



**OMER ASGHAR KHAN
DEVELOPMENT FOUNDATION**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021**

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.

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, 2021, 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, 2021, 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

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: Abdul Qadeer



OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	9,801,304	12,344,406
Long term deposits		300,000	280,000
		<u>10,101,304</u>	<u>12,624,406</u>
CURRENT ASSETS			
Deposits and short term prepayments	6	1,886,373	3,459,388
Project receivables	9	10,609,287	5,374,694
Other receivables	7	217,221	6,793
Cash and bank balances	8	16,227,555	18,469,363
		<u>28,940,436</u>	<u>27,310,238</u>
TOTAL ASSETS		<u>39,041,740</u>	<u>39,934,644</u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		30,151,049	23,931,377
NON-CURRENT LIABILITIES			
Restricted grant	9	4,963,589	7,474,125
Deferred capital grant	10	1,297,191	6,458,231
		<u>36,411,829</u>	<u>37,863,733</u>
CURRENT LIABILITIES			
Accrued liabilities	11	2,629,911	2,070,911
TOTAL GENERAL FUNDS AND LIABILITIES		<u>39,041,740</u>	<u>39,934,644</u>
CONTINGENCIES AND COMMITMENTS	12	-	-

The annexed notes from 1 to 19 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, 2020**

	Note	2021 Rupees	2020 Rupees
INCOME			
Restricted grant recognized	9	47,873,502	90,682,325
Deferred capital grant recognized	10	6,918,873	2,325,911
Exchange gain		781,468	258,237
		55,573,843	93,266,473
EXPENDITURE			
Programme expenses	13	34,756,586	78,623,376
Personnel expenses	14	5,862,093	5,935,326
Operational expenses	15	6,620,257	8,417,368
Institutional support - net	16	2,115,235	1,343,049
		49,354,171	94,319,119
SURPLUS/(DEFICIT) FOR THE YEAR		<u>6,219,672</u>	<u>(1,052,646)</u>

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



EXECUTIVE DIRECTOR

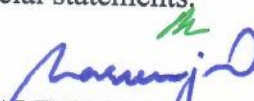

DEPUTY PROGRAMME MANAGER FINANCE

OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		6,219,672	(1,052,646)
Adjustments for non-cash and other items:			
Restricted Grant Recognized	9	(47,873,502)	(86,824,376)
Deferred capital grant recognized	10	(460,642)	(2,325,911)
Exchange Gain		(781,468)	(258,237)
Depreciation	5.1	2,575,935	3,101,215
Loss before working capital changes		(46,539,677)	(86,307,309)
Working capital changes		(40,320,005)	(87,359,955)
Decrease / (increase) in current assets			
Grant receivable		(5,234,593)	(4,444,120)
Deposits and short- term prepayments		1,573,015	(913,902)
Other receivables		(210,428)	767,275
Increase/ (decrease) in current liabilities		559,000	1,834,181
Increase in trade and other payables		(3,313,006)	(2,756,566)
Cash used in operations		(43,633,011)	(90,116,521)
Taxes Paid		(1,570,269)	-
Grant received		44,739,305	26,192,211
		(463,975)	(63,924,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment	5	(1,757,833)	-
(Increase) / Decrease in short-term investments		(20,000)	-
Net cash (used in) / generated from investing activities		(1,777,833)	-
Net decrease in cash and cash equivalents		(2,241,808)	(63,924,310)
Cash and cash equivalents at the beginning of the year		18,469,363	82,393,673
Cash and cash equivalents at the end of the year	8	16,227,555	18,469,363

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


EXECUTIVE DIRECTOR


DEPUTY PROGRAMME MANAGER FINANCE

**OMAR ASGHAR KHAN DEVELOPMENT
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2021**

**Fund
Rupees**

Balance at December 31, 2019

24,984,023

Deficit for the year

(1,052,646)

Balance at December 31, 2020

23,931,377

Surplus for the year

6,219,672

Balance at December 31, 2021

30,151,049

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


EXECUTIVE DIRECTOR


DEPUTY PROGRAMME MANAGER FINANCE

**OMAR ASGHAR KHAN DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1 LEGAL STATUS

Omer Asghar Khan Development Foundation (the Foundation) 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.

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.



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.

Depreciation for the donor funded assets is treated as Operational Expenditures while other as Institutional Expenditures .

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

Income of the Foundation other than surplus funds as defined in Sub-section 1A of section 100C is not subject to tax as 100% tax credit is available u/s 100C of Income Tax Ordinance, 2001. Surplus funds of NGOs / NPOs as defined Sub-Section 1A of Section 100C of Income Tax Ordinance, 2001 are subject to tax at the rate of 10%.

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.

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.



