

HABIB UNIVERSITY FOUNDATION

DIRECTORS REPORT

2023-24

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Directors' Report

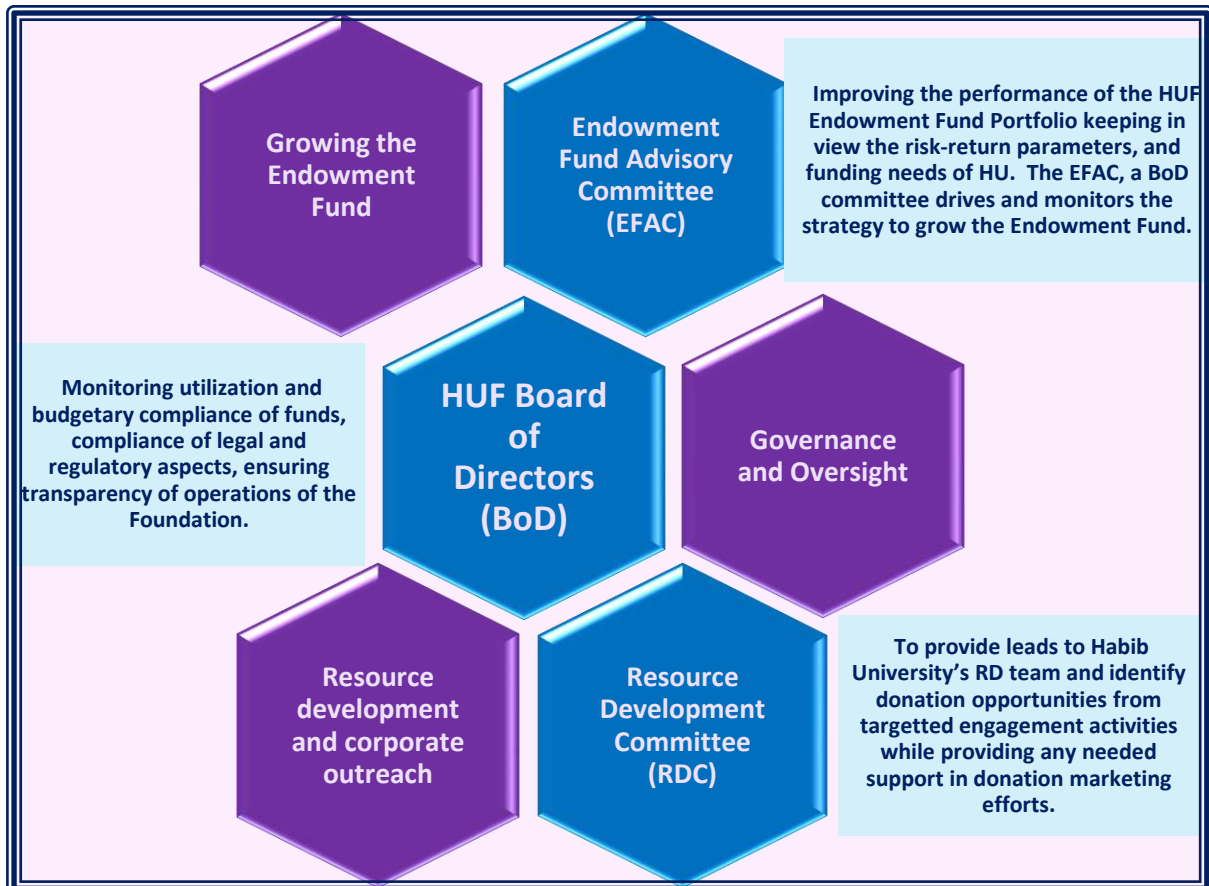
The directors of *Habib University Foundation (the Foundation / HUF)* are pleased to present their *17th Annual Report along with the audited financials for the year ended June 30, 2024.*

Foundation's purpose:

Habib University (the University / HU) stands as Pakistan's premier not-for-profit liberal arts institution, proudly supported by its generous donor community. With almost 85% of its student body benefiting from scholarships or financial aid, HU exemplifies one of the most philanthropic higher education institutions not just in Pakistan but across the world.

