



# Charmaghz Cultural Services Organization

External Audit for the year 2023

**Auditors' Report, Audited Financial  
Statements and Management Letter**

For the year ended December 31, 2023

## Contents

1. Auditors' Report on Financial Statements
2. Audited Financial Statements
3. Management Letter





Those charged with governance are responsible for overseeing the Organization'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 scepticism 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, 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.

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CHARMAGHZ CULTURAL SERVICES ORGANIZATION (THE ORGANIZATION)

### OPINION

We have audited the financial statements of Charmaghaz Cultural Services Organization (the Organization), which comprises the statement of financial position as of December 31, 2023, statement of income and expenditure and statement of changes in accumulated funds for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization's financial statements present true and fair view in all material respects, the financial position of the Organization as of December 31, 2023 and its financial performance for the year ended in accordance with the entity's accounting policy.

### 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 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 and fair presentation of the financial statements in accordance with entity's accounting policy as disclosed in financial statements, 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 Organization'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 Organization or to cease operations or has no realistic alternative but to do so.

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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.



Anwar Javed & Co.  
Chartered Accountants  
Engagement Partner: Javed Anwar  
Date: April 24, 2024  
Place: Kabul, Afghanistan

## Charmaghz cultural services organization

### Statement of Financial position

As at 31 December 2023

	Note	2023 USD	2022 USD
<b>Assets</b>			
<b>Non Current assets</b>			
Property, Plant and Equipment		17,380	-
Intangible Asset		-	-
		<u>17,380</u>	<u>-</u>
<b>Current assets</b>			
Cash & Cash Equivalent	5	214,772	90,436
Receivables	6	-	-
Advances and Prepayments	7	1,534	1,168
		<u>216,306</u>	<u>91,604</u>
<b>Total Assets</b>		<u><b>233,686</b></u>	<u><b>91,604</b></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated Funds		230,939	89,829
<b>Total Equity</b>		<u><b>230,939</b></u>	<u><b>89,829</b></u>
<b>Liabilities</b>			
Payables	8	2,747	1,775
<b>Total Liabilities</b>		<u><b>2,747</b></u>	<u><b>1,775</b></u>
<b>Total Equity and Liabilities</b>		<u><b>233,686</b></u>	<u><b>91,604</b></u>

Agreed

The annexed notes 1 to 13 are an integral part of these financial statements.

Chief of Party

*Barakaty*

کلتورال خدمات چرمغز  
شعبه مالی و حسابداری



Finance Director

Financial Statements for the period ended December 31 2023

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**Charmaghz cultural services organization**  
**Statement of Income and Expenditure**  
**As on 31 December 2023**

	Note	2023 USD	2022 USD
<b>INCOME</b>			
Grants Received	9	228,343	181,764
Other Income and Donations	10	-	-
		<u>228,343</u>	<u>181,764</u>
<b>EXPENDITURE</b>			
Program Expenditure	11	166,580	94,092
Exchange (gain)/Loss	12	29,638	(888)
		<u>196,218</u>	<u>93,204</u>
<b>Surplus / (deficit) for the year</b>		<u><u>32,125</u></u>	<u><u>88,559</u></u>

*Agro*

The annexed notes 1 to 13 are an integral part of these financial statements.

*Barakaty*  
 Chief of Party  
 سازمان فرهنگی چرمغز  
 اداره امور مالی و اداری

Finance Director

**Charmaghz cultural services organization**  
**Statement of Changes in Accumulated Funds**  
**As on 31 December 2023**

	Note	General funds	Total
Balance as January 01, 2021		110,255	110,255
Surplus/(Deficit) for the year		88,559	88,559
Prior period adjustment		-	-
<b>Balance on 31 December 2022</b>		<b>198,814</b>	<b>198,814</b>
Surplus/(Deficit) for the year		32,125	32,125
Prior period adjustment		-	-
<b>Balance on 31 December 2023</b>		<b>32,125</b>	<b>230,939</b>

*Agro*

The annexed notes 1 to 13 are an integral part of these financial statements.

*Barakaty*  
 Chief of Party  
 سازمان فرهنگی چرمغز  
 اداره امور مالی و اداری

Finance Director



## Charmaghz cultural services organization

### Notes to the Financial Statements

As on 31 December 2023

#### 1 Status and nature of operations

Charmaghz Culatural Services Organisation ("CCSO") is a non-governmental, non-political, not for profit and independent organization with a mission to strengthen national and subnational policy, advocacy and governance for strategic, equitable and sustainable health programming. The organization commenced its operations on 08 April 2018 under the license issued to it by Ministry of Economy NGO department.

The registered office of the organization is located in Kabul, Afghanistan.

#### 2 Basis of preparation

##### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the accounting policies and procedures adopted by the Charmaghz as described in note 3.

##### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

##### 2.3 Functional and presentation currency

These financial statements are presented in US Dollars (USD), while the organisations' functional currency are both Afghani (AFN) and USD (\$). Except as otherwise indicated, the amounts in the financial statements have been rounded to the nearest thousand USD

#### 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### 3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss arising on retranslation is recognized in income and expenditure account.

