

**AL-FURQAN WELFARE
ORGANIZATION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2024**

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, 2024 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 material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects the financial position of the Organization as at June 30, 2024 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

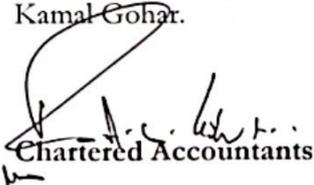
if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Place: Karachi

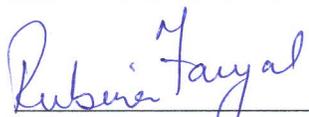
Date: December 19, 2024

UDIN: AR2024102530XnBIHMVi

AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		------(Rupees)-----	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	83,729,899	47,225,389
Long-term deposits	4	3,472,500	2,959,500
Long-term investment	5	7,029,830	2,513,861
Capital work-in-progress	6	9,371,668	26,495,532
		<u>103,603,897</u>	<u>79,194,282</u>
CURRENT ASSETS			
Advances, loans and prepayments	7	4,896,275	3,820,200
Cash and bank balances	8	31,986,152	21,562,751
		<u>36,882,427</u>	<u>25,382,951</u>
TOTAL ASSETS		<u><u>140,486,324</u></u>	<u><u>104,577,233</u></u>
FUNDS AND LIABILITIES			
General fund		67,689,756	42,564,035
Zakat fund	9	210,312	695,810
Educational fund	10	-	2,528,675
Building fund	11	5,100,000	18,271,594
Ration and Qurbani fund	12	-	-
Vehicle fund	13	-	-
		<u>73,000,068</u>	<u>64,060,114</u>
NON-CURRENT LIABILITIES			
Deferred grant	14	64,706,213	34,825,219
Deferred income	15	-	3,463,042
		<u>64,706,213</u>	<u>38,288,261</u>
CURRENT LIABILITIES			
Accrued and other liabilities	16	2,780,043	2,228,858
CONTINGENCIES AND COMMITMENTS			
	17	-	-
TOTAL FUND AND LIABILITIES		<u><u>140,486,324</u></u>	<u><u>104,577,233</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



President

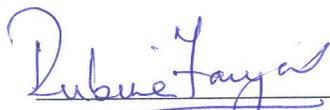


General Secretary

AL-FURQAN WELFARE ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		------(Rupees)-----	
INCOME			
Donations	18	98,551,316	72,786,964
Contributions	19	5,540,865	4,080,780
Grant amortized		4,204,538	1,832,906
Membership fees		137,500	121,000
Sponsorship fees		32,507,549	19,222,461
		<u>140,941,768</u>	<u>98,044,111</u>
Operating expenditure	20	(96,512,002)	(81,634,909)
Administrative and general expenditure	21	(20,149,764)	(17,163,442)
		<u>24,280,002</u>	<u>(754,240)</u>
Excess/(deficit) of income /(expenditure)			
Other income	22	845,719	1,386,934
		<u>25,125,721</u>	<u>632,694</u>
Surplus before taxation			
Taxation	23	-	-
		<u>25,125,721</u>	<u>632,694</u>
Surplus after taxation			

The annexed notes from 1 to 26 form an integral part of these financial statements.



President

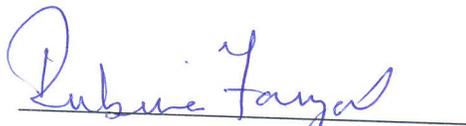


General Secretary

AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund (Rupees)
Balance as at 30 June, 2022	41,931,341
Surplus for the year ended June 30, 2023	632,694
Balance as at June 30, 2023	42,564,035
Surplus for the year ended June 30, 2024	25,125,721
Balance as at June 30, 2024	<u>67,689,756</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



President

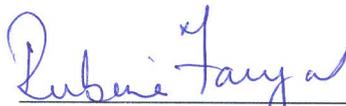


General Secretary

AL-FURQAN WELFARE ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
------(Rupees)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		25,125,721	632,694
Adjustments for:			
Depreciation	3	6,446,036	3,356,697
Deferred Income		(3,463,042)	-
Grant Amortized		(4,204,538)	1,832,906
Unrealized Gain		(10,153)	-
Operating Surplus before working capital changes		23,894,024	5,822,297
Working capital changes			
Decrease / (increase) in current assets		(1,076,075)	(66,135)
(Decrease) / increase in current liabilities		551,185	1,071,045
		(524,890)	1,004,910
Cash generated from operations		23,369,134	6,827,207
Zakat received		9,113,731	5,410,780
Zakat paid		(9,599,229)	(5,403,350)
		22,883,636	6,834,637
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(15,709,941)	(2,719,600)
Long term investments		(4,515,969)	858,857
Long term deposits		(513,000)	(1,146,000)
Cash used in investing activities		(20,738,910)	(3,006,743)
CASH FLOW FROM FINANCING ACTIVITIES			
Building fund received		5,750,000	21,995,214
Education fund received		2,528,675	1,412,398
Net cash generated from financing activities		8,278,675	23,407,612
Net increase in cash and cash equivalent during the year		10,423,401	27,235,506
Cash and bank balances at the beginning of the year		21,562,751	24,997,562
Cash and bank balances at the end of the year		31,986,152	21,562,751

