

**ARTHRITIS CARE FOUNDATION**

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2019





## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

### Opinion

We have audited the financial statements of **Arthritis Care Foundation (the Trust)**, which comprise the statement of financial position as at **June 30, 2019**, and the income and expenditure account, statement of changes in fund, 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, 2019** and its financial performance and its cash flows for the year then ended in accordance with Accounting Standard for Not for Profit Organisations (NPOs) issued by 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 Ethics for 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 Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by Institute of Chartered Accountants of Pakistan, 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, Trustees are 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

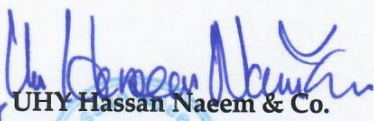
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

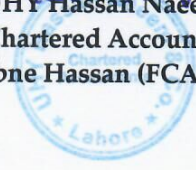
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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'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 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.

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: 05 NOV 2019  
Place: Lahore

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






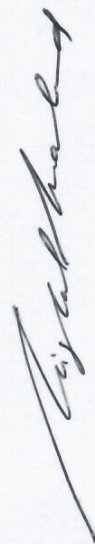
**Arthritis Care Foundation**  
Statement of Financial Position  
As at June 30, 2019

FUNDS AND LIABILITIES		2019	2018	ASSETS		2019	2018
Funds	Note	Rupees	Rupees		Note	Rupees	Rupees
<b>Non-current assets</b>							
Accumulated surplus - unrestricted		21,522,198	17,913,977	Equipment	6	280,674	205,531
Reserve fund		640,882	640,882	Intangible	7	31,500	42,000
Deferred grant - income based		99,754	55,145				
		<u>22,262,834</u>	<u>18,610,004</u>			<u>312,174</u>	<u>247,531</u>
<b>Current liabilities</b>							
Accrued liabilities	4	15,378	27,331	Current assets			
				Short term investments	8	6,543,162	6,543,162
				Advance, deposit and other receivables	9	194,483	255,379
				Stocks	10	846,062	1,326,851
				Cash and bank balance	11	14,382,331	10,264,412
						<u>21,966,038</u>	<u>18,389,804</u>
Contingencies and commitments	5					<u>22,278,212</u>	<u>18,637,335</u>

The annexed notes 1 to 22 form an integral part of these financial statements



Finance Secretary

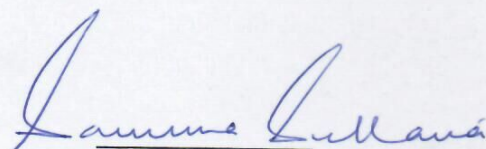


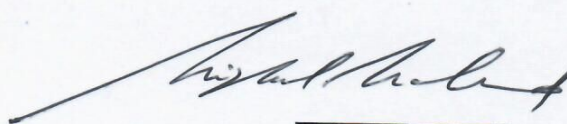
Chairperson

Arthritis Care Foundation  
Income and Expenditure Account  
For the year ended June 30, 2019

	Note	Restricted fund	Un-restricted fund	2019 Total	2018 Total
------(Rupees)-----					
<b>INCOME</b>					
Donations	12	7,658,701	23,596,353	31,255,054	33,234,524
Interest income	13	-	422,974	422,974	293,665
		7,658,701	24,019,327	31,678,028	33,528,189
<b>EXPENDITURE</b>					
Expenses on health projects	14	5,536,443	13,220,004	18,756,447	21,382,238
Expenses on scholarships	15	2,122,258	3,925,431	6,047,689	4,986,071
Administrative expenses	16	-	3,258,547	3,258,547	3,572,282
Finance cost		-	7,124	7,124	12,019
		7,658,701	20,411,106	28,069,807	29,952,610
Surplus of income over expenditure before taxation		-	3,608,221	3,608,221	3,575,579
Taxation		-	-	-	-
Surplus of income over expenditure after taxation		-	3,608,221	3,608,221	3,575,579

The annexed notes 1 to 22 form an integral part of these financial statements

  
Finance Secretary

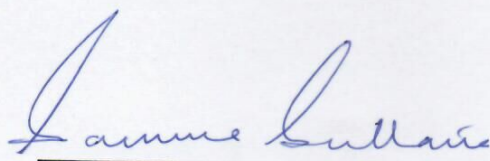
  
Chairperson

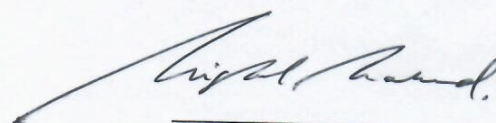


Arthritis Care Foundation  
Statement of Changes in Accumulated Funds  
For the year ended June 30, 2019

