

ChildLife Foundation

Financial Statements

For the year ended June 30, 2015

AUDITORS' REPORT TO THE TRUSTEES

We have audited the accompanying financial statements of Childlife Foundation (the Trust), which comprise of the balance sheet as at 30 June 2015, and the income and expenditure account, cash flow statement and statement of changes in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Trustees determine(s) is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, (or give a true and fair view of) the balance sheet of Trust as at 30 June, 2015, and of its income and expenditure account, cash flow statement and statement of changes in fund for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.


Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

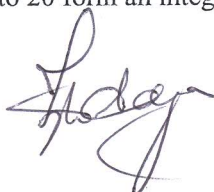
Dated: December 21, 2015
Place: Karachi

**CHILDLIFE FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2015**

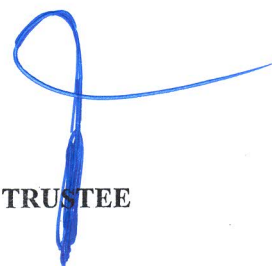
	Note	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	15,544,039	15,178,656
CURRENT ASSETS			
Inventory	6	3,711,883	2,833,485
Other receivables		226,066	1,705,315
Advances, deposits and prepayments	7	2,055,239	1,012,166
Investments	8	106,000,000	35,187,578
Cash and bank balances	9	66,933,982	22,298,163
		178,927,170	63,036,707
TOTAL ASSETS		194,471,209	78,215,363
FUNDS AND LIABILITIES			
FUNDS			
Inception contribution		10,000	10,000
Zakat fund	10	46,457,296	32,885
Endowment fund	11	106,786,055	36,892,893
General fund		10,771,977	15,923,162
		164,025,328	52,858,940
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income related to property and equipment	12	9,430,435	12,812,246
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	13	21,015,446	12,544,177
TOTAL LIABILITIES		30,445,881	25,356,423
TOTAL FUNDS AND LIABILITIES		194,471,209	78,215,363

The annexed notes 1 to 20 form an integral part of these financial statements.

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**CHILDLIFE FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
INCOME	14	68,294,715	49,063,068
EXPENDITURE			
Project renovation		13,721,681	23,032,760
Salaries and benefits		73,549,822	43,879,134
Medicines consumed		65,916,314	49,721,779
Patient consultation	15	20,650,216	15,871,531
Legal and professional		135,476	-
Auditors remuneration		236,000	216,000
Supplies and consumables		4,077,611	3,551,450
Utilities		1,453,804	1,451,431
Repairs and maintenance		3,303,495	1,482,196
Resource mobilization and communication	16	4,402,772	2,572,192
Depreciation		5,320,009	4,235,415
Preventive health care		2,501,480	-
Others	17	2,012,434	2,155,915
Total expenditure		<u>197,281,114</u>	<u>148,169,803</u>
Less: Charged to Zakat Fund			
Operating expenses		(113,541,608)	(84,714,384)
Operating expenses clinics	15.2	(14,381,364)	-
Project renovation		(1,845,802)	(13,604,566)
		<u>67,512,339</u>	<u>49,850,853</u>
Surplus /(deficit) for the year transferred to general fund		<u><u>782,376</u></u>	<u><u>(787,785)</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.

