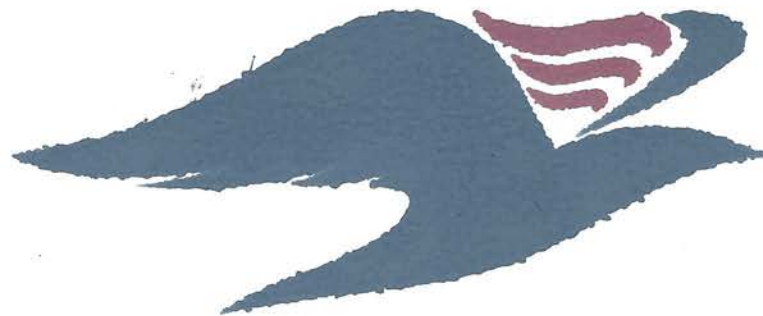


**M/S AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
(AOCS)**



**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

BAKER TILLY MEHMOOD IDREES QAMAR & Co.

Chartered Accountants

**House # 141, Street Khana-e- Noor High School near Istadgah-
e- Akher Kabul University, Kabul.**

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**BAKER TILLY
MEHMOOD IDREES
QAMAR**

CHARTERED ACCOUNTANTS

Noor High School Near Istadgah-e-Akher
Kabul University, Kabul.
Office Tel: +93-799-543365, 787-098321
Email: btkabul@gmail.com

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed financial statements of **Afghanistan Organization for Civil Society** ("NGO") which comprises the statement of financial position as at December 31, 2017, and statement of Income and expenditure, the statement of changes in net assets and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes (here- in-after referred to as the financial statements").

Management of the organization is responsible for the preparation and fair presentation of these financial statements in conformity with the approved accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Afghanistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

In our opinion, the financial statements present fairly, in all material respects, the Statement of financial position of the Afghanistan Organization for Civil Society as at December 31, 2017, and of its financial performance and its cash flow together with the notes forming part thereof for the year then ended in accordance with the International Financial Reporting Standards.

Baker Tilly Mehmoood Idrees Qamar
Baker Tilly Mehmoood Idrees Qamar

Chartered Accountants

Engagement Partner

Muhammad Abdur Rub Khan, FCA

Kabul

Date: April 02, 2018



BTMIQ

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31 , 2017**

	Note	<u>2017</u> USD	<u>2016</u> USD
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	<u>38,515</u>	51,354
		38,515	51,354
CURRENT ASSETS			
Cash and cash equivalents	5	142,080	74,386
Advances and Prepayments	6	11,708	18,294
		<u>153,788</u>	92,680
TOTAL ASSETS		<u>192,304</u>	<u>144,034</u>
NET ASSETS AND LIABILITIES			
NET ASSETS			
Capital Fund		<u>15,330</u>	11,774
		15,330	11,774
NON CURRENT LIABILITIES			
Deferred Capital Grant		38,515	51,354
CURRENT LIABILITIES			
Accrued and other liabilities	7	25,377	78,864
Deferred Income	8	113,082	2,042
		<u>138,459</u>	80,906
TOTAL NET ASSETS AND LIABILITIES		<u>192,304</u>	<u>144,034</u>

The annexed notes 1 to 19 form an integral part of these financial statements


FINANCE MANAGER


EXECUTIVE DIRECTOR

BTMIQ

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	<u>2017</u> USD	<u>2016</u> USD
INCOME			
Grant Income	9	972,209	919,376
Other Income	10	23,992	20,951
		<u>996,201</u>	<u>940,327</u>
EXPENDITURE			
Personnel Cost	11	545,394	478,385
Fringe Benefits	12	81,159	85,017
Travel Cost	13	39,342	15,487
Contractual Cost	14	86,538	105,397
Program Cost	15	93,794	102,235
Operation Cost	16	123,698	121,468
Setup cost	17	12,838	19,826
Foreign Exchange loss		6,961	1,236
Other Expenses		2,921	-
		<u>992,645</u>	<u>929,050</u>
Surplus for the year		<u><u>3,556</u></u>	<u><u>11,277</u></u>

