



COMPOS MENTIS
AUDITORS & CONSULTANTS

DEVELOPMENT AND ABILITY ORGANIZATION (DAO)- AFGHANISTAN

Audit Report

AUDITED
FINANCIAL STATEMENTS
For the year ended
December 31, 2019



Compos Mentis
Auditors & Consultants

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of DAO Afghanistan

Opinion

We have audited the financial statements of **Development and Ability Organisation (DAO)- Afghanistan (the organisation)**, which comprise the statement of financial position as at December 31, 2019, and the statement of Comprehensive income and statement of changes in fund 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 of the organisation give a true and fair view of the financial position of the DAO-Afghanistan as at December 31, 2019 and its financial performance for the year then ended and are prepared, in all material respects, in accordance basic accounting policies described in note 2 and 3 of financial statements and local laws and regulation of Afghanistan.

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 organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other 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 the financial statements in accordance with basic accounting policies described in note 2 and local laws 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 organisation'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 organisation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the organisation'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 organisation'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 organisation'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 organisation to cease to continue as a going concern.



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We communicate with those charged with governance 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.

Compos Mentis



Compos Mentis Auditors and Consultants
Kabul, Afghanistan
Date: April, 05, 2020

| Accounting | Auditing | Taxation | Consulting | QuickBooks | Training | ERP | IFRS |

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DEVELOPMENT AND ABILITY ORGANIZATION (DAO)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	<u>Notes</u>	<u>USD</u> <u>2019</u>	<u>USD</u> <u>2018</u>
CURRENT ASSETS			
Reciveables from donor	4	-	8,554
Cash & cash equivalent	5	161,556	42,635
		<u>161,556</u>	<u>51,189</u>
FUNDS & LIABILITIES:			
General Fund		9,701	11,667
CURRENT LIABILITIES			
Accrued expenses & other liabilities	6	30,421	8,554
Unutilized grants deferred	4	121,434	30,968
		<u>151,855</u>	<u>39,522</u>
TOTAL FUNDS & LIABILITIES		<u>161,556</u>	<u>51,189</u>

The annexed notes form an integral part of these accounts




 Senior Finance Manager
 DAO




 Executive Director
 DAO

DEVELOPMENT AND ABILITY ORGANIZATION (DAO)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Notes</u>	<u>USD</u> <u>2019</u>	<u>USD</u> <u>2018</u>
INCOME:			
- Grant Income	4	276,623	329,337
- DAO contribution	7	3,178	7,702
- Exchange gain		-	65
		<u>279,801</u>	<u>337,105</u>
EXPENDITURE:			
- Direct program cost	8	276,623	329,337
- Administration cost	9	5,144	10,214
		<u>281,767</u>	<u>339,551</u>
Surplus/(Deficit) for the year		<u>(1,966)</u>	<u>(2,447)</u>

The annexed notes form an integral part of these accounts

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DEVELOPMENT AND ABILITY ORGANIZATION (DAO)**STATEMENT OF CASH FLOW****FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Notes</u>	<u>USD</u> <u>2019</u>	<u>USD</u> <u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		(1,966)	(2,447)
Net Surplus/(Deficit) before working capital changes			
Working Capital Changes			
(Increase)/Decreases in receivables from donors		8,554	4,781
(Increase)/Decreases in accrued expenses & other liabilities		21,867	(5,617)
(Increase)/Decreases in unutilized differed grants		90,466	17,365
Net working capital changes		<u>120,887</u>	<u>16,529</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		118,921	14,083
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		118,921	14,083
Net increase/(decrease) in cash & cash equivalents during the year		<u>118,921</u>	<u>14,083</u>
CASH & CASH EQUIVALENT AT THE START OF YEAR		42,636	28,553
CASH & CASH EQUIVALENT AT THE END OF YEAR		<u>161,556</u>	<u>42,636</u>

