

**CENTRE LIBANAIS DES DROITS
HUMAINS (CLDH)**

**FINANCIAL STATEMENTS
31 DECEMBER 2023**

CENTRE LIBANAIS DES DROITS HUMAINS (CLDH)

- 1) Independent Auditor's report;
- 2) Statement of financial position as at 31 December 2023;
- 3) Statement of income and expenses for the year ended 31 December 2023;
- 4) Statement of cash flows for the year ended 31 December 2023;
- 5) Notes to the financial statements for the year ended 31 December 2023.

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INDEPENDENT AUDITOR'S REPORT

To the Association Board
Centre Libanais des Droits Humains (CLDH)
Beirut, Lebanon.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Centre Libanais des Droits Humains (CLDH) (the Association), which comprise the statement of financial position as at 31 December 2023 and the statement of income and expenses, statement of cash flows for the year then ended, and 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 the Financial Statements* section of our report. We are independent of the Association in accordance with 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 ethical 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.

Emphasis of matter

Without modifying our opinion, we draw attention to note 2-a to the financial statements which describes the economic and financial environment of Lebanon in which the Association is operating.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Association Board
Centre Libanais des Droits Humains (CLDH)

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, disclosing, as applicable, matters related to 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.

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 misstatement, 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 a 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 skepticism 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.



SEMAAN, GHOLAM & Co.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Association Board
Centre Libanais des Droits Humains (CLDH)

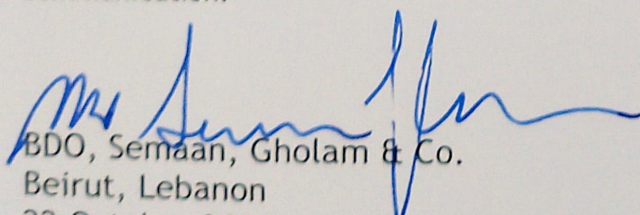
Auditor's responsibilities for the audit of the financial statements (continued)

- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



BDO, Semaan, Gholam & Co.
Beirut, Lebanon
22 October 2024

CENTRE LIBANAIS DES DROITS HUMAINS (CLDH)

STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	31.12.2023 USD.	31.12.2022 USD.
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Intangibles	3	8,231	137
Property and equipment	4	14,619	4,065
Total non-current assets		22,850	4,202
<u>CURRENT ASSETS</u>			
Accounts receivable	5	30,509	5,726
Cash and banks	6	385,564	359,439
Total current assets		416,073	365,165
TOTAL ASSETS		438,923	369,367
EQUITY AND LIABILITIES			
<u>EQUITY</u>			
Accumulated excess		337,035	350,788
Excess (deficit) of revenue over expenses for the year		24,453	(13,753)
Total equity		361,488	337,035
<u>CURRENT LIABILITIES</u>			
Accounts payable	7	77,435	32,332
TOTAL EQUITY AND LIABILITIES		438,923	369,367

CENTRE LIBANAIS DES DROITS HUMAINS (CLDH)

STATEMENT OF INCOME AND EXPENSES

For the year ended 31 December 2023

	<u>Note</u>	<u>2023</u> USD.	<u>2022</u> USD.
REVENUE			
Donations and grants received	8	1,563,715	1,278,333
Provision no more required	6	-	18,351
Interest and similar income		65	7
Net difference of exchange	9	11,427	125,443
		<u>1,575,207</u>	<u>1,422,134</u>
EXPENSES			
Subgrants	10	59,455	-
General expenses	11	1,006,193	825,864
Staff expenses	12	472,724	600,408
Taxes		649	4,899
Depreciation and amortization	3 - 4	2,410	2,065
Provision for expected credit losses	6	4,695	-
Interest and similar charges		4,628	2,651
		<u>1,550,754</u>	<u>1,435,887</u>
Excess (deficit) of revenue over expenses for the year		<u>24,453</u>	<u>(13,753)</u>

