

Financial Report

QATAR CHARITY 2018

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1. Qatar Charity Accounting framework

Qatar Charity applies a system of accounting drawn from a comprehensive set of financial policies and regulations that are fully compliant with local and international standards, and in accordance with global best practices in non-profit organizations.

At Qatar Charity, the latest electronic systems and accounting software are used to achieve the organization's vision and strategy and to accomplish its mission and goals in accordance with its values and principles.

Qatar Charity's accounting system has been built on the internal policies that are adopted by the Board of Directors in accordance with the legislative regulations applicable to the organization, and with the accounting principles and best practices for preparation of IFRS reports.

Committed to continuous improvement, Qatar Charity is constantly developing its accounting system to achieve higher levels of transparency and accuracy.

Accounting policy:

Several accounting policies are applied in Qatar Charity, all of them based on international accounting standards and principles. The main policies are summarized as follows:

1. General accounting policies:

- Application of the accrual-basis of accounting.
- Application of the historical cost principle when preparing the financial statements.
- Accounting policies related to investment properties and granted investment properties.
- Accounting policies related to property, equipment and machinery.
- Accounting policies related to revenue recognition.
- Accounting policies for provisions.
- Accounting policies related to employees' benefits.
- Accounting policies related to financial risk management.
- Accounting policies related to transactions in foreign currencies.
- Accounting policies relating to financial instruments.

2. Revenues related accounting policies:

The Charity registers donations received as unrestricted assets or restricted assets based on the presence or absence of restrictions by the donor and the nature of these restrictions. The services donated to the Charity are recognized at fair values as unrestricted donations unless the fair value cannot be reliably measured.

The Charity recognizes donations (receipts) of activities, projects and investments as follows:

- Cash donations and annual government support are recognized upon receipt.
- Non-cash donations are recognized on a regular basis during the useful life of the asset.
- Contributions and deposits are recognized upon receipt of cash.
- Leases are recognized on an accrual basis.
- Revenues from the sale of investments, property, and equipment are recognized upon the transfer of ownership to the purchaser.

3. Expenses related accounting policies:

Net unrestricted assets include all direct and indirect operating expenses of operating the Charity.

The Charity recognizes expenses as follows:-

- Expenses of activities are recognized when paid.
- Expenses transferred to offices and representative offices outside Qatar are recognized upon the actual payment of the amount abroad and not upon transfer from the headquarters in Qatar.
- Kafala that should be paid are accrued for at the end of financial year until obtaining the necessary approvals from the concerned authorities and until the bank transfer is made.
- In the case of payments for projects outside Qatar. Expenses are recognized based on the actual payment and the charity does not retain any amounts

for contractors as a guarantee until finalization and technical inspection and completion of the project.

Financial risks

All Qatar Charity's policies are built on a risk-based approach. In line with Qatar Charity's commitment to reduce the financial risks to which it might be exposed, particularly money-laundering and terrorist financing, the Board of Directors formed an internal audit committee responsible for developing and evaluating risk management policies and internal audit activities, submitting periodic reports to the Board of Directors about its activities.

A risk management policy has also been adopted to identify and analyze the risks facing the organization, and to implement the appropriate risk management controls.

A risk register has been developed to identify all potential risks facing the organization internally and externally. Qatar Charity is regularly providing training for employees to allow them to identify, respond and minimize the impact of risks when they occur.

Anti-money laundering - Combating the Financing of Terrorism (AML/CFT)

Qatar Charity is committed to the highest standards of combating financial crimes, foremost among these is the fight against money laundering and financing of terrorism, combating bribery and corruption, combating fraud and other financial crimes, the risk-based approach is an essential part of Qatar Charity's policy to combat money laundering and terrorist financing.

Compliance

Qatar Charity always aims to promote compliance in general with all local and international laws and legislations, conventions and standards in the field of charitable and humanitarian work, Qatar Charity also emphasizes compliance in particular with the requirements of combating money laundering and terrorist financing and assessing its risks and potential impact on its financial capacity, as it periodically and regularly reviews and updates its relevant policies and

procedures to ensure compliance with the FATF International Standards and Best International Practices, as well as relevant legislation and regulations.

