

# FUTURE GENERATIONS AFGHANISTAN

## AUDITED FINANCIAL STATEMENTS

FOR THE YEAR FROM JANUARY 1, 2019 TO DECEMBER 31, 2019

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**RAFAQAT BABAR & CO.**  
Chartered accountants



*Member firm of*  
**The Leading Edge Alliance**

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## INDEPENDENT AUDITORS' REPORT

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### *Opinion*

We have audited the financial statements of Future Generations Afghanistan (FGA) which comprise the statement of financial position as at December 31, 2019, statement of income and expenditures, statement of cash flows, statement of changes in reserves for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of FGA as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with basis of preparation as described in Note 2 to the financial statements.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of FGA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan, 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- Basis of Preparation and Restriction on Distribution and Use*

We draw attention to Note 02 to the financial statements, which describes the basis of preparation. The financial statements are prepared to assist FGA in complying with the requirements of the donor as described in Note 2. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for FGA and donor and should not be distributed to or used by parties other than FGA and donor. Our opinion is not modified in respect of this matter.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statement*

Management is responsible for the preparation of this financial statements in accordance with international financial reporting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the FGA ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the FGA financial reporting process.

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with ISAs, 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 the entity's internal control.

# RAFAQAT BABAR & CO.

Chartered Accountants

Peshawar Islamabad Karachi Kabul



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity 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.

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.

KABUL  
April 06, 2020



*Rafaqat Babar & Co.*  
Chartered Accountants  
Engagement Partner: Shuja-UI-Mulk FCA

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	Note	2019 USD	2018 USD
<b>Assets</b>			
<b>Non Current assets</b>			
Property, plant and equipment		-	-
<b>Current assets</b>			
Cash & cash equivalent	3	456,606	524,659
		<b>456,606</b>	<b>524,659</b>
<b>Total Assets</b>		<b>456,606</b>	<b>524,659</b>
<b>Reserves and Liabilities</b>			
<b>Reserves</b>			
Sustainability fund	4	604,702	604,702
Accumulated surplus / (deficit)		(310,811)	(80,043)
<b>Total Reserves</b>		<b>293,891</b>	<b>524,659</b>
<b>Liabilities</b>			
Accrued Expenses & Other Liabilities	5	162,715	-
<b>Total Reserves and Liabilities</b>		<b>456,606</b>	<b>524,659</b>

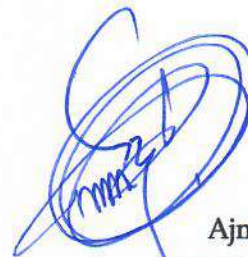
The annexed notes 1 to 12 are an integral part of these financial statements.

**RBCO**

Farid Ullah Niazai  
Finance Manager



Ajmal Shirzai  
Country Director



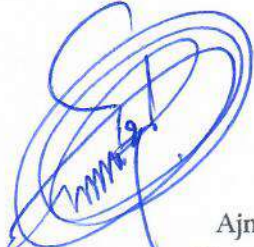
**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 USD	2018 USD
<b>Income</b>			
Receipts from donor	6	588,724	781,492
		<b>588,724</b>	<b>781,492</b>
<b>Expenditure</b>			
Personnel cost	7	515,140	442,432
Equipment cost	8	3,825	19,061
Operational cost	9	305,452	144,502
Exchange loss/(Gain)		(4,925)	10,505
		<b>819,492</b>	<b>616,500</b>
<b>Surplus / (deficit) for the year</b>		<b>(230,768)</b>	<b>164,992</b>

The annexed notes 1 to 11 are an integral part of these financial statements.

**RBCO**

  
Farid Ullah Mazai  
Finance Manager

  
Ajmal Shirzai  
Country Director

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 USD	2018 USD
Opening balance of accumulated (deficit)		(80,043)	(245,035)
Add: Surplus / (deficit) for the year		(230,768)	164,992
Less: transferred (to) / from sustainability fund		-	-
		<b>(310,811)</b>	<b>(80,043)</b>

The annexed notes 1 to 11 are an integral part of these financial statements.

