

**Musaala Organization for Human Rights**

Financial Statements  
as of 31 December 2020

**Auditor's Report**

# Musaala Organization for Human Rights

Mareb, Republic of Yemen

Financial Statements For The Financial Year Ended  
On 31 December 2020

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**Independent Auditor's Report**

To  
Musaala Organization for Human Rights



**Report on the Financial Statements**

We have audited the accompanying financial statements of **Musaala Organization for Human Rights** which composed of the statement of financial position (balance sheet) as of 31 December 2020, and the related statements of operations, and cash flow statement for the year then ended, and other explanatory notes to these financial statements (notes 1-9) which shall be an integral part of the financial statements.

**Management's responsibility for the financial statements**

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

At the time of preparing the financial statements, the management is responsible for evaluating the organization ability to continue as working organization to pursue its activities and to disclose as needed about the issues related to the going concern principle and the use of the going concern basis of accounting unless the management either intends to liquidate the organization or to cease activities, or has no other realistic options available.

The president and executive manager and financial manager are in charge of the supervision on the preparation of the financial statements of the organization.

**Auditor's responsibility for the financial statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 organization internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the organization as of 31 December 2020, and its cash flows and operation results for the year ended.

**Report on other legal and regulatory requirements**

The financial statements were prepared and presented according to the Civil Associations And Foundation Law No. 1 of 2001 and its executive by-law and the articles of association (AOA) of the organization.

Hazaa Dabwan AlHalol

Chartered Public Accountant

License No. 1345

Mareb, Republic of Yemen

16 February 2021



**Moutaz Ali Mohammed**  
The financial Manager

**Sadam Ali Al-Adwar**  
Executive Manager

**Mahdi Mohammed Belghith**  
President of the organization



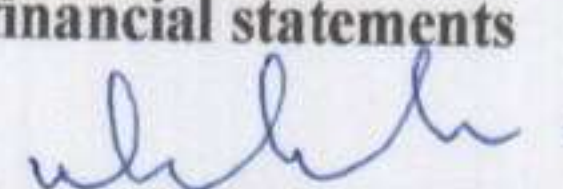
**Musaala Organization for Human Rights**  
**License No. (275)**  
**Mareb, Republic of Yemen**  
**Statement of Financial Position (Balance Sheet)**  
**as of 31 December 2020**  
**Currency (Yemeni Rial)**

Description	Note	31/12/2019	31/12/2020
<b>CURRENT ASSETS</b>			
Cash and cash equivalent	3	154,840.00	1,037,610.00
<b>Total of current assets</b>		<b>154,840.00</b>	<b>1,037,610.00</b>
<b>Fixed assets</b>			
Fixed assets - Net	4	- - - -	3,239,579.00
<b>Total of fixed assets</b>		<b>- - - -</b>	<b>3,239,579.00</b>
<b>Total assets</b>		<b>154,840.00</b>	<b>4,277,189.00</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued liabilities	5	- - - -	300,000.00
<b>Total of current liabilities</b>		<b>- - - -</b>	<b>300,000.00</b>
<b>Total liabilities</b>			<b>300,000.00</b>
<b>Net assets</b>			
Net of unrestricted assets	Statement of operations activities	154,840.00	3,977,189.00
Net of restricted assets	Statement of operations activities	- - - -	- - - -
<b>Total assets- Net</b>	Statement of operations activities	<b>154,840.00</b>	<b>3,977,189.00</b>
<b>Total of liabilities and net assets</b>		<b>154,840.00</b>	<b>4,277,189.00</b>

\* The attached notes from 1-9 are an integral part of these financial statements

  
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President of the organization



**Musaala Organization for Human Rights - License No. (275)-Mareb, Republic of Yemen**  
**Statement of Operation Activities (Statement of Income) as of 31 December 2020**

