

DIRECTORS' REPORT

The directors of Habib University Foundation (the Foundation) are pleased to present their 14th Annual Report along with the audited financials for the year ended June 30, 2021.

The Foundation continues to focus in sponsoring the promotion and dissemination of quality higher education. It is committed to educating socially responsible students from diverse social, cultural, religious and economic backgrounds at Habib University by engaging them with outstanding scholars from around the world who help them become life-long, reflective learners who are able to positively contribute to society.

OVERVIEW OF UNIVERSITY ACTIVITIES

In the last quarter of the previous year, the global Covid-19 pandemic started impacting Pakistan. This in turn disrupted all aspects of life globally and academic institutions had to make significant adjustments to navigate these challenges. Habib University was quick to respond to these challenges through the selection and investment in appropriate technology and was quickly able to transition to online learning thereby continuing to advance towards its strategic objectives. This was crucial in ensuring academic continuity for its students, particularly for the graduating Class. During the Fall of 2020 semester, as the University was navigating these challenges, it used this opportunity to carefully reflect on making improvements in student academic experience as well as progressing towards its strategic objectives as under:

1. Outstanding Student Outcomes

This objective entails not only to ensure that students succeed academically, but also ensuring that once they graduate, are actively sought not only by top employers but also by top global graduate schools. While the transition to online teaching and learning posed several challenges, it also created possibilities to reflect and improve the University's curricular fabric and the support system that is available to students. Accordingly, an internal review of its programs in School of Arts, Humanities and Social Sciences led to an overhaul of the Communication & Design and the Comparative Humanities programs. After a thorough external review by the University's global partners, these are being introduced from the Fall 2021 semester. Similarly, the internal review for Social Development and Policy Program is currently ongoing and will also be followed by a rigorous external review in the coming months before being implemented.

While educational institutions faced the challenges of ensuring continuity of their academic programs through online teaching, another challenge faced was to bridge the gap of digital divide and financial constraints faced by many students. A specialized donor program for providing laptops and internet devices was launched to provide these to needy students. Similarly, a COVID Special Assistance Program was also launched to ensure that there were no student dropouts due to financial constraints. We are pleased to report that various corporates stepped up to support both these causes due to which our objectives were met. Moreover, no reductions were made in the scholarship and financial aid already committed to students.

In addition to the above, faculty development also had to be rethought in the online and in-person hybrid teaching and learning environment to ensure that it focused on more engaging pedagogical methods for an online environment and assessments. The mechanism to provide students with appropriate academic support was also bolstered to ensure that it continued to be effective in the

virtual environment. Simultaneously, student life activities along with the students mental and physical wellbeing were also prioritized during the reporting period with particular emphasis on ensuring a high-quality experience for the freshmen. These efforts ensured that the Class of 2021 graduated on schedule which is a remarkable achievement for the students and their faculty.

2. Institution of Choice

Achieving this strategic objective entailed crafting comprehensive and dynamic strategies to recruit high-quality faculty and students, knowing that the pandemic would continue to cause disruptions in recruitment efforts. A new faculty recruitment initiative – the “Dean’s Fellows” has been designed to attract young scholars of Pakistani origin, and optimal number and profile of faculty have been achieved. For student recruitment, a predominantly virtual campaign was designed given that most schools remained shut during the reporting period and this enabled almost on target student admission for the year. A vaccination drive was also initiated to inoculate our internal community from Covid-19. This coupled with a favorable vaccine administration regime by the government, we hope to see staff and faculty return to the campus in Fall 2021 and, with them, some sense of normalcy.

During the course of the year, the University was also able to create highly engaging intellectual platforms for the wider public through social media which allowed it to reach a much larger audience both in Pakistan and internationally. These platforms provide a source of projecting the unique mission and focus of the University to potential faculty, students and members of the wider community. During the year, Habib’s flagship Yohsin lecture was delivered by Noam Chomsky while the Post-colonial Higher Education Conference was delivered by globally acclaimed scholars. An intellectually rich webinar series, Islam after colonialism was also launched of which 16 episodes have already been telecast.

As part of the University’s goal to become ‘top nationally and globally accredited, 21st century undergraduate liberal arts and science university, a significant milestone was achieved by ensuring a promising start to the New England Commission for Higher Education (NECHE) accreditation process. Following the submission of the draft eligibility report, NECHE conducted a virtual ‘duck’ visit and their initial assessment of the University was very positive. As a result, the Habib Community has a lot to be proud of, in being so well in line with all the key features of one of the most grueling accreditation agencies in the world. The pursuit of NECHE accreditation also allowed the University to refine its curricular fabric to ensure its alignment with its vision, mission and values and institutional learning goals.

Sustainability and Resource Development

Habib University is not a tuition dependent institution and recovers less than 40% of its cost via tuition fee. As a result, efforts continue to engaging and building a global community of supporters who share the same vision and commitment to transforming the country by supporting the cause of higher education. Fundraising was however impacted due to Covid as donor preferences shifted towards supporting medical needs and communities affected by the economic conditions. With very few opportunities for in-person fund raising activities that were planned, community engagement was shifted to digital mediums. With the help of new and innovative narratives combined with virtual engagement avenues, we were able to not only keep encouraged our existing community of supporters, but more importantly, mobilize new prospects including corporate entities. As mentioned

earlier, technology support and COVID Special Assistance Program was well received by corporates and their support enabled us to provide much needed support to the needy students.

