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

Financial Statements
June 30, 2015 and 2014

and

Independent Auditors' Report

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Andres Soriano Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Andres Soriano Foundation, Inc. (a nonstock, not-for-profit organization) which comprise the statements of financial position as at June 30, 2015 and 2014, and the statements of comprehensive income, statements of changes in general fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Andres Soriano Foundation, Inc. as at June 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

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 19 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 Andres Soriano Foundation, Inc. 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.

Djole S. Garcia

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PTR No. 4751285, January 5, 2015, Makati City

August 27, 2015

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

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱13,516,677**	₱18,068,046
Receivables (Note 5)	**233,712**	277,845
Other current assets	**–**	17,803
Total Current Assets	**13,750,389**	18,363,694
Noncurrent Assets		
Property and equipment (Note 7)	**2,011,660**	1,705,526
Refundable deposit	**48,784**	48,784
Bonds receivable - net of current portion (Note 5)	**–**	31,658
Total Noncurrent Assets	**2,060,444**	1,785,968
TOTAL ASSETS	**₱15,810,833**	₱20,149,662
LIABILITIES AND GENERAL FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 8)	**₱635,565**	₱719,800
Deferred revenue (Notes 9, 12, 13, 14 and 17)	**3,796,557**	6,031,547
Income tax payable	**21,939**	21,939
Total Current Liabilities	**4,454,061**	6,773,286
Noncurrent Liability		
Accrued retirement benefits (Note 15)	**1,230,323**	1,449,671
Total Liabilities	**5,684,384**	8,222,957
General Fund Balance		
Restricted (Note 10)	**4,070,832**	7,977,886
Unrestricted	**6,055,617**	3,948,819
Total General Fund Balance	**10,126,449**	11,926,705
TOTAL LIABILITIES AND GENERAL FUND BALANCE	**₱15,810,833**	₱20,149,662

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30	
	2015	2014
REVENUES		
Donations (Notes 9, 12 and 17)	**₱12,017,010**	₱22,707,982
Grants (Notes 9 and 13)	**2,054,314**	911,381
	14,071,324	23,619,363
EXPENSES		
Projects:		
Small island sustainable development program	**9,773,867**	10,791,044
Program management	**1,925,121**	2,025,905
Corporate disaster and calamity assistance	**1,638,650**	9,439,115
Cancer program	**1,570,927**	1,254,800
	14,908,565	23,510,864
General and administrative (Note 11)	**2,091,134**	2,125,448
	16,999,699	25,636,312
OTHER INCOME (EXPENSES)		
Reversal of impairment loss (Note 6)	**700,000**	–
Rental income (Notes 9 and 14)	**300,000**	289,150
Interest income (Notes 4 and 5)	**71,399**	86,583
Unrealized foreign exchange gain (loss) - net	**78,659**	(14,641)
Others	–	46
	1,150,058	361,138
DEFICIENCY OF INCOME OVER EXPENSES BEFORE INCOME TAX	**(1,778,317)**	(1,655,811)
PROVISION FOR INCOME TAX (Note 16)	**(21,939)**	(21,939)
DEFICIENCY OF INCOME OVER EXPENSES/TOTAL COMPREHENSIVE LOSS (Note 18)	**(₱1,800,256)**	(₱1,677,750)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN GENERAL FUND BALANCE

	Restricted (Note 10)	Unrestricted	Total
BALANCES AT JUNE 30, 2013	**₱6,833,825**	**₱6,770,630**	**₱13,604,455**
Transfer to restricted fund	610,502	(610,502)	–
Deficiency of income over expenses/ total comprehensive loss	533,559	(2,211,309)	(1,677,750)
BALANCES AT JUNE 30, 2014	**₱7,977,886**	**₱3,948,819**	**₱11,926,705**
Transfer from restricted fund	(219,348)	219,348	–
Deficiency of income over expenses/ total comprehensive loss	(3,687,706)	1,887,450	(1,800,256)
BALANCES AT JUNE 30, 2015	**₱4,070,832**	**₱6,055,617**	**₱10,126,449**

