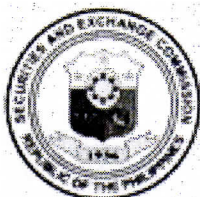




110082018001509

**SECURITIES AND EXCHANGE COMMISSION**

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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**Company Information**

SEC Registration No. 0000035523  
Company Name ANDRES SORIANO FOUNDATION INC.  
Industry Classification Foundation  
Company Type Non-stock Corporation

**Document Information**

Document ID 110082018001509  
Document Type FINANCIAL STATEMENT-ANNUAL  
Document Code FS  
Period Covered June 30, 2018  
No. of Days Late 0  
Department CED/CRMD  
Remarks

# COVER SHEET

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for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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## COMPANY NAME

T H E A N D R E S S O R I A N O F O U N D A T I O N ,  
I N C . ( A N o n s t o c k ,  
N o t - F o r - P r o f i t O r g a n i z a t i o n )

## PRINCIPAL OFFICE ( No. / Street / Barangay / City / Town / Province )

A . S o r i a n o A v i a t i o n H a n g a r ,  
A n d r e w s A v e n u e , P a s a y C i t y

Form Type

A A F S

Department requiring the report

N A

Secondary License Type, If Applicable

N A

## COMPANY INFORMATION

Company's Email Address

operations@asorianofdn.org

Company's Telephone Number

851-5507

Mobile Number

N/A

No. of Stockholders

N/A

Annual Meeting (Month / Day)

2<sup>nd</sup> Tuesday of October

Fiscal Year (Month / Day)

06/30

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Lemia L. Simbulan

Email Address

loangot\_acctg@asorianofdn.org

Telephone Number/s

851-5507

Mobile Number

N/A

## CONTACT PERSON'S ADDRESS

2616-C Cabrera St., Pasay City

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **THE ANDRES SORIANO FOUNDATION, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended June 30, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

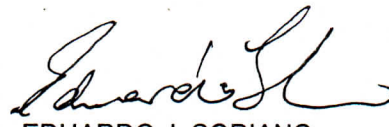
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease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

The Board of Trustees is responsible for overseeing the Company's financial reporting process.

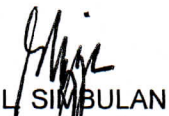
The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the members of the company.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the members, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its reports to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
ANDRES SORIANO NL  
Chairman/CEO

  
EDUARDO J. SORIANO  
President

  
NARCISA M. VILLAFLO  
Treasurer/CFO

  
LEMIA L. SIMBULAN  
Executive Director

Signed this 29th day of August, 2018.



**CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF  
THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

I hereby certify that I am the Certified Public Accountant who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for THE ANDRES SORIANO FOUNDATION, INC. for the period ending June 30, 2018.

In discharging this responsibility, I hereby declare that

I, am the Accountant of THE ANDRES SORIANO FOUNDATION, INC.

Furthermore, in my compilation services for preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of SYCIP GORRES VELAYO & CO. who/which is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements

I hereby declare, under penalties of perjury and violation of the Revised Accountancy Law, that my statements are true and correct.

  
LORLYN O. ANGOT

PRC#: 0141924

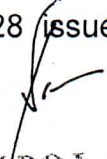
Valid Until: 8/13/2020

Accreditation Number: 0556

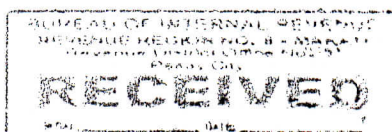
Valid Until: August 12, 2019

SUBSCRIBED AND SWORN to before me on this 28<sup>th</sup> day of September, 2018 at Makati City. Affiant exhibited to me her CTC CCI2018 11957128 issued at Manila, Philippines on January 22, 2018.

Doc. No. 68  
Page No. 1  
Book No. 141  
Series of 2018 \_\_\_\_\_

  
**ATTY. REGINALDO L. HERNANDEZ**  
Notary Public for and in the City of Makati  
Appointment No. M-155; Roll No. 20642  
Commission expires on 12-31-18  
PTR No. 6618426; 1-10-18; Makati City  
IBP No. 033319; 02-14-18; Pasig City  
TIN: 100-364-501

SEP 26 2018





**SECRETARY'S CERTIFICATE**

I, **JOSHUA L. CASTRO**, the duly elected Corporate Secretary of **THE ANDRES SORIANO FOUNDATION, INC.**, a non-stock, non-profit organization duly organized and existing under the virtue of the laws of the Republic of the Philippines, with address at A. Soriano Aviation Hangar, Andrews Avenue, Pasay City, do hereby certify and depose that:

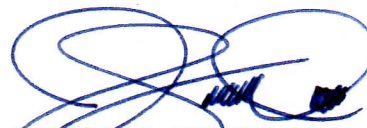
1. At the Annual Meeting of the Board of Trustees held on August 29, 2018, at which meeting a quorum was present and acted throughout, the following resolutions were approved:

**"RESOLVED**, That the Audited Financial Statements of the Foundation for the year ended June 30, 2018 and 2017, are hereby approved.

**RESOLVED FURTHER**, That the same shall be adopted and submitted to the Bureau of Internal Revenue, Securities and Exchange Commission and other government and non-government agencies where is deemed necessary."


2. The foregoing resolution is in accordance with the records of the Foundation in my possession and the same have not been amended, superseded or repealed.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 27<sup>th</sup> day of September 2018 in Makati City.

  
**JOSHUA L. CASTRO**  
Corporate Secretary

Republic of the Philippines)  
Makati City ) S.S.

**SUBSCRIBED AND SWORN** to before me this 27<sup>th</sup> day of September 2018 at Makati City, Philippines, affiant exhibiting to me his Passport No. P8161788A issued on July 31, 2018 valid until July 30, 2028 at the DFA, City of Manila, which bears his photograph and signature.

