RASHEED FOR INTEGRITY AND TRANSPARENCY LLC

(NON-PROFIT COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2019

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Members of General Assembly of Rasheed for Integrity Transparency Limited Liability Company (Non-Profit Company)
Amman- Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rasheed for Integrity Transparency Company (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in net assets and 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 Company as at 31 December 2019, 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 Company in accordance with the International Ethics Standards Board for Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, 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 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 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.

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 Company's internal control.

Building a better
working world

- 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 exist, 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 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.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the financial statements.

Amman – Jordan
29 June 2020

Ernst + Young

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019	2018
ASSETS		JD	JD
Non-current assets			
Property and equipment	3	5,060	8,275
Current assets -			
Other debit balances	5	8,789	17,689
Cash on hand and at banks	4	25,580	17,714
		34,369	35,403
Total Assets		39,429	43,678
NET ASSETS AND LIABILITIES			
Net Assets			
Paid in capital	7	1,925	1,925
Statutory reserve		1,482	1,385
Accumulated surplus		9,201	8,325
Total Net assets		12,608	11,635
Current Liabilities			
Accounts payable		-	6,475
Other credit balances		4,825	4,226
Deferred revenues	6	21,996	21,342
		26,821	32,043
Total Net Assets and Liabilities		39,429	43,678

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Grants revenues	8	225,954	108,807
Core program expenses		(132,265)	(36,647)
Non-core program expenses	9	(97,174)	(86,046)
Other revenues		4,458	1,117
Surplus (deficit) for the year		973	(12,769)
Add: Other comprehensive income items		-	-
Total comprehensive income for the year		973	(12,769)

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid in Capital	Statutory reserve	Accumulated surplus	Total
	JD	JD	JD	JD
2019-				
Balance as at 1 January 2019	1,925	1,385	8,325	11,635
Total comprehensive income for the year	-	-	973	973
Statutory reserve	-	97	(97)	-
Balance as at 31 December 2019	1,925	1,482	9,201	12,608
2018-				
Balance as at 1 January 2018	1,750	1,385	21,094	24,229
Total comprehensive income for the year	-	-	(12,769)	(12,769)
Increase in paid in capital (Note 1)	175	-	-	175
Balance as at 31 December 2018	1,925	1,385	8,325	11,635

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
OPERATING ACTIVITIES		JD	JD
Surplus (deficit) for the year		973	(12,769)
Adjustments -			
Depreciation of property and equipment	3	3,482	5,827
Loss on disposal of property and equipment		-	821
Changes in working capital -			
Other debit balances		8,900	(6,354)
Trade payables		(6,475)	5,648
Other credit balances		599	198
Deferred revenues		654	19,025
Net cash flows from operating activities		8,133	12,396
INVESTING ACTIVITY			
Purchase of property and equipment	3	(267)	(3,211)
Net cash flow used in investing activity		(267)	(3,211)
FINANCING ACTIVITY			
Increase of capital		-	175
Net cash flow from financing activity		-	175
Net increase in cash and cash equivalents		7,866	9,360
Cash and cash equivalents at the beginning of the year		17,714	8,354
Cash and cash equivalents at the end of the year	4	25,580	17,714

The attached notes from 1 to 14 form part of these financial statements

(1) GENERAL

Rasheed for Integrity and Transparency was established and registered as a non-profit limited liability Company under number (449) on 22 September 2013 with a paid-in capital of JD 1,050 divided into 1,050 shares with a par value of JD 1 each (the Company). Subsequently the paid in capital was increased to reach JD 1,750 divided into 1,750 shares with a par value of JD 1. The General Assembly of the Company decided at its extraordinary meeting held on 23 July 2018 to approve the increase of the Company's capital by JD 175 through cash paid by a new partner to reach a capital of JD 1,925 divided into 1,925 shares at a par value of JD 1 per share.

The main activities of the Company are:

- Provide training in the field of good governance and promoting the principles of integrity, transparency, justice and tolerance without certificate issuance.
- Conduct necessary studies to implement the Company's objectives according to the applicable legislations.

The Company's address is P.O. Box 852662 Amman 111585 – Hashemite kingdom of Jordan.

The financial statements were approved by the Board of Directors in its meeting on --------- 2020.

(2-1) BASIS OF PREPARATION

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

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

The financial statements are presented in Jordanian Dinars, which represents the functional currency of the Company.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements for the year ended 31 December 2019 are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except that the Company has applied some of the standards, amendments and and interpretations starting from 1 January 2019. These applications do not have any impact on the Company's financial statements.

