

The Humanitarian Assistance and Development Association
for Afghanistan (HADAAF)

Audited Financial Statements

For the year ended December 31, 2017

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Independent Auditor's Report to The Humanitarian Assistance and Development Association for Afghanistan (HADAAF)

We have audited the accompanying financial statements of Humanitarian Assistance and Development Association for Afghanistan (HADAAF), which comprise of the statement of financial position as at December 31, 2017, and statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of financial statements in accordance with the basis of accounting as described in Note 2.1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statement 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.

Auditor's Responsibility

Our responsibility is to express an opinion on financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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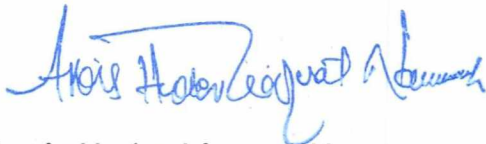
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view in all material respects, of the Financial Position of the HADAAF as at December 31, 2017 and of its financial performance and its cash flow for the year then ended, in accordance with the basis of accounting as described in Note 2.1 to the financial statements.



Avais Hyder Liaquat Nauman;
Chartered Accountants

Muhammad Arif Saeed, FCA
Engagement Partner

Kabul

Date: September 03, 2018



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HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)
STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Note	2017 US \$	2016 US \$
NON CURRENT ASSETS			
Property, plant and equipment	4	<u>26,305</u> 26,305	<u>51,956</u> 51,956
CURRENT ASSETS			
Cash and bank balances	5	85,353	306,752
Advances	6	<u>295</u> 85,648	<u>19</u> 306,771
Receivable from Donors	7	<u>221,890</u> 221,890	<u>243,588</u> 243,588
TOTAL ASSETS		<u><u>333,843</u></u>	<u><u>602,315</u></u>
FUND BALANCE & LIABILITIES			
Fund balance	8	<u>72,689</u> <u>72,689</u>	<u>45,795</u> <u>45,795</u>
NON CURRENT LIABILITIES			
Payable to Donor	9	-	20,948
Deferred capital grant	10	26,305	51,956
Trade & other payables	11	<u>234,849</u> 261,154	<u>483,616</u> 556,520
TOTAL FUND BALANCE AND LIABILITY	100	<u><u>333,843</u></u>	<u><u>602,315</u></u>
CONTINGENCIES AND COMMITMENTS			

Auditors' report is annexed thereto
The annexed notes 1 to 17 form an integral part of these financial statements.

EXECUTIVE DIRECTOR



FINANCE MANAGER

HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	Note	2017 US \$	2016 US \$
INCOME			
Amortization of deferred capital grant	12	27,534	29,894
Donor's Grant	SOFF	2,005,056	2,230,318
		<u>2,032,589</u>	<u>2,260,212</u>
EXPENDITURE			
Programme expenses	14	2,005,056	2,230,318
Administrative expenses	15	98,152	197,575
		<u>2,103,208</u>	<u>2,427,893</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u><u>(70,619)</u></u>	<u><u>(167,681)</u></u>

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EXECUTIVE DIRECTOR





FINANCE MANAGER

HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2017

	Note	2017	2016
		US \$	US \$
SURPLUS/ (DEFICIT) FOR THE YEAR		(70,619)	(167,681)
Adjustment (if any)		-	-
		(70,619)	(167,681)
OTHER COMPREHENSIVE INCOME			
Increase in receivable against IHSAN/FHI		63,426	-
Increase in receivable against SCI/Child Protection		2,454	-
Reversal of liability against SEHAT Zabul (CORDAID)		29,564	77,010
Reversal of liability against Enviromental EHI Urozgan		-	2,465
Increase in receivable against MCP/UNDP		1,901	
Reversal of liability against WHO sub Health		-	9,707
Reversal of liability against Innovation fund		168	51,130
Other comprehensive income for the year		97,513	140,313
TOTAL SURPLUS/(DEFICIT) FOR THE YEAR		26,894	(27,368)