  
**ATTY. REGINALDO L. HERNANDEZ**  
Notary Public for and in the City of Makati  
Appointment No. M-155; Roll No. 20642  
Commission expires on 12-31-18  
PTR No. 6618426; 1-10-18; Makati City  
IBP No. 033319; 02-14-18; Pasig City  
TIN: 100-364-501

Doc. No.: 77  
Page No.: 17  
Book No.: 77/1  
Series of 2018.



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SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

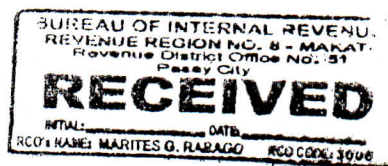
Tel: (632) 891 0307  
Fax: (632) 819 0872  
ey.com/ph

BOA/PRC Reg. No. 0001,  
December 14, 2015, valid until December 31, 2018  
SEC Accreditation No. 0012-FR-4 (Group A),  
November 10, 2015, valid until November 9, 2018

## INDEPENDENT AUDITOR'S REPORT

SEP 26 2018

The Board of Trustees  
The Andres Soriano Foundation, Inc.  
A. Soriano Hangar  
Andrews Avenue, Pasay City



### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of The Andres Soriano Foundation, Inc. (the Foundation), a nonstock, not-for-profit organization, which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of income, statements of changes in general fund balance, and statements of cash flows for the years then ended, 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 Foundation as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small Entities (the Framework).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Framework, and for such internal control as management 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, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.



**Auditor's Responsibilities for the Audit of the Financial Statements**

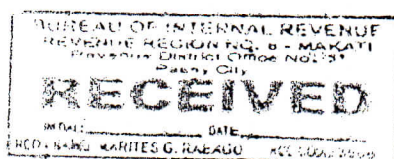
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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 PSAs, 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 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 purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- 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 Foundation'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 Foundation 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.

SEP 26 2018







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- 3 -

### Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Foundation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Dyole S. Garcia*  
Dyole S. Garcia

Partner

CPA Certificate No. 0097907

SEC Accreditation No. 1285-AR-1 (Group A),

May 12, 2016, valid until May 12, 2019

Tax Identification No. 201-960-347

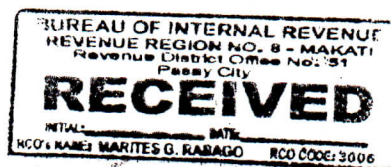
BIR Accreditation No. 08-001998-102-2015,

November 25, 2015, valid until November 24, 2018

PTR No. 6621265, January 9, 2018, Makati City

August 29, 2018

SEP 26 2018



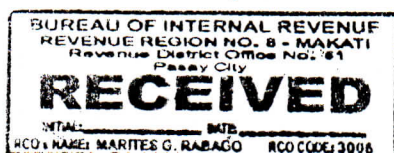
**THE ANDRES SORIANO FOUNDATION, INC.**  
**(A Nonstock, Not-for-Profit Organization)**

**STATEMENTS OF FINANCIAL POSITION**

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b> (As Restated, Note 17)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	<b>₱16,808,357</b>	₱12,098,160
Receivables (Note 4)	<b>405,094</b>	1,457,360
Prepaid insurance	<b>241,922</b>	—
<b>Total Current Assets</b>	<b>17,455,373</b>	13,555,520
<b>Noncurrent Assets</b>		
Property and equipment (Note 5)	<b>526,833</b>	865,974
Investment property (Note 6)	<b>700,000</b>	700,000
Refundable deposits	<b>53,664</b>	158,264
<b>Total Noncurrent Assets</b>	<b>1,280,497</b>	1,724,238
<b>TOTAL ASSETS</b>	<b>₱18,735,870</b>	₱15,279,758
<b>LIABILITIES AND GENERAL FUND BALANCE</b>		
<b>Current Liabilities</b>		
Accrued expenses and other payables (Note 7)	<b>₱453,809</b>	₱448,997
Deferred revenue (Notes 8, 11 and 12)	<b>7,155,605</b>	3,733,927
Income tax payable (Note 15)	<b>36,714</b>	27,189
<b>Total Current Liabilities</b>	<b>7,646,128</b>	4,210,113
<b>Noncurrent Liability</b>		
Accrued retirement benefits (Note 14)	<b>751,283</b>	1,228,711
<b>Total Liabilities</b>	<b>8,397,411</b>	5,438,824
<b>General Fund Balance</b>		
Restricted (Note 9)	<b>4,011,997</b>	2,873,542
Unrestricted	<b>6,326,462</b>	6,967,392
<b>Total General Fund Balance</b>	<b>10,338,459</b>	9,840,934
<b>TOTAL LIABILITIES AND GENERAL FUND BALANCE</b>	<b>₱18,735,870</b>	₱15,279,758

See accompanying Notes to Financial Statements.

