FRIENDS OF INDUS HOSPITAL, INC.

A NON-PROFIT ORGANIZATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(With Independent Auditor's Report)

FRIENDS OF INDUS HOSPITAL, INC.
Financial Statements
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Friends of Indus Hospital

Opinion

We have audited the accompanying financial statements of Friends of Indus Hospital (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Indus Hospital as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Friends of Indus Hospital, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Indus Hospital's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 Friends of Indus Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Indus Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

P&K CPAs LLC

Parsippany, New Jersey
August 1, 2024

FRIENDS OF INDUS HOSPITAL, INC.
Statements of Financial Position
December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
ASSETS		
Assets		
Cash and cash equivalents	$ 6,287,986	$ 13,673,837
Contributions receivable	306,326	71,384
Prepaid grant expenses	521,169	-
Investments	44,381	-
Total assets	**$ 7,159,862**	**$ 13,745,221**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 112,804	$ 8,728
Accrued expenses	4,364,446	7,406,313
Other current liabilities	139	270
Total liabilities	4,477,389	7,415,311
Net Assets		
Without donor restrictions	2,682,473	6,329,910
With donor restrictions	-	-
Total net assets	2,682,473	6,329,910
Total liabilities and net assets	**$ 7,159,862**	**$ 13,745,221**

See independent auditor's report and notes to financial statements.

FRIENDS OF INDUS HOSPITAL, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023			2022		
Operating activities	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support						
General donations	$ 8,279,259	$ -	$ 8,279,259	$ 8,050,887	$ -	$ 8,050,887
Zakat fund income	-	5,933,453	5,933,453		6,508,151	6,508,151
In-kind donations	494,978	-	494,978			
Hospital expansion	-	-	-		139,349	139,349
Sadqa	-	-	-		629,085	629,085
Equipment	-	-	-		119,328	119,328
Dinner ticket sales	229,589	-	229,589	277,004	-	277,004
Less:costs of direct benefits to donors	(245,191)	-	(245,191)	(265,547)	-	(265,547)
Miscellaneous income	4,167	-	4,167	1,536	-	1,536
Net assets released from restrictions	5,933,453	(5,933,453)	-	7,395,913	(7,395,913)	-
Total revenues and support	14,696,255	-	14,696,255	15,459,793	-	15,459,793
Expenses						
Program services						
Hospital expansion and other services	16,434,702	-	16,434,702	11,439,740	-	11,439,740
Total program services	16,434,702	-	16,434,702	11,439,740	-	11,439,740
Supporting services						
Fundraising	1,719,876	-	1,719,876	1,826,239	-	1,826,239
General and administrative	235,337	-	235,337	115,718	-	115,718
Total supporting services	1,955,213	-	1,955,213	1,941,957	-	1,941,957
Total expenses	18,389,915	-	18,389,915	13,381,697	-	13,381,697
Changes in net assets from operating activities	(3,693,660)	-	(3,693,660)	2,078,096	-	2,078,096
Non-operating activities						
Interest and dividend income	46,223	-	46,223	10,092	-	10,092
Changes in net assets:	(3,647,437)	-	(3,647,437)	2,088,188	-	2,088,188
Net assets - beginning of year	6,329,910	-	6,329,910	4,241,722	-	4,241,722
Net assets - end of year	$ 2,682,473	$ -	$ 2,682,473	$ 6,329,910	$ -	$ 6,329,910

See independent auditor's report and notes to financial statements.

FRIENDS OF INDUS HOSPITAL, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2023 and 2022

	2023				2022			
	Hospital Expansion and Other Services	Fundraising	General and Administrative	Total	Hospital Expansion and Other Services	Fundraising	General and Administrative	Total
Hospital construction and expansion	$ 15,947,656	$ -	$ -	$ 15,947,656	$ 11,062,800	$ -	$ -	$ 11,062,800
Medical equipment, services and software	261,186	-	-	261,186	-	-	-	-
Laboratory services	171,360	-	-	171,360	338,582	-	-	338,582
Bank charges	-	254,534	-	254,534	-	370,708	-	370,708
Professional fees	54,500	160,379	37,506	252,385	35,700	195,960	29,085	260,745
Consulting and other	-	-	-	-	2,658	-	-	2,658
Event production	-	202,135	-	202,135	-	275,213	-	275,213
Advertising and marketing	-	1,044,925	-	1,044,925	-	885,769	-	885,769
Auto and travel	-	57,903	-	57,903	-	91,676	-	91,676
Licenses, permit and registration fees	-	-	4,349	4,349	-	6,913	15,709	22,622
Insurance	-	-	1,767	1,767	-	-	1,018	1,018
Office expense	-	-	51,130	51,130	-	-	37,079	37,079
Rent expense	-	-	24,000	24,000	-	-	-	-
Salaries and payroll taxes	-	-	116,585	116,585	-	-	32,827	32,827
Total expenses	**$ 16,434,702**	**$ 1,719,876**	**$ 235,337**	**$ 18,389,915**	**$ 11,439,740**	**$ 1,826,239**	**$ 115,718**	**$ 13,381,697**

See independent auditor's report and notes to financial statements.