The annexed notes from 1 to 26 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, 2024**

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 MATERIAL ACCOUNTING POLICY INFORMATION

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, 2024. 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	C O S T				D E P R E C I A T I O N					W D V
	As at July 01, 2023	Addition / Transfer from CWIP	Disposal	As at June 30, 2024	Rate %	As at July 01, 2023	Charge for the year	As at June 30, 2024	As at June 30, 2024	
	Rupees					Rupees				
Office equipment	1,560,981	2,816,943	-	4,377,924	25	833,488	870,897	1,704,385	2,673,539	
Furniture and fixtures	7,457,407	2,420,320	-	9,877,727	10	1,962,713	791,501	2,754,214	7,123,513	
Computer equipment	1,390,642	127,751	-	1,518,393	25	602,246	229,037	831,283	687,110	
Building	44,050,000	26,495,532 (*)	-	70,545,532	5	4,641,031	3,295,225	7,936,256	62,609,276	
Vehicle	1,111,500	7,590,000	-	8,701,500	15	305,663	1,259,376	1,565,039	7,136,461	
Land - Freehold	-	3,500,000	-	3,500,000	-	-	-	-	3,500,000	
	55,570,530	42,950,546	-	98,521,076		8,345,141	6,446,036	14,791,177	83,729,899	
2023	52,850,930	2,719,600	-	55,570,530		4,988,444	3,356,697	8,343,941	47,225,389	

(*) This amount has been transferred from the capital work-in progress during the year.

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
4			
LONG TERM DEPOSITS			
Rent deposit		<u>3,472,500</u>	<u>2,959,500</u>
5			
LONG-TERM INVESTMENT			
Investment in mutual fund - at fair value	5.1	<u>7,029,830</u>	<u>2,513,861</u>
5.1	This represents investment in 69,511.5688 units of Al-Ameen Islamic Cash Fund of United Bank Limited, being restated at closing NAV of Rs. 101.1318 per unit at the reporting date.		
6			
CAPITAL WORK-IN-PROGRESS			
Opening balance		26,495,532	-
Add: Additions during the year	6.1	9,371,668	26,495,532
Less: Transfer to fixed assets	6.2	<u>(26,495,532)</u>	<u>-</u>
Construction work in progress		<u>9,371,668</u>	<u>26,495,532</u>
6.1	This represents the amount being paid against the construction of new building (i.e. Branch No.11). The said building has not been completed at year end.		
6.2	This represents the amount being transferred after the completion of building (i.e. Branch No.2).		
7			
ADVANCES, LOANS AND PREPAYMENTS			
Advance salaries		261,099	-
Advance against purchase of land	7.1	-	3,500,000
Prepayments		1,775,394	20,000
Receivable against the purchase of vehicle		2,527,282	-
Loans to employees		332,500	300,200
Advance Income Tax		-	-
		<u>4,896,275</u>	<u>3,820,200</u>
7.1	This represents advance given by the Organization for the purpose of land. The possession of the land has been transferred to the Organization as on the reporting date and construction has been started.		
8			
CASH AND BANK BALANCES			
Cash in hand		620,443	161,662
Cash at bank - in current account		<u>31,365,709</u>	<u>21,401,089</u>
		<u>31,986,152</u>	<u>21,562,751</u>

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
9 ZAKAT FUND			
Opening Balance		695,810	688,380
Add: Addition during the year		9,113,731	5,410,780
Less: Disbursement during the year	9.1	<u>(9,599,229)</u>	<u>(5,403,350)</u>
		<u>210,312</u>	<u>695,810</u>
9.1 Zakat disbursements are made to zakat deserving students as per the policy of the organization.			
	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
10 Educational Fund			
Opening Balance		2,528,675	1,116,277
Add: Addition during the year		24,288,511	18,210,010
Less: Disbursement during the year	10.1	<u>(26,817,186)</u>	<u>(16,797,612)</u>
		<u>-</u>	<u>2,528,675</u>
10.1 Fund of (Aspiring Futures & GEAR) is disbursed and utilized as per the policy of the organization.			
	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
11 BUILDING FUND			
Opening Balance		18,271,594	248,395
Add: Addition during the year	11.1	5,750,000	21,995,214
Less: Fund utilized during the year		<u>(18,921,594)</u>	<u>(3,972,015)</u>
		<u>5,100,000</u>	<u>18,271,594</u>
11.1 This represents fund created for the purchase / renovation of school buildings.			
		June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
12 RATION AND QURBANI FUND			
12.1 <i>Ration fund:</i>			
Opening Balance		-	-
Add: Addition during the year		3,430,050	-
Less: Disbursement during the year		<u>(3,430,050)</u>	<u>-</u>
		-	-
12.2 <i>Qurbani fund:</i>			
Opening Balance		-	-
Add: Addition during the year		1,327,850	-
Less: Disbursement during the year		<u>(1,327,850)</u>	<u>-</u>
		-	-
		-	-

