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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

AUDITED FINANCIAL STATEMENTS
OF
TRANSFORMATION INTERNATIONAL SOCIETY
FOR THE YEAR ENDED
JUNE 30, 2026

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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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September 15, 2026

The Board of Governors
Transformation International Society
Main University Road,
Gulshan-e-Iqbal
Karachi

Audit of financial statements for the year ended June 30, 2026

Dear Sirs,

We have completed our fieldwork for the audit of **Transformation International Society ('the Society')** for the year ended **June 30, 2026** and are pleased to enclose the draft financial statements prepared by management, which have been initialed by us for identification purpose, together with our draft audit report thereon. We shall sign our report, in its present or amended form, after the captioned financial statements have been approved and signed by the trustees of the Society authorized in this behalf and after we receive the following:

(a) Trustees' specific approval for the following:

Particulars	Rupees
Additions to Property and Equipment	5,537,157
Donation Income	198,007,727
Donation to Other NGO's	1,627,623

(b) Management representation letter duly signed by the Trustee of the Society;

(c) Responses to our request for bank confirmations.

2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in an audit of financial statements, are explained in International Standard on Auditing 200.While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the Society's management. The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Society and prevention and detection of frauds and irregularities. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

We would like to inform the management that unless we have signed the auditors' report on these financial statements, the same shall remain and be deemed unaudited.

We would like to place on record our appreciation for the co-operation and courtesy extended to us by the management and concerned staff during the course of our audit.

Yours truly,

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of **Transformation International Society** ('the Society') which comprise the statement of financial position as at **June 30, 2026**, the statement of income and expenditure, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2026 and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Responsbilities of Management and Those Charged with Governance for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Trustees are responsible for assessing the Society's ability to continue as going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquadate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsbilities 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 a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Cont'd... P/2

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Auditor's Responsbilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 purposes of expressing an opinion on the effectiveness of the Society's Internal Control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained , whether a material uncertainity exists related to events or conditions that may cast significant doubt on the Society's ability to continue as going concern. If we conclude that a material uncertainity exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Further, we communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Rafiq Dosani

Karachi.

Dated: September 16, 2026
UDIN: AR202610210Fs53EwZKX

Transformation International Society

Statement of Financial Position
As at Jun 30, 2026

ASSETS	Note	2026	2025
		Rupees	
Non-current assets			
Property and equipment	5	15,247,481	11,913,582
		15,247,481	11,913,582
Current assets			
Loan, advances and other receivables	6	8,612,218	32,761,965
Cash and bank balances	7	9,957,072	741,995
		18,569,290	33,503,960
Total assets		33,816,771	45,417,542
CAPITAL AND LIABILITIES			
Accumulated surplus			
Capital fund	8	(12,847,430)	(25,288,865)
		(12,847,430)	(25,288,865)
Current liabilities			
Accrued and other liabilities	9	46,664,201	70,706,407
		46,664,201	70,706,407
Total surplus and liabilities		33,816,771	45,417,542

The annexed notes from 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

Transformation International Society

Statement of Income and Expenditure

For the year ended Jun 30, 2026

	2026	2025
	Rupees	
Income		
Donation	198,007,727	139,203,894
Bank Profit	900,892	147,007
Voluntary Contribution	3,113,267	7,934,294
	202,021,886	147,285,195
Less: Expenses Relating to Welfare Activities (Direct Expenses)		
Direct salaries and allowances	31,446,595	18,588,084
Advertisement and digital marketing expenses	27,510,302	55,388,335
Professional Fees	1,603,831	917,450
Audit fee	410,000	360,000
Training and development expense	22,906,451	8,789,319
Shadi funds	465,000	5,615,000
Donation Expense	1,627,623	2,836,563
Ration distribution	505,200	2,215,480
Printing stationary	2,085,465	2,200,802
Qurbani expense	2,664,950	9,354,000
Medical support	3,152,502	655,719
Research and development	12,191,348	6,964,573
Maintenance services	5,972,076	5,823,975
Membership fee	807,518	452,753
Utilities expense	537,418	408,463
Depreciation	2,203,258	1,878,558
Entertainment	2,460,380	2,312,704
Travelling expense	9,148,854	3,137,673
Excise and taxation	589,047	-
Rent expense	3,900,000	1,950,000
Accommodation charges	2,044,350	2,332,311
Computer repair and maintenance	324,500	159,250
Consultancy charges	2,150,000	1,800,000
Internet charges	98,119	77,626
Postage and couriers	227,566	199,470
Fees & Subscription	955,671	625,704
Ceremonial expenses	1,728,075	5,155,739
Repair and maintenance	5,461,909	3,271,192
Clinical Expenditure	5,316,293	10,199,925
Sponsorship	912,000	875,000
Staff lunch	2,555,734	1,933,512
Clinic accessories	1,395,503	102,420
Software expense	4,724,164	4,348,014
Accessories	792,495	758,638
Educational fee sponsorship	899,763	677,181
Total direct welfare expense	**161,773,960**	162,365,433
Less: Administrative expense		
Admin salaries and allowances	16,579,806	11,816,334
PTCL expense	236,307	42,626
Bank charges	25,217	29,109
Merchant Service Charges	51,930	-
Conveyance expense	1,197,807	1,524,625
Electricity bill expense	3,764,287	2,924,303
Office supplies	1,455,191	1,266,451
Transportation	1,799,148	1,645,596
Wages expense	866,162	649,470
Commission charges	120,400	67,500
Miscellaneous expense	1,710,236	608,001
Total administrative expense	**27,806,491**	20,574,015
Total expense	**189,580,451**	182,939,448
Surplus / (Deficit) for the year	**12,441,435**	(35,654,253)