Particulars	Unrestricted fund	Reserve fund	Deferred grant income based	Total
-----Rupees-----				
Balance as on July 01, 2017	14,338,398	640,882	-	14,979,280
Transferred from income and expenditure account	3,575,579	-	55,145	3,630,724
Balance as on June 30, 2018	<u>17,913,977</u>	<u>640,882</u>	<u>55,145</u>	<u>18,610,004</u>
Balance as on July 01, 2018	17,913,977	640,882	55,145	18,610,004
Grant/donation received during the year	24,019,327	-	7,703,310	31,722,637
Transferred from income and expenditure account	(20,411,106)	-	(7,658,701)	(28,069,807)
Surplus for the year	3,608,221	-	44,609	3,652,830
Balance as on June 30, 2019	<u>21,522,198</u>	<u>640,882</u>	<u>99,754</u>	<u>22,262,834</u>

The annexed notes 1 to 22 form an integral part of these financial statements.

  
Finance Secretary

  
Chairperson

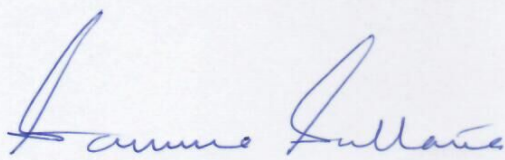
# Arthritis Care Foundation

## Statement of Cash Flows

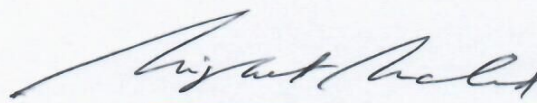
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>Cash flow from operating activities</b>			
Surplus of income over expenditure before taxation		3,608,221	3,575,579
<b>Adjustments for non cash items:</b>			
Depreciation	6	29,457	24,890
Amortization	7	10,500	10,500
Finance cost		7,124	12,019
		47,081	47,409
<b>Operating cash flows before working capital changes</b>		3,655,302	3,622,988
<b>Working capital changes:</b>			
(Increase)/decrease in accrued liabilities		(11,953)	1,035
Decrease in advance, deposit and receivable		60,896	279,611
Decrease/(increase) in stocks		480,789	(429,203)
		529,732	(148,557)
<b>Cash used in operations</b>		4,185,034	3,474,431
Finance cost paid		(7,124)	(12,019)
<b>Net cash generated from operating activities</b>		4,177,910	3,462,412
<b>Cash flows from investing activities</b>			
Purchase of equipment		(104,600)	(41,800)
<b>Net cash outflow from investing activities</b>		(104,600)	(41,800)
<b>Cash flows from financing activities</b>			
Grant received - net		44,609	55,145
<b>Net cash generated from financing activities</b>		44,609	55,145
<b>Net increase in cash and cash equivalents</b>		4,117,919	3,475,757
<b>Cash and cash equivalents at beginning of the year</b>		16,807,574	13,331,817
<b>Cash and cash equivalents at the end of the year</b>	17	20,925,493	16,807,574

The annexed notes 1 to 22 form an integral part of these financial statements.



Finance Secretary



Chairperson



# Arthritis Care Foundation

## Notes to the Financial Statements

For the year ended June 30, 2019

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### 1 Legal status, nature of business, significant events and transactions

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#### Entity and its operations

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.

#### Summary of significant events and transactions

Donations amounting to Rs. 1,040,000 and Rs. 1,630,000 were received during the year from Ms. Samina Sultana (Finance Secretary) and Ms. Anjum S. Ahmed (Trustee).

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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 the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

#### 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 equipment
- b) provisions and contingencies

*Note*

*3.1*

*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 policy 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.



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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 Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is charged on an asset from the month when the asset is 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 6.

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

#### 3.2 Intangible asset

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 7 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

Arthritis Care Foundation has been approved as a Non-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001.

#### 3.6 Funds

##### Restricted Funds

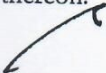
This fund represents donations received by the society for the treatment of patients who require biologics vaccines and for scholarships of doctors.

##### Unrestricted funds

Grants and donations not restricted for a specific purpose or fund are credited to this fund upon receipt.

#### 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, 2019

**4 Accrued liabilities**

These represent amount payable for utilities and withholding taxes deducted from payments to suppliers.

