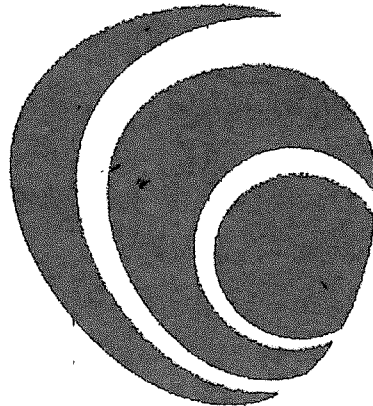


M/S AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY(AOCS)



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2018

BAKER TILLY MEHMOOD IDREES QAMAR.

Chartered Accountants

House # 05, Selo Main Road 05 Kabul, Afghanistan.

Ph.: +93-202-503367, 783-575-279 Email: bt Kabul@gmail.com

info@btafg.com.web:www.btafg.com

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
House # 5, Selo Main Road 5
Kabul - Afghanistan

T: +93-783-575279
F: +93-799-543365

info@btafg.com
www.btafg.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, 2018, statement of income and expenditure, 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 financial position of the Afghanistan Organization for Civil Society as at December 31, 2018, and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standards.

Baker Tilly Mehmood Idrees Qamar
Baker Tilly Mehmood Idrees Qamar

Chartered Accountants

Engagement Partner

Muhammad Abdur Rub Khan, FCA

Kabul

Date: March 23, 2019



**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31,2018**

	Note	2018 USD	2017 USD
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	25,677	38,515
		<u>25,677</u>	<u>38,515</u>
CURRENT ASSETS			
Cash and cash equivalents	5	220,461	142,080
Advances and prepayments	6	8,822	11,708
		<u>229,282</u>	<u>153,788</u>
TOTAL ASSETS		<u><u>254,960</u></u>	<u><u>192,304</u></u>
NET ASSETS AND LIABILITIES			
NET ASSETS			
Capital fund		17,488	15,330
		<u>17,488</u>	<u>15,330</u>
NON CURRENT LIABILITIES			
Deferred capital grant		25,677	38,515
CURRENT LIABILITIES			
Accrued and other liabilities	7	102,391	25,377
Deferred income	8	109,405	113,082
		<u>211,795</u>	<u>138,459</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>254,960</u></u>	<u><u>192,304</u></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 31,2018**

	Note	<u>2018</u> USD	<u>2017</u> USD
INCOME			
Grant income	9	1,203,096	972,209
Other income	10	19,665	23,992
		<u>1,222,760</u>	<u>996,201</u>
EXPENDITURE			
Personnel cost	11	449,216	545,394
Fringe benefits	12	66,137	81,159
Travel cost	13	82,891	39,342
Contractual cost	14	123,459	86,538
Program cost	15	351,521	93,794
Operation cost	16	126,648	123,698
Setup cost	17	12,838	12,838
Foreign exchange loss		7,850	6,961
Other expense		39	2,921
		<u>1,220,602</u>	<u>992,645</u>
		<u>2,159</u>	<u>3,556</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 CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31,2018**

	Retained Surplus	Total Capital Fund
	-----USD-----	
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
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

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 31,2018

	Note	2018 USD	2017 USD
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		2,159	3,556
Adjustments for:			
Depreciation		12,838	12,838
Interest received from bank deposit		(377)	(398)
Amortization of deferred capital grant	4	(12,838)	(12,838)
		1,781	3,158
Operating profit before working capital changes			
(Increase)/decrease in advances and prepayments		2,887	6,586
Increase in accrued expenses		77,013	(53,486)
Increase in deferred income		(3,677)	111,039
		76,223	64,138
Net cash generated from operating activities		78,004	67,297
Cash FLOW FROM INVESTING ACTIVITIES			
Interest received from bank deposit		377	398
		377	398
Net cash from investing activities		377	398
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		78,381	67,694
Cash and cash equivalents at beginning of the year		142,080	74,386
Cash and cash equivalents at the end of the year	5	220,461	142,080

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


 FINANCE MANAGER


 EXECUTIVE DIRECTOR

BTMIQ

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- Fateh ullah 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

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,

— **AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY**
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2018

— **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 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**

— These 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 31,2018

4. PROPERTY, PLANT AND EQUIPEMENTS

	Office Equipment	Vehicles	Total
COST			
Opening balance as at January 01, 2017	16,762	47,430	64,192
Addition of assets in kind during the period	-	-	-
Closing balance as at December 31, 2017	16,762	47,430	64,192
Opening balance as at January 01, 2018	16,762	47,430	64,192
Addition of assets during the period	-	-	-
Closing balance as at December 31, 2018	16,762	47,430	64,192
ACCUMULATED DEPRECIATION			
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
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
Rates of depreciation per annum - %	20%	20%	-
Net book value as of December 31,2018	6,705	18,972	25,677
Net book value as of December 31,2017	10,057	28,458	38,515

