

KAÏK AUDIT

SOCIETE PAR ACTIONS SIMPLIFIEE DE COMMISSARIAT AUX COMPTES AU CAPITAL DE 20 000 EUROS

INSCRITE A LA COMPAGNIE REGIONALE DE PARIS

SIRET 801 554 510 00017 – APE 6920Z

39-41 RUE DE LA GLACIERE – 75013 PARIS

TEL. : 01.40.56.96.23

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 december 2022

KAÏK AUDIT
39/41 rue de la Glacière
75013 PARIS

MEHAD
100 Ter avenue de Saint Mandé
75012 PARIS

To the members of annual general meeting of association MEHAD,

Opinion

In compliance with the engagement entrusted to us by your General Assembly, we have audited the accompanying financial statements of the Association « MEHAD » for the year ended 31 december 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Association as at 31 december 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services in the French Code of ethics for statutory auditors.

Observation

Without calling into question the opinion expressed above, we draw your attention to the fact that we established on June 6, 2023, a report called « deficiency » in which we indicated our inability to carry out the audit of the annual accounts, they have not been made available to us within the statutory time limits. These have been communicated to us as of March 26, 2024, we are now able to present our report on the annual accounts.

Justification of Assessments – Key Audit Matters

Pursuant to the provisions of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we have made, based on our professional judgement, concerned the relevance of the accounting principles applied and the reasonableness of the significant estimates made and the overall presentation of the accounts.

The assessments thus made are in the context of the audit of the annual accounts taken as a whole, adopted under the conditions mentioned above, and the formation of our opinion expressed above. We do not express an opinion on individual elements of these annual accounts.

On the basis of our work and the information provided to us to date, and as part of our assessment of the accounting principles followed by the association, we believe that the notes in the appendix provide appropriate information on the status of the association.

Specific verifications

We have also carried out, in accordance with the standards of professional practice applicable in France, the specific verifications provided for by the legal and regulatory texts.

Information provided in the financial report and other documents on the financial situation and the annual accounts sent to the members

We have no comment on the sincerity and consistency with the annual accounts of the information given in the financial report of the treasurer.

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 French accounting principles 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 it is expected to liquidate the Company or to cease operations.

The annual accounts are approved for issue by the Board.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the the viability or quality of the management of your Association.

A more detailed description of our statutory auditor's responsibilities for the audit of the financial statements is set out in the annex to this report and forms part of our report.

Our report is dated the day the last items were obtained.

Done at Paris, June 20, 2024

External Auditor

For KAÏK AUDIT



Nirina RASOLO TSILAVO

ANNEX

DETAILED DESCRIPTION OF THE STATUTORY AUDITOR'S RESPONSABILITIES

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit

Balance sheet

	Gross	Depreciation And provision	Net as 31/12/22	Net as 31/12/21
FIXED ASSETS				
Intangible assets				
Set up expenses				
Research and development costs				
Temporary donations				
Franchises, patents, licenses and other similar rights	5 893	5 893		
Leasehold rights				
Other intangible assets/ Advances and deposits				
Tangible assets				
Lands				
Buildings				
Plant, equipment and industrial tools				
Other tangible fixed assets	106 442	104 418	2 025	2 212
Fixed assets in progress / Advances and deposits				
Inherited Assets or donations held for sale				
Financial assets				
Equity interests and related receivables				
TIAP & other long-term investments				
Loans				
Other	26 472	3 072	23 400	23 400
Total I	138 807	113 383	25 425	25 612
CURRENT ASSETS				
Stocks				
Raw materials and other supplies				
Producing goods in progress				
Producing services in progress				
Intermediate and finished goods				
Goods				
Advances and down payments				
Receivables				
Users and related accounts				
Inherited receivables	5 730 190		5 730 190	10 192 964
Other receivables				
Other	71 535		71 535	616 432
Investment securities				
Cash instruments				
Cash				
Prepaid expenses	380 185		380 185	3 834 977
Total II	6 181 910		6 181 910	14 644 373
Loan issue costs (III)				
Bond redemption premiums				
Active conversion differences (V)				
TOTAL ASSETS (I+II+III+IV+V)	6 320 717	113 383	6 207 335	14 669 985

