increasing constantly, deviating significantly from the peg of 1 USD / LL 1,507.5. This has resulted in an uncontrolled rise in prices and the incessant de facto depreciation of the Lebanese Lira, impacting intensely the purchasing power of the Lebanese citizens, driving high inflation and rise in the consumer price index.

New terms in the Lebanese market, such as "local Dollars" to designate local US Dollars bank accounts that are subject to defacto capital controls, and "fresh funds/accounts" to designate foreign currency cash and foreign currency bank accounts which are free from capital controls (as they are sourced from foreign currency cash and/or from incoming transfers from abroad) have emerged.

The economy has been contracting at an accelerating pace since the last quarter of 2019 and the coronavirus affecting Lebanon and the whole world is contributing to further deterioration of the economic environment, disruption of businesses, rise of unemployment, and rise in poverty lines.

Particular situation of the Association

Assets and liabilities in Lebanese Pound, transactions in Lebanese Pound, were reflected in these financial statements at Sayrafa rate. In May 2021, the Central Bank of Lebanon ('the BDL') launched a new foreign exchange platform, namely the Sayrafa platform, where US Dollars can be sold or purchased at a rate determined by the BDL. The Sayrafa rate was set at LBP 12,000 to the US Dollar upon launching of the platform and had reached LBP 89,500 at 31 December 2023.

The exchange rates above consist of the official exchange rates published by the Central Bank of Lebanon on a monthly basis. However, several exchange rates have emerged since the last quarter of 2019 that vary significantly among each other and from the official one: parallel exchange markets and the Sayrafa rate that are highly volatile, the Platform Rate, estimated exchange rates detailed in the government's Financial Recovery Plan, in addition to different exchange rates adopted for commercial transactions purposes in Lebanon.

1 General information (continued)

1.1 Operating environment of the Association (continued)

Particular situation of the Association (continued)

- On 21 April 2020 the Central Bank of Lebanon issued Basic Circular 151 concerning depositors who wish to withdraw amounts of cash from their "local" foreign currencies accounts as per the Platform Rate up to limits set by their bank. The limits set by the banks in Lebanon had monthly averages of USD 3,000 per bank account. The "Platform Rate" was 1 USD / LL 3,900 throughout the period from the issuance of the circular. During December 2021, it was increased to 1 USD / LL 8,000. Starting 1 February 2023, the "Platform Rate" was increased to 1 USD / LL 15,000 and the limits set by the banks in Lebanon decreased to monthly averages of USD 1,600 per bank account.
- On 10 May 2021, the Central Bank of Lebanon issued Basic Circular 157 setting the framework of exceptional measures for foreign-currency operations. Hence, banks operating in Lebanon must process customers' FX operations (buy and sell) related to their personal or commercial needs on the electronic platform "Sayrafa". Transactions with customers encompass purchase and sale of foreign currencies banknotes against LL, as well as operations from/to foreign currencies external accounts against LL. The Sayrafa corresponds to a floating system and the Sayrafa average rate and volume of foreign currency operations are published on the website of the Central Bank of Lebanon.

In February 2023, the Central Bank of Lebanon changed the official published exchange rate from LL 1,507.5 to LL 15,000 to the US Dollars. Sayrafa Rates and parallel market rates remained highly volatile and divergent from the new official published exchange rate official (LL 42,000 and LL 58,200 respectively at 1 February 2023).

The financial position of the Association, as reported in these financial statements, does not reflect the adjustments that would be required by IFRS as a result of the future government reform program, the deep recession, the currency crisis and the hyperinflation. Due to the high levels of uncertainties, the lack of observable indicators, the high gap between the parallel market rates, the Platform Rate, the Sayrafa Rate, the official published exchange rate, and the lack of visibility on the government's plans with respect to: (a) the high exposures of banks with the Central Bank of Lebanon, (b) the Lebanese sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, Management is unable to estimate in a reasonable manner the impact of these matters on its financial position.

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 Association has prepared these financial statements in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

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 Association'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 Summary of significant accounting policies (continued)

2.2 New and amended standards adopted by the Association

The Association has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Association. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Association 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 Association’s functional and presentation currency.

(b) 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

2.4 Intangible assets

Intangible assets are initially measured at cost and subsequently measured either under the cost model or the revaluation model under IAS 38 “Intangible Assets”. The Association follows the cost model under which the benchmark treatment is that intangible assets should be carried at cost less any amortization and impairment losses. The Association’s intangible assets, which consist of website, are considered to have an indefinite useful life, and, therefore, no amortization is taken.

In accordance with IAS 36 “Impairment of Assets”, if, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount.
Software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

2 Summary of significant accounting policies (continued)

2.5 Equipment

Equipment is shown at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer equipment	20%
Office equipment	8%
Furniture	8%
Electrical and power equipment	8%

The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. 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.

2.6 Cash and cash equivalents

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

The Association's management recognizes the difficulties involved in predicting all developments in the Lebanese economy and consequently, what impact, if any, these development could have on the future financial performance, cash flows, and financial position of the Association. The Association's management will closely monitor all future development in the economic and political scene and take appropriate mitigating measures.