SEP 26 2018

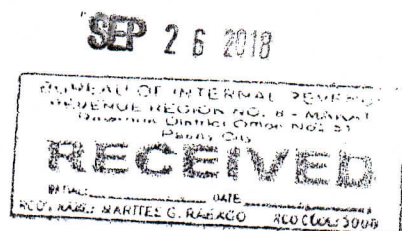


**THE ANDRES SORIANO FOUNDATION, INC.**  
**(A Nonstock, Not-for-Profit Organization)**

**STATEMENTS OF INCOME**

	<b>Years Ended June 30</b>	
		<b>2017</b>
		<b>(As Restated,</b>
	<b>2018</b>	<b>Note 17)</b>
<b>REVENUES</b>		
Donations (Notes 8, 11 and 16)	<b>₱15,413,521</b>	₱11,843,545
Grants (Notes 8, 12 and 16)	<b>11,712,891</b>	8,941,727
	<b>27,126,412</b>	20,785,272
<b>EXPENSES</b>		
Projects:		
Small island sustainable development program	<b>20,647,213</b>	14,798,009
Cancer program	<b>3,230,879</b>	2,751,906
Program management	<b>1,359,727</b>	1,478,088
Corporate disaster and calamity assistance	<b>—</b>	23,584
	<b>25,237,819</b>	19,051,587
General and administrative (Note 10)	<b>1,804,711</b>	1,987,733
	<b>27,042,530</b>	21,039,320
<b>OTHER INCOME</b>		
Rental income (Note 13)	<b>349,250</b>	317,500
Interest income (Note 3)	<b>101,107</b>	85,887
	<b>450,357</b>	403,387
<b>EXCESS OF REVENUE OVER EXPENSES</b>		
<b>BEFORE INCOME TAX</b>	<b>534,239</b>	149,339
<b>PROVISION FOR INCOME TAX (Note 15)</b>	<b>(36,714)</b>	(27,189)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>₱497,525</b>	₱122,150

*See accompanying Notes to Financial Statements.*





**THE ANDRES SORIANO FOUNDATION, INC.****(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF CHANGES IN GENERAL FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 2018 and 2017**

	Restricted (Note 9)	Unrestricted	Total
<b>BALANCES AT JULY 1, 2016, AS PREVIOUSLY STATED</b>	<b>₱2,441,105</b>	<b>₱7,672,869</b>	<b>₱10,113,974</b>
Transition adjustments (Note 17)	(395,190)	—	(395,190)
<b>BALANCES AT JULY 1, 2016, AS RESTATED</b>	<b>2,045,915</b>	<b>7,672,869</b>	<b>9,718,784</b>
Transfer to restricted fund	7,241,348	(7,241,348)	—
Excess (deficiency) of revenue over expense	(6,413,721)	6,535,871	122,150
<b>BALANCES AT JUNE 30, 2017</b>	<b>2,873,542</b>	<b>6,967,392</b>	<b>9,840,934</b>
Transfer to restricted fund	10,330,065	(10,330,065)	—
Excess (deficiency) of revenue over expense	(9,191,610)	9,689,135	497,525
<b>BALANCES AT JUNE 30, 2018</b>	<b>₱4,011,997</b>	<b>₱6,326,462</b>	<b>₱10,338,459</b>

*See accompanying Notes to Financial Statements.*

**THE ANDRES SORIANO FOUNDATION, INC.****(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2018</b>	<b>2017</b> (As Restated, Note 17)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenses before income tax	<b>₱534,239</b>	<b>₱149,339</b>
Adjustments for:		
Depreciation (Notes 5 and 10)	<b>429,001</b>	<b>432,004</b>
Interest income (Note 3)	<b>(101,107)</b>	<b>(85,887)</b>
Movements in retirement benefits	<b>(477,428)</b>	<b>113,480</b>
Operating income before working capital changes	<b>384,705</b>	<b>608,936</b>
Decrease (increase) in:		
Receivables	<b>1,052,266</b>	<b>(1,121,271)</b>
Prepaid insurance	<b>(241,922)</b>	<b>—</b>
Increase (decrease) in:		
Accrued expenses and other payables	<b>4,812</b>	<b>(64,347)</b>
Deferred revenue	<b>3,421,678</b>	<b>(656,055)</b>
Net cash provided by (used in) operations	<b>4,621,539</b>	<b>(1,232,737)</b>
Interest received	<b>101,107</b>	<b>85,887</b>
Income tax paid	<b>(27,189)</b>	<b>—</b>
Net cash provided by (used in) operating activities	<b>4,695,457</b>	<b>(1,146,850)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (Note 5)	<b>(89,860)</b>	<b>(31,951)</b>
Decrease (increase) in refundable deposits	<b>104,600</b>	<b>(104,600)</b>
Net cash provided by (used in) investing activities	<b>14,740</b>	<b>(136,551)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>4,710,197</b>	<b>(1,283,401)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	<b>12,098,160</b>	<b>13,381,561</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)</b>		
	<b>₱16,808,357</b>	<b>₱12,098,160</b>

*See accompanying Notes to Financial Statements.*

# THE ANDRES SORIANO FOUNDATION, INC.

(A Nonstock, Not-for-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS

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### 1. Foundation's Information and Authorization for Issuance of Financial Statements

#### Foundation's Information

The Andres Soriano Foundation, Inc. (the Foundation) was incorporated on June 4, 1968 and registered with the Philippine Securities and Exchange Commission (SEC) on June 11, 1968 as a nonstock, not-for-profit organization. On October 22, 2015, the application for renewal of the corporate life of the Foundation was approved by the SEC for another 50 years which will take effect in August 2018.

The Foundation is the Corporate Social Responsibility arm of A. Soriano Corporation (Anscor). It was organized to serve the national welfare, that is, to contribute to sustainable development and social reform by developing and implementing programs aligned with its corporate objective through the facilitation and implementation of holistic and integrated area development programs and activities; the dissemination and implementation of high impact "best practice" technologies for the enhancement of socio-economic conditions of the assisted communities; and, the development and strengthening of partnership mechanism between the corporate sector and local government units, among others. The registered business address of the Foundation is at A. Soriano Aviation Hangar, Andrews Avenue, Pasay City.

Under Section 30(e) of Republic Act No. 8424 entitled "An Act Amending the National Internal Revenue Code (NIRC), As Amended, and For Other Purposes", the excess of revenue over expenses of a non-stock corporation or association organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans, wherein no part of its net income or asset shall belong to or inure to any member, organizer, officer, or any specific person, shall be exempted from income taxes. Notwithstanding such provision, any income earned by the Foundation from any activities conducted for profit regardless of the disposition made of such income, shall be subject to income taxes.