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	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of income over expenses before income tax	**(₱1,778,317)**	(₱1,655,811)
Adjustments for:		
Reversal of impairment loss (Note 6)	**(700,000)**	–
Depreciation (Notes 7 and 11)	**393,866**	423,156
Movement in accrued retirement benefits (Note 15)	**(219,348)**	610,502
Unrealized foreign exchange loss - net	**78,659**	14,641
Interest income (Notes 4 and 5)	**(71,399)**	(86,583)
Operating loss before working capital changes	**(2,296,539)**	(694,095)
Increase in:		
Receivables	**43,992**	2,524,622
Other current assets	**17,803**	94,197
Increase (decrease) in:		
Accrued expenses and other payables	**(84,235)**	228,259
Deferred revenue	**(2,234,990)**	3,552,416
Net cash provided by (used in) operations	**(4,553,969)**	5,705,399
Interest received	**71,540**	87,964
Income tax paid	**(21,939)**	(33,282)
Net cash provided by (used in) operating activities	**(4,504,368)**	5,760,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of bonds receivable	**31,658**	31,656
Acquisition of property and equipment (Note 7)	–	(825,024)
Increase in refundable deposit	–	(4,432)
Net cash provided by (used in) investing activities	**31,658**	(797,800)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(78,659)**	(14,641)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,551,369)**	4,947,640
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**18,068,046**	13,120,406
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱13,516,677**	₱18,068,046

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Authorization for Issue of Financial Statements

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. It 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 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. The Foundation is registered with the Bureau of Internal Revenue as a donee institution in accordance with the provisions of Revenue Regulation No. 13-1998 for a period of five years with certificate No. 115-2012 issued on November 12, 2012. 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.

The financial statements were authorized for issue by the Board of Trustees (BOT) on August 27, 2015.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation
The financial statements have been prepared under the historical cost basis and are presented in Philippine Peso (Peso), the Foundation's functional currency. All amounts are rounded to the nearest peso, unless otherwise stated.

Statement of Compliance
The financial statements are prepared in compliance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

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. "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 includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of changes in value.

Financial Instruments

The Foundation accounts for its financial instruments in accordance with Section 11, *Basic Financial Instruments*, under PFRS for SMEs.

Basic financial instruments

The Foundation recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets or financial liabilities are recognized initially and measured at the transaction price (including transaction costs except in the measurement of financial assets that are measured at fair value) unless the arrangement constitutes a financing transaction.

If the arrangement constitutes a financing transaction, the entity shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the financial instruments are derecognized or impaired, as well as through the amortization process.

Debt instruments (such as accounts receivables and accounts payable) are measured at the undiscounted amount of the cash or other consideration expected to be paid or received. All other financial instruments are measured at fair value, with changes in fair value recognized in profit or loss. If a reliable measure of fair value is no longer available for an asset measured at fair value, its carrying amount at the last date the asset was reliably measurable becomes its new cost. The entity shall measure the asset at this cost less impairment until a reliable measure of fair value becomes available.

Financial assets and financial liabilities are classified as current if maturity is within 12 months from the financial reporting period. Otherwise, these are classified as noncurrent.

As of June 30, 2015 and 2014, the Foundation's basic financial instruments include cash and cash equivalents, receivables, refundable deposit and accrued expenses and other payables.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Impairment of Financial Assets
At the end of each financial reporting period, an entity shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the entity shall recognize an impairment loss in profit or loss immediately.

The Foundation assesses the following financial assets individually for impairment:

(a) all equity instruments regardless of significance, and
(b) other financial assets that are individually significant.

The Foundation shall assess other financial assets for impairment either individually or collectively on the basis of similar credit risk characteristics.

The Foundation shall measure an impairment loss on the following instruments measured at cost or amortized cost as follows:

(a) for an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate implicit in the contract.
(b) for an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the asset have expired or are settled;
- the Foundation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Foundation has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and derecognized shall be recognized in profit or loss in the period of the transfer.

If a transfer does not result in derecognition because the Foundation has retained significant risks and rewards of ownership of the transferred asset, the Foundation shall continue to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Foundation shall recognize any income on the transferred asset and any expense incurred on the financial liability.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in profit or loss.

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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
Machinery and equipment	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.

The Foundation classified the parcels of land it held under an operating lease as property and equipment and measured the property using the cost-depreciation-impairment model, there being no continuing reliable measure of fair value without undue cost or effort.

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.

Impairment of Property and Equipment
The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their estimated recoverable amount. The estimated recoverable amount is the higher of fair value less costs to sell and value-in-use. The higher of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income in profit or loss. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Deferred Revenue
Deferred revenue is recognized for cash received for income 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 on leased property 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.