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**CHILDLIFE FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus /(Deficit) of income over expenses for the year	782,376	(787,785)
Adjustments for		
Amortisation of deferred income related to property and equipment	(4,141,731)	(4,034,315)
Depreciation charge for the year	5,320,009	4,235,415
Loss on disposal of property and equipment	57,815	110,199
Property and equipment written off	-	100,854
	<u>2,018,469</u>	<u>(375,632)</u>
Working capital changes		
(Increase) / decrease in current assets		
Inventory	(878,398)	318,685
Other receivables	1,705,315	(964,861)
Advances, deposits and prepayments	(1,043,073)	(126,213)
Increase in current liabilities		
Creditors, accrued and other liabilities	8,471,269	1,282,248
Net cash generated from operating activities (A)	<u>10,273,582</u>	<u>134,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,871,207)	(4,877,819)
Redemption of / (investment in) Islamic term deposits	(106,000,000)	20,000,000
Redemption of / (investment in) Pakistan Investment Bond	35,187,578	(35,134,200)
Proceeds from disposal of property and equipment	128,000	169,500
Net cash used in investing activities (B)	<u>(76,555,629)</u>	<u>(19,842,519)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of Zakat	171,019,545	101,061,078
Utilization of Zakat fund	(129,768,775)	(98,318,950)
Receipts of Endowment	67,487,870	13,317,837
Realized gain from Islamic Investment	2,179,226	2,112,947
Net cash generated from financing activities (C)	<u>110,917,866</u>	<u>18,172,912</u>
Net increase in cash and bank balances (A+B+C)	44,635,819	(1,535,380)
Cash and cash equivalents at beginning of the year	22,298,163	23,833,543
Cash and cash equivalents at end of the year	<u>66,933,982</u>	<u>22,298,163</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

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CHILDLIFE FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Note	General Fund					
		Inception contribution	Zakat Fund	Endowment Fund	Project renovation and capital expenditure	Others	Subtotal
Rupees							
Balance at July 1, 2013		10,000	1,195,648	20,672,751	4,913,994	11,513,366	38,305,759
Funds received during the year		-	101,061,078	13,317,837	-	-	114,378,915
Zakat utilized for operating expenses		-	(84,714,384)	-	-	-	(84,714,384)
Zakat utilized for project renovation		-	(8,690,572)	-	(4,913,994)	-	(13,604,566)
Funds transferred for investment		-	-	735,980	-	(735,980)	-
Zakat transferred to General Fund		-	(8,818,885)	-	8,818,885	-	-
Deficit for the year		-	-	-	-	(787,785)	(787,785)
Property and equipment purchased during the year		-	-	-	(2,885,324)	-	(2,885,324)
Unrealized gain on available-for-sale investment		-	-	53,378	-	-	53,378
Profit on investments		-	-	2,112,947	-	-	2,112,947
Balance at June 30, 2014		10,000	32,885	36,892,893	5,933,561	9,989,601	52,858,940
Funds received during the year		-	171,019,545	62,100,000	-	-	233,119,545
Zakat utilized for operating expenses		-	(107,608,047)	-	(5,933,561)	(5,933,561)	(113,541,608)
Zakat claim for patients treated at SINA	15.2	-	(14,381,364)	-	-	-	(14,381,364)
Zakat utilized for project renovation		-	(1,845,802)	-	-	-	(1,845,802)
Zakat transferred to General Fund		-	(759,920)	759,920	-	759,920	-
Surplus for the year		-	-	782,376	-	782,376	782,376
Property and equipment purchased during the year		-	-	-	(759,920)	(759,920)	(759,920)
Available-for-sale investment		-	-	-	-	-	-
Unrealized gain on		-	-	226,066	-	-	226,066
- Islamic Term Deposit Receipt		-	-	-	-	-	-
Realized gain on		-	-	5,387,870	-	-	5,387,870
- Pakistan Investment Bonds		-	-	1,364,689	-	-	1,364,689
- Islamic Term Deposit Receipt		-	-	814,537	-	-	814,537
- Others		-	-	-	-	-	-
Balance at June 30, 2015		10,000	46,457,296	106,786,055	-	10,771,977	164,025,328

The annexed notes 1 to 20 form an integral part of these financial statements.

