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جمعية مودة للاستقرار الأسري
MAWADDAAH ASSOCIATION FOR FAMILY STABILITY

Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No.
(492)

Riyadh region–Kingdom of Saudi Arabia

Financial statements for the fiscal year ending on December 31, 2023

And the independent auditor's report



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الاستثمار | investment
شركة الاستثمار الاجتماعي
SOCIAL INVESTMENT COMPANY

الإرشاد | counselling
مركز مودة للاستقرار الأسري
MAWADDAAH'S FAMILY COUNSELLING CENTER

الأبحاث | research
مركز أبحاث مودة للدراسات
الإنسانية والاجتماعية
MAWADDAAH'S RESEARCH CENTRE
FOR HUMAN AND SOCIAL STUDIES

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جمعية مودة للاستقرار الأسري
MAWADDAAH ASSOCIATION FOR FAMILY STABILITY

أمان | AMAN
جمعية أمان للحد من الإساءة
Aman Association for Abuse Reduction

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Aman Association for Abuse Reduction

Independent auditor's report

To the gentlemen/members of the General Assembly

Respected people

Mawaddah Association

Riyadh, Saudi Arabia

The opinion

We have reviewed the financial statements of the Mawaddah Charity Association, registered with the National Center for Non-Profit Sector Development under No. (492), which include the statement of financial position as of December 31.2023 AD The list of activities, the list of changes in net assets, and the statement of cash flows for the financial year ending on December 312023 AD And the attached clarifications from No.1) to a number (22) financial statements, including a summary of general accounting policies.

In our opinion, the attached financial statements of the Association present fairly, in all material respects, its financial position as of December 31, 2023, and its financial performance and cash flows for the financial year ending on December 31.2023 AD, in accordance with the standard for non-profit establishments issued by the Saudi Organization for Auditors and Accountants, in addition to the requirements of the International Financial Reporting Standard for Small and Medium-sized Enterprises approved in the Kingdom of Saudi Arabia, and other standards and publications approved by the Saudi Organization for Auditors and Accountants.

Basis of opinion:

We conducted our audit in accordance with the International Standards on Auditing that are approved in the Kingdom of Saudi Arabia, and our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, and we are independent from the Association in accordance with the professional codes of conduct and ethics approved in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements. We also fulfilled other professional conduct and ethics requirements in accordance with these Codes, and 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 regarding the financial statements:

The management is responsible for preparing and presenting the financial statements fairly in accordance with the Standard for Non-Profit Establishments issued by the Saudi Organization for Auditors and Accountants, in addition to the requirements of the International Financial Reporting Standard for Small and Medium-sized Enterprises approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants and the Financial Regulations. The association and the internal control that management deems necessary to prepare financial statements free from material misstatement resulting from Fraud or error.

When preparing the financial statements, management is responsible for evaluating the association's ability to remain as a going concern and for disclosing matters related to the continuity principle, and applying the continuity principle in accounting, unless there is an intention to liquidate the association or cease its operations, or there is no option. Otherwise, convenient.

Those charged with governance are responsible for supervising the process of preparing the financial report in the association

Auditor's responsibilities regarding auditing the financial statements:

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of audit conducted in accordance with international auditing standards adopted in the Kingdom of Saudi Arabia. Saudi Arabia will always reveal a distortion Material Existence Misstatements can arise from fraud or error.



The auditor's responsibilities regarding the audit of the financial statements: (continued)

What They are considered material, individually or in the aggregate, if they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of our audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the auditor.

- Identifying the risks of material misstatements in the financial statements, whether they are a result detection of 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 and eliminate the risk that an audit will not be detected. substantial Output on to cheat higher from Danger The resulting on mistake, because Cheating may be involving on collusion, or forgery, or delete deliberate or Testimonies Misleading or Transgression procedures Censorship Interior For the association.
- 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.
- Evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's application of the going concern principle of accounting and, based on the audit evidence obtained, whether there is a material uncertainty relating to events or conditions that may raise significant doubt about the Association's ability to continue to operate in accordance with the going concern principle. If we determine that a material uncertainty exists, we are required to draw attention in our report to the relevant disclosures in the financial statements, or if those disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our audit report. However, future events or circumstances may cause the Association to cease continuing its business as a going concern.

- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the transactions and events they represent in a manner that achieves fair presentation.

We communicate with management, 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:

In our opinion, the attached financial statements of the Mawaddah Charitable Association are consistent with the requirements of the Charitable Associations and Institutions Law approved by Before the Ministry of Human Resources and Social Development and the associations by laws regarding the preparation and presentation of financial statements.

