

AUDIT REPORT
OF
FUTURE GENERATIONS
AFGHANISTAN (FGA)

For the year ended December 2015



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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of "Future Generations Afghanistan" (here – after referred to as "FGA"), which comprises the statement of financial position as at December 31, 2015, and the related statement of Receipt and Expenditures together with the notes forming part thereof (all these hereafter referred to as the "Financial Statements") for the year then ended.

Management's Responsibility for the Financial Statements

FGA Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than the generally accepted accounting principles as described in note 2.1 to the financial statements. The management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FGA as at December 31, 2015, and of its statement of Income & Expenditure and



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its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For and on behalf of

Kabul, Afghanistan
Date: February 18, 2016

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FUTURE GENERATION AFGHANISTAN (FGA)
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2015

December 31
 2015 2014
 ----- USD -----

<u>ASSETS</u>	Note	2015	2014
Non Current Assets			
Fixed Assets	4	44,367	52,962
Current Assets			
Advances for expenses	5	550	550
Cash and Bank Balances	6	575,712	388,069
Total Current Assets		576,262	388,619
Total Assets		620,629	441,581
 EQUITY AND LIABILITIES			
EQUITY			
Sustainability Fund	7	246,033	233,835
Accumulated Surplus		296,916	49,616
		542,949	283,450
 LIABILITIES			
Current Liabilities			
Grant Received in Advance	8	76,800	157,440
Tax Payable	9	880	690
Total Current Liabilities		77,680	158,130
TOTAL EQUITY & LIABILITIES		620,629	441,581

The annexed notes form an integral part of these financial statements

 Finance Manager

 Country Director



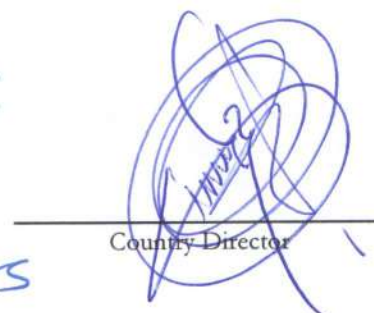
FUTURE GENERATION AFGHANISTAN (FGA)
 STATEMENT OF RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	December 31	
		2015	2,014
		----- USD -----	
RECEIPTS			
Grant from Donors	10	<u>1,045,289</u>	<u>1,101,837</u>
EXPENDITURES			
Staff Cost		568,412	600,071
Equipment Cost		6,490	2,396
Operational Cost		217,177	224,110
Exchange gain/(Loss)		117	4,093
		<u>792,195</u>	<u>830,670</u>
Surplus/(Deficit) for the year		253,094	271,167
Other Comprehensive Income			
Fixed Asset Reserve		6,405	3,205
Accumulated Surplus Brough Forward		283,450	9,078
Accumulated Surplus Carried Forward		<u>542,949</u>	<u>283,450</u>
Transferred to Sustaniability Funds		246,033	233,835
Net Accumulated Surplus		<u>296,916</u>	<u>49,616</u>

The annexed notes form an integral part of these financial statements


 Finance Manager

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 Country Director



1 STATUS AND NATURE O F OPERATIONS

Future Generation Afghanistan (FGA) is a Non Governmental Organization registered with the Ministry of Economy uner 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 sharp their own futures. Communities learn to maximise locally available skills and resources to sustain solutions that fit local cultures, economies and ecologies through FGA Health, education, peace binding, empowerment and income generation programs. FGA receives funds assistance from donors to carry out its activities.

2 STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

These financial statements have been prepared on modified cash basis of accounting. In modified cash basis of accounting, income is recorded on receipts basis while expenditures are recorded when incurred.

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 Functional and presentation currency

items included in these financial statements are measured using the currency of the primary economic environment in which the organization operates. The financial statements are presented in US Dollars. FGA functional currency is also US Dollars

2.4 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 unerlying 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 invent ory.

3 SUMMARY OF SIGNIFICANT ACCO UNTING POLICIES

3.1 Property & Equipment

After recognition as an asset, an item of property and equipments is stated at cost or revalued amount less any accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition cost and other directly attributable costs. The assets are capitalized on the basis of future economic benefits and the reliability of cost. Depreciations is provided on reducing balance method at the rates mentioned below. Full year depreciation is charged on the assets in the year of Purchase while no depreciation is charged in the year of disposal

FUTURE GENERATION AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Gain or loss on disposal of assets, if any is calculated as a difference between disposal proceed and book value of the asset at the time of disposal and credited or charged to the statement of Receipt and Expenditure for the year respectively.

