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**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY**  
**AUDITED FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT TO BOARD OF DIRECTORS

### Opinion

We have audited the financial statements of **Afghanistan Institute for Civil Society** ("the Organization"), which comprise the statement of financial position as at December 31, 2019, and the statement of income and expenditure, statement of changes in net assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting policies mentioned in note 3 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

In connection with our audit of the financial statements, we have been informed by management that there is no other information that is attached by them along-with the financial statements and our auditor's report thereon.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with accounting policies described in note 3 to 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.

Management is 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 skepticism 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, to 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.

We communicated with management, 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.

*Baker Tilly Mehmood Idrees Qamar*  
**Baker Tilly Mehmood Idrees Qamar**  
**Chartered Accountants**

**Engagement Partner**  
**Muhammad Abdur Rub Khan**

**Date: March 29, 2020**  
**Place: Kabul Afghanistan**



**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31,2019**

	Note	2019 USD	2018 USD
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	12,838	25,677
		<u>12,838</u>	<u>25,677</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	82,138	220,461
Advances and prepayments	6	1,528	8,822
Receivable from donor	7	565,647	-
		<u>649,314</u>	<u>229,282</u>
<b>TOTAL ASSETS</b>		<u><u>662,153</u></u>	<u><u>254,960</u></u>
<b>NET ASSETS AND LIABILITIES</b>			
<b>NET ASSETS</b>			
Capital fund		598,181	17,488
		<u>598,181</u>	<u>17,488</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant		12,838	25,677
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	8	19,115	102,391
Deferred income	9	32,019	109,405
		<u>51,134</u>	<u>211,795</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<u><u>662,153</u></u>	<u><u>254,960</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements

  
FINANCE MANAGER

  
EXECUTIVE DIRECTOR

**BTMIQ**

**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31,2019**

	Note	2019 USD	2018 USD
<b>INCOME</b>			
Grant income	10	906,264	1,203,096
Other income	11	44,464	19,665
		950,728	1,222,760
<b>EXPENDITURE</b>			
Personnel cost	12	421,117	449,216
Fringe benefits	13	57,117	66,137
Travel cost	14	53,576	82,891
Contractual cost	15	99,285	123,459
Program cost	16	171,758	351,521
Operation cost	17	106,439	126,648
Setup cost	18	13,395	12,838
Foreign exchange loss		3,549	7,850
Other expense	19	561	39
		926,797	1,220,602
		23,931	2,159

The annexed notes 1 to 20 form an integral part of these financial statements

  
FINANCE MANAGER

  
EXECUTIVE DIRECTOR

**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31,2019**

	Sustainability Fund	Retained Surplus	Total Capital Fund
	-----USD-----		
Balance as January 01, 2018	-	15,330	15,330
Surplus for the year	-	2,159	2,159
Balance as at December 31, 2018	-	17,488	17,488
<b>Balance as January 01, 2019</b>	-	<b>17,488</b>	<b>17,488</b>
Surplus for the year	-	<b>23,931</b>	<b>23,931</b>
Receivable from AKF-USA	<b>564,674</b>	-	<b>564,674</b>
Prior period adjustment of payable to reserve	-	<b>(7,912)</b>	<b>(7,912)</b>
<b>Balance as at December 31, 2019</b>	<b>564,674</b>	<b>33,507</b>	<b>598,181</b>