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EXECUTIVE DIRECTOR




FINANCE MANAGER

HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
	US \$	US \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) before taxation	(70,619)	(167,681)
Adjustment for non-cash charges and other items:		
Depreciation	27,534	29,894
Adjustment for amortization of deferred capital grant	(27,534)	(29,894)
Adjustment for extra ordinary expenses	98,152	197,575
Surplus before working capital changes	27,534	29,894
Changes in working capital:		
Decrease / (increase) in current assets		
(Increase) in Receivable from donors	21,698	(236,746)
(Increase) in Advances	(276)	(19)
Increase/ (decrease) in fund and liabilities		
Fund balance	26,894	(22,789)
Increase/ (decrease) in Payables to Donor	(20,948)	(117,320)
Increase/ (decrease) in payables	(250,650)	483,616
	<u>(223,282)</u>	<u>106,742</u>
Cash generated from operations	(195,748)	136,636
Net cash flow from operating activities	(195,748)	136,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Inc./Dec. in Defer/Restricted Grants	(25,651)	(29,894)
Net cash used in financing activities	(25,651)	(29,894)
Net increase in cash and cash equivalents	(221,399)	106,742
Cash and cash equivalents at the beginning of the year	306,752	200,010
Cash and cash equivalents at the end of the year	85,353	306,752

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EXECUTIVE DIRECTOR




FINANCE MANAGER

HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR AFGHANISTAN (HADAAF)

STATEMENT OF FUND FLOWS (SOFF)

For the year ended December 31, 2017

	As on Jan 01, 2017	Grant received from donors during the year (Note 13)	Refunded to donor during the year	Expenditures during the year (Note 14)	Adj	As at Dec 31, 2017
-----US \$-----						
ON GOING AND NEW PROJECTS						
SEHAT Zabul (CORDAID)	7,632	984,214	333	961,949	29,564	-
SCI/Child Protection	2,454	57,121	-	65,822	2,454	(8,701)
IHSAN/FHI	(243,588)	1,030,640	-	931,946	63,426	(208,320)
MCP/UNDP	3,158	39,212	-	45,339	1,901	(4,870)
Sub-Total: On going and new projects	(230,344)	2,111,187	333	2,005,056	97,345	(221,891)
PROJECTS COMPLETED						
BRAC Malaria	876	-	876	-	-	-
INNOVATION Zabul (CORDAID)	6,828	-	6,660	-	168	-
Sub-Total: Projects completed	7,704	-	7,536	-	168	-
TOTAL CHANGES IN FUNDS DURING THE YEAR	(222,640)	2,111,187	7,869	2,005,056	97,513	(221,891)

Auditors' report is annexed thereto
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EXECUTIVE DIRECTOR




FINANCE MANAGER

HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR AFGHANISTAN (HADAAF)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1 LEGAL STATUS AND OPERATIONS

Humanitarian Assistance and Development Association for Afghanistan "HADAAF" is non-governmental, non-political and not for the Profit Afghan organization. HADAAF was registered on 08 March , 2009 (Hot 17, 1384 (Persian Year) under the registration NO: 514 with the Ministry of Economy NGOs Department . The firm is a non-profit organization working primarily Health and Skill development for the People. The firms works both with national and international partners to advocate, lobby and create awareness.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting policies adopted by the HADAAF as given in note 3.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year includes useful life and residual value of property, plant and equipment.

2.4 Functional and presentation currency

These financial statements are presented in US Dollar (US\$), which is the HADAAF's reporting currency. All financial information presented in US\$ has been rounded off to the nearest of US\$, unless otherwise stated.

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HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR AFGHANISTAN (HADAAF)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged by applying the straight line method whereby the cost of the items of property, plant and equipment is written off over their estimated useful lives at the rates specified in note 4. Full year depreciation is charged in year of purchase and no depreciation will be charged in the year of disposal.

3.2 Taxation

HADAAF's income is exempt from tax in accordance with the Income Tax law 2005. Accordingly, no provision has been made in these financial statements on account of taxation. However the organization Withhold taxes as per provisions of Income Tax Law 2005.

3.3 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.

3.4 Grants

(a) Restricted grants

Grants received for specific purposes are shown as restricted grants. Such grants are transferred to income as grants to the extent of actual expenditure incurred there against. Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as receivable from donors. Unspent portion of such grants are reflected as restricted grants in the balance sheet. Profit earned on bank balances are credited to respective grant amount.

(b) 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.

