

**AL-FURQAN WELFARE
ORGANIZATION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2023**

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, 2023 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, 2023 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

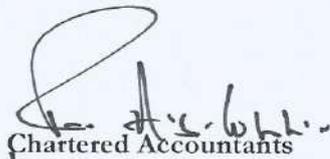
if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

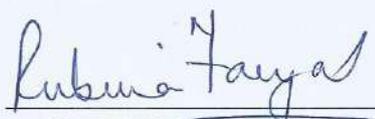
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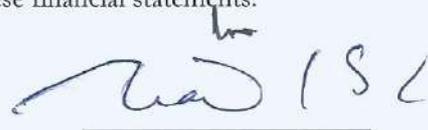
AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 ------(Rupees)-----	June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	47,225,389	47,862,486
Long-term deposits	4	2,959,500	1,813,500
Long-term investment	5	2,513,861	3,372,718
Capital Work In Progress	6	26,495,532	-
		<u>79,194,282</u>	<u>53,048,704</u>
CURRENT ASSETS			
Advances, loans and prepayments	7	3,820,200	3,754,065
Cash and bank balances	8	21,562,751	24,997,562
		<u>25,382,951</u>	<u>28,751,627</u>
TOTAL ASSETS		<u><u>104,577,233</u></u>	<u><u>81,800,331</u></u>
FUNDS AND LIABILITIES			
General fund		42,564,035	41,931,341
Zakat fund	9	695,810	688,380
Educational fund	10	2,528,675	1,116,277
Building fund	11	18,271,594	248,395
		<u>64,060,114</u>	<u>43,984,393</u>
NON-CURRENT LIABILITIES			
Deferred grant	12	34,825,219	36,658,125
Deferred income	13	3,463,042	-
		<u>38,288,261</u>	<u>36,658,125</u>
CURRENT LIABILITIES			
Accrued and other liabilities	14	2,228,858	1,157,813
CONTINGENCIES AND COMMITMENTS			
	15	-	-
TOTAL FUND AND LIABILITIES		<u><u>104,577,233</u></u>	<u><u>81,800,331</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



President

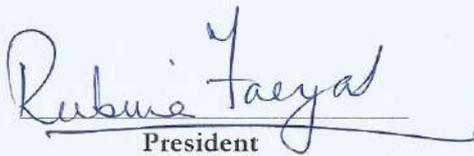


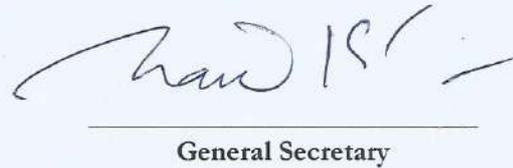
General Secretary

AL-FURQAN WELFARE ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
------(Rupees)-----			
INCOME			
Donations	16	72,786,964	61,164,715
Contributions	17	4,080,780	2,447,750
Grant amortized		1,832,906	1,929,375
Membership fees		121,000	46,000
Sponsorship fees		19,222,461	13,681,418
		98,044,111	79,269,258
Operating expenditure	18	(81,634,909)	(51,052,332)
Administrative and general expenditure	19	(17,163,442)	(11,016,525)
		(754,240)	17,200,401
Excess of (expenditure) / income			
Other income	20	1,386,934	1,638,683
		632,694	18,839,084
Surplus before taxation			
Taxation	21	-	-
		632,694	18,839,084
Surplus after taxation		632,694	18,839,084

The annexed notes from 1 to 24 form an integral part of these financial statements.

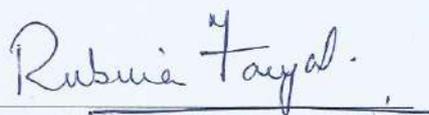

President


General Secretary

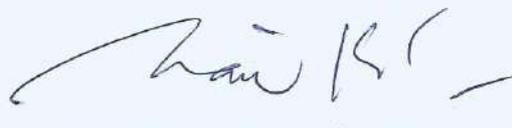
AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund (Rupees)
Balance as at 30 June, 2021	23,092,257
Surplus for the year ended June 30, 2022	18,839,084
Balance as at June 30, 2022	<u>41,931,341</u>
Surplus for the year ended June 30, 2023	632,694
Balance as at June 30, 2023	<u><u>42,564,035</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



