

Saeed Methani Mushtaq (SMM) & Co. Chartered Accountants
Kabul Afghanistan

FUTURE GENERATIONS AFGHANISTAN (FGA)
AUDIT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Submitted by:

M/s Saeed Methani Mushtaq & Co. Chartered Accountants

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SAEED METHANI MUSHTAQ AND COMPANY

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of "Future Generations Afghanistan" (Here-in-after referred to as "FGA") which comprises the statement of financial position as at 31 December 2014, and the related Statement of Receipts and Expenditures together with the notes forming part thereof (all these here-in-after 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 the 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 the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 the FGA as of December 31, 2014 and its Receipts and expenditures for the year then ended in accordance with the basis of accounting as described in note 2.1 to the financial statement.

Kabul

Date: *April, 26, 2015*



Saeed Methani Mushtaq & Co
Chartered Accountants



FUTURE GENERATIONS AFGHANISTAN (FGA)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

| | NOTE | YEAR ENDED DECEMBER 31, 2014 USD | PERIOD ENDED DECEMBER 31, 2013 USD |
|---------------------------------------|------|---|---|
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 4 | 52,962 | 68,311 |
| Current Assets | | | |
| Advances for expenses | 5 | 550 | - |
| Cash and Bank Balances | 6 | 388,069 | 103,417 |
| Total Current Assets | | 388,619 | 103,417 |
| Total Assets | | 441,581 | 171,727 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Sustainability Fund | 7 | 233,835 | 161,151 |
| Accumulated Surplus | | 49,616 | (152,073) |
| | | 283,450 | 9,078 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Grant Received in Advance | 8 | 157,440 | 157,440 |
| Tax Payable | 9 | 690 | 5,209 |
| Total Current Liabilities | | 158,130 | 162,649 |
| TOTAL EQUITY & LIABILITIES | | 441,581 | 171,727 |

The annexed notes form an integral part of these financial statements.


Finance Manager


Country Director

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FUTURE GENERATIONS AFGHANISTAN (FGA)
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | NOTE | YEAR ENDED DECEMBER 31, 2014 USD | PERIOD ENDED DECEMBER 31, 2013 USD |
|-------------------------------------|------|---|---|
| RECEIPTS | | | |
| Grant from Donors | 10 | 1,101,837 | - |
| | | <u>1,101,837</u> | <u>-</u> |
| EXPENDITURES | | | |
| Staff Cost | 11 | 600,071 | 100,746 |
| Equipment Cost | 12 | 2,396 | 620 |
| Operational Cost | 13 | 224,110 | 69,709 |
| Exchange Loss | | 4,093 | 1,359 |
| | | <u>830,670</u> | <u>172,434</u> |
| Surplus/(Deficit) for the period | | 271,167 | (172,434) |
| Other Comprehensive Income | | | |
| Fixed Assets Reserve | | 3,205 | - |
| Accumulated Surplus B/F | | 9,078 | 181,513 |
| Accumulated Surplus C/F | | <u>283,450</u> | <u>9,078</u> |
| Transferred to Sustainability Funds | | 233,835 | 161,151 |
| Net Accumulated Surplus | | 49,616 | (152,073) |

The annexed notes form an integral part of these financial statements.


Finance Manager


Country Director

SMMCO

**FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. STATUS AND NATURE OF ACTIVITIES

Future Generations Afghanistan (FGA) is a Non Governmental Organisation (NGO) registered with the Ministry of Economy under the Afghanistan NGO law and is part of Future Generations 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 maximise locally available skills and resources to sustain solutions that fit local cultures, economies and ecologies through FGA health, education, peace building, empowerment and income generations 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 statements have been prepared under historical cost basis, except as otherwise stated in the policies and notes given hereunder.

2.3 Corresponding Figures

The last period financial statements has been prepared for a period of 3 months (from October 01, 2013 to December 31, 2013). Therefore the amounts presented in these financial statements are not entirely comparable.

