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# Independent Auditor's Report to the Management Committee of the Foundation

## Opinion

We have audited the financial statement of **HEART SAVERS Foundation** (the Foundation), which comprises the statement of financial position as at June 30, 2023 and the statement of income and expenditure, statement of changes in funds, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Foundation as at June 30, 2023 and of its financial performance, statement of changes in funds, its cash flows for the year ended and notes to the financial statements in accordance with Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and Revised Accounting and Financial Reporting Standard for Small Sized Entities (AFRS for SSEs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as applicable in Pakistan.

## 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 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.

## Emphasis of Matter – Basis of Accounting

We draw attention to Note - 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the internal use of the management committee. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Responsibilities of Management for the Financial Statements

The management committee is responsible for the preparation and fair presentation of the financial statement in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the management committee determines is necessary to enable the preparation of the financial statement that are free from material misstatements, whether due to fraud or error.

In preparing the financial statement, management committee is 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.

## Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 statement.

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 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 Foundation'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 statement 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 management committee 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Yaqub.

**YAQUB & CO.**
**Chartered Accountants**
Faisalabad
October 13, 2023

HEART SAVERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **Non current assets** | | | |
| Property, plant and equipment | 6 | **325,421** | 197,172 |
| **Current assets** | | | |
| Cash and bank balances | 7 | **416,298** | 755,980 |
| **Current liabilities** | | | |
| Trade and other payables | 8 | **193,661** | - |
| **Contingencies and commitments** | 9 | | |
| **Net assets** | | **935,380** | 953,152 |
| **Net assets represented by** | | | |
| **Funds** | | | |
| Capital Fund | 10 | **935,380** | 953,152 |
| | | **935,380** | 953,152 |

The annexed notes from 1 to 14 form an integral part of these financial statements.

M. Ashraf
**President**

**General Secretary**

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HEART SAVERS FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **Income** | | | |
| Donation | | 13,005,808 | 4,863,400 |
| Members' subscription | | 50,000 | - |
| | | 13,055,808 | 4,863,400 |
| **Expenditure** | | | |
| **Operational / project** | | | |
| Salaries and benefits | | (1,860,000) | (1,620,000) |
| Patient treatment | | (10,345,816) | (10,696,882) |
| | | (12,205,816) | (12,316,882) |
| **Administrative** | | | |
| Printing and stationary | | (163,850) | (233,879) |
| Postage | | (169,780) | (87,700) |
| Telephone | | (79,271) | (75,634) |
| Entertainment | | (59,131) | (59,131) |
| Fee and subscription | | (198,000) | (112,000) |
| Marketing and advertisement | | (39,400) | (14,187) |
| Maintenance | | (21,350) | (19,490) |
| Conveyance | | (28,000) | (24,400) |
| Withholding tax | | (3,660) | (4,104) |
| Audit fee | | (35,000) | (28,000) |
| Bank charges | | (1,740) | - |
| Depreciation | 6 | (36,159) | (21,908) |
| Miscellaneous | | (32,423) | (24,164) |
| | | (867,764) | (704,597) |
| Deficit for the year | | (17,772) | (8,158,079) |

The annexed notes from 1 to 14 form an integral part of these financial statements.

M. Ashraf
President

General Secretary

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HEART SAVERS FOUNDATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

| | Rupees |
|---|---|
| Balance as at June 30, 2021 | 9,111,231 |
| Deficit for the year | (8,158,079) |
| Balance as at June 30, 2022 | 953,152 |
| Deficit for the year | (17,772) |
| Balance as at June 30, 2023 | 935,380 |

The annexed notes from 1 to 14 form an integral part of these financial statements.

M. Ashraf
President

General Secretary

HEART SAVERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **a Cash flows from operating activities** | | | |
| Deficit for the year | | (17,772) | (8,158,079) |
| Adjustments for non-cash income and expenses: | | | |
| Depreciation | | 36,159 | 21,908 |
| Cash generated from / (used in) operations before working capital changes | | 18,387 | (8,136,171) |
| **Changes in working capital:** | | | |
| **(Increase) / decrease in current assets** | | - | - |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | (193,661) | - |
| | | (193,661) | - |
| Cash used in operations | | (175,274) | (8,136,171) |
| Income tax paid | | - | - |
| Net cash used in operating activities | | (175,274) | (8,136,171) |
| **b Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (142,500) | (100,000) |
| Net cash used in investing activities | | (142,500) | (100,000) |
| **Cash flows from financing activities** | | - | - |
| **Net decrease in cash and cash equivalents (a+b+c)** | | (317,774) | (8,236,171) |
| **Cash and cash equivalents at the beginning of the year** | | 734,072 | 8,970,243 |
| **Cash and cash equivalents at the end of the year** | | 416,298 | 734,072 |

The annexed notes from 1 to 14 form an integral part of these financial statements.

M. Ashraf

**President**

**General Secretary**

HEART SAVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

## 1 Status and activities

Heart Savers Foundation (the Foundation), Faisalabad is registered under Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961, on February 25, 2010. The registered office of the Foundation is situated at room no. 100, ground floor, Faisalabad Institute of Cardiology, opposite Chenab Club Faisalabad. The principle object of the Foundation is to provide welfare services to patients.