FRIENDS OF INDUS HOSPITAL, INC.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
Cash flows from operating activities		
Changes in net assets from operating activities	$ (3,693,660)	$ 2,078,096
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
Contributions receivable	(234,942)	83,968
Prepaid grant expenses	(521,169)	-
Other current assets	-	3,500
Accounts payable	104,076	(34,038)
Accrued expenses	(3,041,867)	4,972,512
Other current liabilities	(131)	108
Net cash provided by (used in) operating activities	(7,387,693)	7,104,146
Cash flows from investing activities		
Investment purchases - net	(44,381)	-
Interest and dividends received	46,223	10,092
Net cash provided by investing activities	1,842	10,092
Net increase (decrease) in cash and cash equivalents	(7,385,851)	7,114,238
Cash and cash equivalents, beginning of year	13,673,837	6,559,599
Cash and cash equivalents, end of year	**$ 6,287,986**	**$ 13,673,837**
Supplemental disclosure of cash flow information		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

See independent auditor's report and notes to financial statements.

NOTE 1 - ORGANIZATION AND PURPOSE

Friends of Indus Hospital, Inc. ('FOIH" or "Organization") is a 501c (3) nonprofit New Jersey corporation established in 2006.

The Organization's mission is to support the Indus Health Network, which is Pakistan's first state of the art network of multidisciplinary healthcare facilities and services. FIOH supports The Indus Hospital, located in Karachi, and Lahore, two state-of-the-art care centers providing quality healthcare to everyone in Pakistan completely free of charge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements of FOIH have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

BASIS OF PRESENTATION

The Organization has adopted Accounting Standards Update ("ASU") NO. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 became effective for annual reporting periods beginning after December 15, 2017. These financial statements have been prepared to focus on the FOIH as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and presented as follows:

- Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions, either for a specific purpose, subject to the passage of time or when the original dollar value is to remain in perpetuity as a permanent endowment of the Organization. Some donor restrictions are temporary in nature, which will be met by actions of the Board or passage of time.

RECENT ACCOUNTING PRONOUNCEMENTS ADOPTED

The Financial Accounting Standards Board (FASB) issued ASU 2016-02 *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on a lessee's statement of financial position. This guidance became effective for fiscal years beginning after December 15, 2021. FOIH adopted this standard as of January 1, 2023 when it entered into a lease agreement for rental of its premises. In accordance with this standard, FOIH has elected the practical expedient for short-term leases allowing entities with leases 12 months or less to leave them off their statement of financial position.

MEASURE OF OPERATIONS

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

CASH AND CASH EQUIVALENTS

At December 31, 2023, cash and cash equivalents consist of deposits held in checking, savings, and money market accounts. FOIH considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

CONTRIBUTIONS RECEIVABLE AND ACCOUNTING STANDARDS UPDATE 2022-02

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2022-02, Financial Instruments – Credit Losses (Topic 326). This new standard, effective for reporting years after December 15, 2022, requires companies to consider future events and forecasts in estimating credit losses on financial instruments such as contributions receivable. On January 1, 2023, the Company adopted the new accounting guidance related to the allowance for credit losses on contributions receivable. The impact of adoption of this standard was not material.

Contributions receivable are pledges by donors that are expected to be collected within one year and are recorded at net realizable value.

INVESTMENTS

Purchased investments are initially recorded at their cost. Subsequent to their acquisition, investments are adjusted to their fair values as of the date of the statement of financial position. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values as of the end of the financial statement period. Investment transactions are recorded on a trade-date basis. All gains and investment income are without donor restrictions.

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT

FOIH recognizes revenue received as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions

ZAKAT DONATIONS

Zakat is a religious obligation of Muslims who meet the necessary criteria to donate a certain portion of their wealth to charitable causes. FOIH considers Zakat to be a restricted donation to be used solely in the service of its programs to support the Indus Hospital health network,

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

IN-KIND CONTRIBUTIONS

FOIH may, at times, receive donations of securities. Donated securities are recorded at fair market value on the date of donation. All donated securities are sold immediately. Any difference between the fair market value of the donated securities and amount realized upon the sale is reported as an adjustment to the fair market value on the date of donation.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and support services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Professional fees are attributable to more than one program or supporting function and are. are allocated based on time and effort.