Dr. Ayesha
TRUSTEE

[Signature]
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CHILDLIFE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. GENERAL INFORMATION

- 1.1** Childlife Foundation (the Trust) was established under a registered trust deed dated October 27, 2010. The Principal Office of the Trust is situated at 3rd Floor Adamjee House, I.I. Chundrigar Road, Karachi. The principal objects of the Trust are:
- to promote the cause of medical care and manage emergency care units for children and setting-up, establishing, managing, operating, obtaining registrations and recognitions and funding for medical, educational and social welfare institutions;
 - to accept donations, grant contributions and subsidies from philanthropists, local and offshore donors, bodies and organisations;
 - to acquire, take over or receive by way of donations, develop plots, amenity sites and immovable properties of all kinds out of funds of the Trust; and
 - to provide medical and health care facilities for and medical treatment of the people by building, setting-up, establishing, managing, operating, funding, promoting, aiding and assisting hospitals, organising clinics, etc. and to generally do, effectuate, fulfill and undertake all other social welfare and charitable activities and to plan, implement and execute charitable and welfare projects of all kinds as may be permissible under the law.
- 1.2** The Trust is currently managing the Children's Emergency Unit and Diarrhea Treatment Unit at Civil Hospital Karachi (CHK) under a Memorandum of Understanding (MOU) signed between the Trust, Adamjee Foundation and
- the Adamjee Foundation is responsible for providing and arranging funds for the complete rebuilding of the existing buildings of above mentioned units and to provide medical equipment, air conditioners etc.;
 - the GoS through Health Department is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities; and
 - the Trust is responsible for smooth management of the above mentioned units and of the facilities and to ensure that the same will function according to the standard operating procedures agreed with the administration of CHK.
- 1.3** The Trust is also managing the Children's Emergency Unit under a Memorandum of Understanding (MOU) signed between the Trust, National Institute of Child Health (NICH), Government of Sindh (GoS) through the Secretary Health and SINA Trust under the MOU:
- the NICH is responsible for providing adequate resources in the annual budget and depute, post and assign such qualified, technical, professional and surgical medical experts, paramedical staff and other experts of related disciplines and would also provide basic utilities; and
 - the Trust is responsible for smooth management of the above mentioned unit and of the facilities and to ensure that the same will function according to the standard operating procedures agreed with the administration of NICH, further it is also responsible for providing and arranging funds for the complete renovation of the above mentioned unit and to provide medical equipment, air conditioners etc.

- SINA Trust has been operating primary health care clinics in low-income and densely populated areas of Karachi for providing good quality and affordable healthcare for children. Childlife Foundation initiated a strategic partnership with SINA Trust in 2012. The Childlife Foundation is providing the children financial support for free treatment, lab testing, and medicines, as well as helping SINA Trust improving their clinics and expand their network of services in other areas.

1.4 The financial statements are presented in Pak Rupees which is the Trust's functional and presentation currency.

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 and Financial Reporting Standards for Medium - Sized Entities (MSEs) and Guidelines for Accounting and Financial Reporting by Non-Government Organizations / Non Profit Organizations issued by the Institute of Chartered Accountants of Pakistan.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain investment that are stated at market values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank deposits.

4.2 Taxation

The income of the Trust from donations, voluntary contributions, subscriptions, house property, investment in government securities and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purpose of carrying out welfare activities are exempt from tax under clause 58 (1) of Part I of the

4.3 Income recognition

Donations contributions are recognised on receipt basis except the donations contributed by the founder trustees and SINA Trust which are recorded on accrual basis.

Medicines and other donations received in kind are recorded at fair value as and when they are received.

Donation and Zakat contributions related to specific property and equipment are recognised as deferred income and amortized over the useful lives of the asset from the date the asset is available for intended use.

4.4 Utilities and staff expenses for Children Emergency Units

In accordance with the MOUs (refer notes 1.2 and 1.3), CHK and NICH also contribute in providing utilities and staff (Medical and Support) for Children Emergency Units being managed by the Trust. These costs are not included in the Income and Expenditure Account of the Trust.

4.5 Property and equipment

Property and equipment are initially recorded at original cost and are depreciated on straight-line basis over their estimated useful service lives with full month depreciation in the month of purchase and no depreciation in the month of disposal at the rates specified in Note 5.

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4.6 Inventory

Inventory include medicines purchased by the Trust and received as donation from CHK and NICH. It is recorded at lower of cost and net realizable value. Cost is determined using first-in-first-out basis.

4.7 Creditors, accrued and other liabilities

Liabilities for creditors, accrued 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 Trust.