Other income
Other income is recognized when earned.

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

<u>Leases</u>
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases are classified as operating lease 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.

Contingent rents includes the portion of lease receipts that is not fixed in amount but is based on the future amount of a factor that change other than with the passage of time (e.g., percentage of future sales, amount of future use, future price indices, future market rates of interest). This is recognized in profit or loss once the contingency is resolved.

<u>Retirement Benefits Cost</u>
Retirement benefits cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Retirement benefits cost include current service cost, interest cost, actuarial gains or losses, effect of any curtailment less expected return on any plan asset.

Actuarial gains and losses are recognized as income or expense immediately in profit or loss.

The accrued retirement benefits cost recognized by the Foundation in respect of the defined benefit retirement plan is the aggregate of the present value of the defined benefit obligation, reduced by the fair value of plan assets out of which the obligations are to be settled directly.

Foreign Currency-denominated Transactions and Translations

Foreign currency-denominated transactions are recorded in Peso by applying the foreign currency exchange rate between the Peso and the foreign currency at the date of the transaction. Outstanding foreign currency-denominated monetary assets and liabilities are translated to Peso using the applicable exchange rates at the end of financial reporting period. Foreign exchange gains and losses arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year are recognized in profit or loss.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax

Deferred income tax assets and liabilities are recognized for tax recoverable or payable in future periods as a result of past transactions or events. Such tax arises from the difference between the amounts recognized for the Foundation's assets and liabilities in the statement of financial position and the recognition of those assets and liabilities by the tax authorities and the carryforward benefit of currently unused tax losses and tax credits.

The Foundation recognizes a valuation allowance against deferred income tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

The Foundation reviews the net carrying amount of deferred income tax assets at each financial reporting date and adjusts the valuation allowance to reflect the current assessment of future taxable profits. Such adjustment is recognized in profit or loss.

Provisions and Contingencies

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

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. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS for SMEs requires management to make judgments and estimates that affect the amounts reported in the financial statements. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances that are believed to be reasonable as of the date of the financial statements.

Future events may occur which may cause the assumptions used in arriving at those judgments, and estimates to change. The effect of any changes will be reflected in the financial statements as they become reasonably determinable.

Judgments
In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements:

Classification of financial instruments
The Foundation classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Financial assets and financial liabilities are classified as basic financial instruments.

Classification of leases
The Foundation has entered into a property lease, where it has determined that it retains all the significant risks and rewards related to the lease of the property. As such, these lease agreements are accounted for as operating leases.

Classification of property and equipment
The Foundation classifies its property and equipment on the basis of their use and the availability of a reliable fair value measurement basis. The classification is reviewed when events occur causing a change in management's expected use of properties and a reliable measure of fair value is available and it is expected that the fair value will be reliably measured on an ongoing basis.

The Foundation classified the parcels of land amounting to ₱700,000 it held under an operating lease as property and equipment and measured the property using the cost-depreciation-impairment model, there being no continuing reliable measure of fair value without undue cost or effort (see Note 7).

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Impairment of receivables, bonds receivable and refundable deposits
The Foundation reviews its financial assets at each reporting date to assess whether impairment should be recognized on its receivable, bonds receivable and refundable deposits. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant receivables, the Foundation also makes a grouped impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration the length of relationship with the debtor, credit status of debtor based on third party reports and historical experience.

No provisions for impairment were recognized in 2015 and 2014. As of June 30, 2015 and 2014, the carrying value of the Foundation's receivables amounted to ₱233,712 and ₱277,845, respectively (see Note 5). Bonds receivable amounted to ₱31,658 and ₱63,314 as of June 30, 2015 and 2014, respectively (see Note 5). Refundable deposit amounted to ₱48,784 as of June 30, 2015 and 2014.

Estimation of useful lives of property and equipment
The Foundation estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Foundation reviews annually the estimated useful lives of these properties based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets.

There were no changes in the estimated useful lives of the Foundation's property and equipment as of June 30, 2015 and 2014. The carrying values of property and equipment amounted to ₱2,011,660 and ₱1,705,526 as of June 30, 2015 and 2014, respectively. Accumulated depreciation amounted to ₱1,952,260 and ₱4,421,441 as of June 30, 2015 and 2014, respectively (see Note 7).

