

THE I-CARE FOUNDATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2019



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of The i-Care Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2019, and the statement of income and expenditure, statement of changes in accumulated 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 Foundation as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the 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 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 charged 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 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.

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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 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 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 events 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.


Chartered Accountants
Karachi

Date: November 6, 2020

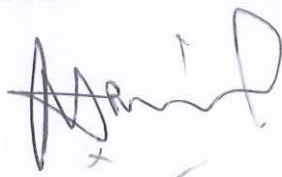
Name of the engagement partner: Farrukh Rehman

THE i - CARE FOUNDATION

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Non - current assets			
Property and equipment	3	255,548	441,251
Intangible assets	4	43,208	86,404
Loan to employee	5	212,500	287,500
		<u>511,256</u>	<u>815,155</u>
Current assets			
Short-term investments	6	46,002,678	40,665,588
Donation receivable	7	273,275,969	134,488,844
Administrative fees receivable		11,506,357	6,581,575
Prepayments		64,495	66,201
Loan and advances	8	75,000	75,000
Accrued mark-up		441,471	357,940
Other Receivable	9	1,968,000	968,000
Taxation - payments less provision	10	775,342	537,818
Cash and bank balances	11	64,788,237	54,921,794
		<u>398,897,549</u>	<u>238,662,760</u>
Total assets		399,408,805	239,477,915
Less: current liabilities			
Other payables		347,511	313,333
NET ASSETS		<u>399,061,294</u>	<u>239,164,582</u>
REPRESENTED BY:			
Accumulated fund			
Restricted funds		304,083,802	176,895,477
Un-restricted funds		94,977,492	62,269,105
		<u>399,061,294</u>	<u>239,164,582</u>

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



Trustee




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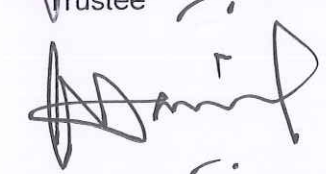
THE i - CARE FOUNDATION


STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Income			
Donations	12	273,022,665	262,502,869
Return on investments and savings accounts	13	4,719,461	3,067,929
Administrative fees	14	15,685,082	12,617,036
Exchange gain		<u>25,583,250</u>	<u>6,939,854</u>
		319,010,458	285,127,688
Expenses			
Disbursements to charities		270,628,727	260,602,953
General administrative expenses	15	15,673,344	21,814,479
		286,302,071	282,417,432
Surplus for the year		<u>32,708,387</u>	<u>2,710,256</u>

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


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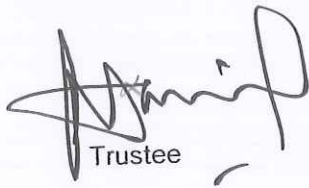

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THE i - CARE FOUNDATION

STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Endowment Fund	Restricted Fund General Fund - For Disbursement	Sub-total	Un-restricted Fund General Fund - Operation	Total
	← Rupees →				
Balance as at July 1, 2017	21,385,000	101,486,149	122,871,149	59,558,849	182,429,998
Donations received during the year	-	314,627,281	314,627,281	-	314,627,281
Donations disbursed during the year	-	(260,602,953)	(260,602,953)	-	(260,602,953)
Surplus for the year ended June 30, 2018	-	-	-	2,710,256	2,710,256
Balance as at June 30, 2018	<u>21,385,000</u>	<u>155,510,477</u>	<u>176,895,477</u>	<u>62,269,105</u>	<u>239,164,582</u>
Donations received during the year	-	397,817,052	397,817,052	-	397,817,052
Donations disbursed during the year	-	(270,628,727)	(270,628,727)	-	(270,628,727)
Surplus for the year ended June 30, 2019	-	-	-	32,708,387	32,708,387
Balance as at June 30, 2019	<u><u>21,385,000</u></u>	<u><u>282,698,802</u></u>	<u><u>304,083,802</u></u>	<u><u>94,977,492</u></u>	<u><u>399,061,294</u></u>

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


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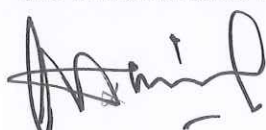

