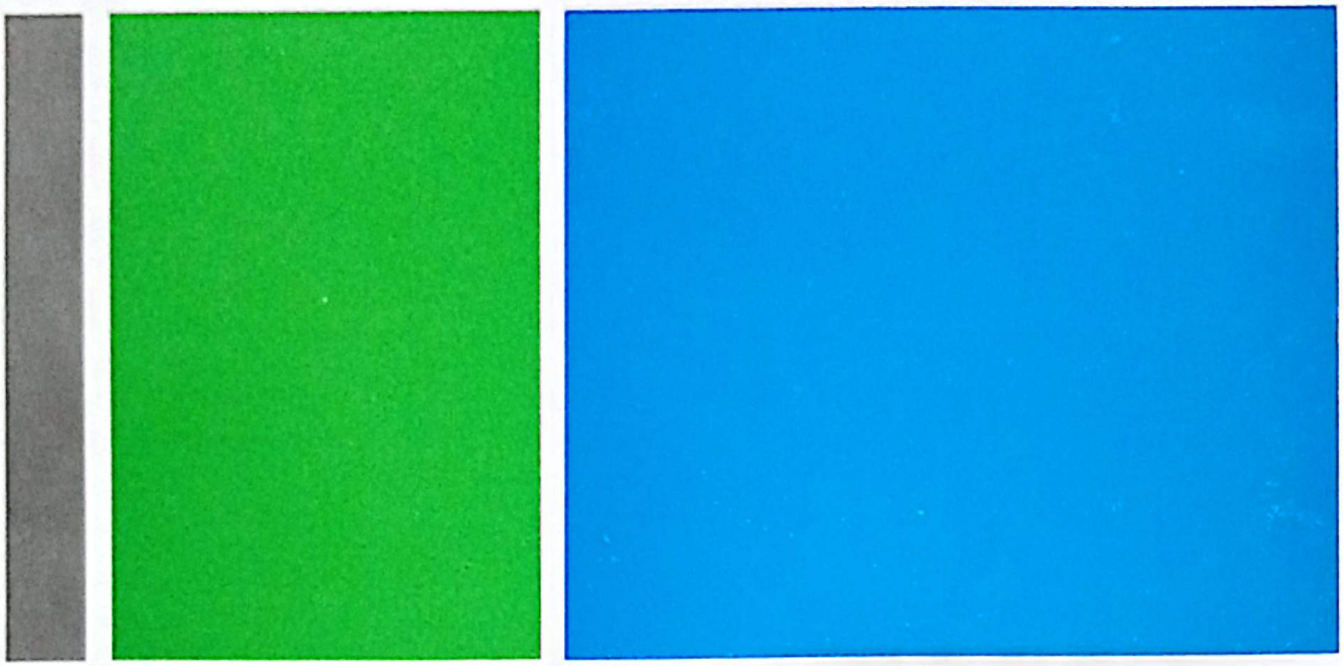


HEADS: HEALTH EDUCATION AND DEVELOPMENT SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

CamScanner

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Suit # 6, Block- A, 2nd Floor
Cantonment Plaza, Fakhr-e- Alam Road
Peshawar Cantt. Pakistan

T: +92 (91)527 7205, 527 8310
F: +92(91) 526 0085

peshawar@rsmpakistan.pk
www.rsmpakistan.pk

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the annexed financial statements of HEADS: Health Education and Development Society (the Society), which comprise the statement of financial position as at June 30, 2026, income and expenditure account and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for 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 the 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 other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors is 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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Offices at
Lahore : 92 (42) 35872731-3
Karachi : 92 (21) 3565 5975-6
Faisalabad : 92 (41) 854 1165/854 1965
Islamabad : 92 (51) 2340490
Rawalpindi : 92 (51) 5193135
Quetta : 92 (81) 282 9809
Kabul : 93 (799) 058155

RSM Avais Hyder Liaquat Nauman is member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

CamScanner

Directors determines 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 Directors is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate 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 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 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.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment 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 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 purpose of expressing an opinion on the effectiveness of the Society's internal control.

CamScanner

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty 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 conclusions 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Arif Saeed.

