



Directors' Report

Habib University Foundation: 2022-23

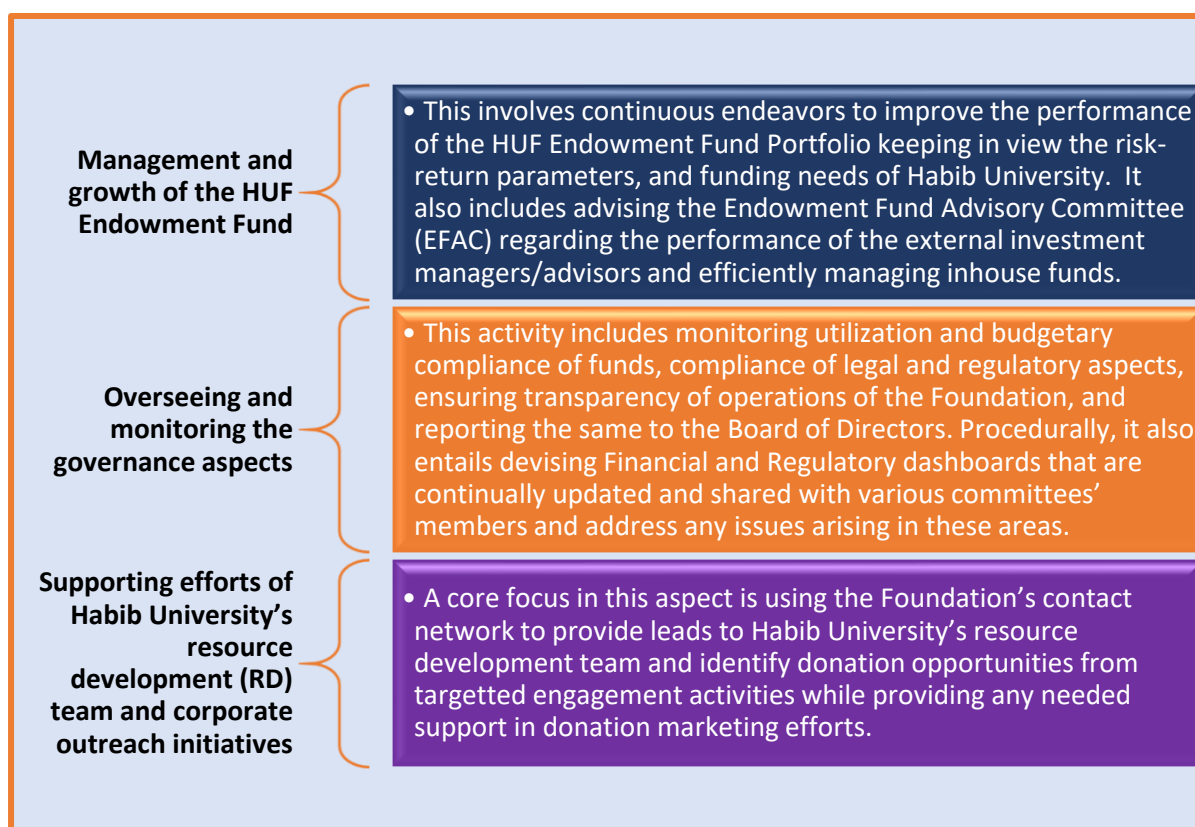
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Directors' Report

The directors of Habib University Foundation (the Foundation / HUF) are pleased to present their 16th Annual Report along with the audited financials for the year ended June 30, 2023.

The purpose of the Foundation is to exclusively provide support for the long-term sustainability of Habib University's vision, operations, and plans. In this context, the Foundation continues to focus on sponsoring the promotion and dissemination of quality higher education. In order to actualise the above purpose, HUF has been entrusted with the responsibility of three key elements:



Overview of University's activities

The Chinese word for crisis is **'Wei Ji'**, where Wei means crisis and Ji means opportunity, that is to say, opportunities can arise from a crisis.

In our context, the financial year 2023-24 presented both challenges and opportunities. The challenges arose from acute stresses in the macroeconomic environment manifested in record high inflation, massive depreciation of the Rupee against other currencies, and a standstill in GDP growth. Political uncertainty added further complications to this milieu.