**RBCO**

Farid Ullah Niazai  
Finance Manager

Ajmal Shirzai  
Country Director

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 USD	2018 USD
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year		(230,768)	164,992
<b>Operating profit before working capital changes</b>		<b>(230,768)</b>	<b>164,992</b>
<b>Working capital changes</b>			
<b>Increase/ (Decrease) in Liabilities</b>			
Staff Salaries		37,919	-
Vehicle Rent Payable		1,743	-
Accounts Payable		23,023	-
<b>Increase / (Decrease) in Accrued Expenses</b>			
Staff Salaries		93,177	-
Salary Tax		6,853	-
Office Rent Tax Payable		-	-
Tax payable		-	-
		162,715	-
<b>Net cash generated from operating activities</b>		<b>(68,053)</b>	<b>164,992</b>
<b>Net cash used in investing activities</b>		-	-
<b>Net cash from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		<b>(68,053)</b>	<b>164,992</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>524,659</b>	<b>359,667</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>456,606</b>	<b>524,659</b>

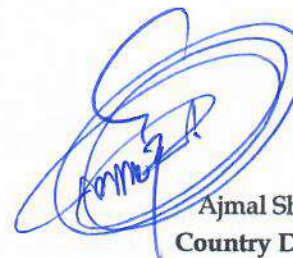
The annexed notes 1 to 11 are an integral part of these financial statements.

**RBCO**

Farid Ullah Niiazai  
Finance Manager



Ajmal Shirzai  
Country Director





**1 Status and nature of operations**

Future Generation Afghanistan "FGA" is a Non Governmental Organization registered with the Ministry of Economy under the Afghanistan NGO Law and is part of Future Generation Network. FGA started its operations in 2002 with the belief that community based change was a proven alternative path to international development. FGA raises within communities the capacity to shape their own futures. Communities learn to maximize locally available skills and resources to sustain solutions that fit local cultures, economies and ecologies through FGA health, education, peace building, empowerment and income generation programs. FGA receives funds assistance from donors to carry out its activities.

**2 Significant accounting policies**

**2.1 Basis of preparation**

These financial statements have been prepared on modified cash basis of accounting in compliance with the applicable accounting policies defined in accounting manual of FGA and are presented in USD which is the presentation currency of FGA.

**2.2 Basis of measurement**

The financial statement has been prepared under historical cost basis, except as otherwise stated in the policies and notes given hereunder.

**2.3 Capital expenditure**

Due to nature of the organization and short term nature of the grants received from donors, fixed assets and inventory are charged to expense during the year of purchase.

**2.4 Foreign currency translation**

The statement of receipts and disbursements has been prepared in United States Dollar (USD). Transactions denominated in currencies other than USD are translated into USD at average rate calculated on monthly basis. Cash and bank balances at the end of the financial year in foreign currencies are translated to USD at the foreign exchange rate prevailing at the end of the financial year.

Transactions in currencies other than the reporting currencies (US Dollars) are accounted for at the monthly average exchange rates. All monetary assets and liabilities denominated in currencies other the reporting currency at the year end are translated at the exchange rates prevailing on financial statements date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. If any exchange differences are included in the statement of Receipt and Expenditures for the period.

**2.5 Cash & cash equivalent**

Cash and bank balances are carried in the statement of financial position at cost. Cash and bank balances comprise cash in hand and balances with the banks

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**2.6 Advances and Receivables**

Advances and receivables are measured at original invoice amount less an estimated made for doubtful receivable if any based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

**2.7 Taxation**

FGA being a not for profit organization is exempt under relevant Income Tax Laws as applicable in Afghanistan, hence provision for taxation is not required in the financial statements.

**2.8 Liabilities**

Liabilities for amounts payables are measured at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether nor not billed to the organization.

**2.9 Revenue & expenditure**

Income from donors are recognized on receipts basis while expenditures are recorded when paid.

**2.10 Use of the estimates and Judgments**

The presentation of financial statements requires management to make judgements, estimates and assumptions that affects the applications of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from the estimated figures.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are categorized in the year in which the estimates is revised and in any future years affected. Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets, provision for the doubtful receivables and slow moving inventory.

