

EMBRACE

**Report and financial statements
for the year ended 31 December 2024**

Embrace

Report and financial statements for the year ended 31 December 2024

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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 2024, 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 material 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 2024 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 (continued) to the members of Embrace

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

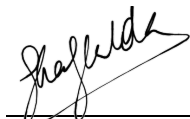
18 March 2025

Embrace

Statement of financial position at 31 December 2024

		<u>2024</u>	<u>2023</u>
	Notes	USD	USD
Assets			
Non-current assets			
Intangible assets (software and website upgrade)	4	44,875	31,558
Equipment	5	<u>265,977</u>	<u>279,319</u>
Total non-current assets		<u>310,852</u>	<u>310,877</u>
Current assets			
Accounts and other receivables	6	1,000,920	583,067
Due from banks	7	56,941	55,550
Cash and cash equivalents	7	<u>454,913</u>	<u>643,721</u>
Total current assets		<u>1,512,774</u>	<u>1,282,338</u>
Total assets		<u>1,823,626</u>	<u>1,593,215</u>
Liabilities and net assets			
Liabilities			
Non-current liabilities			
Provision for end of service indemnity	8	<u>54,923</u>	<u>8,830</u>
Total non-current liabilities		<u>54,923</u>	<u>8,830</u>
Current liabilities			
Deferred income	9	1,183,593	1,180,020
Accrued charges		-	2,812
Accounts and other payables	10	<u>36,112</u>	<u>18,760</u>
Total current liabilities		<u>1,219,705</u>	<u>1,201,592</u>
Total liabilities		<u>1,274,628</u>	<u>1,210,422</u>
Net assets			
Net assets at beginning of year		382,793	346,942
Surplus for the year		<u>166,205</u>	<u>35,851</u>
Total net assets		<u>548,998</u>	<u>382,793</u>
Total liabilities and net assets		<u>1,823,626</u>	<u>1,593,215</u>

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 2024

		<u>2024</u>	<u>2023</u>
	Notes	USD	USD
Grants and donations	11	<u>1,737,026</u>	<u>1,471,123</u>
Salaries and related charges - Programs	17 (a)	(362,828)	(337,958)
Salaries and related charges - Admin	17 (b)	(217,903)	(253,577)
Mental Health Delivery Services	12	(342,455)	(257,861)
Consultancy fees	13	(122,712)	(119,582)
Awareness expenses		(70,071)	(80,295)
Rent (3 floors) and related charges		(66,969)	(59,050)
Medical expenses		(50,279)	(143,306)
National Lifeline Volunteer Support & Logistics		(42,625)	-
Maintenance, repairs equipment and IT expenses		(37,012)	(16,891)
Communication expenses		(35,812)	-
IT Enhancement		(35,800)	-
National Lifeline Training expenses		(32,377)	-
Capacity building expenses		(21,139)	-
Telecommunication expenses	14	(20,350)	(22,721)
Office expenses		(9,276)	(7,787)
Professional fees	15	(6,409)	(4,864)
Generator		(6,251)	-
Postage expense		(3,707)	(2,008)
Reception		(2,709)	(6,477)
Parking and transportation		(2,700)	(16,254)
Cleaning expenses		(922)	(856)
Marketing expenses		-	(8,000)
Campaign cost		-	(16,868)
Travel and hotel		-	(3,740)
Other expenses	16	(34,666)	(19,770)
Taxes and similar expenses	18	(23,500)	(20,806)
Depreciation and amortization expense	4,5	(37,056)	(41,815)
Bank charges	19	(6,673)	(16,827)
Net foreign currency exchange gain	20	21,385	21,850
Other non-operating (expenses) income, net		(5)	191
Total expenses		<u>(1,570,821)</u>	<u>(1,435,272)</u>
Surplus for the year		<u>166,205</u>	<u>35,851</u>

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Statement of changes in net assets for the year ended 31 December 2024

	<u>Net assets</u>
	USD
Balance at 1 January 2023	346,942
Surplus for the year	<u>35,851</u>
Balance at 31 December 2023	382,793
Surplus for the year	<u>166,205</u>
Balance at 31 December 2024	<u>548,998</u>

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Statement of cash flows for the year ended 31 December 2024

		<u>2024</u>	<u>2023</u>
	Notes	USD	USD
Cash flows from operating activities			
Surplus for the year		166,205	35,851
Adjustments for:			
Amortization expense	4	11,230	16,310
Depreciation expense	5	25,826	25,505
Provision for end of service indemnity	8	46,093	6,034
Changes in working capital:			
(Increase) decrease in accounts and other receivables	6	(417,853)	720,975
(Increase) decrease in due from banks	7	(1,391)	14,286
(Decrease) increase in accrued charges		(2,812)	1,180
Increase (decrease) in deferred income	9	3,573	(629,981)
Increase (decrease) in accounts and other payables	10	17,352	(49,888)
Net cash generated from operating activities		<u>(151,777)</u>	<u>140,272</u>
Cash flows from investing activities			
Acquisition of intangible assets	4	(24,547)	(18,647)
Purchase of equipment	5	(12,484)	(32,890)
Net cash used in investing activities		<u>(37,031)</u>	<u>(51,537)</u>
Net change in cash and cash equivalents		(188,808)	88,735
Cash and cash equivalents – beginning of year	7	<u>643,721</u>	<u>554,986</u>
Cash and cash equivalents – end of year	7	<u><u>454,913</u></u>	<u><u>643,721</u></u>

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Notes to the financial statements for the year ended 31 December 2024

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."