On October 5, 2012, the Foundation was re-certified by the Board of Trustees of Philippine Council for Non-Governmental Organization (NGO) Certification (PCNC) as a donee institution for another five years. In June 2017, the Foundation was re-evaluated by PCNC for the renewal of its status. As a result of the evaluation, the Foundation was re-certified by PCNC for another five years. The donee institution status will end on June 28, 2022.

The Foundation is registered with the Bureau of Internal Revenue (BIR) as a donee institution in accordance with the provisions of Revenue Regulation No. 13-1998 with certificate No. 118-2017 issued on September 4, 2017 with validity until December 27, 2018. Accordingly, donations received by the Foundation shall entitle the donors to full or limited deduction pursuant to Section 34(H) (1) or (2), and exemption from donor's tax pursuant to Section 101(A) (3) of the NIRC of 1997.

#### Authorization for Issuance of Financial Statements

The financial statements were authorized for issuance by the Board of Trustees (BOT) on August 29, 2018.



---

## 2. Summary of Significant Accounting Policies and Financial Reporting Practices

### Basis of Preparation

In March 2018, the Philippine Securities and Exchange Commission resolved to adopt PFRS for Small Entities (the Framework) as part of its rules and regulations on financial reporting. This Framework was developed in response to feedback of small entities that PFRS for Small and Medium-sized Entities (PFRS for SMEs) is too complex to apply. By reducing choices for accounting treatment, eliminating topics that are generally not relevant to small entities, simplifying methods for recognition and measurement, and reducing disclosure requirements, the Framework allows small entities to comply with the financial reporting requirements without undue cost or burden. The Framework is effective for annual periods beginning on or after January 1, 2019, with early application permitted.

The Foundation has opted to adopt the Framework earlier than its mandatory effective date. Note 17 to the financial statements indicates the adjustments made by the Foundation in restating its previous financial statements prepared in accordance with PFRS for SMEs, including the statement of financial position as at July 1, 2016, and the financial statements as at and for the year ended June 30, 2017.

### Statement of Compliance

The financial statements are prepared in compliance with the Framework.

### Fund Accounting

To ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting in which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Accordingly, all financial transactions have been recorded and reported by fund group, as follows:

- “Unrestricted fund” represents the portion of expendable funds available for support of the Foundation’s operations.
- “Restricted fund” represents the amount set aside by the Foundation’s management for special projects and other contingencies.
  - a. “Small Island Sustainable Development Program (SISDEP)” represents donations or grants that require the funds be used in environment conservation and management, livelihood assistance, community-based health program and education in the adapted community in Palawan.
  - b. “Cancer Program” represents donations or grants that require the funds be used in research and training of Filipino doctors and nurses in the field of oncology, chemotherapy medicines of indigent breast cancer patients and rehabilitation and maintenance of Cancer Institute at UP-Philippine General Hospital (UP-PGH).
  - c. “Project Management” represents donations or grants that require the funds be used for Project Conceptualization and Development and Resource Management such as the construction of Multi-Purpose Centers use for conferences and trainings.
  - d. “Provision for Retirement Benefits Cost” represents the reserved funds for the retirement benefits of the core employees of the Foundation.

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

### Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Foundation classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Foundation's basic financial instruments consist of cash and cash equivalents, receivables, and accrued expenses and other payables. The Foundation does not have complex financial instruments.

#### Basic financial instruments

##### *Initial measurement*

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

##### *Subsequent measurement*

The Foundation's debt financial instruments are subsequently measured at amortized cost using the effective interest method.

##### *Impairment of financial instruments measured at amortized cost*

At each reporting date, the Foundation assesses whether there is objective evidence of impairment on any financial assets that are measured at amortised cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

##### *Derecognition of financial assets*

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognized only when these are extinguished that is, when the obligation is discharged, cancelled, or has expired.

### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any allowance for impairment losses.

Depreciation commences when the assets are available for use and is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Transportation equipment	5
Office equipment	3-5
Showroom	5
Office building and staff houses	10
Furniture and fixtures	5



The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any allowance for impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Fully depreciated assets are retained in the accounts until they are no longer in use.

#### Investment Property

The Foundation classified the parcels of land it held under an operating lease as investment property. This is measured at cost.

#### Impairment of Assets

Assets such as property and equipment and investment property are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. If the recoverable amount cannot be estimated for an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Foundation.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Foundation will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

#### Deferred Revenue

Deferred revenue is recognized for cash received not yet earned and is presented as liability.

#### Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Foundation and the amount of the revenue can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Donations and grants*

Donations and grants are recognized when there is reasonable assurance that these will be received and all attached conditions will be complied with. Donations and grants received pertaining to the project commencing after the financial reporting date are recorded as deferred revenue. Donations in-kind are measured at fair value of the consideration received.

##### *Rental income*

Revenue from rentals of the land is accounted for on a straight-line basis over the lease term.

##### *Interest income*

Interest income is recognized as it accrues, taking into account the effective yield on the asset.



### Expenses

Expenses are recognized as incurred and measured at the amount of consideration paid or payable.

### Leases

Leases are classified as operating leases when the lessor retains substantially all the risks and rewards of ownership of the asset. Operating lease receipts are recognized as income in profit or loss on a straight-line basis over the lease term.

### Retirement Benefits Cost

The Foundation has established a formal retirement plan for its employees. The Foundation's retirement benefit obligation is measured using the accrual approach based on the approved retirement plan. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

### Income Taxes

The Foundation uses taxes payable method to account for income taxes. Under this method, the Foundation recognizes income taxes and liability based on the taxable income for the year using tax rates that have been enacted or substantively enacted at the reporting date.

### Events after the Financial Reporting Period

Post year-end events that provide additional information about the Foundation's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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## 3. Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	<b>₱8,124,826</b>	₱3,542,364
Cash equivalents	<b>8,683,531</b>	8,555,796
	<b>₱16,808,357</b>	₱12,098,160

Cash in banks earn interest at their respective bank deposit rates. Cash equivalents are short term investments with periods ranging up to three months depending on the immediate cash requirements of the Foundation and earn interest at their respective interest rates.

