



Official Translation

Behmand Hoshiyar Audit Firm

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**Independent Auditor and Legal Inspector's Report
To annual general ordinary assembly of Trustees of
MAHAK Charity (Society to Support Children Suffering from Cancer)**

Report on the financial Statements

Introduction

1- We have audited the financial statements of MAHAK Charity Institute (Society to Support Children Suffering from Cancer) which comprise of the Financial Position Statement for the fiscal year closing on 20/03/2021 and Profit and Loss Statements, Change in equity, and cash flows statement for the fiscal year then ended and other explanatory notes (1-23).

Responsibility of Board of Directors about Financial Statements

2- Preparing aforesaid financial statements in accordance with accounting standards is a responsibility of MAHAK Institute's board of directors which includes designing, implementing and maintaining internal control relevant to the preparation of financial statements in a way to be free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

3- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with accounting standards. Those standards require that we observe professional ethics requirements and plan and perform the audit in a way to obtain reasonable assurance as to whether the financial statements are free from any material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and other disclosures in the financial statements. Selecting the procedures depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to preparation and presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting



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estimates made by board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate for expressing our opinion on the financial statements. Also as the legal inspector it is our responsibility to report to the general ordinary assembly of Trustees any non-compliance with stipulations set forth in the amendment of the trade act and articles of association of the company and other required items.

Expressing Opinion

4- In our Opinion, the present financial statements show that the financial status of MAHAK Charity Institute (Society to Support Children Suffering from Cancer) for the fiscal year closing on 20/03/2021, and Profit and Loss Statements and cash flows statement for the fiscal year then ended, are favorable from all material aspects according to accounting standards.

Emphasize on Special Topics

5- In accordance with Note 7-7 of financial statements during the reported fiscal year, the whole 100% (6 parts) of a residential apartment located in Sohrevardi Street- Tehran; and 2 parts of 6 parts of a residential apartment located in Tohid Street- Tehran, for a total amount of 22 billion IRR according to the official judicial expert's report was donated to the charity institution and reflected in the accounts. On the other hand, during the reported fiscal year, based on the decisions of the board of directors, according to the bill of sale 1.5 parts of a donated shop located on Khamoshi Street, Narmak Street-Tehran and two parts of a donated apartments located on Tohid Street, based on expert reports have been sold by the reported institution. The evidence of this institution's investigation is the documents and title deeds described above. This institution had not expressed its opinion based on the content of this article.

Report regarding other legal & regulatory requirements of the auditor

Report regarding other legal responsibilities of the inspector

6- The provisions of Articles 106, 121, 123, and 124 of the amendment of the trade act, respectively, regarding the registration and announcement of the election of board of directors in the official gazette, the holding of the board directors meetings with the presence of more than half of the members, according to the explanations received from the management due to the continuation of the outbreak of the Covid-19 disease, the aforementioned meetings were held virtually; and as a result, some of the minutes were not signed by the members of the board of directors and then making decisions with the majority of the votes of those present in the meeting, inserting names of the present and absent managers in the text of some of the minutes, as well as determining the limits of the manager's powers have not been observed.

7- According to the confirmation received from the banks, the authorized signatories of the bank accounts of the institution, are the former members of the board of directors of the institution under report, the related details on the inspector's duties are included in this report.





8- The follow-up of the institution to fulfill the tasks stipulated in the ordinary general assembly of the board of trustees dated 15/07/2020 regarding the determination of feasible options for investment and making decisions about it, despite the follow-up, did not lead to results.

9- As it is evident from the financial position statement for the fiscal year under report, based on the decision of the Board of Directors of MAHAK Institute, a major part of the financial resources at their power was spent on investing in the country's banking system, and for this reason, the amount of 741 billion IRR at rates of 20 to 23% of the revenue was obtained (compared to the amount of 588 billion IRR of the previous year's revenue). Another part of the financial resources was in the form of foreign currency cash balance with the banks, which due to the increase in the exchange rate during the fiscal year under the report, in the framework of the accounting standards, the amount of 359 billion IRR has been recognized as the exchange rate interest (in SANA Rate System) in the accounts (Note 6 of the financial statements). On the other hand, as can be seen from the profit and loss statement, the institution's medical expenses have increased significantly compared to the previous year due to the increase in the general level of prices (mainly the increase in the purchase rates of drugs and medical equipment) (Note 4 of the financial statements). In addition, according to the nature and performance of this institution, foreign currency funds were deposited to the institution's bank accounts abroad by third parties, and subsequently, due to the issues caused by international sanctions in the transfer of funds, the said foreign currency financial resources were not able to be withdrawn for purchasing medicines and medical equipment. Based on the above-mentioned, in order to continue the support services for patients, it is necessary to take appropriate decisions to increase the income sources in compliance with the provisions of the MAHAK Institute's article of association.