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Senior Finance Manager
DAO




Executive Director
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DEVELOPMENT AND ABILITY ORGANIZATION (DAO)
STATEMENT OF GENERAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Funds</u>	<u>Total USD</u>
Balance as at December 31, 2017	14,114	14,114
Surplus/(Deficit) for the year	(2,447)	(2,447)
Balance as at December 31, 2018	11,667	11,667
Surplus/(Deficit) for the year	(1,966)	(1,966)
Balance as at December 31, 2019	9,701	9,701



The annexed notes form an integral part of these accounts



Senior Finance Manager
 DAO





Executive Director
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DEVELOPMENT AND ABILITY ORGANIZATION (DAO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. STATUS AND BACKGROUND

The Development and Ability Organization (DAO) is a non-governmental, non-political, non-profit national organization founded in early 2004 with an active board of directors entirely comprised from the professional in the field of disability, administration and public health. DAO is properly registered with the Ministry of Economy of the Islamic State of Afghanistan NGO's department bearing registration number 746.

Vision: People with disabilities will be physically empowered and mainstreamed into Afghan society working and living with self-determination. Civil society organizations will have the capacity to monitor government activities and hold them accountable to their obligations.

Mission: To work for a more inclusive society by raising public and governmental awareness of the rights of persons with disabilities while building capacity of the civil Society Organizations (CSOs) and Persons with Disabilities Organizations (PDOs) through physical Rehabilitation Civic education, Mentoring, community Dialogue, vocational training and income generation programs.

Objectives: In order to meet its mission and fulfill its vision, DAO has set the following objectives:

- Advocate and raise awareness on disabilities through mass media projects
- Prevent disability through Mine risk education and awareness campaigns
- Assist persons with disabilities through vocational training and income generation projects
- Provide physical rehabilitation care through high quality, specialized clinical programs

The United Nations Office for Project Services (UNOPS) has engaged the Development and Ability Organization (DAO) to conduct mine action activities in support of demining in Afghanistan through the implementation of project entitled " Humanitarian Mine Action Project - 00079069" UN Afghanistan Victim Assistance programs & Mine Risk Education Operations in Afghanistan (Survey and Clearance - 1390- CIDA and EC).

2. SIGNIFICANT ACCOUNTING POLICIES

The following policies have been consistently applied in the preparation of these accounts.

2.1 Statement of Compliance

These financial statements have been prepared and presented in accordance with the specific accounting policies adopted by DAO as provided below.

2.2 Basis of Measurement

The financial statement has been prepared under historical cost basis accounting, except for monetary assets and liabilities in currency other than reporting currency which are stated as per accounting policy of foreign currency transaction.

DEVELOPMENT AND ABILITY ORGANIZATION (DAO)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2.3 Functional and Presentation Currency

These financial statements have been presented in US dollars (USD) and the organization functional currency is Afghanis (Afn).

3 SINGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

3.1 Foreign currency transactions

Transaction in currencies other than reporting currencies are recorded in reporting currency USD at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in USD at the rates of exchange approximating those prevalent at the period end date.

3.2 Capital Expenditure

Capital items purchased during the year are charged to donors as expenses. However, a memorandum record is being maintained for the management purpose.

3.3 Taxation

The entity, being a non-profit organisation, is exempt from income tax as per Afghanistan Income Tax law. However, withholding taxes are deducted as per the said law on procurement of goods and services and duly deposited in the Government treasury.

3.4 Fund Accounting

Restricted funds are grants and contracts which have to be used in accordance with specific restrictions imposed by donors or which have been raised by the entity for particular purposes. Revenue in case of restricted funds is recognized up to the extent of expenditure incurred for specific project when it is probable that grant will be awarded. Any surplus or deficit of funds actually received against the expenditure is recognized as deferred grant or receivable from donors respectively.

Unrestricted funds are donations received from donors who do not impose restrictions on the use of the funds. Consequently, there is no time restriction imposed as to when the funds can be used so the donations are recognized on receipt as revenue.

All other incomes are recognized in the income statement on receipt basis.