The organization reviews the useful life and residual value of property and equipment on regular basis. Any change in estimate in future years might effect the carrying value of the assets along with the depreciation value.

Any fixed assets purchased against donor funding are charged to receipts in that year and are transferred to fixed assets at the end of the relevant project.

Depreciation is calculated on all assets at the following rates;

Assets	Depreciation Rates
Vehicles	25%
Furniture and Fixtures	20%
Office Equipments	25%
IT Equipments	33%

3.2 Impairments

The carrying amount of the organization assets are analysed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of assets are estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense in the Statement of Receipt and Expenditures.

3.3 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.

3.4 Cash and Bank balances

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

3.5 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.

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3.6 Exchange gain and losses

Transactions in currencies other than the reporting currencies (US Dollars) are accounted for at the exchange rates prevailing of the date of transactions. 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 historcial 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.

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FUTURE GENERATION AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

4 PROPERTY AND EQUIPMENT

Particulars	25%		20%		25%		33%		TOTAL
	Vehicles	Furniture & Fixtures	Office Equipments	IT Equipments	Vehicles	Furniture & Fixtures	Office Equipments	IT Equipments	
Opening Net Book Value (NBV) as on January 01, 2014	31,703	4,703	21,238	10,667	68,311	-	906	1,263	3,205
Addition for the year	-	-	-	-	-	-	-	-	-
Deletion during the period	-	-	-	-	-	-	-	-	-
As at December 31, 2014	31,703	5,609	22,274	11,930	71,516	7,926	1,122	5,569	18,554
Depreciation									
For the year	-	-	-	-	-	7,926	1,122	5,569	18,554
Deletion during the year	-	-	-	-	-	7,926	1,122	5,569	18,554
Closing Net Book Value (NBV) as on December 31, 2014	23,777	4,487	16,705	7,993	52,962	-	1,028	5,377	6,405
Addition for the year 2015	-	-	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	23,777	5,515	22,082	59,367
As at December 31, 2015	5,944	1,165.00	5,109	2,782	15,000	-	-	-	-
Depreciation									
For the year 2015	5,944	1,165.00	5,109	2,782	15,000	-	-	-	-
Deletion during the year	-	-	-	-	-	5,944	1,165	5,109	15,000
Closing Net Book Value (NBV) as on December 31, 2015	17,833	4,350	16,973	5,211	44,367	17,833	4,350	16,973	44,367



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FUTURE GENERATION AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	December 31	
		2015	2014
----- USD -----			
5 ADVANCES FOR EXPENSES			
Head office advances for expenses AFN		350	350
Head office advances for expenses USD		200	200
		<u>550</u>	<u>550</u>
6 CASH AND BANK BALANCES			
Cash in Hand	6.1	6,457	7,433
Cash at Bank	6.2	569,256	380,636
		<u>575,712</u>	<u>388,069</u>
6.1 Cash in Hand			
Head office USD		178	625
Nangarhar USD		140	102
Ghazni USD		401	401
Dehkundi USD		-	1,063
Head office AFN	6.3	324	45
Nangarhar AFN	6.3	1,520	3,317
Ghazni AFN	6.3	1,437	226
Dehkundi AFN	6.3	2,457	1,655
		<u>6,457</u>	<u>7,433</u>
6.2 Cash at Bank			
Azizi Bank Head Office USD		554,658	376,534
Azizi Bank NGR USD		1,059	1,526
Azizi Bank Ghazni USD		314	
Kabul Bank FGA Main USD		-	-
Kabul Bank FGA NSP USD		-	-
Kabul Bank Ghazni USD		-	-
Kabul Bank NGR USD		-	-
Habib Bank Limited USD		-	-
Azizi Bank Head Office AFA		7,730	399
Azizi Bank NGR AFA		742	1,412
Kabul Bank FGA NSP Daikundi USD		4,752	747
Kabul Bank FGA NSP Daikundi AFA		1	18
Kabul Bank Head Office AFA		-	-
		<u>569,256</u>	<u>380,636</u>

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6.3 The exchange rate used for the conversion of Afghani to US Dollars is as follows;
 One USD = 60.43 Afghani. This is the average buying rate of Da Afghanistan Bank (DAB).

FUTURE GENERATION AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note
 December 31
 2015 2014
 ----- USD -----

7 SUSTAINABILITY FUND

Opening Balance	233,835	161,151
Amount transferred to fund	12,198	86,457
Amount transferred from fund	-	(13,773)
Closing balance	<u>246,033</u>	<u>233,835</u>

8 GRANT RECEIVED IN ADVANCE

This represents the amount received from Ministry of Rural Rehabilitation and Development (MRRD) for National Solidarity Programme (NSP) to be implemented by Future Generation Afghanistan (AGA), the amount was received in May 2013 but partial work has been started in 2015.

