

Saman Accountancy Organizing Office

Park Tower Building, 3rd floor/31

Sulaymaniyah – Iraq

Phone: +964 772 533 9390

Email: sv1960ha@gmail.com

Independent Auditor's Report

To: Board of Directors

Aran Organization for the Development of Civic Culture

Sulaymaniyah, Iraq

Audit Opinion

We have audited the accompanying financial statements of Aran Organization for the Development of Civic Culture, which comprise the Revenue and Expense Statement for the period from January 1, 2023, to December 31, 2023, and the Balance Sheet as of December 31, 2023. Our audit also included a thorough review of supporting documentation, including slips, invoices, financial papers, bank statements, cash books, cash counts, purchase requests and daily transaction records covering the entire audit period.

As part of our audit, we also reviewed the organization's purchasing policies and procedures. The organization requires obtaining three offers from vendors for the purchase of each item over \$100. Furthermore, for any item priced over \$500, a purchasing committee, consisting of three employees, is formed to oversee the procurement process. To ensure accountability, a purchase request must be submitted by the concerned employee, signed by the head of the financial department, and approved by the executive director before any item can be purchased.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aran Organization for the Development of Civic Culture as of December 31, 2023, and its financial performance for the period ended December 31, 2023, in accordance with generally accepted accounting principles (GAAP). Additionally, the underlying financial records, including cash books, cash counts, daily transaction logs, slips, invoices, and bank statements, were properly maintained and accurately reflected in the financial statements throughout the year.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of this report. We are independent of Aran Organization for the Development of Civic Culture in accordance with ethical requirements relevant to our audit of the financial statements, 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.



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Responsibilities of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles (GAAP). This responsibility includes maintaining a complete and accurate financial system, supported by documentation such as slips, invoices, bank statements, cash books, cash counts, and daily transaction records. Management is also responsible for establishing and maintaining internal controls necessary to ensure the accuracy of the financial system, and to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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 it is not a guarantee that an audit conducted in accordance with ISA 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.

Financial Performance

The financial statements reflect total revenue of \$30,430 for the period from January 1, 2023, to December 31, 2023. The majority of this revenue, \$30,000, was sourced from grants provided by donors, while \$430 was carried over from a surplus from the previous year. This revenue supported the organization's operational activities throughout the year, and the financial performance remained stable with a modest excess of revenue over expenses totaling \$501 by year-end.

Total expenses for the year amounted to \$29,929, resulting in an excess of revenue over expenses of \$501.

Key Expense Categories:

1. Salaries – \$11,315

Salaries were the largest expense, supporting the organization's workforce and ensuring the continuation of its operational and project-related activities throughout the year.

2. Rent and Utilities – \$6,000

This expense covered the cost of maintaining the office space and essential utilities such as electricity and water, vital for the smooth functioning of day-to-day operations.

3. Communications – \$1,200

These expenses reflect the organization's communication needs, including phone, internet, and other communication channels, which were important for internal coordination and external outreach.

4. Travel and Per Diem – \$8,840



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A considerable portion of the budget was allocated to travel and per diem, reflecting the need for staff and project-related travel. This was crucial for on-the-ground activities, training, and outreach.

5. Transportation – \$1,974

Local transportation costs incurred for staff and participants during project activities were essential for facilitating mobility to various meetings, workshops, and other events.

6. Contractual Services – \$200

Contractual services involved outsourced work, including specialized consultancy and external support, enabling the organization to access specific skills as needed.

7. Office Supplies – \$400

This covered administrative supplies, including stationery and materials used in daily office operations and project activities.

8. Other Direct Costs – \$3,645

This category included various operational costs required to support the organization's activities, such as administrative expenses and project-related costs.

Summary of Financial Performance:

Despite a total expense of \$29,929, the organization ended the year with an excess of revenue over expenses, leaving a \$501 surplus. This reflects prudent financial management, ensuring that the funds provided by donors and carried over from the previous year were used effectively to sustain operations and achieve organizational goals.

Balance Sheet

As of December 31, 2023, the organization held total assets of \$501, consisting of \$132 in the organization's bank account and \$369 in cash within the organization's safe.

Key Findings

- The organization maintained adequate records of revenue and expenditures.
- No material discrepancies were identified between reported figures and supporting documentation.
- The organization exercised proper controls over its financial transactions, and no instances of fraud were noted during our audit.



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Notes:

1. Ensure Proper Documentation of Dates

During the review of slips and invoices, it was noted that some receipts and invoices lacked proper dates. To maintain accurate financial records, it is crucial that all transactions are accompanied by documents clearly showing the date of the transaction. This will help in tracking expenses to the correct reporting period and avoid any confusion or misclassification.

2. Detailed Descriptions for Transactions

Some receipts and invoices lacked sufficient detail about the nature of the expense. Vague descriptions can lead to misunderstandings about the purpose of the transaction.

3. Timely Processing of Expenses:

Though there is a policy in place, some slips and invoices were still processed late.

Recommendations: -

1. Confirm the dates on all invoices are accurate. Any missing or incorrect dates should be verified and corrected using supporting documentation.
2. Ensure that all receipts and invoices provide a clear and detailed description of the expense. For instance, if the expense is related to office supplies, it should specify what was purchased (e.g., printer paper, stationery), instead of general terms like "supplies."
3. Reinforce the practice of submitting and processing expenses on time to ensure smoother financial tracking.

Final Assessment

After a comprehensive review of all relevant financial documents, including slips, invoices, bank statements, cash counts, cash books, daily transaction records, purchase requests, and other records, it is our assessment that the financial statements of Aran Organization for the Development of Civic Culture provide a true and fair view of the organization's financial position and performance for the period from January 1, 2023, to December 31, 2023, in accordance with the documentation provided and standard accounting principles.

For Saman Accountancy Organizing Office

Firm Registration No. 1/1/1/1395 Kurdistan Accountants & Auditors Syndicate – 2007.

Auditor: Saman Haji Rasul Ahmed.

Sulaymaniyah.

22.07.2024