The office of Resource Development under the guidance of the relevant Board Committee focused on expanding the breadth of the community of supporters through the Regular Annual Giving program supported by a technology platform through a Web App making donation easy and accessible. During the second half of the year under review the program was piloted and lessons learnt through the pilot phase is helping us in refining and improving the program and in the coming months, focus is to increase its outreach through our existing community members and influencers in Pakistan. In addition, we are continuing to expand relationships with prominent corporate organizations through multipronged partnerships.

A scholarship fund is maintained out of which scholarships amounting to Rs. 316.8 million (2020: Rs. 252.8 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. 207.6 million was awarded to Habib University students during the year (2020: Rs. 179.6 million).

As part of the ongoing process towards sustainability of the University over the coming years, despite the uncertainties due to COVID, we were able to increase the endowment fund from Rs. 1,690.1 million in the previous year to Rs. 2,031.8 million at the end of June 2021.

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, 2021 are as under:

	Rs. in '000
Income	
Donation income	908,591
Gain on investments at FVTPL	36,080
Other income	174,441
	1,119,112
Expenditure	
Donations to related party – Habib University	118,896
Scholarship/Grants to Habib University students	354,009
Zakat to Habib University Students	207,598
Other donations	1,693
Depreciation	165,231
Amortization	1,370
Program and administrative expenses	25,871
Provision against financial guarantee for student loan	104,172
Recycling on sale of investments at FVTOCI	6,044
Net (surplus)/deficit on other projects	(2,504)
	982,380
Surplus for the year carried to respective funds	136,732

Auditors

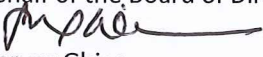
The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending June 30, 2022, for approval of the members' at the forthcoming Annual General Meeting.

Acknowledgments

The Board wishes to acknowledge the invaluable contribution of Dr. Chris Taylor, Vice President Academic Affairs and Dean of faculty who left the University at the end of the financial year. He joined the University in January 2019 and along with his team made major strides to establish frameworks of academic governance, program reviews and a robust structure of teaching and learning including our widely recognized pivot to online learning in face of urgent crises. He remained focused throughout his tenure to ensure that Habib University is recognized globally and worked with his team to ensure that the institution is well prepared to represent itself to NECHE.

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

On behalf of the Board of Directors.


Parvez Ghias
Chief Executive Officer




Director

Karachi: September 20, 2021

Financial Highlights - Six years key Operating and Financial information is as under:						
	Rupees in thousands					
	2021	2020	2019	2018	2017	2016
Operating Results						
Donations/Contributions received	919,091	1,340,877	837,776	617,280	1,057,649	915,715
Other income	174,441	143,530	94,654	92,871	64,283	51,487
Donations given	118,896	208,562	153,250	213,275	306,012	348,032
Scholarships given to students	316,807	252,766	299,267	259,576	181,307	162,332
Zakat & Grant provided to students	244,800	205,398	155,906	113,278	71,377	38,617
Program and Administrative Expenses	21,616	29,007	30,488	20,165	3,310	5,107
Provision against financial guarantee for student loan	104,172	-	-	-	-	-
(Deficit) / surplus of Income over Expenditure	136,732	553,788	(68,527)	(251,011)	187,491	85,113
Financial Position						
Property, plant and equipment	2,396,810	2,545,260	2,685,350	2,873,634	3,055,917	3,234,225
Long term investments	1,453,149	966,890	670,696	569,906	583,915	384,159
Other Non-Current Assets	2,020	3,390	56,345	150,236	241,043	345,503
Current Assets	1,043,399	1,150,496	648,110	607,753	603,227	361,718
Total assets	4,895,378	4,666,036	4,060,501	4,201,529	4,484,102	4,325,605
Current Liabilities	139,193	38,358	35,000	57,156	88,718	117,142
Net Assets	4,756,185	4,627,678	4,025,501	4,144,373	4,395,384	4,207,893
General Fund	2,523,831	2,596,768	2,737,817	3,042,806	3,266,694	3,523,374
Endowment Fund	2,031,787	1,690,103	930,972	826,384	879,881	554,833
Zakat Fund	67,125	85,197	94,005	70,093	120,503	72,901
HU Scholarship Fund	8,858	6,585	22,231	42,072	46,512	56,785
Grant Fund	4,685	5,786	-	-	-	-
Other Project Fund	3,316	694	-	-	-	-
HU Student Loan Fund	116,583	242,545	240,476	163,018	81,794	-
Total Funds	4,756,185	4,627,678	4,025,501	4,144,373	4,395,384	4,207,893
Summary of Cash Flow Statement						
Cash and cash equivalents at beginning of year	456,466	467,393	388,967	403,986	349,243	295,505
Cash Flows from Operating Activities	199,915	645,417	183,988	8,571	429,425	239,109
Cash Flows from Investing Activities	(193,876)	(656,344)	(105,562)	(23,590)	(374,682)	(185,371)
Increase / (Decrease) in Cash and Cash Equivalents	6,039	(10,927)	78,426	(15,019)	54,743	53,738
Cash and cash equivalents at end of year	462,505	456,466	467,393	388,967	403,986	349,243