Chartered accountant

Riyadh: 29 Shaaban 1445 AH

Corresponding: 10 March 2024 AD

Saad Abdul Rahman bin Mutreb
Al Ali

License No. (606)

on the date 13 Jumada al-Awwal
1439 AH



Statement of financial position

For the fiscal year ending December 31 2023M (All amounts mentioned are in Saudi Riyals)

| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | <u>Clarification</u> |
|---------------------------|-----------------------------|---|
| | | the findings |
| | | Current assets |
| 12,335,268 | 6,476,093 | (4) Cash and its equivalent |
| 61,038 | 58,643 | Inventory |
| 894,126 | 452,362 | (5) Other debit balances |
| 13,290,432 | 6,987,098 | Total current assets |
| | | Non-current assets |
| 7,836,826 | 7,947,770 | (6) Property, and equipment - net |
| 108,898 | 155,435 | (7) Intangible assets - net |
| 19,966,695 | 23,846,631 | (8) Investment properties - at fair value |
| 27,912,419 | 31,949,836 | Total non-current assets |
| 41,202,851 | 38,936,934 | Total assets |
| | | Liabilities and net assets |
| | | Current liabilities |
| 243,478 | 320,465 | (9) Other credit balances |
| 243,478 | 320,465 | Total current liabilities |
| | | Non-current liabilities |
| 833,423 | 1,043,030 | (10) Provision for employee benefits |
| 833,423 | 1,043,030 | Total non-current liabilities |
| 1,076,901 | 1,363,495 | Total liabilities |
| | | Net assets |
| 35,830,856 | 34,752,210 | Unrestricted net assets |
| 4,295,094 | 2,821,229 | (11) Net restricted assets |
| 40,125,950 | 37,573,439 | Total net assets |
| 41,202,851 | 38,936,934 | Total liabilities and net assets |

The attached clarifications from No.1) to (22) is an integral part of these financial statements and should be read with them.

(1)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

List of activity

For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

| <u>December 31,</u> <u>2022M</u> | <u>December 31,</u> <u>2023 AD</u> | <u>Restricted</u> | <u>Unrestricted</u> | <u>Clarification</u> |
|-------------------------------------|---------------------------------------|-------------------|---------------------|--|
| 781,951 | 637,400 | - | 637,400 | income Donations -General |
| 18,830 | 53,132 | - | 53,132 | Text message donations |
| 2,084,500 | 1,873,982 | 1,873,982 | - | (12) Ihsan platform donations |
| 4,744 | - | - | - | Restricted cash donations |
| 147,300 | 106,900 | - | 106,900 | Subscription Donations |
| 97,300 | 105,500 | - | 105,500 | revenues |
| 1,831,707 | 1,098,542 | 1,098,542 | - | (13) Zakat donations |
| 520,000 | - | - | - | Ministry subsidies |
| 139,256 | 1,326,222 | 1,326,222 | - | (14) Revenues Restricted |
| 1,811,417 | 1,675,000 | - | 1,675,000 | Rental income |
| 50,971 | 49,041 | - | 49,041 | Activities revenues |
| 2,547 | 37,908 | - | 37,908 | Volunteer service donations |
| | | (5,772,610) | 5,772,610 | Assets released from restrictions |
| 7,490.523 | 6,963,627 | (1,473.865) | 8,437,491 | Reclassification verification is in use |
| | | | | Total revenue and donations |
| | | | | Expenses and assistance |
| (616,563) | (1,015,348) | - | (1,015,348) | (15) Zakat aid |
| (147,300) | (96,715) | - | (96,715) | Aids to |
| (644) | - | - | - | Service assistance |
| (99,150) | (141,350) | - | (141,350) | Conditional zakat aid |
| (7,589,767) | (8,862,864) | - | (8,862,864) | (16) Activities expenses |



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| | | | | |
|--------------|--------------|-------------|--------------|---|
| (628,182) | - | - | - | Resource development expenses |
| (74,699) | (1,274,719) | - | (1,274,719) | (17) Governance expenses |
| (1,289,196) | (1,745,338) | - | (1,745,338) | (18) General and administrative expenses |
| (134,728) | (187,508) | - | (187,508) | Depreciation of property, machinery, and equipment |
| (91,293) | (48,464) | - | (48,464) | Amortization of intangible assets |
| (10,671,522) | (13,372,306) | - | (13,372,306) | Total expenses and aid |
| (3,180,999) | (6,408,680) | (1,473,865) | (4,934,817) | Change in net assets from continuing activities |
| (4,310) | | | | Investment item |
| 1,043,073 | 3,879,936 | - | 3,879,936 | Previous years city Gains on revaluation of investment property |
| 41,930 | (23,769) | - | (23,769) | Credit adjustments for previous years |
| 1,080,693 | 3,856,167 | | 3,856,167 | Change in net assets from exceptional items |
| (2,100,306) | (2,552,511) | (1,473,865) | (1,078,646) | Change in net assets |

The attached clarifications from No.1) to (22) is an integral part of these financial statements and should be read with them.