The annexed notes 1 to 20 form an integral part of these financial statements



FINANCE MANAGER




EXECUTIVE DIRECTOR



**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31,2019**

	Note	2019 USD	2018 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		23,931	2,159
<b>Adjustments for:</b>			
Depreciation		12,838	12,838
Interest received from bank deposit		(196)	(377)
Amortization of deferred capital grant	4	(12,838)	(12,838)
Prior period adjustment of payable to reserve		(7,912)	
		<u>15,822</u>	<u>1,781</u>
<b>Operating profit before working capital changes</b>			
Decrease in advances and prepayments		7,293	2,887
Increase in receivable from donor		(565,647)	-
Increase in accrued expenses		(83,276)	77,013
Increase in deferred income		(77,386)	(3,677)
		<u>(719,016)</u>	<u>76,223</u>
		<u>(703,193)</u>	<u>78,004</u>
<b>Net cash generated from operating activities</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received from bank deposit		196	377
		<u>196</u>	<u>377</u>
<b>Net cash from investing activities</b>			
		<u>196</u>	<u>377</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceed from sustainability fund		564,674	-
<b>Net cash used in financing activities</b>		<u>564,674</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>			
		<u>(138,323)</u>	<u>78,381</u>
<b>Cash and cash equivalents at beginning of the year</b>			
		<u>220,461</u>	<u>142,080</u>
<b>Cash and cash equivalents at the end of the year</b>			
	5	<u>82,138</u>	<u>220,461</u>

The annexed notes 1 to 20 form an integral part of these financial statements

  
FINANCE MANAGER

  
EXECUTIVE DIRECTOR

**BTMIQ**

**1 STATUS AND NATURE OF BUSINESS**

With effect from April 14, 2019 the name of the organization has changed from " Afghanistan Organization for Civil Society" (AOCS) to " Afghanistan Institute for Civil Society (AICS)". AICS is an independent, non-for-profit, non-political public welfare organization. AICS aim to raise the credibility of the civil society sector by certifying local CSOs using locally defined and internationally recognized standards, systemize capacity building efforts by coordinating initiatives using measurable performance indicators, strengthen the role of civil society in Afghanistan's development through policy dialogue and active engagement with the government, donors and the broader development sector and to provide a channel for resources for civil society by strengthening philanthropic and corporate social responsibility efforts. AICS is Registered with Ministry of Economy as Non Governmental Organization under license number 3306 and has registered office at house# 58,street #12,Qela-e- Fateh Ullah District 10 Kabul, Afghanistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with Accounting policy as adopted by the organization in note 3.

**2.2 Basis of measurement**

These financial statements have been prepared under historical cost basis using accrual basis of accounting.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies applied for the period presented, unless otherwise stated.

**3.1 Property, plant and equipment**

Fixed assets are charged to donor as expense in the year of purchase except the fixed assets in kind. However, a memorandum record is being maintained for the management purpose.

**3.2 Depreciation**

Depreciation is recognized in profit or loss and calculated to write off the cost of the property, plant and equipment which include the assets in kind on a Straight line basis over the expected useful lives of the assets concerned. The estimated useful lives for the current and comparative periods are as follows: -

Office Equipment:	20%
Vehicle:	20%

Management review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of comprehensive income. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period

**3.3 Deferred capital grants**

Grants utilized for capital expenditure are transferred to deferred capital grant and amortized as income over the useful life of the respective items of property, plant and equipment,

**3.3 Taxation**

No tax related provisions have been made in these financial statements because entity is exempted from income tax and is liable to withheld taxes from employees and vendors .

**3.3 Donor Grants**

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, AICS donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets or fixed assets in kind, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned... For ongoing projects and programmes, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable. All donor grants received are initially recorded at fair value as liabilities as the deferred income

**3.5 Recognition of expenses**

Expenses are recognized as and when these are incurred. The expenses related to projects are charged to concerned projects. The depreciation is charged in total as operation expense.

**3.6 Cash and cash equivalents**

Cash and Cash equivalents include notes and coins in hand, unrestricted balances held with banks. which are subject to insignificant risk of changes in their fair value and are used by the management of its short term commitments at known amount in USD.

**3.7 Functional and presentation currency**

Theses financial statements are presented in US Dollar, transaction in functional currencies are recorded at the rate of exchange ruling at the transaction date, Gain and losses arising on are credited to or charged against income for the period.

**3.8 Foreign Currency Transactions**

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars using year-end exchange rate. Revenue and expenses are translated throughout the year at prevailing exchange rates on the date of transaction. Exchange gains losses are recorded in the statement of income and expenditures

**3.9 Short Term Employment Benefits**

Short-term employment benefits, such as wages salaries and other benefits, are recognized as expense when the employees have rendered services to the organization. the expected cost of accumulating compensated absences are recognized when the employees render services that increases their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognized when the absences occur.