2.4 Functional and presentation currency

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

2.5 Use of the estimates and judgments

The presentation of financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from the results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipments

After recognition as an asset, an item of property and equipment 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 the cost.

Depreciation is provided on reducing balance method at the rates mentioned below. Full year depreciation is charged on assets in the year of purchase while no depreciation is charged in the year of disposal.

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 Receipts and Expenditures for the year respectively.

The organisation 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 relevent project.

Depreciation is calculated on all assets at the following rates:

| Assets | Rates |
|-------------------------|--------------|
| Vehicles | 25% |
| Furnitures and Fixtures | 20% |
| Office Equipments | 25% |
| IT Equipments | 33% |

3.2 Impairment

The carrying amounts of the organisation 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 recognised as expense in the statement of Receipts and Expenditures.

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**FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

3.3 Advances and Receivables

Advances and receivables are measured at original invoice amount less an estimate 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 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 the goods or services received, whether or not billed to the organisation.

3.6 Exchange gain and loss

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 than the reporting currency at the year end are translated at 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 transition, If any. Exchange differences are included in the statement of Receipts and Expenditures for the period.

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

4. PROPERTY AND EQUIPMENT

| PARTICULARS | C O S T | | | RATE | D E P R E C I A T I O N | | | W.D.V AS ON 31-12-14 (USD) |
|-------------------------|-------------------|---------------------------|-------------------|------|-------------------------|-------------------|-------------------|-------------------------------------|
| | AS AT 01-01-14 | ADDITIONS/ [DELETIONS] | AS AT 31-12-14 | | AS AT 01-01-14 | FOR THE PERIOD | AS AT 31-12-14 | |
| Vehicles | 46,606 | - | 46,606 | 25% | 14,903 | 7,926 | 22,829 | 23,777 |
| Furnitures and Fixtures | 5,993 | 906 | 6,899 | 20% | 1,291 | 1,122 | 2,413 | 4,487 |
| Office Equipments | 31,608 | 1,036 | 32,644 | 25% | 10,370 | 5,569 | 15,939 | 16,705 |
| IT Equipments | 15,990 | 1,263 | 17,253 | 33% | 5,324 | 3,937 | 9,261 | 7,993 |
| December 31, 2014 (USD) | 100,197 | 3,205 | 103,402 | | 31,887 | 18,554 | 50,441 | 52,962 |
| December 31, 2013 (USD) | 100,197 | - | 100,197 | | 21,694 | 10,193 | 31,887 | 68,311 |

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | NOTE | YEAR ENDED DECEMBER 31, 2014 USD | PERIOD ENDED DECEMBER 31, 2013 USD |
|---|------|---|---|
| 5. ADVANCES FOR EXPENSES | | | |
| Head office Advances for Expenses (AFN) | | 350 | - |
| Head office Advances for Expenses (USD) | | 200 | - |
| | | <u>550</u> | <u>-</u> |
| 6. CASH AND BANK BALANCES | | | |
| Cash In Hand | 6.1 | 7,433 | 7,877 |
| Cash at Bank | 6.2 | 380,636 | 95,540 |
| | | <u>388,069</u> | <u>103,417</u> |
| 6.1. Cash In Hand | | | |
| Head Office (USD) | | 625 | 35 |
| Nangarhar (USD) | | 102 | 506 |
| Ghazni (USD) | | 401 | 1,296 |
| Dehkundi (USD) | | 1,063 | 1,066 |
| Head Office (AFN) | 6.3 | 45 | 1,025 |
| Nangarhar (AFN) | 6.3 | 3,317 | 244 |
| Ghazni (AFN) | 6.3 | 226 | 386 |
| Dehkundi (AFN) | 6.3 | 1,655 | 3,319 |
| | | <u>7,433</u> | <u>7,877</u> |
| 6.2. Cash At Bank | | | |
| Azizi Bank-HO USD | | 376,534 | 29,409 |
| Azizi Bank NGR USD | | 1,526 | 1,142 |
| Kabul Bank FGA Main USD | | - | 2,638 |
| Kabul Bank FGA NSP USD | | - | 40,090 |
| Kabul Bank Ghazni USD | | - | 1,519 |
| Kabul Bank NGR USD | | - | 405 |
| Habib Bank Limited USD | | - | 9,574 |
| Azizi Bank HO AFA | 6.3 | 399 | 1,867 |
| Azizi Bank NGR AFA | 6.3 | 1,412 | 4,223 |
| Kabul Bank FGA NSP Daikundi USD | | 747 | 30 |
| Kabul Bank FGA NSP Daikundi AFA | 6.3 | 18 | 22 |
| Kabul Bank HO AFA | | - | 4,621 |
| | | <u>380,636</u> | <u>95,540</u> |