RSM Avais Hyder Ltd. Chartered Accountants Peshawar

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Place: Peshawar
Date: November 6, 2026
UDIN: AR202610513bJ7Yds1Qw

CamScanner

HEADS (HEALTH, EDUCATION AND DEVELOPMENT SOCIETY)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	2,488,971	932,012
CURRENT ASSETS			
Receivable from donors	12	3,230,709	-
Other receivables	6	244,195	400,001
Cash and bank balances	7	3,253,011	14,408,617
		6,727,915	14,808,618
		9,216,886	15,740,630
FUND AND LIABILITIES			
General fund	8	1,457,317	(214,625)
CURRENT LIABILITIES			
Payables and accrued liabilities	9	7,759,569	1,710,955
Grant received in advance	12	-	14,244,300
		9,216,886	15,740,630

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Head- Programme Support Unit

CamScanner

HEADS (HEALTH, EDUCATION AND DEVELOPMENT SOCIETY)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
INCOME			
Grant			
Restricted grant	10	135,391,059	63,911,496
Unrestricted income	11	3,981,303	-
		139,372,362	63,911,496
EXPENDITURE			
Program cost	13	135,391,059	63,911,496
General and administrative expenses	15	2,309,361	303,556
		137,700,420	64,215,052
Surplus / (Deficit) for the year		1,671,942	(303,556)

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Head- Programme Support Unit

CamScanner

HEADS (HEALTH, EDUCATION AND DEVELOPMENT SOCIETY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus / (Deficit) for the year		1,671,942	(303,556)
Adjustment for depreciation		266,542	103,556
Cash flow before working capital changes		1,938,484	(200,000)
Working capital changes			
(Increase)/decrease in current assets:			
Receivable from donors		(3,230,709)	-
Other receivables		155,806	(10,708)
Increase/(decrease) in current liabilities			
Payables and accrued liabilities		6,048,614	(6,591,416)
Advance from donor		(14,244,300)	-
		(11,270,589)	(6,602,124)
Net cash generated from/ (used in) operating activities		(9,332,105)	(6,802,124)
CASH FLOW FROM INVESTMENT ACTIVITIES			
Additions in property and equipment		(1,823,500)	-
Net cash (used in) in investing activities		(1,823,500)	-
Net increase/(decrease) in cash and cash equivalents		(11,155,606)	(6,802,124)
Cash and cash equivalent at the beginning of the year		14,408,617	21,210,741
Cash and cash equivalent at the end of the year		3,253,011	14,408,617

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Head- Programme Support Unit

CamScanner

HEADS (HEALTH, EDUCATION AND DEVELOPMENT SOCIETY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 Status and operation

HEADS (Health, Education and Development Society) hereinafter referred as "the Society" was established on August 08, 2013 is a Non Government, non profit Society. The Head office of the Society is situated at House 219, Street #01, Sector F/9 Phase 6, Hayatabad, Peshawar. The principal areas of operations of the Society are human development, provision/ improvement of livelihood, protection, WASH facilities, environmental sanitation, education, health and nutrition and disaster management in the province of Khyber Pakhtunkhwa.

2 Projects

Following projects were undertaken by the Organization during the year:

2.1.1 Winterization Assistance for Vulnerable Households in Upper Chitral.

2.1.2 Establishment of Gynae Section/General OPD (GYNE) signed with Cherat Cement Company Limited (CCCL)

2.1.3 Establishment of Women Development Centers (WDC) signed with Cherat Cement Company Limited (CCCL)

2.1.4 Providing emergency support to LGBTI-led organizations and groups in the periods of human rights attacks and in the periods of crisis of community led responses in Eastern Europe and Central Asia (EECA) and Asia Pacific (AP) signed with ECOM.

2.1.5 To expand and strengthen Gavi's capacity to engage with CSOs and local partners.

2.1.6 Contract for the implementation of project Titled "Flood Response Livelihood Enhancement. Economic Recover's, and Market Support Initiative in District Buner" signed with Khyber Society of America (KSA).

2.1.7 Establishing mobile medical campus and provision of cooked food and drinking water in the flash flood-affected Areas of District Buner" signed with Penny Appeal.

2.1.8 Pakistan Poverty Alleviation Fund (PPAF), under the BA-Ikhtiar project, supporting community development and poverty alleviation.

2.1.9 The project pertains to the installation of a water filtration plant, undertaken under an agreement signed with the PPAF (Pakistan Poverty Alleviation Fund), with the objective of providing access to safe and clean drinking water to the target beneficiaries/community.