5 PROPERTY, PLANT AND EQUIPMENT

Description	Company Owned					Donor Funded Computers and accessories	Total
	Vehicles	Furniture and fixtures	Office equipment	Computers and accessories	Sub Ttotal		
Net carrying value basis year ended December 31, 2021							
Opening net book value (NBV)	10,969,944	653,003	285,207	436,252	12,344,406	-	12,344,406
Additions (at cost)	-	-	-	-	-	-	-
Assets written off	(1,725,000)	-	-	-	(1,725,000)	1,757,833	1,757,833
Depreciation charge	(1,848,989)	(65,300)	(57,041)	-	(2,115,293)	-	(1,725,000)
Closing net book value	7,395,955	587,703	228,166	292,289	8,504,113	(460,642)	(2,575,935)
Gross carrying value basis year ended December 31, 2021	21,532,011	1,304,269	1,687,664	2,782,914	27,306,858	1,757,833	29,064,691
Cost	(14,136,056)	(716,566)	(1,459,498)	(2,490,625)	(18,802,745)	(460,642)	(19,263,387)
Accumulated depreciation/Impairment	7,395,955	587,703	228,166	292,289	8,504,113	1,297,191	9,801,304
Net carrying value basis year ended December 31, 2020	13,712,430	725,559	356,509	651,123	15,445,621	-	15,445,621
Opening net book value (NBV)	-	-	-	-	-	-	-
Additions (at cost)	-	-	-	-	-	-	-
Assets written off	(2,742,486)	(72,556)	(71,302)	-	(3,101,215)	-	(3,101,215)
Depreciation charge	10,969,944	653,003	285,207	436,252	12,344,406	-	12,344,406
Closing net book value	23,257,011	1,304,269	1,687,664	2,782,914	29,031,858	-	29,031,858
Gross carrying value basis year ended December 31, 2020	(12,287,067)	(651,266)	(1,402,457)	(2,346,662)	(16,687,452)	-	(16,687,452)
Cost	10,969,944	653,003	285,207	436,252	12,344,406	-	12,344,406
Accumulated depreciation	20%	10%	20%	33%	33%	-	-
Net book value	20%	10%	20%	33%	33%	-	-
Depreciation rate per annum	20%	10%	20%	33%	33%	-	-

11

Note	2021 Rupees	2020 Rupees
15	460,642	2,325,911
16	2,115,293	775,304
	<u>2,575,935</u>	<u>3,101,215</u>

5.1 Depreciation has been allocated as under:

Operational expenses
Institutional expenses

6 DEPOSITS AND SHORT TERM PREPAYMENTS

Short term advances

Prepayments:

Prepaid rent

Prepaid insurance

	4,000	142,500
	342,667	1,653,000
6.1	1,539,706	1,663,888
	<u>1,886,373</u>	<u>3,459,388</u>

6.1 This represents the health and life insurance of Foundations' staff.

Note	2021 Rupees	2020 Rupees
------	----------------	----------------

7 OTHER RECEIVABLES

Receivable from employees

Other receivables

	13,372	6,793
7.1	203,849	-
	<u>217,221</u>	<u>6,793</u>

7.1 This represents receivables from M/s Rozan against strategic planning services provided.

Note	2021 Rupees	2020 Rupees
------	----------------	----------------

8 CASH AND BANK BALANCES

Cash in hand

Cash with bank:

Local currency - current accounts

Foreign currency - saving account

	45,000	45,000
8.1	10,852,352	10,121,771
	5,330,203	8,302,592
	<u>16,182,555</u>	<u>18,424,363</u>
	<u>16,227,555</u>	<u>18,469,363</u>

8.1 This carries mark up at the rates ranging from 0.05 % to 0.10 % (2020 : 0.05 % to 0.10 %) per annum.

9 RESTRICTED GRANT / PROJECT RECEIVABLES

Donors	Note	Rupees							
		Opening balance		Movement during 2021			Closing balance		
		Project receivables	Restricted grant	Receipts	Transferred to deferred capital grant	Transferred to general fund	Expensed	Project receivables	Restricted grant
British Council - Aawaz -II	9.1	-	3,272,691	13,485,040	(930,132)	-	(20,714,863)	5,817,396	-
Asian Development Bank - ADB	9.2	380,532	-	1,906,008	-	-	(2,624,466)	1,098,990	-
International Budget Partnership		-	-	1,650,060	-	-	(1,022,107)	-	627,953
Disaster Response Fund	9.3	-	4,201,434	539,202	-	-	(405,000)	-	4,335,636
European Union - EU	9.4	3,637,110	-	-	-	-	-	3,637,110	-
Fempower	9.5	1,357,052	-	26,063,729	(827,701)	-	(23,107,066)	55,791	-
Total rupees - 2021		5,374,694	7,474,125	43,644,039	(1,757,833)	-	(47,873,502)	10,609,287	4,963,589
Total rupees - 2020		930,574	68,364,527	25,627,258	-	279,455	(90,682,325)	5,374,694	7,474,125

9.1 This represents grant from British Council (sub-contractor for DFID) for the period from February 2020 to March 2022. Total grant funds committed to be disbursed by the donor were GBP 270,699 out of which GBP equivalent to Rs. 13,485,040 were received during the year 2021 and the remaining would be received in the next year as the project is in progress.