**3.10 Loans and Advances**

These are stated at cost as reduced by appropriate provision for impairment. Known impaired loans and advances are written off, while loans and advances considered doubtful of recovery are fully provided for.

**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,2019**

**4. PROPERTY, PLANT AND EQUIPEMENTS**

	Office Equipment	Vehicles	Total
<b>COST</b>			
Opening balance as at January 01, 2018	16,762	47,430	64,192
Addition of assets in kind during the period	-	-	-
Closing balance as at December 31, 2018	16,762	47,430	64,192
Opening balance as at January 01, 2019	16,762	47,430	64,192
Addition of assets during the period	-	-	-
<b>Closing balance as at December 31, 2019</b>	<b>16,762</b>	<b>47,430</b>	<b>64,192</b>
<b>ACCUMULATED DEPRECIATION</b>			
Opening balance as at January 01, 2018	6,705	18,972	25,677
Charge for the year	3,352	9,486	12,838
Closing balance as at December 31 2018	10,057	28,458	38,515
Opening balance as at January 01, 2019	10,057	28,458	38,515
Charge for the year	3,352	9,486	12,838
<b>Closing balance as at December 31, 2019</b>	<b>13,410</b>	<b>37,944</b>	<b>51,354</b>
Rates of depreciation per annum - %	20%	20%	-
<b>Net book value as of December 31,2019</b>	<b>3,352</b>	<b>9,486</b>	<b>12,838</b>
Net book value as of December 31,2018	6,705	18,972	25,677

**4.1** The depreciation expense has been allocated to operation expenses

AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31,2019

	Note	2019 USD	2018 USD
<b>5 CASH AND CASH EQUIVALENTS</b>			
Cash in hand		-	-
Cash at bank	5.1	82,138	220,461
		<u>82,138</u>	<u>220,461</u>
<b>5.1 Cash at Bank</b>			
<b>Current Account</b>			
The First Micro Finance Bank-USD		32,650	109,243
The First Micro Finance Bank-AFN		1,661	9,963
The First Micro Finance Bank-AFN		2,912	-
		<u>37,223</u>	<u>119,206</u>
<b>Saving Account</b>			
The First Micro Finance Bank-USD		26,741	91,348
The First Micro Finance Bank-AFN		18,175	9,907
		<u>44,916</u>	<u>101,255</u>
<b>6 ADVANCES AND PREPAYMENTS</b>			
Prepaid expenses		350	6,800
Advances to staff		1,124	202
Other receivables		55	19
Advances for expenses		-	1,800
		<u>1,528</u>	<u>8,822</u>
<b>7 RECEIVABLE FROM DONOR</b>			
Sustainability fund receivable		564,674	-
Fund receivable from donor		973	-
		<u>565,647</u>	<u>-</u>
<b>8 ACCRUED AND OTHER LIABILITIES</b>			
Accounts payable		45	2,379
Accrued expenses		19,070	97,256
Withholding tax payable-vendor		-	417
Rent tax payable		-	209
Salary tax payable		-	2,129
		<u>19,115</u>	<u>102,391</u>
<b>9 DEFERRED INCOME</b>			
USAID-AKF ACEP		-	14,944
EU/Oxfam		10,745	44,463
Tides		18,131	46,923
Civicus		-	3,074
GIZ		3,068	-
AKF-AFG		74	-
		<u>32,019</u>	<u>109,405</u>
<b>10 GRANT INCOME</b>			
AKF-AFG		66,326	-
USAID-AKF ACEP		482,235	893,194
EU/Oxfam		130,735	88,476
Tides		199,947	196,733
Civicus		24,655	24,692
GIZ		2,366	-
		<u>906,264</u>	<u>1,203,096</u>