CENTRE LIBANAIS DES DROITS HUMAINS (CLDH)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 USD.	2022 USD.
<u>OPERATING ACTIVITIES</u>			
Excess (deficit) for the year		24,453	(13,753)
Adjustments:			
- Provision for expected credit losses		4,695	-
- Depreciation and amortization		2,410	2,065
- Provision no more required		-	(18,351)
(Increase) decrease in accounts receivable		(24,783)	13,988
Increase in accounts payable		45,103	5,110
Cash from (used in) operating activities		51,878	(10,941)
<u>INVESTING ACTIVITIES</u>			
Acquisition of property and equipment		(12,289)	-
Acquisition of intangibles		(8,769)	-
Cash (used in) investing activities		(21,058)	-
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
		30,820	(10,941)
<u>CASH AND CASH EQUIVALENTS</u>			
- at beginning of year	13	393,582	404,523
- at end of year		424,402	393,582

1- THE ASSOCIATION

Centre Libanais des Droits Humains (CLDH) is a non-for profit organization established in 2007 and registered with the Ministry of Interior under Number 23220 by virtue of the Associations Law stated under legislative decree No.14953.

These financial statements comprise the accounts of Nassim Association, together, a non-for profit organization established in 2015 and registered with the Ministry of Interior under Number 1090 by virtue of the Association Law stated under legislative decree No.3119464.

The Association activities are funded by the membership fees, governmental and institutions grants and private donations. Its main objectives are to protect human rights, fight against enforced disappearances, arbitrary detention, impunity and helping victims of torture.

2- BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2-a- Lebanon economic and financial environment

Since October 2019, Lebanon is witnessing an extremely severe financial and economic crisis. Lebanese banks access to international financing has dried. Consequently, banks credit facilities to their clients in foreign currencies are frozen and a de-facto capital control has been implemented. Transfers outside the country have been restricted to those who have private financial commitments and on a case by case basis.

Import of primary products (such as fuel, medicine, etc...) is channeled through the Bank of Lebanon. A parallel market for foreign exchange is now operating through regulated and non-regulated exchange offices, with huge differences between official and parallel rates.

In early 2020, the Government announced that it will discontinue payments on all its foreign currency denominated Eurobonds, which led to further downgrading the country and local banks by international rating agencies.

This situation may lead the Association to downsize its operations in Lebanon. Management is closely monitoring the circumstances including major indicators to minimize risks it is facing.

2-b- Basis for preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The financial statements are presented in US Dollar.

2- BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2-c- Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 *Insurance Contracts*;
- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*);
- Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*); and
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 *Income Taxes*) (effective immediately upon the issue of the amendments and retrospectively).

b) New standards, interpretations and amendments not yet effective

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 *Presentation of Financial Statement*);
- Non-Current Liabilities with Covenants (Amendments to IAS 1 *Presentation of Financial Statements*); and
- Supplier Finance Arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*).

The following amendments are effective for the period beginning 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*).

2-d- Significant accounting policies

Foreign currency translation

Transactions in currencies other than US Dollar are recorded into US Dollar at several rates ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollar are translated into US Dollar at Sayrafa platform rate of exchange prevailing at the date of the financial position. The resulting difference is accounted for in the statement of income and expenses.

Intangibles

Intangibles are stated at cost less amortization thereon calculated at the rate of 20%.

2- BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2-d- Significant accounting policies (continued)****Property and equipment**

The cost of property and equipment is their purchase cost together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of these assets, on a straight line basis over the expected useful lives of the assets concerned, at the following annual rates:

	<u>%</u>	<u>Year</u>
Computer equipment	20	5
Office equipment	8	12.5
General installations	8	12.5
Furniture	8	12.5

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down of their recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

Accounts payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Donations

Donations received are recognized in the statement of income upon reception.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and highly liquid investments with insignificant risk of changes in value and original maturities of three months or less at the date of acquisition.

