

**ARTHRITIS CARE FOUNDATION
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2018



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INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees of Arthritis Care Foundation
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **Arthritis Care Foundation** ("the Trust"), which comprise the statement of financial position as at June 30, 2018, and the income and expenditure account, statement of changes in accumulated funds, and 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 Trust as at June 30, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standard for Not for Profit Organisations issued by Institute of Chartered Accountants of Pakistan (ICAP).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Professional Accountant 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 Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standard for Not for Profit Organisations issued by ICAP, and for such internal control as the Board of Trustees 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, Board of Trustees is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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:

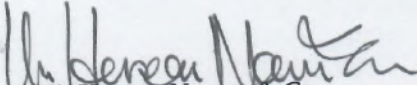
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Trust 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 the events or conditions that may cast significant doubt on the Trust'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 Trust 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 those charged with governance 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.



Date: 15 NOV 2018
Place: Lahore

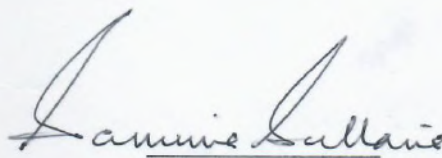

UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA

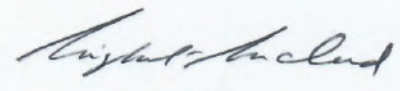
Arthritis Care Foundation
Income and Expenditure Account
For the year ended June 30, 2018

	Note	Restricted fund	Un-restricted fund	2018 Total	2017 Total
------(Rupees)-----					
INCOME					
Donations	11	7,027,266	26,207,258	33,234,524	22,497,528
Interest income	12	-	293,665	293,665	202,764
		7,027,266	26,500,923	33,528,189	22,700,292
EXPENDITURE					
Expenses on health projects	13	5,561,201	15,821,037	21,382,238	17,237,878
Expenses on scholarships	14	1,466,065	3,520,006	4,986,071	4,127,083
Administrative expenses	15	-	3,572,282	3,572,282	3,278,824
Finance cost		-	12,019	12,019	8,101
		7,027,266	22,925,344	29,952,610	24,651,886
Surplus/(deficit) of income over expenditure before taxation		-	3,575,579	3,575,579	(1,951,594)
Taxation		-	-	-	-
Surplus/(deficit) of income over expenditure after taxation		-	3,575,579	3,575,579	(1,951,594)

The annexed notes 1 to 19 form an integral part of these financial statements.

Date: 15 NOV 2018


Finance Secretary

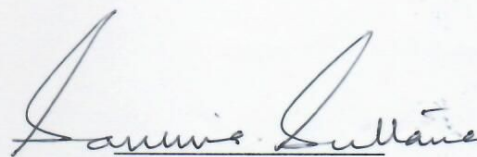

Chairperson

Arthritis Care Foundation
Statement of Cash Flows
For the year ended June 30, 2018

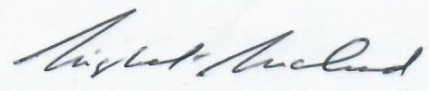
	Note	2018 Rupees	2017 Rupees
Cash flow from operating activities			
Surplus/(deficit) of income over expenditure before taxation		3,575,579	(1,951,594)
Adjustments for:			
Depreciation	5	24,890	12,807
Amortization	6	10,500	10,500
Finance cost		12,019	8,101
Loss on disposal	5.1	-	3,458
		<u>47,409</u>	<u>34,866</u>
Operating cash flows before working capital changes		<u>3,622,988</u>	<u>(1,916,728)</u>
Working capital changes:			
Short term investments		-	(3,235,320)
Advances and deposits		291,901	(57,544)
Interest accrued		(12,290)	(27,324)
Stocks		(429,203)	(470,074)
Accrued liabilities		1,035	13,583
		<u>(148,557)</u>	<u>(3,776,679)</u>
Cash used in operations		<u>3,474,431</u>	<u>(5,693,407)</u>
Finance Cost paid		(12,019)	(8,101)
Net cash generated/(used in) operating activities		<u>3,462,412</u>	<u>(5,701,508)</u>
Cash flows from investing activities			
Purchase of equipment		(41,800)	(157,100)
Sales proceeds on disposal of equipment		-	7,000
Net cash (used in) investing activities		<u>(41,800)</u>	<u>(150,100)</u>
Cash flows from financing activities			
Grant received - net		55,145	-
Net cash generated from financing activities		<u>55,145</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>3,475,757</u>	<u>(5,851,608)</u>
Cash and cash equivalents at beginning of the year		6,788,655	12,640,263
Cash and cash equivalents at the end of the year	10	<u>10,264,412</u>	<u>6,788,655</u>

