

DIRECTORS' REPORT

The Directors of Habib University Foundation (the Foundation) are pleased to present their 12th Annual Report along with the audited accounts for year ended June 30, 2019.

The Foundation is primarily engaged in sponsoring the promotion and dissemination of higher education and advanced studies so as to provide opportunities to the youth to acquire quality education through Habib University. We believe that in order to create a better society, human potential has to be developed in the right manner for overall development. This report therefore highlights some of the significant aspects of the University during the year, as under:

As in the past, the University continued to host many public talks in which noted personalities are invited and these continue to be well received by the public. Various collaborative sessions have also been held with partner institutions with focus on faculty development and improving the pedagogical approach using student centric learning tools including how to incorporate design thinking in student life with an aim to create courses that introduce students to design thinking at an early stage in their four-year journey.

A key initiative undertaken with global connections was the 48 hour intense challenge "Invent for Planet" held in collaboration with Texas A&M University, USA to provide students the opportunity to acquire skills essential to becoming successful innovation leaders. In this event, 31 universities from around the globe registered, with Habib University the only academic institution representing Pakistan. This global challenge aimed at resolving real-time societal challenges through design thinking.

Pakistan Engineering Council (PEC), after an extensive review, have awarded accreditation for Electrical Engineering class of 2018 and 2019. Similarly, the National Computing Education Accreditation Council, which accredits Computer Science Program has accredited the class of 2018. Starting fall of 2019, two new programs "Comparative Liberal Studies" and "Computer Engineering" are also being launched to diversify the offerings at the University.

Being a start-up University, the initial years have been significant. During this five year journey, emphasis was placed in not only planning critical aspects, but also in its implementation, so as to address the needs of this newly established exclusively undergraduate focused University of liberal arts and sciences in Pakistan. This entailed focus on recruiting appropriate faculty and students, continuous improvement in curriculum and institutional development through building a strong network of partnerships with other world class educational institutions. This was also a period of reflection, learning and refining.

Based on the critical lessons learned during this phase, the University prepared to transition into its next phase of "steady state" as a more complex and mature institution. Accordingly, some broad cross-cutting strategic areas of focus were identified, which, when fully aligned will allow the University to achieve its core objective of offering a world class 21st century undergraduate education. These are:

Faculty Culture

Building a faculty culture that understands and embraces the core mission of the University to be a leading student-centred institution of higher learning is of utmost importance. To achieve this, a Vice President of Academic Affairs and Dean of Faculty was recruited during the year to provide the right leadership to spearhead the University towards our aspirational faculty culture.

Amongst the various initiatives undertaken, various policies that encourage faculty to align their work in accordance with the institutions mission were reviewed and updated and a framework

developed for faculty self-governance and meaningful participation in the institutional shared governance, through a revised faculty handbook. Other aspects for improving faculty culture was introducing an extensive on boarding plan for new faculty and planning for the implementation of the University's Centre for Pedagogical Excellence to ensure that faculty are trained appropriately to improve assessment across all aspects of the academic program.

Student Culture

Moving the University closer to its aspirational student-culture, requires a renewed focus on consolidation of policies and procedures that govern student life. During the year, major revisions were made to the framework of policies including, but not limited to, student code of conduct. Concerted efforts were made to ensure that students from diverse academic and socio-economic backgrounds come together as a single community through student led clubs. Particular attention has also been devoted to mental health support by providing students access to services and facilities through the office of Health and Wellness. As with a well aligned faculty culture, we aspire to build a student culture that presupposes a healthy ecosystem of critical frameworks, shared understandings and widely held values.

Student Success

Our understanding of student success is holistic- so that students possess the skills and resources to become transformative leaders locally and globally. We view academic and co-curricular life as integrally related aspects of a total student experience. Students are encouraged to become "co-creators" and full intellectual partners in their undergraduate experience. Ideally, they need to excel both in their academic pursuits as well as develop critical leadership and personal qualities through opportunities outside the classroom. Equipping our students for success, therefore, implies a robust system that prepares them for an increasingly competitive job market by providing them with both crucial soft skills as well as experiential learning through opportunities such as industry exposure visits and internships. The number of employer connections has been expanded thereby providing students access to exciting and challenging opportunities. Our integrated approach to student success also seeks to facilitate transition to top graduate schools through dedicated advising services.

Staff Culture and Development

Staff play an essential role in supporting, facilitating and enhancing the central interaction between students and faculty. In addition, staff also work hard to serve other key stakeholders, such as parents, donors and governing bodies. A careful reflection of challenges in hiring the right staff revealed that greater investment is required in building staff capacity to support our core mission and progress towards becoming a mature institution and these are being addressed. Equally important is the need to develop a staff culture which is fully invested in our distinctive mission, and which shares Habib's deep and unique sense of institutional purpose.

Sustainability and Resource Development

Achieving financial sustainability remains a central precondition for the success of the University's core mission which is to minimize its dependence on tuition revenue by engaging the larger society in partnering with us. The lack of attention to philanthropy in higher education in Pakistan has required us to adopt new approaches. The office of resource development works towards forming new contacts and exploring avenues to raise funds. It also continues to engage, appreciate and excite the existing community of donors. As a result, the Foundation has built up the Endowment Fund to Rs. 930.9 million (2018: Rs. 826.4 million) which is an ongoing process to ensure self-sustainability of the University over the coming years.