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

- i. Governance and oversight*
- ii. Endowment Fund management*
- iii. Resource development*



The Foundation and the Pakistani context:

Education is a critical driver of economic development and social progress. However, Pakistan's education system faces significant challenges that hinder its potential to produce skilled, knowledgeable, and innovative citizens. The gaps in primary and secondary education, coupled with inadequate higher education infrastructure, have created a cycle of educational stagnation.

Pakistan suffers from alarmingly low enrollment rates at all levels of education.

According to UNESCO, the net enrollment rate at the primary level in Pakistan is around 75%, while at the secondary level, it drops to 51%. In higher education, only 10% of college-age students are enrolled in universities, which is far below the global average.

The dropout rate also continues to be extremely high, particularly among girls, who face social, cultural, and financial barriers to continuing their education.

Pakistan's growing youth population has the potential to become a powerful engine of economic growth. However, without access to quality university education, many young people enter the workforce without the skills required for a modern economy. A strong university system plays a key role in driving research, innovation, critical thinking and technological advancement. High-quality university education can serve as a powerful tool for social mobility, providing opportunities for individuals from all socioeconomic backgrounds to improve their standard of living. It can help bridge the gap between different segments of society, reducing inequality.

Scholarships, financial aid programs, and equitable access to education are crucial to ensuring that students from disadvantaged backgrounds can benefit from higher education. This inclusivity is essential for creating a more cohesive and just society. In today's globalized world, Pakistan must compete with other nations not only in terms of economic output but also in terms of intellectual and academic excellence.

Universities that meet international standards contribute to the global reputation of the country, attract foreign investment, and enable students to participate in global academic and professional networks.

By improving the quality of higher education, Pakistan can enhance its international competitiveness and contribute to global innovation and development.

The Foundation and Habib University act as beacons of hope in Pakistan's cataclysmic state of affairs by trying to address many of these challenges with the support of our generous Mohsineen.

Similar to last year, 2023-24 continued to provide a huge array of challenges to the Foundation and the University, as the Pakistani economy continued to undergo severe turbulence amid economic and political instability.

- ❑ Persistent high levels of inflation and unemployment took a toll on students resulting in increased need for financial aid and support.
- ❑ Given the country's tumultuous situation faculty retention also continued to be a key challenge for the University.
- ❑ Similarly, our generous donor community (*Mohsineen*) was also on the receiving end of these economic challenges and uncertainties with lackluster economic and business growth during the year.

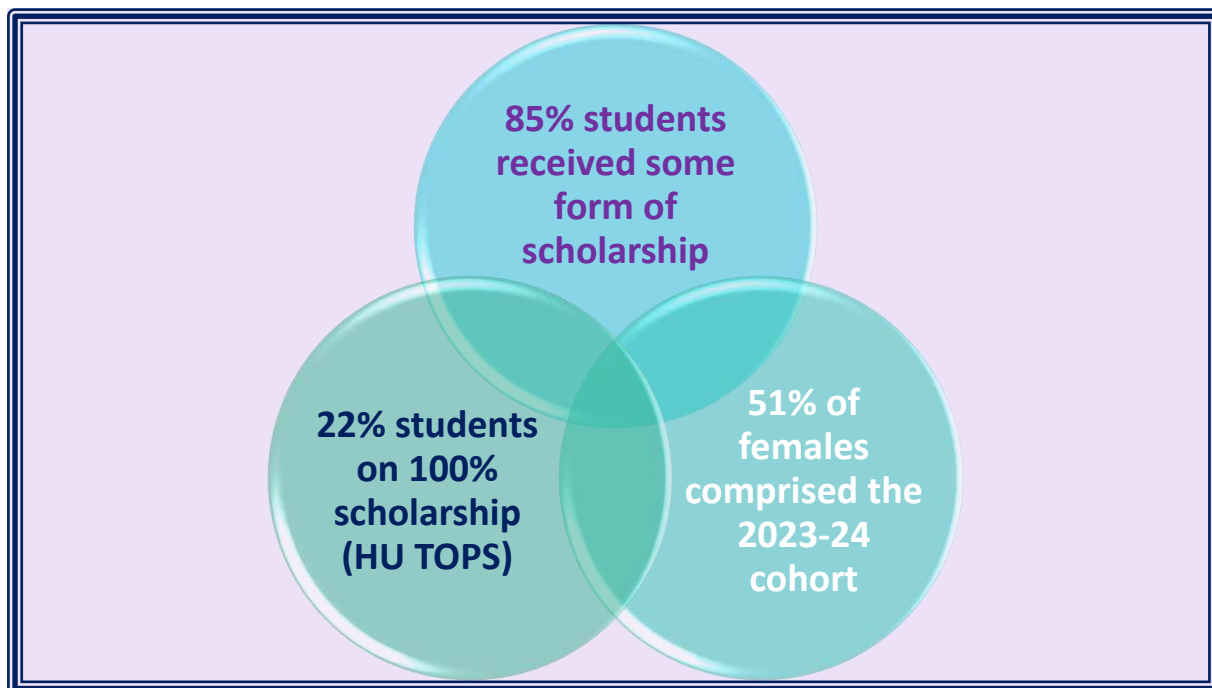
Despite these challenges, the Foundation through its amazing *Mohsineen* community continued to navigate the environment successfully.