Governance

Qatar Charity has adopted modern methods of governance through developing a system of rules, principles, policies, procedures and administrative structure that regulates its functions and tasks, as the three basic governance Principles of transparency, participation and accountability have been established and put into practice.

The principles of governance increase the public trust and confidence of community in Qatar Charity and help to achieve its charitable, humanitarian, development and social goals in a wider way.

Internal Control and Internal Audit

Qatar Charity has implemented a set of internal control and auditing systems in accordance with international standards issued by international bodies and organizations to cope with the best systems, aiming to achieve its objectives and to control the risks it faces, and to ensure managing its funds effectively and efficiently. Role of Internal Audit has been activated as an important monitoring tool for auditing all of Qatar Charity's activities.

Comparative figures

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.

1. Financial statements 2018

- The total assets amounted to 1,862,945,202QR, and these assets include those of 24 branches worldwide.

Item	Amount		Growth rate
	2018	2017	
Current Assets	1,120,331,632	1,099,928,948	%2
Non-current assets	742,613,570	770,797,520	%4-
Total Assets	1,862,945,202	1,870,726,468	%0.4-

- Total donations and revenues in 2018 amounted to 1,580,906,387 QR

Item	Amount		Growth rate
	2018	2017	
Donations	1,526,941,054	1,169,191,089	31%
Revenues from investment property and granted investment property	36,671,277	42,400,384	-14%
Other revenues	17,294,056	7,772,950	122%
Total donations and revenues	1,580,906,387	1,219,364,423	%30

- Donations and revenues by type of collection for 2018 in comparison with 2017

Item	Amount		Growth rate
	2018	2017	
Text messages	9,616,251	18,376,165	%48-
Bank transfer	617,216,055	412,188,520	50%
Online payment	134,307,829	76,052,887	77%
Cash	323,383,602	267,634,971	21%
Checks	281,456,517	305,250,385	-8%
Credit card	214,926,133	139,861,495	54%
Total	1,580,906,387	1,219,364,423	%30

- Total expenditure in 2018 comparison with 2017

Item	Amount		Growth rate
	2018	2017	
Operating activities and projects' expenses	1,292,488,311	727,755,556	78%
Investment expenses	8,959,329	8,990,636	-0.35%
Administrative expenses	57,925,923	44,368,542	31%
Operating expenses	88,021,660	73,515,105	20%
Other expenses	35,126,879	53,269,121	-34%
Depreciation of property, plant and equipment	7,151,775	6,476,393	10%
Total expenses	1,489,673,877	914,402,353	63%

Projects and activities expenditure by sector in QR

	Sectors	2018		2017	
		Amount	Number of countries	Amount	Number of countries
Development sectors	Culture and education	61,803,555	42	119,879,717	41
	Economic empowerment	22,058,746	32	19,766,421	30
	Health and nutrition	51,095,257	32	15,871,743	27
	Water and sanitation	85,009,453	33	49,800,225	30
	Social welfare	472,541,099	42	275,614,742	39
	Food security	70,290,245	42	36,788,614	37
	Housing and infrastructure	251,262,459	40	85,030,872	29
	Peacebuilding			2,642,648	3
	Total development sectors	1,014,060,814		605,394,982	
Humanitarian sectors	Shelter and non-food items	54,119,668	5	16,292,681	5
	Food and nutrition	67,187,114	18	38,961,727	23
	Water and sanitation	15,279,380	12	6,642,862	11
	Emergency healthcare	41,557,204	12	32,953,446	18
	Emergency education	26,323,523	12	16,323,523	19
	Emergency livelihood	73,960,608	25	11,186,335	3
	Total humanitarian sectors	278,427,497		122,360,574	
	Total	1,292,488,311		727,755,556	