Interest earned from cash and cash equivalents amounted to ₱101,107 in 2018 and ₱85,887 in 2017. Interest rates range from 0.10% to 1.25% and 0.70% to 1.25% in 2018 and 2017, respectively.

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## 4. Receivables

	2018	2017
Rent receivable, net of allowance of ₱188,375 in 2018 and ₱192,500 in 2017	<b>₱188,375</b>	₱—
Receivables from donors	<b>100,000</b>	1,308,116
Advances to officers and employees	<b>81,685</b>	109,003
Other receivables	<b>35,034</b>	40,241
	<b>₱405,094</b>	₱1,457,360

Receivables from donors pertain to funds committed to be received from donors for various projects.

Advances to officers and employees primarily pertain to funds given by the Foundation to its officers and employees for various projects and administrative expenses which are subject to liquidation. Portion of these advances also relate to noninterest-bearing advances to officers and employees that are collectible within a year through payroll deductions.

Movements in the allowance for doubtful accounts are as follows:

	2018	2017
Balance at beginning of year	<b>₱192,500</b>	₱125,000
Provision (reversal of allowance) during the year (Note 10)	<b>(4,125)</b>	67,500
Balance at end of year	<b>₱188,375</b>	₱192,500

## 5. Property and Equipment

2018						
	Transportation Equipment	Office Equipment	Showroom	Office Building and Staff Houses	Furniture and Fixtures	Total
<b>Cost</b>						
Beginning balance	<b>₱720,743</b>	<b>₱613,003</b>	<b>₱533,800</b>	<b>₱1,743,855</b>	<b>₱86,342</b>	<b>₱3,697,743</b>
Additions	75,000	6,500	—	—	8,360	89,860
Ending balance	<b>795,743</b>	<b>619,503</b>	<b>533,800</b>	<b>1,743,855</b>	<b>94,702</b>	<b>3,787,603</b>
<b>Accumulated</b>						
<b>Depreciation</b>						
Beginning balance	605,071	436,056	376,794	1,372,016	41,832	2,831,769
Depreciation (Note 10)	51,133	80,947	108,067	175,828	13,026	429,001
Ending balance	<b>656,204</b>	<b>517,003</b>	<b>484,861</b>	<b>1,547,844</b>	<b>54,858</b>	<b>3,260,770</b>
<b>Net Book Value</b>	<b>₱139,539</b>	<b>₱102,500</b>	<b>₱48,939</b>	<b>₱196,011</b>	<b>₱39,844</b>	<b>₱526,833</b>

2017						
	Transportation Equipment	Office Equipment	Showroom	Office Building and Staff Houses	Furniture and Fixtures	Total
<b>Cost</b>						
Beginning balance	<b>₱715,743</b>	<b>₱586,052</b>	<b>₱533,800</b>	<b>₱1,743,855</b>	<b>₱86,342</b>	<b>₱3,665,792</b>
Additions	5,000	26,951	—	—	—	31,951
Ending balance	<b>720,743</b>	<b>613,003</b>	<b>533,800</b>	<b>1,743,855</b>	<b>86,342</b>	<b>3,697,743</b>
<b>Accumulated</b>						
<b>Depreciation</b>						
Beginning balance	559,215	346,859	268,727	1,196,260	28,704	2,399,765
Depreciation (Note 10)	45,856	89,197	108,067	175,756	13,128	432,004
Ending balance	<b>605,071</b>	<b>436,056</b>	<b>376,794</b>	<b>1,372,016</b>	<b>41,832</b>	<b>2,831,769</b>
<b>Net Book Value</b>	<b>₱115,672</b>	<b>₱176,947</b>	<b>₱157,006</b>	<b>₱371,839</b>	<b>₱44,510</b>	<b>₱865,974</b>

## 6. Investment Property

Investment property pertains to parcels of land located in Barangay Berong, Quezon, Palawan which is being leased out by the Foundation to CRMiller Flight Services (see Note 13).



#### 7. Accrued Expenses and Other Payables

	2018	2017
Accrued expenses	₱360,386	₱321,153
Payables to government agencies	75,078	105,214
Others	18,345	22,630
	<b>₱453,809</b>	<b>₱448,997</b>

Accrued expenses pertain to accrual for project reimbursements, unpaid utilities and professional fees and other third party services.

#### 8. Deferred Revenue

	2018	2017
Beginning balances	₱3,733,927	₱4,389,982
Additions (Notes 11 and 12)	5,407,911	3,950,197
Revenue earned during the year	(1,986,233)	(4,606,252)
	<b>₱7,155,605</b>	<b>₱3,733,927</b>

#### 9. Restricted General Fund Balance

Restricted general fund balance which represents amount for the use of the projects identified by the management team, approved by the BOT and funded by the donors/grantors are as follows:

	2018	2017 (As Restated, Note 17)
SISDEP and other programs	₱3,186,374	₱777,662
Provision for retirement benefits cost	751,283	1,228,771
Cancer program	74,340	867,109
	<b>₱4,011,997</b>	<b>₱2,873,542</b>

#### 10. General and Administrative Expenses

	2018	2017 (As Restated, Note 17)
Salaries and other benefits (Note 14)	₱712,077	₱841,472
Depreciation (Note 5)	429,001	432,004
Taxes and licenses	245,100	241,272
Professional fees	181,980	159,195
Rent	66,198	58,900
Communication, light and water	57,560	72,928
Entertainment, amusement and recreation	26,000	28,000
Insurance	24,187	17,250
Supplies	19,206	26,940
Transportation and travel	15,981	12,804
Repairs and maintenance	10,281	15,743
Others (Note 4)	17,140	81,225
	<b>₱1,804,711</b>	<b>₱1,987,733</b>



Like other NGOs with limited funding resource, the Foundation also employs a multi-tasking work force to reduce personnel cost without compromising quality of work outputs. As such, charging of employees' salaries are rationally distributed to various project expenses depending on the type and magnitude of workload performed and time spent to carry-out the work to achieve overall organizational objectives.