10- According to explanatory note 23 and the confirmation received from the managers for the fiscal year under the report, transactions subject to Article 129 of the amendment of the Trade Act have not been carried out.

11- The report of the board of directors on the activity and general situation of the MAHAK Institute (with 6 signatures out of 7 signatures), the subject of Article 232 of the amendment of the Trade Act, which was prepared to be submitted to the ordinary general meeting of the Board of Trustees, has been examined by this institute. According to the investigations carried out, our opinion has not been drawn to the important matters that indicate the contradiction of the information contained in the report with the documents provided by the board of directors.

Report regarding other legal & regulatory responsibilities of the auditor

12- The internal controls governing the financial reporting of MAHAK Institute in some cases, including the optimal management of financial resources (cash funds) despite the establishment of the actual price system for the services provided to patients, in some cases, there are some problems, such as the lack of appropriate financial reporting options the lack of appropriate financial reporting, the lack of use of a comprehensive system HIS and DRM as an integrated system, and



شماره ۷۴۶۱۵۲

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predicting the monitoring of specific expenses in the financial regulations, that the management of the institution is taking measures to solve them.

13- In execution of Article 33 of Anti Money Laundry Directive by auditors, the stipulations of the aforesaid law, any related bylaw and directives had been audited by this institute in the framework of checklists notified by related authorities (including the executive regulations of Article 14 of the supplementary Anti-Money Laundry Law approved on 14/10/2019 by Government Body notified in December 2020) and accounting standards. In this regard, according to the stipulations of the executive regulations of Article 14 of the aforesaid Law, part of the content of the said checklist related to the training of employees and introducing the representative of the company to the Anti-Money Laundering Unit, but due to the type and nature of MAHAK institution's activity, the institution is not fully able to comply with the other items listed in the aforementioned Checklist and Law.

Date: 15/07/2021

Behmand Hoshiyar Audit Firm

Signed by: Mr. Mohammad Ali Nazeri (No. 831452)

Signed by: Mr. Abbas Hoshi (No. 800899)





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شماره ۷۴۶۱۵۱

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MAHAK Charity (Society to Support Children Suffering from Cancer)
Financial statements
For the fiscal year closing on March 20th 2021

To: Ordinary General Assembly of Trustee

Respectfully, please find attached financial statements of MAHAK Charity (Society to Support Children Suffering from Cancer) for fiscal year closing on 20/03/2021. Contents of financial statements are as follows:

- Profit & Loss Statement
- Financial Position Statement
- Change in equity Statement
- Cash flow Statement
- Explanatory Notes:
Background and Activity
Highlights of accounting procedures
Notes on financial statements and other financial information

Financial statements were prepared as per accounting standards and were confirmed and signed by board of directors on 14/07/2021.

Members of Board of Directors	Position	Signature
Arasb Ahmadian	Chairman of the board of directors-Non Executive	Signed
Saideh Ghods	Vice president of the board of directors- Non Executive	Signed
Soheyla Siahpoush Koliai	Member of the board of directors- Non Executive	Signed
Shirin Aminollahi	Member of the board of directors- Non Executive	Signed
Saba Kamgar	Member of the board of directors- Non Executive	Signed
Ali Khajavi Mazandarani	Member of the board of directors- Non Executive	Signed
Seyed Ali Borujerdi Alavi	Member of the board of directors- Non Executive	Signed
Sharif Nezam Mafi	Managing Directors (off the member of board of directors)	Signed

Signed and seal by Behmand Hoshiyar Audit Firm





**MAHAK Charity (Society to Support Children Suffering from Cancer)
Profit & Loss Statement
For the fiscal year closing on March 20th 2021**

	Notes	2021	2020
		IRR	IRR
Continuing operations			
Revenue and Contribution	3	3,385,924,766,774	2,189,308,334,404
Medical and Support Expenses	4	(1,929,024,870,077)	(1,412,062,539,501)
Gross Revenue		1,456,899,896,697	777,245,794,903
General and Administrative Expenses (salary, wage, production revenue)	5	(805,049,514,572)	(642,075,208,762)
Operating Revenue		651,850,382,125	135,170,586,141
Net Other Non-operating Revenue and Expenses	6	1,110,678,232,204	654,446,268,999
Net Revenue		1,762,528,614,329	789,616,855,140

Note: explanatory notes are an integral part of the financial statements.