2.1.10 Installation of 50 shallow water pumps in the flood-affected areas of District Nowshera and Charsadda, signed with Penny Appeal.

2.1.11 Installation of 28 shallow water pumps to improve access to clean drinking water for communities in District Charsadda, under the project signed with Penny Appeal.

2.1.12 Building Climate Resilience through Rehabilitation/Reconstruction of Green Infrastructure in Flood Affected Areas of Punjab and Khyber Pakhtunkhwa (BCR) signed with Pakistan Poverty Alleviation Fund (PPAF).

3 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards as applicable in Pakistan include, Accounting Standard for Not for Profit Organizations (NPOs), issued by the Institute of Chartered Accountant of Pakistan.

CamScanner

4 Material accounting policy information

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

4.2 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees which is the Society's functional and presentation currency.

4.3 Property and equipment

Property and equipment at are carried at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property and equipment note.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

4.4 Impairment

The Society assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.5 Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

4.7 Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Society or not.

4.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business.

- Profit on investments / bank deposits is recognized on time proportionate basis.

CamScanner

- **Restricted grants**

  Grants received for specific purposes and interest thereon are classified as restricted grants. Such grants are transferred to income as grants to the extent of actual expenditure incurred against them. Unspent portion of such grants are reflected as restricted grants in the balance sheet. Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as receivable from donors.

- **Unrestricted grants**

  Unrestricted grants, if any, received from donor without any conditions are recognized as income during the year of receipt.

4.9 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgment, estimates and assumptions that affect the application of reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4.10 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in receipt and expenditure account for the year.

4.11 Financial instruments

Financial assets and financial liabilities are recognized when the Society becomes a party to the contractual provisions of the instruments and derecognized when the Society loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Society are disclosed in the individual policy statements associated with each item of financial instruments.

4.12 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Society has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

CamScanner

5 Property and equipment

PARTICULARS	2026 COST As at July 01, 2025	Additions	As at June 30, 2026	DEPRICIATION As at July 01, 2025	For the year	As at June 30, 2026	W.D.V. As at June 30, 2026	RATE
	Rupees							
Furniture and fixtures	148,400	767,700	916,100	85,659	82,027	167,686	748,414	10%
Computer equipment	179,330	658,300	837,630	104,952	66,468	171,419	666,211	10%
Office equipment	997,000	397,500	1,394,500	202,107	118,047	320,154	1,074,346	10%
	1,324,730	1,823,500	3,148,230	392,717	266,542	659,260	2,488,971	

PARTICULARS	2025 COST As at July 01, 2024	Additions	As at June 30, 2025	DEPRICIATION As at July 01, 2024	For the year	As at June 30, 2025	W.D.V. As at June 30, 2025	RATE
	Rupees							
Furniture and fixtures	148,400	-	148,400	78,688	6,971	85,659	62,741	10%
Computer equipment	179,330	-	179,330	96,688	8,264	104,952	74,378	10%
Office equipment	997,000	-	997,000	113,786	88,321	202,107	794,893	10%
	1,324,730	-	1,324,730	289,161	103,556	392,717	932,012	

CamScanner

		Notes	2026 Rupees	2025 Rupees
6	**Other receivables**			
	Contribution receivables from members		244,195	400,001
			244,195	400,001
7	**Cash and bank balances**			
	Cash in hand		30,660	39,854
	Cash at bank			
	In current account		2,704,496	14,368,763
	In PLS account	7.1	517,855	-
			3,253,011	14,408,617
7.1	This carry an interest rate during the year from 10.5% to 11.5%.			
8	**General Fund**			
	Opening balance		(214,625)	88,931
	Add: Surplus / (Deficit) for the year		1,671,942	(303,556)
			1,457,317	(214,625)
9	**Payables and accrued liabilities**			
	Salary Payable		2,362,722	1,257,034
	Tax payable		-	186,029
	Audit fee		339,700	200,000
	Loan from management		3,741,450	-
	Accrued Liabilities		121,178	-
	Vendors Payable		1,054,000	67,892
	Profit earned on saving account payable to PPAF		140,519	-
			7,759,569	1,710,955
10	**Restricted fund**			
	IRC (DEC-II)		-	8,882,164
	PPAF (BCR)		41,790,397	31,094,911
	GAVI		33,372,053	3,367,911
	Cherat Cement (GYNE)		11,566,230	10,881,983
	Cherat Cement (WDC)		3,570,150	3,186,735
	ACF		1,698,615	-
	ECOM		1,399,750	-
	KSA		20,190,000	-
	Penny Appeal		5,003,916	-
	PPAF		1,800,000	-
	WFP		14,999,948	-
	CPDI		-	6,497,792
			135,391,059	63,911,496
11	**Unrestricted Income**			
	Member contribution		3,981,303	-
			3,981,303	-
12	**Grant (receivables) / received in advance**			
	Opening balance		14,244,300	21,841,595
	Grant received during the year	14	117,916,050	56,314,201
	Utilized during the year		(135,391,059)	(63,911,496)
			(3,230,709)	14,244,300

