



**OMER ASGHAR KHAN
DEVELOPMENT FOUNDATION**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

The Board of Governors,
Omar Asghar Khan Development Foundation,
Flat no 101, Abu Dhabi Towers, F-11 Markaz
Islamabad.

March 4, 2020
BDO/AUD/216/2020

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Ladies and Gentlemen,

We have completed the audit of your financial statements for the above referred year and are pleased to enclose herewith three copies of the draft financial statements together with our draft audit report duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Executive Director and Deputy Programme Manager Finance and on receipt/review of the following:

- (a) Letter of representation addressed to us on behalf of the Board of Governors and signed by the Executive Director and Deputy Programme Manager Finance as per draft provided by us.
- (b) Board of Governors resolution in respect of approval of the following items:
 - Additions to operating fixed assets amounting to Rs. 300,000; and
 - Assets written off amounting to Rs. 47,987.

Our observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Foundation's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Foundation and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

Advised.

2. CASH AND BANK

During the course of audit, we observed that following bank accounts were dormant:

Name	Account No.	Amount (PKR)	Inactive Period
Standard Chartered Bank	1944577401	190,247	Over 6 Years
JS Bank Limited	204522	501,000	Over 6 Years
NIB Bank	0111-9364878	137,930	Over 1.5 Years
The Bank of Khyber	0113000014362000	426,095	Over 1.5 Years

We have not received bank statement in respect of these accounts. As per management no transaction has occurred in these accounts during the year and balance as per Company's books is correct. Please confirm this is in order. Further, we recommend that these accounts should either be closed or reactivated.

3. TAXATION

The Foundation, being a charitable concern is registered under section 2 (36) of the Income Tax Ordinance, 2001, may avail 100% tax credit on its income under clause 58(1) of the second schedule subject to conditions and requirements as specified under section 100c of the Ordinance; therefore provision against taxation has not been accounted for in these financial statements. In the view of management, any surplus arising from business income conducted for purpose of welfare activities is not subject to any tax as the Foundation is complying with all the requirements of the Ordinance to avail tax credit. We recommend that legal opinion in this regard be sought to validate the management viewpoint.

4. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements, other than those disclosed in the notes to the financial statements. Kindly confirm the representation made by the management.

5. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements. Kindly confirm the representations made by management.

6. FRAUD AND ERROR

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year. Kindly confirm the representations made by management.

Review.



We wish to place on record our appreciation for courtesy and cooperation extended to our staff during the course of audit.

Yours faithfully,

Bdo ebrahim & co.
BDO EBRAHIM & CO.

Encl as above

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNERS

Opinion

We have audited the financial statements of Omer Asghar Khan Development Foundation ("the Foundation"), which comprise the statement of financial position as at December 31, 2019, and the statement of income and expenditure 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 Foundation as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. 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 Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards, and for such internal control as the 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation financial reporting process.

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 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 as applicable in Pakistan will

be given.

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 as applicable in Pakistan, 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 Foundation'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 Foundation'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 Foundation 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 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.

ISLAMABAD

DATED:

CHARTERED ACCOUNTANTS

Engagement Partner: Iffat Hussain

Iffat Hussain

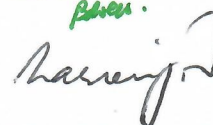
OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	15,445,621	19,097,632
Long term deposits		280,000	230,000
		<u>15,725,621</u>	<u>19,327,632</u>
CURRENT ASSETS			
Deposits and short term prepayments	6	2,545,486	1,982,595
Project receivables	10	930,574	2,878,739
Other receivables	7	774,068	23,828
Cash and bank balances	8	82,393,673	65,938,001
		<u>86,643,801</u>	<u>70,823,163</u>
TOTAL ASSETS		<u><u>102,369,422</u></u>	<u><u>90,150,795</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund	9	24,984,023	25,001,181
Restricted grant	10	68,364,527	53,465,851
Deferred capital grant	11	8,784,142	11,412,160
		<u>102,132,692</u>	<u>89,879,192</u>
CURRENT LIABILITIES			
Accrued liabilities	12	236,730	271,603
CONTINGENCIES AND COMMITMENTS			
	13	-	-
TOTAL GENERAL FUNDS AND LIABILITIES		<u><u>102,369,422</u></u>	<u><u>90,150,795</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