The annexed notes from 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

Transformation International Society

Statement of Changes in Fund Balance
For the year ended Jun 30, 2026

	Accumulated Fund	Total
	Rupees	
Balance as on July 01, 2023	**7,462,726**	7,462,726
Surplus for the year ended	**2,902,662**	2,902,662
Balance as at July 01 2024	**10,365,388**	10,365,388
Surplus for the year ended	**(35,654,253)**	(35,654,253)
Balance as at 30 June 2025	**(25,288,865)**	(25,288,865)
Surplus for the year ended	**12,441,435**	12,441,435
Balance as at 30 June 2026	**(12,847,430)**	(12,847,430)

The annexed notes from 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

Transformation International Society

Statement of Cash Flows

For the year ended Jun 30, 2026

	2026	2025
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit)/surplus for the year	**12,441,435**	(35,654,253)
Adjustments for non-cash and other items:		
Depreciation	**2,203,258**	1,878,558
	14,644,693	(33,775,695)
Changes in working capital		
(Increase) / decrease in current assets		
Loans, advances, and other receivables	**24,149,747**	(26,892,135)
	38,794,440	(60,667,830)
Increase / (decrease) in current liabilities		
Accrued and other liabilities	**(24,042,206)**	64,385,252
Net cash generated from operating Activities	**14,752,234**	3,717,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(5,537,157)**	(7,472,183)
Net cash used in investing activities	**(5,537,157)**	(7,472,183)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	**9,215,077**	(3,754,761)
Cash and cash equivalents at the beginning of the year	**741,995**	4,496,756
Cash and cash equivalents at the end of the year	**9,957,072**	741,995

The annexed notes from 1 to 13 form an integral part of these financial statements.

Trustee

Trustee

Transformation International Society

Notes to the Financial Statements
For the year ended Jun 30, 2026

1. NATURE OF THE OPERATIONS

Transformation International Society is a not for profit organization, established under the Society Registration Act, 1860 on April 18, 2016. The principal activity of the society is to promote and establish educational institutions, aftercare clinical services for the benefits of use of public in general. The principal office of the society is situated at Unit No. 101-A , SB 23, 13 C Main University Road, Gulshan Iqbal, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These Financial Statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the trustee's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income and expenditure applying the reducing balance method and rates are stated in Note 4. Depreciation on assets acquired during the year is charged for the whole year, while no depreciation is charged on items disposed off during the year.

Major renewals and improvements are capitalised. Minor repairs and maintenance are charged to income as when incurred. Gains and Losses on disposal of assets, if any, are included in income.

3.2 **Impairment**

The carrying value of assets are reviewed at each statement of financial statements date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure account.

3.3 **Cash and Bank Balances**

Cash in hand and at bank are carried at nominal amount.

3.4 **Revenue recognition**

(a) **Donation and Patient Fee**

Donations and Patient fee are recognized as income as and when received. Donations and Patient fee received for revenue expenditure are taken to income and expenditure account.

Donations restricted in its use by the donors are utilised for the purpose specified and are classified as donations.

(b) **Return on bank deposits**

Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

3.5 **Expenses**

All expenses are recognised in the income and expenditure account on accrual basis. Expenses incurred out of donation are also reflected in the income and expenditure account.

3.6 **Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the company has a legally enforceable right to set-off the recognised amounts and the company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

3.7 **Taxation**

The Society is registered with the income tax authorities as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rule 212 and 220 of the Income Tax Rules, 2002. The Society does not account for taxation, as non-profit organization's are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001.

3.8 **Trade and other payables**

Accrued and other liabilities are recognised at cost which is the fair value of the consideration to be paid in future for goods and services. The recoverable amount is equal to fair value.

3.9 **Provisions**

Provisions are recognized when the Association has legal or constructive obligation as a result of past events if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.10 **Financial instruments**

3.10.1 **Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost..

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

3.10.2 **Impairment**

At each reporting date, the society assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

3.10.3 **Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are setoff and the net amount is reported in the statement of financial position if the Company has legally enforceable right to setoff the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING ESTIMATED AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Society accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Society's accounting policies, management has made significant estimates and judgments that are disclosed in respective notes to the financial statements.