President

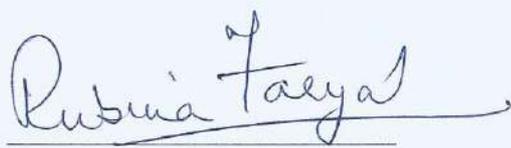


General Secretary

AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		632,694	18,839,084
Adjustments for:			
Depreciation	3	3,356,697	2,966,093
Grant Amortized		1,832,906	(1,929,375)
Operating Surplus before working capital changes		<u>5,822,297</u>	<u>19,875,802</u>
Working capital changes			
Decrease / (increase) in current assets		(66,135)	(3,391,500)
(Decrease) / increase in current liabilities		1,071,045	352,530
		<u>1,004,910</u>	<u>(3,038,970)</u>
Cash generated from operations		<u>6,827,207</u>	<u>16,836,832</u>
Zakat received		5,410,780	6,041,200
Zakat paid		(5,403,350)	(6,002,497)
		<u>6,834,637</u>	<u>16,875,535</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(2,719,600)	(14,680,743)
Long term investments		858,857	(3,372,718)
Long term deposits		(1,146,000)	(51,000)
Cash used in investing activities		<u>(3,006,743)</u>	<u>(18,104,461)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Building fund received		21,995,214	4,562,818
Education fund received		1,412,398	1,116,277
Net cash generated from financing activities		<u>23,407,612</u>	<u>5,679,095</u>
Net increase in cash and cash equivalent during the year		<u>27,235,506</u>	<u>4,450,169</u>
Cash and bank balances at the beginning of the year		<u>24,997,562</u>	<u>20,547,393</u>
Cash and bank balances at the end of the year		<u><u>21,562,751</u></u>	<u><u>24,997,562</u></u>

The annexed notes from 1 to 24 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, 2023**

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.

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.

3 PROPERTY AND EQUIPMENT

Particulars	JUNE 30, 2023					DEPRECIATION			WDV
	COST			As at June 30, 2023	Rate	As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
	As at July 01, 2022	Addition	Disposal						
Office equipment	1,195,331	365,650	-	1,560,981	25	590,990	242,498	833,488	727,493
Furniture and fixtures	6,328,707	1,128,700	-	7,457,407	10	1,352,193	610,520	1,962,713	5,494,694
Computer equipment	665,392	725,250	-	1,390,642	25	339,448	262,798	602,246	788,396
Building	43,550,000	500,000	-	44,050,000	5	2,566,875	2,074,156	4,641,031	39,408,969
Vehicle	1,111,500	-	-	1,111,500	15	138,938	166,725	305,663	805,837
2023	<u>52,850,930</u>	<u>2,719,600</u>	<u>-</u>	<u>55,570,530</u>		<u>4,988,444</u>	<u>3,356,697</u>	<u>8,345,141</u>	<u>47,225,389</u>
2022	<u>38,170,187</u>	<u>14,680,743</u>	<u>-</u>	<u>52,850,930</u>		<u>2,022,351</u>	<u>2,966,093</u>	<u>4,988,444</u>	<u>47,862,486</u>

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
4 LONG TERM DEPOSITS			
Rent deposit		<u>2,959,500</u>	<u>1,813,500</u>
5 LONG-TERM INVESTMENT			
Investment in mutual fund - at fair value	5.1	2,513,861	2,207,718
Investment at cost	5.2	-	1,165,000
		<u>2,513,861</u>	<u>3,372,718</u>
5.1	This represents investment in 24,903.9448 units of Al-Ameen Islamic Cash Fund of United Bank Limited, being restated at closing NAV of Rs. 100.9423 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. During the year, this investment has been matured at cost.		
	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
6 CAPITAL WORK IN PROGRESS			
Construction work in progress	6.1	<u>26,495,532</u>	<u>-</u>
6.1	This represents the amount being paid against the construction of new building (i.e. Branch No.2). The said building has not been completed at year end.		
	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
7 ADVANCES, LOANS AND PREPAYMENTS			
Advance against purchase of land	7.1	3,500,000	3,500,000
Prepayments		20,000	-
Loans to employees		300,200	254,065
		<u>3,820,200</u>	<u>3,754,065</u>
7.1	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.		

60

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
8 CASH AND BANK BALANCES			
Cash in hand		161,662	800,524
Cash at bank - in current account		21,401,089	24,197,038
		<u>21,562,751</u>	<u>24,997,562</u>

9 ZAKAT FUND			
Opening Balance		688,380	649,677
Add: Addition during the year		5,410,780	6,041,200
Less: Disbursement during the year	9.1	(5,403,350)	(6,002,497)
		<u>695,810</u>	<u>688,380</u>

9.1 Zakat disbursements are made to zakat deserving students as per the policy of the organization.

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
10 Educational Fund			
Opening Balance		1,116,277	-
Add: Addition during the year		18,210,010	2,352,107
Less: Disbursement during the year	9.1	(16,797,612)	(1,235,830)
		<u>2,528,675</u>	<u>1,116,277</u>

10.1 Fund of (Aspiring Futures & GEAR) is disbursed and utilized as per the policy of the organization.

		June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
11 BUILDING FUND			
Opening Balance		248,395	1,685,577
Add: Addition during the year	11.1	21,995,214	4,562,818
Less: Fund utilized during the year		(3,972,015)	(6,000,000)
		<u>18,271,594</u>	<u>248,395</u>

11.1 This represents fund created for the purchase / renovation of school buildings.

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
12 DEFERRED GRANT			
Balance at the beginning of the year		36,658,125	32,587,500
Transfer on purchase of school buildings		-	6,000,000
Grant amortized during the year		<u>(1,832,906)</u>	<u>(1,929,375)</u>
Balance at the end of the year		<u><u>34,825,219</u></u>	<u><u>36,658,125</u></u>

13 DEFERRED INCOME

Deferred income	13.1	<u><u>3,463,042</u></u>	<u><u>-</u></u>
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13.1 This represents the donations received for the construction of AF Homes (orphanage).