Balance sheet

	Net as 31/12/22	Net as 31/12/21
EQUITY		
Equity without the right of repossession		
First net position established		
Statutory net assets		
Non-rechargeable grants		
Other non-reversible equity		
Equity with right of repossession		
Statutory funds		
Additional Own Funds		
Revaluation differences		
Reserves		
Statutory or contractual reserves		
Reserves to complete an entity project		
Other reserves		
Retained Earnings	529 390	395 164
Profit or loss for the year	237 973	134 226
Net Position (Sub-total)	767 363	529 390
Consumable equity		
Investment grants		
Regulated provisions		
Property rights - (Commodat)		
Total I	767 363	529 390
DEDICATED AND DEFERRED FUNDS		
Deferred funds related to legacies and donations		
Dedicated funds		
Total II		
PROVISIONS		
Provisions for risks	20 000	20 000
Provisions for charges	191 837	407 755
Total III	211 837	427 755
DEBTS		
Bonds and similar items		
Loans		
Bank overdrafts and loans		
Loans from financial institutions		
Miscellaneous borrowings and financial debts		
Advances and deposits received on contracts in progress		
Accounts Payables and related accounts	572 783	44 538
Legacy or donation debts		
Tax and social debts	66 819	77 649
Liabilities on fixed assets and related		
Other debts	1 917 930	2 211 620
Prepaid incomes	2 670 603	11 379 033
Total IV	5 228 135	13 712 840
Passive conversion differences (V)		
TOTAL GENERAL (I+II+III+IV+V)	6 207 335	14 669 985

Income statement

	From 01/01/22 to 31/12/22 12 months	From 01/01/21 to 31/12/21 12 months	Absolute change (amount)
OPERATING PRODUCTS			
Contributions		1 200	-1 200
Sales of goods and services			
Sale of goods			
Sales of goods and services			
Third-party products funders	14 799 109	13 218 078	1 581 031
Grants and other public subsidies	684 791	669 296	15 495
Payments by the founders or use of the expendible endowment			
Income from the general public generosity	534 127	590 827	-56 699
Financial contributions	13 580 191	11 957 956	1 622 235
Reversals of provisions and transfer of costs			
Use of allocated funds		12 200	-12 200
Other revenue	37	3	34
Total I	14 799 146	13 231 481	1 567 665
OPERATING COSTS			
Purchases of goods			
Stock variation			
Other purchases and external expenses	6 268 046	5 161 085	1 106 961
Financial supports	3 259 253	3 698 205	-438 952
Taxes, duties and related payments	14 435	14 335	100
Salaries and wages	5 062 035	3 687 866	1 374 169
Social securities charges	140 966	140 334	632
Depreciations, provisions and amortizations	3 101	1 872	1 229
Charges to provisions			
Designated funds carried forward			
Other expenses	141	32	109
Total II	14 747 978	12 703 730	2 044 248
1. OPERATING RESULTS (I-II)	51 168	527 750	-476 583
FINANCIAL PRODUCTS			
From investments			
From other securities and long-term receivables			
Other financial products			
Reversals of provisions, impairment and expense transfer			
Foreign exchange gains	4 775	41 804	-37 028
Net proceeds from sale of short-term investment			
Total III	4 775	41 804	-37 028
FINANCIAL EXPENSES			
Depreciations, provisions and amortizations		3 072	-3 072
Interest and similar expenses	37		37
Foreign exchange loss	3 462	3 754	-292
Net charges on securities transfers			
Total IV	3 499	6 826	-3 327
2. TOTAL FINANCIAL EXPENSES (III - IV)	1 276	34 978	-33 701
3. PRE-TAX CURRENT RESULT (I - II + III - IV)	52 444	562 728	-510 284
EXTRAORDINARY GAINS			
On management operations			
On capital transactions			
Reversals of provisions and transfer of charges	215 918		215 918
Total V	215 918		215 918

Income statement

	From 01/01/22 to 31/12/21 12 months	From 01/01/21 to 31/12/21 12 months	Absolute change (amount)
EXTRAORDINARY COSTS			
On management operation	15 389	747	14 642
On capital transaction			
Depreciation, amortization and provisions	15 000	427 755	-412 755
Total VI	30 389	428 502	-398 113
4. EXTRAORDINARY RESULT (V-VI)	185 528	-428 502	614 030
Employee participation in the result (VII)			
Income tax (VIII)			
Total Revenues (I + III + V)	15 019 839	13 273 285	1 746 554
Total Expenses ((II + IV + VI + VII + VIII))	14 781 866	13 139 059	1 642 808
NET PROFIT OR LOSS	237 973	134 226	103 747
EVALUATION OF VOLUNTARY CONTRIBUTIONS IN KIND			
Donations in kind	57 551	7 393 565	-7 336 014
Benefits in kind			
Volunteering			
TOTAL	57 551	7 393 565	-7 336 014
CHARGES OF VOLUNTARY CONTRIBUTION			
Relief in kind	57 551	7 393 565	-7 336 014
Free provision of goods			
Benefit in kind			
Volunteer staff			
TOTAL	57 551	7 393 565	-7 336 014

Accounting rules and methods

Name of the association: Mehad

Annex to the balance sheet before distribution for the financial year ending 31/12/2022, the total of which is €6 207 335 and to the profit and loss account for the financial year, presented in the form of a list, showing a surplus of €237 973. The financial year has a duration of 12 months, covering the period from 01/01/2022 to 31/12/2022.