Use of estimates

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from the estimates under different assumptions and conditions.

3- INTANGIBLES

The movement of intangible accounts and related amortization for the year 2023, is summarized as follows:

	Balance at <u>1.1.2023</u> USD.	<u>Additions</u> USD.	Balance at <u>31.12.2023</u> USD.
<u>COST</u>			
Software	2,220	8,769	10,989
<u>DEPRECIATION</u>			
Software	2,083	675	2,758
	<u>Net book value as at 31.12.2023</u>		8,231
	<u>Net book value as at 31.12.2022</u>		137

4- PROPERTY AND EQUIPMENT

The movement of property and equipment accounts and related depreciation, for the year 2023, is summarized as follows:

	Balance at <u>1.1.2023</u> USD.	<u>Additions</u> USD.	Balance at <u>31.12.2023</u> USD.
<u>COST</u>			
Computer equipment	25,029	3,786	28,815
Office equipment	22,537	2,190	24,727
General installations	1,055	3,208	4,263
Furniture	8,528	3,105	11,633
	57,149	12,289	69,438
<u>DEPRECIATION</u>			
Computer equipment	24,117	1,097	25,214
Office equipment	20,094	487	20,581
General installations	345	131	476
Furniture	8,528	20	8,548
	53,084	1,735	54,819
	<u>Net book value at 31.12.2023</u>		14,619
	<u>Net book value at 31.12.2022</u>		4,065

5- ACCOUNTS RECEIVABLE

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD.	USD.
Due from staff	10,782	-
Advances on legal fees	6,810	5,060
Prepayments	7,200	-
Other debtors	5,717	666
	<u>30,509</u>	<u>5,726</u>

Advances on legal fees

Advances paid to lawyers in charge of paying legal fees on behalf of beneficiaries for the year 2023.

Prepayments

Rent expenses paid in 2023 related to 2024.

6- CASH AND BANKS

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD.	USD.
Cash	61,279	124,798
Deposits with banks	324,285	234,641
	<u>385,564</u>	<u>359,439</u>

Deposits with banks

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD.	USD.
Deposits with banks	363,123	268,784
<u>Less/-</u> Provision for expected credit losses	(38,838)	(34,143)
	<u>324,285</u>	<u>234,641</u>

Provision for expected credit losses

	<u>2023</u>	<u>2022</u>
	USD.	USD.
Balance at 1 January	34,143	52,494
<u>Add/-</u> Provision for expected credit losses	4,695	-
<u>Less/-</u> Provision no more required	-	(18,351)
Balance at 31 December	<u>38,838</u>	<u>34,143</u>

7- ACCOUNTS PAYABLE

	31.12.2023	31.12.2022
	USD.	USD.
Due to employees	2,815	8,027
Social security contributions	1,156	625
Taxes	12,196	5,570
Audit fees	10,805	10,000
Accrued expenses	13,054	-
Due to subgrantees	27,973	-
Others	9,436	8,110
	<u>77,435</u>	<u>32,332</u>

Due to subgrantees

Balance of unused subgrants kept in bank by the Association on behalf of the subgrantees in conformity with the project agreements signed between the Association and the mentioned subgrantees, initially funded by the donor HIVOS Foundation in conformity with the grant contract reference HUB Mena Lebanon 00.0158/092 (Note 10).

