

Rasheed for Integrity and Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Financial Statements and
Independent Auditor's Report
for the year ended December 31, 2017

Rasheed for Integrity and Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

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Independent Auditor's Report

To The Shareholders of
Rasheed for Integrity and Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Opinion

We have audited the financial statements of Rasheed for Integrity and Transparency (Non-Profit-Limited Liability Company), which comprise the statement of financial position as at December 31, 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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, 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.

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 International Financial Reporting Standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

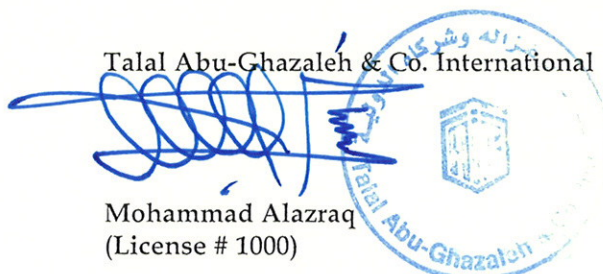
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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.

Talal Abu-Ghazaleh & Co. International

Mohammad Alazraq
(License # 1000)

Amman, April 25, 2018



Rasheed For Integrity and Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2017

	Notes	2017	2016
		JD	JD
ASSETS			
Current Assets			
Cash and cash equivalents	3	8,151	62,129
Other debit balances	4	11,413	8,020
Partners receivables	5	125	104
Total Current Assets		19,689	70,253
Non - Current Assets			
Property and equipment	6	11,712	17,046
TOTAL ASSETS		31,401	87,299
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		827	-
Other credit balances		4,028	1,716
Deferred revenues	7	2,317	64,582
Partners payables		-	125
Total Current Liabilities		7,172	66,423
Equity			
Capital	8	1,750	1,750
Statutory reserve		1,385	1,050
Retained surplus		21,094	18,076
Total Equity		24,229	20,876
TOTAL LIABILITIES AND EQUITY		31,401	87,299

Rasheed For Integrity and Transparency
 Non-Profit-Limited Liability Company
 Amman-The Hashemite Kingdom of Jordan

Statement of revenues and expenses for the year ended December 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
Revenues			
Grants	9	215,992	206,418
Other		1,483	7,396
Total revenues		<u>217,475</u>	<u>213,814</u>
Expenses			
Projects		126,162	142,605
Administrative expenses	10	87,960	111,790
Total expenses		<u>214,122</u>	<u>254,395</u>
Surplus (deficit)		<u>3,353</u>	<u>(40,581)</u>

Rasheed For Integrity and Transparency
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Statement of changes in equity for the year ended December 31, 2017

	Capital	Statutory reserve	Retained surplus	Total
	JD	JD	JD	JD
Balance as at January 1, 2016	1,050	1,050	58,657	60,757
Increase of capital	700	-	-	700
Deficit	-	-	(40,581)	(40,581)
Balance as at December 31, 2016	1,750	1,050	18,076	20,876
Deficit	-	-	3,353	3,353
Statutory reserve	-	335	(335)	-
Balance as at December 31, 2017	1,750	1,385	21,094	24,229

Rasheed For Integrity and Transparency
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Statement of cash flows for the year ended December 31, 2017

	2017	2016
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (deficit)	3,353	(40,581)
Adjustment for :		
Depreciation	6,557	6,322
Changes in operating assets and liabilities:		
Other debit balances	(3,393)	52,372
Trade payables	827	-
Other credit balances	2,312	1,678
Deferred revenues	(62,265)	5,926
Partners receivables	(21)	21
Net cash from operating activities	<u>(52,630)</u>	<u>25,738</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,223)	(1,504)
Net cash from investing activities	<u>(1,223)</u>	<u>(1,504)</u>
Cash Flows From Financing Activities		
Partners payables	(125)	125
Increase of capital	-	700
Net cash from Financing Activities	<u>(125)</u>	<u>825</u>
Net change in cash and cash equivalents	<u>(53,978)</u>	<u>25,059</u>
Cash and cash equivalents - beginning of year	<u>62,129</u>	<u>37,070</u>
Cash and cash equivalents - end of year	<u><u>8,151</u></u>	<u><u>62,129</u></u>

Notes to the financial statements

1. Legal status and activities

- The company was established and registered in the Ministry of Industry and Trade as a non-profit limited liability company under number (449) on September 22, 2013.
- The main activity of the company are:
 - Provide training in the field of wise governance and promoting the principles of integrity, transparency, justice and tolerance without an issuance of a certificate.
 - Own movable and immovable money in the interest of the company.
 - Accept internal and external donations according to the applicable laws and legislations.
 - Conduct necessary studies to implement only the company's objectives according to the applicable legislations.

2. Basis for preparation of financial statements and significant accountant policies

- Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards.

- Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis.

- Functional and presentation currency

The financial statements have been presented in Jordanian Dinar (JD), which is the functional currency of the entity.

- Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for doubtful and bad debts, useful lives of depreciable assets, provisions, any legal cases against the entity.

- Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

- Financial assets

- A financial asset is any asset that is:
 - (a) Cash;
 - (b) An equity instrument of another entity;
 - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
 - (d) A contract that will or may be settled in the entity's own equity instruments.
- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

- All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
 - (a) The entity's business model for managing the financial assets, and
 - (b) The contractual cash flow characteristics of the financial assets.
- A financial asset is measured at amortized cost if both of the following conditions are met:
 - (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

Cash and cash equivalents

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

Impairment of financial assets

- Financial assets, other than those at Fair value through profit or loss, are assessed for indicators of impairment at the end of each year.
- The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, the amount of the impairment loss shall be recognized as loss.