The following notes or tables form an integral part of the annual accounts.

General rules

The annual financial statements have been prepared in accordance with the requirements resulting from ANC regulation no. 2014-03 having value as a general chart of accounts, amended by ANC regulation no. 2015-06 of 23/11/2015 and regulation no. 2018-06 of 5 December 2018, relating to the methods for preparing the annual financial statements of non-profit legal entities governed by private law.

The accounting policies have been faithfully applied in compliance with the principle of prudence, in accordance with the basic assumptions:

- On-going business
- Consistency of accounting methods from one financial year to the next
- Independence of financial years

and in accordance with the general rules governing the preparation and presentation of the annual financial statements.

The basic method selected for the valuation of items recorded in the books is the historical cost method.

Only significant information is given. Unless otherwise stated, amounts are expressed in euros.

Intangible and tangible fixed assets

Tangible and intangible fixed assets are valued at their acquisition cost for assets acquired for valuable consideration, at their production cost for assets produced by the company, and at their market value for assets acquired free of charge or by way of exchange.

The cost of an asset is its purchase price, including customs duties and non-recoverable taxes, less any trade discounts, rebates and cash discounts for all directly attributable costs incurred in bringing the asset to its present location and condition for its intended use. Transfer taxes, fees or commissions and deed expenses related to the acquisition are included in the acquisition cost. All costs that are not part of the purchase price of the asset and that cannot be directly attributed to the costs incurred to bring the asset to its present location and condition for its intended use, are expensed.

Depreciations

Depreciations for impaired values are computed with the straight-line method based on the expected life:

- * Transport equipment: 4 to 5 years
- * Office equipment: 5 to 10 years
- * Computer equipment: 3 years
- * Furniture: 10 years

The depreciation period adopted for simplification is the duration of use for goods that cannot be divided in the beginning.

The residual values of fixed assets are considered to be zero because they are not significant or cannot be measured.

Accounts receivable and payable

Accounts receivable and accounts payable are valued at their nominal value. The value is impaired when the inventory value is less than the book value.

Provisions

Any present obligation to a third party arising from a past event, which can be estimated with sufficient reliability and which covers identified risks, is recognised as a provision.

Produits et charges exceptionnels

Exceptional income and expenses include items that are not related to the association's normal activities.

Notes on the balance sheet

Fixed assets**Statement of fixed assets**

	Upon year commencement	Increase	Decrease	Upon year end
- Starts-up, research and development costs				
- Commercial fund				
- Other intangible assets	5 893			5 893
Intangible assets	5 893			5 893
- Lands				
- Buildings on freehold				
- Buildings on non-freehold				
- Facilities, fixtures, buildings				
- Plant, equipment and tools				
- Other facilities, fixtures and fittings				
- Transport equipment				
- Office equipment, hardware and furniture				
- Recoverable packages, miscellaneous				
- Tangible fixed assets in progress	98 745			98 745
- Advances and down payments	4 784	2 913		7 697
- Lands				
- Buildings on freehold				
- Buildings on non-freehold				
Tangible assets	103 529	2 913		106 442
- Interests valued using the equity method				
- Other equity interests				
- Other fixed securities				
- Loans and other financial assets				
- Interests valued using the equity method	26 472			26 472
Immobilisations financières	26 472			26 472
FIXED ASSETS	135 895	2 913		138 807

Notes on the balance sheet

Depreciation of fixed assets

	Upon year commencement	Increase	Decrease	Upon year end
- Starts-up, research and development costs				
- Temporary donations				
- Other intangible assets	5 893			5 893
Intangible assets	5 893			5 893
- Lands				
- Buildings on freehold				
- Buildings on non-freehold				
- Facilities, fixtures, buildings				
- Plant, equipment and tools				
- Other facilities, fixtures and fittings				
- Transport equipment				
- Office equipment, hardware and furniture				
- Recoverable packages, miscellaneous				
- Lands	98 745			98 745
- Buildings on freehold	2 572	3 101		5 673
- Buildings on non-freehold				
Tangible assets	101 317	3 101		104 418
FIXED ASSETS	107 210	3 101		110 311

