

Future Generation
Empowerment Organization
(FGEO)

Annual Audit

Auditors' Report and Audited Financial Statements

For the year ended December 31, 2022



Contents

- 1. Auditor's Report on Financial Statements**
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Independent auditors' report to the Board of Directors of Future Generation Empowerment Organization (FGEO)

Opinion

We have audited the financial statements of **Future Generation Empowerment Organization (the Organization)**, which comprises the statement of financial position as at December 31, 2022, statement of income and expenditure, statement of changes in reserves, 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 16, 2023

Place: **Kabul, Afghanistan**

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

	Note	2022 USD	2021 USD
Assets			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Cash & cash equivalent	3	13,835	1,895
Receivables		5,175	13,175
		<u>19,010</u>	<u>15,070</u>
Total Assets		<u><u>19,010</u></u>	<u><u>15,070</u></u>
Reserves and Liabilities			
Reserves			
Accumulated surplus / (deficit)		18,924	15,070
Total Reserves		<u>18,924</u>	<u>15,070</u>
Liabilities			
Accrued Expense		86	-
Total Reserves and Liabilities		<u><u>19,010</u></u>	<u><u>15,070</u></u>

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The annexed notes 1 to 9 are an integral part of these financial statements.

Gul Ahmad Jan
Admin/Finance Officer

Mohammad Tahir Khalil
Country Director

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

	Note	2022 USD	2021 USD
Income			
Receipts from donor	4	29,175	2,460
		<u>29,175</u>	<u>2,460</u>
Expenditure			
Personnel cost	5	6,118	-
Equipment cost	6	648	-
Operational cost	7	18,554	801
		<u>25,321</u>	<u>801</u>
Other expenses			
Exchange loss		2,473	-
Surplus / (deficit) for the year		<u><u>1,381</u></u>	<u><u>1,659</u></u>

The annexed notes 1 to 9 are an integral part of these financial statements.

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Gul Ahmad Jan
Admin/Finance Officer

Mohammad Tahir Khalil
Country Director

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

	Note	2022	2021
		USD	USD
Opening balance of accumulated (deficit)		17,543	15,884
Add: Surplus / (deficit) for the year		1,381	1,659
		<u>18,924</u>	<u>17,543</u>

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The annexed notes 1 to 9 are an integral part of these financial statements.

Gul Ahmad Jan
Admin/Finance Officer

Mohammad Tahir Khalil
Country Director

1 Status and nature of operations

Future Generation Empowerment Organization "FGEO" is a Non Governmental Organization registered with the Ministry of Economy under the Afghanistan NGO Law on September 16, 2015.

This organization has been established for the warfare of the young generation of Afghanistan. It aims to provides proper opportunities in bringing them to the level of other educated people to those generations who was suffered due to the politically instability and war, so they can live their normal and healthy life.

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 FGEO and are presented in USD which is the presentation currency of FGEO.

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 monitory 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 monitory 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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**FUTURE GENERATIONS EMPOWERMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

FGEO 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 EMPOWERMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	2022 USD	2021 USD
3 Cash & cash equivalent			
Cash in hand	3.1	147	280
Cash at bank	3.2	13,688	1,615
		<u>13,835</u>	<u>1,895</u>
3.1 Cash in hand			
Cash in hand - AFN		125	279
Cash in hand - USD		22	1
		<u>147</u>	<u>280</u>
3.2 Cash at bank			
Azizi Bank - AFN		173	223
Azizi Bank - USD		1,307	1,392
Bank e Milli - AFN		15	-
Bank e Milli - USD		12,193	-
		<u>13,688</u>	<u>1,615</u>
The foreign currency balances are converted to USD 89.06			
4 Receipts from donor			
FGA Head Office		4,175	2,460
Donor		25,000	-
		<u>29,175</u>	<u>2,460</u>
5 Personnel cost			
Regular staff		6,118	383
		<u>6,118</u>	<u>383</u>
6 Equipment cost			
Office equipment's		648	4
		<u>648</u>	<u>4</u>

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

	<i>Note</i>	2022 USD	2021 USD
7 Operational cost			
Office supplies		346	80
Utilities		-	-
Printing, postage & stationery		187	9
Travel & transportation		1,796	-
Training & capacity building		193	-
Rent		334	-
Program material and supplies		14,407	-
Perdiem		303	-
Audit fee		-	250
Bank charges		284	137
Communication cost		505	201
Vehicle fuel & maintenance		129	124
Other expenses		70	-
		18,554	801

8 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.

9 These financial statement have been authorized for issue by management on _____

Gul Ahmad Jan
 Admin/Finance Officer

Mohammad Tahir Khalil
 Country Director