(2)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

List of activity

For the fiscal year ending December 312023 AD (All amounts mentioned are in Saudi Riyals)

| Total | net the Restricted assets | Unrestricted net assets | |
|-------------|------------------------------|-------------------------|------------------------------------|
| 42,226,256 | 4,976,912 | 37,249,344 | Balance as of December 31, 2021 |
| (2,100,306) | (681,818) | (1,418,488) | Total comprehensive income |
| 40,125,950 | 4,295,094 | 35,830,856 | Balance on December 31, 2022 |
| (2,552,511) | (1,473,865) | (1,078,646) | Total comprehensive income |
| 37,573,439 | 2,821,229 | 34,752,210 | Balance on December 31, 2023 |

The attached clarifications from No.1) to (22) is an integral part of these financial statements and should be read with them.

- The association did not build reserves during the fiscal year2023m until the date of issuance of the financial statements.

(3)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

List of activity

For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | |
|---------------------------|-----------------------------|--|
| (2,100,309) | (2,552,511) | Cash flows from operating activities |
| | | Change in net assets |
| | | Adjustments for changes in net assets |
| 206,574 | 187,508 | Depreciation of property, machinery, and equipment |
| 91,293 | 48,464 | Amortization of intangible assets |
| (1,043,073) | (3,879,936) | Gains from revaluation of investment properties |
| 518,184 | - | Losses/(gains) on sale of property, machinery, and equipment |
| 393,349 | 603,414 | Component of the employee benefits provision |
| 933 | (870) | Adjustments to accumulated depreciation |
| (1,933,049) | (5,593,932) | Change in net assets after adjustments |
| | | <u>Changes in current assets and liabilities</u> |
| 18,217 | 2,394 | Inventory |
| 224,422 | 441,764 | Other debit balances |
| (266,964) | 76,987 | Other credit balances |
| (655,828) | (393,807) | Paid from employee benefits |
| (2,613,202) | (5,466,594) | Net cash flows from operating activities |
| | | <u>Cash flows from investing activities</u> |
| (998,026) | (297,582) | Add property, machinery, and equipment |
| - | (95,000) | Additions to intangible assets |
| (998,026) | (392,582) | Net cash flows from investing activities |
| (3,611,228) | (5,859,176) | Net change in cash balance |
| 15,946,497 | 12,335,269 | Cash balance at the beginning of the year |
| 12,335,269 | 6,476,093 | Cash balance at the end of the year |



The attached clarifications from No.1) to (22) is an integral part of these financial statements.

(4)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 312023 AD

(1) Formation and activity:

Mawaddah Charitable Association - a civil society association - registered with the National Center for Non-Profit Sector Development No. (492) in 5th of May 2009 - Headquartered in Riyadh - Kingdom of Saudi Arabia

The objectives of the association, according to its bylaws, are as follows:

- Preparing studies and research in the family field.
- Motivating concerned parties to complete the system of legislation and procedures related to the family.



- Holding specialized courses to raise awareness of and rights of its individuals in all circumstances.
- Educating women and men about their legal and civil rights.
- Holding specialized courses and programs to educate men and women about to get married.
- Providing rehabilitation programs to enhance the ability of divorced women, their spouses, and their children to face the negative effects of divorce.
- Providing social assistance and psychological and legal consultations

fiscal year:

The fiscal year begins on January 1 of the fiscal year 2023. It ends at the end of December of the fiscal year 2023.

(2) Preparing financial statements: -

Applicable accounting standards

The attached financial statements have been prepared in accordance with the accounting standards for non-profit entities approved in the Kingdom of Saudi Arabia. And other requirements and issuances issued by the Saudi Organization for Auditors and Accountants and the requirements for proof, measurement and disclosure contained in the international standard for small and medium-sized enterprises. The Accounting Standards Board, at its eighth meeting on November 2023, adopted an amendment to the presentation and disclosure standard for non-profit standards and the donations standard, effective from January 2025 AD, and it encouraged The Council agreed on early implementation, and the Assembly applied this in some disclosures and presented an additional list, which is the list of changes in net assets. This was reflected in the policy of reserves and liquidity management, and clarification of the types of restrictions on net assets.

Fundamentals of measurement

The accompanying financial statements have been prepared on a historical cost basis in accordance with the accrual principle of accounting and the going concern concept, except where: It is stated in the accounting policies below (Note 3).

Functional currency and presentation currency

The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Association.



(3) Significant accounting policies

3-1 Use judgments and estimates

The preparation of financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Enterprises, adopted in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts. Assets, liabilities, revenues and expenses, these estimates and associated assumptions are based on historical experience and... Other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments of value.

(5)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 312023 AD

3-1 Use of judgments and estimates (continued)

bookkeeping of assets and liabilities that are not readily apparent from its sources, and actual results may differ from those estimates.

Estimates and associated assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized with future effect.

The following is information about assumptions and estimates that have a significant effect on the amounts included in the financial statements:

Continuity

The association's management has assessed the association's ability to continue in accordance with the continuity principle and is convinced that the association has sufficient resources to continue its work in the near future. In addition, the management does not have any fundamental doubts about the association's ability to continue, so the financial statements are still being prepared based based on the continuity principle.