CamScanner

	Notes	2026 Rupees	2025 Rupees
14 Grant received from donors			
ACF		1,698,615	-
Cherat Cement (GYNE)		10,793,927	10,881,983
Cherat Cement (WDC)		3,298,600	3,186,735
ECOM		1,399,750	-
GAVI		21,303,050	13,166,536
KSA		20,099,608	-
Penny Appeal		4,692,949	-
PPAF (Ba Ikhtiar)		1,620,000	-
Members' contribution for projects		810,000	-
PPAF (WFP)		14,999,948	-
IRC (DEC-II)		-	2,053,178
PPAF (BCR)		37,199,603	20,527,977
CPDI		-	6,497,792
		117,916,050	56,314,201
15 General and administrative expenses			
Salaried and other benefits		1,017,145	-
Repair and maintenance		42,700	-
EOBI contribution		22,836	-
Utilities		96,799	-
Telephone and DSL charges		42,005	-
Postage and courier		10,805	-
Conveyance and POL		26,500	-
Office supplies		18,125	-
Printing and stationary		40,360	-
Advertising		8,700	-
News paper and periodical		15,255	-
Refreshment		48,889	-
Audit fee		339,700	200,000
Legal and professional charges		313,000	-
Depreciation		266,542	103,556
		2,309,361	303,556

16 Provision for taxation

The Organization is approved as a non profit organization under section 2 (36) of the Income Tax Ordinance, 2001 and is claiming 100% tax credit under section 100 C of the Income Tax Ordinance, 2001. Hence no provision for taxation has been made.

CamScanner

17 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors on 06/11/2026

18 General

18.1 Rearrangements

Prior year figures have been re-arranged /re-grouped wherever considered necessary for the purpose of comparison.

18.2 Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Head- Programme Support Unit

CamScanner

Head Office Lahore	:	Avais Chambers, 1-C/5 Sikander Ali Malhi Road, Canal Park, Gulberg II, Lahore, Pakistan T: +92(42) 3587 2731-3 F: +92(42) 3587 2734 lahore@rsmpakistan.pk
Karachi	:	Suite No. 407, Progressive Plaza, Beaumot Road, Karachi, Pakistan T: +92(21) 3565 5975/6 F: +92(21) 3565 5997 karachi@rsmpakistan.pk
Faisalabad	:	478-D, Peoples Colony No. 1, Faisalabad, Pakistan T: +92(41) 854 1165, 854 1965 F: +92(41) 854 2765 faisalabad@rsmpakistan.pk
Islamabad	:	Suite F-10, 1st Floor, AKLASC Plaza, G-10 Markaz, Islamabad, Pakistan T: +92(51) 235 6041-2 F: +92(51) 235 6040 islamabad@rsmpakistan.pk
Quetta	:	2nd Floor, Office No. 8, Shaheen View Plaza, Model Town, Quetta, Pakistan T: +92(81) 282 9809 quetta@rsmpakistan.pk
Peshawar	:	Suite # 6, Block-A, 2nd Floor, Cantonment Plaza, Fakhir-e-Alam Road, Peshawar Cantt., Pakistan T: +92(91) 527 7205, 527 8310 F: +92(91) 526 0085 peshawar@rsmpakistan.pk
Kabul	:	Street # 1, Lane 3, Karte 4, Kabul, Afghanistan, T: +93 777 058 155 / 799 058 155 C: +92 333 523 3353 kabul@rsmpakistan.pk

For more information
www.rsmpakistan.pk

CamScanner