Our Mohsineen raised more than Rs. 2.16 billion to support this phenomenal vision with the House of Habib leading the way with more than 58% of the total donations during the year.

With the visionary leadership of President, Mr. Wasif Rizvi, the University kept true to its mission and continued to identify opportunities to improve the University's stature. 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.

Staying aligned to the Mission



The Foundation through its generous *Mohsineen* community continues to support the University to provide scholarships to the largest number of students possible.

*This year the University again met its commitment of providing 85% of its students with some form of scholarship and financial aid. In the current challenging and unprecedented financial environment that Pakistan is witnessing it is nothing less than a miracle that has only been achieved due to the generosity of our *Mohsineen*.*

*Further, what was even more admirable was that 87% of the Class of 2024 received some form of scholarship or financial aid due to the *Mohsineen* continuing to stand by the larger community in times of need.*

The University's flagship scholarship program i.e. the HU TOPS program continues to offer 100% scholarships to the most talented students coming from financially disadvantaged backgrounds.

In the year 2023-24, the TOPS program continued on its philanthropic mission to find and fund the most talented individuals and provided 100% scholarships to an unprecedented 22% of the total student cohort.

One of the key objectives of the University is women empowerment. In 2023-24 the University facilitated and supported a high proportion of female intake of 51%.

Student Success – Achieving excellence

Consistent with previous years, HU students continued to achieve remarkable success during the current year and repay the faith that our generous *Mohsineen* have placed in them by achieving bigger and better things.

More than 43% of the graduating Class of 2024 had either secured job offers or been admitted to graduate schools before their convocation.

Furthermore, before graduation two students from the Class of 2024 have achieved noteworthy achievements of getting 100% scholarships to leading international schools i.e. *Stanford University and Harvard University*. Other than these multiple students have gotten admission to schools such as *MIT, Columbia, Georgetown, Calgary*, etc. due to their outstanding talent and performance.