Estimating the useful lives of property, equipment and intangible assets

The management estimates the useful lives of property, machinery, equipment intangible assets for the purpose of calculating depreciation and amortization on a straight-line basis over their estimated useful lives. These estimates are determined after considering the expected use of the assets, obsolescence, and damage. The management reviews the remaining value and useful lives annually and changes in Depreciation expense in current and future periods, if any.

Impairment of the value of non-financial assets

Non-financial assets are impaired when the carrying value of an asset or cash-generating unit exceeds the recoverable amount of that asset or cash-generating unit, which is the greater of the fair value of the asset less costs to sell or its value in use. The fair value of the asset is estimated through sales operations that take place on a commercial basis, looking for identical assets or similar asset market prices that can be observed, minus



the additional costs of selling the asset. The value in use is calculated based on the present value of the expected cash flows of the asset during the next five years and does not include those cash flows. Expected restructuring activities for which the association is not committed to recover are the most sensitive to the discount rate used to calculate cash flows, as well as the expected future cash flows and the growth rate used for the purposes of estimating value in use.

3-2Cash and its equivalent

It includes cash on hand and at banks and short-term deposits with maturities of three months or less and are subject to risks other than that Significant changes in value.

33- Classification of assets and liabilities from "current" to "non-current"

The association shows assets and liabilities in the statement of financial position on a current/non-current basis.

Assets are considered current as follows:

a-When it is expected to be realized or intended to be sold or exhausted during the normal operations cycle.

B-If acquired primarily for trading purposes.

T-When expected to be achieved within twelve months after the financial year.

W-When it is cash and semi-cash Unless there are restrictions on exchanging it or using it to pay any liabilities for a period of no less than two years Ten months after the year, classified All other assets as "uncirculated".



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 312023 AD

3-3 Classification of assets and liabilities from "current" to "non-current" (continued)

All liabilities are considered current as follows:

a-When it is expected to be paid during the normal cycle of operations.

B-If acquired primarily for trading purposes.

T-When due within twelve months after the financial year.

W-In the absence of an unconditional right to defer payment of liabilities for a period of not less than twelve months after the financial year. All other liabilities are classified as "non-current".

3-4accounts receivable

Receivables are recognized at the transaction price. All transactions are conducted on normal credit terms. At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are unrecoverable, in which case an allowance for doubtful debts is set aside based on at the best estimates of the association.

3-5Inventory

The stock of donated goods is recognized up to the date of the financial statements. It is recognized at its valuation price upon receipt. The stock of purchased goods is recognized based on actual cost. The cost is determined based on the weighted average method.

3-6Property, machinery and equipment

Property and equipment are stated at cost after deducting accumulated depreciation and any impairment losses (if any). Repair and maintenance expenses are considered



revenue expenses, while improvement expenses are considered capital expenses. No land depreciation is calculated. Depreciation is calculated on it based on its estimated useful life using the straight-line method using the following annual depreciation rates:

The ratio

3%
25%
10%
10%- 25%
10%
25%
25%-40%

Statement

buildings
the cars
Furniture
Devices, machines, and equipment
decorations
Computer devices
Improvements to leased buildings

Major renovations and improvements are capitalized if they increase the productivity or operating life of assets, and direct costs are capitalized. Non-major repairs and improvements are expensed when they occur. Profit or loss is also recognized Resulting from the disposal of property and equipment, which represents the difference between the proceeds from the sale and the net book value of these assets at the date Selling in the list of activities.

(7)



Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 31 2023 AD

3-7 Intangible assets

Intangible assets represent purchased computer software and are stated at cost less accumulated amortization and any accumulated losses in value. It is amortized over the estimated useful life of four years using the straight-line method. If there is an indication of a significant change in the amortization rate, useful life, or residual value, the amortization will be adjusted in the future.

3-8 Real estate investments - at fair value

Investment properties represent land or real estate held and are initially measured at cost and subsequently measured at fair value. At the end of each financial period, unless the association incurs unjustified costs and effort.

3-9 Trade creditors

Financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are liabilities on normal credit terms. Amortized accounting liabilities are measured using the effective interest method.

3-10 Allotments

A provision is recognized when a current legal or constructive obligation arises on the association as a result of past events, and it is expected that the settlement of that obligation will result in an out flow from the association in the form of resources that include economic benefits, and the estimated costs are To meet these obligations that are likely to occur, it is possible to estimate the value of the obligation reliably.



The amount recognized as a provision represents the best available estimate of the consideration required to settle the current obligation at the balance sheet date if the risks and uncertainties surrounding that obligation are taken into account.

3-11 Long-term employee benefits

The end-of-service reward for the association's employees is calculated in accordance with the requirements of the Saudi labor system based on the period the employee spent in the association's service. The association does not use the expected unit credit method when measuring the end-of-service reward obligations, as the association's management believes that there is an unjustified cost and effort to measure these obligations. this way.

