

**AL FURQAN WELFARE
ORGANIZATION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2022**

Independent Auditor's Report To The Trustees of Al Furqan Welfare Organization**Opinion**

We have audited the financial statements of the Al Furqan Welfare Organization, which comprise of the statement of financial position as at June 30, 2022 and the income and expenditure account, the statement of changes in accumulated fund and the statement of cash flows 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 Organization as at June 30, 2022 and its surplus for the year, the changes in accumulated fund, and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with 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 Organization 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 Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan 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, the 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.

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 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 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, 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 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.

We communicate with the board of directors 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 Muhammad Kamal Gohar.


Chartered Accountants

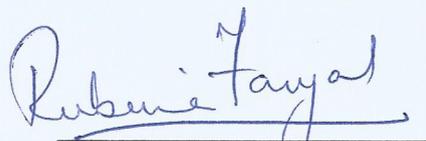
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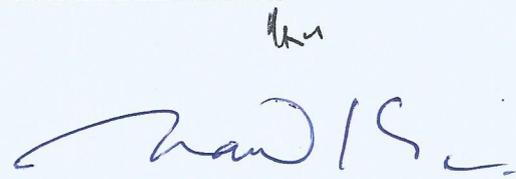
AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
------(Rupees)-----			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	47,862,486	36,147,836
Long-term deposits	4	1,813,500	1,762,500
Long-term investment	5	3,372,718	-
		<u>53,048,704</u>	<u>37,910,336</u>
CURRENT ASSETS			
Advances, loans and prepayments	6	3,754,065	362,565
Cash and bank balances	7	24,997,562	20,547,393
		<u>28,751,627</u>	<u>20,909,958</u>
TOTAL ASSETS		<u>81,800,331</u>	<u>58,820,294</u>
FUNDS AND LIABILITIES			
General fund		41,931,341	23,092,257
Zakat fund	8	688,380	649,677
Educational fund		1,116,277	-
Building fund	9	248,395	1,685,577
		<u>43,984,393</u>	<u>25,427,511</u>
NON-CURRENT LIABILITIES			
Deferred grant	10	36,658,125	32,587,500
CURRENT LIABILITIES			
Accrued and other liabilities	11	1,157,813	805,283
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL FUND AND LIABILITIES		<u>81,800,331</u>	<u>58,820,294</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



President

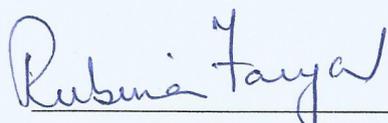


General Secretary

AL-FURQAN WELFARE ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		------(Rupees)-----	
INCOME			
Donations	13	61,164,715	39,791,837
Contributions	14	2,447,750	1,890,710
Grant amortized		1,929,375	412,500
Membership fees		46,000	90,000
Sponsorship fees		13,681,418	8,138,900
		<u>79,269,258</u>	<u>50,323,947</u>
Operating expenditure	15	(51,052,332)	(34,969,480)
Administrative and general expenditure	16	(11,016,525)	(6,914,922)
Excess of income over expenditure		<u>17,200,401</u>	<u>8,439,545</u>
Other income	17	1,638,683	2,375,600
Surplus before taxation		<u>18,839,084</u>	<u>10,815,145</u>
Taxation		-	-
Surplus after taxation		<u><u>18,839,084</u></u>	<u><u>10,815,145</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



President

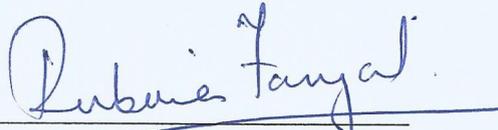


General Secretary

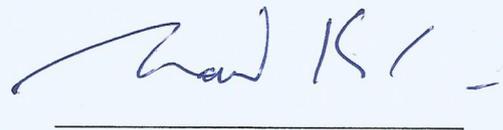
AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund (Rupees)
Balance as at 30 June, 2020	12,277,112
Surplus for the year ended June 30, 2021	10,815,145
Balance as at June 30, 2021	<u>23,092,257</u>
Surplus for the year ended June 30, 2022	18,839,084
Balance as at June 30, 2022	<u><u>41,931,341</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