Estimation of retirement benefits
The determination of the obligation and retirement benefits is dependent on management's assumptions. These assumptions include, among others, discounted rates, expected rates of return on plan assets and salary increase rates.

The Foundation's accrued retirement benefits recognized in the statements of financial position amounted to ₱1,230,323 and ₱1,449,671 as of June 30, 2015 and 2014, respectively. Retirement benefits cost recognized in the profit or loss amounted to ₱533,550 and ₱1,112,568 in 2015 and 2014, respectively (see Note 15).

4. **Cash and Cash Equivalents**

	2015	2014
Cash on hand and in banks	**₱5,189,406**	₱9,823,012
Cash equivalents	**8,327,271**	8,245,034
	₱13,516,677	₱18,068,046

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 cash equivalent rates.

Interest earned from cash and cash equivalents amounted to ₱71,206 in 2015 and ₱86,249 in 2014.

5. **Receivables**

	2015	2014
Advances to officers and employees	**₱174,256**	₱233,077
Bonds receivable	**31,658**	31,656
Interest receivable	**193**	334
Other receivables	**27,605**	12,778
	₱233,712	₱277,845

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 extended to officers and employees that are payable within a year through payroll deductions.

Bonds receivable represents two Peso-denominated ten-year Agrarian Reform Bonds with fixed coupons maturing every year. The bonds earn interest based on the average 91-day Treasury Bills rate.

	2015	2014
Bond A	**₱3,570**	₱7,143
Bond B	**28,088**	56,171
	31,658	63,314
Less current portion	**31,658**	31,656
	₱–	₱31,658

Maturity dates and maturing values of the outstanding bonds receivable are as follows:

Bond A:

Maturity date	Maturity Value
January 12, 2016	₱3,570

Bond B:

Maturity date	Maturity Value
September 8, 2015	₱28,088

On August 19, 2010, the Foundation received ₱168,514 bonds receivable which forms part as payment from West Palawan Consolidated Nickel Mines, Inc.'s (WestPal) properties voluntarily sold to the Philippine Government under its Comprehensive Agrarian Reform Program which was recognized as donation. Interest earned from bonds receivable amounted to ₱193 and ₱334 in 2015 and 2014, respectively.

6. **Investments**

a. Investments in Unified Capital Management Corporation (UCMC), Urban Bank (UB) and Philippine Match Company (PHIMCO) totaling ₱12,111,215, as of June 30, 2015 and 2014, were fully provided with allowance for probable losses. The case filed in court by the Foundation against its Accounting Manager for the recovery of its investments may not anymore be realized due to the denial by the Court of Appeals of the appeal made by the Foundation for reconsideration of the Regional Trial Court's order dismissing the case upon the recommendation of the Department of Justice. The Court of Appeals decision had already become final and executory on July 4, 2012 and an Entry of Judgment was issued March 27, 2013, by the Court of Appeals.

b. As of June 30, 2015 and 2014, investment in shares of stock of WestPal amounting to ₱700,000 was fully provided with allowance for losses since WestPal already ceased its commercial operations.

WestPal was owned by Tala Foundation, Inc. (14,000 shares), The Andres Soriano Foundation, Inc. (20,997 shares), Andres Soriano Cancer Research Foundation, Inc. (20,998 shares), and Tahanan Foundation, Inc. (14,000 shares).

In January 1986, the aforesaid foundations donated their respective shares of stock in WestPal to and in favor of Andres Soriano, Jr. Foundation, Inc. On June 8, 1999, Andres Soriano, Jr. Foundation, Inc., Andres Soriano Cancer Research Foundation, Inc. and the Foundation were merged in which the Foundation became the surviving entity and acquired all the assets and assumed all the obligations of the absorbed foundations.

Consequently, the Foundation became the ultimate beneficial owner of WestPal. As of October 2, 2012, WestPal still owns various properties which are in different stages of acquisition by the Philippine Government under its Comprehensive Agrarian Reform Program. All of such properties are under the custody of the Foundation.

Initially, the Foundation does not recognize the WestPal properties as its assets even if it already has a control over these properties and that future economic benefits associated with these properties already flow to the Foundation in the form rental income since reliable measurement of the cost of the properties was not yet available then. However, in 2015, after it was ascertained that realizable measurement of the cost of these parcels of land was already available, these properties were recognized as assets of the Foundation as of June 30, 2015. Accordingly, after recognizing these assets, the investment in shares of stock of WestPal and the related allowance for probable losses were reversed resulting to an income of ₱700,000.