##### 3.2 Financial assets and financial liabilities

###### 3.2.1 Fixed Asset

The cost of fixed assets purchased during the year is written off against funds received from various donors in the same period. However the memorandum record has been maintained for control purposes.

###### 3.2.2 Cash and cash equivalents

For the purpose of cash flow statements cash and cash equivalents comprise cash in hand and cash at bank. These are carried in the statement of financial position at cost or revalued amounts, as case prevails.

کلتورال سروس سازمان چارماغز : دنده مالی پيسه

Ajco

## Charmaghz cultural services organization

### Notes to the Financial Statements

As on 31 December 2023

#### 3.2.3 Inter project Receivables and Payables

The Charmaghz organisation has interproject receivables and payables of \$ 15,108 which is interproject and can be reconciled.

#### 3.3 Grant income

Funds from donors are recognized up to the extent of expenditure incurred. Any excess or shortfall of funds is recognized as either payable or receivable from the donors.

#### 3.4 Expenditure

Expenses are recognized as and when these are incurred.

#### 3.5 Taxation

Charmaghz being a not for profit organization is exempt under relevant Income Tax Laws as applicable in Afghanistan, hence provision for taxation is not required in the financial statements.

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Barakaty

Chief of Party

کلتورال سروس سازمان چارماغز : دنده مالی پيسه

Finance Director

**Charmaghz cultural services organization**  
Notes to the Financial Statements  
As on 31 December 2023

4 Property, Plant and Equipment

	Vehicles	Total
<b>COST</b>		
Balance at 01 January 2022	-	-
Additions during the year	-	-
Deletion/Handover during the year	-	-
Balance at 31 December 2022	-	-
<b>Balance at 01 January 2023</b>	-	-
<b>Additions during the year</b>	21,725	21,725
<b>Deletion/Handover during the year</b>	-	-
<b>Balance at 31 December 2023</b>	21,725	21,725
<b>ACCUMULATED DEPRECIATION</b>		
Balance at 01 January 2022	-	-
Charge for the year	-	-
Deletion/Handover during the year	-	-
Balance at 31 December 2022 (AFN)	-	-
<b>Balance at 01 January 2023</b>	-	-
<b>Charge for the year</b>	4,345	4,345
<b>Deletion/Handover during the year</b>	-	-
<b>Balance at 31 December 2023</b>	4,345	4,345
<b>NET BOOK VALUE</b>		
At 31 December 2022	-	-
<b>At 31 December 2023</b>	17,380	17,380

Useful life

5 years

آرمغز : سازمان فرهنگی و هنری  
فصلنامه هنر و ادبیات

**Charmaghz cultural services organization**

Notes to the Financial Statements  
As on 31 December 2023

Note	2023 USD	2022 USD
<b>5 Cash &amp; Cash Equivalent</b>		
Cash at bank	147,564	66,067
Cash in Hand	67,208	24,369
	214,772	90,436
<b>6 Receivables</b>		
Azizi Bank	-	-
<b>7 Advances and Prepayments</b>		
Salary Advances	378	235
Lunch Advance	570	-
Office Rent Advance	557	663
Prepaid Expenses	29	270
	1,534	1,168
<b>8 Payables</b>		
Global Entourage Service	-	-
Tax Payable	-	-
Bus Rent Liability	-	-
Salaries Payable	2,169	1,775
Other payables	578	-
	2,747	1,775
<b>9 Grants Income</b>		
OSF	123,921	86,411
Malala Fund	45,000	-
Mandula Trust	4,492	-
Ground Breaker	25,010	-
Global Giving Foundation	16,420	90,417
The Asia Foundation	13,000	-
Mexoxo Donation	500	-
IBB	-	4,935
	228,343	181,764
<b>10 Other income and Donations</b>		
Other Donation USD	-	-

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# Charmaghz cultural services organization

Notes to the Financial Statements

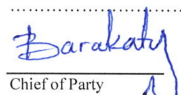
As on 31 December 2023

	Note	2023 USD	2022 USD
<b>11 Program expenditures</b>			
Salaries, Wages & Benefits		90,743	51,913
Bank charges		9,069	4,457
Bonus & Topup cards		2,380	1,495
Bus related expenses		19,861	17,894
Consumables		371	-
Events & Training		1,032	689
GPS Fee		358	267
Food expenses		3,082	3,003
Fuel expense		324	33
Taxes		969	378
Internet charges		1,258	1,128
Heating System		1,151	-
Office Equipment		1,503	195
Furniture		152	645
Computer Equipment		135	884
Tools and Equipment		1,618	-
Computer Software		753	-
office Rent		5,225	3,542
Professional Fee		1,250	-
Repair & Maintenance		5,447	2,068
Stationary		4,277	2,380
Website Renewal		611	269
Transportation cost		3,731	2,079
Utilities		482	654
Other Expenses		6,454	119
Depreciation		4,345	-
		<b>166,580</b>	<b>94,092</b>

## 12 Exchange (Gain)/Loss

Exchange (Gain)/Loss	29,638	(888)
	<b>29,638</b>	<b>(888)</b>

13 These financial statements have been approved and authorized by the Finance Director on

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 Chief of Party

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 Finance Director