9 TAX PAYABLE

Salaries	573	196
Rent	57	186
Contractual Taxes	250	309
	<u>880</u>	<u>690</u>

10 GRANTS FROM DONOR

Ministry of Rural Rehabilitation & Development	940,722	1,000,055
World Food Programme	11,459	6,913
UNDP	15,000	
French Embassy	-	27,971
United States Institute of Peace	66,001	35,000
Future Generations (HQ) RBF Project	-	30,000
Other Income	12,108	1,898
	<u>1,045,289</u>	<u>1,101,837</u>

11 STAFF COST

Regular Staff	215,148	201,718
Project Staff	353,264	398,353
	<u>568,412</u>	<u>600,071</u>

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FUTURE GENERATION AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	December 31	
		2015	2014
		----- USD -----	
12 EQUIPMENT COST			
Computers		2,354	725
Electronic Appliances		26	384
Furnitures & Fixtures		973	433
Generator		246	-
Office Equipments		2,308	785
Other IT Equipments		582	69
		<u>6,490</u>	<u>2,396</u>
13 OPERATIONAL COST			
Office Supplies		10,995	15,787
Office Rent		45,728	43,259
Utilities		13,607	31,232
Printing Postage & Stationery		5,723	8,557
Travel & Transportation		18,595	23,223
Vehicles Operating Cost		67,588	55,490
Repair & Maintenance		2,210	1,706
Depreciation		15,000	18,554
Training & Capacity Building		12,154	14,440
Legal & Professional Charges		3,681	7,786
Audit Fee		1,420	1,500
Bank Charges		1,649	2,420
Communication Cost		18,381	
Miscellaneous expenses		444	156
		<u>217,177</u>	<u>224,110</u>
14 GENERAL			

Figures have been rounded off to the nearest of USD

Comparative Figures have been rearranged and regrouped for better presentation and comparasion

15 AUTHORIZATION

These financial statements have been authorized by the Country Director on April 26, 2015.

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 Finance Manager




 Country Director

FUTURE GENERATIONS AFGHANISTAN
Tax calculation for the year ended December 31, 2015
Staff salaries tax calculation

ANNEX I

Staff salaries Tax Calculation

Particulars	for the year ended December 31, 2015											
	January	February	March	April	May	June	July	August	September	October	November	December
TOTAL												
Kabul Office	12,329,456	954,210	963,455	977,509	977,509	1,002,552	1,060,723	1,065,354	1,108,296	1,121,442	1,090,306	1,125,848
Tax deducted	1,391,803	104,414	106,983	108,791	108,791	112,756	118,533	119,256	125,963	128,014	126,600	132,227
	13,721,259	1,058,624	1,070,438	1,086,300	1,086,300	1,115,308	1,179,256	1,184,610	1,234,259	1,249,456	1,216,906	1,258,075
Nengarhar & Laghman Offices	9,924,139	919,273	908,336	868,614	874,757	882,827	834,640	848,107	804,650	828,878	795,434	668,557
Tax deducted	606,053	56,434	55,447	51,439	51,984	53,166	49,868	51,154	49,130	52,114	50,760	41,307
	10,530,192	975,707	963,783	920,053	926,741	935,993	884,508	899,261	853,780	886,992	846,194	709,864
Daikundi Office	6,409,803	453,482	455,147	440,050	526,765	523,357	511,779	586,693	610,029	604,705	612,241	632,024
Tax deducted	373,422	26,274	25,897	26,044	28,496	28,668	29,067	34,341	36,515	35,703	37,612	39,480
	6,783,225	479,805	479,379	481,191	465,375	555,261	540,846	621,034	646,544	640,408	649,853	671,504
Ghazni Office	5,697,875	227,663	273,530	276,117	309,399	524,788	586,892	622,999	635,710	566,776	559,243	417,852
Tax deducted	312,172	10,951	14,444	14,571	15,802	27,516	32,482	34,075	38,891	32,478	32,824	23,085
	6,010,047	238,614	287,974	290,688	325,201	552,304	619,374	657,074	735,797	599,254	592,067	440,937
GRANT TOTAL SALARIES	34,361,273	2,482,719	2,589,558	2,563,333	2,601,715	2,911,889	3,043,608	3,092,407	3,244,109	3,088,357	2,930,347	2,865,790
GRANT TOTAL TAX WITH HOLD	2,683,450	193,134	200,202	199,037	201,902	217,969	232,829	237,780	253,483	246,955	238,343	238,042
Amount Paid to DAB	2,701,138	205,072	200,127	199,570	202,944	217,112	223,179	233,922	237,779	251,194	245,760	242,292
Over/Under deposit	(17,688)	(11,938)	75	(533)	(1,042)	857	595	(1,093)	1	2,289	1,195	(3,949)