EXECUTIVE DIRECTOR



DEPUTY PROGRAMME MANAGER FINANCE

OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Restricted grant recognized	10	47,188,514	39,962,243
Deferred capital grant recognized	11	2,928,018	3,628,906
Exchange gain		844,091	1,492,336
Gain on sale of fixed assets		-	666,080
		50,960,623	45,749,565
EXPENDITURE			
Programme expenses	14	34,966,195	29,639,725
Personnel expenses	15	6,309,572	7,344,435
Operational expenses	16	8,840,765	6,606,989
Institutional support - net	17	861,249	330,043
		50,977,781	43,921,192
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(17,158)</u>	<u>1,828,373</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

R. D. Shah

EXECUTIVE DIRECTOR

Belven -
Harvey

DEPUTY PROGRAMME MANAGER FINANCE

**OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1 LEGAL STATUS

Omer Asghar Khan Development Foundation (the "Foundation") was formerly called SAHARA Development Foundation (SDF). SDF was established in 1999 by a group of activists in Khyber Pakhtunkhwa (KPK). It was registered in April of 2000 under the Societies Registration Act, 1860 in Peshawar. In late 2002, SDF's board formally passed a resolution to rename SAHARA Development Foundation as Omer Asghar Khan Development Foundation.

2 AIMS AND OBJECTIVES

The Foundation seeks to:

- Create political space for marginalized by promoting democratic values and practices;
- Facilitate dense patterns of association and mobilization among people, particularly the more vulnerable, to strengthen their social and political capital;
- Mobilize public action to secure human and livelihood rights, and achieve gender justice;
- Promote public-private partnerships to improve governance, achieve environmental conservation, and provision of social services;
- Build public demand for pro-poor public institutions and policies;
- Increase economic opportunities by improving infrastructure facilities and promoting small and medium enterprises.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) applicable to non-corporate entities issued by the Institute of Chartered Accountants of Pakistan and Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

3.2 Basis of measurement

These financial statements have been prepared under historical cost conventions and accrual basis of accounting.

Advised

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Foundation's functional and presentation currency.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method considering the economic useful life of the assets. Full month depreciation is charged on additions, while no depreciation is charged on assets disposed of during the month.

4.2 Receivable, advances, deposits and prepayments

These are recognized at cost, which is the fair value of the consideration given. However an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or a group of assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.3 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.4 Impairment

The carrying amount of Foundation's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on a judgmental basis, for which, provisions may differ in future years based on actual experience.

4.5 Taxation

No provision for tax has been provided in these financial statements, since the Foundation is registered under section 2(36) of Income Tax Ordinance, 2001, as non-profit organization and the can avail 100% tax credit on its income under section 100C of the Income Tax Ordinance, 2001.

4.6 Restricted grant

Grant is recognized as income to the extent it is actually utilized during the year and unspent grant at year end is treated as restricted grant. Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the income and expenditure account to the extent of the actual expenditure incurred. Expenditure incurred against grants committed but not received, is recognized directly in income and expenditure account and reflected as a receivable from donors.

Review.

4.7 Deferred capital grant

Deferred capital grant is recognized when operating fixed assets are purchased from donor's funds which is amortized over the useful life of the respective assets based on annual depreciation of respective assets.

4.8 Interest income

Profit on bank deposit is recognized using the effective interest rate method.

4.9 Accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Foundation.

4.10 Provisions

A provision is recognized in the balance sheet when the company has a 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 a reliable estimate can be made of the amount of obligation.

4.11 Foreign currency transactions

Foreign currency transactions are recorded in Rupees at the exchange rate ruling on the transaction date. All monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rate prevailing on the balance sheet date. Exchange gains and losses are included in the current year's income.

below.

5 PROPERTY, PLANT AND EQUIPMENT

Description	Vehicles	Furniture and fixtures	Office equipment	Computers and accessories	Total
	Rupees-----				

Net carrying value basis year ended December 31, 2019

Opening net book value (NBV)	17,140,537	499,420	471,662	986,013	19,097,632
Additions (at cost)	-	300,000	-	-	300,000
Assets written off	5.1	-	(18,902)	(22,405)	(6,680)
Depreciation charge	5.2	(3,428,107)	(54,959)	(92,748)	(328,210)
Closing net book value	13,712,430	725,559	356,509	651,123	15,445,621