4.8 Investments - Available for sale

Investments classified as available for sale are initially recognized at fair value, plus transaction costs and are subsequently marked to market using year end bid prices from stock exchange quotations and quotations from brokers and in case of unquoted investments, at cost, less impairment. In case of Pakistan Investment Bonds, market values are calculated using PKRV rates. Any resultant unrealized gain or loss is recognized in statement of changes in fund balances.

Investments are derecognized when the right to receive cash flows from investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

4.9 Endowment fund

The fund has been created with the approval of the Trustees for the purpose to achieve sustainability. The fund will be invested in Islamic Investments.

4.10 Zakat fund

As recommended by the Zakat Sharia Advisory Committee, the management created a Zakat Fund for the benefits of zakat eligible patients. All the funds received on account of Zakat are directly credited to the fund. The utilization of Zakat funds for operating expenses are duly approved by the Zakat Shariah Advisory Committee and endorsed by the Board of Trustees.

The utilization of Zakat funds for operating expenses except for depreciation were approved by the Zakat Shariah Advisory Committee in their meeting held on September 15, 2012. During the year, the committee recommended 67% of operating expenses except for depreciation as adjustable from the Zakat Fund. The Board of Trustees endorsed this decision in their meeting held on June 21, 2015.

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5. PROPERTY AND EQUIPMENT

Particulars	Cost		Accumulated depreciation			Rates
	At July 1, 2014	At June 30, 2015	At July 01, 2014	Charge / (Disposal) for the year	At June 30, 2015	
			Rupees.....			%
Furniture and fixtures	2,604,279	369,080	877,600	560,087	1,437,687	20
Office equipment	6,582,206	1,773,960 (333,436)	1,431,137	1,447,634 (147,621)	2,731,150	20
Computer equipment	3,250,093	1,185,167	1,085,846	1,152,561	2,238,407	33
Medical equipment	8,568,100	252,500	2,431,439	1,739,802	4,171,241	20
Motor vehicle	-	2,290,500	-	419,925	419,925	20
June 30, 2015	21,004,678	5,871,207 (333,436)	5,826,022	5,320,009 (147,621)	10,998,410	

Particulars	Cost		Accumulated depreciation			Rates
	At July 1, 2013	At June 30, 2014	At July 1, 2013	Charge / (Disposal) for the year	At June 30, 2014	
			Rupees.....			%
Furniture and fixtures	2,236,905	367,374	385,426	492,174	877,600	20
Office equipment	5,140,199	1,710,907 (268,900)	287,202	1,241,995 (98,060)	1,431,137	20
Computer equipment	1,959,788	1,524,538 (101,783) (132,450)	270,647	862,719 (15,924) (31,596)	1,085,846	33
Medical equipment	7,339,100	1,275,000 (46,000)	815,912	1,638,527 (23,000)	2,431,439	20
June 30, 2014	16,675,992	4,877,819 (416,683) (132,450)	1,759,187	4,235,415 (136,984) (31,596)	5,826,022	

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	Note	2015 Rupees	2014 Rupees
6. INVENTORY			
Medicines at CHK		1,164,416	475,003
Medicines at NICH		2,547,467	2,358,482
		<u>3,711,883</u>	<u>2,833,485</u>

7. ADVANCES, DEPOSITS AND PREPAYMENTS

Advance to suppliers		1,904,684	277,196
Advance to staff		-	306,739
Deposits and prepayments		150,555	428,231
		<u>2,055,239</u>	<u>1,012,166</u>

8. INVESTMENTS

Available for Sale

Islamic Investments (TDR)	8.1	106,000,000	-
Investment in Pakistan Investment Bonds	8.2	-	35,187,578
		<u>106,000,000</u>	<u>35,187,578</u>

8.1 This represents investments made on behalf of Endowment Fund (refer note-10). It carries profit rate of 5.90 % to 9.01% per annum and having maturity period of 1 month to 3 years.