8- DONATIONS AND GRANTS RECEIVED

	2023	2022
	USD.	USD.
Hivos Foundation	266,166	73,719
The Norwegian Refugee Council (NRC)	134,983	179,950
The Norwegian Ministry of Foreign Affairs	183,512	120,577
The Sigrid Rausing Trust	162,725	86,622
Open Society Foundation	150,000	107,500
OXFAM GB (DANIDA IV)	103,274	67,117
International Organization for Migration (IOM)	86,735	49,925
German Embassy	80,345	-
OXFAM GAC 2022 - 2024 (GAC 3)	77,484	84,643
Agence Française de Développement - REVIV	71,526	40,866
Save the Children International (SCI)	67,304	35,042
United Nations Unies Democracy Fund (UNDEF)	66,213	-
Positive Vibes Trust (PV)	40,029	-
International organization for migration (IOM)	38,595	-
Danish Refugee Council (DRC - SDC)	20,064	-
EuroMed Rights - The Euro-Mediterranean Human Rights Network	9,950	3,910
International Committee of the Red Cross (ICRC)	4,180	4,180
The Sigrid Rausing Trust (Emergency Response)	-	155,972
OXFAM GB (DANIDA III)	-	95,516
International Commission of Jurists (ICJ)-ZIVICK	-	56,635
Swiss State Secretariat for Migration (SEM) 2020 - 2022	-	49,950
OXFAM GAC 2020 - 2022 (GAC 2)	-	46,840
OXFAM Appeal (Emergency Response)	-	13,620
Fondation de France	-	4,079
Other	630	1,670
	<u>1,563,715</u>	<u>1,278,333</u>

CENTRE LIBANAIS DES DROITS HUMAINS (CLDH)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

9- NET DIFFERENCE OF EXCHANGE

	<u>2023</u> USD.	<u>2022</u> USD.
Positive difference of exchange	74,668	306,609
Negative difference of exchange	(63,241)	(181,166)
	<u>11,427</u>	<u>125,443</u>

Net difference of exchange in 2023 is generated from the translation of balances of monetary assets and liabilities denominated in currencies other than USD, to USD at year-end using Sayrafa platform rate of exchange as at 31 December 2023.

10- SUBGRANTS

The Association signed a grant contract reference HUB Mena Lebanon 00.0158/092 with HIVOS Foundation dated 1 August 2022, upon which the Association acts as a host organization responsible for sub-granting to local organizations a total amount of EUR 120,000 out of which an amount of EUR 57,169 c/v USD 59,455 (net of bank charges) was regranted as follows:

	<u>2023</u> USD.	<u>2022</u> USD.
<u>Subgrantee</u>		
One More Cup - civil company	7,500	-
Act4Impact - initiative	7,498	-
Haven Youth Group - initiative	7,370	-
Lebanese Drag Collection (LDC) - initiative	7,490	-
MENA Organization for services, Advocacy, Integration and Capacity building (MOSAIC) - civil company	7,492	-
North Group - initiative	7,472	-
Recover - initiative	7,161	-
She Can - initiative	7,472	-
	<u>59,455</u>	<u>-</u>

11- CASH AND CASH EQUIVALENTS

11- GENERAL EXPENSES

	<u>2023</u>	<u>2022</u>
	USD.	USD.
Project expenses	159,544	95,035
Beneficiaries expenses	38,481	20,919
Social workers	16,025	6,702
Post and telecommunication charges	16,911	11,976
Maintenance and repairs	41,301	67,078
Rent	12,874	32,106
Electricity	18,414	19,910
Travel and accommodation expenses	20,682	4,905
Entertainment	70,737	24,637
Professional and legal fees	526,423	487,963
Training	57,698	30,944
Documentation	10,617	10,880
Translation expenses	595	2,549
Advertising and sponsorship	4,332	5,955
Other expenses	11,559	4,305
	<u>1,006,193</u>	<u>825,864</u>

12- STAFF EXPENSES

	<u>2023</u>	<u>2022</u>
	USD.	USD.
Salaries and wages	431,228	572,945
Transportation	30,014	20,332
Social charges	11,482	7,131
	<u>472,724</u>	<u>600,408</u>

13- CASH AND CASH EQUIVALENTS

	<u>31.12.2023</u>	<u>31.12.2022</u>
	USD.	USD.
Cash	61,279	124,798
Banks	363,123	268,784
	<u>424,402</u>	<u>393,582</u>