3.5 Provisions

A provision is recognized in the statement of financial position when the project has legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of the obligation.

3.6 Impairment

The carrying amount of the project's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to income and expenditure account.

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**HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3.7 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.8 Committed liabilities

Amounts for expenditure committed but not incurred which is the part of donor's approved budget, have been charged to income and expenditure account and related credit is shown as committed liabilities under trade and other payables.

3.9 Receivable from Donors

Receivable from Donors are stated at invoice value less allowance for impairment losses, if any.

3.10 Programme expenses

All expenses that are incurred directly for the project are considered as programme expenses.

3.11 Transactions other than Functional Currency

Transactions in currencies other than the reporting currency (USD) are accounted for at the exchange rate set by the each donor. All monetary assets and liabilities denominated in currencies other than the reporting currency at the period end are translated at the exchange rates as set by the donor so accordingly no exchange gain /loss realized.

3.12 Cash and bank balances

Cash and bank balances include cash in hand and balances in bank accounts and are stated at cost in the balance sheet .

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HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR AFGHANISTAN (HADAAF)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

4 Property, plant and equipment

Description	Cost			Accumulated Depreciation			Carrying Amount	
	As at Jan 01, 2017	Addition	(Deletion)	As at Dec 31 2017	As at Jan 01, 2017	For the year	As at Dec 31 2017	As at Dec 31 2017
-----Amount in US \$-----								
Office equipment	113,263	-	-	113,263	68,948	22,652.60	91,600	21,663
Computers equipments	7,147	-	-	7,147	7,147	-	7,147	-
Medical Equipements	24,405	-	-	24,405	14,882	4,881	19,763	4,642
2017	144,815	-	-	144,815	90,976	27,534	118,510	26,305
2016	144,815	-	-	144,815	62,965	29,894	92,859	51,956

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HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)

Notes to the Financial Statements

For the year ended December 31, 2017

	NOTE	2,017 US \$	2,016 US \$
5	Cash and Bank Balances		
	Cash in hand	5.1 506	3,863
	Cash at bank	5.2 84,847	302,888
		<u>85,353</u>	<u>306,752</u>
5.1	Cash in Hand		
	Petty Cash/IHSAN/NUR	89	72
	Petty Cash/ IHSAN/KNR	282	644
	UNDP Kabul, Cash	17	31
	Cash Zabul	-	1,620
	Cash Kabul	-	1,496
	Petty Cash/IHSAN/KBL	107	-
	Petty Cash/Child Protection	1	-
	Petty Cash Fixed Fee	10	-
		<u>506</u>	<u>3,863</u>
5.2	Cash at Bank		
	Azizi Bank/Child Protection/KBL	210	4,008
	Azizi Bank UNDP Kabul	310	1,750
	KBL Bank Account/ IHSAN/ NUR	204	915
	Azizi Bank Account / IHSAN/ KNR	7,733	154
	Azizi Bank Account / IHSAN/ KBL	65,565	2,362
	Azizi Bank, UNDP Zabul	130	1,278
	Azizi Bank Zabul	-	13,939
	Kabul Bank Kabul	-	107
	Aziz Bank Kabul	-	278,375
	Azizi Bank IHSAN Fixed Fee	2,154	-
	Azizi Bank USD	8,000	-
	Azizi Bank Euro	541	-
		<u>84,847</u>	<u>302,888</u>
6	Advances		
	Advance for IHSAN/KNR	-	19
	HADAAF Advances	172	-
	Advances to Others	123	-
		<u>295</u>	<u>19</u>
7	Receivable From Donors		
	MCP/UNDP	4,870	-
	SCI/Child Protection	8,700	-
	IHSAN/FHI	208,320	243,588
		<u>221,890</u>	<u>243,588</u>
8	Fund Balance		
	Opening Balance	45,795	68,584
	Surplus/(Deficit) for the year	26,894	(27,368)
	Adjustment	-	4,579
		<u>72,689</u>	<u>45,795</u>

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**HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR
AFGHANISTAN (HADAAF)**