8.2 This represents investments made on behalf of Endowment Fund (refer note-10). It carries profit rate of 11.25% to 11.50% per annum and had maturity period of 3 to 5 years.

	Note	2015 Rupees	2014 Rupees
9. CASH AND BANK BALANCES			
Cash in hand		14,926	12,875
Cash at banks in current accounts - Zakat		55,822,639	32,885
Cash at banks in saving accounts	9.1	<u>11,096,417</u>	<u>22,252,403</u>
		<u>66,933,982</u>	<u>22,298,163</u>

9.1 These carry return at the rates ranging from 4.5% to 5% percent (2014: 6%) per annum.

10. The Zakat fund includes the amount received due to the Holy month of Ramadan, which fell close to the year end. This shall be utilized for the operating expenses incurred during the next financial year and will be disbursed in the financial year 2015 - 2016.

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	Note	2015 Rupees	2014 Rupees
11. The assets were earmarked against following assets:			
Islamic Investment in TDR		106,000,000	35,187,578
Profit receivable on investments		226,066	1,705,315
Cash at banks in saving accounts		559,989	-
		<u>106,786,055</u>	<u>36,892,893</u>
12. DEFERRED INCOME RELATED TO PROPERTY AND EQUIPMENT			
Opening balance		12,812,246	13,961,237
Assets purchased during the year		759,920	2,885,324
Amortisation for the year	14	<u>(4,141,731)</u>	<u>(4,034,315)</u>
Closing balance		<u>9,430,435</u>	<u>12,812,246</u>
13. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		11,876,288	7,267,467
Retention		-	298,308
Accrued liabilities	13.1	8,947,398	4,797,147
Withholding tax		191,760	181,255
		<u>21,015,446</u>	<u>12,544,177</u>
13.1 This includes staff retirement benefits amounting to Rs. 870,000 (2014: Rs. 485,000)			
14. INCOME			
Donations			
Received in cash		45,242,668	26,875,132
Received in kind			
Medicines	14.1	18,910,316	18,153,621
Amortisation of deferred income related to property and equipment	12	<u>4,141,731</u>	<u>4,034,315</u>
		<u>68,294,715</u>	<u>49,063,068</u>
14.1 This represents medicines received from Civil Hospital Karachi and National Institute of Child Health for Children Emergency Unit operated by the Trust.			
	Note	2015 Rupees	2014 Rupees
15. PATIENT CONSULTATION			
SINA Trust	15.1 & 15.2	20,047,945	15,871,531
Memon Medical Institute Hospital		602,271	-
		<u>20,650,216</u>	<u>15,871,531</u>

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15.1 This represents the charges paid by the Trust to one of its strategic partner SINA Trust for treatment of children @ Rs. 250 plus actual lab charges per patient at the clinics being managed by SINA in the urban slums of Karachi. These expenses are reimbursed to SINA Trust after verification of supporting documents. These clinics have been established for providing quality primary health care services to the patients.

15.2 This includes Rs. 14,381,364 claimed from Zakat Fund against Zakat eligible patients.

16. RESOURCE MOBILIZATION AND COMMUNICATION

This represents travelling and transportation expenses incurred for fund raising activities. All expenses related to travel of the Trustees for fund raising activities have been paid by the Trustees through the Trust.

	2015 Rupees	2014 Rupees
17. OTHERS		
Loss on disposal of property and equipment	57,815	110,199
Property and equipment written off	-	100,854
Miscellaneous	1,954,619	1,944,862
	<u>2,012,434</u>	<u>2,155,915</u>

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of common trustees of the trust and key management personnel. Transactions with related parties not shown elsewhere in financial statements are as follows:

Relationship with the Trust	Nature of transaction	2015 Rupees	2014 Rupees
SINA Trust (Dr. Naseeruddin Mahmood is a common Trustee)	Renovation of Clinic	10,500,000	7,799,616
	Patient consultation	20,047,945	15,871,531

19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Trustees on 21 DEC 2015.

20. GENERAL

20.1 Figures have been rounded off to the nearest Rupee.

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