

Future Generation Afghanistan

Annual Audit

Auditors' Report and Audited Financial Statements

For the year ended December 31, 2024



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, 2024, 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, 2024, 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.

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: February 19, 2025

Place: **Kabul, Afghanistan**

FUTURE GENERATIONS AFGHANISTAN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR FROM JANUARY 1, 2024 TO DECEMBER 31, 2024

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 USD	2023 USD
ASSETS			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Advances	3	13,082	994
Cash & cash equivalent	4	253,569	494,363
		<u>266,651</u>	<u>495,357</u>
Total Assets		<u><u>266,651</u></u>	<u><u>495,357</u></u>
RESERVES AND LIABILITIES			
Reserves			
Sustainability fund	5	-	-
Accumulated surplus / (deficit)		<u>(543,037)</u>	<u>416,934</u>
Total Reserves		<u>(543,037)</u>	<u>416,934</u>
Liabilities			
Accrued Expenses & Other Liabilities	6	<u>809,688</u>	<u>78,423</u>
Total Reserves and Liabilities		<u><u>266,651</u></u>	<u><u>495,357</u></u>

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

Farid Ullah Niazai
Finance Contoller

Besmillah Sakhizada
Afghanistan Office In charge

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	<u>2024</u> <u>USD</u>	<u>2023</u> <u>USD</u>
Income			
Receipts from donor	7	6,156,542	8,284,650
Other income	8	32,147	33,233
		<u>6,188,689</u>	<u>8,317,883</u>
Expenditure			
Personnel cost	9	2,865,972	2,744,121
Operational cost	10	4,222,854	5,197,389
Equipment cost	11	59,834	61,477
Exchange loss		-	48,889
		<u>7,148,660</u>	<u>8,051,876</u>
Surplus / (deficit) for the year		<u>(959,971)</u>	<u>266,006</u>

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

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Farid Ullah Niazi
Finance Controller

Besmillah sakhizada
Afghanistan Office In charge

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 USD	2023 USD
Opening balance of accumulated surplus/(deficit)		416,934	149,962
Add: Surplus / (deficit) for the year		(959,971)	266,006
Less: transferred (to) / from sustainability fund		-	-
Adjustment			966
		<u>(543,037)</u>	<u>416,934</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
Afghanistan Office In charge

**FUTURE GENERATIONS AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 USD	2023 USD
Cash flows from operating activities			
Surplus / (deficit) for the year		(959,971)	266,006
Adjustment		-	966
Operating profit before working capital changes		(959,971)	266,972
Working capital changes			
Increase/ (Decrease) in Liabilities			
Advances		(12,087)	(209)
Increase / (Decrease) in Accrued Expenses			
Accrued Expenses & Other Liabilities		731,265	(252,786)
		719,177	(252,995)
Net cash generated from operating activities		(240,794)	13,977
Net cash used in investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(240,794)	13,977
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		494,363	480,386
CASH AND CASH EQUIVALENTS AT THE END OF THE		253,569	494,363

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

Farid Ullah Niazai
Finance Controller

Besmillah sakhizada
Afghanistan Office In charge

**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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.

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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 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 2024**

	<i>Note</i>	<u>2024</u> <u>USD</u>	<u>2023</u> <u>USD</u>
3 Advances			
Advance expenses		13,082	994
Advance payment to partner		-	-
		<u>13,082</u>	<u>994</u>
4 Cash & cash equivalent			
Cash in hand - USD		4	4
Cash in hand - AFN		29,525	84,655
Cash at Bank	4.1	224,040	409,707
FNGM Current Account		-	-
		<u>253,569</u>	<u>494,363</u>
4.1 Cash at Bank			
Azizi Bank - AFN		120,292	275,886
Azizi Bank - USD		38,803	89,419
AIB Bank - USD		16,538	30,612
AIB Bank - AFN		48,407	13,790
		<u>224,040</u>	<u>409,707</u>
5 Sustainability fund			
Sustainability fund balance		-	-
Adjustment		-	-
		<u>-</u>	<u>-</u>
6 Accrued Expenses & Other Liabilities			
Liabilities			
Staff Salaries		559,782	15,567
Vehicle Rent Payable		206,241	28,096
Short Term Loan- USD		-	-
Short Term Loan- AFN		-	-
		<u>766,023</u>	<u>43,663</u>

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<i>Note</i>	2024	2023
		USD	USD
Accrued Expenses			
Salaries Tax		27,308	13,817
Contractual taxes		12,695	18,428
Rent Tax		818	225
Other Payables		2,843	-
		43,664	32,470
		809,688	331,209
7 Receipts from donor			
World Food Programme		3,430,279	4,714,692
IDLG		-	-
FAO		1,881,305	1,903,877
MRRD		-	-
UNDP		353,982	133,106
AHF		490,976	1,079,907
Mulago		-	-
UNICEF		-	453,068
		6,156,542	8,284,650
8 Other income			
Exchange gain/ (Loss)		8,966	-
FGA own income		-	-
Other income		23,181	33,233
		32,147	36,396
9 Personnel cost			
Regular staff		1,008,251	928,900
Project staff		1,857,721	1,815,221
		2,865,972	2,744,121

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**FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 USD	2023 USD
10 Operational cost			
Office supplies		48,118	54,557
Office rent		76,575	72,251
Utilities		34,730	31,412
Printing, postage & stationery		192,949	78,194
Partner expenses		-	-
Program materials and supplies		2,187,151	3,022,679
Travel & transportation		963,968	60,498
Vehicle operating cost		1,743	887,254
Fuel for vehicle and generator		19,166	7,060
Repair & maintenance		18,090	12,963
Fee & Taxes		2,281	2,121
Meals and per diem domestic		8,985	17,474
Training & capacity building		21,050	16,496
Workshops meetings and conferences		53,764	77,842
Legal & professional charges		17,147	58,066
Audit fee		2,000	2,000
Bank charges		17,607	19,438
Communication cost		77,714	78,921
Miscellaneous expenses		12,363	5,406
Medical treatment		390	826
Registration exp		380	2,630
Education Fee		-	-
Subscriptions & reference books		4,578	100
Warehouse Rent		111,455	65,406
Third party service provider fee		-	-
Cash Distributions		348,136	618,645
FGA Administrative cost		2,517	5,149
		4,222,854	5,197,389
11 Equipment cost			
Vehicles		13,000	4,100
IT equipment's		21,027	27,521
Furniture's & fixtures		4,987	11,812
Office equipment's		20,711	18,044
Other assets and store item		110	-
		59,834	61,477

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FUTURE GENERATIONS AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	<u>2024</u>	<u>2023</u>
		<u>USD</u>	<u>USD</u>
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_____		

Farid Ullah Niazai
Finance Contoller



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Besmillah sakhizada
Afghanistan Office In charge