The annexed notes 1 to 19 form an integral part of these financial statements



FINANCE MANAGER



EXECUTIVE DIRECTOR

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Retained Surplus	Total Capital Fund
	-----USD-----	
Balance as January 01, 2016	497	497
Surplus for the year	11,277	11,277
Balance as at December 31, 2016	11,774	11,774
Balance as January 01, 2017	11,774	11,774
Surplus for the year	3,556	3,556
Balance as at December 31, 2017	15,330	15,330

The annexed notes 1 to 19 form an integral part of these financial statements



FINANCE MANAGER



EXECUTIVE DIRECTOR

BTMIQ

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	<u>2017</u> USD	<u>2016</u> USD
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		3,556	11,277
Adjustments for:			
Depreciation		12,838	12,838
Interest received from bank deposit		(398)	(346)
Amortization of deferred capital Grant	4	(12,838)	(12,838)
		<u>3,158</u>	<u>10,932</u>
Operating profit before working capital changes			
(Increase) in advances and prepayments		6,586	(18,294)
Increase in accrued Expenses		(53,486)	78,209
Increase in deferred Income		111,039	2,042
		<u>64,138</u>	<u>61,958</u>
Net Cash generated from operating activities		<u>67,297</u>	<u>72,889</u>
Cash Flow from Investing Activities			
Interest received from bank deposit		398	346
		<u>398</u>	<u>346</u>
Net Cash from investing activities		<u>398</u>	<u>346</u>
Cash Flow from financing activities:			
Net cash used in financing activities		-	-
		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>67,694</u>	<u>73,235</u>
Cash and cash equivalents at beginning of the year		74,386	1,152
Cash and cash equivalents at the end of the year	5	<u>142,080</u>	<u>74,386</u>

The annexed notes 1 to 19 form an integral part of these financial statements


FINANCE MANAGER


EXECUTIVE DIRECTOR

BTMIQ

AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 STATUS AND NATURE OF BUSINESS

Afghanistan Organization for Civil Society (AOCS) is an independent, non-for-profit, non-political public welfare organization. AOCS 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. AOCS 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- Fatullah, District 10 Kabul, Afghanistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

2.2 Basis of measurement

The accompanying financial statements have been prepared on accrual basis and in accordance with the reporting principles of non-for-profit 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

AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, AOCS 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 Administrative 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 ORGANIZATION FOR CIVIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

4. PROPERTY, PLANT AND EQUIPEMENTS

	Office Equipment	Vehicles	Total
COST			
Opening balance as at January 01, 2016	-	-	-
Addition of Assets in Kind during the period	16,762	47,430	64,192
Closing balance as at December 31, 2016	16,762	47,430	64,192
Opening balance as at January 01, 2017	16,762	47,430	64,192
Addition of Assets during the period	-	-	-
Closing balance as at December 31, 2017	16,762	47,430	64,192
ACCUMULATED DEPRECIATION			
Opening balance as at January 01, 2016	-	-	-
Charge for the year	3,352	9,486	12,838
Closing balance as at December 31 2016	3,352	9,486	12,838
Opening balance as at January 01, 2017	3,352	9,486	12,838
Charge for the year	3,352	9,486	12,838
Closing balance as at December 31, 2017	6,705	18,972	25,677
Rates of depreciation per annum - %	20%	20%	
Net Book Value as of December 31, 2017	10,057	28,458	38,515
Net Book Value as of December 31, 2016	13,410	37,944	51,354

