



SEDPI Foundation, Inc.

Audited Financial Statements
December 31, 2014

ADDRESS Unit 303 Dela Rosa St., Loyola Heights, Quezon City 1108 Philippines
TELEFAX +63 (2) 433 7895 | E-MAIL info@sedpi.com

SEDPI Foundation, Inc.
(A Non-stock, Not-for-profit organization)

Financial Statements
December 31, 2014
(with comparative figures for 2013)

and

Independent Auditors' Report

SGVFS013563

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Foundation Name

[illegible]

Principal Office (No./Street/Barangay/City/Town/Province)

[illegible]

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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FOUNDATION INFORMATION

Foundation's Email Address

vincent.rapisura@sedpi.com

Foundation's Telephone Number/s

433-8795

Mobile Number

0918-9367003

No. of Members

9

Annual Meeting
Month/Day

November 08

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mariel Vincent A. Rapisura

Email Address

vincent.rapisura@sedpi.com

Telephone Number/s

433-8795

Mobile Number

0918-9367003

Contact Person's Address

Unit 303 Loyola Heights Condominium, 23 Dela Rosa Street, Loyola Heights, Quezon City

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

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
SEDPI Foundation, Inc.
Unit 303, Loyola Heights Condominium
23 Dela Rosa Street, Loyola Heights
Quezon City

Report on the Financial Statements

We have audited the accompanying financial statements of SEDPI Foundation, Inc., a non-stock, not-for-profit organization, which comprise the statement of assets, liabilities and fund balance as at December 31, 2014, and the statement of excess of revenues over expenses, statement of changes in fund balance and statement of cash flows for the year 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 Standards 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SEDPI Foundation, Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Other Matter

The financial statements of SEDPI Foundation, Inc. for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 3, 2014. The opinion of such auditor, however, did not cover prior-period adjustments as discussed in Note 2 to the financial statements.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 13 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 SEDPI 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.

Josephine Adrienne A. Abarca
Partner
CPA Certificate No. 92126
SEC Accreditation No. 0466-AR-2 (Group A),
February 4, 2013, valid until February 3, 2016
Tax Identification No. 163-257-145
BIR Accreditation No. 08-001998-61-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751251, January 5, 2015, Makati City

April 23, 2015

SGVFS013563

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
SEDPI Foundation, Inc.

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April 23, 2015

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INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Trustees
SEDPI Foundation, Inc.
Unit 303, Loyola Heights Condominium
23 Dela Rosa Street, Loyola Heights
Quezon City

We have audited the financial statements of SEDPI Foundation Inc. (the Foundation) for the year ended December 31, 2014, on which we have rendered the attached report dated April 23, 2015.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager and principal members of the Foundation.

SYCIP GORRES VELAYO & CO.

Josephine Adrienne A. Abarca
Partner
CPA Certificate No. 92126
SEC Accreditation No. 0466-AR-2 (Group A),
February 4, 2013, valid until February 3, 2016
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April 23, 2015

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SEDPI FOUNDATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENT OF ASSET, LIABILITIES AND FUND BALANCE

DECEMBER 31, 2014

(With Comparative Figures for 2013)

	Year Ended December 31	
	2014	2013 (As Restated - Note 2)
ASSETS		
Current Assets		
Cash in bank (Note 4)	₱1,407,667	₱333,292
Receivables (Notes 5 and 11)	21,402	—
	1,429,069	333,292
Noncurrent Asset		
Investment in shares of stocks (Note 6)	1,500,000	1,500,000
	₱2,929,069	₱1,833,292
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts payable and accrued expenses	₱55,440	₱5,000
Due to a related party (Note 11)	450,956	7,395
	506,396	12,395
Noncurrent Liability		
Funds held in trust (Note 7)	106,303	—
	612,699	12,395
Fund Balance (Note 8)	2,316,370	1,820,897
	₱2,929,069	₱1,833,292

See accompanying Notes to Financial Statements.