(2-3) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment -
Property and equipment are stated at cost when purchased or at fair value at the donation date in case they are donated. When property and equipment are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Depreciation is computed on a straight-line basis over the estimated useful lives using the following rates:

	%
Furniture and fixtures	15
Computers	25
Equipment	20-25

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amount of property and equipment is reviewed for impairment when events or changes in circumstances indicates that the carrying amount not be recoverable. When such indications exist and when carrying amount exceeds its recoverable amount, the property and equipment are written down to their recoverable amount and the impairment provision is recognized in the statement of comprehensive income.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income.

Cash and cash equivalents
For the purpose of the preparation of statement of cash flows, cash and cash equivalents consist of cash on hand, cash at banks, and short-term deposits with maturity date of three months or less deducting banks overdraft.

Accounts receivable and other debit balances
Accounts receivable are stated at original invoice amount or expected credit losses in accordance with IFRS (9). The Company applies the simplified approach when calculating expected credit losses. Therefore, the Company does not track changes in credit risk but recognizes a provision for loss on the basis of expected credit losses over the life of the debt at the reporting date. The Company has developed an allocation matrix for provision based on its past credit experience, adjusted according to forward-looking factors for debtors and the economic environment.

Accounts payable and other credit balances
Liabilities are recognized for amounts to be paid in the future for services received whether billed by the supplier or not.

Income tax
The Company's was established as a non-for-profit entity, hence it is not subject to income tax in accordance with income tax law No.34 of 2014, and its amendments No.38 of 2018.

Grant revenue
Granted property and equipment are recognized at fair value and recorded on statement of financial position as deferred revenues. It is recognized as revenue in the statement of comprehensive on a systematic basis over the periods that the related costs, for which it is intended to compensate.

Revenue and expenses recognition
Revenue from services is recognized in accordance with International Financial Reporting Standards (IFRS 15), when control of the services is transferred to the customer and at the carrying amount that the Company expects to collect for these services. The Company is the main party in the service contracts concluded with the customers and does not operate through agents, since they have control over the service provided to customers.

Grants income
Grants income form unconditional donor Pledges is recognized as follows:

- Unconditional pledges that are temporarily restricted by the donor for a specific purpose or time are restricted for a specific purpose or time are recognized when the pledge is obtained. recognized as a "restricted grant" liability and are recognized as income in the same manner as the expenses for which the grant is credited.
- Unconditional pledges that are not restricted for a specific purposes or time are recognized when the pledge is obtained.

Foreign currency
Foreign currency transactions during the year are recorded using exchange rates that were in effect at the date of the transactions. Monterey assets and liabilities denominated in foreign currencies are translated to US Dollar using the Central Bank of Jordan average exchange rates prevailing of year-end. Foreign exchange gains or losses are reflected in statement of comprehensive income.

Impairment of financial assets
The Company recognizes an expected credit loss for all debt instruments that are not held at fair value through profit or loss. The expected credit losses are based on the differences between contractual cash flows payable in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contractual terms (if any).

The Company's management calculations the provision based on its historical credit loss experience adjusted for the future factors of debtors and the economic environment.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Current versus non-current classification
The Company presents assets and liabilities in separate statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale of assets or transfer of liabilities facilitated through an active market for financial assets and liabilities respectively.

In case there is no active market, a market best fit for financial assets and liabilities is used instead.

The Company needs to acquire opportunities to access the active market or the best fit market.

The Company measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Company uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Company uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments.

(3) PROPERTY AND EQUIPMENT

	Furniture and fixtures	Computers	Equipment	Total
	JD	JD	JD	JD
2019 –				
Cost				
Balance at 1 January 2019	11,891	12,802	8,710	33,403
Additions	158	-	109	267
Balance at 31 December 2019	12,049	12,802	8,819	33,670
Accumulated Depreciation				
Balance at 1 January 2019	7,778	11,051	6,299	25,128
Depreciation	1,805	921	756	3,482
Balance at 31 December 2019	9,583	11,972	7,055	28,610
Net book value at 31 December 2019	2,466	830	1,764	5,060
2018 –				
Cost				
Balance at 1 January 2018	11,350	12,242	10,292	33,884
Additions	541	1,120	1,550	3,211
Disposals	-	(560)	(3,132)	(3,692)
Balance at 31 December 2018	11,891	12,802	8,710	33,403
Accumulated Depreciation				
Balance at 1 January 2018	6,076	8,907	7,189	22,172
Depreciation	1,702	2,249	1,876	5,827
Disposals	-	(105)	(2,766)	(2,871)
Balance at 31 December 2018	7,778	11,051	6,299	25,128
Net book value at 31 December 2018	4,113	1,751	2,411	8,275

