



BAKER TILLY
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BTLHR/AA/DF-70/2018/14

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the annexed financial statements of **Donation Foundation** ("the Foundation"), which comprise the statement of financial position as at **December 31, 2018**, the related statement of income and expenditure, the statement of changes in funds, and statement of cash flows for the year then ended, and a summary of accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements together with the notes thereon present fairly, in all material respects, the financial position of **Donation Foundation** as at December 31, 2018, and of its surplus, changes in funds and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of 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 Board of Governors are responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Board of Members determine 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, the Board of Members are 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 charge with governance are responsible for overseeing the Foundation'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 high level of assurance, but is not a guarantee



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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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 and 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 event 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.

Baker Tilly MIO

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Name of Engagement Partner: Bilal Ahmed Khan

Lahore
Date: January 29, 2019

**DONATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	Note	2018 Rupees	2017 Rupees
ASSETS			
CURRENT ASSETS			
Advances and other receivables	5	115,871	-
Cash and bank balances	6	209,468	37,400
		325,339	37,400
FUND AND LIABILITIES			
FUNDS			
Accumulated funds		(20,121)	(32,992)
CURRENT LIABILITIES			
Accrued and other liabilities	7	336,392	70,392
Provision for taxation	12	9,068	-
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		325,339	37,400

The annexed notes from 1 to 16 form an integral part of these financial statements.



PRESIDENT





DIRECTOR

**DONATION FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	2018 Rupees	2017 Rupees
Donations	9	725,410	-
Expenditures			
Operating and administrative	10	(703,171)	(26,298)
Finance cost	11	(300)	-
Surplus / (deficit) for the year before taxation		<u>21,939</u>	<u>(26,298)</u>
Taxation	12	(9,068)	-
Surplus / (deficit) for the year		<u><u>12,871</u></u>	<u><u>(26,298)</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.


PRESIDENT




DIRECTOR

**DONATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		21,939	(26,298)
Adjustment for non-cash items:			-
Finance cost		300	-
Cash flows before working capital changes		<u>22,239</u>	<u>(26,298)</u>
Working capital changes:			
Increase in advances and other receivables		(115,871)	-
Increase in accrued and other liabilities		266,000	17,598
		<u>150,129</u>	<u>17,598</u>
Cash generated from/(used in) operations		<u>172,368</u>	<u>(8,700)</u>
Finance cost paid		(300)	-
Net cash from / (used in) operating activities		<u>172,068</u>	<u>(8,700)</u>
Net increase / (decrease) in cash and cash equivalents during the year		172,068	(8,700)
Cash and cash equivalents at beginning of the year		37,400	46,100
Cash and cash equivalents at end of the year	6	<u><u>209,468</u></u>	<u><u>37,400</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.



PRESIDENT





DIRECTOR

DONATION FOUNDATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	General endowment fund	Accumulated funds	Total
	-----Rupees-----		
Balance as at December 31, 2016	70,000	(76,694)	(6,694)
Deficit for the year	-	(26,298)	(26,298)
Balance as at December 31, 2017	<u>70,000</u>	<u>(102,992)</u>	<u>(32,992)</u>
Deficit for the year	-	12,871	12,871
Balance as at December 31, 2018	<u><u>70,000</u></u>	<u><u>(90,121)</u></u>	<u><u>(20,121)</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.



 PRESIDENT





 DIRECTOR

DONATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Donation Foundation ("the Foundation") was registered in Pakistan on July 23, 2014, under the Societies Registration Act, XXI of 1860, as a non-profit organization. The primary function of the Foundation is to provide financial and non-financial support to the general public regarding health, education and other philanthropic activities. Its registered office is situated at 31/1, Block T, Phase-II, DHA, Lahore Pakistan.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under historical cost convention.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Pak Rupees), which is also the Foundation's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue Recognition

a) Restricted revenue

Restricted revenue is recognized on the basis of agreements, contracts or other understanding, where the conditions for the receipt of funds are linked to a performance of service or other process. Restricted revenue is recognized in income statement up to the extent of related expenditure.

b) Unrestricted revenue

Unrestricted revenue is received from donors with no specific condition or purpose attached for its use. Unrestricted revenue is available for use at the discretion of Board of Governors.