Notes on the balance sheet

Current assets**Statement of receivables**

Receivables at the end of the fiscal year amounted to €5 828 197 and the detailed classification by due date is as follows:

	Gross amount	Less than 1 year	More than 1 year
Receivables in fixed assets:			
Receivables linked to investments			
Loans			
Other	26 472		26 472
Receivables in current assets:			
Receivables from customers	5 730 190	5 730 190	
Other	71 535	71 535	
Prepaid expenses			
Total	5 828 197	5 801 725	26 472
Granted loans in the fiscal year			
Loans repaid in the fiscal year			

Receivables from current assets mainly comprise receivables from grants contracted and not yet received, amounting to € 5 692 931.

Products to be received

	Amount
Social security	7 975
Total	7 975

Notes on the balance sheet

Equity

Statement of changes in equity

CHANGES IN ASSOCIATION FUNDS	Upon year commencement	Allocation of the result	Increase	Decrease or consumption	Upon year end
Funds without the right of repossession					
Funds with the right of repossession					
Revaluation differences		134 226		134 226	
Reserves	395 164		134 226		529 390
Retained earnings	134 226	-134 226	237 973		237 973
Profit or loss of the fiscal year	529 390		372 199	134 226	767 363
Net equity					
Funds consumables					
Investment subsidies					
Regulated provisions					
Properties rights					
TOTAL	529 390		372 199	134 226	767 363

Provisions

As part of the restructuring operation launched at the end of 2021, a restructuring provision of €407k has been recognised to cover the exceptional expenses relating to this operation in 2022 and 2023.

The amount reversed in 2022 is €215 918 and corresponds to the expenses actually incurred in 2022.

Notes on the balance sheet

Equity

Provisions table

	Provisions at the beginning of the year	Increase for the year	Reversal used for the year	Unused reversal for the year	Provisions at year-end
Litigation					
Warranties given to customers					
Losses on future markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
Taxes					
Fixed asset renewal					
Major repairs and maintenance					
Social security and fiscal charges on paid leaves					
Other provisions for liabilities and charges	427 755		215 918		211 837
Total	427 755		215 918		211 837
Breakdown of charges and reversal for the year:					
Operational					
Financial					
Extraordinary			215 915		

Notes on the balance sheet

Debts**Debts statement**

The debts total at the year-end amounts to €5 228 135 and the detailed classification by maturity is as follows:

	Gross	Maturity Less than 1 year	Maturity Between 1 and 5 years	Maturity More than 5 years
Convertible bonds (*)				
Other convertible bonds (*)				
Borrowings (*) and debts from other financial institutions:				
- Less than 1 year				
- More than 1 year				
Other borrowings and financial debts (*) (**)				
Debts to suppliers and related accounts	572 783	572 783		
Fiscal and social security debts	66 819	66 819		
Debts on fixed assets suppliers				
Other debts (**)	1 917 930	1 917 930		
Prepaid income	2 670 603	2 670 603		
Total	5 228 135	5 228 135		
(*) Borrowings of the year				
(*) Borrowings repaid during the year				
(**) Towards shareholders				

Other liabilities include a debt of €1 322 900 relating to the Erbil mission.

Accruals

	Amount
Suppliers	47 558
Debt related to paid leave provision	8 608
Social security charges on paid leave provision	3 443
Social security charges	7 975
Total	67 584

Notes on the balance sheet**Adjustments accounts****Prepaid income**

	Operating income	Financial income	Extraordinary income
Prepaid income	2 670 603		
Total	2 670 603		

Notes on the income statement

Extraordinary costs and gains**Extraordinary result**

Operations for the period

	Expenses	Income
Penalties, tax and criminal fines	1 014	
Other extraordinary expenses on management transactions	14 375	
Other expenses	15 000	
Provisions for impairment		215 918
TOTAL	30 389	215 918

Other information**Essential facts**

Statement of changes in equity

In 2022, Mehad (formerly UOSSM France) continued the rebranding and restructuring work that began in 2021. The new visual identity was presented at an unveiling event on 19 September 2022.

Voluntary Contribution in Kind (VCK)

During 2022, Mehad received two donations in kind in the form of malnutrition kits worth 57 KEUR. These were distributed in northern Syria.