5

		June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
13	Vehicle Fund		
	Opening Balance	-	-
	Add: Addition during the year	5,062,718	-
	Less: Disbursement during the year	<u>(5,062,718)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
13.1	This represents fund created for the for the purchase of vehicle for teachers.		
		June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
14	DEFERRED GRANT		
	Balance at the beginning of the year	34,825,219	36,658,125
	Transfer on purchase of school buildings	34,085,532	-
	Grant amortized during the year	<u>(4,204,538)</u>	<u>(1,832,906)</u>
	Balance at the end of the year	<u>64,706,213</u>	<u>34,825,219</u>
15	DEFERRED INCOME		
	Deferred income	15.1 <u>-</u>	<u>3,463,042</u>
15.1	This represents the donations received for the construction of AF Homes (orphanage).		
		June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
16	ACCRUED AND OTHER LIABILITIES		
	Accrued expenses	513,290	325,570
	Audit fees payable	110,000	110,000
	Income tax payable	162,290	136,425
	Other payables	<u>1,994,463</u>	<u>1,656,863</u>
		<u>2,780,043</u>	<u>2,228,858</u>
17	CONTINGENCIES AND COMMITMENTS		
	There are no contingencies and commitments as at June 30, 2024 (2023: Nil).		
		June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
18	DONATIONS		
	Donations	18.1 98,551,316	69,104,964
	Flood donations	-	3,682,000
		<u>98,551,316</u>	<u>72,786,964</u>
18.1	This represents donations received to manage and improve schools to provide schooling to underprivileged students free of cost.		

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
19 CONTRIBUTIONS			
Concessional Fee	19.1	<u>5,540,865</u>	<u>4,080,780</u>
19.1	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, 2024 (Rupees)	June 30, 2023 (Rupees)
20 OPERATING EXPENDITURE			
Board exam fees		316,620	298,320
Books and copies		7,466,049	6,939,389
Brokerage fee		75,000	200,000
Conveyance		1,012,600	1,349,840
Depreciation	3	5,156,829	2,685,358
Donation		313,184	2,057,040
Flood donation		-	3,682,000
Entertainment		2,777,081	2,434,806
Event		3,940,618	149,480
Fee and subscription		800,667	106,713
Fuel for generator		207,228	217,636
Labour charges		813,060	423,950
Ration distribution		88,200	1,405,504
Medical		42,682	50,937
Miscellaneous		609,118	1,310,667
Office supplies		293,826	215,750
Printing and stationery		1,685,370	1,808,466
Rent expense		12,999,770	11,954,081
Repair and maintenance		2,438,682	1,367,823
Salary and other benefits		48,699,970	37,962,503
Sports		4,550	24,650
Teacher training		40,000	166,750
Transportation		2,673,838	1,573,025
Uniform		1,602,321	1,725,999
Utility charges		2,144,026	1,524,221
HR service charges		181,893	-
Shariah advisory fee		128,820	-
		<u>96,512,002</u>	<u>81,634,909</u>
21 ADMINISTRATIVE AND GENERAL EXPENSES			
Bank Charges		60,940	56,320
Commission On Sales		296,579	40,500
Balance carried forward		<u>357,519</u>	<u>96,820</u>

h

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
21 ADMINISTRATIVE AND GENERAL EXPENSES			
<i>Balance brought forward</i>		357,519	96,820
Conveyance		253,150	337,460
Depreciation Expense	3	1,289,207	671,339
School Fee Expense		27,250	-
Donation Expense		78,296	514,260
Eidi & Gifts		278,200	72,965
Entertainment Expense		694,270	608,702
EOBI Contribution		281,250	270,000
Fuel For Generator		51,807	54,409
Internet Expense		270,757	228,856
Labour Charges		203,265	105,988
Legal & Professional Charges		1,568,405	1,121,155
Ration Distribution		22,050	351,376
Medical Expense		10,670	12,734
Miscellaneous Expense		152,279	327,667
Office Supplies		73,456	53,938
Audit fee		110,000	110,000
Printing & Stationery		421,343	452,116
Publicity & Promotion Expense		1,871,781	1,448,299
Salary & Other Benefits		10,831,082	9,490,626
Tax Expense		99,262	60,421
Transportation		668,459	393,256
Utility Charges		536,006	381,055
		<u>20,149,764</u>	<u>17,163,442</u>
22 OTHER INCOME			
Sadqa		240,488	50,000
Others		605,231	1,336,934
		<u>845,719</u>	<u>1,386,934</u>
23 TAXATION			
Current tax	23.1	-	-

23.1 The Organization has been granted the status of Non-Profit Organization by Commissioner Inland Revenue for the year ended June 30, 2024. Further the Organization is in compliance of section 100C of Income Tax Ordinance, 2001, therefore, no provision has been recognized in the financial statements.

24 RECLASSIFICATION

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

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the authorized members of the executive committee on 02 DEC 2024.

26 GENERAL

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



President



General Secretary