President

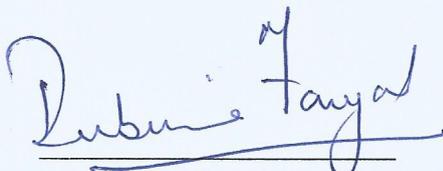


General Secretary

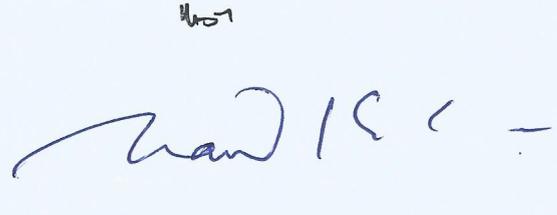
AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
Note	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	18,839,084	10,815,145
Adjustments for:		
Depreciation	2,966,093	876,109
Deferred Grant	-	32,175,000
Grant Amortized	(1,929,375)	412,500
Operating Surplus before working capital changes	19,875,802	44,278,754
Working capital changes		
Decrease / (increase) in current assets	(3,391,500)	(7,065)
(Decrease) / increase in current liabilities	352,530	(280,840)
	(3,038,970)	(287,905)
Cash generated from operations	16,836,832	43,990,849
Zakat received	6,041,200	-
Zakat paid	(6,002,497)	-
	16,875,535	43,990,849
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(14,680,743)	(34,134,590)
Proceeds against disposal of property and equipment	-	10,000
Long term investments	(3,372,718)	-
Long term deposits	(51,000)	(824,000)
Cash used in investing activities	(18,104,461)	(34,948,590)
CASH FLOW FROM FINANCING ACTIVITIES		
Building fund received	4,562,818	-
Education fund received	1,116,277	-
Deferred liabilities	-	(5,261,503)
Net cash generated from / (used in) financing activities	5,679,095	(5,261,503)
Net increase in cash and cash equivalent during the year	4,450,169	3,780,756
Cash and bank balances at the beginning of the year	20,547,393	16,766,637
Cash and bank balances at the end of the year	24,997,562	20,547,393

The annexed notes from 1 to 20 form an integral part of these financial statements.



President



General Secretary

**AL-FURQAN WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 NATURE OF THE BUSINESS

Al-Furqan Welfare Organization was established in 2012 as a non-profit organization, under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961, for the socio economic uplift of our society through education, health and cleanliness of the environment. The initial project of the organization is Al-Furqan Schools Network to provide free education to underprivileged children in various areas of Karachi as well as in Sindh, through model of education that strike balance between secular and religious education.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small Sized Entities (AFRS for SSEs) 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 statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.5 Property and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged using the reducing balance method by applying rate specified in the relevant note. Depreciation is charged on the basis of full year depreciation in the year of purchase and no depreciation is charged in the year of disposal. Maintenance and normal repairs are charged to income as and when incurred while cost of major replacement and improvements if any are capitalized.

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2.5.1 Provisions

The Company reviews the carrying amount of liabilities on a regular basis and appropriate amount of provision is made as and when necessary.

2.6 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to statement of financial performance.

2.7 Revenue recognition

Income on account of school fee is recognized on receipt basis.

Zakat and donation received in cash are recognized on receipt basis and those received in kind are recognized at fair value on the date of receipt of donation.

2.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments.

2.9 Accrued and other liabilities

Accrued liabilities are carried at cost which is also the fair value of consideration to be paid in the future for goods and services.

2.10 Expenses

Expenses are charged when incurred even if not paid.

2.11 Taxation

The Organization has been granted the status of Non-Profit Organization by Commissioner Inland Revenue for the year ended June 30, 2022. Further the Organization is in compliance of section 100C of Income Tax Ordinance, 2001, therefore, no provision has been recognized in the financial statements.

2.12 School project

The Organization for the betterment of educational activities in the society through establishment and adopting schools provides free of cost education or at concessional rates. For this purpose, donations are received from individuals and institutions local donors in Pakistan and as well as Foreign Countries.

Contributions include contribution received from schools against admissions, monthly tuition fee, canteen income and from management of events and provision of ancillary facilities.

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3 PROPERTY AND EQUIPMENT

Particulars	JUNE 30, 2022					DEPRECIATION			WDV
	COST			As at June 30, 2021	Rate	As at	Charge for	As at	As at
	As at July 01, 2021	Addition	Disposal			As at July 01, 2021	the year	June 30, 2022	June 30, 2022
	Rupees			%	Rupees				
Computer equipment	452,392	213,000	-	665,392	25	263,883	75,565	339,448	325,944
Office equipment	895,481	299,850	-	1,195,331	25	455,775	135,215	590,990	604,341
Furniture and fixtures	3,822,314	2,506,393	-	6,328,707	10	890,193	462,000	1,352,193	4,976,514
Vehicle	-	1,111,500	-	1,111,500	15	-	138,938	138,938	972,562
Building	33,000,000	10,550,000	-	43,550,000	5	412,500	2,154,375	2,566,875	40,983,125
2022	38,170,187	14,680,743	-	52,850,930		2,022,351	2,966,093	4,988,444	47,862,486
2021	4,045,597	34,134,590	(10,000)	38,170,187		1,146,242	876,109	2,022,351	36,147,836

