



BAKER TILLY
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BTLHR/AA/HUF-63/2018/01

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF GOVERNERS

Opinion

We have audited the annexed financial statements of **Hope Uplift Foundation** ("the Foundation"), which comprise the statement of financial position as at **June 30, 2018**, the related statement of income and expenditure, the statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements together with the notes thereon present fairly, in all material respects, the financial position of **Hope Uplift Foundation** as at June 30, 2018, and of its surplus, changes in accumulated funds and its cash flows for the year then ended in accordance with Accounting Standards for Not-For-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Basis of 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 Foundation 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 Board of Governors are responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Not-For-Profit Organizations (NPOs) issued by ICAP, and for such internal control as the Board of Governor determine 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 Board of Governors are responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are responsible for overseeing the Foundation'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 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



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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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 Foundation'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 event or conditions that may cast significant doubt on the Foundation'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 Foundation 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.

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BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants
Name of Engagement Partner: Bilal Ahmed Khan

Lahore
September 28, 2018

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HOPE UPLIFT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,101,286	13,459,910
Capital work-in-progress	6	99,969,129	48,171,734
CURRENT ASSETS			
Microfinance loan portfolio	7	3,167,633	2,919,133
Advances, deposits and other receivables	8	5,793,986	757,541
Cash and bank balances	9	7,937,198	8,970,378
		<u>16,898,817</u>	<u>12,647,052</u>
		<u>117,969,232</u>	<u>74,278,696</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		18,939,301	12,000,843
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income - restricted funds	10	94,730,017	61,776,743
CURRENT LIABILITIES			
Creditors and accrued expenses	11	4,299,914	501,110
		<u>117,969,232</u>	<u>74,278,696</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY

HOPE UPLIFT FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Income from school	13	4,593,169	6,567,435
School and other educational expenses	14	(21,893,760)	(17,327,587)
Operating loss		<u>(17,300,591)</u>	<u>(10,760,152)</u>
Donations			
Deferred income recognised - restricted	10	12,154,237	639,697
Donation received - unrestricted	15	49,354,603	43,519,430
		<u>44,208,249</u>	<u>33,398,975</u>
Expenditures			
Hunger relief	16	(7,084,478)	(8,849,578)
Public assistance	17	(22,509,503)	(19,323,883)
Shelter	18	(1,900,332)	(2,657,019)
		<u>(31,494,313)</u>	<u>(30,830,480)</u>
Administrative expenses	19	(4,223,093)	(5,045,902)
Financial charges	20	(5,860)	(1,541)
		<u>(4,228,953)</u>	<u>(5,047,443)</u>
Loss on disposal		(1,546,525)	-
Surplus / (deficit) for the year		<u><u>6,938,458</u></u>	<u><u>(2,478,948)</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.



PRESIDENT



GENERAL SECRETARY

**HOPE UPLIFT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		6,938,458	(2,478,948)
Adjustments for non-cash items:			
Depreciation		890,899	954,768
Loss on disposal of fixed asset		1,546,525	-
Deferred income recognised - restricted		(12,154,237)	-
Financial charges		5,860	1,541
		(9,710,953)	956,309
Cash flow before working capital changes		(2,772,495)	(1,522,639)
Working capital changes:			
(Increase)/decrease in micro-finance loan portfolio		(248,500)	165,400
Increase in advances, deposits and other receivables		(4,910,580)	(204,000)
Increase in creditors and accrued expenses		3,798,804	30,000
		(1,360,276)	(8,600)
Cash used in operations		(4,132,771)	(1,531,239)
Taxes paid		(125,865)	(64,541)
Financial charges paid		(5,860)	(1,541)
Net cash used in operating activities		(4,264,496)	(1,597,321)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts against deferred income - restricted		45,107,511	45,954,909
Payment made against purchase of fixed assets including capital work-in-progress		(51,876,195)	(47,241,353)
Receipts against disposal of fixed assets		10,000,000	-
Net cash form / (used in) investing activities		3,231,316	(1,286,444)
Net decrease in cash and cash equivalents during the year		(1,033,180)	(2,883,765)
Cash and cash equivalents at beginning of the year		8,970,378	11,854,143
Cash and cash equivalents at end of the year		7,937,198	8,970,378

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY


HOPE UPLIFT FOUNDATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Endowment fund	Accumulated fund	Total
	-----Rupees-----		
Balance as at July 01, 2016	3,327,024	11,152,767	14,479,791
Deficit for the year	-	(2,478,948)	(2,478,948)
Balance as at June 30, 2017	3,327,024	8,673,819	12,000,843
Surplus for the year	-	6,938,458	6,938,458
Balance as at June 30, 2018	3,327,024	15,612,277	18,939,301



The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY

HOPE UPLIFT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND OBJECTIVE

Hope Uplift Foundation ("the Foundation") is registered under the Societies Registration Act, 1860, on August 30, 2010, as a non-governmental and not-for-profit organization. The main objectives of the Foundation are to provide subsidized education, food and assistance to poor and under privileged communities to meet basic micro finance necessities of life. The registered address of the Foundation is situated at 263-Y Block, Commercial Area, Defence Housing Authority, Lahore.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of "Accounting standard for not-for-profit organizations (NPOs)" issued by the Institute of Chartered Accountants of Pakistan.