3-12 Restricted and unrestricted assets

Restricted assets are part of the association's assets and are subject to restrictions, which restrictions may be related to the use of the assets for specific purposes (Usage restrictions) or the timing of such usage (time restrictions) or restrictions related to both usage and time. Restricted assets may be current assets, investments, financial assets, fixed assets, or intangible assets.

Unrestricted assets are part of the association's assets and are not subject to restrictions. They are under the full control of the association's management. Unrestricted assets may be current assets, investments, financial assets, fixed assets, or intangible assets.

3-13 Transfer and reclassification policy

When the restrictions imposed on a specific asset are lifted, which include use and time restrictions, restrictions imposed on restricted assets and endowment assets, the association's management verifies that these restrictions are not continuous and that the implementation of the donor's restrictions is completed, and accordingly the transfer is made by existing Activities of item classifications Restricted income and endowment income items to unrestricted income items under the name Transfers and returns Category.

Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 312023 AD

3-14 Revenue recognition

The association's resources are membership fees, revenues from the association's activities, charity, gifts, and donations that the association receives from donors, investment returns from the association's funds, government grants allocated to it, and subsidies allocated to it to support programs.

The association follows the accrual basis in recognizing revenue when three conditions are met:

- a-The association must have the authority to manage the donation or dispose of it in any way that allows it to determine how it will be used in the future.
- B-The association expects to receive the donation with a reasonable degree of confidence.
- T-The donation must be measurable with a reasonable degree of objectivity.

Other revenues

Other revenues that are considered incidental to the association's activity model are included as revenues once they are realized or incurred. Revenues from Murabaha term deposits with banks are included based on the actual return (if any). Donation revenues are recognized when they are collected.

3-15 In-kind donations

In-kind donations are recognized as assets received by the association and are kept as inventory for the purpose of resale or distributed as revenue in the list of activities. When resold or distributed, it is included as cost of goods sold or as an expense under the appropriate classification in the statement of activities in a manner that reflects the purpose for which it is distributed.



Any assets that come together for use must be recognized (Such as a building intended to be used as a facility headquarters) It is income from donations in the statement of activities, and within the appropriate asset groups in the statement of financial position.

3-16 Expenses

Expenses are classified on a functional basis, and the association follows the accrual basis in recording expenses. Expenses in the association are diverse and can be distributed into main groups.

a-Administrative expenses, which are the expenses incurred to operate the association.

B-Program and activities expenses, which are expenses incurred by the association to manage its activities.

T-Endowment expenses and returns, which are the expenses related to endowments to reach the net returns that should be distributed to Beneficiaries of the endowment.

W-Investment expenses, which are administrative expenses related to the departments and units related to the investment.

C-Governance expenses, which are the administrative expenses incurred by the Board of Directors.

H-Fundraising expenses, which are administrative expenses spent on developing the financial resources of the association and the marketing departments.

3-17 Foreign currency conversion

Foreign currency transactions are converted into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Financial assets and liabilities in foreign currencies as of the date of the statement of financial position are converted into Saudi riyals at the rates prevailing on that date. that Gains And losses resulting from shots or foreign currency exchange is included in the list of activities.

Mawaddah Association

Registered with the National Center for Non-Profit Sector Development No. (492)

Clarifications about the financial statements

For the fiscal year ending December 312023 AD (All amounts mentioned are in Saudi Riyals)

3-18Lease contracts

Leases are classified as a finance lease if they transfer substantially all of the risks and rewards of ownership, and leases are classified as operating leases if they do not transfer substantially all of the economic risks and rewards of ownership. Determining whether it is a finance lease, or an operating lease depends on the substance of the transaction and not on the form of the contract.

3-19 Clearing

A set-off is made between the amounts of financial assets and liabilities and the net amount is included in the statement of financial position only when there is a legally binding right to set off those amounts listed, and when the association has an intention to settle them on a net basis or to sell the assets and pay the liabilities at the same time.

| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | <u>(4) Cash and cash equivalents</u> |
|---------------------------|-----------------------------|---|
| 1,462,815 | 1,269,430 | Al-Rajhi is charity77783 |
| 850,940 | 1,106,605 | Alinma Bank Zakat 61002 |
| 4,013,805 | 875,516 | Main Alinma Bank 61,000 |
| 1,938,068 | 592,348 | Al Rajhi Zakat77791 |
| 1,800,453 | 504,053 | Riyadh charity 49940 |
| 156,808 | 519,694 | National Commercial Bank - Sadaqa 102 |
| 440,459 | 532,934 | National Commercial Bank - Membership 101 |
| 1,377,976 | 377,176 | National Commercial Bank - ZakkaH 200 |
| 0 | 321,037 | Alinma Bank - Shamal |
| 157,045 | 168,515 | Bank Al Jazira - Charity |
| 42,046 | 77,046 | Riyadh Zakat 49941 |

| | | |
|------------|-----------|---------------------------|
| 60,878 | 73,495 | Alinma Bank Charity 61001 |
| 33,976 | 58,244 | Riyadh Donations 49942 |
| 12,335,268 | 6,476,093 | |

| | | |
|---------------------------|-----------------------------|---------------------------------|
| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | <u>(5) Other debit balances</u> |
| 503,826 | 343,850 | Accrued revenue |
| 30,566 | 62,430 | Value added tax |
| 25,629 | 46,082 | Prepaid expenses |
| 334,105 | - | Advance payments to suppliers |
| 894,126 | 452,362 | |



