

FUTURE GENERATION AFGHANISTAN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR FROM JANUARY 1, 2018 TO DECEMBER 31, 2018



RAFAQAT BABAR & CO.
Chartered accountants



Member firm of
The Leading Edge Alliance

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of "Future Generation Afghanistan" (FGA), which comprise the statement of financial position as at December 31, 2018, and the Statement of income and expenditures, statement of cash flows, statement of changes in reserve for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of "Future Generation Afghanistan" (FGA) as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of FGA 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 of these financial statements in accordance with the financial reporting requirements of the donors as described in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the FGA ability to continue as a going concern, disclosing, as applicable, matters relating 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.

RAFAQAT BABAR & CO.

Chartered Accountants

Peshawar Islamabad Karachi Kabul



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Those charged with governance are responsible for overseeing the FGA financial reporting process.

Auditors' 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.

KABUL
April 10, 2019


Rafiqat Babar & Co
Chartered Accountants
Engagement Partner: Shuja-Ul-Mulk, FCA


**FUTURE GENERATION AFGHANISTAN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 USD	2017 USD
<u>Assets</u>			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Cash & cash equivalent	3	524,659	359,667
		524,659	359,667
Total Assets		524,659	359,667
<u>Reserves and Liabilities</u>			
Reserves			
Sustainability fund	4	604,702	604,702
Accumulated surplus / (deficit)		(80,043)	(245,035)
Total Reserves		524,659	359,667
<u>Liabilities</u>			
		-	-
Total Reserves and Liabilities		524,659	359,667

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The annexed notes 1 to 11 are an integral part of these financial statements.


Farid Ullah Nizaj
Finance Manager


Ajmal Sherzai
Country Director


**FUTURE GENERATION AFGHANISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 USD	2017 USD
Income			
Receipts from donor	5	781,492	157,853
Other receipts	6	-	4,678
		781,492	162,531
Expenditure			
Personnel cost	7	442,432	363,647
Equipment cost	8	19,061	16,059
Operational cost	9	144,502	153,922
Unspent fund refunded to MRRD - NSP program	4.2	-	1,920
Exchange loss/(Gain)		10,505	(7)
		616,500	535,541
Surplus / (deficit) for the year		164,992	(373,010)


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The annexed notes 1 to 11 are an integral part of these financial statements.

Farid Ullah Niazai
Finance Manager



Ajmal Sherzai
Country Director



**FUTURE GENERATION AFGHANISTAN
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 USD	2017 USD
Opening balance of accumulated (deficit)		(245,035)	(20,689)
Add: Surplus / (deficit) for the year		164,992	(373,010)
Less: transferred (to) / from sustainability fund		-	148,664
		(80,043)	(245,035)

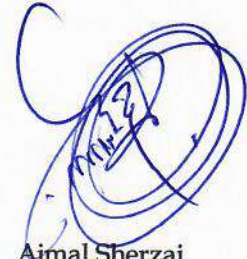
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The annexed notes 1 to 11 are an integral part of these financial statements.

Farid Ullah Niazai
Finance Manager



Ajmal Sherzai
Country Director



**FUTURE GENERATION AFGHANISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note	2018 USD	2017 USD
Cash flows from operating activities		
Surplus / (deficit) for the year	164,992	(373,010)
Operating profit before working capital changes	164,992	(373,010)
Working capital changes		
Tax payable	-	(937)
	-	(937)
Net cash generated from operating activities	164,992	(373,947)
Net cash used in investing activities	-	-
	-	-
Net cash from financing activities	-	-
	-	-
Net increase in cash and cash equivalents	164,992	(373,947)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	359,667	733,614
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	524,659	359,667

The annexed notes 1 to 11 are an integral part of these financial statements.

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Farid Ullah Niazi
Finance Manager



Ajmal Sherzai
Country Director



**FUTURE GENERATION AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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.

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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 or 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 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 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.