- Financial liabilities

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

– Property and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

<u>Category</u>	<u>Depreciation rate</u>
	%
Furniture and decorations	15
Computers	25
Equipment	15 - 20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

– Impairment of assets

- At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

– Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.

– Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

- Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date.
- The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:
 - The amount of revenue can be measured reliably.
 - It is probable that the economic benefits will flow to the entity.
 - The stage of completion at the statement of financial position date can be measured reliably.
 - The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Grants

- Unrestricted grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss in the period in which they become receivable.
 - Restricted grants are recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.
 - Grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.
- Foreign currencies
- In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
 - Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

3. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
	JD	JD
Current accounts at bank	8,151	60,333
Cash on hand	-	1,796
Total	<u><u>8,151</u></u>	<u><u>62,129</u></u>

4. Other debit balances

	2017	2016
	JD	JD
Prepaid expenses	5,344	6,735
Accrued and uncollected revenues	5,158	-
Employees receivables	707	707
Petty cash	204	278
Credit cards receivables	-	300
Total	11,413	8,020

5. Partners receivables

Partner's Name	2017	2016
	JD	JD
Rajaa' Mubarak Abdullah Al-Hiyari	62	62
Sawsan Wa'el Mahmoud Gharuibah	21	21
Mohammed Yasin Hassan Takruri	21	21
Usama Mohammad Hasan Al-Azzam	21	-
Total	125	104

6. Property and equipment

	2017		2016	
	Computers	Furniture and decorations	Equipment	Total
Cost	JD	JD	JD	JD
Beginning of year balance	11,350	11,019	10,292	32,661
Additions	-	1,223	-	1,223
End of year balance	11,350	12,242	10,292	33,884
Accumulated depreciation				
Beginning of year balance	4,373	6,121	5,121	15,615
Depreciation	1,703	2,786	2,068	6,557
End of year balance	6,076	8,907	7,189	22,172
Net	5,274	3,335	3,103	11,712
Cost				
Beginning of year balance	11,350	10,209	9,598	31,157
Additions	-	810	694	1,504
End of year balance	11,350	11,019	10,292	32,661
Accumulated depreciation				
Beginning of year balance	2,670	3,523	3,100	9,293
Depreciation	1,703	2,598	2,021	6,322
End of year balance	4,373	6,121	5,121	15,615
Net	6,977	4,898	5,171	17,046

7. Deferred revenues

	2017	2016
	JD	JD
Deferred revenues from granted assets	2,317	3,801
Partnership project (TI)	-	27,637
Humanitarian aid sector integrity project	-	10,589
Quality of health services project (FHI 360)	-	9,094
Woman's project (DUTCH)	-	7,400
Integrity debates project (British council)	-	6,061
Total	2,317	64,582

8. Capital

Partner's name	Share	Amount
	%	JD
Rajaa Mubarak Abdullah Al-Hiyari	30	525
Osama Mohammed Hassan Azzam	10	175
Sawsan Wael Mahmoud Gharaibah	10	175
Mohammed Yasin Hassan Takruri	10	175
Jamal Ibrahim Omar Salah	10	175
Khulood Sulaiman Ali Ghnaimat	10	175
Rania Sami Jad-Allah Bader	10	175
Samira Izzat Abel-Kader Qaddoura	10	175
Total	100	1,750

9. Grants

	2017	2016
	JD	JD
Partnership project (TI)	121,723	67,048
Quality health service project (FHI360)	46,532	39,900
Women in leadership (Dutch)	26,587	33,428
ECHO project (TI)	10,589	-
Integrity debates project (British council)	10,561	7,439
National integrity system (TI)	-	58,603
Total	215,992	206,418

10. Administrative expenses

	2017	2016
	JD	JD
Salaries and related benefits	48,073	58,947
Rent	11,000	12,650
Depreciation	6,557	6,322
Company's contribution to social security	6,054	8,205
Professional fees	4,233	10,892
Electricity and water	3,774	3,197
Insurance	2,965	2,272
Cleaning	2,105	4,069
Stationery and printings	1,537	1,007
Governmental	586	256
Hospitality	452	812
Miscellaneous	365	706
Bank interests and charges	199	254
Maintenance	60	464
Transportation	-	1,737
Total	87,960	111,790

11. Tax Status

The Company has not finalized the tax status for years 2013, 2014, 2015 and 2016. According to the management, the company will not be liable for any material financial obligations.

12. Risk management

a) Capital risk

Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.

c) Other price risk

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments.
- The entity is not exposed to other price risk.

d) Credit risk

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

e) Liquidity risk

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than one year	
	2017	2016
Financial assets:	JD	JD
Cash and cash equivalents	8,151	62,129
Other debit balances	6,069	1,285
Partners receivables	125	104
Total	14,345	63,518
Financial liabilities:		
Trade payables	827	-
Other credit balances	4,028	1,716
Partners payables	-	125
Total	4,855	1,841

13. Standards and Interpretations issued but not yet effective

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

Standard or Interpretation No.	Description	Effective date
IFRS (9) - New	Financial Instruments	Jan 1, 2018 or after
IFRS (15) - New	Revenue from contracts with customers	Jan. 1, 2018 or after
IFRS (16) - New	Leases - all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases	Jan 1, 2019 or after
IFRS (17) - New	Insurance contracts	Jan 1, 2021 or after
IFRIC No. (22)	Foreign currency transactions	Jan 1, 2018 or after
IFRIC No. (23)	Uncertainty over income tax treatments	Jan 1, 2019 or after

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.