

**The Andres Soriano
Foundation, Inc.**
(A Nonstock, Not-for-Profit Organization)

Financial Statements
June 30, 2019 and 2018

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Andres Soriano Foundation, Inc.

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, 2019 and 2018, 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, 2019 and 2018, 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.



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 17 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

Partner

CPA Certificate No. 0097907

SEC Accreditation No. 1768-A (Group A),

September 3, 2019, valid until September 2, 2022

Tax Identification No. 201-960-347

BIR Accreditation No. 08-001998-102-2018,

October 18, 2018, valid until October 17, 2021

PTR No. 7332555, January 3, 2019, Makati City

September 11, 2019



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

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱16,121,616	₱16,808,357
Receivables (Note 4)	1,367,544	405,094
Prepaid insurance	194,810	241,922
Total Current Assets	17,683,970	17,455,373
Noncurrent Assets		
Property and equipment (Note 5)	312,804	526,833
Investment property (Note 6)	700,000	700,000
Refundable deposits	53,664	53,664
Total Noncurrent Assets	1,066,468	1,280,497
TOTAL ASSETS	₱18,750,438	₱18,735,870
LIABILITIES AND GENERAL FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	₱484,164	₱453,809
Deferred revenue (Notes 8, 11 and 12)	7,634,970	7,155,605
Income tax payable	7,260	36,714
Total Current Liabilities	8,126,394	7,646,128
Noncurrent Liability		
Accrued retirement benefits (Note 14)	909,982	751,283
Total Liabilities	9,036,376	8,397,411
General Fund Balance		
Restricted (Note 9)	3,895,453	4,011,997
Unrestricted	5,818,609	6,326,462
Total General Fund Balance	9,714,062	10,338,459
TOTAL LIABILITIES AND GENERAL FUND BALANCE	₱18,750,438	₱18,735,870

See accompanying Notes to Financial Statements.



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

STATEMENTS OF INCOME

	Years Ended June 30	
	2019	2018
REVENUES		
Donations (Notes 8, 11 and 16)	₱16,185,895	₱15,413,521
Grants (Notes 8, 12 and 16)	3,594,676	11,712,891
	19,780,571	27,126,412
EXPENSES		
Projects:		
Small island sustainable development program	10,820,544	20,647,213
Cancer program	6,114,136	3,230,879
Program management	1,910,421	1,359,727
	18,845,101	25,237,819
General and administrative (Note 10)	2,103,591	1,804,711
	20,948,692	27,042,530
OTHER INCOME		
Rental income (Note 13)	363,000	349,250
Interest income (Note 3)	187,984	101,107
	550,984	450,357
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE INCOME TAX	(617,137)	534,239
PROVISION FOR INCOME TAX (Note 15)	(7,260)	(36,714)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(₱624,397)	₱497,525

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, 2019 and 2018**

	Restricted (Note 9)	Unrestricted	Total
BALANCES AT JUNE 30, 2017	₱2,873,542	₱6,967,392	₱9,840,934
Transfer to restricted fund	10,330,065	(10,330,065)	—
Excess (deficiency) of revenue over expense	(9,191,610)	9,689,135	497,525
BALANCES AT JUNE 30, 2018	4,011,997	6,326,462	10,338,459
Transfer to restricted fund	11,800,000	(11,800,000)	—
Excess (deficiency) of revenue over expense	(11,916,544)	11,292,147	(624,397)
BALANCES AT JUNE 30, 2019	₱3,895,453	₱5,818,609	₱9,714,062

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses before income tax	(P617,137)	P534,239
Adjustments for:		
Depreciation (Notes 5 and 10)	330,759	429,001
Interest income (Note 3)	(187,984)	(101,107)
Movements in retirement benefits	158,699	(477,428)
Operating income (loss) before working capital changes	(315,663)	384,705
Decrease (increase) in:		
Receivables	(962,450)	1,052,266
Prepaid insurance	47,112	(241,922)
Increase in:		
Accrued expenses and other payables	30,355	4,812
Deferred revenue	479,365	3,421,678
Net cash provided by (used in) operations	(721,281)	4,621,539
Interest received	187,984	101,107
Income tax paid	(36,714)	(27,189)
Net cash provided by (used in) operating activities	(570,011)	4,695,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 5)	(116,730)	(89,860)
Decrease in refundable deposits	—	104,600
Net cash provided by (used in) investing activities	(116,730)	14,740
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(686,741)	4,710,197
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,808,357	12,098,160
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	P16,121,616	P16,808,357

See accompanying Notes to Financial Statements.