Gross carrying value basis year ended December 31, 2019

Cost	23,257,011	1,304,269	1,687,664	2,782,914	29,031,858
Accumulated depreciation/Impairment	(9,544,581)	(578,710)	(1,331,155)	(2,131,791)	(13,586,237)
Net book value	13,712,430	725,559	356,509	651,123	15,445,621

Net carrying value basis year ended December 31, 2018

Opening net book value (NBV)	11,394,835	266,442	287,236	1,115,213	13,063,726
Additions (at cost)	11,343,896	284,373	285,250	338,100	12,251,619
Disposals (NBV)	(1,326,314)	(8,185)	(12,736)	(16,385)	(1,363,620)
Depreciation charge	(4,271,880)	(43,210)	(88,088)	(450,915)	(4,854,093)
Closing net book value	17,140,537	499,420	471,662	986,013	19,097,632

Gross carrying value basis year ended December 31, 2018

Cost	23,257,011	1,004,269	1,687,664	2,782,914	28,731,858
Accumulated depreciation	(6,116,474)	(504,849)	(1,216,002)	(1,796,901)	(9,634,226)
Net book value	17,140,537	499,420	471,662	986,013	19,097,632
Depreciation rate per annum	20%	10%	20%	33%	

5.1 These represent obsolete and damaged assets written off during the period as per management decision.

Answer.

	Note	2019 Rupees	2018 Rupees
5.2 Depreciation has been allocated as under:			
Operational expenses	16	2,928,018	3,628,906
Institutional expenses	17	976,006	1,225,187
		<u>3,904,024</u>	<u>4,854,093</u>

6 DEPOSITS AND SHORT TERM PREPAYMENTS

Prepayments		<u>2,545,486</u>	<u>1,982,595</u>
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7 OTHER RECEIVABLES

Receivable from employees		2,586	2,698
Other receivables		771,482	21,130
		<u>774,068</u>	<u>23,828</u>

8 CASH AND BANK BALANCES

Cash in hand		70,000	45,000
Cash with bank:			
Local currency - current accounts		74,279,318	58,678,888
Foreign currency - saving account	8.1	8,044,355	7,214,113
		<u>82,323,673</u>	<u>65,893,001</u>
		<u>82,393,673</u>	<u>65,938,001</u>

8.1 This carries mark up at the rates ranging from 0.05 % to 0.10 % (2018 : 0.10 % to 0.30 %) per annum.

		2019 Rupees	2018 Rupees
9 GENERAL FUND			
Opening balance		25,001,181	20,840,468
(Deficit)/Surplus for the year		(17,158)	1,828,373
Transferred from restricted grant	9.1	-	2,332,340
		<u>24,984,023</u>	<u>25,001,181</u>

9.1 This amount represents institutional overheads of prior years adjusted through general fund.

10 RESTRICTED GRANT / PROJECT RECEIVABLES

Donors	Opening balance		Movement during 2019					Closing balance	
	Restricted grant	Project receivables	Receipts	Transferred to deferred capital grant	Transferred to general fund	Expensed	Expenses borne by Foundation	Project receivables	Restricted grant
Note									
Rupees									
CGAPS Awaz-e-Niswan	-	44,700	-	-	-	-	(44,700)	-	-
ADB	-	-	462,000	-	-	(1,080,000)	-	618,000	-
Disaster Response Fund	5,178,294	-	-	-	-	-	-	-	5,178,294
European Union - EU	10.1	48,287,557	-	55,261,078	-	(41,031,045)	-	-	62,517,590
SELP	10.2	-	2,011,747	1,687,132	-	-	(324,615)	-	-
Fempower	-	-	-	3,369,288	(300,000)	(3,381,862)	-	312,574	-
Oxfam - She Can Lead	10.3	-	822,292	2,482,822	-	(1,695,607)	(703,720)	-	668,643
Total rupees - 2019		53,465,851	2,878,739	63,262,320	(300,000)	-	(47,188,514)	(1,073,035)	930,574
Total rupees - 2018		30,196,669	165,784	75,061,329	(12,210,519)	(2,332,340)	(39,962,243)	-	2,878,739
									53,465,851

10.1 This represents grant from European Union under the contract dated December 20, 2016 for the period from January 2017 to June 2020. Total grant funds committed to be disbursed by the donor were EURO 1,500,000 out of which EURO 321,659.36 equivalent to Rs. 55,261,078 were received during the year 2019 and the remaining would be received in the next year as the project is in progress.

