

**EMBRACE**

**Report and financial statements  
for the year ended 31 December 2022**

# **Embrace**

## **Report and financial statements for the year ended 31 December 2022**

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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 2022, 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 2022 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

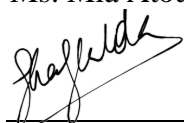
21 May 2023

# Embrace

## Statement of financial position at 31 December 2022

		<u>2022</u>	<u>2021</u>
	Notes	USD	USD
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets (software and website upgrade)	4	29,221	34,505
Equipment	5	<u>271,934</u>	<u>244,398</u>
<b>Total non-current assets</b>		<u>301,155</u>	<u>278,903</u>
<b>Current assets</b>			
Accounts and other receivables	6	1,304,042	474,683
Due from banks	7	69,836	126,842
Cash and cash equivalents	7	<u>554,986</u>	<u>108,407</u>
<b>Total current assets</b>		<u>1,928,864</u>	<u>709,932</u>
<b>Total assets</b>		<u>2,230,019</u>	<u>988,835</u>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for end of service indemnity	8	<u>2,796</u>	<u>2,516</u>
<b>Total non-current liabilities</b>		<u>2,796</u>	<u>2,516</u>
<b>Current liabilities</b>			
Deferred income	9	1,810,001	472,270
Accrued charges		1,632	12,900
Accounts and other payables	10	<u>68,648</u>	<u>45,696</u>
<b>Total current liabilities</b>		<u>1,880,281</u>	<u>530,866</u>
<b>Total liabilities</b>		<u>1,883,077</u>	<u>533,382</u>
<b>Net assets</b>			
Net assets at beginning of year		455,453	318,387
(Deficit) surplus for the year		<u>(108,511)</u>	<u>137,066</u>
<b>Total net assets</b>		<u>346,942</u>	<u>455,453</u>
<b>Total liabilities and net assets</b>		<u>2,230,019</u>	<u>988,835</u>

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



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Mrs. Mia Atoui  
President

# Embrace

## Statement of income and expenses for the year ended 31 December 2022

		<u>2022</u>	<u>2021</u>
	Notes	USD	USD
Grants and donations	11	<u>760,388</u>	<u>936,158</u>
Salaries and related charges	16	<b>(346,396)</b>	(211,658)
Consultancy fees	12	<b>(314,098)</b>	(374,276)
Rent (3 floors) and related charges		<b>(52,330)</b>	(52,959)
Professional fees	14	<b>(12,626)</b>	(14,914)
Medical expenses		<b>(38,578)</b>	(29,556)
Telecommunication expenses	13	<b>(19,382)</b>	(53,129)
Maintenance, repairs equipment and IT expenses		<b>(17,482)</b>	(29,814)
Generator		<b>(13,424)</b>	(28,819)
Reception		<b>(3,307)</b>	(10,635)
Postage expense		<b>(1,128)</b>	(5,944)
Office expenses		<b>(4,560)</b>	(7,487)
Hotel Cost - Lifeline training		<b>(2,679)</b>	(6,867)
Cleaning expenses		<b>(1,474)</b>	(2,494)
Awareness session		<b>(400)</b>	(2,473)
Marketing expenses		<b>(107)</b>	(13,280)
Campaign cost		-	(10,546)
Other expenses	15	<b>(21,102)</b>	(32,853)
Taxes and similar expenses	17	<b>(8,455)</b>	(14,109)
Depreciation and amortization expense	5	<b>(30,734)</b>	(16,592)
Bank charges	18	<b>(6,758)</b>	(7,344)
Net foreign currency exchange gain	19	<b>25,468</b>	126,787
Other non-operating income (expenses), net		<u>653</u>	<u>(130)</u>
<b>Total expenses</b>		<u><b>(868,899)</b></u>	<u>(799,092)</u>
<b>(Deficit)* surplus for the year</b>		<u><b>(108,511)</b></u>	<u>137,066</u>

\* 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 2022

	<u>Net assets</u>
	USD
Balance at 1 January 2021	318,387
Surplus for the year	<u>137,066</u>
<b>Balance at 31 December 2021</b>	<b>455,453</b>
Deficit for the year	<u>(108,511)</u>
<b>Balance at 31 December 2022</b>	<b><u><u>346,942</u></u></b>