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

NOTES TO FINANCIAL STATEMENTS

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 took 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. 13-98 with Certificate No. 118-2017 issued on September 4, 2017 with validity until December 27, 2018. This was renewed for another three years under Certificate No. 026 - 2019 issued on January 20, 2019 with validity until December 20, 2021. 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) (2) 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 September 11, 2019.



2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

In March 2018, the Philippine SEC resolved to adopt Philippine Financial Reporting Standard 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 in 2018 financial statements, earlier than its mandatory effective date.

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 amortized 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.

3. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	₱7,294,793	₱8,124,826
Cash equivalents	8,826,823	8,683,531
	₱16,121,616	₱16,808,357

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 ₱187,984 in 2019 and ₱101,107 in 2018. Interest rates range from 0.10% to 1.50% and 0.10% to 1.25% in 2019 and 2018, respectively.

4. Receivables

	2019	2018
Receivables from donors	₱897,600	₱100,000
Rent receivable, net of allowance of ₱287,375 in 2019 and ₱188,375 in 2018	287,375	188,375
Advances to officers and employees	125,176	81,685
Other receivables	57,393	35,034
	₱1,367,544	₱405,094

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

Advances to officers and employees primarily pertain to funds forwarded to officers and employees to be used for various projects and administrative expenses and 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:

	2019	2018
Balance at beginning of year	₱188,375	₱192,500
Provision (reversal of allowance) during the year (Note 10)	99,000	(4,125)
Balance at end of year	₱287,375	₱188,375

5. Property and Equipment

2019						
	Transportation Equipment	Office Equipment	Showroom	Office Building and Staff Houses	Furniture and Fixtures	Total
Cost						
Beginning balance	₱795,743	₱619,503	₱533,800	₱1,743,855	₱94,702	₱3,787,603
Additions	85,000	31,730	—	—	—	116,730
Ending balance	880,743	651,233	533,800	1,743,855	94,702	3,904,333
Accumulated Depreciation						
Beginning balance	656,204	517,003	484,861	1,547,844	54,858	3,260,770
Depreciation (Note 10)	51,011	53,996	48,939	162,542	14,271	330,759
Ending balance	707,215	570,999	533,800	1,710,386	69,129	3,591,529
Net Book Value	₱173,528	₱80,235	₱—	₱33,469	₱25,572	₱312,804

2018						
	Transportation Equipment	Office Equipment	Showroom	Office Building and Staff Houses	Furniture and Fixtures	Total
Cost						
Beginning balance	₱720,743	₱613,003	₱533,800	₱1,743,855	₱86,342	₱3,697,743
Additions	75,000	6,500	—	—	8,360	89,860
Ending balance	795,743	619,503	533,800	1,743,855	94,702	3,787,603
Accumulated Depreciation						
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	656,204	517,003	484,861	1,547,844	54,858	3,260,770
Net Book Value	₱139,539	₱102,500	₱48,939	₱196,011	₱39,844	₱526,833

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 C. R. Miller Flight Services (see Note 13).