10.2 This represents grant from Shinkat Gah for the project Fempower under the contract dated 15 April 2019 for the period from 1 April 2019 to 31 March 2023. Total grant fund received during the year was Rs. 3,369,288. Further, Rs. 286,220 is receivable from donor at year end.

10.3 This represents grant from Oxfam GB for the project She Can Lead under the contract dated 15 November 2019 for the period from the 1 July 2019 to 30 June 2020. Total grant funds committed to be disbursed by the donor are AUD 44,444.00 out of which Rs. 2,364,250 were received during the year 2019 and the remaining would be received in the next year as the project is in progress.

Rs. 286,220.

	Note	2019 Rupees	2018 Rupees
11 DEFERRED CAPITAL GRANT			
Opening balance		11,412,160	2,830,547
Deferred grant transferred during the year	11.1	300,000	12,210,519
Less: Amortization for the year	5	(2,928,018)	(3,628,906)
		<u>8,784,142</u>	<u>11,412,160</u>

11.1 This represents restricted funds received from fempower for purchase of capital expenditure.

12 ACCRUED LIABILITIES

Accrued expenses	41,230	140,353
Withholding income tax	13,500	-
Audit fee payable	182,000	131,250
	<u>236,730</u>	<u>271,603</u>

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2019 (2018: Nil).

	Note	2019 Rupees	2018 Rupees
14 PROGRAMME EXPENSES			
Accountability		17,421,719	7,932,291
Governance		15,758,708	18,895,409
Tolerance		945,768	2,428,380
Poverty Reduction		840,000	383,645
	14.1	<u>34,966,195</u>	<u>29,639,725</u>

14.1 The total programme expenses include programme staff salaries of Rs. 12.221 million (2018: Rs. 14.493 million) which also includes salary of Executive Director amounting to Rs. 4.49 million (2018: Rs. 4.16 million). These have been allocated to their respective programme activities. Break up of these salaries is as follows:

	2019 Rupees	2018 Rupees
Accountability	5,731,916	5,961,523
Governance	5,184,541	7,557,682
Tolerance	465,000	974,500
Poverty Reduction	840,000	-
	<u>12,221,457</u>	<u>14,493,705</u>

15 PERSONNEL EXPENSES

Finance and administration	3,139,681	2,834,036
Benefits	-	1,433,129
Support staff	3,169,891	3,077,270
	<u>6,309,572</u>	<u>7,344,435</u>

Review

15.1 This mainly includes the health and life insurance of Foundations' staff.

	Note	2019 Rupees	2018 Rupees
16 OPERATIONAL EXPENSES			
Rent		2,565,750	1,629,430
Depreciation	5.2	2,928,018	3,628,906
Utilities		132,917	420,435
Travelling expenses		655,113	141,233
Communication		645,368	313,722
Supplies and stationery		616,155	143,702
Repair and maintenance		240,805	186,245
Vehicles insurance		976,639	143,316
Audit fee		80,000	-
		<u>8,840,765</u>	<u>6,606,989</u>

17 INSTITUTIONAL SUPPORT

Programme expenses	17.1	1,714,244	-
Audit fee		-	131,250
Rent		105,394	1,031,354
Other expenses		397,084	440,747
Insurance		-	636,624
Depreciation	5.2	976,006	1,225,187
Asset written off		47,987	-
		<u>3,240,715</u>	<u>3,465,162</u>
Less: Grant for institutional support	17.2	<u>(2,379,466)</u>	<u>(3,135,119)</u>
		<u>861,249</u>	<u>330,043</u>

17.1 These represent various expenses borne by the Foundation, which are not allowed by the donor under various grants. Moreover, it includes different expenses on program activities by the Foundation.

17.2 This mainly represents donations received from European Union which are applied to meet the institutional expenses. These donations comprise 7% of total donation.

18 TAXATION

No provision for tax has been provided in these financial statements, since the Foundation is registered under section 2(36) of Income Tax Ordinance, 2001, as non-profit organization and they can avail 100% tax credit on its income under section 100C of the Income Tax Ordinance, 2001.

Below

19 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Governors of the Foundation on _____.

20 GENERAL

Figures have been rounded off to nearest rupee.
please.

R. D. Dholakia

EXECUTIVE DIRECTOR

Harvij

DEPUTY PROGRAMME MANAGER FINANCE