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THE i – CARE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus as per income and expenditure account		32,708,387	2,710,256
Adjustment for non-cash charges and other items:			
Depreciation and amortisation		228,899	352,486
Return on investment in treasury bills		-	(2,274,515)
Return on investment in Pakistan Investment Bonds		-	(44,865)
Return on savings accounts		(3,116,006)	(748,549)
		<u>(2,887,107)</u>	<u>(2,715,443)</u>
Surplus / (deficit) before working capital changes		29,821,280	(5,187)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Donation receivable		(138,787,125)	(28,193,378)
Prepayments		1,706	(2,919)
Advances		-	208,800
Other receivables		(1,000,000)	(968,000)
Tax deducted at source		(237,524)	(171,838)
Administrative fees receivable		(4,924,782)	(1,895,450)
		<u>(144,947,725)</u>	<u>(31,022,785)</u>
Increase in current liabilities			
Other payables		34,178	1,334
Decrease in loan to employee		75,000	75,000
Net cash used in operating activities		<u>(115,017,267)</u>	<u>(30,951,638)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		-	(225,000)
Treasury bills purchased		-	(52,846,388)
Treasury bills redeemed		-	80,410,000
Pakistan Investment Bond redeemed		-	12,320,073
Return on investment in Pakistan Investment Bond		-	671,340
Return received on saving accounts		3,032,475	748,549
Net cash generated from investing activities		<u>3,032,475</u>	<u>41,078,574</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in restricted donations		127,188,325	54,024,328
Net increase in cash and cash equivalents		<u>15,203,533</u>	<u>64,151,264</u>
Cash and cash equivalents at the beginning of the year		<u>95,587,382</u>	<u>31,436,118</u>
Cash and cash equivalents at the end of the year	16	<u><u>110,790,915</u></u>	<u><u>95,587,382</u></u>

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


Trustee


Trustee

THE I – CARE FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. THE FOUNDATION AND ITS OPERATIONS

The i – Care Foundation (the Foundation) is a charitable trust formed under a Trust Deed dated January 14, 2008 with an objective to provide funds for charitable causes and to help and alleviate distress and poverty by providing, arranging or procuring aid and / or assistance for poor and needy people.

The registered address of the Foundation is Captain Place, F–192/1, Block 5, Kehkashan, Clifton, Karachi.

The names of the members of the Board of Trustees of the Foundation are as follows:

S. No. Name of Trustee

1. Aftab Saeed Raja
2. Ahsan Jamil
3. Ali Jahangir Siddiqui
4. Dr. Feriha Peracha
5. Dr. Ishrat Husain
6. Dr. Zeelaf Munir
7. Farrokh K. Captain
8. Fauzia Kasuri
9. Iqbal Lakhani
10. Jawwad Ahmed Cheema
11. Mohsin Ali Nathani
12. Shahzad Qasim
13. Spenta Kandawalla
14. Haroon Rasheed
15. Waqar Malik

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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:

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Accounting Standards for Not for Profit Organisations (Accounting Standards for NPOs) issued by ICAP.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 3 to the financial statements after taking into account the residual value, if any.

Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

Gains and losses on disposals of property and equipment, if any, are included in statement of income and expenditure.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income and expenditure account as and when incurred.

2.4 Intangible assets

Intangible assets are stated at cost less amortisation. Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

2.5 Investments

Investments are classified as following:

2.5.1 Long term

Pakistan Investment Bonds

These are investments with fixed or determinable payments and fixed maturity with the Foundation having positive intent and ability to hold till maturity. These investments are initially measured at fair value plus transaction costs associated with investments and subsequently at amortised cost.

2.5.2 Short-term

(i) Investments in treasury bills

These are investments with fixed or determinable payments and fixed maturity with the Foundation having positive intent and ability to hold till maturity. These are stated at cost plus accumulated interest.

(ii) Investments in units of mutual fund

The market value is re-assessed at each reporting date on the basis of year end Net Asset Value (NAV) as announced by the asset management company. Changes in market value are recognised in statement of income and expenditure.

2.6 Revenue recognition

Income from donations are recognised on received or receivable basis. However where donation is receivable, it is recognised when there is reasonable assurance that it will be received.

Income from donation is classified as either restricted or un-restricted income. Restricted income pertains to specific projects being undertaken by the Foundation and is initially credited to the restricted fund. It is subsequently transferred on a systematic basis to statement of income and expenditure when expenses related to these specific projects are being incurred. Whereas un-restricted income is recognised directly to statement of income and expenditure.

Return on bank deposits is recognised on accrual basis.

Administrative fees is recognised at a rate of 4 percent on the donations received from the donors.

2.7 Expense recognition

Disbursements of donation are recognised in the statement of income and expenditure during the period in which they are incurred. Other general administrative expenses pertaining to administration and running the Foundation are recognised on accrual basis.