7. Property and Equipment

	2015						
	Transportation Equipment	**Office Equipment**	**Showroom**	**Office Building and Staff Houses**	**Furniture and Fixtures**	**Machinery and Equipment**	**Total**
Cost							
Beginning balance	**₱712,342**	**₱1,434,447**	**₱524,000**	**₱2,169,681**	**₱226,327**	**₱1,060,170**	**₱6,126,967**
Write-off	**(149,999)**	**(1,024,725)**	**–**	**(425,826)**	**(202,327)**	**(1,060,170)**	**(2,863,047)**
Ending balance	**562,343**	**409,722**	**524,000**	**1,743,855**	**24,000**	**–**	**3,263,920**
Accumulated Depreciation							
Beginning balance	**669,007**	**1,156,611**	**56,133**	**1,270,574**	**208,946**	**1,060,170**	**4,421,441**
Depreciation (Note 11)	**13,334**	**91,615**	**104,800**	**175,756**	**8,361**	**–**	**393,866**
Write-off	**(149,999)**	**(1,024,725)**	**–**	**(425,826)**	**(202,327)**	**(1,060,170)**	**(2,863,047)**
Ending balance	**532,342**	**223,501**	**160,933**	**1,020,504**	**14,980**	**–**	**1,952,260**
Net Book Value	**₱30,001**	**₱186,221**	**₱363,067**	**₱723,351**	**₱9,020**	**₱–**	**₱1,311,660**

	2014						
	Transportation Equipment	Office Equipment	Showroom	Office Building and Staff Houses	Furniture and Fixtures	Machinery and Equipment	Total
Cost							
Beginning balance	₱712,342	₱1,234,442	₱–	₱2,092,662	₱202,327	₱1,060,170	₱5,301,943
Additions	–	200,005	524,000	77,019	24,000	–	825,024
Ending balance	712,342	1,434,447	524,000	2,169,681	226,327	1,060,170	6,126,967
Accumulated Depreciation							
Beginning balance	655,673	1,061,494	–	1,097,256	202,327	981,535	3,998,285
Depreciation (Note 11)	13,334	95,117	56,133	173,318	6,619	78,635	423,156
Ending balance	669,007	1,156,611	56,133	1,270,574	208,946	1,060,170	4,421,441
Net Book Value	₱43,335	₱277,836	₱467,867	₱899,107	₱17,381	₱–	₱1,705,526

As of June 30, 2015, parcels of land amounting to ₱700,000 located in Barangay Berong, Quezon, Palawan is being leased out by the Foundation to A. Miller Flight Services (see Note 14). These properties were initially not recognized by the Foundation since reliable measure of the cost of these properties was not yet available at the time the Foundation became the beneficial owners of the properties. It was only in 2015 that the Foundation determined the cost of these parcels of land (see Note 6).

The Foundation accounts for these parcels of land as property and equipment and measured the property using the cost-depreciation-impairment model, there being no continuing reliable measure of fair value without undue cost or effort

8. Accrued Expenses and Other Payables

	2015	2014
Accrued expenses	**₱502,401**	₱515,278
Others	**133,164**	204,522
	₱635,565	₱719,800

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

Others pertain to, among others, withholding taxes and remittances payable.

9. Deferred Revenue

	2015	2014
Beginning balances	**₱6,031,547**	₱2,479,131
Additions (Notes 12, 13 and 14)	**2,179,643**	6,031,547
Earned during the year (Notes 12, 13 and 14)	**(4,414,633)**	(2,479,131)
	₱3,796,557	₱6,031,547

The Foundation has a lease agreement with a third party covering certain parcels of land. The unearned portion of the rental income amounting to ₱125,000 as of June 30, 2015 and 2014, are included in the "Deferred Revenue" account (see Note 14).

10. Restricted General Fund Balance

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

	2015	2014
Provision for Retirement Benefits Cost	**₱2,951,387**	₱3,170,735
SISDEP	**769,534**	4,061,822
Cancer Program	**349,911**	745,329
	₱4,070,832	₱7,977,886

11. General and Administrative Expenses

	2015	2014
Salaries and other benefits (Note 15)	**₱790,518**	₱1,074,030
Professional fees	**412,954**	155,225
Depreciation (Note 7)	**393,866**	423,156
Taxes and licenses	**238,907**	236,066
Communication, light and water	**79,382**	82,193
Rent	**48,786**	48,047
Repairs and maintenance	**37,616**	10,729
Entertainment, amusement and recreation	**28,157**	28,025
Transportation and travel	**22,715**	19,411
Supplies	**16,749**	16,651
Insurance	**7,427**	10,370
Others	**14,057**	21,545
	₱2,091,134	₱2,125,448

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.