Mawaddah Association

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Clarifications about the financial statements

For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

| Total | Computers | Devices, machines, and equipment | furniture | the cars | Buildings | Lands | (6) Property, machinery, and equipment- Net |
|-----------|-----------|---|-----------|----------|-----------|-----------|---|
| | | | | | | | <u>the cost</u> |
| 8,452,371 | 227,608 | 340,611 | 221,533 | 222,000 | 2,014,653 | 5,425,965 | Balance as of December 31, 2022 |
| 297,582 | 109,008 | 33,105 | 35,439 | 73,255 | 47,645 | - | Additions during the year |
| 8,750,822 | 336,616 | 373,716 | 256,971 | 295,255 | 2,062,298 | 5,425,965 | Balance as of December 31, 2023 AD |
| 615,545 | 129,909 | 159,384 | 25,563 | 221,999 | 78,690 | - | <u>Consumption</u> <u>complex</u> |
| 187,508 | 45,578 | 43,294 | 24,963 | 11,941 | 61,732 | - | Balance as of December 31, 2022 |
| 803,052 | 175,486 | 202,677 | 50,526 | 233,941 | 140,422 | - | Additions during the year |
| | | | | | | | Balance as of December 31, 2023 AD |
| | | | | | | | <u>Book value</u> |
| 7,947,770 | 161,130 | 171,039 | 206,445 | 61,314 | 1,921,877 | 5,425,965 | Balance as of December 31, 2022 |
| 7,836,826 | 97,700 | 181,227 | 195,970 | 1 | 1,935,964 | 5,425,965 | Balance as of December 31, 2023 AD |

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For the fiscal year ending December 312023 AD (All amounts mentioned are in Saudi Riyals)

| Total | Program and activity licenses | Writing stories | website | (7) Intangible assets - net |
|---------|-------------------------------|-----------------|---------|--|
| 407,775 | 9,125 | 200,000 | 198,650 | the cost Balance as of December 31, 2022 |
| 95,000 | - | - | 95,000 | Additions during the year |
| 502,775 | 9,125 | 200,000 | 293,650 | Balance as of December 31, 2023 AD |
| 298,877 | 46,526 | 199,999 | 52,352 | Firefighting complex Balance as of December 31, 2022 AD |
| - | (38,216) | - | 38,216 | Adjustments to accumulated depreciation |
| 48,464 | - | - | 48,464 | General amortization |
| 347,340 | 8,310 | 199,999 | 139,031 | Balance as of December 31, 2023 AD |
| 155,435 | 815 | 1 | 192,834 | Book value Balance as of December 31, 2023 AD |
| 108,898 | - | 1 | 146,298 | Balance as of December 31, 2020 |

| Net fair value As of December 312022M | Gains/(losses) on remeasurement of fair value | Net fair value As of December 312023M | (8) Investment properties - at fair value |
|---------------------------------------|---|---------------------------------------|---|
| 18,046,732 | 3,216,338 | 14,830,394 | Lands |
| 5,799,899 | 663,598 | 5,136,301 | Buildings |
| 23,846,631 | 3,879,936 | 19,966,695 | |

| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | (5) Other credit balances |
|---------------------------|-----------------------------|-----------------------------|
| 182,328 | 296,289 | Other accrued expenses |
| 11,210 | 11,210 | Checks not cashed |
| 11,000 | 7,500 | Revenue received in advance |
| - | 5,466 | Accounts payable |
| 1,000 | - | Employees' payables |
| 37,940 | - | Supplier services |
| <hr/> 243,478 <hr/> | <hr/> 320,465 <hr/> | |



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| <u>December 31, 2022M</u> | <u>December 31, 2023 AD</u> | (10) Provision for employee benefits |
|---------------------------|-----------------------------|--------------------------------------|
| 1,095,902 | 833,423 | Balance at the beginning of the year |
| 393,349 | 603,414 | component during the year |
| (655,828) | (393,807) | Paid during the year |
| <u>833,423</u> | <u>1,043,030</u> | |