# Embrace

## Statement of cash flows for the year ended 31 December 2022

		<u>2022</u>	<u>2021</u>
	Notes	USD	USD
<b>Cash flows from operating activities</b>			
(Deficit) surplus for the year		<b>(108,511)</b>	137,066
<b>Adjustments for:</b>			
Amortization expense	4	<b>5,284</b>	1,584
Depreciation expense	5	<b>25,450</b>	15,008
Provision for end of service indemnity	8	<b>280</b>	1,644
<b>Changes in working capital:</b>			
Decrease in due from a related party		-	726
Increase in accounts and other receivables	6	<b>(829,359)</b>	(156,668)
Decrease (increase) in due from banks	7	<b>57,006</b>	(126,842)
(Decrease) increase in accrued charges		<b>(11,268)</b>	8,466
Increase in deferred income	9	<b>1,337,731</b>	95,427
Increase in accounts and other payables	10	<b>22,952</b>	25,800
<b>Net cash generated from operating activities</b>		<b><u>499,565</u></b>	<u>2,211</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	4	-	(33,889)
Purchase of equipment	5	<b>(52,986)</b>	(209,525)
<b>Net cash used in investing activities</b>		<b><u>(52,986)</u></b>	<u>(243,414)</u>
<b>Net change in cash and cash equivalents</b>		<b>446,579</b>	(241,203)
Cash and cash equivalents – beginning of year	7	<b><u>108,407</u></b>	<u>349,610</u>
<b>Cash and cash equivalents – end of year</b>	7	<b><u><u>554,986</u></u></b>	<u><u>108,407</u></u>



# **Embrace**

## **Notes to the financial statements for the year ended 31 December 2022**

### **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 raising awareness about mental health issues, reducing the suffering of psychiatric patients and their families and preventing dangerous consequences, as well as providing mental health and psychosocial support services to every person living in Lebanon.

Embrace does this through its national emotional support and suicide prevention helpline which it has been operating in collaboration with the National Mental Health Program since 2017. It also delivers on-ground support, providing awareness and support sessions in the community through direct outreach work. Complementing these services, in 2020, Embrace launched a mental health center offering direct psychological and psychiatric services.

In 2022, there was an increase in the number of employees from 13 to 25 due to the commencement of a new project: "Step-by-Step". 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 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.

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.

# **Embrace**

## **1 General information (continued)**

### **1.1 Operating environment of the Association (continued)**

#### **Macroeconomic Environment (continued)**

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 / 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 38,000 at 31 December 2022

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.

# Embrace

## 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.

# Embrace

## 2 Summary of significant accounting policies (continued)

### 2.2 New and amended standards adopted by the Association

The Association 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 Association's operations and effective for annual reporting period beginning on 1 January 2022:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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.

In addition, and as at 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 years will have no material financial impact on the financial statements of the Association.

### 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).

# Embrace

## 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	<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.

# **Embrace**

## **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 2022 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.

# Embrace

## 4 Intangible assets

	<u>Software</u> USD	<u>Website</u> USD	<u>Total</u> USD
<b><u>Cost:</u></b>			
Balance at 1 January 2021	-	2,200	2,200
<i>Additions:</i>			
Accounting software	5,550	-	5,550
Lifeline App (upgrading)	3,885	-	3,885
Embrace Website (upgrading)	-	3,586	3,586
CRM -EMHS (Clinic)	20,868	-	20,868
<b>Balance at 31 December 2021</b>	<b>30,303</b>	<b>5,786</b>	<b>36,089</b>
Additions	-	-	-
<b>Balance at 31 December 2022</b>	<b>30,303</b>	<b>5,786</b>	<b>36,089</b>
 <b><u>Accumulated amortization:</u></b>			
Balance at 1 January 2021	-	-	-
Additions	(1,584)	-	(1,584)
<b>Balance at 31 December 2021</b>	<b>(1,584)</b>	<b>-</b>	<b>(1,584)</b>
Additions	(5,284)	-	(5,284)
<b>Balance at 31 December 2022</b>	<b>(6,868)</b>	<b>-</b>	<b>(6,868)</b>
 <b><u>Net book value:</u></b>			
<b>Balance at 31 December 2022</b>	<b>23,435</b>	<b>5,786</b>	<b>29,221</b>
Balance at 31 December 2021	28,719	5,786	34,505