2.8 Taxation

Tax expense comprises current tax. Tax expense is recognised in the statement of income and expenditure on profit earned on investments and savings accounts at rates applicable after taking into account exemptions, if any, available under the Income Tax Ordinance, 2001 (the Ordinance). Donations received by the Foundation is exempt from Income Taxes under the Ordinance and therefore no provision for the same has been made in the financial statements.

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2.9 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Foundation's functional and presentation currency.

Foreign currency transactions are recorded into Pak Rupee using the exchange rates prevailing at the date of the transactions.

2.10 Accumulated fund

The accumulated fund of the Foundation consists of an un-restricted fund and various restricted funds.

2.10.1 Un-restricted fund

The un-restricted fund is equivalent to the Foundation's own capital and is used for meeting the regular expenses of the Foundation. Surplus, if any, for the year in the statement of income and expenditure and surplus, if any, remaining in restricted funds on completion of specific projects may be transferred into this fund at the discretion of the board of trustees.

2.10.2 Restricted fund

Restricted funds are established by the board of trustees for conducting specific and / or general projects or for disbursement to specific charitable organizations. Donations received or receivable (when there is reasonable assurance that the donation will be received) for these projects are recognised initially in these funds and are transferred to statement of income and expenditure when costs associated with these projects are being incurred. On completion of these projects, surplus, if any, may be transferred into the un-restricted fund at the discretion of the board of trustees. Foundation has following restricted funds:

- **Endowment Fund:** Fund kept to earn income for meeting operational expenses.
- **General Fund:** For disbursement to specified charitable organisations.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks on current and savings accounts and short-term investments maturing within three months of the date of acquisition.



3. PROPERTY AND EQUIPMENT

	Electrical equipment	Computer equipment	Furniture Rupees	Vehicles	Total
Year ended June 30, 2019					
Opening net book amount	-	326,160	115,091	-	441,251
Additions	-	-	-	-	-
Depreciation charge for the year	-	(156,318)	(29,385)	-	(185,703)
Closing net book amount	-	169,842	85,706	-	255,548
At June 30, 2019					
Cost	-	469,000	146,925	-	615,925
Accumulated depreciation	-	(299,158)	(61,219)	-	(360,377)
Net book value	-	169,842	85,706	-	255,548
Closing net book value (NBV)					
Year ended June 30, 2018					
Opening net book value (NBV)	-	230,187	144,476	-	374,663
Additions	-	225,000	-	-	225,000
Depreciation charge for the year	-	(129,027)	(115,091)	-	(244,118)
Closing net book value	-	326,160	29,385	-	355,545
At July 01, 2018					
Cost	35,880	974,278	146,925	1,809,300	2,966,383
Accumulated depreciation	(35,880)	(648,118)	(31,834)	(1,809,300)	(2,525,132)
Net book value	-	326,160	115,091	-	441,251
Rate of depreciation	33.33%	33.33%	20%	20%	

4. INTANGIBLE ASSETS

Net carrying value basis

	2019 Rupees	2018 Rupees
Opening net book value	86,404	280,478
Amortisation for the year	(43,196)	(194,074)
Closing net book value	43,208	86,404

Gross carrying value basis

Cost	740,238	740,238
Accumulated amortisation	(697,030)	(653,834)
Net book value	43,208	86,404

	2019 Rupees	2018 Rupees
5. LOAN TO EMPLOYEE		
Loan to employee	287,500	362,500
Less: Recoverable within one year - note 7.1	<u>(75,000)</u>	<u>(75,000)</u>
	<u>212,500</u>	<u>287,500</u>
6. SHORT-TERM INVESTMENTS		
Treasury bills - note 6.1	<u>46,002,678</u>	<u>40,665,588</u>
6.1	These represent Treasury bills having face value of Rs. 47.2 million (2018: Rs. 41.25 million). The yield on these bills range from 6.22% to 7.53% per annum (2018: 6.22% to 6.26% per annum) and will mature on various dates latest by August 15, 2019.	
7.	This represents receivable from I-Care Fund America of USD 1,666,317 relating to specified charities	
	2019 Rupees	2018 Rupees
8. LOAN AND ADVANCES		
Current maturity of loan to employee note 7.1	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
8.1	This represents current maturity of loan to Mr. Kashif (Assistant Manager Finance) amounting to Rs. 75,000 as per the terms of the employment. Total amount of the loan given is Rs. 450,000.	
9.	This represent receivable from I - Care Fund America, in respect of remuneration paid to Mr. Wasiq (CEO - I - Care Fund America).	
10. TAXATION - PAYMENTS LESS PROVISION		
	This represents tax deducted at source on maturity of treasury bills, periodic returns on Pakistan Investment Bonds and profit on savings accounts for the tax years 2015, 2016, 2017, 2018 and 2019, as the Foundation did not have the tax exemptions certificates at the time of receipt of the above mentioned amounts. The Foundation received the tax exemption certificate for the tax years 2015, 2016, 2017 and 2018 after some delay due to procedural issues with the Federal Board of Revenue.	