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
14 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		325,570	158,083
Audit fees payable		110,000	110,000
Income tax payable		136,425	-
Other payables		<u>1,656,863</u>	<u>889,730</u>
		<u><u>2,228,858</u></u>	<u><u>1,157,813</u></u>

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2023 (2022: Nil).

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
16 DONATIONS			
Donations	16.1	69,104,964	61,164,715
Flood donations		<u>3,682,000</u>	<u>-</u>
		<u><u>72,786,964</u></u>	<u><u>61,164,715</u></u>

16.1 This represents donations received to manage and improve schools to provide schooling to underprivileged students free of cost.

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
17 CONTRIBUTIONS			
Concessional Fee	17.1	<u>4,080,780</u>	<u>2,447,750</u>

17.1 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.

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
18 OPERATING EXPENDITURE			
Board Exam Fees		298,320	-
Books And Copies		6,939,389	5,226,395
Brokerage Fee		200,000	192,000
Conveyance		1,349,840	2,268,490
Depreciation	3	2,685,358	2,372,874
Donation		2,057,040	-
Flood donation		3,682,000	-
Entertainment		2,434,806	1,053,225
Event		149,480	730,920
Fee And Subscription		106,713	202,150
Fuel For Generator		217,636	-
Labour Charges		423,950	249,967
Ration Distribution		1,405,504	817,070
Medical		50,937	-
Miscellaneous		1,310,667	822,940
Office Supplies		215,750	402,894
Printing & Stationery		1,808,466	1,267,752
Rent expense		11,954,081	8,835,263
Repair And Maintenance		1,367,823	2,462,004
Salary & Other Benefits		37,962,503	23,915,161
Sports		24,650	-
Teacher Training		166,750	52,000
Transportation		1,573,025	-
Uniform		1,725,999	15,130
Utility Charges		1,524,221	166,097
		<u>81,634,909</u>	<u>51,052,332</u>

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	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
19 ADMINISTRATIVE AND GENERAL EXPENSES			
Bank Charges		56,320	31,115
Commission On Sales		40,500	-
Conveyance		337,460	567,122
Depreciation Expense	3	671,339	593,219
Donation Expense		514,260	-
Eidi & Gifts		72,965	138,510
Entertainment Expense		608,702	263,306
EOBI Contribution		270,000	-
Fuel For Generator		54,409	-
Internet Expense		228,856	166,159
Labour Charges		105,988	62,492
Legal & Professional Charges		1,121,155	763,480
Ration Distribution		351,376	-
Medical Expense		12,734	19,550
Miscellaneous Expense		327,667	205,735
Office Supplies		53,938	19,100
Audit fee		110,000	110,000
Printing & Stationery		452,116	316,938
Publicity & Promotion Expense		1,448,299	884,220
Salary & Other Benefits		9,490,626	5,978,790
Tax Expense		60,421	-
Transportation		393,256	-
Utility Charges		381,055	896,789
		<u>17,163,442</u>	<u>11,016,525</u>
20 OTHER INCOME			
Sadqa		50,000	86,114
Others		1,336,934	1,552,569
		<u>1,386,934</u>	<u>1,638,683</u>
21 TAXATION			
Current tax	21.1	<u>-</u>	<u>-</u>

21.1 The Organization has been granted the status of Non-Profit Organization by Commissioner Inland Revenue for the year ended June 30, 2023. Further the Organization is in compliance of section 100C of Income Tax Ordinance, 2001, therefore, no provision has been recognized in the financial statements.

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22 RECLASSIFICATION

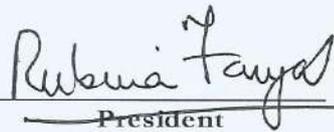
Corresponding figures have been rearranged and reclassified, where necessary, for fair and better presentation and disclosure in these financial statements.

23 DATE OF AUTHORIZATION FOR ISSUE

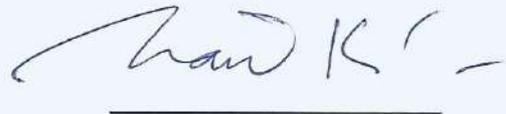
These financial statements were authorized for issue by the authorized members of the executive committee on 15 JAN 2024.

24 GENERAL

24.1 Figures in these accounts have been rounded off to the nearest rupee.



President



General Secretary