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## 11. Donations

The Foundation, being the Corporate Social Responsibility arm of Anscor, received from the latter cash donation of ₱5,275,000 and ₱5,000,000 in 2018 and 2017, respectively (see Note 16). This is to support the various programs of the Foundation and to cover its administrative expenses. Phelps Dodge Philippines Energy Product Corporation (PDP) donated cash amounting to ₱500,000 both in 2018 and 2017. PDP also donated wires with a fair value of ₱106,451 in 2018 for the construction of Manamoc Senior High School Technical-Vocational Laboratories. In 2018 and 2017, Andres Soriano III donated cash to the Foundation amounting to ₱90,300 and ₱75,000, respectively.

The Foundation received cash donations from Pamalican Resort, Inc. (PRI) amounting to ₱192,204 and ₱206,307 in 2018 and 2017, respectively. Also, the Foundation received in-kind donations from PRI amounting to ₱420,570 and ₱425,485 in 2018 and 2017, respectively (see Note 16). These represent round-trip airfare of the Foundation staffs, resource experts invited to conduct technical trainings and several partners and donors who were invited to see the projects they have funded. Various Amanpulo guests also donated cash amounting to ₱638,235 and ₱126,145 in 2018 and 2017, respectively.

For its projects such as Annual Health Caravan cum Medical Mission, construction of Manamoc Senior High School Tech-Voc Lab and Annual Evaluation of its Safe Delivery Application Project, the Foundation received in-kind donations from the following: (a) Island Aviation, Inc. (IAI) for round-trip airfare amounting to ₱380,000 and ₱358,400 in 2018 and 2017, respectively; (b) West Villa Property Holdings for doctors, donors and partners' accommodation amounting to ₱1,219,848 and ₱756,803 in 2018 and 2017, respectively; (c) PRI for the meals and air transport of doctors, partners and donors amounting to ₱762,112 and ₱349,058 in 2018 and 2017, respectively; (d) Barangay Local Government of Diit, Algeciras, Manamoc, Concepcion and Agutaya for food of the doctors and medical volunteers and transportation of midwives during the annual evaluation of Safe Delivery Application Project amounting to ₱32,000 and ₱45,946 in 2018 and 2017, respectively; (e) Department of Health-Region MIMAROPA for medicines amounting to ₱489,920 and ₱865,955 in 2018 and 2017, respectively; (f) United Laboratories and Order to Malta donated medicines amounting to ₱15,069 and ₱41,550 in 2017, respectively (nil in 2018). Also in 2018 and 2017, the Foundation received in-kind donations through professional services of doctors amounting to ₱289,400 and ₱356,400, respectively. In 2018, the Foundation also received in-kind donations amounting to ₱1,703,769 from Seven Seas Resort & Leisure, Inc. (SSRLI) and ₱334,301 from Solaire Resort Hotel Operations. In 2017, the Foundation received cash donations from Macro Pharma amounting to ₱13,000 to defray the cost of T-Shirts distributed to doctors and volunteers while in 2018, in-kind donation (T-shirts) amounting to ₱18,000 was received from OEP Philippines and Multicare Pharma. In 2018, Andres Soriano III donated cash to the Foundation amounting to ₱100,000 for medical supplies used during the Annual Health Caravan.

In addition, in 2018, the Foundation received various in-kind donations for different projects and activities as project's counterpart from community stakeholders/project beneficiaries amounting to ₱444,649. In 2017, the Foundation received in-kind donation from Oscar Hilado (through Mariposa Foundation, Inc.) in the form of 144 pieces of GI Sheets amounting to ₱86,509 for the roofing requirement of ASF's Senior High School Tech-Voc Laboratory Building Construction project in Manamoc National High School. In addition, the Foundation received from various donors in-kind



donations for livelihood projects amounting to ₱230,190 for infrastructure projects from Barangay/Community.

The Foundation also received various donations which are restricted for use in the conduct of their specific projects:

*SISDEP and Other Projects*

In 2018, the Foundation received a donation from St. Joseph Foundation, Inc. (sister company of Almavida Holdings, Inc.) amounting to ₱300,000 while in 2017, Almavida Holdings, Inc. (Endika M. Aboitiz) donated ₱175,000 for its on-going commitment to support the scholarship of deserving students from Manamoc Island. In May 2016, Almavida Holdings, Inc. also donated ₱300,000 for the continuing academic scholarship program of the Foundation. The unspent portion of the donation as of June 30, 2018 and 2017 amounting to ₱337,757 and ₱267,041, respectively, is recorded in "Deferred revenue" account (see Note 8).

Likewise, in 2018, the Foundation has forge a new partnership and benefactor with Mr. & Mrs. Philip and Lulette Monbiot, a Pamalican Villa Owner who committed to support one academic scholar from the islands starting school year 2018-2019. The Foundation received a donation amounting to ₱98,559 which is good for one semester covering the tuition and allowances of one scholar. Unspent portion of the donation amounting to ₱48,628 as of June 30, 2018 is recorded in deferred revenue account (see Note 8).

In July 2015, the Foundation received ₱300,000 from PILMICO Food Corporation for the Tech-Voc Scholarship. This amount was used for school year 2016. In 2017, the Foundation received additional donation amounting to ₱300,000 for its continuing support for the Scholarship Program of high school graduate students and out-of-school youth from the small islands. The unspent portion of the donation as of June 30, 2018 and 2017 amounting to ₱361,800 and ₱433,817, respectively, is recorded in deferred revenue account (see Note 8).