	2019 Rupees	2018 Rupees
11. CASH AND BANK BALANCES		
Savings accounts		
- denominated in Rupees	10,087,217	30,344,384
- denominated in US Dollars (US \$ 332,308 ; 2018: US \$ 203,045)	54,673,885	24,568,524
	500	500
Current account		
	26,635	8,386
Cash in hand		
	<u>64,788,237</u>	<u>54,921,794</u>
11.1	Mark-up on Rupee denominated savings accounts was at the rates ranging from 5.5% to 10.25% per annum (2018: 3.75% to 4.5% per annum). No interest was earned on the US dollar denominated saving account during the current and prior year.	
	2019 Rupees	2018 Rupees
12. DONATIONS		
Restricted - note 12.1	270,628,727	260,602,953
Unrestricted - operations	2,393,938	1,899,916
	<u>273,022,665</u>	<u>262,502,869</u>
12.1	This includes Rs. 248,817,527 (2018: Rs. 246,750,651) received from i-Care Fund America Inc. (i-Care America) under an agreement dated December 21, 2011, as per which i-Care America provides donation to the Foundation for specific purposes. The Chairman of the Foundation is also the Chairman of i-Care America.	
	2019 Rupees	2018 Rupees
13. RETURN ON INVESTMENTS AND SAVINGS ACCOUNTS		
Return on investment in Treasury Bills	1,603,455	2,274,515
Return on investment in Pakistan Investment Bonds	-	44,865
Return on savings accounts	3,116,006	748,549
	<u>4,719,461</u>	<u>3,067,929</u>

14. ADMINISTRATIVE FEES

This represents administration fees charged to donors on agreed basis.

	2019 Rupees	2018 Rupees
15. GENERAL ADMINISTRATIVE EXPENSES		
Salaries	11,747,157	17,703,404
Conveyance and travelling	743,740	985,656
Auditors' remuneration - note 15.1	43,000	40,000
Legal and professional charges	48,000	120,000
Printing and stationery	110,782	406,471
Information Technology	1,273,394	1,320,267
Vehicle Running Expense	375,539	575,375
Depreciation and amortisation	228,899	352,486
Postage and communication	70,695	142,316
Insurance	91,322	67,687
Administrative fee receivable written off	805,632	-
Bank charges	126,184	10,133
Others	9,000	90,684
	<u>15,673,344</u>	<u>21,814,479</u>
15.1 AUDITORS' REMUNERATION		
Audit fee	10,000	10,000
Out-of-pocket expenses	33,000	26,899
	<u>43,000</u>	<u>36,899</u>
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 11	64,788,237	54,921,794
Short-term investment - note 6	46,002,678	40,665,588
	<u>110,790,915</u>	<u>95,587,382</u>
17. FINANCIAL INSTRUMENTS		
Financial assets measured at amortised cost	<u>396,865,054</u>	<u>237,270,619</u>
Financial liabilities measured at amortised cost	<u>347,511</u>	<u>313,333</u>

18. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	2019 Rupees	2018 Rupees
Trustees & Organisations where Trustees are Trustees / Directors	Donations received	1,300,000	-
	Donations disbursed	483,993	530,000
i-Care Fund America Inc.	- Donations received	239,355,824	263,080,335
	- Administrative fee received	9,954,668	11,052,788
	- Donation receivable - note 16.1	275,243,969	135,456,844
	- Administrative fee receivable	11,506,357	6,581,575
Key management personnel	Remuneration	7,902,191	11,637,312

18.1 This represents amount collected by The i-Care Fund America Inc. to be disbursed to the Foundation.

18.2 The Foundation entered into an agreement with i-Care Fund America Inc. (herein referred to as ICFA) on December 21, 2011. Under this agreement, ICFA agreed to act as an intermediary between the donor and the Foundation being responsible for monitoring and administrating grants. The Foundation on the other hand is responsible for coordinating with interested donors, arranging collection of cheques, ensuring that all donations are spent for charitable purposes and reporting to ICFA regarding utilisation of donations to charities. As remuneration, ICFA agreed to pay a fee of 4% of the amount donated under the agreement to the Foundation to cover the cost of services performed by it. The agreement has been revised on December 21, 2016 for a period of five years.

19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Trustees on **9 - JUL 2020**.

Trustee

Trustee