

Hadhreen Organization

Financial statements
And independent auditor's report

For the year ended 31 December 2022

Husam Taha & Co.
Chartered Certified Accountants

Hadhreen Organization
Financial statements
For the year ended 31 December 2022

Contents

	Pages
Ancillary information	3
Independent auditor's report	4 – 6
Statement of financial position	7
Statement of income and expenditure	8
Notes to the financial statements	9 - 13

Hadhreen Organization
Financial statements
For the year ended 31 December 2022

Ancilliary Information

Name	Hadhreen Organization
Legal status	Non-Governmental Organisation
Current registration	Certificate ref: PR/F/No. 1801 Issued August 3 rd , 2022 (valid for 1 year)
Address	House No. 33 Block 10 Riyadh Khartoum Sudan
Reporting period	1 January 2022 - 31 December 2022
Auditor	Husam Taha & Co. Chartered Certified Accountants First Floor Building No. 21, Street No. 39 Khartoum West Khartoum, Sudan



Independent auditor's report

**To the Board of Trustees
Hadhreen Organization**

Opinion

We have audited the financial statements of Hadhreen Organization, which comprise the statement of financial position as at December 31, 2022, the statement of income and expenditure for the period then ended, and notes to the financial statements, including a summary of significant accounting policies. These financial statements are the responsibility of the Hadhreen Organization management. Our responsibility is to express an opinion on these financial statements based on our audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hadhreen Organization as at December 31, 2022, and (of) its operations for the period then ended in accordance with the accounting principles generally accepted in the Sudan.

Basis for Opinion

We conducted our audit in accordance with the 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 Hadhreen Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Sudan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restriction on Distribution and Use

The financial statements are prepared for the sole purpose of reporting to Hadhreen Organization. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in this respect.

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 the accounting policies detailed in the notes to the financial statements, and for such internal control as the 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, the management is responsible for assessing the Hadhreen Organization'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 the management either intends to liquidate Hadhreen Organization or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

To the Board of Trustees
Hadhreen Organization (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 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 ISA's, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Hadhreen's Organization internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hadhreen Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure 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 Hadhreen Organization 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.



Independent auditor's report

**To the Board of Trustees
Hadhreen Organization (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

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.

Husam Taha & Co.
Chartered Certified Accountants

June 20th, 2024



Hadhreen Organization
Statement of financial position
As at 31 December 2022

	Notes	2022 SDG	2021 SDG
Non-current assets			
Property, plant and equipment	3	<u>1,551,359</u>	<u>1,632,400</u>
Total non-current assets		<u>1,551,359</u>	<u>1,632,400</u>
Current assets			
Accounts receivable	4	<u>55,000</u>	<u>5,893,520</u>
Cash and cash equivalents	5	<u>3,622,239</u>	<u>15,193,328</u>
Total current assets		<u>3,677,239</u>	<u>21,086,848</u>
Total assets		<u>5,228,598</u>	<u>22,719,248</u>
Accumilated funds and liabilities			
Accumilated funds			
General reserve	6	<u>-</u>	<u>-</u>
Surplus for the period		<u>3,437,992</u>	<u>22,719,248</u>
Total accumilated funds		<u>3,437,992</u>	<u>22,719,248</u>
Current liabilities			
Accouts payable	7	<u>1,790,606</u>	<u>-</u>
Total current liabilities		<u>1,790,606</u>	<u>-</u>
Total accumilated funds and liabilities		<u>5,228,598</u>	<u>22,719,248</u>

The accompanying notes form an integral part of these financial statements.



Nazim Sirag
General Manager



Akram Elfatih
Treasurer

Hadhreen Organization
Statement of Income and Expenditure
For the year ended 31 December 2022

	Notes	Year ended 2022 SDG	Period ended 2021 SDG
Financial resources	8	848,332,044	203,250,790
General and administrative expenese	9	(844,894,052)	(180,531,542)
Surplus for the period		3,437,992	22,719,248

The accompanying notes form an integral part of these financial statements.