In 2024, the National Mental Health Emergency Response Mechanism (Mobile Crisis Team) in alignment with the National Mental Health Strategy, expanded its team and coverage to respond to both Beirut and North locations for the dispatching of its medical teams in response to mental health emergencies.

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 unprecedented 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.

Embrace

1 General information (continued)

1.1 Operating environment of the Association (continued)

Macroeconomic Environment (continued)

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.

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 unprecedented 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/LBP 1,507.5 in 2022 and 1 USD/LBP 15,000 in 2023. 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.

Armed conflict

From end of September 2024, Lebanon was subjected to armed attacks, which have escalated, resulting in a significant number of displaced and massive destruction to local establishments and infrastructure. The armed conflict, and its spillovers, have added strain to Lebanon's crisis-ridden economy and have had negative knock-on effects on the ability to conduct business in the country, and the income and revenues of the private and public sector, and individuals. A temporary ceasefire for 60 days was announced on 26 November 2024.

Particular situation of the Association

The Association uses the BDL platform rate of 89,500 LBP/USD to translate balance and transactions in foreign currencies. 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 2024.

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1 General information (continued)

1.1 Operating environment of the Association (continued)

Particular situation of the Association (continued)

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.

2 Summary of material 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.

2.2 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 2024:

- Classification of Liabilities as Current or non-current and non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material 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 and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Association. The Association's assessment of the impact of these new standards and amendments is set out below 17 :

- Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

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2 Summary of material accounting policies (continued)

2.2 New and amended standards adopted by the Association (continued)

New standards and interpretations not yet adopted (continued)

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 subsidiaries without public accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027) IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

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).

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2 Summary of material 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	<u>8%</u>

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.

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2 Summary of material 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 2024 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.

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4 Intangible assets

	<u>Software</u>	<u>Website</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
<u>Cost:</u>			
Balance at 1 January 2023	30,303	5,786	36,089
Additions	18,647	-	18,647
Balance at 31 December 2023	48,950	5,786	54,736
Additions	24,547	-	24,547
Balance at 31 December 2024	73,497	5,786	79,283
 <u>Accumulated amortization:</u>			
Balance at 1 January 2023	(6,868)	-	(6,868)
Additions	(16,310)	-	(16,310)
Balance at 31 December 2023	(23,178)	-	(23,178)
Additions	(11,230)	-	(11,230)
Balance at 31 December 2024	(34,408)	-	(34,408)
 <u>Net book value:</u>			
Balance at 31 December 2024	39,089	5,786	44,875
Balance at 31 December 2023	25,772	5,786	31,558

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

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5 Equipment

	Computer equipment USD	Office equipment USD	Furniture USD	Electrical and power equipment USD	Advance on fixed asset - Bus USD	Total USD
<u>Cost:</u>						
Balance at 1 January 2023	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
Additions	9,274	120	3,090	-	-	12,484
Balance at 31 December 2024	38,790	193,369	34,312	15,682	82,057	364,210
<u>Accumulated depreciation:</u>						
Balance at 1 January 2023	(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)
Additions	(5,807)	(15,800)	(2,965)	(1,254)	-	(25,826)
Balance at 31 December 2024	(22,347)	(61,245)	(10,504)	(4,137)	-	(98,233)
<u>Net book value:</u>						
Balance at 31 December 2024	16,443	132,124	23,808	11,545	82,057	265,977
Balance at 31 December 2023	12,976	147,804	23,683	12,799	82,057	279,319

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6 Accounts and other receivables

	<u>2024</u>	<u>2023</u>
	USD	USD
Grants receivable	983,456	569,930
Prepaid expenses	-	3,488
Other receivables	<u>17,464</u>	<u>9,649</u>
	<u>1,000,920</u>	<u>583,067</u>

Grants receivable represent awarded funds that Embrace expects to receive from donors to cover expenses in 2025, but that were not received as of 31 December 2024.

7 Due from banks / Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
	USD	USD
Due from banks	<u>56,941</u>	<u>55,550</u>
Cash at banks - Fresh	416,983	613,150
Cash on hand	<u>37,930</u>	<u>30,571</u>
Cash and cash equivalents	<u>454,913</u>	<u>643,721</u>

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

At 31 December 2024, the breakdown by currency of cash and cash equivalents is as follows:

	<u>Lebanese Pound</u>	<u>British Pound</u>		<u>Euro</u>	<u>US Dollar</u>	<u>Total</u>
	USD	USD		USD	USD	USD
Current bank						
accounts – Fresh	185	414		276,453	139,931	416,983
Cash on hand	<u>31</u>	<u>-</u>		<u>-</u>	<u>37,899</u>	<u>37,930</u>
	<u>216</u>	<u>414</u>		<u>276,453</u>	<u>177,830</u>	<u>454,913</u>

8 Provision for end of service indemnity

	<u>2024</u>	<u>2023</u>
	USD	USD
Balance at 1 January	8,830	2,796
Charge for the year (note 17)	<u>46,093</u>	<u>6,034</u>
Balance at 31 December	<u>54,923</u>	<u>8,830</u>

The increase in the provision expense is due to the conversion of the salaries paid in Fresh USD using the exchange rate of 89,500 instead of 15,000 based on the NSSF Memo number 740 dated 1 February 2024.