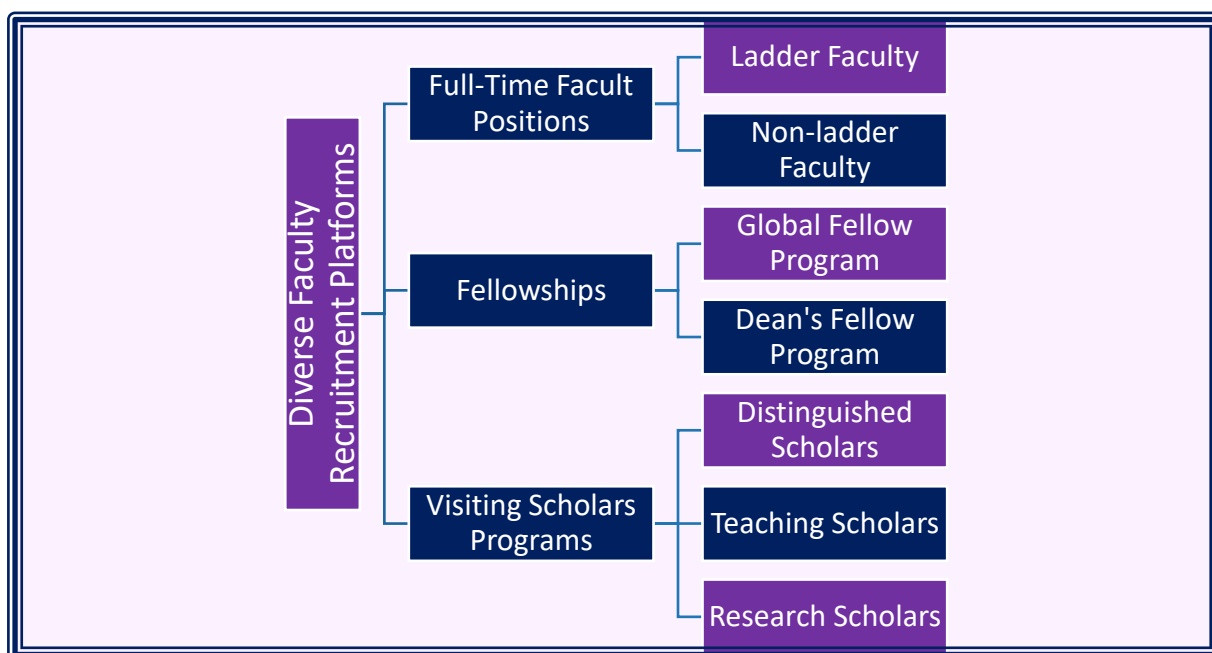
The above handful of examples are a small measure of the success that the University's Career Curation Program and Graduate School Curation Program achieve every year on behalf of the students.



Institution of Choice – Faculty at the heart of intellectual discourse

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.

The deterioration in the domestic economic and political situation has become a deterrent to both attracting and retaining faculty. To counter this the University continues to focus on various programs to attract and retain faculty.



Institution of Choice - Independent Accreditation

To establish itself as a leader and maintain its advantage in pedagogical excellence and innovation, Habib University is constantly upgrading its internal academic assessment and training processes. These are then assessed by independent evaluators and professional bodies to verify the University's institutional depth.

The University continues to obtain accreditation from recognised institutions such as:

- ❑ Pakistan Engineering Council (PEC) for Electrical Engineering and Computer Engineering
- ❑ 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)*, the University is now at the intermediate candidacy stage of accreditation which involves the institution submitting a comprehensive self-study. This is

currently ongoing with departments preparing drafts of 9 standards of review by the NECHE Steering Committee.

There are two upcoming visits that the University is preparing for and looking forward to progressing its candidacy:

- ❑ Dr. Carol Anderson (NECHE VP): October 2024 to provide feedback on drafts and support the self-study process.
- ❑ Dr. William Clements (Candidacy Evaluation Chair): December 2024 to review progress and prepare logistics for the April 2025 Candidacy visit.



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.

This means that fees from students only 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.

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.

In 2023-24, the resource development (RD) team mobilised Rs. 894.3 million (35.8% higher) as against the original target of Rs. 658.6 million from the *Mohsineen* community.



On the international side, the Resource Development 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 donor. Given these initiatives now underway, we are confident that with the continued support of our *Mohsineen* and the House of Habib, the University will remain steadfast in furthering its mission 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.