Nazim Sirag
General Manager



Akram Elfatih
Treasurer

Hadhreen Organization

Notes to the financial statements

For the year ended 31 December 2022

1. General Information

Hadhreen Organization is a not-for-profit organization established in Sudan in accordance with the regulations of the Sudanese Humanitarian Aid Commission (HAC).

The organization has worked in multiple areas, most notably addressing the effects of disasters and crises.

The organization's goals include:

1. Working to achieve Sustainable Development Goals (SDG), with a focus on the health, education, water and renewable energy sectors.
2. Mitigating the effects of disasters and crises.
3. Working to achieve social justice and protection by supporting vulnerable groups (orphaned children, people with disabilities and women).
4. Any other goals that are consistent with the directives of voluntary and humanitarian work and do not conflict with the law.

The Organization helps vulnerable groups by providing service in the following fields:

- Health
- Education
- Water and Sanitation
- Emergency Crisis and Disasters
- Food

Hadhreen Organization current registration PR/F/No: 1801 as a Non-Governmental Organization with Humanitarian Aid Commission (HAC) was issued on August 3rd, 2022, this is valid for a period of one year.

2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

Basis of accounting

The financial statements of Hadhreen Organization have been prepared to fulfil country-specific statutory requirements and for the purpose of reporting to donors as required under the terms of co-funding agreements.

These financial statements are prepared on an accruals basis of accounting. Income has been recognised in the period in which expenditure is incurred.

Expenditure is recognised in the period when incurred rather than when paid.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the Sudan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Hadhreen Organization

Notes to the financial statements

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

Property, plant and equipment

Assets (property, plant and equipment) are stated at historical cost less accumulated depreciation and impairment.

Depreciation represents the regular distribution of the depreciable amount of an asset over its estimated useful life. The depreciation value represents the cost of the asset, or any other amount replaced at cost after deducting its residual value.

Depreciation is charged to the statement of income and expenditure. Property, plant and equipment are depreciated according to the straight-line method, which is the depreciation of property, plant and equipment in equal annual installments during their expected life, as follows:

Asset	Annual Depreciation
Office equipment	20%
Telecommunication devices	20%
Furniture and kitchen appliances	20%

Prepayments

Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash and cash equivalents

Hadhreen Organization considers cash and cash equivalents to include currency in hand, demand deposits with banks.

Accounts payable and accrued liabilities

Creditors and provisions are recognised where there is a present obligation (legal or constructive) arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be reliably measured and estimated.

Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due and at their present value where the time value of money is deemed significant. Creditors comprise accruals and trade payables arising from programme activities.

Staff Liabilities (Gratuity)

Hadhreen Organization makes contribution to the National Social Insurance Fund for all its local employees calculated as a percentage of the employees' salaries. The Organization's obligations are limited to these contributions, which are expensed when due. The Organization's contributions to the National Social Insurance Fund are charged to the Statement of income and expenditure in the period in which they fall due.

Financial resources

Incoming resources are recognised by inclusion in the statement of income and expenditure only when received in the form of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Hadhreen Organization
Notes to the financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

Expenditure

Hadhreen Organization costs of program and support activities have been summarized on a functional basis in the statement of income and expenditure. The costs of certain multipurpose activities have been allocated based on level of effort among program and support categories.

Foreign currency translation

Assets and liabilities for Hadhreen Organization are translated at the rates of exchange at the balance sheet date while income and expenditures statement accounts are translated at the average exchange rates in effect during the period.

Income taxes

Hadhreen Organization is exempt from income tax (i.e., business profit tax) and has been classified as a Non-Governmental Organization (NGO).