3 BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under historical cost convention, on accrual basis except for statement of cash flow.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss except freehold land. Capital work-in-progress are stated at cost.

Depreciation is charged to income statement by applying reducing balance method to write-off the cost over estimated remaining useful life of asset. The residual values and useful lives of assets are reviewed at each financial year-end and adjusted, if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are charged to statement of financial activities. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain/(loss) on disposal of property, plant and equipment is included in determination of income for the year.

4.2 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected with specific assets, incurred during installation and construction period, are carried under capital work-in-progress. These are transferred to property, plant and equipment as and when these are ready for intended use

4.3 Impairment

The carrying amount of the assets are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the income statement. Where an impairment loss is subsequently reversed, the carrying amount of such asset is increased to the revised recoverable amount, provided it does not exceed the depreciated historical cost of the asset. A reversal of impairment loss is recognized as income in income statement.

4.4 Cash and cash equivalents

Cash and cash equivalents comprises cash-in-hand, cash at bank in current, saving and deposit accounts and other short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.

4.5 Provisions

Provisions are recognized in the financial statements when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.6 Funds

a) Endowment fund

Endowment fund include funds received from the Board of Governors of the Foundation.

b) Restricted funds

Restricted funds, also called "Unspent Grant", represent a part of restricted net assets in the Foundation. These funds are received from general public and donors with a specific condition or purpose attached to their use. Such funds are initially recognized as deferred income and subsequently upon fulfilment of the specific condition or purpose, these are charged to statement of financial activities, in accordance with the approved accounting standards.

c) Unrestricted funds

Unrestricted funds are received from donors with no specific condition or purpose attached for its use. Such funds are directly charged to statement of financial activities.

4.7 Financial instruments

Financial instruments carried on the statement of affairs date include receivables, cash and bank balances, creditors. Financial instruments are recognized when the Foundation becomes a party to the contractual provisions of the instruments.

A financial asset and financial liability is offset and the net amount is reported in the statement of affairs, if the Foundation has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Foundation.

Trade debtors are carried at original invoice amount less an estimate for doubtful debtors, based on review of outstanding amounts at the year-end. Bad debts are written-off when identified.

4.8 Taxation

Provision for current taxation is based on taxable income at the applicable rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

5 PROPERTY PLANT AND EQUIPMENT

Particulars	2018							
	Cost (Rs.)			Rate %	Depreciation (Rs.)			Written down value as at June 30, 2018
	As at July 1, 2017	Additions / (disposal)	As at June 30, 2018		As at July 1, 2017	For the period	As at June 30, 2018	
Building	14,114,200	-	-	5%	1,959,963	607,712	-	-
		(14,114,200)				(2,567,675)		
Furniture and fixtures	1,407,879	12,000	1,419,879	20%	736,293	136,117	872,410	547,469
Electrical appliances	1,166,728	66,800	1,233,528	20%	592,830	127,027	719,857	513,671
Computer equipment	116,400	-	116,400	33.3%	56,211	20,043	76,254	40,146
Total	16,805,207	78,800	2,769,807		3,345,297	890,899	1,668,521	1,101,286
		(14,114,200)				(2,567,675)		

Particulars	2017							
	Cost (Rs.)			Rate %	Depreciation (Rs.)			Written down value as at June 30, 2017
	As at July 1, 2016	Additions	As at June 30, 2017		As at July 1, 2016	For the period	As at June 30, 2017	
Building	14,114,200	-	14,114,200	5%	1,320,266	639,697	1,959,963	12,154,237
Electrical appliances	1,074,328	92,400	1,166,728	20%	464,055	128,775	592,830	573,898
Furniture and fixtures	1,407,879	-	1,407,879	20%	568,397	167,896	736,293	671,586
Computer Equipment	76,400	40,000	116,400	33.3%	37,811	18,400	56,211	60,189
Total	16,672,807	132,400	16,805,207		2,390,529	954,768	3,345,297	13,459,910

2018
Rupees

2017
Rupees



5.1 Allocation of depreciation:

Administrative expenses

890,899

954,768

- 5.2 The building of the Foundation Model School is constructed on land measuring ten (10) marlas, endowed to the Foundation for the specific purpose of constructing and running a school. The Foundation in previous year recorded the said land in its fixed asset register at nominal value to comply with the "Guideline for Accounting and Financial Reporting by Non-Government Organisations / Non-Profit Organizations". The management of the Foundation has entered into an agreement of transfer of ownership of the said school by mutual consent to the owner of land

	Note	2018 Rupees	2017 Rupees
6 CAPITAL WORK-IN-PROGRESS			
Opening balance		48,171,734	1,062,781
Add: additions during the year		51,797,395	47,108,953
		<u>99,969,129</u>	<u>48,171,734</u>
7 MICROFINANCE LOAN PORTFOLIO			
- unsecured considered good			
Opening balance		2,919,133	3,084,533
Add: loan disbursed during the year		399,000	(38,400)
		<u>3,318,133</u>	<u>3,046,133</u>
Less: loan returned		(150,500)	(127,000)
		<u>3,167,633</u>	<u>2,919,133</u>

This represents interest-free microfinance loan given to various individuals under varying terms of repayment. The microfinance loans are unsecured and decided by management on case to case basis, under the stated objectives of the Foundation.

