

# Future Generations Afghanistan (FGA)

**Audited Financial Statements and Auditors' Report**

**For the year ended December 31, 2021**



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# Independent auditors' report to Future Generations Afghanistan (the Organisation)

## **Opinion**

We have audited the financial statements of **Future Generations Afghanistan (FGA)**, which comprises the statement of financial position as of December 31, 2021, and the statement of income and expenditure, statement of changes in reserves and statement of cash flows for the year ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization's financial statements present true and fair view in all material respects, the financial position of the Organization as at December 31, 2021, and its financial performance and its cash flows for the year ended in accordance with the entity's accounting policy.

## **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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**

We draw attention to note 10.1 and note 2 of the financial statements.

Note 10.1 describes the details of theft of cash of USD 44,174 (AFN 4,110,131) from the employees of FGA on a gun point at Jalalabad when they were bringing cash to office from Saraf on September 25, 2021.

Note 2 of the financial statements describes the basis of preparation. The financial statements are prepared to assist FGA in complying the requirements of the donors as described in Note 2. As a result, the financial statements may not be suitable for another purpose. Our report is

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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 these matters.

**Other Matter**

The financial statements of the organisation for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 08 April 2021.

**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 entity's accounting policy as disclosed in financial statements, 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 Organization'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 management either intends to liquidate the Organization or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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

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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 Organization's internal control.
- 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

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Anwar Javed and Co .

**Anwar Javed & Co.**  
Chartered Accountants  
Engagement Partner: **Javed Anwar**  
Date: April 25, 2022  
Place: **Kabul, Afghanistan**



**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	2021 USD	2020 USD
<b>ASSETS</b>			
<b>Non Current assets</b>			
Property, plant and equipment		-	-
<b>Current assets</b>			
Advances	3	193	9,935
Cash & cash equivalent	4	303,675	272,846
		<b>303,868</b>	<b>282,781</b>
<b>Total Assets</b>		<b>303,868</b>	<b>282,781</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Sustainability fund	5	604,702	604,702
Accumulated surplus / (deficit)		(585,817)	(330,049)
<b>Total Reserves</b>		<b>18,885</b>	<b>274,653</b>
<b>Liabilities</b>			
Accrued Expenses & Other Liabilities	6	284,983	8,128
<b>Total Reserves and Liabilities</b>		<b>303,868</b>	<b>282,781</b>

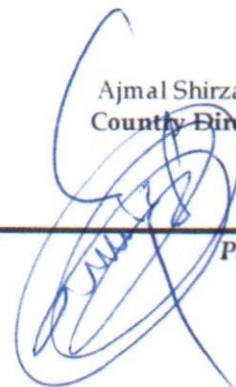
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The annexed notes 1 to 12 are an integral part of these financial statements.

Farid Ullah Niazi  
Finance Controller



Ajmal Shirzai  
Country Director



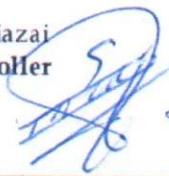
**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 USD	2020 USD
<b>Income</b>			
Receipts from donor	7	1,269,013	1,556,318
Other income	8	60,956	6,238
		<b>1,329,968</b>	<b>1,562,556</b>
<b>Expenditure</b>			
Personnel cost	9	809,367	864,643
Operational cost	10	754,883	680,836
Equipment cost	11	21,486	36,315
		<b>1,585,736</b>	<b>1,581,794</b>
<b>Surplus / (deficit) for the year</b>		<b>(255,768)</b>	<b>(19,238)</b>

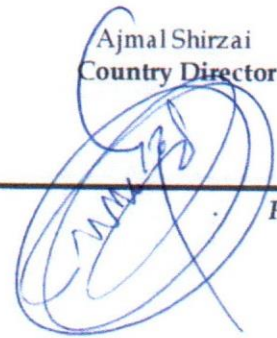
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Farid Ullah Niazai  
Finance Controller



Ajmal Shirzai  
Country Director



**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note	2021 USD	2020 USD
Opening balance of accumulated (deficit)	(330,049)	(310,811)
Add: Surplus / (deficit) for the year	(255,768)	(19,238)
Less: transferred (to) / from sustainability fund	-	-
	<b>(585,817)</b>	<b>(330,049)</b>

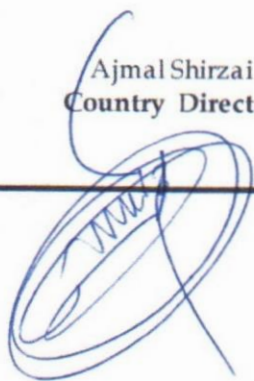
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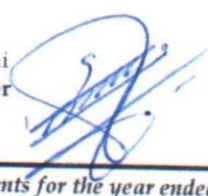
**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note	2021 USD	2020 USD
<b>Cash flows from operating activities</b>		
Surplus / (deficit) for the year	(255,768)	(19,238)
<b>Operating profit before working capital changes</b>	(255,768)	(19,238)
<b>Working capital changes</b>		
<b>Increase/ (Decrease) in Liabilities</b>		
Advances	9,742	(9,935)
<b>Increase / (Decrease) in Accrued Expenses</b>		
Accrued Expenses & Other Liabilities	276,855	(154,587)
	286,597	(164,522)
<b>Net cash generated from operating activities</b>	30,829	(183,760)
<b>Net cash used in investing activities</b>	-	-
<b>Net cash from financing activities</b>	-	-
<b>Net increase in cash and cash equivalents</b>	30,829	(183,760)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	272,846	456,606
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	303,675	272,846