2.7 Accounts and other payables

Accounts and other payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Liabilities are recognized for amounts expected to be paid in the future for goods purchased or services received, whether billed by the supplier or not. Accounts and 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.

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

2 Summary of significant accounting policies (continued)

2.8 Grants and donations

- Donations (unrestricted) are recognized as revenue upon receipt of funds.
- Grants are recognized as revenue upon use of funds. Grants received after the reporting date, but designated for use in the reporting period, are recognized as revenue in the reporting period.
- Grants awarded in 2023 but designated for use after the reporting date are reported as deferred income in the statement of financial position and recognized as revenue in the year designated by the donor.
- Donations restricted to no other purpose than general field operations are considered non-earmarked.
- Donations restricted to a given region, country or programme (worldwide) are considered loosely earmarked.
- Donations restricted to a country are considered country-earmarked.
- Donations restricted to a project or sub-programme are considered tightly earmarked.

2.9 Deferred income

Revenue relating to future years is recorded as deferred income. Revenue deferred for more than 12 months after the reporting date is recorded as non-current and discounted to its present value at the reporting date.

2.10 Comparatives

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

3 Critical accounting estimates and judgments

In the application of the accounting policies described in note 2, the Association 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. The estimates and underlying assumptions are reviewed on an ongoing basis.

4 Intangible assets

	Software	Website	Total
	USD	**USD**	**USD**
Cost:			
Balance at 1 January 2022	30,303	5,786	36,089
Additions	-	-	-
Balance at 31 December 2022	**30,303**	**5,786**	**36,089**
Additions	18,647	-	18,647
Balance at 31 December 2023	**48,950**	**5,786**	**54,736**
Accumulated amortization:			
Balance at 1 January 2022	(1,584)	-	(1,584)
Additions	(5,284)	-	(5,284)
Balance at 31 December 2022	**(6,868)**	**-**	**(6,868)**
Additions	(16,310)	-	(16,310)
Balance at 31 December 2023	**(23,178)**	**-**	**(23,178)**
Net book value:			
Balance at 31 December 2023	**25,772**	**5,786**	**31,558**
Balance at 31 December 2022	23,435	5,786	29,221

We have tested it for impairment and the recoverable amount of the asset is higher than its carrying value.

5 Equipment

	Computer equipment	Office equipment	Furniture	Electrical and power equipment	Advance on fixed asset - Bus	Total
	USD	USD	USD	USD	USD	USD
Cost:						
Balance at 1 January 2022	**26,530**	**192,416**	**31,222**	**15,682**	**-**	**265,850**
Additions	2,986	-	-	-	50,000	52,986
Balance at 31 December 2022	**29,516**	**192,416**	**31,222**	**15,682**	**50,000**	**318,836**
Additions	-	833	-	-	32,057	32,890
Balance at 31 December 2023	**29,516**	**193,249**	**31,222**	**15,682**	**82,057**	**351,726**
Accumulated depreciation:						
Balance at 1 January 2022	**(4,751)**	**(14,003)**	**(2,324)**	**(374)**	**-**	**(21,452)**
Additions	(5,886)	(15,701)	(2,608)	(1,255)	-	(25,450)
Balance at 31 December 2022	**(10,637)**	**(29,704)**	**(4,932)**	**(1,629)**	**-**	**(46,902)**
Additions	(5,903)	(15,741)	(2,607)	(1,254)	-	(25,505)
Balance at 31 December 2023	**(16,540)**	**(45,445)**	**(7,539)**	**(2,883)**	**-**	**(72,407)**
Net book value:						
Balance at 31 December 2023	**12,976**	**147,804**	**23,683**	**12,799**	**82,057**	**279,319**
Balance at 31 December 2022	18,879	162,712	26,290	14,053	50,000	271,934

6 Accounts and other receivables

	2023	2022
	USD	USD
Grants receivable	**569,930**	1,254,313
Prepaid expenses	**3,488**	29,236
Other receivables	**9,649**	20,493
	583,067	1,304,042

Grants receivable represent awarded funds that Embrace expects to receive from donors to cover expenses in 2024, but that were not received as of 31 December 2023.

7 Due from banks / Cash and cash equivalents

	2023	2022
	USD	USD
Due from banks	**55,550**	69,836
Cash at banks - Fresh	**613,150**	536,436
Cash on hand	**30,571**	18,550
Cash and cash equivalents	**643,721**	554,986

The accounts at banks are mainly denominated in US Dollar, Euro, Lebanese Pound and British Pound Sterling.