This had direct repercussions for Habib University at several levels. The most obvious has been the overall cost escalation of operations. Concurrently, faculty management has also

been more challenging as Pakistan has slipped down the list of viable residential destinations. At the same time, due to the contraction in real income, there has been a significant increase in requests for financial aid from students and parents. On the resource mobilisation side, industries and businesses have seen considerable pressure on their profitability and cashflows, impacting fundraising for the University.

Despite these challenges, Habib University, being a 'mission-driven institution', successfully navigated through a turbulent environment under the able guidance of its President, Mr. Wasif Rizvi, supported by its generous sponsors and donors. The University identified opportunities for growth both in the breadth of activities as well as in various quality dimensions. This has allowed the University to maintain and strengthen its unique positioning as the 'first and the foremost liberal arts centre of excellence' in the country.

Keeping true to the Mission

The most notable achievement was that the University met its commitment of providing 85% of its students with some form of scholarship and financial aid despite a challenging environment.

The HU TOPS program offers 100% scholarships to talented students from financially disadvantaged backgrounds. The program accepted an unprecedented 22% of the total student cohort in 2022-23 to continue its mission of providing a platform for high-performing students from disadvantaged backgrounds.

Similarly, in line with its key objective of women empowerment, the University facilitated and supported a high proportion of female intake leading to a 54% female student cohort in 2022-23.

85% students received some form of scholarship

22% of student body represented by HU TOPS - 100% Scholarship Program

Increased gender participation - 54% of the student body comprised of female students in 2022-23

Student Success, the ultimate outcome

It is with a degree of satisfaction and humility that one notes that with support from the community, Habib University's students in 2022-23 continued to display outstanding achievements.

These were both in obtaining employment at premier institutions as well as being admitted for postgraduate studies in some of the world's renowned universities, including the University of Chicago, Texas A&M, University of Manchester, and University of Toronto, to name a few.

Another measure of their success is that **43% of the graduating class of 2023 either received job offers or graduate school admission offers even before the annual convocation**. This is in no small measure a demonstration of the success of the Career Curation Program and Graduate School Curation Program of Habib University.

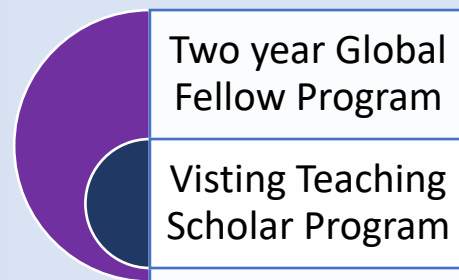
Faculty, the intellectual asset, and the backbone of quality education

Faculty are at the core of the University's intellectual mission. The University is focused on ensuring that it remains an Institution of Choice for leading scholars, particularly those of Pakistani origin who are committed to undergraduate education. Compensation and living arrangements are key elements in attracting high-quality faculty. Of the 11 new faculty members at the University in the current year, many were from outside Pakistan. However, the deterioration in the domestic economic and political situation has become a deterrent to both attracting and retaining faculty.

In order to overcome this challenge, Habib University has developed shorter-duration engagement options to attract scholars such as the **two-year Global Fellows Program** which can be used to transition to a full-time faculty position later.

A **Visiting Teaching Scholar Program** has also been initiated to attract top scholars seeking shorter-term engagements ranging from a few weeks to a few semesters.

Coupled with the ongoing faculty skill upgradation process, this requires considerable effort to become institutionalised and the University's Academic Operations team is doing an outstanding job in developing and rolling out these initiatives.



Accreditation, key to remaining an Institution of Choice

To maintain its position as a leader in pedagogical excellence and innovation, Habib University is constantly upgrading its internal academic assessment and training processes. The University continues to obtain accreditation from recognised institutions such as:

- Pakistan Engineering Council (PEC) for Electrical Engineering and Computer Engineering, and
- National Computing Education and Accreditation Council (NCEAC) for Computer Science.

Further, as part of the accreditation process by the New England Commission of Higher Education (**NECHE**), Habib University received an **onsite visit of their three-member team**

on May 8, 2023. During the final exit meeting, the NECHE team commended Habib University for being a mission-driven institution dedicated to shaping the future of its students and Pakistan. Despite being a young institution, the team appreciated the University for establishing an impressive infrastructure along with policies, procedures, and processes that are characteristics of a much more mature institution.

Sustainability and Resource Development

Habib University’s overarching philosophy of providing world-class undergraduate education to high-merit students from diverse backgrounds regardless of their ability to pay and, with emphasis on providing access to students from low-income families, means that fees cover approximately 33% of the operating costs.