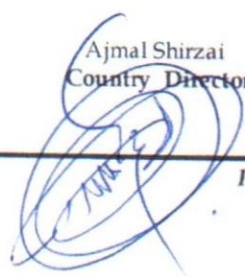
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Farid Ullah Niazi  
Finance Contoller



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 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 2021**

	Note	2021 USD	2020 USD
<b>3 Advances</b>			
Advance expenses		193	1,039
Advance payment to partner		-	8,896
		<b>193</b>	<b>9,935</b>
<b>4 Cash &amp; cash equivalent</b>			
Cash & cash equivalent at head office	4.1	3,929	57,121
Cash & cash equivalent at regional (Nangarhar) office	4.2	10,864	14,009
FGNM Current Account		288,883	201,716
		<b>303,675</b>	<b>272,846</b>
<b>4.1 Cash &amp; cash equivalent of head office</b>			
Cash in hand	4.1.1	3,154	1,926
Cash at bank	4.1.2	775	55,195
		<b>3,929</b>	<b>57,121</b>
<b>4.1.1 Cash in hand</b>			
Cash in hand - Afs		2,767	1,666
Petty cash in hand - Afs		-	260
Cash in hand - USD		386	-
		<b>3,154</b>	<b>1,926</b>
<b>4.1.2 Cash at bank</b>			
Azizi Bank - Afs		175	44,038
Azizi Bank - USD		600	11,157
		<b>775</b>	<b>55,195</b>
<b>4.2 Cash &amp; cash equivalent of regional (Nangarhar) office</b>			
Cash in hand	4.2.1	5,418	8,359
Cash at bank	4.2.2	5,445	5,650
		<b>10,864</b>	<b>14,009</b>

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**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 USD	2020 USD
<b>4.2.1 Cash in hand</b>			
Cash in hand - AFS		5,418	8,359
		<b>5,418</b>	<b>8,359</b>
<b>4.2.2 Cash at bank</b>			
Azizi Bank- AFS		888	3,704
Azizi Bank - USD		4,557	1,946
		<b>5,445</b>	<b>5,650</b>
The foreign currency balances are converted to USD 103.6295			
<b>5 Sustainability fund</b>			
Sustainability fund balance		604,702	604,702
		<b>604,702</b>	<b>604,702</b>
<b>5.1</b>	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.		
<b>6 Accrued Expenses &amp; Other Liabilities</b>			
<b>Liabilities</b>			
Staff Salaries		224,516	7,552
Vehicle Rent Payable		31,933	399
Short Term Loan- USD		8,000	
Short Term Loan- AFN		7,908	
		<b>272,358</b>	<b>7,951</b>
<b>Accrued Expenses</b>			
Salaries Tax		2,311	-
Contractual taxes		2,313	177
Accrual Expenses		8,001	-
		<b>12,625</b>	<b>177</b>
		<b>284,983</b>	<b>8,128</b>

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**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 USD	2020 USD
<b>7 Receipts from donor</b>			
World Food Programme		635,605	409,452
IDLG World Bank		268,045	362,769
FAO		308,350	174,797
MRRD World Bank		-	559,300
USIP		57,012	50,000
		<b>1,269,013</b>	<b>1,556,318</b>
<b>8 Other income</b>			
Exchange gain		53,899	6,238
FGA own income		7,057	-
		<b>60,956</b>	<b>6,238</b>
<b>9 Personnel cost</b>			
Regular staff		182,787	182,980
Project staff		626,581	681,663
		<b>809,367</b>	<b>864,643</b>
<b>10 Operational cost</b>			
Office supplies		15,871	25,533
Office rent		39,930	40,088
Utilities		12,350	11,796
Printing, postage & stationery		36,419	173,736
Partner expenses		30,551	16,104
Program materials and supplies		208,824	102,689
Travel & transportation		18,660	16,789
Vehicle operating cost		219,859	154,265
Fuel for vehicle and generator		17,292	14,761
Repair & maintenance		2,770	4,042
Fee & Taxes		238	214
Meals and per diem domestic		3,607	4,173
Training & capacity building		56,502	66,957
Workshops meetings and conferences		2,163	4,585
Legal & professional charges		1,383	1,489
Audit fee		1,600	1,600
Bank charges		-	3,707
Communication cost		28,691	28,365
Miscellaneous expenses	10.1	50,868	3,573
FGGN Office Administrative Cost		3,891	1,509
Registration exp		113	-
FGA Administrative cost		3,299	4,861
		<b>754,883</b>	<b>680,836</b>

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**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021	2020
		USD	USD
10.1			
This amount includes a theft of cash of USD 44,174 (AFN 4,110,131) from the employees of FGA on a gun point at Jalalabad when he was bringing cash to office from saraf on September 25, 2021. Due to the closure of the banks because of the regime change in Afghanistan, Donors were sending money through saraf. Case has been filed to the relevant authority. Donors have been informed of the incident.			
11	<b>Equipment cost</b>		
	Vehicles	8,000	-
	IT equipment's	6,299	17,229
	Furniture's & fixtures	1,350	10,378
	Office equipment's	5,836	8,708
		<b>21,486</b>	<b>36,315</b>

**11 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.

12 Theses financial statement have been authorized for issue by the management on 25 Apr - 2022

Farid Ullah Niazai  
Finance Contoller

Ajmal Shirzai  
Country Director