bakertilly

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
188-D-1, Model Town,
Lahore - Pakistan.

T: +92 (42) 35842491-2
T: +92 (42) 35860550
F: +92 (42) 35845040

info@bakertilly.pk
www.bakertilly.pk

Ref.: BTMIQ/LHR/AA/DF/2025/73

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Donation Foundation
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Donation Foundation** (the Foundation), which comprise the statement of financial position as at **June 30, 2025**, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the annexed financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with the 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Governors are responsible for the other information. The other information does not include the financial statements of the Foundation and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Governors 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, Board of Governors 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 Board of Governors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Board of Governors are responsible for overseeing the Foundation's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

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 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 Board of Governors 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.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ahmed Khan.

Baker Tilly Mehmood Idrees Qamar

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Lahore

Date: April 29, 2026

UDIN: AR202510244R3edJ5DBu

Ref. BTMIQ/LHR/AA/DF/2025/CL.01

Ref. BTMIQ/LHR/AA/DF/2025/EL01

DONATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
FUND BALANCES		**1,531,301**	1,212,178
REPRESENTED BY:			
NON-CURRENT ASSETS			
Equipment	4	**36,524**	54,513
CURRENT ASSETS			
Advances and other receivables	5	**1,244,652**	1,550,852
Cash and bank balances	6	**1,796,969**	1,493,775
		3,041,621	3,044,627
TOTAL ASSETS		**3,078,145**	3,099,140
LESS: CURRENT LIABILITIES			
Deferred income - restricted funds	7	**670,800**	1,000,800
Accrued and other liabilities	8	**597,435**	602,991
Current tax liability	9	**278,609**	283,171
TOTAL LIABILITIES		**1,546,844**	1,886,962
NET ASSETS		**1,531,301**	1,212,178
Contingencies and commitments	10	-	-

The annexed notes from 1 to 18 form an integral part of these financial statements.

President

General secretary

DONATION FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Donations and Contribution	11	4,715,996	4,260,755
Expenditures			
Operating expenses	12	(3,951,128)	(3,352,713)
Administrative expenses	13	(302,989)	(542,905)
Finance cost	14	(16,888)	(2,729)
		(4,271,005)	(3,898,347)
Surplus before taxation		444,991	362,408
Income tax expense	15	(125,868)	(105,098)
Surplus after taxation		319,123	257,310

The annexed notes from 1 to 18 form an integral part of these financial statements.

President

DONATION FOUNDATION

General secretary

DONATION FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Surplus of income over expenditure for the year		**319,123**	257,310
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**319,123**	257,310

The annexed notes from 1 to 18 form an integral part of these financial statements.

President

DONATION FOUNDATION

General secretary

DONATION FOUNDATION
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE PERIOD ENDED JUNE 30, 2025

	Total endowment fund	Total general fund	Total funds
	----Rupees----		
Balance as at June 30, 2022	70,000	884,868	954,868
Surplus after tax	-	257,310	257,310
Balance as at June 30, 2024	**70,000**	**1,142,178**	**1,212,178**
Surplus after tax	-	**319,123**	**319,123**
Balance as at June 30, 2025	**70,000**	**1,461,301**	**1,531,301**

The annexed notes from 1 to 18 form an integral part of these financial statements.

President

General secretary

DONATION FOUNDATION

DONATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Notes	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus of income over expenditure before income tax		444,991	362,408
Adjustment for non-cash items			
Depreciation		17,989	26,850
Finance cost		16,888	2,729
Surplus before working before changes		479,868	391,987
Working capital changes			
(Increase) / decrease in current assets			
Advances and other receivables		306,200	(698,567)
Increase / (decrease) in current liabilities			
Deferred income		(330,000)	(800,000)
Accrued and other liabilities		(5,556)	67,992
Cash (used-in)/ generated from operations		(29,356)	(1,430,575)
Tax paid		(130,430)	(93,576)
Finance cost paid		(16,888)	(2,729)
Net cash generated from operating activities	A	303,194	(1,134,893)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflows from investing activities	B	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash outflows from financing activities	C	-	-
Net increase in cash and cash equivalents during the year	A+B+C	303,194	(1,134,893)
Cash and cash equivalents at the beginning of the year		1,493,775	2,628,668
Cash and cash equivalents at the end of the year	6	1,796,969	1,493,775

The annexed notes from 1 to 18 form an integral part of these financial statements.