9.2 This represents grant from Asian Development Bank under the contract, R07849, for the period from January 2019 to March 2022. Total grant funds committed to be disbursed by the donor were Rs 6,995,647 out of which Rs. 1,906,008 were received during the year 2021. This contract has been renewed for the period from June 2021 to March 2022.

9.3 This fund was generated in 2009 shifting surplus for the year into Disaster Response Fund. Since then, small contributions from philanthropists were added when received and it was used to provide humanitarian assistance in response to various disasters. In 2021, this fund was used to provide protective equipment to health and other front-line workers affected by the COVID 19 pandemic.

9.4 This represents grant from European Union under the contract dated December 20, 2016 for the period from January 2017 to December 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 in year 2019. No funds have been utilized during the year and the remaining would be received after the submission of final report.

9.5 This represents grant from Shikhat 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. 26,063,729.

10	DEFERRED CAPITAL GRANT	Note	2021 Rupees	2020 Rupees
	Opening balance			
	Additions in deferred capital grant	9	6,458,231	8,784,142
	Less: Amortization for the year		1,757,833	-
	Prior year	5.1	(460,642)	(2,325,911)
			(6,458,231)	-
			(6,918,873)	(2,325,911)
			<u>1,297,191</u>	<u>6,458,231</u>

11 ACCRUED LIABILITIES

	Accrued expenses			
	Payable to coapplicant	11.1	1,109,853	572,210
	Withholding income tax		1,290,834	1,290,834
	Audit fee payable		4,224	2,867
			225,000	205,000
			<u>2,629,911</u>	<u>2,070,911</u>

- 11.1 This represents payable to Media Matters for Democracy (MMfD), coapplicant in European Union's (EU) project, duly approved by European Union (EU). The contract was of Rs 12,908,340 out of which Rs 7,885,940 had been disbursed till December 2019 and expensed out. The outstanding amount will be settled after receiving the final tranche from European Union on submission of final report.

12 CONTINGENCIES AND COMMITMENTS

Tax returns submitted upto tax year 2021 are deemed assessments except Tax Year 2015 whereby tax department amended assessment u/s 122(1) creating tax demand of Rs. 4,725,148. However, appeal against assessment order is pending before commissioner (Appeals). As per management, grounds of appeal are strong and there is no requirement of any tax provision at this stage.

13	PROGRAMME EXPENSES	Note	2021 Rupees	2020 Rupees
	Accountability			
	Governance		10,139,623	24,860,644
	Tolerance		3,209,561	20,455,938
	Poverty Reduction		19,183,727	13,552,053
			2,223,675	19,754,741
		13.1	<u>34,756,586</u>	<u>78,623,376</u>

- 13.1 The total programme expenses include programme staff salaries of Rs. 5.146 million (2020: Rs. 10.994 million) which also includes salary of Executive Director amounting to Rs. 4.49 million (2020: Rs. 4.49 million). These have been allocated to their respective programme activities. Break up of these salaries is as follows:

	Note	2021 Rupees	2020 Rupees
Accountability			
Governance		1,656,923	3,272,174
Tolerance		-	1,598,493
Poverty Reduction		2,861,695	4,231,904
		628,177	1,891,886
		<u>5,146,795</u>	<u>10,994,457</u>

14 PERSONNEL EXPENSES

Finance and administration			
Benefits		2,394,715	2,650,434
Support staff	14.1	378,377	234,306
		3,089,001	3,050,586
		<u>5,862,093</u>	<u>5,935,326</u>

14.1 This mainly includes the health insurance of Foundation's staff.

	Note	2021 Rupees	2020 Rupees
15 OPERATIONAL EXPENSES			
Rent			
Depreciation		2,534,000	1,820,860
Utilities	5.1	460,642	2,325,911
Travelling expenses		17,266	499,799
Communication		946,653	962,465
Supplies and stationery		249,148	242,387
Repair and maintenance		725,708	691,485
Vehicles insurance		997,665	958,195
Audit fee		428,130	436,266
Legal and Professional		225,000	205,000
Bank charges		-	275,000
		36,045	-
		<u>6,620,257</u>	<u>8,417,368</u>

16 INSTITUTIONAL SUPPORT

Rent			
Travelling expenses		650,808	468,432
Other expenses		202,400	-
Depreciation		242,000	664,266
	5.1	<u>2,115,293</u>	<u>775,304</u>
		3,210,501	1,908,002
Less: Grant for institutional support	16.1	<u>(1,095,266)</u>	<u>(564,953)</u>
		<u>2,115,235</u>	<u>1,343,049</u>

A

- 16.1 This mainly represents donations received from Shirkat Gah for an event organized for UNFPA and five year Strategic Planning for SPO. Whereas in prior period, donations was mainly received from European Union to meet the institutional expenses.

17 NUMBER OF EMPLOYEES


The number of employees as at year end was 24 (2020: 26) and average number of employees during the year was 25 (2020: 27).

18 DATE OF AUTHORIZATION

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

19 GENERAL

Figures have been rounded off to nearest rupee.


EXECUTIVE DIRECTOR


DEPUTY PROGRAMME MANAGER FINANCE