3. Property, plant and equipment

	Photocopier	Communication Equipment	Cooker	Total
	SDG	SDG	SDG	SDG
Cost at January 1, 2022	1,609,200	11,700	11,500	1,632,400
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Cost at December 31, 2022	1,609,200	11,700	11,500	1,632,400
Depreciation at January 1, 2022	-	-	-	-
Charge for the year	80,460	293	288	81,041
Depreciation at December 31, 2022	80,460	293	288	81,041
Net book value at:				
December 31, 2022	1,528,740	11,407	11,212	1,551,359
December 31, 2021	1,609,200	11,700	11,500	1,632,400

4. Accounts receivable

	2022	2021
	SDG	SDG
Staff loans	55,000	215,000
Imprest	-	5,678,520
	55,000	5,893,520

Hadhreen Organization
Notes to the financial statements
For the year ended 31 December 2022

5. Cash and cash equivalents

	2022	2021
	SDG	SDG
Cash in hand		
Safe – SDG	1,454,686	2,179,510
Safe – USD	-	849,300
	<u>1,454,686</u>	<u>3,028,810</u>
Cash at bank		
Bank of Khartoum – SDG	1,672,769	10,247,437
Bank of Khartoum – USD	92,220	418,835
Bank of Khartoum – EUR	3,095	2,547
Bank of Khartoum – AED	1,264	982
Bank of Khartoum – SAR	1,520	1,200
Faisal Islamic Bank – SDG	48,194	1,220,094
Faisal Islamic Bank – SAR	29,488	4,942
Gulf Bank – SDG	3	21,107
Gulf Bank – USD	319,000	247,374
	<u>2,167,553</u>	<u>12,164,518</u>
	<u>3,622,239</u>	<u>15,193,328</u>

6. General reserve

	2022	2021
	SDG	SDG
Opening balance	-	-
Surplus for the period	22,719,248	-
Property, plant and equipment and staff loans	(7,525,920)	-
Cash and cash equivalents	<u>(15,193,328)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7. Accounts payable

	2022	2021
	SDG	SDG
Accured expenses	<u>1,790,606</u>	<u>-</u>
	<u>1,790,606</u>	<u>-</u>

Hadhreen Organization
Notes to the financial statements
For the year ended 31 December 2022

8. Financial resources

	2022	2021
	SDG	SDG
Donations directed to disasters prevention campaign	284,611,257	65,665,000
Donations directed to general purposes	260,529,826	53,444,046
Donations directed to health activities	91,717,968	64,958,809
Donations directed to vulnerable segments support	66,174,820	15,860,835
Donations directed to food (Itaam)	59,339,012	-
Donations directed to suqya	34,794,600	-
Donations directed to administrative expenses	31,904,561	3,322,100
Donations directed to education	12,770,000	-
Donations directed to funds zakat	6,490,000	-
	<u>848,332,044</u>	<u>203,250,790</u>

9. General and administrative expenses

	2022	2021
	SDG	SDG
Expenses relating to disasters prevention campaign	488,529,211	65,665,090
Expenses relating to health activities	112,942,044	68,034,920
Expenses relating to vulnerable segments support	95,516,345	36,902,895
Expenses relating to food (Itaam)	70,704,650	-
Expenses relating to suqya	36,516,200	-
Expenses relating to administrative activities	31,904,561	9,928,637
Expenses relating to education	8,700,000	-
Expenses relating to PPE depreciation	81,041	-
	<u>844,894,052</u>	<u>180,531,542</u>

10. Contingent liability

The management believes that there are no events which would require the management to accrue for possible contingent liability.

11. Post Balance Sheet Date Events

Sudan has been hit by a crisis since April 15th, 2023, which has led to fighting, looting, relocation of staff, loss of property, and loss of lives/livelihoods in several implementing areas, consequently assets which were left in Khartoum and other war areas were looted and damaged. The exact estimation of damages is under progress and will be written off once determined with certainty.

The management believes that no event has occurred since the balance sheet date which could result in non-renewal of its registration as a non-governmental organization.

12. Approval of financial statements

These financial statements were approved by Hadhreen Organization and authorized for issue on June 20th, 2024.