President

DONATION FOUNDATION

General secretary

DONATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and its operations

Donation Foundation ("the Foundation") was registered in Pakistan as a non-profit organization on July 23, 2014 under the section 12 of the Societies Registration Act, 1860. The objective of the Foundation is to provides interest-free loans, business support, scholarships, and medical grants to uplift economically disadvantaged individuals and other philanthropic activities. It operates independently, without political or religious affiliations. The registered office of the Foundation is situated at 31/1, Block T, Phase-II, DHA, Lahore Pakistan.

1.2 The Foundation's registration with the Punjab Charity Commission expired on March 20, 2024, and as of the date of these financial statements, management has not completed the renewal process. This represents a breach of Section 12 (2) of the Punjab Charities Act, 2018, under which any collection of charitable funds without valid registration is considered unauthorized. However, the Foundation has since submitted an application for renewal of its registration, on April 15, 2026 before the date of approval of these financial statements.

Based upon the above, the management has concluded that there is no material uncertainty on the Foundation's abilities to continue as a going concern, and accordingly, these financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan, which comprise of;

- Revised Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan.
- Accounting Standards for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Useful life of fixed assets, and depreciation;
b) Provision for doubtful advances;
c) Estimation of provisions, if any;
d) Estimation of contingent liabilities, if any; and
e) Current income tax expense and provision for current tax.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading; or
- due to be settled within twelve months after the reporting period.

3.2 Equipment

These are stated at cost less accumulated depreciation and any identified accumulated impairment loss, if any.

Depreciation is charged to statement of financial activities applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life. The residual values and useful lives of assets are reviewed at each financial year-end and adjusted, if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are charged to statement of financial activities. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Gain/(loss) on disposal of operating fixed assets, is included in determination of income for the year.

Assets received during the year, as donations, are recognized at cost. Depreciation is charged to statement of financial activities applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life.

3.3 Recognition of Donations, Contributions and Grants

a) Restricted grant / donation 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 grant / donation 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.

c) All other grants / donation contributions are recognized when actually received / transferred to the Foundation.

3.4 Recognition of expenditure

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

3.5 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 future for goods and services received, whether or not billed to the Foundation.

3.6 Loan and advances

Loan and advances 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 ate the year-end. When a receivable is uncollectible, it is written-off against the provision. Subsequently recoveries of amounts previously written-off are credited to the income and expenditure account.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand and bank balances.

3.8 Funds

a) Endowment fund

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

b) Restricted funds

Restricted funds 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.

3.9 Provisions

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of past event, it is probable that the Foundation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.10 Method of preparation of cash flow statement

The statement of cash flows is prepared using indirect method.

3.11 Contingent liabilities

A contingent liability is disclosed when the Foundation has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Foundation; or the Foundation has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Taxation

Provision for current taxation is based on taxable income at applicable rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any, and inclusive of any adjustment to income tax payable or receivable in respect of previous years.

	Note	2025 Rupees	2024 Rupees
4 EQUIPMENT			
Equipment		**36,524**	54,513

2025								
Description	Cost			Depreciation				Written down value as at 30, June, 2025
	As at July 01, 2024	Additions during the year	As at June 30, 2025	Rate %	As at July 01, 2024	For the year	As at June 30, 2025	
Office Electric Equipment	250,000	-	250,000	33%	195,487	17,989	213,476	36,524

2024								
Description	Cost			Depreciation				Written down value as at 30, June, 2024
	As at July 01, 2023	Additions during the year	As at June 30, 2024	Rate %	As at July 01, 2023	For the year	As at June 30, 2024	
Office Electric Equipment	250,000	-	250,000	33%	168,637	26,850	195,487	54,513