The Foundation's Zakat collection and utilization continues to be reviewed by a Shariah Advisor who has issued a Shariah Compliance Report. Through the Zakat Fund, an amount of Rs. 155.9

million was awarded to Habib University students during the year (2018: Rs. 113.3 million). Similarly, a scholarship fund is also maintained out of which scholarships and grants amounting to Rs. 299.3 million (2018: Rs. 259.6 million) were provided to students. The balance amount in the Zakat Fund and Scholarship Fund as at June 30, 2019 amounted to Rs. 94.0 million and Rs. 22.2 million respectively. Various campus visits were coordinated during the year, for an interesting mix of distinguished industry and business leaders and government representatives.

Financial Reporting Framework

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

1. The financial statements prepared by the Foundation present fairly its state of affairs, the result of its operations, cash flows and statement of changes in funds.
2. Proper books of account have been maintained by the Foundation.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
5. 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 strengthen the controls and improve the system.
6. There are no significant doubts upon the Foundation's ability to continue as a going concern.
7. A summary of key operating and financial data of the Foundation for the last six years is attached.

FINANCIAL OVERVIEW

Financial highlights for the year ended June 30, 2019 are as under:

	Rs. in '000
Income	
Donation income	837,776
Other income	94,654
	932,430
Expenditure	
Donations to related parties	153,250
Scholarship to Habib University students	299,267
Zakat to Habib University Students	155,906
Realized loss on investments	2,697
Unrealized loss on investments at fair value	58,280
Depreciation	212,387
Amortization	93,891
Program and administrative expenses	30,488
Net (surplus)/deficit on other projects	(5,209)
	1,000,957
Deficit for the year carried to respective funds	68,527

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending June 30, 2020, for approval of the members' at the forthcoming Annual General Meeting.

Board of Directors Meetings

During the year, four meetings of the Board of Directors were held, none of which were held outside Pakistan. The attendance record of the Board Meetings held during the year is as under:

Board Member	Status	Attendance
Mr. Rafiq M. Habib	Chairman, Non-Executive Director	4/4
Mr. Ali S. Habib	Non-Executive Director	4/4
Mrs. Aameena Saiyid	Non-Executive Director	2/4
Mr. Azam Faruque	Non-Executive Director	0/2
Mr. Mohamedali Rafiq Habib	Non-Executive Director	1/4
Mr. Mohamed Bashir	Non-Executive Director	2/4
Mr. Muhammad Haider Habib	Non-Executive Director	1/4
Mr. Muslim R. Habib	Non-Executive Director	2/4
Mrs. Nargis Soorty	Non-Executive Director	4/4
Mr. Qumail R. Habib	Non-Executive Director	4/4
Mr. Shahbaz Yasin Malik	Non-Executive Director	3/4
Mr. Syed Salim Raza	Non-Executive Director	3/4
Mr. Towfiq Chinoy	Non-Executive Director	2/4
Mr. Wasif A. Rizvi	Executive Director	4/4
Ms. Zahida Habib	Non-Executive Director	2/4
Mr. Parvez Ghias	Executive Director & CEO	4/4

Acknowledgments

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

For and behalf of the board,



Parvez Ghias
Chief Executive Officer
Karachi: October 1, 2019

Financial Highlights - Six years key Operating and Financial information is as under:						
	Rupees in thousands					
	2019	2018	2017	2016	2015	2014
Operating Results						
Donations/Contributions received	837,776	617,280	1,057,649	915,715	1,026,040	1,457,689
Other income	94,654	92,871	64,283	51,487	9,162	30,259
Donations given	153,250	213,275	306,012	348,032	347,396	10,153
Scholarships given to students	299,267	259,576	181,307	162,332	39,275	0
Zakat provided to students	155,906	113,278	71,377	38,617	0	0
Program and Administrative Expenses	30,488	20,165	3,310	5,107	5,208	94,518
(Deficit) / surplus of Income over Expenditure	(68,527)	(251,011)	187,491	85,113	492,274	1,372,134
Financial Position						
Property, plant and equipment	2,685,350	2,873,634	3,055,917	3,234,225	3,254,958	2,657,137
Long term investments	670,696	569,906	583,915	384,159	342,731	77,009
Other Non-Current Assets	56,345	150,236	241,043	345,503	447,815	497,883
Current Assets	648,110	607,753	603,227	361,718	320,233	454,456
Total assets	4,060,501	4,201,529	4,484,102	4,325,605	4,365,737	3,686,485
Current Liabilities	35,000	57,156	88,718	117,142	238,971	166,509
Net Assets	4,025,501	4,144,373	4,395,384	4,207,893	4,122,780	3,512,574
General Fund	2,737,817	3,042,806	3,266,694	3,523,374	3,657,691	3,512,574
Endowment Fund	930,972	826,384	879,881	554,833	435,241	-
Zakat Fund	94,005	70,093	120,503	72,901	29,848	-
HU Scholarship Fund	22,231	42,072	46,512	56,785	-	-
HU Student Loan Fund	240,476	163,018	81,794	-	-	-
Total Funds	4,025,501	4,144,373	4,395,384	4,207,893	4,122,780	3,512,574
Summary of Cash Flow Statement						
Cash and cash equivalents at beginning of year	388,967	403,986	349,243	295,505	401,112	231,297
Cash Flows from Operating Activities	183,988	8,571	429,425	239,109	734,936	1,386,363
Cash Flows from Investing Activities	(105,562)	(23,590)	(374,682)	(185,371)	(840,543)	(1,216,548)
Increase / (Decrease) in Cash and Cash Equivalents	78,426	(15,019)	54,743	53,738	(105,607)	169,815
Cash and cash equivalents at end of year	467,393	388,967	403,986	349,243	295,505	401,112