7. Accrued Expenses and Other Payables

	2019	2018
Accrued expenses	₱351,300	₱360,386
Payables to government agencies	116,172	75,078
Others	16,692	18,345
	₱484,164	₱453,809

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



8. Deferred Revenue

	2019	2018
Beginning balances	₱7,155,605	₱3,733,927
Additions (Notes 11 and 12)	3,881,385	5,407,911
Revenue earned during the year	(3,402,020)	(1,986,233)
	₱7,634,970	₱7,155,605

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:

	2019	2018
SISDEP and other programs	₱2,911,131	₱3,186,374
Provision for retirement benefits cost	909,982	751,283
Cancer program	74,340	74,340
	₱3,895,453	₱4,011,997

10. General and Administrative Expenses

	2019	2018
Salaries and other benefits (Note 14)	₱871,843	₱712,077
Taxes and licenses	362,994	245,100
Depreciation (Note 5)	330,759	429,001
Professional fees	151,068	181,980
Rent	64,742	66,198
Communication, light and water	56,393	57,560
Entertainment, amusement and recreation	32,000	26,000
Insurance	68,049	24,187
Supplies	20,506	19,206
Transportation and travel	14,836	15,981
Repairs and maintenance	7,837	10,281
Others (Note 4)	122,564	17,140
	₱2,103,591	₱1,804,711

Employees' salaries are rationally distributed to various project expenses depending on the type and magnitude and time spent on workload performed.

11. Donations

The Foundation, being the Corporate Social Responsibility arm of Anscor, received from the latter, cash donation of ₱6,000,000 and ₱5,275,000 in 2019 and 2018, 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 and wires with a fair value of ₱106,451 in 2018 for the construction of Manamoc Senior High School Technical-Vocational Laboratories. In 2018, Andres Soriano III donated cash to the Foundation amounting to ₱90,300.



The Foundation received cash donations from Pamalican Resort, Inc. (PRI) amounting to ₱251,073 and ₱192,204 in 2019 and 2018, respectively. Also, the Foundation received in-kind donations from PRI amounting to ₱348,083 and ₱420,570 in 2019 and 2018, respectively (see Note 16). These represent round-trip airfare of 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 ₱103,095 and ₱638,235 in 2019 and 2018, 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 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 both in 2019 and 2018; b) West Villa Property Holdings for doctors, donors and partners' accommodation amounting to ₱736,575 and ₱1,219,848 in 2019 and 2018, respectively; c) PRI for the meals and air transport of doctors, partners and donors amounting to ₱487,308 and ₱762,112 in 2019 and 2018, 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 ₱136,501 and ₱32,000 in 2019 and 2018, respectively; e) Department of Health-Region MIMAROPA for medicines amounting to ₱879,285 and ₱489,920 in 2019 and 2018, respectively (see Note 16). Also in 2019 and 2018, the Foundation received in-kind donations through professional services of doctors and use of medical equipment amounting to ₱676,600 and ₱289,400, respectively. The Foundation also received in-kind donations amounting to ₱12,450 and ₱1,703,769 from Seven Seas Resorts & Leisure, Inc. (SSRLI) in 2019 and 2018, respectively and; ₱334,301 from Solaire Resort Hotel Operations in 2018 (see Note 16). In 2019, the Foundation received cash donations from Macro Pharma and OEP Philippines amounting to ₱20,000 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 2019, the Foundation received in-kind donation amounting to ₱160,060 from Procter and Gamble Philippines representing Tide Powder Laundry Soap and Infant's Diapers. In 2019 and 2018, Andres Soriano III (under the name of Anscor) donated cash to the Foundation amounting to ₱253,000 and ₱100,000, respectively, for medical supplies used during the Annual Health Caravan (see Note 16).

In 2019 and 2018, the Foundation received various in-kind donations as project's counterpart from community stakeholders and project beneficiaries amounting to ₱333,046 and ₱444,649, respectively. In addition, the Foundation received in-kind donations from various donors for livelihood projects amounting to ₱469,547 and ₱230,190 in 2019 and 2018, respectively, for infrastructure projects.

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

SISDEP and Other Projects

The Foundation received a donation from St. Joseph Foundation, Inc. (sister company of Almavida Holdings, Inc.) amounting to ₱300,000 both in 2019 and 2018. The unspent portion of the donation as of June 30, 2019 and 2018 amounting to ₱385,553 and ₱337,757, respectively, is recorded in "Deferred revenue" account (see Note 8).

Likewise, in 2018, the Foundation established 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 island 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. In 2019, a succeeding donation was received amounting to ₱111,022. Unspent portion of the donation amounting to ₱39,076 and ₱98,628 as of June 30, 2019 and 2018 are recorded in "Deferred revenue" account (see Note 8).