The annexed notes 1 to 19 form an integral part of these financial statements

Date: NOV 2018



Finance Secretary



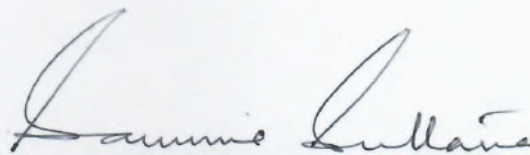
Chairperson

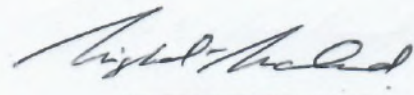
Arthritis Care Foundation
Statement of Changes in Accumulated Funds
As at June 30, 2018

Particulars	Unrestricted fund	Restricted Fund-deferred grant income based	Reserve fund	Total
-----Rupees-----				
Balance as on July 01, 2016	16,289,992	-	640,882	16,930,874
Transferred from income and expenditure account	(1,951,594)	-	-	(1,951,594)
Balance as on June 30, 2017	14,338,398	-	640,882	14,979,280
Balance as on July 01, 2017	14,338,398	-	640,882	14,979,280
Grant/donation received during the year	-	7,082,411	-	7,082,411
Transferred from income and expenditure account	3,575,579	(7,027,266)	-	(3,451,687)
	3,575,579	55,145	-	18,610,004
Surplus for the year	3,575,579	-	-	3,575,579
Balance as on June 30, 2018	17,913,977	55,145	640,882	18,610,004

The annexed notes 1 to 19 form an integral part of these financial statements

Date: 15 NOV 2018


Finance Secretary


Chairperson

Arthritis Care Foundation

Notes to the Financial Statements

For the year ended June 30, 2018

1 Reporting entity

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 711-Shadman-1, 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.

2 Basis of preparation

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:

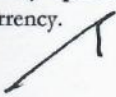
a) residual values and useful lives of property, plant and equipment	<i>Note</i> 3.1
b) provisions and contingencies	3.4

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 also the functional currency.



3 Significant accounting policies

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

3.1 Equipment

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.

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

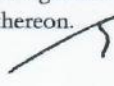
This fund represents donations received by the society for the treatment of patients who requires biologics vaccines.

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, 2018

4 Contingencies and commitments

There are no known contingencies and commitments as on June 30, 2018 (2017:Nil).

5 Equipment

Particulars	Office computer	Office equipment	Furniture and fixtures	Total
<i>Ruppes</i>				
Cost				
Balance at July 01, 2016	39,800	35,900	-	75,700
Additions	-	148,600	8,500	157,100
Disposal	-	(13,000)	-	(13,000)
Balance at June 30, 2017	39,800	171,500	8,500	219,800
Balance at July 01, 2017	39,800	171,500	8,500	219,800
Additions	4,800	37,000	-	41,800
Disposal	-	-	-	-
Balance at June 30, 2018	44,600	208,500	8,500	261,600
Depreciation				
Balance at July 01, 2016	16,867	4,047	-	20,914
For the year	6,008	5,980	819	12,807
Disposal	-	(2,542)	-	(2,542)
Balance at June 30, 2017	22,875	7,485	819	31,179
Balance at July 01, 2017	22,875	7,485	819	31,179
For the year	6,226	17,896	768	24,890
Disposal	-	-	-	-
Balance at June 30, 2018	29,101	25,381	1,587	56,069
Written down value 2017	16,925	164,015	7,681	188,621
Written down value 2018	15,499	183,119	6,913	205,531
Rate of depreciation (%)	30%	10%	10%	

5.1 Disposal of equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss)
Office equipment					
2018	-	-	-	-	-
2017	13,000	2,542	10,458	7,000	(3,458)

Arthritis Care Foundation
Notes to the Financial Statements
For the year ended June 30, 2018

6 Intangibles	2018 Rupees	2017 Rupees
Cost		
Opening balance	105,000	105,000
Additions	-	-
Disposal	-	-
	<u>105,000</u>	<u>105,000</u>
Amortization		
Opening balance	52,500	42,000
Amortization during the year	10,500	10,500
Disposal	-	-
	<u>63,000</u>	<u>52,500</u>
	<u>42,000</u>	<u>52,500</u>

6.1 Rate of amortization is 10%. (2017: 10%)

7 Short term investments

This represent investment made in scheduled bank fixed term deposits at interest rate of 4.44%. (2017:4.44%)

8 Advances and deposits	Note	2018 Rupees	2017 Rupees
Security deposit	8.1	40,000	340,000
Advance tax		49,103	41,004
		<u>89,103</u>	<u>381,004</u>

8.1 This represents security deposits for the office building.

9 Interest accrued

This represent interest accrued on short term investment in term deposits.