	Note	2018 Rupees	2017 Rupees
8 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Advances		-	345,000
Security deposits		348,000	348,000
Advance income tax		190,406	64,541
Sale and fee receivable		255,580	-
Receivable against disposal of fixed asset		5,000,000	-
		<u>5,793,986</u>	<u>757,541</u>
9 CASH AND BANK BALANCES			
Cash-in-hand		24,390	-
Cash at bank - current accounts		7,912,808	8,970,378
		<u>7,937,198</u>	<u>8,970,378</u>
10 DEFERRED INCOME - RESTRICTED FUNDS			
Opening balance		61,776,743	15,821,834
Add: donation received during the year		45,107,511	46,594,606
Less: income recognised		(12,154,237)	(639,697)
		<u>94,730,017</u>	<u>61,776,743</u>
11 CREDITORS AND ACCURED EXPENSES			
Creditors		-	450,000
Accrued expenses	11.1	4,299,914	21,110
		<u>4,299,914</u>	<u>471,110</u>

11.1 This includes advance received from members of the Board of Governors amounting to Rs. 2.85 million.

12 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments outstanding as at June 30, 2018 are nil (2017: nil)

	Note	2018 Rupees	2017 Rupees
13 INCOME FROM SCHOOL			
Fee income		2,512,912	2,450,400
Receipts against education		2,080,257	4,117,035
		<u>4,593,169</u>	<u>6,567,435</u>
14 SCHOOL AND OTHER EDUCATIONAL EXPENSES			
School running expenses		19,383,279	15,163,755
Scholarships		1,666,042	1,487,968
Printing and stationary		844,439	675,864
		<u>21,893,760</u>	<u>17,327,587</u>
15 DONATIONS			
Donations received against;			
- hunger relief		8,127,871	7,103,327
- public assistance		38,519,652	33,056,483
- shelter		2,707,080	3,181,150
- administration		-	178,470
		<u>49,354,603</u>	<u>43,519,430</u>
16 HUNGER RELIEF EXPENDITURES			
Expenses incurred against;			
- provisions of food		3,406,060	3,877,535
- provisions of ration		3,678,417	4,972,043
		<u>7,084,478</u>	<u>8,849,578</u>
17 PUBLIC ASSISTANCE EXPENDITURES			
Public assistance cases		16,505,626	10,629,003
Expenses dispensary		1,820,392	1,478,491
Expenses H-Store		1,424,063	4,921,152
Expenses welfare shop		301,000	737,277
Expenses matrimony		1,983,214	931,800
Expenses women empowerment centre		475,208	626,160
		<u>22,509,503</u>	<u>19,323,883</u>
18 SHELTER EXPENDITURE		<u>1,900,332</u>	<u>2,657,019</u>
19 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	19.1	1,702,566	1,728,647
Legal and professional charges		129,500	376,270
Repair and maintenance		26,342	143,488
Depreciation	5.1	890,899	954,768
Auditor's remuneration		50,000	30,000
Utilities		220,531	145,907
Rent, rates and taxes		553,500	391,200
Printing and stationery		111,588	129,658
Fee and subscription		16,750	45,970
Miscellaneous		521,417	1,099,994
		<u>4,223,093</u>	<u>5,045,902</u>

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19.1 The members of the Board of Governors have not been paid any salary, remuneration, allowance or any reimbursement against expenses like travelling during the year. The members of Board of Governors work voluntarily as philanthropists without any consideration in return.

	2018 Rupees	2017 Rupees
20 FINANCIAL CHARGES		
Bank charges	<u>5,860</u>	<u>1,541</u>
21 TAXATION		
Provision for taxation	<u>-</u>	<u>-</u>

The tax liability of the Foundation is subject to hundred percent tax credit under section 100C of Income Tax Ordinance, 2001.

22 NUMBER OF EMPLOYEES

The total number of employees of the Foundation as at June 30, 2018 are 99 (2017 : 97).

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified , whenever necessary, for the purpose of comparison , however, no significant reclassification has been made in these financial statement.

24 EVENTS AFTER THE REPORTING DATE

There are no significant adjusting or non adjusting event after the reporting date requiring adjustment or disclosure in these financial statement.

25 DATE OF AUTHORIZATION FOR ISSUANCE

These financial statement were authorized for issuance by the board of Directors in their meeting held on September 25, 2018.

186


PRESIDENT


GENERAL SECRETARY