12. Donations

The Foundation, being the Corporate Social Responsibility arm of Anscor, receives from the latter cash donation of ₱5,000,000 every year. This is to support the various programs of the Foundation and to cover its administrative expenses (see Note 17).

In 2015, the Foundation received donations in-kind from Pamalican Resort, Inc. (PRI) amounting to ₱263,110 for the round trip airfare of the staffs of the Foundation and resource experts during their training conducted in various islands of Palawan (see Note 17).

The Foundation received cash donation amounting to ₱150,000 from Zuellig Pharma, Inc. for the Medical Mission held in May 2015. In relation to this, the Foundation also received various donations in-kind such as over-the-counter medicines and medical supplies amounting to ₱145,284 from the Department of Health (DOH) Region IV-B and from Elaine Cheo. Donations in-kind in the form of airfare charges, accommodations, and meals with aggregate amount of ₱1,177,020 were provided by Island Aviation, Inc. (IAI), West Villa Property Holdings and PRI for the 20 volunteer-doctors who joined the Medical Mission (see Note 17).

In March 2015, the Foundation received cash donations totaling ₱550,000 from various donors (i.e., Almavida Holdings, Inc. and individuals) for the construction of one-unit Home Economics Building in Manamoc National High School to be used by its senior high school students. As of June 30, 2015, unspent fund amounting to ₱84,697 is included as part of deferred revenue (see Note 9). In addition, Phelps Dodge Philippines (PDP) donated electrical wires amounting to ₱57,440 for the said construction (see Note 17).

Also, the Foundation received donation in-kind of second-hand desktop computers amounting to ₱11,210 from A. Soriano Air Corporation (ASAC) [see Note 17].

In February 2015, the Foundation received 96 solar flashlights and 57 solar lamps/suitcases with an aggregate amount of ₱584,953 from Martin Wittsenberg, Panasonic Japan which were distributed, in the presence of the donor, to various island communities in Palawan. In the same month, the Foundation also received donations in-kind from DOH Region IV-B in the form of 300 toilet bowls worth ₱193,500 to complement the 300 units core shelters constructed in 2014 by the Foundation for the families in Quiniluban Islands, Palawan who were affected by Typhoon Yolanda.

In November 2014, the Foundation received cash donation amounting to ₱160,185 from Mariposa Foundation, Inc. for the repair of the roofing of the Cancer Institute of the UP-PGH. Implementation project is schedule in fiscal year 2016 hence; this will be included in the deferred revenue (see Note 9).

In September 2014, the Foundation received cash donation from Richard Hawtin amounting to ₱105,000 primarily to procure various musical instruments for Manamoc Elementary School and Manamoc National High School. These musical instruments had been procured and turned-over to the respective schools.

The Foundation received donations from the Philippine Association of the Sovereign Military Order of Malta in the form of dental and medical supplies amounting to ₱66,360 in 2014. The donated dental and medical supplies were subsequently distributed to the beneficiaries of the Foundation's projects in the Municipalities of Agutaya and Cuyo, Palawan.

In 2014, 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 (see Note 17). As of June 30, 2015 and 2014, unspent fund amounting to ₱2,306,000 and ₱3,441,520, respectively, is included as part of deferred revenue (see Note 9).

The Foundation also received 279 units of Solar Lamps and Suit Cases from Solar Energy Foundation, Phils. amounting to ₱1,651,300. These were distributed to various assisted communities of the Foundation in the municipalities of Agutaya and Magsaysay.

Another in-kind donation received by the Foundation in 2014 was various over-the-counter medicines in the amount of ₱244,373 from the DOH Region IV-B for the Medical Mission held in May 2014.

The Foundation also received brand new text and work books from Bato-Balani Foundation in the amount of ₱322,705 which were distributed to six (6) island public elementary schools in Cuyo Municipality.

The Foundation also received donation from Endika Aboitiz in the amount of ₱300,000 for his continuing support for the academic scholarship program of the Foundation. The unspent portion of the donation amounting to ₱172,033 is included as part of deferred revenue (See Note 9).