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

# Embrace

## 5 Equipment

	<u>Computer equipment</u> USD	<u>Office equipment</u> USD	<u>Furniture</u> USD	<u>Electrical and power equipment</u> USD	<u>Advance on fixed asset - Bus</u> USD	<u>Total</u> USD
<b><u>Cost:</u></b>						
Balance at 1 January 2021	4,982	30,528	20,815	-	-	56,325
Additions	21,548	161,888	10,407	15,682	-	209,525
<b>Balance at 31 December 2021</b>	<b>26,530</b>	<b>192,416</b>	<b>31,222</b>	<b>15,682</b>	-	<b>265,850</b>
Additions	2,986	-	-	-	50,000	52,986
<b>Balance at 31 December 2022</b>	<b>29,516</b>	<b>192,416</b>	<b>31,222</b>	<b>15,682</b>	<b>50,000</b>	<b>318,836</b>
<b><u>Accumulated depreciation:</u></b>						
Balance at 1 January 2021	(1,388)	(4,850)	(206)	-	-	(6,444)
Additions	(3,363)	(9,153)	(2,118)	(374)	-	(15,008)
<b>Balance at 31 December 2021</b>	<b>(4,751)</b>	<b>(14,003)</b>	<b>(2,324)</b>	<b>(374)</b>	-	<b>(21,452)</b>
Additions	(5,886)	(15,701)	(2,608)	(1,255)	-	(25,450)
<b>Balance at 31 December 2022</b>	<b>(10,637)</b>	<b>(29,704)</b>	<b>(4,932)</b>	<b>(1,629)</b>	-	<b>(46,902)</b>
<b><u>Net book value:</u></b>						
<b>Balance at 31 December 2022</b>	<b>18,879</b>	<b>162,712</b>	<b>26,290</b>	<b>14,053</b>	<b>50,000</b>	<b>271,934</b>
Balance at 31 December 2021	21,779	178,413	28,898	15,308	-	244,398



## Embrace

### 6 Accounts and other receivables

	<u>2022</u>	<u>2021</u>
	USD	USD
Grants receivable	1,254,313	452,488
Prepaid expenses	29,236	20,995
Other receivables	<u>20,493</u>	<u>1,200</u>
	<u><b>1,304,042</b></u>	<u><b>474,683</b></u>

Grants receivable represent awarded funds that Embrace expects to receive from donors to cover expenses in 2023, but that were not received as of 31 December 2022.

### 7 Due from banks / Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	USD	USD
Due from banks	<u><b>69,836</b></u>	<u>126,842</u>
Cash at banks - unrestricted	<b>536,436</b>	94,581
Cash on hand	<u><b>18,550</b></u>	<u>13,826</u>
<b>Cash and cash equivalents</b>	<u><b>554,986</b></u>	<u><b>108,407</b></u>

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

At 31 December 2022, 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- unrestricted	515	545	218,872	316,504	536,436
Cash on hand	<u>6,513</u>	<u>-</u>	<u>-</u>	<u>12,037</u>	<u>18,550</u>
	<u><b>7,028</b></u>	<u><b>545</b></u>	<u><b>218,872</b></u>	<u><b>328,541</b></u>	<u><b>554,986</b></u>

### 8 Provision for end of service indemnity

	<u>2022</u>	<u>2021</u>
	USD	USD
Balance at 1 January	2,516	872
Charge for the year (note 16)	<u>280</u>	<u>1,644</u>
<b>Balance at 31 December</b>	<u><b>2,796</b></u>	<u><b>2,516</b></u>

## Embrace

### 9 Deferred income

	<u>2022</u>	<u>2021</u>
	USD	USD
Deferred income	<u>1,810,001</u>	<u>472,270</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 2023 and 2024.

