

Audit Report
Year 2017 – 2018 MDF



Management & Development Foundation
Audited Financial statements
For the Year Ended June 30, 2018



Ref: MDF/ Adt-18/127

December 11, 2018

THE BOARD OF TRUSTEES
MANAGEMENT AND DEVELOPMENT FOUNDATION (MDF)
Hyderabad.

RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

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RE: Audit of Financial Statements of management and development foundation (MDF) which comprise Balance Sheet for the year ended June 30, 2018 and Statement of Income & Expenditure, Statement of Cash flows together with notes to the financial statements.

Dear,

We are pleased to enclose three copies of financial statements of the management and development foundation (MDF) which comprise the Balance sheet for the year ended June 30, 2018 and statement of Income & Expenditure, Statement of Cash flows together with notes to the financial statements prepared by management together with our auditor's report thereon. The statements have been initialed by us for the purpose of identification only.

May we apprise the management that until the auditors have signed their report on the statements, such statements will remain and be deemed unaudited.

We shall be pleased to sign the audit report in the present or modified form after the management has considered the matters rose in this letter and approved the statements in their present or modifies form and we have received the following:

1. Financial statements duly approved and signed by the President and Finance Secretary.
2. Minutes of meetings in which the statements have been approved.
3. Representation letter signed by the Executive Director or other authorized person.

Responsibilities of Management and Independent Auditor relating to the Statement

The responsibilities of independent auditor, is a usual examination of statement are explained in International Standards on Auditing -200. While the auditor is responsible for forming and expressing an opinion on the statements, the responsibility for preparation of statement is primarily that of the management. The management 's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding assets of the project and prevention and detection of frauds, errors and irregularities. The audit of statements does not relieve the management of its responsibilities.

Your Sincerely

For and on Behalf of


RSM Awaiz Hyder Liaquat Nauman

Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF TRUSTEES
MANAGEMENT AND DEVELOPMENT FOUNDATION (MDF)**

We have audited the accompanying Financial Statements of the management and development foundation (MDF) which comprise the Balance Sheet for the year ended June 30, 2018 and Statement of Income & Expenditure, Statement of Cashflows together with notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements for the year ended June 30, 2018 are prepared, in all material respects, in accordance with the basis of preparation and the accounting policies mentioned in note 2 and 3 to the Financial Statements.

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 Organisation 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.

Management is responsible for the preparation of the financial statements in accordance with the basis of preparation and the accounting policies mentioned in note 2 and 3 to the Financial Statements, and for such internal control as management determines is necessary, to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity'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 company's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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 entity's internal control.

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AHLI



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management 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 Entity'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 conclusions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AHL


RSM AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Engagement Partner: Nauman Mahmood





Date: December 28, 2018
Place: Islamabad

Management and Development Foundation (MDF)
Balance Sheet
As at 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Non-Current Assets			
Fixed assets - tangible	4	4,102,953	3,009,708
Current Assets			
Fund receivable	5	11,418,261	14,869,144
Other receivable	6	518,563	217,763
Cash and bank balance	7	4,901,306	181,203
		16,838,131	15,268,110
TOTAL ASSETS		20,941,084	18,277,818
REPRESENTED BY:			
Current Liabilities			
Accrued and Other Liabilities	8	6,466,751	6,833,236
Funds			
General funds	9	5,477,344	(2,711,599)
Restricted funds	9	8,996,988	14,156,181
		14,474,333	11,444,582
		20,941,084	18,277,818

The annexed notes from 10 to 11 form an integral part of these financial statements.


 Finance Secretary

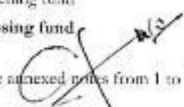

 President

AHLN

Management and Development Foundation (MDF)
Income and Expenditure Account
For the Year Ended 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Income			
Donation		64,207,847	63,394,034
Contribution Receipts		1,599,056	514,081
		65,806,903	63,908,115
Expenditure			
Staff Salaries		12,119,241	17,901,443
Local Travel		4,288,836	3,659,377
Communication		39,805	217,720
Office Rent and Utilities		897,819	901,414
Bank Charges		202,261	201,755
Community Trainings and Workshops		475,066	780,793
Printing and Publication		315,326	3,477,522
Office Supplies		554,936	268,343
Staff Trainings		14,580	315,482
Consultancy expense		-	175,000
Construction expense		-	17,588,892
Depreciation		823,360	618,476
Contribution Expenses		50,000	-
Certifications & Other Official Fees		165,424	584,610
Audit Fees		79,000	225,000
Other		243,510	823,829
Microfinance Disbursements		-	2,832,000
Search for Common Ground Expenses		-	211,000
Guest House Expenses		-	215,570
Service Charges OCT		400,000	3,157,414
Food Material Supply		-	-
Accommodation Expenses		-	848,250
CHIP Survey Expenses		-	140,000
Staff Fringe Benefits		88,799	33,280
BHC Expenses		29,625,404	-
Netherland Expenses		320,150	-
Plan International Baseline Survey Expenses		5,250,516	-
RTP Expenses		12,000	-
StateLife Expenses		3,273,679	-
Establishment of BCE Class Rooms		1,164,000	-
Establishment of Libraries		1,716,900	-
Installation of Solar Panels		816,540	-
BBSYDP Expenses		-	-
NRSP Expenses		-	-
		62,777,152	54,979,170
Surplus For The Year		3,029,751	8,928,945
Opening fund		11,444,582	2,515,637
Closing fund		14,474,332	11,444,582

The annexed notes from 1 to 11 form an integral part of these financial statements.