In the prior years, the Foundation received donations in cash and in-kind from various donors (i.e., Anscor, Les' Folatieres Holdings, Inc., and other companies and individuals) totaling ₱10,805,136 for the victims of typhoon Yolanda. Majority of the proceeds were used to rebuild the houses of the victims. As of June 30, 2018, and 2017, unspent fund amounting to ₱1,000,000 is included as part of deferred revenue (see Note 8).

*Cancer Program*

The Foundation received cash donations from Rufo Colayco amounting to ₱550,000 and ₱400,000 in 2018 and 2017, respectively. These are specifically designated for the ASF Chemo Fund. All of the donations are spent in 2018. The Foundation also received in-kind donations from SM Marketing Department - Mall of Asia amounting to ₱76,400 representing 382 pieces of bear stuffed toys which were distributed to pediatric oncology patients at Philippine General Hospital.

In the prior years, the Foundation received cash donations from Mariposa Foundation, Inc. for the Cancer Institute Building maintenance. The unspent portion of the donation as of June 30, 2018 and 2017 amounting to ₱160,185 is included as part of deferred revenue (see Note 8) and will be used instead for the chemo fund effective September 1, 2017.



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## 12. Grants

### *SISDEP*

In May 2017, the Foundation received a grant amounting to ₱5,000,000 from Anscor to support the former's Adopt-A-School Project in partnership with the Department of Education's Senior High School Tech-Voc Program in Manamoc National High School. The project involved the construction of two Tech-Voc Laboratory Buildings. The whole amount of the grant was spent in 2018.

In relation to the project above, the St. Joseph Foundation, Inc. (SJFI) and Txanton Torre Wines and Olive Oil Co., Inc. made a commitment to donate to the Foundation amounting to ₱4,500,000 and ₱1,500,000, respectively, on the strength of a Memorandum of Agreement signed on June 6, 2017.

In 2018, the Foundation embarked a full-scale construction project of Manamoc National High School-Senior High School Technical-Vocational Laboratories in partnership with various donors and partners. The Foundation received cash grants amounting to ₱5,000,000 from ICTSI Foundation; ₱2,861,884 from St. Joseph Foundation, Inc.; ₱1,000,000 from Txanton Torre Wines and Olive Oil.

For the maintenance of laboratory buildings after the construction, the Foundation received donation amounting to ₱1,006,154 from Aman Resorts Services Limited; ₱1,000,000 from Anscor; ₱252,300 from Mr. Damian Chunilal (Pamalican Villa Owner) and; ₱50,000 from Mr. and Mrs. Philip Monbiot (Pamalican Villa Owner). The unspent portion of these donations as of June 30, 2018 amounting to ₱2,050,760 is included as part of deferred revenue (see Note 8) and will be used for the continuing maintenance requirement of the laboratory buildings, continuing education of tech-voc teachers and as needed, review workshop on tech-voc curriculum.

The Foundation received grants from Share Foundation amounting to ₱1,825,494 in 2018 and ₱1,553,985 in 2017. These grants will be used to fund various healthcare-related projects such as organic vegetable gardens and Tuberculosis - Directly Observed Treatment Short Course project, installation of solar panels and Nutrition Program such as but not limited to supplemental feeding project and support to annual medical mission and, research on biogas technology for the Foundation's beneficiaries in Manamoc and Agutaya islands in Palawan. As of June 30, 2018, and 2017, the remaining unspent balance amounting to ₱2,599,644 and ₱1,686,990, respectively, is included as part of deferred revenue (see Note 8).

A long-time donor, SEACOLGY - an environment advocate based in the U.S., released a grant amounting to ₱908,933 to Foundation's project on coastal resource management. The project involved the construction of a Multi-Purpose Center (MPC) in Barangay San Carlos in exchange for the protection of a 116-hectare no-take zone of the Imalaguan Fish Sanctuary for 25 years. The MPC will be used by the fisher folk association for the various training and assembly activities including the holding of classes on Alternative Learning System of their out-of-school youth. The unspent portion of the grant amounting to ₱91,000 included as part of deferred revenue as of June 30, 2016 was fully spent in 2017. In April 2018, the Foundation on the basis of a grant agreement with SEACOLGY secured approval of a grant for the construction of a Multi-Purpose Center for use by the Manamoc Community amounting to ₱972,668. The first tranche amounting to ₱675,219 was received and was fully spent as of June 30, 2018 while the second and last tranche will be released in the succeeding period.

### *Cancer Program*

In 2018, the Foundation received grants from the following pharmaceutical companies for the oncology fellowship program in partnership with the Section of Medical Oncology at UP-PGH: a) United Laboratories amounting to ₱259,000 with unspent portion amounting to ₱76,000 which is included in



deferred revenue account as of June 30, 2018; b) Pascual Laboratory amounting to ₱181,120; c) Fresenius Kabi Philippines, Inc. amounting to ₱168,000.

In 2017, the Foundation received grants from four pharmaceutical companies for fellowship program: (a) Pascual Laboratories amounting to ₱432,000; (b) Good Fellow Pharma amounting to ₱365,000; (c) Astra Zeneca Pharmaceuticals amounting to ₱216,750 and (d) United Laboratories amounting to ₱175,000. These were awarded to seven medical doctors specializing in various fields of Oncology. Additional grant was also received from Nancie M. Villaflor amounting to ₱5,000 for various cancer programs. The unspent portion of the grant amounting to ₱44,946 is included in deferred revenue account as of June 30, 2018 (see Note 8).

In 2017, the Foundation received a grant from the Philippine Cancer Society (PCS) amounting to ₱216,800 to support the Foundation's "Alay sa Chemo Fund" project that provides Chemotherapy Maintenance Medicines to indigent breast cancer patients in partnership with Cancer Institute at UP-PGH and Annual Oncology Lectures. This is spent in the same year the grant was received. In the prior years, PCS awarded the Foundation grants to fund the annual Andres Soriano Jr. Memorial Lecture, maintenance of the Oncology Library and the Chemo Therapy program for screened indigent cancer patients. As of June 30, 2018, and 2017, the remaining unspent fund amounting to ₱120,600 and ₱135,120, respectively, is included as part of deferred revenue (see Note 8).