6.3. The Exchange rate used for the conversion of Afghani to US dollars is as follows:
 1 US dollar = 57.30 Afghani

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | NOTE | YEAR ENDED DECEMBER 31, 2014 USD | PERIOD ENDED DECEMBER 31, 2013 USD |
|--|------|---|---|
| 7. SUSTAINABILITY FUND | | | |
| Opening balance | | 161,151 | 161,151 |
| Amount transferred to funds | | 86,457 | - |
| Amount transferred from funds | | (13,773) | - |
| Closing balance | | <u>233,835</u> | <u>161,151</u> |
| 8. GRANT RECEIVED IN ADVANCE | | | |
| This represent the amount received from the Ministry of Rural Rehabilitation and Development (MRRD) for National Solidarity Programme (NSP) to be implemented by FGA. The amount was received in May 2013 but the related project had not yet started. | | | |
| 9. TAX PAYABLE | | | |
| Salaries | | 196 | 4,369 |
| Rent | | 186 | 516 |
| Contractual Taxes | | 309 | 324 |
| | | <u>690</u> | <u>5,209</u> |
| 10. GRANTS FROM DONOR | | | |
| Ministry of Rural Rehabilitation & Development | | 1,000,055 | - |
| World Food Programme (WFP) | | 6,913 | - |
| French Embassy | | 27,971 | - |
| United States Institute of Peace | | 35,000 | - |
| Future Generations (HQ) RBF project | | 30,000 | - |
| Other Income | | 1,898 | - |
| | | <u>1,101,837</u> | <u>-</u> |

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**FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| NOTE | YEAR ENDED DECEMBER 31, | PERIOD ENDED DECEMBER 31, |
|---------------------------------|----------------------------|------------------------------|
| | 2014 USD | 2013 USD |
| 11. STAFF COST | | |
| Regular Staff | 201,718 | 36,672 |
| Project Staff | 398,353 | 64,074 |
| | <u>600,071</u> | <u>100,746</u> |
| 12. EQUIPMENT COST | | |
| Computers | 725 | - |
| Electric Appliances | 384 | - |
| Furnitures and Fixtures | 433 | 342 |
| Office Equipment | 785 | 279 |
| Other IT Equipments | 69 | - |
| | <u>2,396</u> | <u>620</u> |
| 13. OPERATIONAL COST | | |
| Office supplies | 15,787 | 4,786 |
| Office Rent | 43,259 | 12,896 |
| Utilities | 31,232 | 8,629 |
| Printing Postage and Stationery | 8,557 | 1,717 |
| Travel and Transportation | 23,223 | 4,210 |
| Vehicles Operating cost | 55,490 | 19,511 |
| Repair and Maintaince | 1,706 | 356 |
| Depreciation | 18,554 | 10,193 |
| Training and Capacity building | 14,440 | 3,201 |
| Legal and professional Charges | 7,786 | - |
| Audit Fee | 1,500 | 3,300 |
| Bank charges | 2,420 | 841 |
| Miscellaneous expense | 156 | 70 |
| | <u>224,110</u> | <u>69,709</u> |

15 GENERAL

- Figures have been rounded off to the nearest of USD .
- Comparative Figures have been rearranged and regrouped for better presentation and comaparison.

16 AUTHORIZATION

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


Finance Manager


Country Director

SMMCO