**5 Contingencies and commitments**

No tax exemption was availed for the current period. However procedure for obtaining is in due course by tax consultants. Accordingly it is a possible obligation as it is probable on the basis of past practice that tax exemption will be granted by the regulatory authority.

**6 Equipment**

Particulars	Office computer	Office equipment	Furniture and fixtures	Total
<b>Cost</b>				
Balance at July 01, 2017	39,800	171,500	8,500	219,800
Additions	4,800	37,000	-	41,800
Disposal	-	-	-	-
<b>Balance at June 30, 2018</b>	<b>44,600</b>	<b>208,500</b>	<b>8,500</b>	<b>261,600</b>
Balance at July 01, 2018	44,600	208,500	8,500	261,600
Additions	-	7,500	97,100	104,600
Disposal	-	-	-	-
<b>Balance at June 30, 2019</b>	<b>44,600</b>	<b>216,000</b>	<b>105,600</b>	<b>366,200</b>
<b>Accumulated depreciation</b>				
Balance at July 01, 2017	22,875	7,485	819	31,179
Charge for the year	6,226	17,896	768	24,890
Disposal	-	-	-	-
<b>Balance at June 30, 2018</b>	<b>29,101</b>	<b>25,381</b>	<b>1,587</b>	<b>56,069</b>
Balance at July 01, 2018	29,101	25,381	1,587	56,069
Charge for the year	4,650	18,450	6,357	29,457
Disposal	-	-	-	-
<b>Balance at June 30, 2019</b>	<b>33,751</b>	<b>43,831</b>	<b>7,944</b>	<b>85,526</b>
<b>Written down value 2018</b>	<b>15,499</b>	<b>183,119</b>	<b>6,913</b>	<b>205,531</b>
<b>Written down value 2019</b>	<b>10,849</b>	<b>172,169</b>	<b>97,656</b>	<b>280,674</b>
<b>Rate of depreciation (%)</b>	<b>30%</b>	<b>10%</b>	<b>10%</b>	

**7 Intangible**

	2019 Rupees	2018 Rupees
<b>Cost</b>		
Balance brought forward	105,000	105,000
Additions	-	-
Disposal	-	-
	<b>105,000</b>	<b>105,000</b>
<b>Accumulated amortization</b>		
Balance brought forward	63,000	52,500
Charge for the year	10,500	10,500
Disposal	-	-
	<b>73,500</b>	<b>63,000</b>
<b>Written down value</b>	<b>31,500</b>	<b>42,000</b>
<b>Rate of amortization (%)</b>	<b>10%</b>	<b>10%</b>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2019

**8 Short term investments**

This represents investment made in scheduled bank fixed term deposits at interest rate of 10.70%. (2018:4.40%).

9 Advance, deposit and other receivables	2019 Rupees	2018 Rupees
Security deposit	-	40,000
Interest receivable	120,841	166,276
Advance tax	73,642	49,103
	<u>194,483</u>	<u>255,379</u>

**10 Stocks**

This represents stock of medicines for treatment of Arthritis.

11 Cash and bank balance	2019 Rupees	2018 Rupees
Cash in hand	8,392	6,169
Cash at bank - <i>Current Account</i>	14,373,939	10,258,243
	<u>14,382,331</u>	<u>10,264,412</u>

12 Donations	Restricted funds	Un-restricted funds	Total	Total
	2019	2019	2019	2018
I-Care foundation	543,310	-	543,310	2,561,201
Infraq foundation	7,115,391	-	7,115,391	4,466,065
Others	-	23,596,353	23,596,353	26,207,258
	<u>7,658,701</u>	<u>23,596,353</u>	<u>31,255,054</u>	<u>33,234,524</u>

**13 Interest income**

This amount represent interest income on short term investment in term deposits at the rate of 10.7%. (2018:4.40%).

