

**ARTHRITIS CARE FOUNDATION  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2017





**AUDITORS' REPORT TO THE BOARD OF TRUSTEES**

We have audited the annexed balance sheet of **Arthritis Care Foundation** as at **June 30, 2017** and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as financial statements for the year then ended). It is the responsibility of the board of trustees to establish and maintain a system of internal control, and prepare and present the statement(s) in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the statements. We believe that our audit provides a reasonable basis for our opinion.

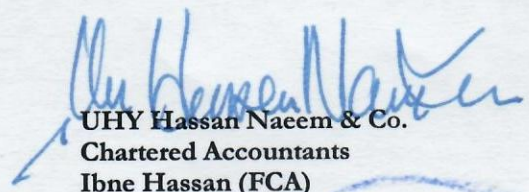
In common with the society of similar size, the system of control is dependent upon close involvement of Executive Committee. Therefore, where independent confirmation of completeness of accounting record was not available, we have accepted assurance of Executive Committee that all the society's transactions have been reflected in the records.

The Society, as is common with others of similar size and nature, derives certain portion of its income comprising voluntary donations in cash and in kind, which cannot be fully controlled until they are entered in the accounting records and are not, therefore, susceptible to independent audit verification.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Arthritis Care Foundation** for the year ended June 30, 2017.

20 NOV 2017

Date:  
Place: LAHORE

  
UHY Hassan Naeem & Co.  
Chartered Accountants  
Ibne Hassan (FCA)





Arthritis Care Foundation  
Statement of Financial Position  
As at June 30, 2017

FUNDS AND LIABILITIES	2017 Rupees	2016 Rupees	ASSETS	Note	2016	
					2017 Rupees	2016 Rupees
Accumulated funds	14,979,280	16,930,874	Non-current assets			
			Property and equipment	5	188,621	54,786
			Intangible asset	6	52,500	63,000
					241,121	117,786
Current liabilities			Current assets			
Accrued liabilities	26,296	12,713	Short term investments	7	6,543,162	3,307,842
			Advances, deposits and prepayments	8	381,004	323,460
			Interest accrued	9	153,986	126,662
			Stocks	10	897,648	427,574
			Cash and bank balances	11	6,788,655	12,640,263
					14,764,455	16,825,801
Contingencies and commitments	4	-				
					15,005,576	16,943,587

The annexed notes 1 to 21 form an integral part of these financial statements.

20 NOV 2017

Date:  
Lahore :

*Saima Siddique*  
Finance Secretary

*Tajul Hudaib*  
Chairperson



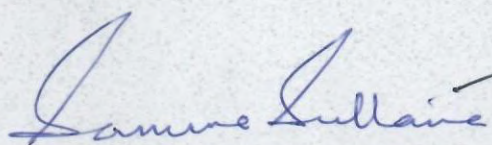
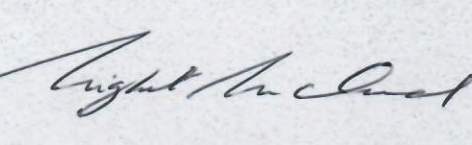
Arthritis Care Foundation  
Income and Expenditure Account  
For the year ended June 30, 2017

	Note	Restricted fund	Un-restricted fund	2017	2016
------(Rupees)-----					
<b>INCOME</b>					
Donations	12	2,604,783	19,892,745	22,497,528	32,353,208
Interest income	13	-	202,764	202,764	161,859
		<b>2,604,783</b>	<b>20,095,509</b>	<b>22,700,292</b>	<b>32,515,067</b>
<b>EXPENDITURE</b>					
Expenses on health projects	14	2,604,783	14,633,095	17,237,878	19,556,791
Expenses on scholarships	15	-	4,127,083	4,127,083	2,545,050
Administrative expenses	16	-	3,278,824	3,278,824	2,494,404
Finance cost	17	-	8,101	8,101	7,811
		<b>2,604,783</b>	<b>22,047,103</b>	<b>24,651,886</b>	<b>24,604,056</b>
<b>(Deficit)/excess of income over expenditure before taxation</b>		<b>-</b>	<b>(1,951,594)</b>	<b>(1,951,594)</b>	<b>7,911,011</b>
Taxation		-	-	-	-
<b>(Deficit)/excess of income over expenditure for the year</b>		<b>-</b>	<b>(1,951,594)</b>	<b>(1,951,594)</b>	<b>7,911,011</b>

The annexed notes 1 to 21 form an integral part of these financial statements.