	Note	2025 Rupees	2024 Rupees
4.1 Allocation of depreciation			
Administrative expenses		**17,989**	26,850

	Note	2025 Rupees	2024 Rupees
5 ADVANCES AND OTHER RECEIVABLES			
Advances for program payments	5.1	**1,211,000**	1,517,200
Advance income tax		**33,652**	33,652
		1,244,652	1,550,852

5.1 These represent interest free loans based on Karaz-e-Hassna scheme, receivable in twelve monthly installments.

	Note	2025 Rupees	2024 Rupees
6 CASH AND BANK BALANCES			
Cash in hand		**28,482**	4,932
Cash at bank		**1,768,487**	1,488,843
		1,796,969	1,493,775
7 DEFERRED INCOME - RESTRICTED FUND			
Deferred income - restricted fund	7.1	**670,800**	1,000,800

7.1 This represents donations received during the period for the Loans for Capacity Building, Educational Grants and Need Cum Merit Scholarships. This shall be recognized as income in statement of income and expenditure in the pattern of advances/expenses recognized subsequently.

	Note	2025 Rupees	2024 Rupees
8 ACCRUED AND OTHER LIABILITIES			
Accrued and other payables		**485,228**	447,599
Withholding tax payable		**15,000**	5,556
Auditors' remuneration payable		**97,207**	149,836
		597,435	602,991
9 CURRENT TAX LIABILITY			
Opening balance		**283,171**	271,649
Provision made during the year		**125,868**	105,098
Payments / adjustments made during the year		**(130,430)**	(93,576)
		278,609	283,171

10 CONTINGENCIES AND COMMITMENTS

The Foundation has the following contingencies and commitments as of the reporting date:

10.1 Contingencies

The Punjab Charities Act, 2018 requires the Foundation to register with the Punjab Charity Commission (the PCC) as required under the given statute, however, the Foundation's registration with the PCC has expired on March 20, 2024. The management of the Foundation has not initiated the process of renewal of registration to the date of these financial statements. This constitutes contravention of Section 12 (2) of the Punjab Charities Act, 2018, whereby any collection of charitable funds is ultra vires.The financial penalty associated with this contravention given in the law ranges from Rs. 25,000 to Rs. 100,000, with possibility of compounding over the time of default. These financial statements do not reflect any provision relating to this contravention.

10.2 Commitments

Commitments outstanding as at year ended June 30, 2025 are nil (2024: nil).

	Note	2025 Rupees	2024 Rupees
11 DONATIONS AND CONTRIBUTIONS			
Donation and charity from general public		**4,715,996**	4,260,755

	Note	2025 Rupees	2024 Rupees
12 OPERATING EXPENSES			
Program coordination expenses	12.1	**318,800**	29,000
Medical donation expenses		**2,003,053**	439,307
Scholarship		**1,010,234**	2,004,309
Educational donation expenses		**477,877**	657,207
Fee and subscription		**116,344**	222,890
Miscellaneous expenses		**24,820**	-
		3,951,128	3,352,713

12.1 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. Above expenses are temporarily hire worker for survey and program coordination.

	Note	2025 Rupees	2024 Rupees
13 ADMINISTRATIVE EXPENSES			
Auditors remuneration		**105,000**	100,000
Legal and professional charges		**180,000**	180,000
Depreciation	4.1	**17,989**	26,850
Balances written off		**-**	236,055
		302,989	542,905
14 FINANCE COST			
Bank charges		**16,888**	2,729
15 TAXATION			
Current tax expense		**125,868**	105,098

16 NUMBER OF EMPLOYEES

The total number of employees of the Foundation as at for the year ended 2025 are nil (2024: nil).

17 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.

18 DATE OF AUTHORIZATION FOR ISSUANCE

The financial statements were authorized for issuance by the Board of Foundation in their meeting held on ____________

President

DONATION FOUNDATION

General secretary