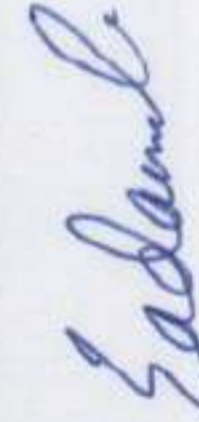
Currency : Yemeni Rial

Description	31/12/2019			31/12/2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Incomes and gains</b>						
Donations	6	3,752,860	3,752,860	6,090,900	-	6,090,900
General incomes		1,815,500	1,815,500	8,165,750	-	8,165,750
Other incomes	7	24,940	24,940	296,590	-	296,590
<b>Net unrestricted assets</b>						
Reclassification of assets for time		-	-	-	-	-
Total of incomes, gains and assets		5,593,300	5,593,300	14,553,240	-	14,553,240
Operation expenses	8	4,010,060	4,010,060	6,090,900	-	6,090,900
General & Admin. expenses	9	1,464,800	1,464,800	4,291,380	-	4,291,380
Depreciation		-	-	348,611	-	348,611
<b>Total of expenses</b>		5,474,860	10,730,891	10,730,891	-	10,730,891
<b>Net change in Net assets</b>		118,440	118,440	3,822,349	-	3,822,349
<b>Net assets opening balance</b>		36,400	36,400	154,840	-	154,840
<b>Net assets on 31 December</b>		154,840	154,840	3,977,189	-	3,977,189

\* The attached notes from 1-9 are an integral part of these financial statements



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**Cash Flow Statement as of 31 December 2020**


Currency (Yemeni Rial)

البيان	Note No.	31/12/2019	31/12/2020
<b>Operating activities</b>			
Change in net assets- Net	Statement of Operation Activities	118,440.00	3,822,349.00
<b>To add: the adjustments in non-cash items</b>			
Depreciation of fixed assets			348,611.00
Net cash flow after adding non-cash items		118,440.00	4,170,960.00
Change in accrued liabilities		- - - -	300,000.00
Net cash flow from operating activities		118,440.00	4,470,960.00
<b>Investment activities</b>			
Increase in fixed assets		- - - -	(3,588,190.00)
Net cash flow from investment activities		- - - -	(3,588,190.00)
Net change in Cash balance		118,440.00	882,770.00
Cash and cash equivalent opening balance		36,400	154,840.00
Cash and cash equivalent closing balance		154,840.00	1,037,610.00
Net change in Cash balance		118,440.00	882,770.00

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**Musaala Organization for Human Rights**  
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**Mareb, Republic of Yemen**  
**Explanatory notes to the Financial Statements**  
**as of 31 December 2020**  
**Currency (Yemeni Rial)**



**1- General**

**1-1 The legal status of the organization :**

**Musaala Organization for Human rights** was incorporated according to the Civil Associations And Foundation Law No. (1) of 2001 and its executive by-law issued by the prime minister decree No. (129) of 2004 and license No. 275 issued by the Ministry of Social affairs and Labour, Mareb dated on 02 April 2018.

**1-2 The organization objects and purposes:**

**The organization** aims at protecting human rights and to form a public, local and Intl opinion to advocate the victims of human rights violation and to enhance the community and its capacity building as well as the human rights staff in terms of human rights conception and laws and the mechanism of defence and community awareness-raising in the field of human rights through the relevant programs and activities in coordination and collaboration with the CSO, INGOs and concerned foundations to enhance and protect human rights in Yemen and worldwide.

**2- Significant Accounting policies:**

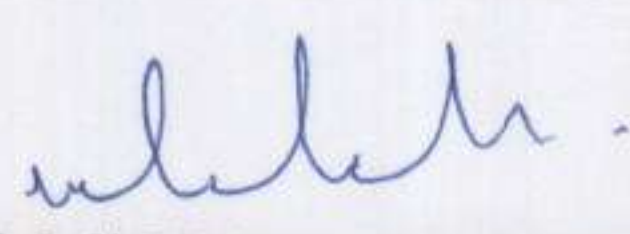
**2-1 The basis of financial statement presentation**

The attached financial statements is the financial statements of the organization and the accounting policies to be applied in the organization in the presentation thereto will be based on the consistency principle.