At 31 December 2023, the breakdown by currency of cash and cash equivalents is as follows:

	Lebanese Pound	**British Pound Sterling**	**Euro**	**US Dollar**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**
Current bank accounts – Fresh	215,183	315	101,799	295,853	613,150
Cash on hand	17	-	-	30,554	30,571
	215,200	**315**	**101,799**	**326,407**	**643,721**

8 Provision for end of service indemnity

	2023	2022
	USD	USD
Balance at 1 January	**2,796**	2,516
Charge for the year (note 16)	**6,034**	280
Balance at 31 December	**8,830**	2,796

9 Deferred income

	2023	2022
	USD	USD
Deferred income	**1,180,020**	1,810,001

The deferred income is, in accrual accounting, money received for services which has not yet been earned. According to the revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is converted into revenue. In the case of Embrace, deferred income represents grants that have been approved and/or received but not used yet and will be deployed in 2024 and 2025. In 2022, Embrace signed grant agreements for projects extending beyond 12 months, resulting in a significant amount of deferred income due to funds not yet utilized. By 2023, they began executing these projects, reducing the deferred income as funds were utilized according to plan. This decrease reflects a commitment to efficient financial management and timely project implementation, ensuring that resources are effectively deployed towards their mission.

10 Accounts and other payables

	2023	2022
	USD	USD
Accounts payable	**9,482**	37,755
Due to employees	**5,050**	7,342
Tax on salaries payable	**2,328**	11,676
Social security contributions payable	**1,520**	484
Non-resident tax payable	**380**	11,391
	18,760	68,648

11 Grants and donations

	2023	2022
	USD	USD
Grants or restricted donations	**1,401,517**	659,649
Revenue from trainings and workshops	**43,549**	45,639
Unrestricted donations	**25,335**	38,638
Commission on online donations	**(75)**	(130)
Other	**797**	16,592
	1,471,123	760,388

Grants represent the donations restricted to a particular project or purpose. The increase in grants from 2022 to 2023 is primarily due to the signing of new agreements with 11 donors in 2023. This increase in funding is linked to several key initiatives and activities. In 2023, Embrace launched the Mobile Mental Health Clinic (MMHC) to provide mental health services directly to underserved areas. It also introduced new awareness and outreach sessions to educate the public about mental health, which has increased community engagement. Additionally, it has continued to enhance their existing services, including the National Lifeline Service, their clinical services, and their Mobile Crisis Team.

12 Consultancy fees

	2023	2022
	USD	USD
Step by Step (e-mental health intervention)	**75,782**	45,928
Lifeline supervisors	**74,851**	46,679
Psychiatrists	**68,750**	46,554
Psychologists	**48,550**	48,801
Mobile crisis team (National Mental Health Emergency Response Mechanism Team)	**35,710**	44,445
Clinical training fees	**30,000**	27,500
Research	**17,700**	12,775
Graphic designer	**13,200**	34,400
Awareness and outreach	**3,980**	6,400
Finance	**-**	3,250
Other	**8,920**	3,956
	377,443	320,688

13 Telecommunication expenses

	2023	2022
	USD	USD
Telephone expense	**10,652**	5,995
Mobile expense	**7,505**	6,420
Internet expense	**4,531**	6,808
Other telecommunication fees	**33**	159
	22,721	19,382

14 Professional fees

	2023	2022
	USD	USD
Legal expenses	**2,400**	711
Audit fees	**1,984**	2,083
Professional fees	**-**	3,242
Accounting fees	**480**	-
	4,864	6,036

15 Other expenses

	2023	2022
	USD	USD
Mobile Mental Health Clinic Operation running cost	**18,164**	-
Lifeline volunteers operator transportation	**5,630**	-
Insurance expense	**1,624**	3,207
Parking and transportation	**1,544**	1,381
Printing expenses	**528**	509
Freelance transportation	**300**	87
Other expenses	**8,233**	3,933
	36,023	9,117

16 Salaries and related charges

	2023	2022
	USD	USD
Employees' compensation and allowances (38 employees)	**504,073**	232,633
Directors' compensation and allowances (1 board member)	**45,523**	53,322
Lumpsum wages	**23,211**	20,677
Social security contributions	**12,694**	4,242
Additional salaries declared (a)	**-**	35,242
Provision for end of service indemnity expense (note 8)	**6,034**	280
	591,535	346,396

During year 2023, the Association had 38 full-time employees and 1 remunerated board member (25 full-time employees and 1 remunerated board member for year 2022). This increase in salaries and related charges is due to the launch of new projects: the mobile mental health clinic and awareness and outreach sessions, which necessitated hiring additional employees.

(a) The additional salaries declared in 2022 are the result of the variance between the salaries declared as per the Ministry of Finance decision number 2 which was issued on 9 January 2023 and imposed a retrospective declaration of the salaries paid in Fresh US Dollars using the rate of 8,000 for the period from 1 January till 15 November 2022 and the rate of 15,000 for the period starting 15 November 2022 onwards and the salaries which were previously declared to the National Social Security Fund based on the official exchange rate of 1,507.5.

17 Taxes and similar expenses

	2023	2022
	USD	USD
Tax on salaries	**9,780**	3,368
Irrecoverable value-added tax	**7,071**	4,237
Non-resident tax	**3,851**	583
Municipality Tax	**-**	167
Fiscal stamps	**104**	100
	20,806	8,455

18 Bank charges

	2023	2022
	USD	USD
Bank charges	**16,827**	6,758

19 Net foreign currency exchange gain

	2023	2022
	USD	USD
Foreign currency exchange gain	**243,757**	2,525,230
Foreign currency exchange loss	**(221,907)**	(2,499,762)
	21,850	25,468