The value of fully depreciated property and equipment is JD 16,675 as at 31 December 2019 (2018: JD 9,579)

(4) CASH ON HAND AND AT BANKS

	2019	2018
	JD	JD
Cash on hand	14	28
Cash at banks	25,566	17,686
	25,580	17,714

(5) OTHER DEBIT BALANCES

	2019	2018
	JD	JD
Grantors receivables	3,571	11,150
Prepaid expenses	5,034	5,716
Employees receivables	164	823
Other receivables	20	-
	8,789	17,689

(6) DEFERRED REVENUES

	2019	2018
	JD	JD
National Advocacy to Advance Jordan's anti-corruption summit commitments	21,360	20,142
Deferred revenues related to granted properties and equipment	636	1,200
	21,996	21,342

(7) NET ASSETS

Paid in-capital

The authorized and paid in capital of the company is JD 1,925 with a par value of JD 1 each (2018: JD 1,925).

Statutory reserve

This amount represents appropriations at 10% of net income during this year that the total amount deducted for this reserve shall not exceed the Company's capital in accordance with the provisions of the Jordanian Companies Law. This reserve is not available for distribution to shareholders.

(8) GRANTS REVENUES

	2019	2018
	JD	JD
Rule of law program	108,187	77,881
Empowering Civil Society and citizen engagement for transparency and accountability	93,315	8,907
National Advocacy to Advance Jordan's anti-corruption summit commitments	24,452	8,351
Network reserve grant	-	8,324
Partnership project (TI)	-	3,946
Fighting corruption through education	-	1,398
	225,954	108,807

(9) NON-CORE PROGRAM EXPENSES

	2019	2018
	JD	JD
Salaries and related benefits	55,050	49,176
Rent*	11,000	11,000
Professional fees	10,018	2,180
Company's contribution to social security	7,845	7,124
Depreciation (note 3)	3,482	5,827
Insurance	2,683	4,898
Electricity and water	2,835	2,515
Cleaning	1,227	1,563
Stationery and printings	877	318
Governmental	484	891
Hospitality	370	279
Bank charges	309	185
Other expenses	994	90
	97,174	86,046

* The Company have not implemented IFRS 16 "rent contracts" as their commitment is short term with no intention of a renewal in the upcoming years.

(10) Risk Management

Interest rate risk

Interest rate risk is a risk which arises from the fluctuations in the fair values or future cash flows of financial instruments due to the changes in interest rates on these instruments.

The Company is not exposed to interest rate risk on their financial assets and liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is not highly exposed to credit risk as it monitors and controls outstanding receivables. The Company seeks to limit its credit risk by dealing with reputable banks.

Liquidity risk-

Liquidity risk is the risk that the Company will not meet its obligations under its financial liabilities based on contractual maturity dates. The Company manages liquidity risk by dealing with accredited donors. Financial liabilities are maturing within 3 months.

Currency Risk

Foreign currency risk is the risk of change the value of financial instruments due to the changes in foreign currency rate.

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Dinar is pegged to a fixed rate with the US dollar ($ 1.41 per dinar), so the impact of currency risk is not material to the financial statements.

(11) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

Capital comprises paid in capital, statutory reserve, retained surplus, and is measured at JD 12,608 as at 31 December 2019 (2018: JD 11,635).

(12) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, grant receivables and some other current assets. Financial liabilities consist of accounts payable, and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

(13) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
Amendments to IFRS 3: Definition of a Business
Amendments to IAS 1 and IAS 8: Definition of "Material"
Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

(14) EVENTS AFTER REPORTING PERIOD

Subsequent to the financial statements date, and as a result of the continued impact of the Coronavirus (COVID-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Government of Jordan and neighboring countries and the rest of the world, it is possible that the Company's activities are affected by global developments that currently affect travels restrictions including quarantine for travelers, cancellation of conferences and activities.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of issuance of these financial statements. These developments could impact the Company's performance and activities.