- 2-2 The organization Assets and liabilities are booked on the historical cost basis and its incomes and expenses are booked on the revenue recognition and accrual principles and All transactions are booked in the accounting records in Yemeni Rials.
- The incomes from donations are booked upon signing the agreement with the donor and upon donor's obligation to pay donation. Incomes are divided into restricted and unrestricted incomes. Unrestricted incomes represented by the amounts which are not restricted to specific purpose or time limit. The restricted incomes are the incomes that requires specific conditions to be used or time passed then to be turned into unrestricted incomes then to be presented in the Statement of Operation Activities and accordingly both net restricted and unrestricted assets are presented in the statement of financial position and the statement of operation activities which shall not be a breach of the accounting accrual basis; however it is applied to overcome the matching principle requirements and the donation booking as restricted and unrestricted provides accurate information and credibility for the financial statements users.

  
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**2-3 Use of Estimations**

The preparation of financial statements according to the recognized accounting standards requires to use estimations and assumptions may have impact on the value of assets and disclosed liabilities and the disclosure of the assets and contingent liabilities at the date of financial statements as well as estimating the revenues and expenses during the relevant period of the financial statements.

**2-4 Cash**

To prepare the cash flow statement, cash is represented by cash on hand and cash at banks.

**2-5 The fixed assets**

Fixed assets shall be booked in the records on historical cost basis. Fixed assets are depreciated according to the straight-line method over their estimated lives.

Fixed assets shall be presented in the financial statements on historical cost basis after deducting the accumulated depreciation, and the decrease in value (if any), and the depreciation shall be presented in the statement of operation activities. In the event of disposal of an asset, the profit and loss shall be defined by calculating the collections with the book value and such profit or loss shall be presented in the statement of operation activities.

Repair and maintenance expenses shall be presented in the statement of operation activities under the GL account of general and administrative expenses. As for improvements that increase the value of the assets or substantially extend their life, they shall be capitalized.


Fixed assets are booked in the event of a decrease in their value on the basis of the recoverable value of the asset. The losses incurred from decrease of the value of the asset are calculated by booking the decrease of the book value from the recoverable value, and the losses shall be presented in the statement of operation activities.


**2-6 Accounts receivable**

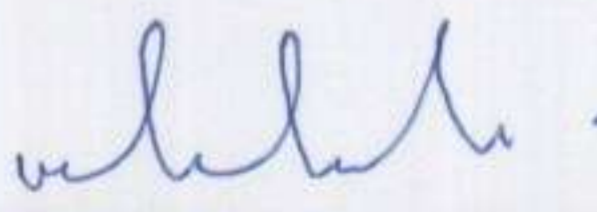
Receivables are the commitments and covenants of donors to provide the grant based on the agreement that is signed by the donor and the organization, and there are no such covenant on the date of preparing the financial statements.

**2-7 Accounts Payable and Amounts Payable**

Liabilities are recognized for amounts to be paid in the future, whether they are claimed or not.

  
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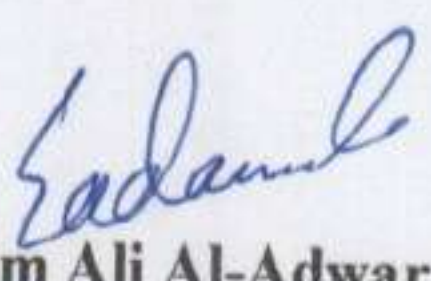
**Explanatory notes to the Financial Statements**  
**as of 31 December 2020**