4.1 The depreciation expense has been allocated to operation expenses



**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2018**

	Note	2018 USD	2017 USD
5 CASH AND CASH EQUIVALENTS			
Cash in hand		-	-
Cash at bank	5.1	220,461	142,080
		<u>220,461</u>	<u>142,080</u>
5.1 Cash at Bank			
Current Account			
The First Micro Finance Bank-USD		109,243	44,047
The First Micro Finance Bank-AFN		9,963	5,559
		<u>119,206</u>	<u>49,606</u>
Saving Account			
The First Micro Finance Bank-USD		91,348	54,138
The First Micro Finance Bank-AFN		9,907	38,336
		<u>101,255</u>	<u>92,474</u>
6 ADVANCES AND PREPAYMENTS			
Prepaid expenses		6,800	6,794
Advances to staff		202	4,697
Other receivables		19	217
Advances for expenses		1,800	-
		<u>8,822</u>	<u>11,708</u>
7 ACCRUED AND OTHER LIABILITIES			
Accounts payable		2,379	-
Accrued expenses		97,256	24,637
Withholding tax payable-vendor		417	741
Rent tax payable		209	-
Salary tax payable		2,129	-
		<u>102,391</u>	<u>25,377</u>
8 DEFERRED INCOME			
USAID-AKF ACEP		14,944	65,457
EU/Oxfam		44,463	31,408
Tides		46,923	16,216
Civicus		3,074	-
		<u>109,405</u>	<u>113,082</u>
9 GRANT INCOME			
Fixed price contract		-	3,850
USAID-AKF ACEP		893,194	881,603
EU/Oxfam		88,476	56,322
Tides		196,733	30,434
Civicus		24,692	-
		<u>1,203,096</u>	<u>972,209</u>
10 OTHER INCOME			
Certification fee		4,111	8,307
Interest received from bank		377	398
Discount received		1,055	693
Amortization of deferred grant	4	12,838	12,838
Exchange gain		-	55
Misc. income		1,283	1,702
		<u>19,665</u>	<u>23,992</u>

	Note	2018 USD	2017 USD
11 PERSONNEL COST			
Salaries		449,216	545,394
		<u>449,216</u>	<u>545,394</u>
12 FRINGE BENEFITS			
Fringe benefits		66,137	81,159
		<u>66,137</u>	<u>81,159</u>
13 TRAVEL COST			
International exposure visit		4,532	5,294
International exp visit -certification		10,910	7,009
Travel cost		1,959	1,847
Local air travelling charges		8,154	8,114
Per diem cost		3,731	17,078
Internal exposure visit		6,141	-
Accommodation charges		31,483	-
Local taxi charges		2,111	-
Travel and sustainability		13,870	-
		<u>82,891</u>	<u>39,342</u>
14 CONTRACTUAL COST			
Consultant assessment cost		36,471	5,500
Consultants annual review cost		8,000	10,000
Annual report charges		498	47,583
Database development charges		4,040	2,891
Accommodation cost		440	20,564
Consultant fee-policy development		59,010	-
Promotion charges -web portal		15,000	-
		<u>123,459</u>	<u>86,538</u>
15 PROGRAM COST			
Certification event cost		8,851	14,616
Staff retreat charges		1,679	-
Certificate award ceremony cost		3,625	3,663
Workshop cost		101,878	2,745
Annual summit charges		-	26,137
Promotional campaign charges		28,295	22,736
Thematic roundtable charges		6,843	5,274
Environment report conference		91,804	4,814
Staff capacity and training charges		45,623	10,538
Board cost		120	339
Consultation meeting charges		-	2,785
Analytical report charges		-	147
Ncsw charges		59,245	-
Policy paper charges		3,559	-
		<u>351,521</u>	<u>93,794</u>

	Note	<u>2018</u> USD	<u>2017</u> USD
16 OPERATION COST			
Office other cost		2,437	-
Promotion and networking events charges		201	-
Office rent		20,430	34,335
Repair & maintenance charges		1,297	8,182
Utilities charges		7,215	7,119
Office stationery & supplies		6,969	6,561
Communication charges		14,255	14,085
Vehicle fuel and maintenance		6,208	6,264
Generator fuel and maintenance		2,437	4,555
Vehicle rental charges		24,174	16,328
Bank charges		8,112	1,479
Miscellaneous office expense		-	539
Computer & IT consumables		9,611	-
Office furniture/furnishing		703	1,137
Computer equipment's		1,468	7,551
Office equipment's		7,750	5,519
Software & license		3,211	-
Audit cost		10,170	10,045
		<u>126,648</u>	<u>123,698</u>
17 SETUP COST OTHER			
Setup cost		-	-
Depreciation	4	12,838	12,838
		<u>12,838</u>	<u>12,838</u>
18 OTHER EXPENES			
Fine and penalties		39	2,921
		<u>39</u>	<u>2,921</u>
19 GENERAL			

- 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 20,2019.

BTMIQ