Date: 20 NOV 2017

Lahore:

Finance Secretary

Chairperson



Arthritis Care Foundation  
Statement of Changes in Accumulated Fund  
As at June 30, 2017

Particulars	General Fund	Reserve Fund	Total
	-----Rupees-----		
Balance as on July 01, 2015	8,378,981	640,882	9,019,863
Excess of income over expenditure for the year	7,911,011	-	7,911,011
Balance as on June 30, 2016	<u>16,289,992</u>	<u>640,882</u>	<u>16,930,874</u>
Balance as on July 01, 2016	16,289,992	640,882	16,930,874
Deficit of income over expenditure for the year	(1,951,594)	-	(1,951,594)
Balance as on June 30, 2017	<u>14,338,398</u>	<u>640,882</u>	<u>14,979,280</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

Date:  
Lahore:

12 0 NOV 2017

Finance Secretary

Chairperson



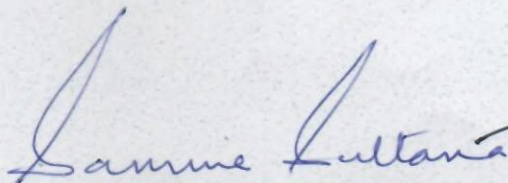
Arthritis Care Foundation  
Statement of Cash Flows  
For the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>Cash flow from operating activities</b>			
(Deficit)/excess of income over expenditure before taxation		(1,951,594)	7,911,011
<b>Adjustments for:</b>			
Depreciation	5.1	12,807	13,368
Amortization	6	10,500	10,500
Finance cost	17	8,101	7,811
Loss on disposal	5.2	3,458	-
		<u>34,866</u>	<u>31,679</u>
<b>Operating cash flows before working capital changes</b>		<u>(1,916,728)</u>	<u>7,942,690</u>
<b>Working capital changes:</b>			
Short term investments		(3,235,320)	(1,465,639)
Advances, deposits and prepayments		(40,000)	(300,000)
Interest accrued		(27,324)	(667)
Advance tax		(17,544)	(16,120)
Stocks		(470,074)	(344,782)
Accrued liabilities		13,583	(142,787)
		<u>(3,776,679)</u>	<u>(2,269,995)</u>
<b>Cash generated from operations</b>		<u>(5,693,407)</u>	<u>5,672,695</u>
Finance Cost paid		(8,101)	(7,811)
<b>Net cash used in operating activities</b>		<u>(5,701,508)</u>	<u>5,664,884</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(157,100)	(58,400)
Sales proceeds on disposal of property and equipment		7,000	-
<b>Net cash generated from investing activities</b>		<u>(150,100)</u>	<u>(58,400)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(5,851,608)</u>	<u>5,606,484</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>12,640,263</u>	<u>7,033,779</u>
<b>Cash and cash equivalents at the end of the year</b>	11	<u>6,788,655</u>	<u>12,640,263</u>

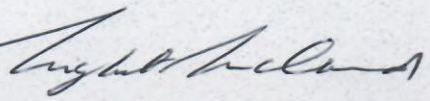
The annexed notes 1 to 21 form an integral part of these financial statements.

Date:  
Lahore :

20 NOV 2017



Finance Secretary



Chairperson



# Arthritis Care Foundation

## Notes to the Financial Statements

For the year ended June 30, 2017

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### 1 Reporting entity

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Arthritis Care Foundation is a charitable society registered on July 27, 2010 under the laws of Societies Registration Act XXI of 1860. The registered office is situated at 676 Shadman Lahore. The trust was setup with an objective to establish, encourage, assist and finance medical, social welfare and educational activities, of patients suffering from arthritis, rheumatic and other diseases.

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### 2 Basis of preparation

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#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards for not for profit organization (NPO's) issued by ICAP.

#### 2.2 Basis of accounting

These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

#### 2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, receipts and expenditures. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to society's financial statements or where judgments were exercised in application of accounting policies are:

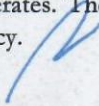
	<i>Note</i>
a) residual values and useful lives of property, plant and equipment	3.1
b) provisions and contingencies	3.4

#### 2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

#### 2.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the society operates. The financial statements are presented in Pakistani Rupees, which is the society's functional currency.





Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2017

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**3 Significant accounting policies**

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These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Property and equipment**

Property plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on an asset from the month when the assets are available for use till the month of its disposal i.e. full depreciation is charged in the month of addition, while no depreciation in the month of disposal.

Depreciation is charged on reducing balance method at the rates specified in Note 5.1.

Normal repair and maintenance is charged to revenue as and when incurred, while major renewal and replacements are capitalized.

**3.2 Intangible assets**

These are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight line basis at the rate given in the Note 6 to the financial statements so as to write off the depreciable amount of an asset over its useful life.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired while no amortization is charged for the month in which asset is disposed off.

**3.3 Stocks**

These are stated at lower of cost and net realizable value. Cost is determined principally on first in first out (FIFO) basis. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred for sale.

**3.4 Provision and contingencies**

Provisions are recognized when the Arthritis Care Foundation has a legal and constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the realizable estimate of the amount can be made.