MAHAK Charity (Society to Support Children Suffering from Cancer)
Financial Position Statement
For the fiscal year closing on March 20th 2021

Notes	20/03/2021	19/03/2020
	IRR	IRR
Assets		
Non-current assets		
Fixed tangible assets	7 1,458,091,897,521	1,491,714,881,547
Intangible assets	8 38,525,532,396	12,142,112,628
Long-term receivables	9 1,006,000,000	50,000,000
Other assets	10 2,798,000,000	3,193,000,000
Total non-current assets	1,500,421,429,917	1,507,099,994,175
Current assets		
Prepayments	11 6,989,135,576	8,372,837,109
Inventories of materials and goods	12 245,758,982,519	147,146,451,447
Commercial and non-commercial receivables	9 140,111,799,869	143,948,911,696
Short-term investments	13 4,559,218,000,000	3,208,282,724,007
Cash	14 1,091,502,488,017	694,039,058,115
Total current assets	6,043,580,405,981	4,201,789,982,374
Total assets	7,544,001,835,898	5,708,889,976,549
Equity and liabilities		
Equity		
Founders' Contribution	15 1,000,000	1,000,000
Net Assets	16 7,354,850,073,606	5,592,321,459,277
Total Founders' Contribution and Net Assets	7,354,851,073,606	5,592,322,459,277
Liabilities		
Current liabilities		
Advance received	17 189,150,762,292	116,567,517,272
	18 -	-
Total current liabilities	189,150,762,292	116,567,517,272
Total liabilities	189,150,762,292	116,567,517,272
Total equity and liabilities	7,544,001,835,898	5,708,889,976,549

Note: explanatory notes are an integral part of the financial statements.



شماره ۴۵۹۹۹۲



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**MAHAK Charity (Society to Support Children Suffering from Cancer)
Change in Equity Statement
For the fiscal year closing on March 20th 2021**

	Founders' Contribution IRR	Net Assets IRR	Total IRR
Balance at 21/03/2019	1,000,000	4,802,705,604,137	4,802,705,604,137
Net Change in equity for the year of 2020			
Net Revenue for the fiscal year of 2020	0	789,616,855,140	789,616,855,140
	1,000,000	5,592,322,459,277	5,592,321,459,277
Net Changes in equity for the year of 2021			
Net Revenue for the fiscal year of 2021	0	1,762,528,614,329	1,762,528,614,329
Balance at 20/03/2021	1,000,000	7,354,851,073,606	7,354,851,073,606





MAHAK Charity (Society to Support Children Suffering from Cancer)
Cash Flows Statement
For the fiscal year closing on March 20th 2021

	Note	Year ended	Year ended
		20/03/2021	19/03/2020
		IRR	IRR
Cash flows from operating activities			
Cash generated from operations	19	724,464,446,119	251,525,944,455
Cash Paid for Income Tax		-	-
Net cash flows from/(used in) operating activities		724,464,446,119	251,525,944,455
Cash flows from investing activities			
Cash received from sale of Fixed Tangible Assets		14,106,217,104	3,028,019,517
Cash Payments for purchase of Fixed Tangible Assets		(60,814,013,360)	(133,547,286,482)
Cash Payments for purchase of intangible assets		(29,682,528,600)	(6,413,515,657)
Cash received from return of short-term investments		4,147,747,293,940	1,346,066,000,000
Cash Payments for purchase of short-term investments		(5,498,682,569,933)	(1,958,848,724,007)
Cash Interest received from other investments		740,735,357,100	587,792,578,787
Net cash flows from/(used in) investing activities		(686,590,243,749)	(161,922,927,842)
Net cash flows from/(used in) before financing activities		-	-
Cash flows from financing activities		-	-
Net cash flows from/(used in) received from financing activities		-	-
Net Increase (decrease) in cash		37,874,202,370	89,603,016,613
Cash at the beginning of the year		694,039,058,115	541,996,691,822
Effect of exchange rate changes		359,589,227,532	62,439,349,680
Cash at the end of the year		1,091,502,488,017	694,039,058,115
Non-cash transactions	20	760,207,314,335	510,554,771,650

All pages are signed and sealed by all aforesaid members and Behmand Hoshiyar Audit Firm

The translation is complete and accurate, and the translator is competent to translate from the foreign language to English.
March 2023

