

Future Generation Afghanistan

Annual Audit

Auditors' Report and Audited Financial Statements

For the year ended December 31, 2022



Contents

- 1. Auditor's Report on Financial Statements**
- 2. Audited Financial Statements**



Independent auditors' report to the Board of Directors of Future Generation Afghanistan (FGA)

Opinion

We have audited the financial statements of **Future Generation Afghanistan (the Organization)**, which comprises the statement of financial position as at December 31, 2022, statement of income and expenditure, statement of changes in reserves, statement of cash flows 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, 2022, and its financial performance for the year ended in accordance with financial reporting framework as disclosed 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 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.

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.

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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 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.

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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.

Anwar Javed and Co.



Anwar Javed & Co.

Chartered Accountants

Engagement Partner: **Javed Anwar**

Date: July 12, 2023

Place: **Kabul, Afghanistan**

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 USD	2021 USD
ASSETS			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Advances	3	786	193
Cash & cash equivalent	4	480,386	303,675
		<u>481,171</u>	<u>303,868</u>
Total Assets		<u><u>481,171</u></u>	<u><u>303,868</u></u>
RESERVES AND LIABILITIES			
Reserves			
Sustainability fund	5	-	604,702
Accumulated surplus / (deficit)		149,962	(585,817)
Total Reserves		<u>149,962</u>	<u>18,885</u>
Liabilities			
Accrued Expenses & Other Liabilities	6	331,209	284,983
Total Reserves and Liabilities		<u><u>481,171</u></u>	<u><u>303,868</u></u>

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

Farid Ullah Niazi
Finance Contoller

Besmillah sakhizada
Managing Director

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 USD	2021 USD
Income			
Receipts from donor	7	5,038,284	1,269,013
Other income	8	36,396	60,956
		<u>5,074,680</u>	<u>1,329,968</u>
Expenditure			
Personnel cost	9	1,497,299	809,367
Operational cost	10	2,440,595	754,883
Equipment cost	11	43,320	21,486
Exchange loss		51,774	
		<u>4,032,988</u>	<u>1,585,736</u>
Surplus / (deficit) for the year		<u>1,041,692</u>	<u>(255,768)</u>

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

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Farid Ullah Niazai
Finance Controller

Besmillah sakhizada
Managing Director

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note	2022 USD	2021 USD
Opening balance of accumulated surplus/(deficit)	(585,817)	(330,049)
Add: Surplus / (deficit) for the year	1,041,692	(255,768)
Less: transferred (to) / from sustainability fund	(305,913)	-
	149,962	(585,817)

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

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Farid Ullah Niazai
Finance Controller

Besmillah sakhizada
Managing Director

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
Cash flows from operating activities			
Surplus / (deficit) for the year		1,041,692	(255,768)
<i>Adjustment</i>		(910,615)	-
Operating profit before working capital changes		<u>131,077</u>	<u>(255,768)</u>
Working capital changes			
Increase/ (Decrease) in Liabilities			
Advances		(593)	9,742
Increase / (Decrease) in Accrued Expenses			
Accrued Expenses & Other Liabilities		46,226	276,855
		<u>45,633</u>	<u>286,597</u>
Net cash generated from operating activities		<u>176,710</u>	<u>30,829</u>
Net cash used in investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		<u>176,710</u>	<u>30,829</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		303,675	272,846
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>480,386</u></u>	<u><u>303,675</u></u>

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

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Farid Ullah Niazai
Finance Controller



Besmillah sakhizada
Managing 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 2022**

	<i>Note</i>	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
3 Advances			
Advance expenses		786	193
Advance payment to partner		-	-
		<u>786</u>	<u>193</u>
4 Cash & cash equivalent			
Cash in Hand		54,074	8,572
Cash at Bank		125,643	6,220
FNGM Current Account		300,669	288,883
		<u>480,386</u>	<u>303,675</u>
		63%	
4.1 Cash in Hand			
Cash in hand - AFN		53,982	8,572
Cash in hand - USD		92	-
		<u>54,074</u>	<u>8,572</u>
4.2 Cash at Bank			
Azizi Bank - AFN		18,270	1,063
Azizi Bank - USD		26,224	5,157
AIB Bank - USD		80,787	-
AIB Bank - AFN		362	-
		<u>125,643</u>	<u>6,220</u>
5 Sustainability fund			
Sustainability fund balance		604,702	604,702
Adjustment		(604,702)	-
		<u>-</u>	<u>604,702</u>
6 Accrued Expenses & Other Liabilities			
Liabilities			
Staff Salaries		243,362	224,516
Vehicle Rent Payable		50,888	31,933
Short Term Loan- USD		-	8,000
Short Term Loan- AFN		4,489	7,908
		<u>298,739</u>	<u>272,358</u>

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
Accrued Expenses			
Salaries Tax		13,817	2,311
Contractual taxes		18,428	2,313
Rent Tax		225	
Accrual Expenses		-	8,001
		<u>32,470</u>	<u>12,625</u>
		<u>331,209</u>	<u>284,983</u>
7 Receipts from donor			
World Food Programme		2,015,869	635,605
IDLG		347,455	268,045
FAO		813,161	308,350
MRRD		1,045,609	-
UNDP		159,018	-
AHF		627,173	-
Mulago		30,000	-
USIP		-	57,012
		<u>5,038,284</u>	<u>1,269,013</u>
8 Other income			
Exchange gain/ (Loss)			53,899
FGA own income		-	7,057
Other income		36,396	-
		<u>36,396</u>	<u>60,956</u>
9 Personnel cost			
Regular staff		587,355	182,787
Project staff		909,944	626,581
		<u>1,497,299</u>	<u>809,367</u>