14 Expenses on health projects	Restricted funds	Un-restricted funds	Total	Total
	2019	2019	2019	2018
Medicine consumed	4,793,133	7,213,400	12,006,533	10,508,424
Clinical staff salaries	-	1,045,667	1,045,667	940,883
Biologics	543,310	3,074,940	3,618,250	6,624,870
Joint replacement	200,000	155,000	355,000	410,000
Rehabilitation equipment for patient	-	151,500	151,500	116,500
Medical test for patients	-	1,579,497	1,579,497	2,781,561
	<u>5,536,443</u>	<u>13,220,004</u>	<u>18,756,447</u>	<u>21,382,238</u>



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2019

15 Expenses on scholarships		Restricted funds	Un-restricted funds	Total	Total
	Note	2019	2019	2019	2018
Faculty support programme	15.1	-	1,335,000	1,335,000	1,796,490
Post graduate trainees scholarship	15.2	2,122,258	2,590,431	4,712,689	3,189,581
		<u>2,122,258</u>	<u>3,925,431</u>	<u>6,047,689</u>	<u>4,986,071</u>

15.1 This represent scholarships paid to senior doctors of Fatima Memorial hospital (FMH) for seeing Arthritis patients recommended by ACF.

15.2 This represent scholarships paid to Post Graduate (PG) trainees of Fatima Memorial hospital (FMH) for seeing Arthritis patients recommended by ACF.

16 Administrative expenses		Restricted funds	Un-restricted funds	Total	Total
	Note	2019	2019	2019	2018
Salaries and wages		-	1,637,999	1,637,999	1,604,113
Fund raising expenses		-	404,314	404,314	683,390
Public awareness expenses			1,250	1,250	-
Rent rates and taxes		-	432,000	432,000	266,000
Printing and stationery		-	271,697	271,697	350,016
Repair and maintenance		-	19,290	19,290	30,352
Utilities		-	89,242	89,242	105,800
Vehicle running expenses		-	62,974	62,974	59,821
Website maintenance expenses		-	68,500	68,500	136,420
Depreciation	6	-	29,457	29,457	24,890
Amortization	7	-	10,500	10,500	10,500
Postages and courier		-	74,742	74,742	104,473
Traveling expenses		-	-	-	11,520
Legal and professional charges		-	90,000	90,000	40,000
Auditors' remuneration		-	2,000	2,000	2,000
Miscellaneous expenses		-	64,582	64,582	142,987
		<u>-</u>	<u>3,258,547</u>	<u>3,258,547</u>	<u>3,572,282</u>

17 Cash and cash equivalents		2019	2018
	Note	Rupees	Rupees
Cash and bank balance	11	14,382,331	10,264,412
Short term investments		6,543,162	6,543,162
		<u>20,925,493</u>	<u>16,807,574</u>

18 Taxation

No tax expense has been charged as per note 5.



Arthritis Care Foundation  
Notes to the Financial Statements  
For the year ended June 30, 2019

**19 Related party transactions**

The related parties comprise of executive committee and members of board of trustees of the Arthritis Care Foundation. Transactions with related parties are as follows:

Name	Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Prof. Nighat Mir Ahmad	Chairperson	Donation	150,000	300,000
Prof. Sumaira Farmman Raja	Co -Chairperson	Donation	665,850	373,000
Dr. M. Ahmed Saeed	General Secretary	Donation	50,000	331,000
Ms. Samina Sultana	Finance Secretary	Donation	1,040,000	770,000
Dr. Tauseef Irfan	Joint Secretary	Donation	30,000	30,000
Dr. Shabnam Sarfraz	Joint Finance Secretary	Donation	-	100,000
Prof. Dr. Tasnim A. Raza	Member of Board of Trustee	Donation	20,000	-
Ms. Anjum S. Ahmed	Member of Board of Trustee	Donation	1,630,000	1,340,000
Ms. Uzma Ahmad	Member of Board of Trustee	Donation	-	200,000

**20 Number of Employees**

	2019	2018
Number of employees at the end of the year	9	9
Average number of employees	9	9

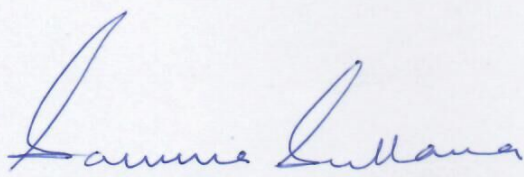
**21 Date of authorization**

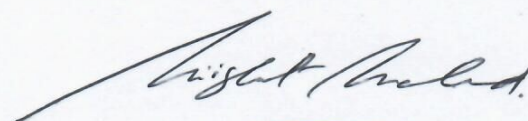
These financial statements were authorized by Board of Trustees on 05 NOV 2019.

**22 General**

22.1 Figures of previous year have been re-arranged and reclassified wherever necessary for the purposes of comparison.

22.2 Figures have been rounded off to the nearest Rupee.

  
Finance Secretary

  
Chairperson