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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
4	LONG TERM DEPOSITS		
	Rent deposit	<u>1,813,500</u>	<u>1,762,500</u>
5	LONG-TERM INVESTMENT		
	Investment in mutual fund - at fair value	5.1 2,207,718	-
	Investment at cost	5.2 <u>1,165,000</u>	-
		<u>3,372,718</u>	-
5.1	This represents investment in 21,891.76 units of Al-Ameen Islamic Cash Fund of United Bank Limited, being restated at closing NAV of Rs. 100.847 per unit at the reporting date.		
5.2	This represents initial capital investment injected in a partnership deed executed on March 06, 2022 for the purpose of caring on the business of dairy food and aquaculture.		
		June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
6	ADVANCES, LOANS AND PREPAYMENTS		
	Advance salaries	-	5,000
	Advance against purchase of land	6.1 3,500,000	-
	Loans to employees	254,065	252,565
	Prepaid rent	-	105,000
		<u>3,754,065</u>	<u>362,565</u>
6.1	This represents advance given by the Organization for the purpose of land. The title and possession of the land has not been transferred to the Organization as on the reporting date.		
7	CASH AND BANK BALANCES		
	Cash in hand	800,524	132,964
	Cash at bank - in current account	<u>24,197,038</u>	<u>20,414,429</u>
		<u>24,997,562</u>	<u>20,547,393</u>
8	ZAKAT FUND		
	Opening Balance	649,677	4,316,757
	Add: Addition during the year	6,041,200	275,370
	Less: Disbursement during the year	8.1 <u>(6,002,497)</u>	<u>(3,942,450)</u>
		<u>688,380</u>	<u>649,677</u>
8.1	Zakat disbursements are made to zakat deserving students as per the policy of the organization.		

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		June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
9	BUILDING FUND		
	Opening Balance	1,685,577	3,280,000
	Add: Addition during the year	4,562,818	31,405,577
	Less: Fund utilized during the year	<u>(6,000,000)</u>	<u>(33,000,000)</u>
		<u>248,395</u>	<u>1,685,577</u>
9.1	This represents fund created for the purchase of school buildings.		
10	DEFERRED GRANT		
	Balance at the beginning of the year	32,587,500	-
	Transfer on purchase of school buildings	6,000,000	33,000,000
	Grant amortized during the year	<u>(1,929,375)</u>	<u>(412,500)</u>
	Balance at the end of the year	<u>36,658,125</u>	<u>32,587,500</u>
11	ACCRUED AND OTHER LIABILITIES		
	Accrued expenses	158,083	94,333
	Audit fees payable	110,000	110,000
	Other payables	<u>889,730</u>	<u>600,950</u>
		<u>1,157,813</u>	<u>805,283</u>
12	CONTINGENCIES AND COMMITMENTS		
	There are no contingencies and commitments as at June 30, 2022 (2021: Nil).		
		June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
13	DONATIONS		
	Donations	<u>61,164,715</u>	<u>39,791,837</u>
13.1	This represents donations received to manage and improve schools to provide schooling to underprivileged students free of cost.		
14	CONTRIBUTIONS		
	Concessional Fee	14.1 <u>2,447,750</u>	<u>1,890,710</u>
14.1	This represent concessional fees received from students enrolled in the school managed by the organization. Different fees are collected from different students as per their affordability.		

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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
15 OPERATING EXPENDITURE			
Salaries and allowances		23,915,161	16,229,336
Event expenses		730,920	856,460
Books and copies		5,226,395	3,647,912
Conveyance		2,268,490	1,940,908
Rashan distribution		817,070	316,600
Entertainment		1,053,225	373,465
Fees & subscription		202,150	907,573
Office supplies		402,894	204,936
Depreciation	3	2,372,874	700,887
Printing and stationary		1,267,752	663,623
Rent and rates		8,835,263	5,703,000
Repair and maintenance		2,462,004	1,417,080
Workshops		52,000	23,000
Students uniforms		15,130	49,700
Labor charges		249,967	152,186
Water expenses		166,097	92,586
Brokerage fee		192,000	655,550
Miscellaneous		822,940	1,034,678
		<u>51,052,332</u>	<u>34,969,480</u>
16 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and allowances		5,978,790	4,057,334
Conveyance		567,122	485,227
Cleaning expenses		19,100	17,300
Entertainment		263,306	93,366
Depreciation	3	593,219	175,222
Printing and stationary		316,938	165,906
Eidi and clothes distribution		138,510	162,765
Legal and professional		763,480	637,500
Publicity and promotion		884,220	89,070
Audit fees		110,000	110,000
Labor charges		62,492	38,047
Water expenses		41,524	47,315
Medical expenses		19,550	7,000
Internet expenses		166,159	-
Utilities		855,265	569,200
Other expenses		-	245,190
Miscellaneous		205,735	12,579
Bank charges		31,115	1,901
		<u>11,016,525</u>	<u>6,914,922</u>

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