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

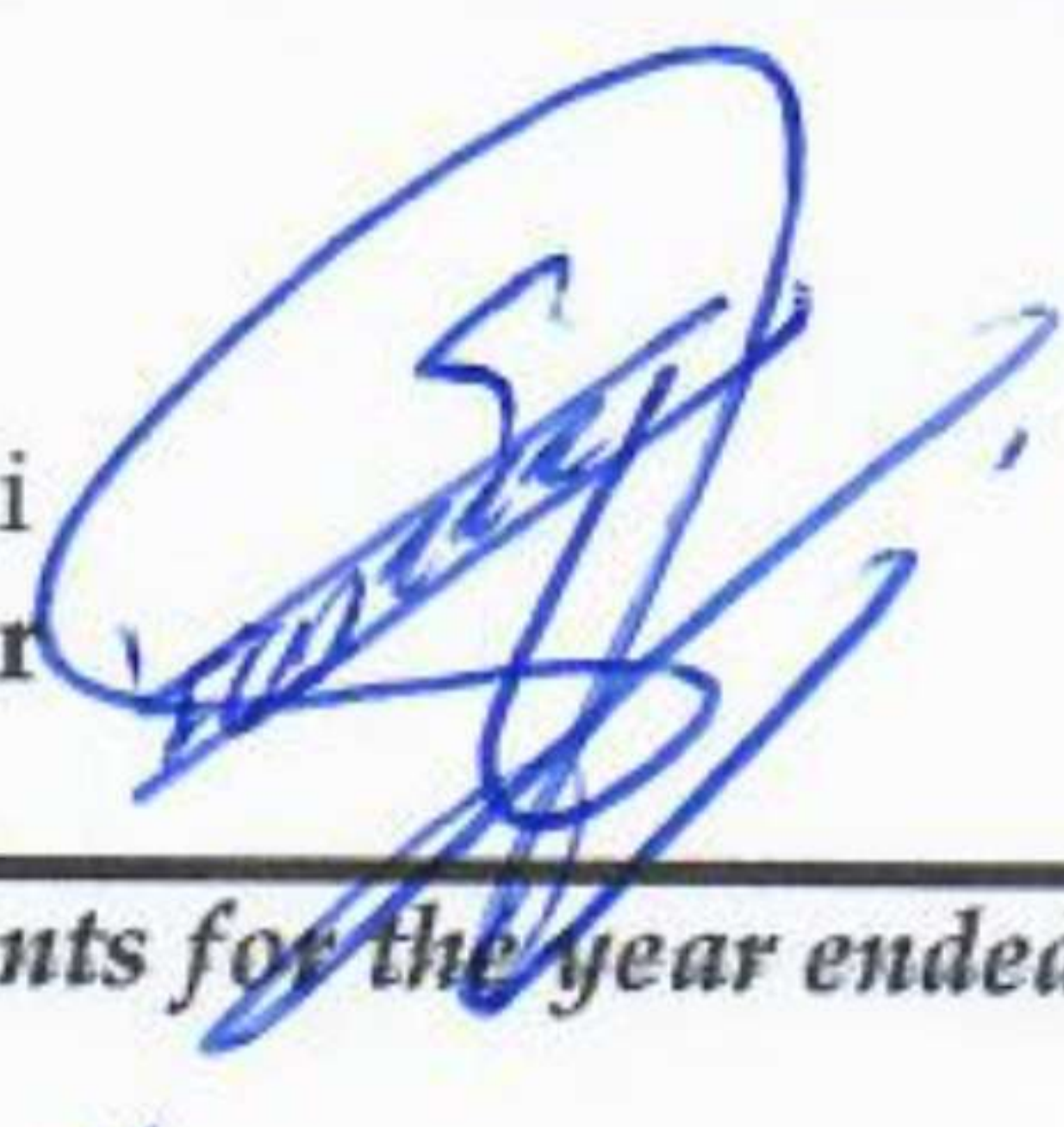
	Note	2022 USD	2021 USD
10 Operational cost			
Office supplies		34,029	15,871
Office rent		42,620	39,930
Utilities		13,911	12,350
Printing, postage & stationery		51,497	36,419
Partner expenses		29,175	30,551
Program materials and supplies		977,768	208,824
Travel & transportation		32,143	18,660
Vehicle operating cost		533,519	219,859
Fuel for vehicle and generator		24,815	17,292
Repair & maintenance		4,790	2,770
Fee & Taxes		847	238
Meals and per diem domestic		10,405	3,607
Training & capacity building		12,924	2,163
Workshops meetings and conferences		13,008	56,502
Legal & professional charges		53,894	1,383
Audit fee		1,550	1,600
Bank charges		14,284	-
Communication cost		43,422	28,691
Miscellaneous expenses		1,939	50,868
FGGN Office Administrative Cost		-	3,891
Registration exp		550	113
Education Fee		43,257	-
Subscriptions & reference books		88	-
Warehouse Rent		14,662	-
Cash Distributions		445,568	-
FGA Administrative cost		39,930	3,299
		2,440,595	754,883
11 Equipment cost			
Vehicles		-	8,000
IT equipment's		25,592	6,299
Furniture's & fixtures		9,802	1,350
Office equipment's		7,927	5,836
		43,320	21,486
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 These financial statement have been authorized for issue by the management on _____

Farid Ullah Niazai
Finance Contoller



Besmillah sakhizada
Managing Director