| <u>December 31, 2022 AD</u> | <u>Freed from restrictions during the year</u> | <u>painQhand during the year</u> | <u>December 31, 2023M</u> | (11) Restricted net assets |
|-----------------------------|--|----------------------------------|---------------------------|--|
| 2,067,248 | (2,177,977) | 1,098,542 | 3,146,683 | Zakat donations |
| 27,064 | (885,500) | - | 912,564 | The Ministry's support for programs and activities |
| - | (1,595) | - | 1,595 | Newlyweds program |
| - | (20,000) | - | 20,000 | Ministry Support - Institutional Discrimination Sector |
| 107,103 | (107,149) | - | 214,252 | Ministry support - training and education |
| - | (12,306) | 12,306 | - | Other |
| - | (85,000) | 85,000 | - | Ihsan platform for localization of the tourism sector |
| - | (413,750) | 413,750 | - | Ihsan platform - baskets project Food |
| - | (399,500) | 399,500 | - | Ihsan platform, cladding project |
| 140,652 | - | 140,652 | - | Ihsan home ownership platform |
| - | (40,080) | 40,080 | - | Ihsan platform, labor market rehabilitation project |



| | | | | |
|------------------|--------------------|------------------|------------------|---|
| - | (595,000) | 595,000 | - | Ihsan platform, rent payment project |
| 200,000 | - | 200,000 | - | Ihsan platform for qualifying future pioneers |
| - | (575,877) | 575,877 | - | Protection center |
| - | (458,876) | 458,876 | - | Supporting the Human Resources Development Fund |
| 279,162 | - | 279,162 | - | Shamal Center |
| <u>2,821,229</u> | <u>(5,772,610)</u> | <u>4,298,746</u> | <u>4,295,094</u> | |

- All releases from restrictions are releases from restrictions imposed by donors in the use of the programs referred to above and do not include Reports regarding restrictions imposed by the administration.
- Most of the restrictions related to the restricted net assets are operational restrictions in the form of controls that require the use of grants and donations in programs related to the association's activities. The restrictions do not include any long-term, investment, or capital restrictions in purchasing assets.



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Clarifications about the financial statements

For the fiscal year ending December 312023 AD (All amounts mentioned are in Saudi Riyals)

| <u>December 31, 2022M</u> | <u>December 312023M</u> | (12) Ihsan platform donations |
|---------------------------|-------------------------|--|
| 350,000 | 595,000 | Rent payment project |
| 750,000 | 413,750 | Food baskets project |
| 350,000 | 399,500 | Cladding project |
| - | 200,000 | Future Pioneers Qualification Project |
| - | 140,652 | Home ownership project |
| - | 85,000 | Tourism sector localization project |
| - | 40,080 | Labor market rehabilitation project |
| 500,000 | - | Sponsorship project for divorced women |
| 134,500 | - | Beneficiaries transfer project |
| <u>2,84,500</u> | <u>1,873,982</u> | |

| <u>December 31, 2022M</u> | <u>December 312023M</u> | (13) Zakat donations |
|---------------------------|-------------------------|-----------------------------|
| 1,732,207 | 957,192 | General zakat donations |
| 99,500 | 141,350 | Conditional zakat donations |
| <u>1,831,707</u> | <u>1,098,542</u> | |

| <u>December 31, 2022M</u> | <u>December 312023M</u> | (14) Restricted revenues |
|---------------------------|-------------------------|---|
| - | 575,877 | Protection Centre |
| - | 458,876 | Supporting the Human Resources Development Fund |
| - | 279,162 | Shamal Center |
| - | 10,310 | Future Pioneers Qualification Program |
| 181 | 1,996 | Post-divorce rehabilitation program project |
| 1,338 | - | Online store project |



| | | |
|----------------|------------------|---|
| 15,845 | - | Rehabilitation program for newlyweds |
| 121,892 | - | Supporting the Human Resources Development Fund |
| <u>139,256</u> | <u>1,326,222</u> | |

| | | |
|---------------------------|--------------------------|------------------------|
| <u>December 31, 2022M</u> | <u>December 31 2023M</u> | (15) Zakat aid |
| 616,563 | 1,015,348 | General zakat expenses |
| <u>616,563</u> | <u>1,015,348</u> | |



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For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

| <u>December 31, 2022M</u> | <u>December 31 2023M</u> | <u>(16) Activities expenses</u> |
|---------------------------|--------------------------|---|
| - | 2,343,047 | <u>Expenses for restricted programs and activities</u> |
| - | 1,567,794 | Protection center expenses |
| 350,000 | 595,000 | Corporate communication management expenses |
| - | 531,336 | Program expenses - rent payment - Ihsan platform |
| 750,000 | 413,750 | Supporting the Human Resources Development Fund |
| 350,000 | 399,500 | Food baskets program expenses, Ihsan platform |
| - | 85,000 | The cladding project program expenses - Ihsan platform |
| - | 40,080 | Project expenses together to localize the tourism sector, Ihsan platform |
| 121,892 | - | Labor market rehabilitation project expenses, Ihsan platform |
| 500,000 | - | Support expenses for the Financial Resources Development Fund |
| 4,744 | - | Expenses for the sponsorship program for divorced women are considered charitable |
| 134,500 | - | Administration expenses and its generality Restricted |
| 3,632,560 | - | Mosque transportation program expenses, Ihsan platform |
| 55,480 | - | Shamel center expenses |
| - | - | Expenses for government grants and employment support |
| - | 1,127,773 | <u>Unrestricted program and activity expenses</u> |
| 685,991 | 1,050,838 | Association project expenses |
| - | 550,867 | Social program expenses |
| - | 117,578 | Financial sustainability expenses |
| 2547 | 37,908 | Legal software expenses |
| | | Volunteer service expenses |