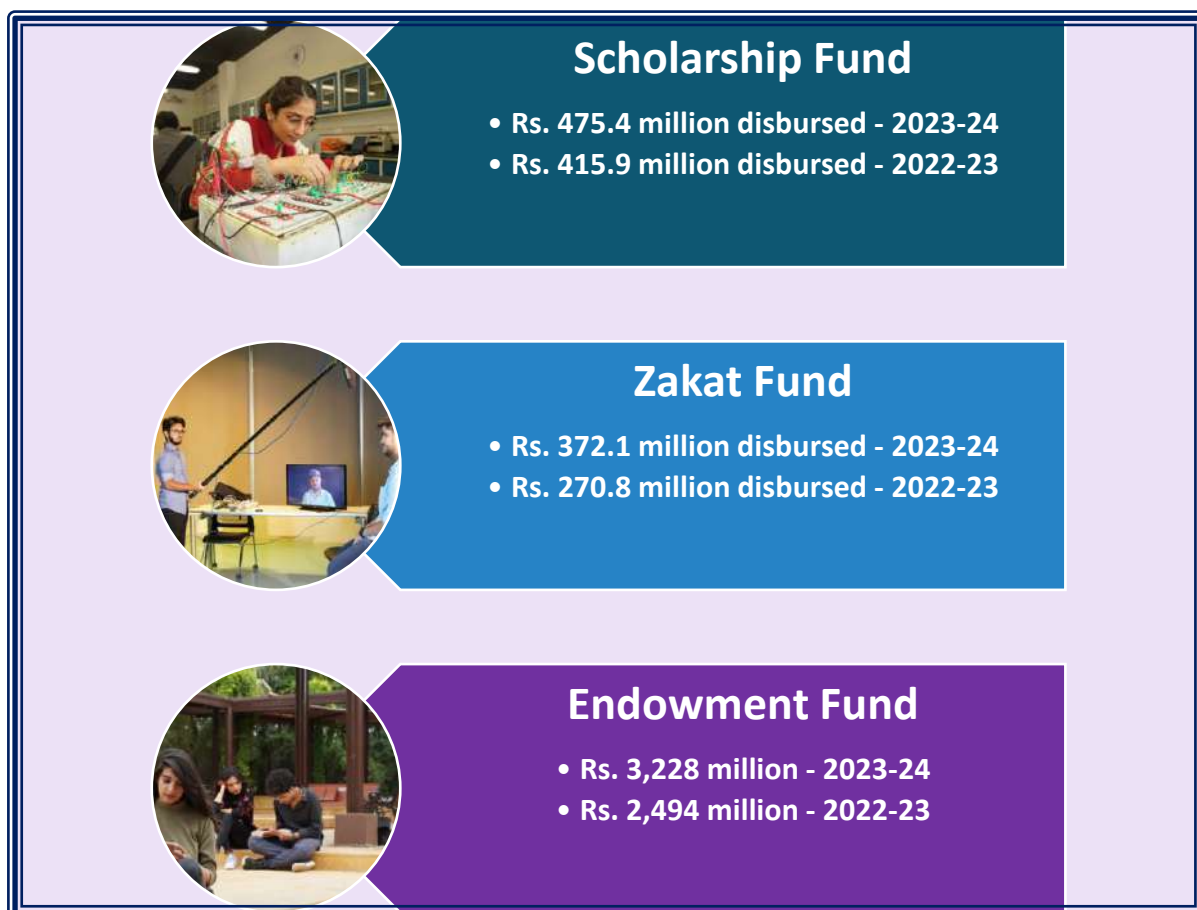


Financial highlights

The Foundation maintains a **Scholarship Fund** out of which scholarships amounting to Rs. 475.4 million (2023: Rs. 415.9 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 with financial assistance. The Foundation's Zakat collection and utilisation continues to be reviewed by a Shariah Advisor and an annual Shariah Compliance Report is received. Through the **Zakat Fund**, an amount of Rs. 372.1 million was awarded to Habib University students during the year (2023: Rs. 270.8 million).

As part of the ongoing process towards sustainability of the University over the coming years, the **Endowment Fund** grew from Rs. 2,494 million in the previous year to Rs. 3,228 million at the end of June 2024.



Financial Reporting Framework

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

- ❑ The financial statements prepared by the Foundation present fairly its situation, the result of its operations, cash flows, and statement of changes in funds.
- ❑ Proper books of account have been maintained by the Foundation.
- ❑ Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- ❑ 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.
- ❑ 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 of further strengthening the controls and improving the system.
- ❑ 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, 2024, are as under:

	Rs. in '000
Income	
Donation income	2,190,762
Other income	580,350
Total income	2,771,112
Expenditure	
Donations to Habib University, a related party	525,112
Donations to Habib University Students	899,468
Depreciation	158,758
Program and administrative expenses	100,597
Reversal Of Provision Against Financial Guarantee For Student Loan	(4,934)
Recycling on sale of investments at FVTOCI	22,685
Gain on investment at fair value through profit or loss (FVTPL)	(249,743)
Expenditure on other projects	6,980
Total Expenditure	1,458,923
Surplus for the year carried to respective funds	1,312,189

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 A.F. Ferguson & Co., Chartered Accountants, retired and being eligible, have offered themselves for re-appointment. The Board has recommended PwC as auditors for the year ending June 30, 2025, 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.