In the course of fulfilling its mission and purpose, each year the Organization authorizes distribution of certain grants for medical care at participating hospitals. The authorized distributions are recorded as program expenses in the financial statements of the Organization when the grants are approved.

ADVERTISING

The Organization expenses all advertising costs in the year incurred. Advertising and marketing expenses for the years ended December 31, 2023 and 2022 were $1,044,925 and $885,769, respectively.

INCOME TAXES

FOIH is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made.

Management has analyzed the tax positions taken by FOIH and has concluded that as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The federal tax returns of FOIH for the years ended December 31, 2021 through 2023 are subject to examination by the IRS and other taxing authorities, generally for three years after they were filed.

FAIR VALUE MEASUREMENTS

The FOIH considers the carrying amounts of financial instruments, including cash and cash equivalents, receivables, payables and accrued expenses to approximate their fair values because of their relatively short maturities.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject FOIH to concentrations of credit risk consist principally of cash deposits held in financial institutions and investments.

FOIH maintains its cash in bank deposit accounts, which, at times may exceed $250,000 federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, $4,242,882 and $12,300,125, respectively, were held in three bank accounts that were uninsured.

Investments are exposed to various risks, but FOIH manages its risks by limiting the amount of equities it holds and only using well-known brokerage firms.

NOTE 3 – INVESTMENTS

Investments are stated at fair value based on quoted prices in active markets and consist of the following at December 31, 2023 and 2022:

	2023	2022
Equities	$44,361	$ -
Mutual Funds	20	-
Total	$44,381	$ -

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 Inputs – Unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equities: Investments in equities totaling $44,361 as of December 31, 2023, include investments in securities traded in active markets for which closing prices are readily available.

Mutual Funds: The fair values of mutual funds totaling $20 are calculated at quoted market prices in active markets as of December 31, 2023, which are Level 1 measurements.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The classification of the organization's investment securities at fair value is as follows at December 31, 2023.

December 31, 2023	Level 1	Level 2	Level 3	Total
Equities	$44,361	$ -	$ -	$44,361
Mutual Funds	20	-	-	20
Total	$44,381	$ -	$ -	$44,381

NOTE 5 - CONTRIBUTIONS

All support comes from foundations, trusts, business entities, individuals, and other charitable organizations. Additional income is received from the Organization's fundraising events.

One family foundation, four individuals/families, and one anonymous donor accounted for approximately 8% of total support and revenue for the year ended December 31, 2023.

NOTE 6 – LEASES

FOIH entered into a one-year lease agreement to rent the premises in which it operates out of. FOIH is only responsible for rent and utilities. The lease agreement expired December 31, 2023. In accordance with ASC 842, FOIH has chosen to implement the practical expedient for short-term leases allowing entities with leases of 12 months or less to leave them off the balance sheet. Lease expense for the year ending December 31, 2023 was $24,000.

NOTE 7 - RELATED PARTY TRANSACTIONS

Board members and/or their related entities contribute to FOIH's revenue. Board members and/or their related entities contributed $84,816 and $106,195 during the years ended December 31, 2023 and 2022, respectively.

NOTE 8 – FUNDRAISING EVENTS AND COSTS

Ticket income derived from such events amounted to $229,589 and $277,004 for the years ended December 31, 2023 and 2022, respectively. Other contributions are received from donors at these events. FOIH incurs various costs to raise funds and solicit additional contributions. Fundraising costs include expenses for hotel and hall rentals, guest speakers, audio and visual, printing, supplies and security. Direct costs to donors include the costs of catering and celebrity entertainment.

NOTE 9 - DONATED SERVICES

Contributions of services are recorded as both revenue and expense in the fiscal year in which they are received, provided that the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the year, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed service required under generally accepted accounting principles and, accordingly, is not included in the accompanying financial statements

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

FOIH's financial assets available within one year of the balance sheet date for general expenditures consist of the following at December 31:

	2023
Financial assets, at year end	
Cash and cash equivalents	$6,287,986
Contributions receivable	306,326
Prepaid grant expenses	521,169
Investments	44,381
Financial assets available to meet general expenditures over the next year	$7,159,862

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

FOIH manages its financial assets to be available as its operating expenditures, liabilities, and other obligations become due.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events through August 1, 2024, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the financial statements.