

FUTURE GENERATIONS AFGHANISTAN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR FROM JANUARY 1, 2020 TO DECEMBER 31, 2020



RAFAQAT BABAR & CO.
Chartered accountants



Member firm of
The Leading Edge Alliance

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Future Generations Afghanistan (FGA) which comprise the statement of financial position as at December 31, 2020, 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, 2020 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 08, 2021

Razaqat Babar & Co.
Chartered Accountants
Engagement Partner: Shuja-Ul-Mulk FCA

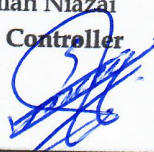
**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 USD	2019 USD
Assets			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Advances	3	9,935	-
Cash & cash equivalent	4	272,846	456,606
		282,781	456,606
Total Assets		282,781	456,606
Reserves and Liabilities			
Reserves			
Sustainability fund	5	604,702	604,702
Accumulated surplus / (deficit)		(330,049)	(310,811)
Total Reserves		274,653	293,891
Liabilities			
Accrued Expenses & Other Liabilities	6	8,128	162,715
Total Reserves and Liabilities		282,781	456,606

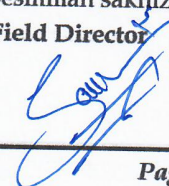
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The annexed notes 1 to 13 are an integral part of these financial statements.

Farid Ullah Niazi
Finance Controller



Besmilla sakhizada
Field Director



**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2020**

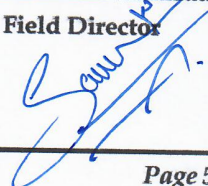
	Note	2020 USD	2019 USD
Income			
Receipts from donor	7	1,556,318	588,724
Other income	8	6,238	4,925
		1,562,556	593,649
Expenditure			
Personnel cost	9	864,643	515,140
Equipment cost	10	36,315	3,825
Operational cost	11	680,836	305,452
		1,581,794	824,417
(deficit) for the year		(19,238)	(230,768)

2360

The annexed notes 1 to 13 are an integral part of these financial statements.


Farid Ulfah Niazai
Finance Controller

Besmillah sakhizada
Field Director



**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 USD	2019 USD
Opening balance of accumulated (deficit)		(310,811)	(80,043)
Add: Surplus / (deficit) for the year		(19,238)	(230,768)
Less: transferred (to) / from sustainability fund		-	-
		(330,049)	(310,811)

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The annexed notes 1 to 13 are an integral part of these financial statements.

Farid Ullah Miataz
Finance Controller

Besmillah sakhizada
Field Director

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 USD	2019 USD
Cash flows from operating activities			
(Deficit) for the year		(19,238)	(230,768)
Operating profit before working capital changes		(19,238)	(230,768)
Working capital changes			
Increase/ (Decrease) in Liabilities			
Advances		(9,935)	-
Staff Salaries		(30,367)	37,919
Vehicle Rent Payable		(1,344)	1,743
Accounts Payable		(23,023)	23,023
Increase / (Decrease) in Accrued Expenses			
Staff Salaries		(93,177)	93,177
Salary Tax		(6,853)	6,853
Office Rent Tax Payable		-	-
Contractual Tax payable		177	-
		(164,522)	162,715
Net cash generated from operating activities		(183,760)	(68,053)
Net cash used in investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(183,760)	(68,053)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		456,606	524,659
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		272,846	456,606

The annexed notes 1 to 13 are an integral part of these financial statements.


Farid Ullah Miazai
Finance Controller


Besmillah sakhizada
Field Director

**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 than 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



**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 judgments, 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 2020**

	<i>Note</i>	2020 USD	2019 USD
3 Advances			
Advance expenses		1,039	-
Advance payment to partner		8,896	-
		9,935	-
4 Cash & cash equivalent			
Cash & cash equivalent at head office	4.1	57,121	40,100
Cash & cash equivalent at regional (Nangarhar) office	4.2	14,009	6,313
FGNM Current Account		201,716	410,193
		272,846	456,606
4.1 Cash & cash equivalent of head office			
Cash in hand	4.1.1	1,926	2,731
Cash at bank	4.1.2	55,195	37,369
		57,121	40,100
4.1.1 Cash in hand			
Cash in hand - Afs		1,666	2,472
Petty cash in hand - Afs		260	259
		1,926	2,731
4.1.2 Cash at bank			
Azizi Bank - Afs		44,038	6,922
Azizi Bank - USD		11,157	30,447
		55,195	37,369
4.2 Cash & cash equivalent of regional (Nangarhar) office			
Cash in hand	4.2.1	8,359	5,679
Cash at bank	4.2.2	5,650	634
		14,009	6,313

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	2020 USD	2019 USD
4.2.1 Cash in hand			
Cash in hand - AFS		8,359	5,679
		8,359	5,679
4.2.2 Cash at bank			
Azizi Bank- AFS		3,704	182
Azizi Bank - USD		1,946	452
		5,650	634

The foreign currency balances are converted to USD 77.3589

5 Sustainability fund			
Sustainability fund balance		604,702	604,702
		604,702	604,702

- 5.1 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.

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 USD	2019 USD
6	Accrued Expenses & Other Liabilities		
	Liabilities		
	Staff Salaries	7,552	37,919
	Vehicle Rent Payable	399	1,743
	Accounts Payable	-	23,023
		7,951	62,685
	Accrued Expenses		
	Staff Salaries	-	93,177
	Salaries Tax	-	6,853
	Contractual taxes	177	
	Office Rent Tax Payable	-	-
		177	100,030
		8,128	162,715
7	Receipts from donor		
	World Food Program		
	Nngahar	409,452	187,094
	Wardak	-	30,623
	IDLG		
	Nangarhar	362,769	371,007
	FAO	174,797	-
	MRRD	559,300	-
	USIP	50,000	-
		1,556,318	588,724
8	Other income		
	Exchange gain	6,238	4,925
		6,238	4,925
9	Personnel cost		
	Regular staff	182,980	168,301
	Project staff	681,663	346,839
		864,643	515,140
10	Equipment cost		
	Vehicles		-
	IT equipment's	17,229	1,715
	Furniture's & fixtures	10,378	1,613
	Office equipment's	8,708	497
		36,315	3,825

**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	2020 USD	2019 USD
11 Operational cost			
Office supplies		25,533	5,590
Office rent		40,088	24,170
Utilities		11,796	7,291
Printing, postage & stationery		173,736	16,824
Partner expenses		16,104	-
Program materials and supplies		102,689	138,473
Travel & transportation		16,789	2,446
Vehicle operating cost		154,265	37,382
Fuel for vehicle and generator		14,761	18,458
Repair & maintenance		4,042	2,803
Fee & Taxes		214	1,698
Meals and per diem domestic		4,173	2,008
Training & capacity building		66,957	21,645
Workshops meetings and conferences		4,585	1,065
Legal & professional charges		1,489	1,355
Audit fee		1,600	1,488
Bank charges		3,707	1,339
Communication cost		28,365	14,896
Miscellaneous expenses		3,573	932
FGGN Office Administrative Cost		1,509	5,589
FGA Administrative cost		4,861	-
		680,836	305,452

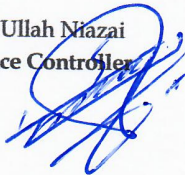
12 General

-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.

13 These financial statement have been authorized for issue by Country Director on April 08, 2021.

Farid Ullah Niazai
Finance Controller



Besmillah sakhizada
Field Director