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. Rafiq M. Habib (Chair)	11	Mr. Muslim R. Habib
2	Ms. Aameena Saiyid	12	Ms. Nargis Soorty
3	Mr. Amir Rasool Paracha	13	Mr. Qumail R. Habib
4	Mr. Arif Habib	14	Mr. Shahbaz Yasin Malik
5	Mr. Azam Faruque	15	Mr. Syed Salim Raza
6	Mr. Mohamedali Rafiq Habib	16	Mr. Tariq Rafi
7	Mr. Mohamed Bashir	17	Lt. General Tariq Waseem Ghazi (Retd.)
8	Mr. Muhammad Ali Tabba	18	Mr. Wasif A. Rizvi
9	Mr. Muhammad Asif Peer	19	Ms. Zahida Habib
10	Mr. Muhammad Hyder Habib	20	Ms. Zeelaf Munir
		21	Mr. Nadeem Naqvi – CEO

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.



Sheraz Siddiqui
Chief Executive Officer



Director

Karachi: October 3, 2024

Financial highlights – Six years' Key Operating and Financial information

	<i>Rupees in thousands</i>					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Results						
Donations / Contributions received	2,190,762	1,060,579	1,018,447	919,091	1,340,877	837,776
Other Income	580,350	455,092	232,042	174,441	143,530	94,654
Donations Given	525,112	143,271	130,870	118,896	208,562	153,250
Scholarships / Zakat / Grant provided to Students	899,468	735,998	618,891	561,607	458,164	455,173
Loss / (Gain) on investments	(227,058)	30,830	38,532	(30,036)	(5,725)	60,977
Depreciation & Amortization	158,758	131,939	154,170	166,601	233,980	306,278
Program and Administrative Expenses	86,148	34,600	26,703	21,616	29,007	27,165
Expenditure on other project	6,980	5,814	6,707	7,996	1,870	(5,209)
Investment related expenditures	14,449	11,032	6,991	5,948	4,761	3,323
(Reversal)/Charge of provision against Financial Guarantee (FG) for Students Loan	(4,934)	(11,867)	10,625	104,172	-	-
Surplus / (deficit) of Income over Expenditure	1,312,189	434,054	257,000	136,732	553,788	(68,527)
Financial Position						
Property, plant and equipment	2,666,467	2,651,249	2,311,647	2,396,810	2,545,260	2,685,350
Long term investments	672,623	908,741	510,955	1,453,149	966,890	670,696
Accrued profit	85,443	-	-	-	-	-
Other Non-Current Assets	2,020	2,020	2,020	2,020	3,390	56,345
Current Assets	3,562,447	2,243,398	2,347,584	1,043,399	1,150,496	648,110
Total assets	6,989,000	5,805,408	5,172,206	4,895,378	4,666,036	4,060,501
Current Liabilities	241,133	395,698	185,818	139,193	38,358	35,000
Net Assets	6,747,867	5,409,710	4,986,388	4,756,185	4,627,678	4,025,501
General Fund	2,907,719	2,592,180	2,534,194	2,523,831	2,596,768	2,737,817
Endowment Fund	3,228,639	2,494,215	2,153,838	2,031,787	1,690,103	930,972
Zakat Fund	121,138	83,549	92,738	67,125	85,197	94,005
HU Scholarship Fund	407,630	165,330	117,821	8,858	6,585	22,231
Grant Fund	17,668	317	2,499	4,685	5,786	-
Other Project Fund	16,849	1,106	728	3,316	694	-
HU Student Loan Fund	48,224	73,013	84,570	116,583	242,545	240,476
Total Funds	6,747,867	5,409,710	4,986,388	4,756,185	4,627,678	4,025,501
Summary of Cash Flow Statement						
Cash and cash equivalents at beginning of year	452,668	635,127	462,505	456,466	467,393	388,967
Cash Flows from Operating Activities	566,577	253,524	292,838	199,915	645,417	183,988
Cash Flows from Investing Activities	(203,382)	(435,983)	(120,216)	(193,876)	(656,344)	(105,562)
Increase / (Decrease) in Cash and Cash Equivalents	363,195	(182,459)	172,622	6,039	(10,927)	78,426
Cash and cash equivalents at end of year	815,863	452,668	635,127	462,505	456,466	467,393