### 13. Rental Income

The Foundation, through the donated shares of WestPal, is the ultimate beneficial owner of the rights and interest of certain parcels of land located in Barangay Berong, Quezon, Palawan which were acquired by the Philippine Government (the Government) under its Comprehensive Agrarian Reform Program. The compensation payment of the subject parcels of land was successfully negotiated by the Foundation with the Government.

In October 2012, the Foundation entered into a five-year lease agreement with CRMiller Flight Services. This lease contract was renewed for a period of one year in 2016 and 2017.

Rental income amounted to ₱349,250 and ₱317,500 in 2018 and 2017, respectively.

### 14. Retirement Benefits Cost

The Foundation recognized the amount of retirement benefits for its qualified employees following the requirements of the benefit Retirement Plan, using accrual approach.

The Foundation's retirement plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one-month salary for every year of service multiplied by retirement rate plus conversion into cash of allowable accumulated vacation and sick leave credits.

The movement in the account during the years ended June 30 are as follows:

	2018	2017 (As Restated, Note 17)
At January 1	₱1,228,711	₱720,041
Retirement benefit expense (income) (Note 10)	(321,030)	721,220
Benefits paid	(156,398)	—
Contribution	—	(212,550)
At December 31	₱751,283	₱1,228,711

## 15. Income Tax

- The Foundation's provision for income tax pertains to the tax effect of the rental income.
- The reconciliation of the provision for income tax computed at statutory tax rate of 30% to the provision for income tax shown in the statements of income for the years ended June 30 is shown as follows:

	2018	2017 (As Restated, Note 17)
Provision for income tax computed at statutory income tax rate	<b>₱160,272</b>	₱44,802
Adjustments for:		
Net loss (income) exempted from income taxes	(93,226)	8,153
Interest income subjected to final income tax	(30,332)	(25,766)
Provision for income tax	<b>₱36,714</b>	₱27,189

## 16. Related Party Transactions

A related party is a person or entity that is related to the Foundation. A person or a close member of that person's family is related to the Foundation if that person is a member of the key management personnel of Foundation or of the parent, has control or joint control or significant influence or voting power over the Foundation.

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions.

The Foundation's transactions and account balances with Anscor, SSRLI, PRI, West Villa Property Holdings, IAI and PDP, entities under the common control of some BOT members, are as follows:

Nature of transaction	Amount of Transaction	
	2018	2017
Donations (Note 11)		
Anscor	<b>₱6,275,000</b>	₱10,000,000
SSRLI	<b>1,703,769</b>	-
West Villa Property Holdings	<b>1,219,848</b>	756,803
PRI	<b>1,182,683</b>	980,850
IAI	<b>380,000</b>	358,400
PDP	<b>606,451</b>	500,000
	<b>₱11,367,750</b>	₱12,596,053

The Foundation received donations in cash and in-kind from Anscor, SSRLI, PRI, West Villa Property Holdings, IAI and PDP to assist the former's various programs. As of June 30, 2018 and 2017, no portion of these donations remain unspent.

## 17. Transition to the PFRS for Small Entities

### *Explanation of transition to PFRS for Small Entities*

Under the previous accounting framework (PFRS for SMEs), the Foundation's retirement benefit obligations were calculated on the basis of the projected unit credit method.



Under the Framework, the Foundation is required to use the accrual approach to calculate the retirement benefit obligations.

The following reconciliations show the effect of the transition from PFRS for SMEs to the Framework on the Foundation's general fund balance and accrued retirement benefits as at July 1, 2016 and June 30, 2017, and the Foundation's excess of revenue over expenses for the year ended June 30, 2017.

*a. General fund balance*

	June 30, 2017	July 1, 2016
Total equity under previous accounting framework	₱9,743,871	₱10,113,974
Restatement of provisions for employee benefit obligations	97,063	(395,190)
Total equity under PFRS for Small Entities	₱9,840,934	₱9,718,784

*b. Accrued retirement benefits*

	June 30, 2017	July 1, 2016
Accrued retirement benefits under previous framework	₱930,584	₱720,041
Restatement of accrued retirement benefits	298,126	395,190
Accrued retirement benefits	₱1,228,711	₱1,115,231

*c. Excess of revenue over expenses for the year ended June 30, 2017*

Excess of revenue over expenses for the year under PFRS for SME	₱25,087
Restatement of provisions for employee benefit obligations	97,063
Excess of revenue over expenses for the year under the Framework	₱122,150

*d. Impact on the statement of cash flows for the year ended June 30, 2017*

The restatement adjustments did not have significant impact on the statement of cash flow for the year ended June 30, 2017.

# 18. Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with Revenue Regulations No. 15-2010 issued by the BIR on November 25, 2010 mandating all taxpayers to include information on taxes, duties and license fees paid or accrued during the taxable year, presented below are the taxes paid and accrued by the Foundation.

*a. Value-added Tax*

The Foundation, as a not-for-profit institution, is exempt from value-added tax.

*b. Details of taxes and licenses in 2018 are as follows:*

Real property taxes	₱226,870
Business permit	500
Others	17,730
	₱245,100

c. Details of withholding taxes in 2018 are as follows:

Withholding taxes on compensation and benefits	₱393,549
Expanded withholding taxes	42,949

The Foundation has outstanding withholding taxes payable on compensation and benefits and expanded withholding taxes amounting to ₱25,209 and ₱5,938, respectively, as of June 30, 2018.

d. As of June 30, 2018, the Foundation has no tax deficiency assessment or tax case under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.