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| | | |
|------------------|------------------|---|
| 17,738 | 2,393 | Sales expenses |
| 76,542 | - | Together program to localize tourism and hospitality. |
| 47,000 | - | Online store expenses |
| 20,000 | - | Post-divorce rehabilitation |
| 14,250 | - | My life partner's expenses (newly married) |
| 102,939 | - | Legal incubator course |
| 980 | - | Awareness programs |
| 85,756 | - | learn driving |
| 470,000 | - | Operational costs - consulting |
| 166,848 | - | Labor market qualification program |
| <u>7,589,767</u> | <u>8,862,864</u> | |



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For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

| <u>December 31, 2022M</u> | <u>December 31 2023M</u> | (17) Governance expenses |
|---------------------------|---------------------------|--|
| 888 | 332,622 | incentives |
| - | 332,585 | Training and rehabilitation |
| 7,500 | 308,631 | a Professional and consulting fees |
| 2,948,565 | 283,496 | Wages, salaries, and allowances |
| 6825 | 17,385 | Publications |
| 30,000 | - | Subscriptions and endorsements |
| 74,699 | 1,274,719 | Operational costs - consulting |
| | | |
| <u>December 31, 2022M</u> | <u>December 31, 2023M</u> | (18) General and administrative expenses |
| 774,599 | 1,009,235 | salaries Anda Injustice and the like |
| 155,913 | 278,087 | Employee benefits |
| 156,061 | 101,129 | Social Security |
| - | 97,155 | Leaves and bonuses |
| 32,940 | 56,958 | Maintenance and repair |
| - | 42,990 | Training and qualification expenses |
| 7751 | 41,053 | Fees, subscriptions, approvals, and licenses |
| 18,833 | 36,706 | Medical insurance and treatment |
| 20,863 | 16,441 | Electricity and water expenses |
| 14,938 | 15,618 | Postage, telephone, and internet costs |
| 6,913 | 11,831 | Fuel, maintenance |
| 13,060 | 9,519 | Information systems supplies |
| 39000 | 7,500 | a Professional fee |
| 9,895 | 7,207 | Cleaning expenses |
| - | 6,808 | Stationery and publications |
| 5,801 | 3,914 | Hospitality expenses |
| - | 1,600 | Transferring fees |
| 6,132 | 1,587 | Bank fees and fines |
| 19,700 | - | Bad debts - bad debts |
| 2,583 | - | Stationery and publications |
| 4,211 | - | Miscellaneous expenses |
| 1,289,196 | 1,745,338 | |



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Clarifications about the financial statements

For the fiscal year ending December 31 2023 AD (All amounts mentioned are in Saudi Riyals)

(19) Risk Management:

The association's activities are exposed to various financial risks, including the effects of changes in market risks. The association's management develops policies for managing these risks, including:

- Credit risk

Credit risk represents the inability of one party to fulfill its obligations, resulting in the other party incurring a financial loss. The association does not have a significant concentration of credit risks, and cash is created with local banks with high credit ratings.

- Liquidity risk

The difficulties faced by the association in providing funds to fulfill commitments related to financial instruments. Liquidity risks result from the inability to sell a financial asset quickly and for an amount equivalent to its fair value. The association manages liquidity risks by ensuring the availability of financial support.

- Transaction risk

Currency risk represents the risk resulting from the fluctuation of the value of financial instruments due to changes in foreign exchange rates. The Association is not exposed to fluctuations in foreign exchange rates during its regular business cycle because it does not carry out any transactions in currencies other than the Saudi riyal. During the year.

(20) Availability of liquidity and financial assets for cash needs



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The association periodically evaluates the extent of its need to meet the necessary liquidity for various programs and activities in terms of the development of the numbers of beneficiaries and program expenses. Accordingly, planning is made considering the grants obtained from entities as well as the expected donations from individuals. The liquidity management process includes some resources and the following income items:

| | | | |
|------------|---|-----------|---------------------------------|
| 1,098,542 | Zakat donations | 1,873,982 | Grants from government agencies |
| 3,050,263 | Activities revenues | 690,532 | Grants are in cash form |
| 40,125,950 | Net assets at the beginning of the period | 105,500 | Member subscriptions |

Which finances the association's activities and programs and the administrative and general expenses mentioned in the explanation (15, 16, 17, 18) and working capital 6,666,634 riyals.

(21) Subsequent events

In the opinion of management, there were no subsequent events after December 31, 2023. Until the date of approval of the financial statements, which may have a material impact on the financial statements as of December 31, 2023.

(22) Approval of the financial statements:

The association's financial statements for the year ending December 31 were approved 2023 added by the association's management on Shaaban 29, 1445 AH Corresponding to March 10, 2024 AD.