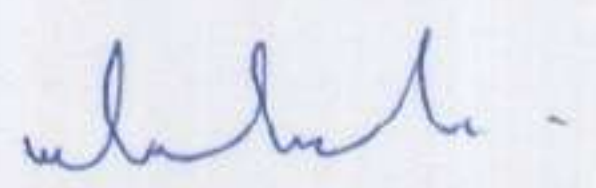
Currency (Yemeni Rial)



- 2-8 Tax and Zakat Provision**  
The organization is a non-profit organization and is exempted from taxes and Zakat fees.
- 2-9 The operating Lease.**  
The expenses related to rents for operation are booked in the statement of operation activities and the general & admin. expenses account during the lease period.
- 2-10 The Statement of Operation Activities (Statement of Income).**  
It includes the incomes, gains, expenses, losses and the assets accounting entries. The statement shows the change in the net restricted and unrestricted assets as the following:  
\* **Unrestricted Assets:** are the assets free of restrictions provided by the donor; so then such assets are subject to full control of the organization. Unrestricted assets may be financial or in-kind assets.  
\* **Restricted assets:** are the assets subject to restriction of donor. Such restrictions related to specific purposes of use or specific time restrictions.  
\* **Change in the net of unrestricted assets:**  
Represented by the increase or decrease in the following :  
1- Incomes and expenses which do not change the net of restricted assets.  
2- Reclassification and accounting entries from and to other assets due to release of restrictions by the donor or ending them due to time passage or fulfillment of the organization of its liabilities.

  
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**Explanatory notes to the Financial Statements**  
**as of 31 December 2020**

Currency (Yemeni Rial)



**\* Change in the net of restricted assets:**

Represented by the increase or decrease in the following :

- 1- Donations and grants which are subject to restrictions by the donor and could be released by the donor after fulfillment of conditions by the organization or specific time passage.
- 2- Reclassification and accounting entries from and to other assets due to release of restrictions by the donor or ending them due to time passage or fulfillment of the organization of its liabilities.

**2-11 Balances and Transactions in Foreign Currencies:**

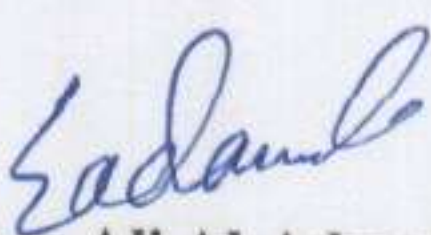
All transactions are booked in the accounting records in Yemeni Rials and the transactions in foreign currencies are booked according to the applicable exchange rate at the time of transaction and the differences in the exchange rates resulted from the translation of the assets and liabilities in foreign currencies at the end of the year to the local currency shall be charged to the exchange differences account listed in the other incomes account and the exchange rates calculated were as following:

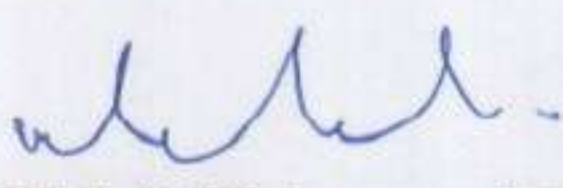
31 December 2019 USD/YER exchange rate = 570 YER

31 December 2020 USD/YER exchange rate = 675 YER

2-12 \*\*The currency were rounded to one Yemeni rials without digits or fils.

  
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**Mareb, Republic of Yemen**

**Explanatory notes to the Financial Statements**  
**as of 31 December 2020**

Currency (Yemeni Rial)




**3- Cash**

Description	Deposit currency	Reporting Currency	31/12/2019	31/12/2020
			<b>Cash on hand</b>	
Cash on hand	YER	YER	2,400.00	298,710.00
	USD	YER	7,410.00	488,025.00
<b>Cash on hand balance</b>			<b>9,810.00</b>	<b>786,735.00</b>
<b>Cash at banks</b>				
International Bank of Yemen IBY (ACC / 0029-722760-049 )	YER	YER	100,000.00	99,000.00
International Bank of Yemen IBY (ACC / 0029-722760-002 )	USD	YER	45,030.00	151,875.00
<b>Cash at banks balance</b>			<b>145,030.00</b>	<b>250,875.00</b>
<b>Total of cash balance</b>			<b>154,840.00</b>	<b>1,037,610.00</b>