4.1 The depreciation expense has been allocated to administrative expenses

AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 USD	2016 USD
5 CASH AND CASH EQUIVALENTS			
Cash in hand		-	-
Cash at bank	5.1	142,080	74,386
		<u>142,080</u>	<u>74,386</u>
5.1 Cash at Bank			
Current Account			
The First Micro Finance Bank-USD		44,047	247
The First Micro Finance Bank-AFN		5,559	5,375
		<u>49,606</u>	<u>5,622</u>
Saving Account			
The First Micro Finance Bank-USD		54,138	51,398
The First Micro Finance Bank-AFN		38,336	17,367
		<u>92,474</u>	<u>68,764</u>
6 ADVANCES AND PREPAYMENTS			
Prepaid Expenses		6,794	15,000
Advances to Staff		4,697	3,294
Other Receivables		217	-
		<u>11,708</u>	<u>18,294</u>
7 ACCRUED AND OTHER LIABILITIES			
Accrued Expenses		24,637	78,827
Withholding Tax Payable-Vendor		741	37
		<u>25,377</u>	<u>78,864</u>
8 DEFERRED INCOME			
USAID-AKF ACEP donor		65,457	2,042
EU/Oxfam donor		31,408	-
Tides donor		16,216	-
		<u>113,082</u>	<u>2,042</u>
9 GRANT INCOME			
Fixed Price Contract		3,850	10,615
Afghan Civic Engagement Program		881,603	908,761
EU/Oxfam Grant		56,322	
Tides Grant		30,434	
		<u>972,209</u>	<u>919,376</u>
10 OTHER INCOME			
Certification Fee		8,307	7,293
Interest Received From Bank		398	346
Discount received on Top up		693	474
Amortization of deferred grant	4	12,838	12,838
Exchange Gain		55	-
Misc. Income		1,702	-
		<u>23,992</u>	<u>20,951</u>

	Note	2017 USD	2016 USD
11 PERSONNEL COST			
Salaries		545,394	478,385
		<u>545,394</u>	<u>478,385</u>
12 FRINGE BENEFITS			
Fringe Benefits		81,159	85,017
		<u>81,159</u>	<u>85,017</u>
13 TRAVEL COST			
International Exposure Visit		5,294	2,221
International Exp Visit -Certification		7,009	5,583
Travel Cost		1,847	1,379
Local Air Traveling Charges		8,114	2,629
Per Diem Cost		17,078	3,676
		<u>39,342</u>	<u>15,487</u>
14 CONTRACTUAL COST			
Consultants assessment Cost		5,500	13,924
Consultants Annual Review Cost		10,000	
Annual Report Charges		47,583	79,874
Database Development Charges		2,891	11,600
Accommodation Cost		20,564	
		<u>86,538</u>	<u>105,397</u>
15 PROGRAM COST			
Certification Event Cost		14,616	15,572
Certificates Printing Charges		-	1,415
Certificate Award Ceremony Cost		3,663	7,135
Workshop Cost		2,745	1,257
Annual Summit Charges		26,137	18,924
Promotional Campaign Charges		22,736	29,958
Thematic Roundtable Charges		5,274	1,748
Environment Report Conference		4,814	9,200
Staff Orientation and Training Charges		10,538	16,382
Board Cost		339	644
Consultation Meeting Charges		2,785	-
Analytical Report Charges		147	-
		<u>93,794</u>	<u>102,235</u>

	Note	2017 USD	2016 USD
16 OPERATION COST			
Advertisement Cost			117
Promotion and Networking Events Charges			1,199
Office Rent		34,335	40,207
Repair & Maintenance Charges		8,182	1,822
Utilities Charges		7,119	5,788
Office Stationery & Supplies		6,561	4,214
Communication Charges		14,085	13,678
Vehicle Fuel and Maintenance		6,264	6,440
Generator Fuel and Maintenance		4,555	2,974
Vehicle Rental Charges		16,328	6,494
Bank Charges		1,479	812
Miscellaneous office expense		539	763
Printing and Copying		-	860
Office furniture/furnishing		1,137	830
Computer Equipment's		7,551	32,582
Office Equipment's		5,519	1,484
Software & Licenses		-	1,205
Audit Cost		10,045	-
		<u>123,698</u>	<u>121,468</u>
17 SETUP COST OTHER			
Setup Cost		-	6,987
Depreciation	4	12,838	12,838
		<u>12,838</u>	<u>19,826</u>
18 OTHER EXPENES			
Fine and Penalties		2,921	-
		<u>2,921</u>	<u>-</u>
19 GENERAL			

- The figures have been rounded off nearest to USD dollar.
- These financial statements were authorized to issue by the Board of Directors on dated March 29, 2018

BTMIQ