	Note	2019 USD	2018 USD
<b>11 OTHER INCOME</b>			
Certification fee		8,359	4,111
Interest received from bank		196	377
Discount received		247	1,055
Amortization of deferred grant	4	12,838	12,838
Retainee fee		2,576	-
Misc. income		20,247	1,283
		<u>44,464</u>	<u>19,665</u>
<b>12 PERSONNEL COST</b>			
Salaries		421,117	449,216
		<u>421,117</u>	<u>449,216</u>
<b>13 FRINGE BENEFITS</b>			
Fringe benefits		57,117	66,137
		<u>57,117</u>	<u>66,137</u>
<b>14 TRAVEL COST</b>			
International exposure visit		12,131	4,532
International exp visit -certification		-	10,910
Travel cost		21,542	1,959
Local air travelling charges		6,283	8,154
Per diem cost		4,028	3,731
Internal exposure visit		-	6,141
Accommodation charges		6,049	31,483
Local taxi charges		3,543	2,111
Travel and sustainability		-	13,870
		<u>53,576</u>	<u>82,891</u>
<b>15 CONTRACTUAL COST</b>			
Consultant assessment cost		76,995	36,471
Consultants annual review cost		7,000	8,000
Annual report charges		-	498
Database development charges		5,084	4,040
Accommodation cost		496	440
Consultant fee-policy development		-	59,010
Promotion charges		9,709	15,000
		<u>99,285</u>	<u>123,459</u>
<b>16 PROGRAM COST</b>			
Certification event cost		6,706	8,851
Staff retreat charges		1,682	1,679
Certificate award ceremony cost		3,644	3,625
Workshop cost		100,930	101,878
Strategic plan expenses		10,791	-
Promotional campaign charges		7,312	28,295
Thematic roundtable charges		-	6,843
Environment report conference		5,917	91,804
Staff capacity and training charges		12,591	45,623
Board cost		-	120
Research CSRA		10,199	-

	Note	<u>2019</u> USD	<u>2018</u> USD
Event cost		6,127	-
Certificates printing charges		1,842	-
Ncsw charges		1,582	59,245
Policy paper charges		2,434	3,559
		<u>173,777</u>	<u>351,521</u>
<b>17 OPERATION COST</b>			
Office other cost		9,216	2,437
Promotion and networking events charges		-	201
Office rent		17,967	20,430
Repair & maintenance charges		2,372	1,297
Utilities charges		4,308	7,215
Office stationery & supplies		7,049	6,969
Communication charges		11,881	14,255
Vehicle fuel and maintenance		5,666	6,208
Generator fuel and maintenance		6,676	2,437
Vehicle rental charges		18,886	24,174
Bank charges		5,329	8,112
Miscellaneous office expense		100	-
Computer & IT consumables		5,617	9,611
Office furniture/furnishing		70	703
Computer equipment's		1,581	1,468
Office equipment's		2,360	7,750
Software & license		863	3,211
Audit cost		6,500	10,170
		<u>106,439</u>	<u>126,648</u>
<b>18 SETUP COST OTHER</b>			
Business registration fee		556	-
Depreciation	4	12,838	12,838
		<u>13,395</u>	<u>12,838</u>
<b>19 OTHER EXPENES</b>			
Fine and penalties		561	39
		<u>561</u>	<u>39</u>
<b>20 GENERAL</b>			

- The figures have been rounded off nearest to US dollar.
- These financial statements were authorized to issue by the board of directors on dated March 25, 2020.

**AFGHANISTAN INSTITUTE FOR CIVIL SOCIETY  
CONSOLIDATED DONOR WISE FUND UTILIZATION STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ANNEXURE-A

	USAID-AKF	EU/Oxfam	Tides	Civicus	GIZ	AKF-AFG	Total
As at January 01, 2019							
Opening Balance	14,944	44,463	46,923	3,074	-	-	109,405
Funds received during the year	464,128	97,017	165,117	22,326	5,434	66,400	820,422
Other income	2,190	-	-	121	-	-	2,311
Invoice sent to the donor during the year	464,128	97,017	165,117	22,326	5,434	66,400	820,422
Refund to the donor	-	-	-	132	-	-	132
Expenses incurred during the year	482,235	130,735	193,908	24,655	2,366	66,326	900,225
Other Payment	-	-	-	734	-	-	734
<b>Closing Balance - Deferred income/(Receivable)</b>	<b>(973)</b>	<b>10,745</b>	<b>18,131</b>	<b>-</b>	<b>3,068</b>	<b>74</b>	<b>31,046</b>