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9 Deferred income

	<u>2024</u>	<u>2023</u>
	USD	USD
Deferred income	<u>1,183,593</u>	<u>1,180,020</u>

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 2025 and 2026. In 2023, 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 2024, they began executing these projects.

10 Accounts and other payables

	<u>2024</u>	<u>2023</u>
	USD	USD
Accounts payable	17,720	9,482
Non-resident tax payable	7,278	380
Social security contributions payable	6,820	1,520
Tax on salaries payable	4,018	2,328
Due to employees	<u>276</u>	<u>5,050</u>
	<u>36,112</u>	<u>18,760</u>

11 Grants and donations

	<u>2024</u>	<u>2023</u>
	USD	USD
Grants or restricted donations	1,652,832	1,401,517
Revenue from trainings and workshops	55,643	43,549
Unrestricted donations	28,558	26,132
Commission on online donations	<u>(7)</u>	<u>(75)</u>
	<u>1,737,026</u>	<u>1,471,123</u>

Grants represent the donations restricted to a particular project or purpose. The increase in grants from 2023 to 2024 is primarily due to the signing of new agreements with donors in 2024. 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.

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12 Mental Health Delivery Services

	<u>2024</u>	<u>2023</u>
	USD	USD
National Lifeline consultants	116,537	74,851
Psychiatrists	81,888	68,750
Mobile crisis team (National Mental Health Emergency Response Mechanism Team) (a)	72,441	35,710
Psychologists	38,950	48,550
Clinical training fees	32,639	30,000
	<u>342,455</u>	<u>257,861</u>

(a) In 2024, the National Mental Health Emergency Response Mechanism (Mobile Crisis Team) in alignment with the National Mental Health Strategy, expanded its team and coverage to respond to both Beirut and North locations for the dispatching of its medical teams in response to mental health emergencies.

13 Consultancy fees

	<u>2024</u>	<u>2023</u>
	USD	USD
Development & Partnerships	52,200	2,500
Research and Monitoring, evaluation accountability and learning	24,000	17,700
Step by Step (e-mental health intervention)	19,612	75,782
Communication	14,100	13,200
Clinic	12,400	-
Awareness and outreach	-	3,980
Other	400	6,420
	<u>122,712</u>	<u>119,582</u>

14 Telecommunication expenses

	<u>2024</u>	<u>2023</u>
	USD	USD
Telephone expense	9,678	10,652
Mobile expense	5,867	7,505
Internet expense	4,505	4,531
Other telecommunication fees	300	33
	<u>20,350</u>	<u>22,721</u>

15 Professional fees

	<u>2024</u>	<u>2023</u>
	USD	USD
Audit fees	4,759	1,984
Legal fees	1,650	2,400
Accounting fees	-	480
	<u>6,409</u>	<u>4,864</u>

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16 Other expenses

	<u>2024</u>	<u>2023</u>
	USD	USD
Insurance expense	6,446	1,624
Program running cost	2,731	9,612
Freelance transportation	-	300
Other expenses	<u>25,489</u>	<u>8,234</u>
	<u>34,666</u>	<u>19,770</u>

17 Salaries and related charges

	<u>2024</u>	<u>2023</u>
	USD	USD
(a) Programs salaries:		
Employees' compensation and allowances	324,517	308,879
Social security contributions	27,941	5,868
Lumpsum wages	<u>10,370</u>	<u>23,211</u>
	<u>362,828</u>	<u>337,958</u>
(b) Admin salaries:		
Employees' compensation and allowances	95,438	195,194
Provision for end of service indemnity expense (note 8)	46,093	6,034
Directors' compensation and allowances (1 board member)	43,556	45,523
Social security contributions	<u>32,816</u>	<u>6,826</u>
	<u>217,903</u>	<u>253,577</u>
	<u>580,731</u>	<u>591,535</u>

18 Taxes and similar expenses

	<u>2024</u>	<u>2023</u>
	USD	USD
Irrecoverable value-added tax	19,203	7,071
Tax on salaries	3,216	9,780
Non-resident tax	1,066	3,851
Fiscal stamps	<u>15</u>	<u>104</u>
	<u>23,500</u>	<u>20,806</u>

19 Bank charges

	<u>2024</u>	<u>2023</u>
	USD	USD
Bank charges	<u>6,673</u>	<u>16,827</u>

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20 Net foreign currency exchange gain

	<u>2024</u>	<u>2023</u>
	USD	USD
Foreign currency exchange gain	122,185	243,757
Foreign currency exchange loss	<u>(100,800)</u>	<u>(221,907)</u>
	<u>21,385</u>	<u>21,850</u>