**3.5 Taxation**

**Current**

Arthritis Care Foundation has been approved as a Non-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001. As such, its income is subject to 100% tax credit in terms of Section 100 (C) of Income Tax Ordinance, 2001.

**3.6 Funds**

**Restricted Funds**

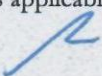
This fund represents donations received by the society for the treatment of patients who requires biologics vaccines.

**Unrestricted funds**

This is an un-restricted fund. Grants and donations not restricted for a specific purpose or fund are credited to this fund upon receipt. Surplus/deficit for the year is also credited/debited to this fund.

**3.7 Interest Income**

Interest income on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.





Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2017

4 Contingencies and commitments	2017 Rupees	2016 Rupees
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There are no known contingencies and commitments as on June 30, 2017 (2016:Nil).

5 Property and equipment	Note	2017 Rupees	2016 Rupees
Property and equipment	5.1	<u>188,621</u>	<u>54,786</u>

5.1 Fixed asset schedule

Particulars	Office computer	Office equipment	Furniture and fixtures	Total
-----Rupees-----				
<b>Cost</b>				
Balance at July 01, 2015	13,800	3,500	-	17,300
Additions	26,000	32,400	-	58,400
Deletions	-	-	-	-
<b>Balance at June 30, 2016</b>	<u>39,800</u>	<u>35,900</u>	<u>-</u>	<u>75,700</u>
Balance at July 01, 2016	39,800	35,900	-	75,700
Additions	-	148,600	8,500	157,100
Deletions	-	(13,000)	-	(13,000)
<b>Balance at June 30, 2017</b>	<u>39,800</u>	<u>171,500</u>	<u>8,500</u>	<u>219,800</u>
<b>Depreciation</b>				
Balance at July 01, 2015	7,038	508	-	7,546
For the year	9,829	3,539	-	13,368
Deletions	-	-	-	-
<b>Balance at June 30, 2016</b>	<u>16,867</u>	<u>4,047</u>	<u>-</u>	<u>20,914</u>
Balance at July 01, 2016	16,867	4,047	-	20,914
For the year	6,008	5,980	819	12,807
Deletions	-	(2,542)	-	(2,542)
<b>Balance at June 30, 2017</b>	<u>22,875</u>	<u>7,485</u>	<u>819</u>	<u>31,179</u>
<b>Carring value 2016</b>	<u>22,933</u>	<u>31,853</u>	<u>-</u>	<u>54,786</u>
<b>Carring value 2017</b>	<u>16,925</u>	<u>164,015</u>	<u>7,681</u>	<u>188,621</u>
<b>Rate of depreciation (%)</b>	30%	10%	10%	

5.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss)
Office Equipment	13,000	2,542	10,458	7,000	(3,458)
2017	<u>13,000</u>	<u>2,542</u>	<u>10,458</u>	<u>7,000</u>	<u>(3,458)</u>
2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2017

6 Intangible asset		2017 Rupees	2016 Rupees
<b>Cost</b>			
Opening balance		105,000	105,000
Additions		-	-
Deletion		-	-
		<u>105,000</u>	<u>105,000</u>
<b>Amortization</b>			
Opening balance		42,000	31,500
Amortization during the year		10,500	10,500
Deletion		-	-
		<u>52,500</u>	<u>42,000</u>
		<u>52,500</u>	<u>63,000</u>
The cost			
6.1 Rate of amortization on intangible assets is 10%. (2016: 10%)		10%	10%
<b>7 Short term investments</b>		2017 Rupees	2016 Rupees
	<i>Note</i>		
Short term investments	7.1	<u>6,543,162</u>	<u>3,307,842</u>
7.1 Investments were made in scheduled bank fixed term deposits account at interest rate of 4.4%. (2016 : 4.4%)			
<b>8 Advances, deposits and prepayments</b>		2017 Rupees	2016 Rupees
	<i>Note</i>		
Security deposits	8.1	340,000	300,000
Advance tax		41,004	23,460
		<u>381,004</u>	<u>323,460</u>
8.1 Security deposits were paid for the new office building taken on rent.			
<b>9 Interest accrued</b>		2017 Rupees	2016 Rupees
	<i>Note</i>		
Interest accrued	9.1	<u>153,986</u>	<u>126,662</u>
9.1 Interest accrued on short term investments.			
<b>10 Stocks</b>		2017 Rupees	2016 Rupees
Stocks - Medicines		<u>897,648</u>	<u>427,574</u>
<b>11 Cash and bank balances</b>		2017 Rupees	2016 Rupees
Cash in hand		15,694	2,145
Cash at bank - <i>Current account</i>		6,772,961	12,638,118
		<u>6,788,655</u>	<u>12,640,263</u>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2017