**FUTURE GENERATION AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 USD	2017 USD
3 Cash & cash equivalent			
Cash & cash equivalent at head office	3.1	129,818	356,746
Cash & cash equivalent at regional (Nangarhar) office	3.2	11,922	2,921
FGNM Current Account		382,919	-
		524,659	359,667
3.1 Cash & cash equivalent of head office			
Cash in hand	3.1.1	2,419	1,540
Cash at bank	3.1.2	127,399	355,206
		129,818	356,746
3.1.1 Cash in hand			
Cash in hand - Afs		2,153	842
Petty cash in hand - Afs		266	298
		2,419	1,140
Cash in hand - USD		-	400
		2,419	1,540
3.1.2 Cash at bank			
Azizi Bank - Afs		4,533	52,378
Azizi Bank - USD		122,865	302,828
		127,399	355,206
3.2 Cash & cash equivalent of regional (Nangarhar) office			
Cash in hand	3.2.1	70	1,663
Cash at bank	3.2.2	11,852	1,258
		11,922	2,921
3.2.1 Cash in hand			
Cash in hand - Afs		70	1,663
		70	1,663
3.2.2 Cash at bank			
Azizi Bank - Afs		11,477	171
Azizi Bank - USD		375	1,087
		11,852	1,258

The foreign currency balances are converted to USD 71.59 @ of (2017: 67.81)

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**FUTURE GENERATION AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 USD	2017 USD
4 Sustainability fund			
Opening balance		604,702	753,366
Addition during the year		-	4,678
Unspent fund refunded to MRRD - NSP program	4.2	-	(1,920)
Less: reimbursement of expenditures		-	(148,664)
		604,702	604,702
4.1 Sustainability fund was created by the management for meeting the unforeseen requirements of Future Generations Afghanistan necessary to intact the going concern of the organization. Sustainability fund is created from management fee received from different donor against project implemented and other income earned during the year from re-renting of the office spare space to other organizations.			
4.2 Unspent fund was refunded to MRRD - NSP program.		-	1,920
		-	1,920
5 Receipts from donor			
World Food Program		169,763	128,397
IDLG		611,729	-
French Embassy		-	29,456
		781,492	157,853
6 Other receipts			
Other Income		-	4,678
		-	4,678
7 Personnel cost			
Regular staff		141,747	148,549
Project staff		300,685	215,098
		442,432	363,647
8 Equipment cost			
Vehicles		6,150	-
IT equipment's		6,301	7,990
Furniture's & fixtures		2,355	3,836
Generator		1,980	713
Office equipment's		2,275	3,520
		19,061	16,059

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**FUTURE GENERATION AFGHANISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<i>Note</i>	2018 USD	2017 USD
9 Operational cost			
Office supplies		4,787	4,364
Office rent		16,593	22,716
Utilities		4,958	4,563
Printing, postage & stationery		12,291	8,954
Partner expenses		-	30,037
Program materials and supplies		6,548	14,910
Travel & transportation		3,148	1,793
Vehicle operating cost		32,362	33,073
Fuel for vehicle and generator		17,914	12,332
Repair & maintenance		911	1,514
Fee & Taxes		84	-
Meals and per diem domestic		1,150	1,224
Training & capacity building		13,638	1,619
Workshops meetings and conferences		1,020	1,455
Legal & professional charges		2,057	706
Audit fee		900	1,050
Bank charges		519	113
Communication cost		15,454	13,024
Miscellaneous expenses		752	475
FGGN Office Administrative Cost		9,416	-
		144,502	153,922

10 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.

11 These financial statement have been authorized for issue by Country Director on April 10, 2019.

Farid Ullah Muzai
Finance Manager

Ajmal Sherzai
Country Director

FUTURE GENERATION AFGHANISTAN
SCHEDULE OF STAFF SALARIES TAXES
FOR THE YEAR ENDED 31 DECEMBER 2018

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs	Afs
Exchange rate USD to Afs	69.08	69.42	68.86	67.83	69.84	71.06	71.7	72.72	72.53	74.84	75.55	75.64	
Kabul office													
Salaries	802,157	819,989	813,305	818,165	842,550	857,481	886,929	819,627	857,377	1,060,782	1,063,668	1,285,956	10,927,987
Tax	110,128	110,944	109,978	111,010	112,528	114,975	116,443	118,545	118,526	138,624	142,561	184,868	1,489,130
Nangarhar office													
Salaries	1,204,834	1,353,367	1,425,356	1,499,830	1,930,138	2,037,310	1,886,099	1,883,303	1,755,969	1,932,161	1,954,015	1,977,167	20,839,549
Tax	53,032	62,538	51,128	63,269	80,430	86,347	76,764	78,282	74,107	80,262	77,030	77,929	861,118
Total salaries	2,006,991	2,173,356	2,238,661	2,317,995	2,772,688	2,894,791	2,773,028	2,702,930	2,613,347	2,992,943	3,017,684	3,263,122	31,767,536
Total tax	163,160	173,482	161,106	174,279	192,958	201,322	193,207	196,827	192,633	218,886	219,591	262,797	2,350,248

Farid Ullah Mawzi
Finance Manager

Ajmal Sherzai
Country Director



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