Note

The negative appearing in the above payment schedule amounting AFN 11938/- shows last year tax payable which has been paid in the current year. Tax has been deducted as per income tax law and the breakup of all the taxes individually deducted and paid has been available in the finance department of AFG



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Country Director

Finance Manager

Contractual tax withheld and paid during the year ended December 31, 2015

Supplier Name	Percentage	Amount Paid	With held	Paid to DAB	Balance
Noor Rahman owner of rental vehicle in khogyani	7%	53,847	3,769	3,769	0
	7%	53,494	3,745	3,744	1
	7%	53,660	3,756	5,366	(1,610)
	7%	54,730	3,831	3,830	1
	7%	55,121	3,858	3,858	0
	7%	55,121	3,858	3,858	0
	7%	56,107	3,927	3,927	0
	7%	56,349	3,944	3,944	0
	7%	59,278	4,149	4,149	0
	7%	61,761	4,323	4,323	0
	7%	59,836	4,189	4,189	(0)
	7%	58,596	4,102	4,101	1
Soor Gul owner of rental vehicle in Ghazni	7%	40,950	2,867	2,866	1
	7%	41,000	2,870	2,870	-
	7%	41,000	2,870	2,870	-
	7%	41,000	2,870	2,870	-
Roozi Mohammad owner of rental vehicle in Ghazni	7%	40,950	2,867	2,866	1
	7%	41,000	2,870	2,870	-
	7%	41,000	2,870	2,870	-
	7%	41,000	2,870	2,870	-
Ahmad Fahim Hakim (consultant in Kabul)	7%	127,480	8,924	8,924	(0)
	7%	134,860	9,440	9,440	0
Total		1,268,140	88,770	90,374	(1,604)

Note:

the negative balance appearing the schedule amounting AFN 1604/- shows that our finance department has paid extra amount as per income tax law defined.

Finance Manager

Country Director



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FUTURE GENERATIONS AFGHANISTAN

Office rent with holding tax paid for the year ended December 31, 2015

ANNEX III

Particulars	Agreement or payment for the period		Total Amount Paid during the year		Tax Hold for one year or six Month		AFA	Per Month offices Rent and Holding		Balance
	From	to	USD	AFN	USD	AFN		Per Month offices Rent Gross	Holding and Depositing	
FGA Offices										
Kabul Office	1-May-15	30/11/15	7,980	458,400	798	45,840	45,840	76,400	7,640	-
	30/11/15	30/5/16	7,980	508,645	798	50,865	50,864	84,774	8,477	1
Nangarhar Office	16-Dec-14	15-Jun-15	6,000	347,520	600	34,752	34,752	57,920	5,792	-
	16-Jun-15	15-Dec-15	4,000	234,709	400	23,471	23,710	39,118	3,952	(239)
Khogyani Office	24-May-15	24-Nov-15	2,000	118,540	200	11,854	15,055	19,757	2,509	(3,201)
	24-Nov-15	31-Dec-15	400	24,564	40	2,456	2,948	12,282	491	(492)
Laghman office	1-Feb-15	31-Jul-15	3,000	173,700	300	17,370	17,370	28,950	2,895	-
	1-Aug-15	31-Dec-15	2,500	150,825	250	15,083	15,083	30,165	2,514	(1)
Ghazni office	15-Jan-15	15-Jul-15	3,000	173,700	300	17,370	17,370	28,950	2,895	-
	15-Jul-15	15-Jan-16	3,000	180,990	300	18,099	18,099	30,165	3,017	-
Daikundi office	10-Mar-15	10-Jun-15	41,667 AFN	41,667	-	4,167	4,167	13,889	1,389	(0)
	10-Jun-15	10-Sep-15	41,667 AFN	41,667	-	4,167	4,167	13,889	1,389	(0)
	10-Sep-15	10-Dec-15	41,667 AFN	41,667	-	4,167	4,167	13,889	1,389	(0)
	10-Dec-15	10-Mar-16	41,667 AFN	41,667	-	4,167	4,167	13,889	1,389	(0)
Grant Total				2,538,261		253,826	257,759	464,037	45,738	(3,933)

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[Signature]
Finance Manager

[Signature]
Country Director