In this context, the University has adopted a unique financial model that emphasizes collective societal and community ownership. The generosity of the community of ‘*Mohsineen*’ has enabled Habib University to impact the lives of thousands of students across Pakistan.

In order to preserve intellectual resources and access to education, given the significant rise in the cost of faculty and operations due to high inflation and Rupee depreciation, the University’s management continues to optimize and rationalize costs for efficient operations without compromising the quality of teaching and learning.

At the same time, efforts to engage and build a global community of supporters who share the same vision and commitment to transforming the country by supporting the cause of higher education are ongoing.

<p>In 2022-23, excluding endowment donations, the resource development (RD) team mobilised Rs. 433 million against the original target of Rs. 417 million from the donor community.</p>	<p>2022 -2023</p>	<ul style="list-style-type: none"> • RD Target - Rs. 417 million • RD actual collection - Rs. 445 million
<p>In 2023-24, the target is to be significantly enhanced given the continuing cost pressures.</p>		

On the international side, the University’s RD team has begun a systematic and well-thought-out initiative of engagement with donors in the US, UK, and Canada. The team has developed several pathways, including legacy giving, student scholarship support, and academic giving to appeal to different segments of the community of potential donors.

Given the above initiatives now underway, we are confident that with the continued support of our *Mohsineen* and the Founding Group, Habib University will remain steadfast in furthering its mission to serve the country by preparing the next generation of well-rounded leaders who determine their and the Nation’s destiny in best traditions of the concept of Yohsin.

Financial highlights

The Foundation maintains a **Scholarship Fund** out of which scholarships amounting to Rs. 415.9 million (2022: Rs. 353.8 million) were awarded to students during the year.

As a Shariah-compliant entity, the Foundation collects Zakat donations so that deserving students can be provided financial assistance. The Foundation's Zakat collection and utilization continues to be reviewed by a Shariah Advisor and an annual Shariah Compliance Report is received. Through the **Zakat Fund**, an amount of Rs. 270.8 million was awarded to Habib University students during the year (2022: Rs. 229.9 million).

As part of the ongoing process towards sustainability of the University over the coming years, the **Endowment Fund** grew from Rs. 2,153 million in the previous year to Rs. 2,494 million at the end of June 2023. Of this increase Rs. 102 million were new donations.

Scholarship Fund

- Rs. 415.9 million disbursed - 2022-23
- Rs. 353.3 million disbursed - 2021-22

Zakat Fund

- Rs. 270.8 million disbursed - 2022-23
- Rs. 229.9 million disbursed - 2021-22

Endowment Fund

- Rs. 2,494 million in 2023-23
- Rs. 2,153 million in 2021-22

Financial Reporting Framework

We are pleased to inform that the Foundation has fully complied with the following:

- a) The financial statements prepared by the Foundation present fairly its situation, the result of its operations, cash flows, and statement of changes in funds.
- b) Proper books of account have been maintained by the Foundation.
- c) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements, and any departure therefrom, if any, has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthening the controls and improving the system.
- f) There are no significant doubts about the Foundation's ability to continue as a going concern.

Financial Overview

Financial highlights for the **year ended June 30, 2023**, are as under:

	Rs. in '000
Income	
Donation income	1,054,579
Other income	455,092
Total income	1,509,671
Expenditure	
Donations to related party – Habib University	143,271
Scholarship given to Habib University students	415,989
Zakat & grant provided to Habib University Students	320,009
Depreciation	131,939
Program and administrative expenses	45,632
Provision reversal against financial guarantee for student loan	(11,867)
Recycling on sale of investments at FVTOCI	7,462
Loss on investment at fair value through profit or loss (FVTPL)	23,368
Net (surplus)/deficit on other projects	(186)
Total Expenditure	1,075,617
Surplus for the year carried to respective funds	434,054

A summary of key operating and financial data of the Foundation for the last six years is also attached at the end of this report.

Auditors

The present auditor, M/s EY Ford Rhodes, Chartered Accountants, retired and being eligible, have offered themselves for re-appointment. However, based on a market survey, the Board decided to recommend appointing a new external auditor. The Board has recommended PwC as auditors for the year ending June 30, 2024, for approval of the members at the forthcoming Annual General Meeting. The change in auditors was recommended to bring in one of the top audit firms as the auditor of the Foundation at a reasonable cost.