3.5 Cash & Cash Equivalents

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

DEVELOPMENT AND ABILITY ORGANIZATION (DAO)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4 RECEIVABLES/ PAYABLE FROM DONOR

PROJECTS	DONOR	OPENING BALANCE-As at Jan 01, 2019		Movements in Resources during the year		Closing Balance As at December 31, 2019	
		Grant Receivable	Unutilized grants	Incoming Resources	Used or Revenue Recognized	Grant Receivable	Unutilized Grants
4.1 Improved access to drinking water, hygiene & medical services for internally displaced persons.	Johaniter International	-	30,671	76,515	104,647	-	2,539
4.2 Provision of Physical Rehabilitation Services to the land mine survivors and other persons with disabilities in URZ & KNR	HALO Trust	-	-	61,920	61,920	-	-
4.3 Provision of Trauma care services for the landmine survivors and other (Victims of War) in Kunar Province	World Health Organisation	-	-	9,527	3,777	-	5,750
4.4 Provision of Trauma care services for the landmine survivors and other (Victims of War) in Uruzgan Province	World Health Organisation	-	-	5,293	2,205	-	3,088
4.5 Rehabilitation Survivors for landmine victims and other persons disabilities	S-PM-WRA	-	-	170,483	60,426	-	110,057
4.6 Afghan Civic Engagement Program	Counterpart International.	1,606	-	43,648	43,648	-	-
4.7 Twining Program Phase 4	ACBAR	297	-	297	-	-	-
Total:		1,903	30,671	367,683	276,623	121,434	



DEVELOPMENT AND ABILITY ORGANIZATION (DAO)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>USD</u> <u>2019</u>	<u>USD</u> <u>2018</u>
5 CASH & CASH EQUIVALENT		
- Cash in hand	2,760	790
- Cash at bank	158,796	41,844
	161,556	42,635
5.1 Cash at bank		
- National Bank of Pakistan - USD A/c 772-8	6,989	10,599
- National Bank of Pakistan - USD A/c 1883-2	10,528	1,001
- National Bank of Pakistan - Afn A/c 20204-9	5,769	600
- Azizi Bank- USD A/c 755-40	121,204	362
- Azizi Bank- USD A/c 1293-80	7,259	459
- Azizi Bank- Afn A/c 00624928	6,283	-
- Azizi Bank- Euro A/c 5915-37	536	28,638
- Azizi Bank- Afn A/c 2424-61	228	186
	158,796	41,844
6 ACCRUED EXPENSES & OTHER LIABILITIES		
- Salary payable	22,405	4,754
- Vehicle/Building rent payable	651	995
- Salary tax payable	43	-
- Project Loan	6,822	2,805
- Provision for Audit Fee	500	-
- Other expenses payable	-	-
	30,421	8,554
7 OTHE INCOME		
- DAO contribution	3,178	7,702
	3,178	7,702
8 DIRECT PROGRAM COST		
- Personal Cost	122,398	183,284
- Expendables equipment & materials	-	10,555
- Premsie	13,822	15,238
- Utilities	2,670	1,854
- Communication cost	5,265	3,348
- Consultancy cost	28,099	15,955
- Stationary	2,998	114
- Vehicle rent	2,100	-
- Travelling/Shipment expenses	6,203	8,293
- Program activity cost	-	-
- Supplies / Commodities	15,964	50,815
- Fuel & maintenance	5,472	9,441
- Fuel for Vehicles	-	7,483
- Food charged	-	-
- Bank charges	860	-
- Laptop & printer etc.	18,047	2,076
- Training	52,725	9,945
- Indirect cost	-	-
- Other expenses	-	8,216
- ACBAR	-	2,720
	276,623	329,337

DEVELOPMENT AND ABILITY ORGANIZATION (DAO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>USD</u>	<u>USD</u>
9 ADMINISTRATIVE EXPENSES		
- Rent-Office	3,178	6,902
- Audit Fee	500	400
- Admin & Operating expenses	1,466	2,912
- Exchange loss	-	-
	<u>5,144</u>	<u>10,214</u>

10 GENERAL

Figures have been rounded off to nearest USD.

11 AUTHORIZATION

These financial statements were authorized for issue by the Executive Director of DAO on _____


 Senior Finance Manager
 DAO




 Executive Director
 DAO