Notes to the Financial Statements

For the year ended December 31, 2017

	NOTE	2,017 US \$	2,016 US \$
9	Payable to Donor		
	BRAC (Malaria)	-	876
	Innovation Zabul (CORDAID)	-	6,828
	Sehat Zabul (CORDAID)	-	7,632
	SCI/Child Protection	-	2,454
	MCP/UNDP	-	3,158
		<u>-</u>	<u>20,948</u>
10	Deferred Capital Grant		
	Deferred grant up to extent of WDV	4	4
		<u>26,305</u>	<u>26,305</u>
11	Trade & Other Payables		
	IHSAN Rental Tax payables	360	460
	Tax Payable/Child Protection	236	144
	IHSAN Staff Salary Payable	147,303	152,387
	Accrued Expenses SEHAT Zabul	-	164,130
	Security Dawood Arabzai	-	4,930
	Securities & Guarantees	-	3,033
	Tax Payable-IHSAN & SEHAT	4,603	9,068
	Salaries Payable	4,248	90,123
	IHSAN Loan Payable	16,048	59,341
	Loan Payable to Director	51,794	-
	Loan Payable to Others	9,753	-
	Vendors Payable	503	-
		<u>234,849</u>	<u>483,616</u>
12	Amortization of Capital Grant		
	Depreciation of Fixed Asset for the year	4	4
		<u>27,534</u>	<u>29,894</u>
13	Grants from donors		
	FHi360 IHSAN	1,030,640	-
	SEHAT Zabul (CORDAID)	984,214	-
	SCI/Child Protection	57,121	18,174
	Donation Received SEHAT	-	1,987,896
	Amount Received from UNDP	42,370	10,495
		<u>2,114,345</u>	<u>2,016,565</u>
14	PROGRAM EXPENSES		
	Programme Salaries	1,401,446	1,295,280
	Medical and basic facilities to beneficiaries	-	13,661
	Publication, Stationery and Printings	5,530	1,650
	Trainings and Workshops	111,728	11,138
	Vehicle Rental & POL	31,406	6,214

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HUMANITARIAN ASSISTANCE AND DEVELOPMENT ASSOCIATION FOR AFGHANISTAN (HADAAF)

Notes to the Financial Statements

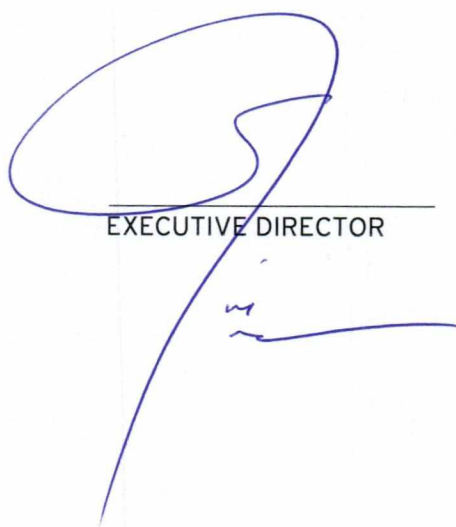
For the year ended December 31, 2017

	NOTE	2,017 US \$	2,016 US \$
Traveling		58,175	302
Field office Running Cost		-	6,837
Communication Cost		22,263	4,974
Utilities		13,170	5,960
Rent		22,813	7,068
Monitering Cost		1,222	35,573
Reimbursable cost		317,257	645,117
Capital cost		14,411	150,717
Indirect cost		3,620	45,827
Repair & Maintainance		1,537	-
Bank Charges		477	-
		<u>2,005,056</u>	<u>2,230,318</u>
15 ADMINISTRATIVE EXPENSES			
Fixed Fee Expenditure		42,608	-
Fixed Fee Expenditure (Office Rent)		18,195	-
Administrative salaries		9,463	106,484
Vehicle Rental & POL		-	1,252
Stationery		-	26,637
Depreciation- refer to note 4		27,534	29,894
Repair and maintainance		36	2,137
Bank Charges		-	118
Rent		151	589
Refreshment		-	457
Communication		79	509
Office Supplies		87	29,498
		<u>98,152</u>	<u>197,575</u>

16 GENERAL

- Figures have been rounded off to the nearest of United States Dollar (US \$).

17 These financial statements were authorized for issue on dated September 02, 2018 by the directors of HADAAF.


EXECUTIVE DIRECTOR




FINANCE MANAGER