10 Cash and bank balances	2018 Rupees	2017 Rupees
Cash in hand	6,169	15,694
Cash at bank - <i>current account</i>	10,258,243	6,772,961
	<u>10,264,412</u>	<u>6,788,655</u>

11 Donations	Restricted funds	Un-restricted funds	Total	Total
	-----2018-----			2017
I-Care foundation	2,561,201	-	2,561,201	2,604,783
Infaq foundation	4,466,065	-	4,466,065	-
Donation from others	-	26,207,258	26,207,258	19,892,745
	<u>7,027,266</u>	<u>26,207,258</u>	<u>33,234,524</u>	<u>22,497,528</u>



Arthritis Care Foundation
Notes to the Financial Statements
For the year ended June 30, 2018

12 Interest income

This amount represent interest income on short term investment in term deposits.

13 Expenses on health projects	Restricted funds	Un-restricted funds	Total	Total
	-----2018-----			2017
Medicine consumed	3,000,000	7,508,424	10,508,424	8,803,900
Clinical staff salaries	-	940,883	940,883	894,773
Biologics	2,561,201	4,063,669	6,624,870	5,113,071
Joint replacement	-	410,000	410,000	55,000
Rehabilitation equipment for patient	-	116,500	116,500	244,250
Medical test for patients	-	2,781,561	2,781,561	2,126,884
	<u>5,561,201</u>	<u>15,821,037</u>	<u>21,382,238</u>	<u>17,237,878</u>

14 Expenses on scholarships	Restricted funds	Un-restricted funds	Total	Total
	-----2018-----			2017
Faculty support programme	-	1,796,490	1,796,490	712,500
Post graduate trainees scholarship	1,466,065	1,723,516	3,189,581	3,414,583
	<u>1,466,065</u>	<u>3,520,006</u>	<u>4,986,071</u>	<u>4,127,083</u>

15 Administrative expenses	Restricted funds	Un-restricted funds	Total	Total
	-----2018-----			2017
Salaries and wages	-	1,604,113	1,604,113	1,293,531
Fund raising expenses	-	683,390	683,390	163,000
Rent rates and taxes	-	266,000	266,000	1,050,000
Printing and stationery	-	350,016	350,016	204,773
Repair and maintenance	-	30,352	30,352	61,935
Utilities	-	105,800	105,800	60,961
Vehicle running expenses	-	59,821	59,821	56,437
Website maintenance expenses	-	136,420	136,420	74,500
Depreciation	-	24,890	24,890	12,807
Amortization	-	10,500	10,500	10,500
Postages and Courier	-	104,473	104,473	61,317
Traveling expenses	-	11,520	11,520	132,500
Legal and professional charges	-	40,000	40,000	26,000
Loss on disposal of asset	-	-	-	3,458
Auditors' remuneration	-	2,000	2,000	2,000
Miscellaneous expenses	-	142,987	142,987	65,105
	<u>-</u>	<u>3,572,282</u>	<u>3,572,282</u>	<u>3,278,824</u>

Arthritis Care Foundation
Notes to the Financial Statements
For the year ended June 30, 2018

16 Related party transactions and balances	2018	2017
	Rupees	Rupees

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		
Prof. Nighat Mir Ahmad	Chairperson	Donation	300,000	260,000
Prof. Sumaira Farmman Raja	Co -Chairperson	Donation	373,000	339,997
Dr. M. Ahmed Saeed	General Secretary	Donation	331,000	343,000
Ms. Samina Sultana	Finance Secretary	Donation	770,000	-
Dr. Tauseef Irfan	Joint Secretary	Donation	30,000	50,000
Dr. Shabnam Sarfraz	Joint Finance Secretary	Donation	100,000	50,000
Prof. Dr. Tasnim A. Raza	Member of board of trustee	Donation	-	40,000
Ms. Anjum S. Ahmed	Member of board of trustee	Donation	1,340,000	1,140,000
Mr. Farid Ahsanuddin	Member of board of trustee	Donation	-	-
Ms. Uzma Ahmad	Member of board of trustee	Donation	200,000	-

17 Number of Employees

Number of employees at the end of the year	9	8
Average number of employees	9	8

18 Date of authorization

These financial statements were authorized by managing body on

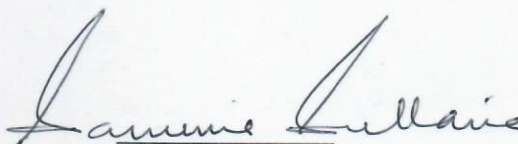
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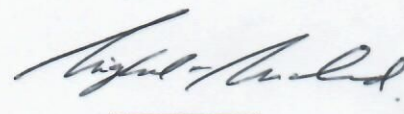
19 General

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

Date:

15 NOV 2018


Finance Secretary


Chairperson



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