## 2 Basis of preparation

### 2.1 Statement of compliance

These special purpose financial statements have been prepared in accordance with most, but not all, of the approved accounting standards for Not for Profit Organizations (NPOs), as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of Revised Accounting and Financial Reporting Standards (AFRS) for Small Sized Entities (SSE's) issued by the Institute of Chartered Accountants of Pakistan, with the exception of certain sections that have not been complied with either fully or partially. The list of those sections that have not been complied with is given below:

1. Section - 4 "Investment Property"
2. Section - 6 "Non-current Assets Held for Sale"
3. Section - 12 "Government Grants"
4. Section - 15 "Employee Benefits"
5. Section - 17 "Taxation"
6. Section - 20 "Related Party Disclosures"

Accordingly, these special purpose financial statements have been prepared for internal use of the management committee. As a result, these financial statements may not be suitable for another purpose.

### 2.2 Accounting convention

These financial statements have been prepared on accrual basis of accounting except for statement of cash flows. Moreover, these financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the respective accounting policy notes.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is also the Association's functional currency. Figures have been rounded off to the nearest of rupee unless otherwise stated.

## 3 Significant transactions and events affecting the trust's financial position and performance

There were no such significant transactions and events affecting the Foundation's financial position and performance during the reporting period.

## 4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with Accounting Standard for Not for Profit Organizations (NPOs) and Revised Accounting and Financial Reporting Standard for Small Sized Entities (SSEs) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful lives of depreciable assets, impairments, provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

## 5 Summary of significant accounting policies

### 5.1 Taxation

The Foundation is a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001. The Foundation is eligible for a tax credit equal to 100% of the tax payable under the Section 100C of the Income Tax Ordinance, 2001, therefore, no provision of taxation is made.

### 5.2 Provisions

Provisions are recognized when the Foundation has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 5.3 Contingent liabilities

A contingent liability is disclosed when the Foundation has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Foundation; or the Foundation has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 5.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses except freehold land which is stated at cot less impairment losses. Cost includes historical cost, borrowing cost pertaining to erection / construction period and directly attributable cost of bringing the assets to working condition. Depreciation is charged to income on reducing balance method at the rates given in the property, plant and equipment note to write off the cost of operating assets over their expected useful lives on a pro-rata basis from the day of use while depreciation on disposals during the year is charged up to the day preceding the day of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized only when it is probable that the future economic benefits associated with the assets will flow to the entity and the cost of renewal or improvement can be measured reliably. Gain or loss on disposal of operating assets is recognized in current year's income.

### 5.5 Advances and receivables

These are recognized and carried at original invoice amount. Those considered irrecoverable are written off and provision is made against those considered doubtful.

### 5.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks.

**5.7 Revenue recognition**

Donations are recognized on receipt basis whereas donations received in kind are recognised at fair value.

**5.8 Impairment**

The carrying amounts of the Foundation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the relevant asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in statement of income and expenditure.

**5.9 Expenditure**

Expenditure on various social projects are recognized by the Foundation when they are actually incurred.

**6 Property, plant and equipment**

| Description | Cost | | | Depreciation | | | Written down value at June 30, 2023 | Depreciation rate % |
|---|---|---|---|---|---|---|---|---|
| | At July 01, 2022 | Addition / (Deletion) | At June 30, 2023 | At July 01, 2022 | For the year | At June 30, 2023 | | |
| | Rupees | | | | | | | |
| Furniture and fixture | 385,680 | 104,000 | 489,680 | 192,285 | 29,740 | 222,025 | 267,655 | 10 |
| Computer and equipment | 78,000 | 38,500 | 116,500 | 52,315 | 6,419 | 58,734 | 57,766 | 10 |
| **Year 2023** | **463,680** | **142,500** | **606,180** | **244,600** | **36,159** | **280,759** | **325,421** | |

| Description | Cost | | | Depreciation | | | Written down value at June 30, 2022 | Depreciation rate % |
|---|---|---|---|---|---|---|---|---|
| | At July 01, 2021 | Addition / (Deletion) | At June 30, 2022 | At July 01, 2021 | For the year | At June 30, 2022 | | |
| | (Rupees) | | | | | | | |
| Furniture and fixture | 285,680 | 100,000 | 385,680 | 192,285 | 19,340 | 211,625 | 174,056 | 10 |
| Computer and equipment | 78,000 | - | 78,000 | 52,315 | 2,569 | 54,884 | 23,117 | 10 |
| Year 2022 | 363,680 | 100,000 | 463,680 | 244,600 | 21,908 | 266,508 | 197,172 | |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **7 Cash and bank balances** | | | |
| Cash at bank - current account | | **209,940** | - |
| Cash in hand | | **206,358** | 755,980 |
| | | **416,298** | 755,980 |
| **8 Trade and other payables** | | | |
| Accrued liabilities | | **193,661** | - |
| **9 Contingencies and commitments** | | | |
| - Contingencies | | - | - |
| - Commitments | | - | - |
| **10 Capital fund** | | | |
| Opening capital | | **953,152** | 9,111,231 |
| Deficit for the year | | **(17,772)** | (8,158,079) |
| | | **935,380** | 953,152 |

**11 Related party transactions**

The related parties comprise of key management personnel. The Foundation in the normal course of business carries out transactions with these related parties. Amounts due from and due to related parties are shown under relevant heads to the financial statements. There is no transaction with related parties during the year.

**12 Corresponding figures**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better comparison and fair presentation.

**13 Number of employees**

The average number of employee for the year ended June 30, 2023 were 3 (2022: 3) and number of employees as at June 30, 2023 were 3 (2022: 3).

**14 Date of authorization for issue**

These financial statements were authorized for issue on October 13, 2023 by the Management Committee.

**President** **General Secretary**