4.2 Recognition of expenditure

Expenditures on various social activities are recorded by the Foundation when they are incurred.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash-in-hand, cash at bank on current, saving and deposit accounts and other short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand and bank balances.

4.4 Accrued and other liabilities

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



4.5 Trade and other receivables

Trade debts and other receivables are recognized initially at invoice value or cash paid which approximates fair value less an estimate for doubtful receivables based on review of outstanding amounts at the year-end. When a receivable is uncollectible, it is written-off against the provision. Subsequent recoveries of amounts previously written-off are credited to the income and expenditure account.

4.6 Funds

a) Endowment fund

Endowment fund include funds received from the President of the Foundation.

b) Restricted funds

Restricted funds, also called "Unspent Grant" represent a part of restricted net assets in NPOs. These funds are received from general public and donors with a specific condition or purpose attached to its use. Such funds are initially recognized as deferred income and subsequently upon fulfillment of the specific condition or purpose these are charged to statement of financial activities, in accordance with the approved accounting standards.

c) Unrestricted funds

Unrestricted funds are received from donors with no specific condition or purpose attached for its use. Such funds are directly charged to statement of financial activities.

4.7 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of past event and 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.

4.8 Estimation uncertainty

The preparation of financial statements, in conformity with the approved accounting standards, requires the use of certain critical accounting estimates. It also requires the management to examine its judgment in the process of applying the Foundation's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experiences, including expectation of future events that are believed to be reasonable under the circumstances. The area where various assumptions and estimates are significant to the Foundation's financial statements and where judgment was exercised in the application of relevant accounting policies is provision for taxation.

	Note	2018 Rupees	2017 Rupees
5 ADVANCES AND OTHER RECEIVABLES			
Loan (Qarz-e-Hasana)	5.1	115,000	-
Advance income tax		871	-
		<u>115,871</u>	<u>-</u>

5.1 This represents an interest-free loan based on Qarz-e-Hasana, receivable in twelve monthly installments starting from the January 2019.

6 CASH AND BANK BALANCES

	2018 Rupees	2017 Rupees
Cash-in-hand	2,307	37,400
Cash at bank - current account	207,161	-
	<u>209,468</u>	<u>37,400</u>

7 ACCRUED AND OTHER LIABILITIES

Accrued expenses	251,392	70,392
Other liabilities	85,000	-
	<u>336,392</u>	<u>70,392</u>

8 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments outstanding as at December 31, 2018 are nil (2017: nil).

	Note	2018 Rupees	2017 Rupees
9 DONATIONS			
Donation and charity from general public		<u>725,410</u>	-
10 EXPENDITURES			
Salaries and other benefits	10.1	200,000	-
Medical allowance		42,858	-
Educational		62,630	-
Rent, rates and taxes		36,000	-
Printing and stationary		84,049	1,000
Web design and maintenance		97,534	-
Entertainment		4,396	-
Fee and subscription		30,000	-
Auditors remuneration		29,328	17,598
Legal and professional charges		60,000	-
Travelling and conveyance		27,667	4,500
Communication		3,130	1,900
Miscellaneous		25,579	1,300
		<u>703,171</u>	<u>26,298</u>

10.1 The members of the Board of Foundation have not been paid any salary, remuneration, allowance or any reimbursement against expenses like travelling, because they work voluntarily as philanthropists without any consideration in return.

	2018 Rupees	2017 Rupees
11 FINANCE COST		
Bank charges	<u>300</u>	-
12 TAXATION		
Provision for tax	<u>9,068</u>	-

Provision for taxation is calculated using applicable tax rates on taxable income of the Foundation in accordance with Income Tax Ordinance, 2001

The total number of employees of the Foundation

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, whenever necessary, for the purpose of comparison, however, no significant reclassification has been made in these financial statements.

15 DATE OF AUTHORIZATION FOR ISSUANCE

The financial statements were authorized for issuance by the Board of Foundation in their meeting held on 29-01-2019.

16 EVENTS AFTER THE REPORTING DATE

There are no significant adjusting or non-adjusting event after the reporting date requiring adjustment or disclosure in financial statements

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PRESIDENT




DIRECTOR