Finance Secretary


President

AHLN


Management and Development Foundation (MDF)
Cash Flow Statement
For the Year Ended 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Cash Flow From Operating Activities			
Surplus / (deficit) income over expenditures		3,029,751	8,928,945
Adjustments for:			
Depreciation		823,360	618,476
		3,853,111	9,547,421
(Increase) / decrease in current assets			
Fund receivable		3,450,883	(5,006,783)
Other receivable		(300,802)	192,293
Increase / (decrease) in current liabilities			
Accrued and Other Liabilities		(366,485)	(2,763,623)
		2,783,597	(7,578,113)
Net cash flows from operating activities		6,636,707	1,969,308
Cash Flows from Investing Activities			
Fixed capital expenditure		(1,916,605)	(2,020,784)
Net cash flows from investing activities		(1,916,605)	(2,020,784)
Net (decrease) / (increase) in cash and cash equivalents		4,720,102	(51,476)
Net cash and cash equivalents at the beginning of the year		181,203	232,679
Cash and Cash Equivalents at the End of the Year		4,901,305	181,203

The annexed notes from 1 to 11 form an integral part of these financial statements.



Finance Secretary



President

Management and Development Foundation (MDF)
Notes To The Financial Statement
For the Year Ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

The Management and Development Foundation (MDF) was established on 21 September 2010 and registered under the Societies Registration Act, 1860. It is established as non-profit organization. The basic purpose of the foundation is to improve the overall condition of health, education and living standard of people of rural areas

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan.

2.2 BASIS OF MEASUREMENT

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

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards as applicable in Pakistan 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 life of depreciable assets. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income and Expenditure Recognition

Income is recognized to the extent that it is probable that the future economic benefits will flow to the organization and can be measured reliably.

Expenditures are recognized at the time of their occurrence.

3.2 Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a diminishing balance method at the rate mentioned in the relevant note. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the date when the asset is disposed off.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off.

3.3 Impairment of Assets

The carrying amount of the Organization's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.4 Fund receivables

Fund receivable are carried at agreed amount on the basis of real activities.

3.5 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with banks.

3.6 Other Payable

Liabilities for other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.7 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Society has a legally enforceable right to setoff the recognised amounts and the Society intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

4 Fixed Assets - tangible

Description	Cost			Rate	Accumulated Depreciation			
	As at July 1, 2017	Addition/ (deletion)	As at June 30, 2018		As at July 1, 2017	Charge for the year	As at June 30, 2018	Written down value
Equipment	1,702,655	132,670	1,835,325	15%	578,042	214,590	596,531	1,234,674
Furniture, fixtures & fittings	1,854,034	1,584,799	3,438,824	15%	458,975	444,385	887,362	2,551,462
Computers and peripherals	759,460	199,145	958,605	33%	485,404	156,383	645,787	312,816
Total	4,316,129	1,916,605	6,232,734		1,306,421	823,361	2,129,781	4,102,953
2017	2,295,345	2,020,784	4,316,129		687,945	618,474	1,306,421	3,009,705

4 Fixed Assets - Tangible

Description	Cost			Rate	Accumulated Depreciation			Written down value
	As at July 1, 2017	Addition/ (deletion)	As at June 30, 2018		As at July 1, 2017	Change for the year	As at June 30, 2018	
Equipment	1,702,035	132,670	1,835,905	15%	578,542	218,200	796,742	1,228,674
Furniture, fixtures & fittings	1,354,034	1,384,750	2,738,824	15%	638,975	418,286	1,057,261	2,351,362
Computers and peripherals	779,465	199,145	978,610	33%	489,404	156,385	645,789	312,810
Total	4,336,129	1,816,695	6,232,734		1,906,421	823,561	2,229,781	4,102,953
2017	2,255,345	2,020,784	4,336,129		687,945	638,476	1,306,421	3,089,708

5 Fund Receivable

From Non-Formal Basic Education	-	-
From Community Development Program	1,086,499	865,000
From PSPC	3,089,717	3,089,717
From Micro Finance	9,195	256,011
From BEIC	-	3,214,139
From ASK Development	70,000	70,000
From MIDP	-	2,000,000
From SRP	30,535	50,000
From RSU GoS	-	154,000
From Suzuki	435,000	1,275,000
From SEF	962,400	50,000
From SBBHC GoS	2,837,438	-
Accounts Receivable	2,897,477	3,845,282
	11,418,261	14,869,144

6 Other Receivable

Others	98,309	97,507
Security deposits	420,256	120,256
	518,565	217,763

7 Cash and Bank Balance

Cash in hand	2,927	2,927
Cash at bank	4,898,570	178,276
	4,901,497	181,203

8 Accrued and Other Liabilities

Account Payable Contribution Expenses	-	167,683
Payable to PSPC Punjab	1,614,863	1,614,863
Payable to ILM Ideas Scale up	-	-
Payable to Children Global Network	(421,520)	8,990
Payable to LWEE Aamir Foundation	7,520	37,388
Payable to CDP Umerkot	-	-
Payable to CDP Dadu	1,472,654	-
Payable to Sacha Reading Program Phase-I	5,790	261,015
Payable to Sacha Reading Program Phase-II	487,140	225,650
Payable to British Council Badin	170,873	-
Payable to USAID SGAPP	-	130,657
Payable to British Council Dadu & N. Perok	-	-
Payable to Micro Finance	1,202,520	1,202,520
Payable to IOM Kamber	-	-
Payable to ILM Ideas Badin	-	-
Payable to CDP Badin	-	-
Payable to AALTP SEF	407,348	-
Accounts Payable	1,519,563	3,195,680
	6,466,751	6,833,236