Directors

The names of the Board members during the year are stated below:

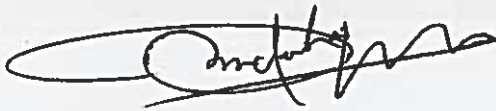
S.No.	Name of Directors	S.No.	Name of Directors
1	Mr. Mohomed Bashir	11	Mr. Qumail R. Habib
2	Mr. Muslim R. Habib	12	Ms. Nargis Soorty
3	Mr. Syed Salim Raza	13	Mr. Azam Faruque
4	Ms. Aameena Saiyid	14	Lt. General Tariq Waseem Ghazi (Retd.)
5	Mr. Mohamedali Rafiq Habib	15	Mr. Arif Habib
6	Mr. Rafiq M. Habib	16	Mr. Tariq Rafi
7	Mr. Muhammad Hyder Habib	17	Mr. Muhammad Ali Tabba
8	Mr. Towfiq Chinoy	18	Mr. Wasif A. Rizvi
9	Ms. Zahida Habib	19	Mr. Nadeem Naqvi - CEO
10	Mr. Shahbaz Yasin Malik		

None of the directors/members, except for the CEO, were paid any kind of remuneration including payment of any meeting fee for attending Board meetings.

Acknowledgments

We offer our sincere gratitude to the Board of Directors for their guidance and support and to our employees for their hard work and dedication. We also wish to place on record our appreciation for the support from the donors who wholeheartedly believe in and contribute to our cause.

On behalf of the Board of Directors.



Nadeem Naqvi
Chief Executive Officer



Director

Karachi: September 18, 2023

Financial highlights – Six years’ Key Operating and Financial information

	Rupees in thousands					
	2023	2022	2021	2020	2019	2018
Operating Results						
Donations/Contributions received	1,060,579	1,018,447	919,091	1,340,877	837,776	617,280
Other income	455,092	232,042	174,441	143,530	94,654	92,871
Donations given	143,271	130,870	118,896	208,562	153,250	213,275
Scholarships given to students	415,989	353,768	316,807	252,766	299,267	259,576
Zakat & Grant provided to students	320,009	265,123	244,800	205,398	155,906	113,278
Loss/(Gain) on investments	30,830	38,532	(30,036)	(5,725)	60,977	32,029
Program and Administrative Expenses	34,600	26,703	21,616	29,007	27,165	16,368
Investment related expenditures	11,032	6,991	5,948	4,761	3,323	3,797
Provision/Reversal against financial guarantee for student loan	(11,867)	10,625	104,172	-	-	-
Surplus / (deficit) of Income over Expenditure	434,054	257,000	136,732	553,788	(68,527)	(251,011)
Financial Position						
Long term investments	908,741	510,955	1,453,149	966,890	670,696	569,906
Other Non-Current Assets	2,020	2,020	2,020	3,390	56,345	150,236
Current Assets	2,243,398	2,347,584	1,043,399	1,150,496	648,110	607,753
Total assets	5,805,408	5,172,206	4,895,378	4,666,036	4,060,501	4,201,529
Current Liabilities	395,698	185,818	139,193	38,358	35,000	57,156
Net Assets	5,409,710	4,986,388	4,756,185	4,627,678	4,025,501	4,144,373
General Fund	2,592,180	2,534,194	2,523,831	2,596,768	2,737,817	3,042,806
Endowment Fund	2,494,215	2,153,838	2,031,787	1,690,103	930,972	826,384
HU Scholarship Fund	165,330	117,821	8,858	6,585	22,231	42,072
Grant Fund	317	2,499	4,685	5,786	-	-
Other Project Fund	1,106	728	3,316	694	-	-
HU Student Loan Fund	73,013	84,570	116,583	242,545	240,476	163,018
Total Funds	5,409,710	4,986,388	4,756,185	4,627,678	4,025,501	4,144,373
Summary of Cash Flow Statement						
Cash and cash equivalents at beginning of year	635,127	462,505	456,466	467,393	388,967	403,986
Cash Flows from Operating Activities	429,467	292,838	199,915	645,417	183,988	8,571
Cash Flows from Investing Activities	(551,017)	(120,216)	(193,876)	(656,344)	(105,562)	(23,590)
Increase / (Decrease) in Cash and Cash Equivalents	(121,550)	172,622	6,039	(10,927)	78,426	(15,019)
Cash and cash equivalents at end of year	513,577	635,127	462,505	456,466	467,393	388,967