  
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**Mareb, Republic of Yemen**

**Explanatory notes to the Financial Statements**  
**as of 31 December 2020**



Currency (Yemeni Rial)

**4- The Fixed assets**

Description	Depreciation rate	Cost		Accumulated depreciation		Balance			
		01/01/2020	additions	31/12/2020	01/01/2020	Depreciation of the year	31/12/2020	01/01/2020	31/12/2020
Furniture	12%	- - - -	1,513,110.00	1,513,110.00	- - - -	113,768.00	- - - -	- - - -	1,399,342.00
Equipment and devices	20%	- - - -	2,075,080.00	2,075,080.00	- - - -	234,843.00	- - - -	- - - -	1,840,237.00
<b>Total</b>		- - - -	3,588,190.00	3,588,190.00	- - - -	348,611.00	- - - -	- - - -	3,239,579.00

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# Musaala Organization for Human Rights

License No. (275)

Mareb, Republic of Yemen

## Explanatory notes to the Financial Statements as of 31 December 2020

Currency (Yemeni Rial)



### 5- Accrued liabilities

No liabilities for the organization except the accrued professional fees presented in the statement of financial position.

### 6- Grants

Donor	Project	Currency	2019		2020		Grant value	
			Assets		Assets			
			Unrestricted	Restricted	Unrestricted	Restricted		
Partners Yemen	Community dialogue sessions	USD	6,500					
		YER	3,752,860					
Partners Yemen	Together to strengthen Community cohesion	USD	-	-	6,450	-	6,450	
		YER	-	-	4,914,900	-	4,914,900	
Youth without borders organization for development + UNFPA	Open Youth Meeting on YPS Agenda in Yemen	USD	-	-	1,250.00	-	1,250	
		YER	-	-	840,000	-	840,000	
Sana'a Center for strategic studies	The role of Youth in peace building	USD	-	-	500	-	500	
		YER	-	-	336,000	-	336,000	
<b>Total in USD</b>			6,500.00	-			8,200.00	8,200.00
<b>Total in YER</b>			3,752,860	-			6,090,900	6,090,900

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**as of 31 December 2020**

Currency (Yemeni Rial)



**7- Other incomes**

Other incomes represented by the differences in currency exchange due to changes in foreign currencies exchange rates (FOREX) with YER.

**8- Operating expenses:**

Activity expenses		
Description	USD	YER
Together to strengthen Community cohesion	6,450.00	4,914,900.00
Open Youth Meeting on YPS Agenda in Yemen	1,250.00	840,000.00
The role of Youth in peace building	500.00	336,000.00
<b>Total of activities expenses</b>	<b>8,200.00</b>	<b>6,090,900.00</b>

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**as of 31 December 2020**

Currency (Yemeni Rial)

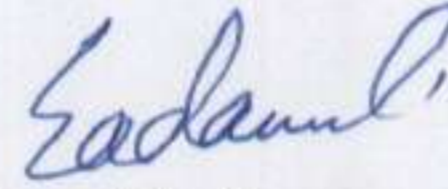



**9- General & Administrative expenses:**

Description	31/12/2019	31/12/2020
Stationary and publications	14,800.00	35,200.00
Mobile and Internet facilities	20,300.00	27,000.00
Transportation	10,000.00	20,000.00
Rents	234,600.00	448,000.00
Professional fees	800,800.00	3,360,000.00
License fees	300,000.00	300,000.00
Hygiene kits	5,000.00	5,000.00
Water & Electricity	74,300.00	91,180.00
Total General & Admin. expenses	5,000.00	5,000.00
	1,464,800.00	4,291,380.00

  
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