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FUTURE GENERATIONS AFGHANISTAN  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
<b>3 Cash &amp; cash equivalent</b>			
Cash & cash equivalent at head office	3.1	40,100	129,818
Cash & cash equivalent at regional (Nangarhar) office FGNM Current Account	3.2	6,313	11,922
		410,193	382,919
		<b>456,606</b>	<b>524,659</b>
<b>3.1 Cash &amp; cash equivalent of head office</b>			
Cash in hand	3.1.1	2,731	2,419
Cash at bank	3.1.2	37,369	127,399
		<b>40,100</b>	<b>129,818</b>
<b>3.1.1 Cash in hand</b>			
Cash in hand - Afs		2,472	2,153
Petty cash in hand - Afs		259	266
		<b>2,731</b>	<b>2,419</b>
Cash in hand - USD		-	-
		<b>2,731</b>	<b>2,419</b>
<b>3.1.2 Cash at bank</b>			
Azizi Bank - Afs		6,922	4,533
Azizi Bank - USD		30,447	122,865
		<b>37,369</b>	<b>127,399</b>
<b>3.2 Cash &amp; cash equivalent of regional (Nangarhar) office</b>			
Cash in hand	3.2.1	5,679	70
Cash at bank	3.2.2	634	11,852
		<b>6,313</b>	<b>11,922</b>
<b>3.2.1 Cash in hand</b>			
Cash in hand - AFS		5,679	70
		<b>5,679</b>	<b>70</b>
<b>3.2.2 Cash at bank</b>			
Azizi Bank- AFS		182	375
Azizi Bank - USD		452	11,477
		<b>634</b>	<b>11,852</b>
The foreign currency balances are converted to USD 77.3589			
<b>4 Sustainability fund</b>			
Opening balance		604,702	604,702
Addition during the year		-	-
Unspent fund refunded to MRRD - NSP program	4.2	-	-
Less: reimbursement of expenditures		-	-
		<b>604,702</b>	<b>604,702</b>

**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	2019 USD	2018 USD
4.1	Sustainability fund was created by the management for meeting the unforeseen requirements of Future Generations Afghanistan necessary to intact the going concern of the organization. Sustainability fund is created from management fee received from different donor against project implemented and other income earned during the year from re-renting of the office spare space to other organizations.		
4.2	Unspent fund was refunded to MRRD - NSP program.		
		-	-
		-	-
<b>5</b>	<b>Accrued Expenses &amp; Other Liabilities</b>		
	<b>Liabilities</b>		
	Staff Salaries	37,919	-
	Vehicle Rent Payable	1,743	-
	Accounts Payable	23,023	-
		<b>62,685</b>	<b>-</b>
	<b>Accrued Expenses</b>		
	Staff Salaries	93,177	-
	Salaries Tax	6,853	-
	Office Rent Tax Payable	-	-
		<b>100,030</b>	<b>-</b>
		<b>162,715</b>	<b>-</b>
<b>6</b>	<b>Receipts from donor</b>		
	<b>World Food Program</b>		
	Nangarhar	187,094	169,763
	Wardak	30,623	-
	<b>IDLG</b>		
	Nangarhar	371,007	611,729
		<b>588,724</b>	<b>781,492</b>
<b>7</b>	<b>Personnel cost</b>		
	Regular staff	168,301	141,747
	Project staff	346,839	300,685
		<b>515,140</b>	<b>442,432</b>
<b>8</b>	<b>Equipment cost</b>		
	Vehicles	-	6,150
	IT equipment's	1,715	6,301
	Furniture's & fixtures	1,613	2,355
	Generator	-	1,980
	Office equipment's	497	2,275
		<b>3,825</b>	<b>19,061</b>




**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	2019 USD	2018 USD
<b>9 Operational cost</b>			
Office supplies		5,590	4,787
Office rent		24,170	16,593
Utilities		7,291	4,958
Printing, postage & stationery		16,824	12,291
Partner expenses		-	-
Program materials and supplies		138,473	6,548
Travel & transportation		2,446	3,148
Vehicle operating cost		37,382	32,362
Fuel for vehicle and generator		18,458	17,914
Repair & maintenance		2,803	911
Fee & Taxes		1,698	84
Meals and per diem domestic		2,008	1,150
Training & capacity building		21,645	13,638
Workshops meetings and conferences		1,065	1,020
Legal & professional charges		1,355	2,057
Audit fee		1,488	900
Bank charges		1,339	519
Communication cost		14,896	15,454
Miscellaneous expenses		932	752
FGGN Office Administrative Cost		5,589	9,416
		<b>305,452</b>	<b>144,502</b>

**10 General**

-Corresponding figures have been re-arranged / or reclassified wherever necessary for the purpose of comparison.

-Figures have been rounded off to the nearest of USD.

11 These financial statement have been authorized for issue by Country Director on April 06, 2020.

Farid Ullah Nazai  
Finance Manager

Ajmal Shirzai  
Country Director

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