

# Future Generation Afghanistan

## *Annual Audit*

**Auditors' Report and Audited Financial  
Statements**

**For the year ended December 31, 2023**



# 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, 2023, 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, 2023, 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.

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

*AJCO*

## 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.

AJCO





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: June 10, 2024  
Place: Kabul, Afghanistan



**FUTURE GENERATIONS AFGHANISTAN**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR FROM JANUARY 1, 2023 TO DECEMBER 31, 2023**

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	Note	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
<b>ASSETS</b>			
<b>Non Current assets</b>			
Property, plant and equipment		-	-
<b>Current assets</b>			
Advances	3	994	786
Cash & cash equivalent	4	494,363	480,386
		<u>495,357</u>	<u>481,171</u>
<b>Total Assets</b>		<u><u>495,357</u></u>	<u><u>481,171</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Sustainability fund	5	-	-
Accumulated surplus / (deficit)		416,934	149,962
<b>Total Reserves</b>		<u>416,934</u>	<u>149,962</u>
<b>Liabilities</b>			
Accrued Expenses & Other Liabilities	6	78,423	331,209
<b>Total Reserves and Liabilities</b>		<u><u>495,357</u></u>	<u><u>481,171</u></u>

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

Farid Ullah Niazai  
Finance Controller

Besmillah sakhizada  
Office In Charge

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 USD	2022 USD
<b>Income</b>			
Receipts from donor	7	8,284,650	5,038,284
Other income	8	33,233	36,396
		<u>8,317,883</u>	<u>5,074,680</u>
<b>Expenditure</b>			
Personnel cost	9	2,744,121	1,497,299
Operational cost	10	5,197,389	2,440,595
Equipment cost	11	61,477	43,320
Exchange loss		48,889	51,774
		<u>8,051,876</u>	<u>4,032,988</u>
<b>Surplus / (deficit) for the year</b>		<u>266,006</u>	<u>1,041,692</u>

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

Farid Ullah Niazai  
Finance Contoller

Besmillah sakhizada  
Office In Charge

ASB



**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023	2022
		USD	USD
Opening balance of accumulated surplus/(deficit)		149,962	(585,817)
Add: Surplus / (deficit) for the year		266,006	1,041,692
Less: transferred (to) / from sustainability fund		-	(305,913)
Adjustment		966	-
		<b>416,934</b>	<b>149,962</b>

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

Farid Ullah Niazi  
Finance Controller

Besmillah sakhizada  
Office In Charge

APCO

**FUTURE GENERATIONS AFGHANISTAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Note	2023 USD	2022 USD
<b>Cash flows from operating activities</b>		
Surplus / (deficit) for the year	266,006	1,041,692
Adjustment	966	(910,615)
<b>Operating profit before working capital changes</b>	<b>266,972</b>	<b>131,077</b>
<b>Working capital changes</b>		
<b>Increase/ (Decrease) in Liabilities</b>		
Advances	(209)	(593)
<b>Increase / (Decrease) in Accrued Expenses</b>		
Accrued Expenses & Other Liabilities	(252,786)	46,226
	(252,995)	45,633
<b>Net cash generated from operating activities</b>	<b>13,977</b>	<b>176,710</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>13,977</b>	<b>176,710</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>480,386</b>	<b>303,675</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>494,363</b>	<b>480,386</b>

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

Farid Ullah Niaza  
Finance Controller

Besmillah sakhrizada  
Office In Charge

APCO

**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

---

**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

**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

**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

**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

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.

ADK



**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
<b>3 Advances</b>			
Advance expenses		994	786
Advance payment to partner		-	-
		<u>994</u>	<u>786</u>
<b>4 Cash &amp; cash equivalent</b>			
Cash in hand - USD		4	92
Cash in hand - AFN		84,655	53,982
Cash at Bank	4.1	409,707	125,643
FNGM Current Account		-	300,669
		<u>494,363</u>	<u>480,386</u>
			-
<b>4.1 Cash at Bank</b>			
Azizi Bank - AFN		275,886	18,270
Azizi Bank - USD		89,419	26,224
AIB Bank - USD		30,612	80,787
AIB Bank - AFN		13,790	362
		<u>409,707</u>	<u>125,643</u>
			-
<b>5 Sustainability fund</b>			
Sustainability fund balance		-	604,702
Adjustment		-	(604,702)
		<u>-</u>	<u>-</u>
<b>6 Accrued Expenses &amp; Other Liabilities</b>			
<b>Liabilities</b>			
Staff Salaries		15,567	243,362
Vehicle Rent Payable		28,096	50,888
Short Term Loan- USD		-	-
Short Term Loan- AFN		-	4,489
		<u>43,663</u>	<u>-</u>

AFCO

**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
<b>Accrued Expenses</b>			
Salaries Tax		16,509	13,817
Contractual taxes		16,366	18,428
Rent Tax		1,885	225
Accrual Expenses		-	-
		<u>34,760</u>	<u>32,470</u>
		<u>78,423</u>	<u>331,209</u>
<b>7 Receipts from donor</b>			
World Food Programme		4,714,692	2,015,869
IDLG		-	347,455
FAO		1,903,877	813,161
MRRD		-	1,045,609
UNDP		133,106	159,018
AHF		1,079,907	627,173
Mulago		-	30,000
UNICEF		453,068	-
		<u>8,284,650</u>	<u>5,038,284</u>
<b>8 Other income</b>			
Exchange gain/ (Loss)		-	-
FGA own income		-	-
Other income		33,233	36,396
		<u>33,233</u>	<u>36,396</u>
<b>9 Personnel cost</b>			
Regular staff		928,900	587,355
Project staff		1,815,221	909,944
		<u>2,744,121</u>	<u>1,497,299</u>

AFCD



**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
<b>10 Operational cost</b>			
Office supplies		54,557	34,029
Office rent		72,251	42,620
Utilities		31,412	13,911
Printing, postage & stationery		78,194	51,497
Partner expenses		-	29,175
Program materials and supplies		3,022,679	977,768
Travel & transportation		60,498	32,143
Vehicle operating cost		887,254	533,519
Fuel for vehicle and generator		7,060	24,815
Repair & maintenance		12,963	4,790
Fee & Taxes		2,121	847
Meals and per diem domestic		17,474	10,405
Training & capacity building		16,496	12,924
Workshops meetings and conferences		77,842	13,008
Legal & professional charges		58,066	53,894
Audit fee		2,000	1,550
Bank charges		19,438	14,284
Communication cost		78,921	43,422
Miscellaneous expenses		5,406	1,939
Medical treatment		826	-
Registration exp		2,630	550
Education Fee		-	43,257
Subscriptions & reference books		100	88
Warehouse Rent		65,406	14,662
Third party service provider fee		-	-
Cash Distributions		618,645	445,568
FGA Administrative cost		5,149	39,930
		<u>5,197,389</u>	<u>2,440,595</u>
<b>11 Equipment cost</b>			
Vehicles		4,100	-
IT equipment's		27,521	25,592
Furniture's & fixtures		11,812	9,802
Office equipment's		18,044	7,927
		<u>61,477</u>	<u>43,320</u>

ACD

**FUTURE GENERATIONS AFGHANISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

---

	<i>Note</i>	<u>2023</u>	<u>2022</u>
		<u>USD</u>	<u>USD</u>
<b>11 General</b>			
-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.			
<b>12</b>	Theses financial statement have been authorized for issue by the management on_____		

Farid Ullah Niazi  
Finance Contoller



Besmillah sakhizada  
Office In Charge



AJBE