5. Operating fixed assets

Particulars	2024							WDV	
	Cost				Accumulated Depreciation			Opening	Closing
	Opening	Additions	Disposal	Closing	Opening	Additions	Closing		
Furniture & Fixture	1,859,822	51,000		1,910,822	891,505	152,897	1,044,403	968,317	866,419
Computer & Accessories	802,297	1,100,600		1,902,897	403,951	449,684	853,635	398,346	1,049,262
Electrical Equipment	370,343	6,604		376,947	126,028	37,638	163,666	244,315	213,281
Office Equipment	1,798,289	625,500		2,423,789	409,712	201,408	611,120	1,388,577	1,812,669
Software	137,363	-		137,363	90,131	14,170	104,301	47,232	33,062
rTMS Machine	5,975,423	-		5,975,423	3,216,290	413,870	3,630,160	2,759,133	2,345,263
Total	**10,943,537**	**1,783,704**	-	**12,727,241**	**5,137,618**	**1,269,666**	**6,407,284**	**5,805,919**	**6,319,957**

Particulars	2025							WDV	
	Cost				Accumulated Depreciation			Opening	Closing
	Opening	Additions	Disposal	Closing	Opening	Additions	Closing		
Furniture & Fixture	1,910,822	-		1,910,822	1,044,403	129,963	1,174,366	866,419	736,456
Computer & Accessories	1,902,897	2,396,500		4,299,397	853,635	1,033,729	1,887,363	1,049,262	2,412,034
Electrical Equipment	376,947	71,000		447,947	163,666	34,124	197,790	213,281	250,157
Office Equipment	2,423,789	5,004,683		7,428,472	611,120	319,034	930,154	1,812,669	6,498,318
Software	137,363	-		137,363	104,301	9,919	114,219	33,062	23,144
RTMS Machine	5,975,423	-		5,975,423	3,630,160	351,789	3,981,949	2,345,263	1,993,474
Total	**12,727,241**	**7,472,183**	-	**20,199,424**	**6,407,284**	**1,878,558**	**8,285,842**	**6,319,957**	**11,913,582**

Particulars	2026							WDV	
	Cost				Accumulated Depreciation			Opening	Closing
	Opening	Additions	Disposal	Closing	Opening	Additions	Closing		
Furniture & Fixture	1,910,822	64,500		1,975,322	1,174,366	112,324	1,286,690	736,456	688,632
Computer & Accessories	4,299,397	1,538,306		5,837,703	1,887,363	893,184	2,780,548	2,412,034	3,057,155
Electrical Equipment	447,947	72,000		519,947	197,790	39,595	237,385	250,157	282,562
Office Equipment	7,428,472	942,351		8,370,823	930,154	693,791	1,623,945	6,498,318	6,746,878
Software	137,363	-		137,363	114,219	6,943	121,162	23,144	16,201
RTMS Machine	5,975,423	2,920,000		8,895,423	3,981,949	457,421	4,439,370	1,993,474	4,456,053
Total	20,199,424	5,537,157	-	25,736,581	8,285,842	2,203,258	10,489,100	11,913,582	15,247,481

		2026	2025
		Rupees	
6.	**LOAN, ADVANCES AND OTHER RECEIVABLES**		
	Income tax Deducted at Source	1,499,738	853,444
	Loan & Advances	1,180,652	370,000
	Security Deposit	19,000	19,000
	Endowment Fund	5,010,212	30,010,212
	Web Hosting & Domains	902,616	1,509,309
		8,612,218	32,761,965
7.	**CASH AND BANK BALANCES**		
	Cash at Bank	9,944,049	734,525
	Cash In Hand	13,023	7,470
		9,957,072	741,995
8.	**CAPITAL**		
	Opening	(25,288,865)	10,365,388
	Surplus during the year	12,441,435	(35,654,253)
	Accumulated Surplus/(Deficit)	(12,847,430)	(25,288,865)
9.	**ACCRUED AND OTHER LIABILITIES**		
	WHT On Salary	24,656	62,806
	Loan from Trustees / Friends	40,715,726	65,469,731
	Accrued expenses and other payables	5,805,668	4,269,650
	Withholding Tax Payable	118,151	904,220
		46,664,201	70,706,407
10.	**FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**		
	Financial instruments by category		
	Financial assets		
	Loan, advances and other receivables	8,612,218	32,761,965
	Cash and bank balances	9,957,072	741,995
		18,569,290	33,503,960
	Financial liabilities		
	Accrued and other liabilities	46,664,201	70,706,407
		46,664,201	70,706,407

	2026	2025
	Number	
11. NUMBER OF EMPLOYEES		
Total number of employees at year end	75	28
Average number of employees during the year	68	28

12. RECLASSIFICATION OF CORRESPONDING FIGURES

Corresponding figures in these financial statements have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Trustees in their meeting held on ____________________.

Trustee **Trustee**