In 2019 and 2017, the Foundation received a donation amounting to ₱300,000 from Aboitiz Foundation for its continuing support for the Scholarship Program for senior high school (SHS) graduates and out-of-school youth from the small islands. The unspent portion of the donation as of June 30, 2019 and 2018 amounting to ₱352,197 and ₱361,800, respectively, is recorded in “Deferred revenue” account (see Note 8).

In 2019, the Foundation received a cash donation amounting to ₱15,359 from Aniham Technical School as its counterpart for the travel and transportation costs of 11 SHS graduates (girls only) from the small islands that received scholarship grants from Jollibee Group Foundation for a one-year course on Quick Service Restaurants.

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, 2019, and 2018, unspent fund amounting to ₱701,116 and ₱1,000,000, respectively, is included as part of “Deferred revenue” account (see Note 8).

In 2018, the Foundation received a donation from Amanpulo guests (Mr. Allan Camaisa and Paul Ettlinger) amounting to ₱331,880, which is particularly allocated for medical equipment to be donated to Manamoc Barangay Health Station. As of June 30, 2019 and 2018, the unspent portion of the donation amounting to ₱152,690 and ₱331,880, respectively, is included as part of “Deferred revenue” account (see Note 8).

Cancer Program

The Foundation received cash donations from Rufo Colayco amounting to ₱450,000 in 2019 and ₱550,000 in 2018. These are specifically designated for the ASF Chemo Fund in partnership with Cancer Institute, UP-PGH. All of the donations are spent in 2019. In addition, the Foundation received cash donation in 2019 amounting to ₱304,010 from Legacy Food Concept, Inc. which owns various chain of restaurants (such as Café Adriatico, Café Havana and ABE, etc.). As of June 30, 2019, unspent fund amounting to ₱304,010 (nil in 2018), is included as part of “Deferred revenue” account (see Note 8).

In the latter part of 2018, the Foundation received an in-kind donation amounting to ₱2,555,000 from Johnson and Johnson (Philippines), Inc. representing a 1-unit Hyundai H350 Van customized into a Mobile Treatment/Infusion Facility for specific use of hematologic and oncologic cancer patients admitted at the Cancer Institute, UP-PGH. A Conditional Deed of Donation was signed between the Foundation and Johnson and Johnson (Philippines), Inc. and Deed of Donation was signed by the Foundation and the Cancer Institute, UP-PGH as the end recipient of the Mobile Treatment Facility. The unit was turned over to the Cancer Institute administration in early 2019.

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, St. Joseph Foundation, Inc. and Txanton Torre Wines and Olive Oil Co., Inc. made a commitment to donate to the Foundation amounting to ₱4,000,000 and ₱1,000,000, 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; ₱4,000,000 from St. Joseph Foundation, Inc., ₱1,138,116 of which was recognized in 2017 and ₱2,861,884 was recognized in 2018; and ₱1,000,000 from Txanton Torre Wines and Olive Oil Co.

For the maintenance of laboratory buildings after the construction, the Foundation received donation in 2018 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, 2019 and June 30, 2018 amounting to ₱1,682,489 and ₱2,024,765, respectively, is included as part of “Deferred revenue” account (see Note 8). This will be used for the continuing overhead and 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 ₱1,768,093 in 2019 and ₱1,825,494 in 2018. These grants were used and will be used to fund various healthcare, education and environment-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, solid waste management for the Foundation’s beneficiaries in Manamoc and Agutaya islands in Palawan. As of June 30, 2019 and 2018, the remaining unspent balance amounting to ₱3,024,796 and ₱2,599,644, respectively, is included as part of “Deferred revenue” account (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. 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 ₱971,158. The first tranche amounting to ₱675,219 was received and was fully spent as of June 30, 2018. The second and final tranche amounting to ₱295,939 was released in the latter part of 2018 with a supplemental grant amounting to ₱258,660 for the installation of rain catchment and potable water tanks. As of June 30, 2019, the unspent portion of the grant amounting to ₱28,312 (nil in 2018), is included as part of “Deferred revenue” account (see Note 8).

