SFAI Santa Fe Associates International

ASSURANCE KABUL
Chartered Accountants

ORGANIZATION OF WELFARE AND HUMANITARIAN OWH

AUDITED FINANCIAL STATEMENTS
For the Year ended December 31, 2021

SFAI AKAS

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the accompanying financial statements of **Organization of welfare and humanitarian** (the Organization), which comprises the statement of financial position as at December 31, 2021, the statement of financial activities and statement of cash flows 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 present fairly, in all material respects, the financial position of the Organization as at December 31, 2021 and of its financial activities and its cash flows for the year then ended in accordance with the 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 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 of these financial statements in accordance with the financial reporting requirements 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 Organization 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.

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

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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 communicate with Country Director 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.

Assurance Kabul Audit Services SFAI

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ORGANIZATION OF WELFARE AND HUMANITARIAN (OWH)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 USD	2021 AFS	2020 USD	2020 AFS
ASSETS					
Current assets					
Receivables from Donors	4	**14,619**	**1,162,537**	195,826	14,687,000
TOTAL ASSETS		**14,619**	**1,162,537**	195,826	14,687,000
LIABILITIES AND FUNDS					
Current liabilities					
Funds Deficit	4	**14,619**	**1,162,537**	195,826	14,687,000
TOTAL LIABILITIES AND FUNDS		**14,619**	**1,162,537**	195,826	14,687,000

The annexed notes form an integral part of these financial statements.

FINANCE MANAGER

EXECUTIVE DIRECTOR

SFAI AKAS

ORGANIZATION OF WELFARE AND HUMANITARIAN (OWH)
STATEMENT OF RECEIPTS AND DISBURSEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 USD	2021 AFS	2020 USD	2020 AFS
Add: RECEIPTS					
Cash and cash balance (opening)		**(195,826)**	**(14,687,000)**	-	-
Grants received from donor	Annex	**695,618**	**57,249,392**	427,107	32,033,000
Total Receipt		**499,792**	**42,562,392**	427,107	32,033,000
LESS: DISBURSEMENT					
Program Disbursement	Annex	**514,411**	***43,724,929***	622,933	46,720,000
Total Disbursement		**514,411**	**43,724,929**	622,933	46,720,000
Cash and cash balance (closing)		**(14,619)**	**(1,162,537)**	(195,826)	(14,687,000)

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

FINANCE MANAGER

SFAI AKAS

EXECUTIVE DIRECTOR

ORGANIZATION OF WELFARE AND HUMANITARIAN (OWH)
NOTES TO THE RECEIPTS AND DISBURSEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF OPERATIONS

OWH is a Non- Governmental, Non-Political, Non-Profit and Independent organization established in Afghanistan in the year 2017, by private initiative, resulting from the voluntary actions of individuals who have chosen to pursue a shared interest and concern. OWH is registered with the Ministry of the Economy, Ministry of Finance and Ministry of Public Health of Afghanistan.
OWH's vision is a Developed, Educated, Prosperous, and Healthy community. Where everyone is eligible to the same standards of services without any discrimination and biasness. OWH strive to offer the highest quality of the healthcare, educational, Welfare and livelihood services to the people; by using the proven blend of the ancient and new knowledges, tempered by the research and experience of the top professionals.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with international financial reporting standards (IFRSs) except for IAS 16 (Property, plant and Equipment) which requires capitalization of property, plant and equipment with expected useful life more than one year irrespective of the historical cost. Instead, property, plant and equipment are accounted for according to the policy of the organization described in note3.2.

2.2 Basis of Preparation

The financial statement have been prepared on modified cash receipts and disbursement basis. Income from donor is recognized when received during the year, while expenditure are recognized when paid. Due to nature of the operations and short term of the grants received from Donors, fixed assets, are charged to expense during the year of purchase .

2.3 Functional and Presentation Currency

These financial statements are presented in AFS, while the organizations functional currencies are both Afghani (AFs) and USD. USD are converted at average rate for financial presentation purpose.

2.4 Use of estimate and judgment

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized In the period in which the estimates are revised and in any future periods affected.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transaction

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Expenditures are incurred in other than AFS (reporting Currency) have been converted into AFS by applying average exchange rate for the current period. Monetary assets and liabilities denominated in currencies other than functional currency are re-measured at the exchange rate prevailing at the statement of financial position date. Exchange gain or loss, if any, arising from the re-measurement of monetary assets and liabilities is dealt within the statement of income and expenditure.

3.2 Project Assets (non-expandable)

Assets purchase during the period have been directly charged as project expenditure. However, a memorandum record of such assets is being maintained for the management purpose.

3.3 Funds from Donor

Funds received form the donor during the period is recognized in the statement of receipts and disbursement as soon as it is received.

3.4 Taxation

OWH has obtained tax exemption certificate from Ministry of Finance, Government of Islamic Republic of Afghanistan on the basis of which it is exempt from income and business receipt taxes under Income tax law of Afghanistan .

3.5 Employee Benefits

Employee benefits consists of short-term employee benefits obligations only and are measured on undiscounted basis and expands as the related services is provided. These include salaries and other benefits.

3.6 Payables

Liabilities for payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.7 Cash and cash Equivalents

Cash and cash Equivalents comprise cash in hand and at bank. Cash and cash equivalents are highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

3.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the organization has a legally enforceable right to offset the recognized amount and the organization intends to settle either on a net basis, or realize the asset and settle the liability simultaneously.

3.9 Expenses

Expenses are recognized as and when incurred.

4 Balance Sheet Note

Receivables and funds deficit from donor is recorded when expense is incurred but funds in Not received yet.

Funds Surplus is recorded as cash and liability to donor when funds is received but expense is not incurred yet.

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ORGANIZATION OF WELFARE AND HUMANITARIAN (OWH)
NOTES TO THE RECEIPTS AND DISBURSEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

Annexure

	Project					
	CME/CHNE Project (Sub Partner)	IOM COVID Project Herat & NGR (Sub Partner)	UNICEF MHNT Project	COVID-19 Project (Sub Partner)	Routine Immunization Project (Sub Partner)	Total
	AFS					
Funds Received	18,218,250	-	-	13,434,940	10,909,202	42,562,392
Salaries/Fees	6,145,500	501,748	1,609,569	13,090,590	5,450,494	26,797,901
Capital Cost	2,024,250	191,958	147,200	780,000	567,090	3,710,498
Capacity Building	2,024,250	101,958	169,211	780,000	567,090	3,642,509
Other Costs	3,036,375	140,357	656,636	1,170,000	850,635	5,854,003
Admin Cost	1,012,125	95,979	1,938,369	390,000	283,545	3,720,018
Total	**14,242,500**	**1,032,000**	**4,520,985**	**16,210,590**	**7,718,854**	**43,724,929**
Fund Balance/(Deficit)	**3,975,750**	**(1,032,000)**	**(4,520,985)**	**(2,775,650)**	**3,190,348**	**(1,162,537)**

Cash received against deficit of 2020 — 14,687,000

USD conversion rate 1$ = 85 AFS (Average rate 2021 DAB)

Note: Receivables from IOM is 1,020,000 AFS (USD=12,000) & from UNICEF is 2,614,929 AFS

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