In April 2014, a donation was received by the Foundation amounting to ₱600,000 from an Amanpulo villa owner to support the Tech-Voc Scholarship Program. 15 out-of-school youth passed the screening and are currently enrolled at Dual Tech. As of June 30, 2015 and 2014, unspent fund amounting to ₱72,289 and ₱466,741, respectively, is included as part of deferred revenue (see Note 9).

In January 2014, the Foundation received a donation from Zuellig Family Foundation in the amount of ₱1,271,587 for the construction of Birthing Clinic in Barangay Cocoro, Magsaysay, Palawan. The project has been fully implemented as of June 30, 2014.

In December 2013, the Foundation received a donation amounting to ₱1,350,000 from d'Auriol and Kennedy Families for the construction of 2-classroom building in Concepcion Elementary School. As of June 30, 2014, unspent fund amounting to ₱626,253 is included as part of deferred revenue (see Note 9).

Donation for school infrastructure amounting to ₱200,000 from another Amanpulo villa owner was received by the Foundation intended for repair and improvement of classrooms in Quiniluban Islands, Palawan. As of June 30, 2014, the fund has not yet been used and is included in the deferred revenue (see Note 9).

In 2014, the Foundation also received cash donations from various donors for the victims of Habagat and typhoon Pablo in Compostela Valley amounting to ₱1,055,000.

The Foundation received from various individual and corporate donors, donations in cash and in-kind, totaling ₱1,481,215 in 2015 and ₱6,098,376 in 2014.

13. **Grants**

SISDEP
The Foundation received a grant amounting to ₱611,840 from the International Container Terminal Services, Inc. Foundation evidenced by a Memorandum of Agreement signed on February 27, 2015 for the construction of one-unit classroom building for Algeciras Elementary School. The construction was completed in July 2015.

The Foundation was awarded grants by Share Foundation amounting to ₱945,658 in 2015 and ₱1,633,781 in 2014. These grants will be used to fund the installation of Level 2 Potable Water System in Manamoc Island and; Tuberculosis - Directly Observed Treatment Short Course (TB-DOTS) project and supplemental feeding project of the Foundation's beneficiaries in Manamoc and Agutaya islands in Palawan. As of June 30, 2015 and 2014, the remaining balance unspent amounting to ₱621,261 and ₱1,000,000, respectively, is included as part of deferred revenue (see Note 9).

Cancer Program
The Philippine Cancer Society awarded the Foundation grants amounting to ₱543,800 in 2015 and ₱277,600 in 2014 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, 2015, the remaining unspent fund amounting to ₱427,125 is included as part of deferred revenue (see Note 9).

14. **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 lease agreement for five years with A. Miller Flight Services where the former becomes the lessor and latter becomes the lessee. The annual rental fee is ₱300,000, fixed for the first three years and an increase of 10% every year thereafter. The lease is payable yearly in advance which commenced immediately after the contract signing on November 23, 2012. On December 11, 2014, the lease term with A. Miller Flight Services has been renewed for a period of one year only, renewable every year, with no escalation rate.

Rental income amounted to ₱300,000 in 2015 and ₱289,150 in 2014. The unearned portion of rental income, which amounted to ₱125,000 as of June 30, 2015 and 2014, respectively, are presented as part of deferred revenue in the statements of financial position.

15. Retirement Benefits Cost

The Foundation has a funded, non-contributory defined benefit retirement plan covering substantially all permanent core employees. The benefits are computed based on the projected unit credit method. The latest actuarial valuation by the Foundation was made on June 30, 2015.

The following tables summarize the component of retirement benefits cost recognized in the statements of comprehensive income and amounts recognized in the statements of financial position:

a. Retirement benefits cost recognized in the statements of comprehensive income are determined as follows:

	2015	2014
Current service cost	**₱224,158**	₱221,828
Interest cost	**185,982**	136,758
Expected return on plan assets	**(85,365)**	(108,519)
Actuarial loss	**208,775**	862,501
	₱533,550	₱1,112,568

b. Accrued retirement benefits cost recognized in the statements of financial position are determined as follows:

	2015	2014
Present value of the defined benefit obligation	**₱4,911,125**	₱4,295,185
Fair value of plan assets	**(3,680,802)**	(2,845,514)
	₱1,230,323	₱1,449,671

c. Movements in the accrued retirement benefits cost recognized in the statements of financial position are as follows:

	2015	2014
Balance at beginning of the year	**₱1,449,671**	₱839,169
Retirement benefits cost	**533,550**	1,112,568
Contributions	**(752,898)**	(429,779)
Benefits paid directly from book reserves	–	(72,287)
Balance at the end of the year	**₱1,230,323**	₱1,449,671

d. Changes in fair value of retirement plan assets is follows:

	2015	2014
Balance at beginning of the year	**₱2,845,514**	₱2,712,982
Contributions	**752,898**	429,779
Expected return on plan assets	**85,365**	108,519
Benefits paid from plan assets	–	(347,499)
Actuarial loss	**(2,975)**	(58,267)
Balance at the end of the year	**₱3,680,802**	₱2,845,514

Actual return on plan assets amounted to ₱82,390 in 2015 and ₱50,252 in 2014.

The retirement plan's assets and investments are being maintained by a trustee bank. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.

	2015	2014
Cash and cash equivalents	**31%**	19%
Investments in government securities	**68%**	80%
Receivables	**1%**	1%
	100%	100%

e. Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Balance at beginning of the year	**₱4,295,185**	₱3,552,151
Current service cost	**224,158**	221,828
Interest cost	**185,982**	136,758
Benefits paid from:		
Plan assets	–	(347,499)
Book reserves	–	(72,287)
Actuarial loss	**205,800**	804,234
Balance at the end of the year	**₱4,911,125**	₱4,295,185

f. The principal actuarial assumptions used to determine retirement benefits cost are as follows:

	2015	2014
Number of plan members	**9**	9
Discount rate	**4.66%**	4.33%
Salary increase rate	**6.00%**	6.00%
Average working lives of employees	**10.10 years**	11.10 years
Expected rate of return on plan assets	**3.00%**	4.00%

g. The Foundation expects to contribute ₱752,898 to its retirement fund in 2016.

16. Income Tax

a. The Foundation's provision for income tax pertains to the tax effect of taxable rental income amounting to ₱300,000 in 2015 and 2014.

b. The reconciliation of provision for income tax computed at statutory tax rate of 30% to provision for income tax shown in the statements of comprehensive income for the year ended June 30 is shown as follows:

	2015	2014
Provision for income tax computed at statutory income tax rate	**(₱533,495)**	(₱496,743)
Adjustments for:		
Expenses exempted from income taxes	**5,031,849**	7,627,225
Revenue exempted from income taxes	**(4,244,995)**	(7,085,823)
Reversal of impairment loss	**(210,000)**	–
Interest income subjected to final income tax	**(21,420)**	(25,975)
Movement in unearned rental income for which deferred income tax asset was provided with allowance	–	3,255
Provision for income tax	**₱21,939**	₱21,939

c. The Foundation recognized a full valuation allowance on its deferred income tax assets arising from unearned rental income amounting to ₱37,500 as of June 30, 2015 and 2014 since it is more likely than not that it cannot be recovered based on current assessment of future taxable profits.

17. Related Party Transactions

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, PRI, IAI, PDP and ASAC, entities under the common control of some BOT members, are as follows:

	Amount of Transaction	
Nature of Transaction	**2015**	2014
Donations		
Anscor	**₱5,000,000**	₱9,239,779
PRI	**542,591**	455,860
IAI	**220,000**	450,000
PDP	**57,440**	517,495
ASAC	**11,210**	50,000
	₱5,831,241	₱10,713,134

The Foundation received donations in cash and in-kind from Anscor, PRI, IAI, PDP and ASAC to assist the former's various programs. As of June 30, 2015 and 2014, no portion of these donations remains unspent.

18. Deficiency of Income Over Expenses/Total Comprehensive Loss

The deficiency of income over expenses and total comprehensive loss for the years ended June 30, 2015 and 2014 are the same since the Foundation does not have other comprehensive income/loss.

19. 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.

Value-added Tax

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

Taxes and licenses

Real property taxes	₱226,870
Business permit	12,037
	₱238,907

Withholding taxes

Withholding taxes on compensation and benefits	₱561,994
Creditable income taxes withheld - expanded	47,737

Withholding taxes payable on compensation and benefits and expanded withholding taxes amounted to ₱37,345 and ₱3,016, respectively.

Other matter
The Foundation has no pending tax cases within or outside the administration of Bureau of Internal Revenue.