12 Donations	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
I-Care Foundation	2,604,783	-	2,604,783	680,667
Donations from others	-	19,892,745	19,892,745	31,672,541
	<u>2,604,783</u>	<u>19,892,745</u>	<u>22,497,528</u>	<u>32,353,208</u>

13 Interest income	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
Interest income	13.1 -	202,764	202,764	161,859

13.1 This amount represent interest income on short term investment.

14 Expenses on health projects	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
Medicine consumed	-	8,803,900	8,803,900	9,622,127
Clinical staff salaries	-	894,773	894,773	148,667
Biologics	2,604,783	2,508,288	5,113,071	6,927,350
Joint replacement	-	55,000	55,000	965,000
Rehabilitation equipment for patient	-	244,250	244,250	5,500
Medical test for patients	-	2,126,884	2,126,884	1,888,147
	<u>2,604,783</u>	<u>14,633,095</u>	<u>17,237,878</u>	<u>19,556,791</u>

15 Expenses on scholarships	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
Mir Farman Tariq scholarship program	-	712,500	712,500	427,500
PG trainees scholarship	-	3,414,583	3,414,583	2,117,550
	<u>-</u>	<u>4,127,083</u>	<u>4,127,083</u>	<u>2,545,050</u>

16 Administrative expenses	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
Salaries and wages	-	1,293,531	1,293,531	804,990
Public awareness expenses	-	-	-	4,800
Fund raising expenses	-	163,000	163,000	502,950
Rent rates and taxes	-	1,050,000	1,050,000	478,000
Printing and stationery	-	204,773	204,773	202,760
Repair and maintenance	-	61,935	61,935	53,470
Utilities	-	60,961	60,961	25,605
Vehicle running expenses	-	56,437	56,437	51,788
Website maintenance expenses	-	74,500	74,500	151,000
Depreciation	-	12,807	12,807	13,368
Amortization	-	10,500	10,500	10,500
Postages	-	61,317	61,317	26,300
Traveling expenses	-	132,500	132,500	-
Legal and professional charges	-	26,000	26,000	131,300
Loss on disposal of asset	-	3,458	3,458	-
Auditors' remuneration	-	2,000	2,000	-
Miscellaneous expenses	-	65,105	65,105	37,573
	<u>-</u>	<u>3,278,824</u>	<u>3,278,824</u>	<u>2,494,404</u>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2017

17 Finance cost	Restricted funds	Un-restricted funds	Total	Total
	-----2017-----			2016
Bank charges	-	8,101	8,101	7,811

18 Related party transactions and balances	2017 Rupees	2016 Rupees
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The related parties comprise of executive committee and members of board of trustee of the Arthritis Care Foundation. Transactions with related parties are as follows:

Name	Relationship	Nature of transaction	2017 Rupees	2016 Rupees
Prof. Nighat Mir Ahmad	Chairperson	Donation	260,000	100,000
Prof. Sumaira Farmman Raja	Co -Chairperson	Donation	339,997	526,800
Dr. M. Ahmed Saeed	General Secretary	Donation	343,000	274,000
Ms. Samina Sultana	Finance Secretary	Donation	-	210,000
Dr. Tauseef Irfan	Joint Secretary	Donation	50,000	75,000
Dr. Shabnam Sarfraz	Joint Finance Secretary	Donation	50,000	35,000
Prof. Dr. Tasnim A. Raza	Member of board of trustee	Donation	40,000	-
Ms. Anjum S. Ahmed	Member of board of trustee	Donation	1,140,000	699,000
Mr. Farid Ahsanuddin	Member of board of trustee	Donation	-	10,000
Ms. Uzma Ahmad	Member of board of trustee	Donation	-	5,000,000

19 Number of Employees	2017 Rupees	2016 Rupees
Number of employees at the end of the year	8	8
Average number of employees	8	8

20 Date of authorization

These financial statements were authorized by Managing Body on \_\_\_\_\_

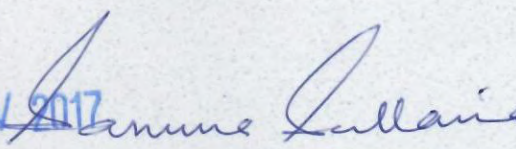
20 NOV 2017

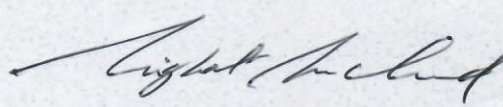
21 General

- 21.1 Figures of previous year have been re-arranged and reclassified wherever necessary for the purposes of comparison.  
21.2 Figures have been rounded off to the nearest rupee.

Date:

Lahore :

20 NOV 2017  
  
 \_\_\_\_\_  
 Finance Secretary

  
 \_\_\_\_\_  
 Chairperson