### 10 Accounts and other payables

	<u>2022</u>	<u>2021</u>
	USD	USD
Accounts payable	37,755	17,250
Tax on salaries payable	11,676	1,817
Non-resident tax payable	11,391	17,967
Due to employees	7,342	277
Social security contributions payable	484	6,514
Fixed assets suppliers payable	-	1,871
	<u>68,648</u>	<u>45,696</u>

### 11 Grants and donations

	<u>2022</u>	<u>2021</u>
	USD	USD
Grants or restricted donations	659,649	637,655
Revenue from trainings and workshops	45,639	32,423
Unrestricted donations	38,638	252,502
Commission on online donations	(130)	(939)
Other	16,592	14,517
	<u>760,388</u>	<u>936,158</u>

Grants represent the donations restricted to a particular project or purpose. The Association signed grant agreements with 11 donors during 2022.

# Embrace

## 12 Consultancy fees

	<u>2022</u>	<u>2021</u>
	USD	USD
Psychologists	48,801	94,800
Lifeline supervisors	46,679	42,600
Psychiatrists	46,554	55,900
Mobile crisis team (National Mental Health Emergency Response Mechanism Team)	44,445	37,838
Step by Step (e-mental health intervention)	39,338	21,200
Communication	34,400	42,125
Clinical training fees	27,500	-
Research	12,775	29,800
Awareness and outreach	6,400	3,600
Finance	3,250	11,340
Business support fees	-	16,167
Other	3,956	18,906
	<u>314,098</u>	<u>374,276</u>

## 13 Telecommunication expenses

	<u>2022</u>	<u>2021</u>
	USD	USD
Internet expense	6,808	5,781
Mobile expense	6,420	10,328
Telephone expense	5,995	36,868
Other telecommunication fees	159	152
	<u>19,382</u>	<u>53,129</u>

## 14 Professional fees

	<u>2022</u>	<u>2021</u>
	USD	USD
Translation fees	6,590	1,085
Audit fees	5,325	3,300
Legal expenses	711	929
Accounting fees	-	9,600
	<u>12,626</u>	<u>14,914</u>

## Embrace

### 15 Other expenses

	<u>2022</u>	<u>2021</u>
	USD	USD
Training expense	11,985	5,041
Insurance expense	3,207	2,604
Parking and transportation	1,381	4,630
Printing expenses	509	6,895
Freelance transportation	87	7,191
Other expenses	<u>3,933</u>	<u>6,492</u>
	<u><u>21,102</u></u>	<u><u>32,853</u></u>

### 16 Salaries and related charges

	<u>2022</u>	<u>2021</u>
	USD	USD
Employees' compensation and allowances (25 employees)	232,633	114,350
Directors' compensation and allowances (1 board members)	53,322	53,469
Additional salaries declared (a)	35,242	-
Lumpsum wages	20,677	21,933
Social security contributions	4,242	20,262
Provision for end of service indemnity expense (note 8)	<u>280</u>	<u>1,644</u>
	<u><u>346,396</u></u>	<u><u>211,658</u></u>

During year 2022, the Association had 25 full-time employees and 1 remunerated board member (13 full-time employees and 1 remunerated board member for year 2021).

- (a) The additional salaries declared 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

	<u>2022</u>	<u>2021</u>
	USD	USD
Irrecoverable value-added tax	4,237	6,329
Tax on salaries *	3,368	977
Non-resident tax	583	5,023
Municipality Tax	167	-
Fiscal stamps	<u>100</u>	<u>1,780</u>
	<u><u>8,455</u></u>	<u><u>14,109</u></u>

\* The increase in the tax on salaries is due to the conversion of the salaries using the exchange rates of 8,000 and 15,000 as per the Ministry of Finance decision number 2.

## Embrace

### 18 Bank charges

	<u>2022</u>	<u>2021</u>
	USD	USD
Bank charges	<u>6,758</u>	<u>7,344</u>

### 19 Net foreign currency exchange gain

	<u>2022</u>	<u>2021</u>
	USD	USD
Foreign currency exchange gain	2,525,230	485,370
Foreign currency exchange loss	<u>(2,499,762)</u>	<u>(358,583)</u>
	<u>25,468</u>	<u>126,787</u>