Cancer Program

In 2019, ASF received grants from the following pharmaceutical companies for the oncology fellowship program in partnership with the Section of Medical Oncology at UP-PGH: a) AstraZeneca Pharmaceuticals amounting to ₱507,448; b) Good Fellow Pharma amounting to ₱347,000; c) UNILAB, INC. amounting to ₱200,000; d) Fresenius Kabi Phils, Inc. amounting to ₱195,000; e) Pascual Pharma Corp. amounting to ₱183,000 and f) Macropharma Philippines amounting to ₱168,000.

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 2019, the Foundation signed an Educational Grant Agreement with Johnson and Johnson (Philippines), Inc. amounting to ₱300,000 representing the latter's support to the Foundation's campaign and advocacy on cancer prevention through scientific cancer lectures. The first tranche amounting to ₱150,000 has been released and as of June 30, 2019 said amount has been included in "Deferred revenue" account (see Note 8).

In 2019, the Foundation has a grant receivable from the Philippine Cancer Society amounting to ₱689,600 in support of the Foundation's cancer care initiatives such as "Alay sa Chemo" project and Cancer Lecture. It is expected that the grant will be released by the end of August 2019. 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, 2019 and 2018, the remaining unspent fund amounting to ₱769,784 and ₱280,185, respectively, is included as part of "Deferred revenue" account (see Note 8).

In the prior years, the Foundation received grants from Narcisa M. Villaflor for various cancer programs. The unspent portion of the donation as of June 30, 2019 and 2018 amounting to ₱44,946, is included as part of "Deferred revenue" account (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 C. R. Miller Flight Services. This lease contract was renewed for a period of one year in 2019 and 2018.

Rental income amounted to ₱363,000 and ₱349,250 in 2019 and 2018, respectively.

14. Retirement Benefits Cost

The Foundation recognized the amount of retirement benefits for its qualified employees following the requirements of the 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:

	2019	2018
At beginning of year	₱751,283	₱1,228,711
Retirement benefit expense (income) (Note 10)	158,699	(321,030)
Benefits paid	—	(156,398)
At end of year	₱909,982	₱751,283



15. Income Tax

- The Foundation's provision for income tax pertains to the tax effect of the rental income.
- The excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) in 2019 amounting to ₱3,643 can be applied as deduction against income tax due until 2022.
- The reconciliation of the provision for (benefit from) income tax computed at statutory tax rate of 30% to the provision for income tax shown in the profit or loss for the years ended June 30 is shown as follows:

	2019	2018
Provision for (benefit from) income tax computed at statutory income tax rate	(₱185,142)	₱160,272
Adjustments for:		
Net loss (income) exempted from income taxes	245,154	(93,226)
Interest income subjected to final income tax	(56,395)	(30,332)
Excess of MCIT over RCIT	3,643	—
Provision for income tax	₱7,260	₱36,714

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 related parties, including key management personnel, are as follows:

Nature of transaction	Amount of Transaction	
Donations and grants (Notes 11 and 12)		
Anscor	₱6,000,000	₱6,275,000
PRI	1,086,464	1,374,886
West Villa Property Holdings	736,575	1,219,848
IAI	380,000	380,000
Andres Soriano III	253,000	190,300
SSRLI	12,450	1,703,769
PDP	—	606,451
	₱8,468,489	₱11,750,254

The Foundation received donations in cash and in-kind from related parties to assist the former's various programs. As of June 30, 2019 and 2018, no portion of these donations remain unspent.



17. 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 2019 are as follows:

Real property taxes	₱350,940
Business permit	500
Others	11,554
	<u>₱362,994</u>

c. Details of withholding taxes in 2019 are as follows:

Withholding taxes on compensation and benefits	₱380,261
Expanded withholding taxes	58,772

The Foundation has outstanding withholding taxes payable on compensation and benefits and expanded withholding taxes amounting to ₱46,479 and ₱5,707, respectively, as of June 30, 2019.

d. As of June 30, 2019, the Foundation has no tax deficiency assessment or tax case under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