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SEDPI FOUNDATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENT OF REVENUE OVER EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Figures for 2013)

	Years Ended December 31	
		2013
		(As Restated -
	2014	Note 2)
REVENUE		
Grants, donations and contributions (Notes 9 and 11)	₱800,000	₱600,000
Training fees	185,637	230,243
Other income (Notes 4, 5 and 11)	18,718	3,758
	1,004,355	834,001
EXPENSES		
Transportation and travel	275,428	—
Meals and lodging	116,619	—
Supplies	27,131	1,728
Taxes and licenses	14,285	5,167
Others	74,943	5,500
	508,406	12,395
EXCESS OF REVENUE OVER EXPENSES BEFORE		
PROVISION FOR FINAL TAX	495,949	821,606
PROVISION FOR FINAL TAX (Note 10)	476	709
TOTAL EXCESS OF REVENUE OVER EXPENSES	₱495,473	₱820,897

See accompanying Notes to Financial Statements.

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SEDPI FOUNDATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Figures for 2013)

	Years Ended December 31	
		2013
		(As Restated -
	2014	Note 2)
MEMBERS' CONTRIBUTION	₱1,000,000	₱1,000,000
ACCUMULATED EXCESS OF REVENUE OVER EXPENSES		
Balance at beginning of year	820,897	—
Excess of revenue over expenses	495,473	820,897
Balance at the end of year	1,316,370	820,897
	₱2,316,370	₱1,820,897

See accompanying Notes to Financial Statements.

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SEDPI FOUNDATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Figures for 2013)

	Years Ended December 31	
		2013
		(As Restated -
	2014	Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱495,949	₱821,606
Adjustments for:		
Interest income	(2,382)	(3,544)
Dividend income	(16,336)	—
Changes in operating assets and liabilities:		
Increase in receivables	(5,066)	—
Increase in accounts payable	50,440	12,395
Net cash generated from operations	522,605	830,457
Interest received	2,382	3,544
Income tax paid	(476)	(709)
Net cash provided by operating activities	524,511	833,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in shares of stocks	—	(1,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a related party	443,521	—
Funds held in trust	106,303	—
Receipt of contributed capital	—	1,000,000
Net cash provided by financing activities	549,824	1,000,000
NET INCREASE IN CASH IN BANK	1,074,335	333,292
CASH IN BANK AT BEGINNING OF YEAR (Note 6)	333,292	—
CASH IN BANK AT END OF YEAR	₱1,407,627	₱333,292

See accompanying Notes to Financial Statements.

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SEDPI FOUNDATION, INC.
(A Non-Stock, Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

1. General Information

SEDPI Foundation, Inc. (the Foundation) is a non-stock, non-profit organization duly organized under existing laws of the Republic of the Philippines. The Foundation was registered with the Securities and Exchange Commission on January 2, 2013.

As a non-profit organization operating exclusively for charitable purposes and the promotion of social welfare, the Foundation falls under Section 30 (c) and (g) of the National Internal Revenue Code, as amended by Republic Act (RA) No. 8424, under which income from activities in pursuit of which the Foundation was organized, is generally exempt from income tax. But income from its properties, real or personal, or from any activity conducted for profit is subject to income tax.

The Foundation is governed by a Board of Trustees (BOT), and its operations are funded primarily from donations from donors who may be individuals or organizations.

The Foundation's principal place of business is at Unit 303, Loyola Heights Condominium, 23 Dela Rosa Street, Loyola Heights, Quezon City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the Foundation's functional and presentation currency. All values are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Change in Classification and Restatement

The Foundation has presented a statement of assets, liabilities and fund balance as at December 31, 2014 in compliance with the requirements of Section 3, *Financial Statements Presentation*, which requires an entity to disclose comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

Prior-period adjustments

The Foundation restated its 2013 statement of assets, liabilities and fund balance and statement of excess of revenue over expenses for the year ended December 31, 2013 to reflect prior-period adjustments. The effects of prior-period adjustments are detailed below:

Statement of Assets, Liabilities and Fund Balance

	As Previously Presented		Restatements	As Restated
ASSETS				
Current Assets				
Cash in bank	₱1,833,292	(a)	(₱1,500,000)	₱333,292
Receivables	16,336	(e)	(16,336)	–
	1,849,628		(1,516,336)	333,292
Noncurrent Assets				
Investment in shares of stocks	–	(a)	1,500,000	1,500,000
	–		1,500,000	1,500,000
	₱1,849,628		(₱16,336)	₱1,833,292
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts payable and accrued expenses	₱7,395	(c)	(₱2,395)	₱5,000
Due to a related party	–	(c)	7,395	7,395
	7,395		5,000	12,395
Noncurrent Liabilities				
Funds held in trust	830,243	(b)	(830,243)	–
	830,243		(830,243)	–
	837,638		(825,243)	12,395
Fund Balance				
	1,011,990	(b,d,e)	808,907	1,820,897
	₱1,849,628		(₱16,336)	₱1,833,292

Statement of Excess of Revenue over Expenses

	As Previously Presented		Restatements	As Restated
REVENUE				
Grants, donations and contributions	₱–	(b)	₱600,000	₱600,000
Training fees	–	(b)	230,243	230,243
Other income	19,385	(d,e)	(15,627)	3,758
	19,385		814,616	834,001
EXPENSES				
Supplies	1,728			1,728
Taxes and licenses	5,167			5,167
Others	500	(c)	5,000	5,500
	7,395		5,000	12,395
EXCESS OF REVENUE OVER EXPENSES				
BEFORE PROVISION FOR FINAL TAX	11,990		809,616	821,606
PROVISION FOR FINAL TAX	–	(d)	709	709
TOTAL EXCESS OF REVENUE OVER EXPENSES				
	₱11,990		₱808,907	₱820,897

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- (a) The restatement on cash in bank and investment in shares of stocks of ₱1.50 million was made to properly classify investment in preferred shares which were previously presented as cash equivalents.
- (b) The restatement on funds held in trust of ₱0.83 million was made to recognize as income, the donations from funders and receipts from training fees which were previously presented as liability.
- (c) The restatements on accounts payable and accrued expenses and due to a related party were made to correct presentation of various liabilities and accrue various expenses.
- (d) The restatement on other income and provision for final tax was made to reflect interest income from cash in bank at gross amounts.
- (e) The restatement on receivables and other income amounting to ₱16,366 represents dividends from investment in preferred shares declared in 2014 but were recorded as receivables in 2013.

Significant Accounting Policies

Cash in bank

Cash in bank is stated at face amount and earns interest at the prevailing bank deposit rate.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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.

Initial recognition of financial instruments

Financial instruments are recognized initially at transaction price, including transaction cost except in the initial measurement of financial instruments that are measured at fair value through profit and loss (FVPL), unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Foundation measures the financial instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instruments.

Classification of financial instruments

The Foundation classifies its financial instruments in the following categories: financial assets and financial liabilities measured at FVPL, financial assets that are debt instruments measured at amortized cost, financial assets that are equity instruments measured at cost less impairment, and financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition, where allowed and appropriate, reevaluates this classification at every reporting date.

As of December 31, 2014 and 2013, the Foundation does not have financial assets and liabilities measured at FVPL and loan commitments measured at cost less impairment.

Financial assets and liabilities measured at amortized cost

These are debt instruments which satisfy all of the following conditions:

- (a) Return to the holder are a fixed amount; a fixed rate of return over the life of the instruments; a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or some combination of such fixed rate and variable rates, provided that both the fixed and variable rates are positive;
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods;
- (c) Contractual provisions that permit the issuer (the debtor) to prepay a debt instrument or permit the holder (the creditor) to put it back to the issuer before maturity are not contingent on future events; and
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that meet the conditions above are measured at amortized cost using the effective interest rate (EIR) method as applicable. For financial assets that are debt instruments measured at amortized cost, impairment is assessed at every reporting period.

Classified under financial assets that are debt instruments measured at amortized cost are cash in bank and receivables.

Classified under financial liabilities measured at amortized cost are the accounts payable, funds held in trust and due to a related party.

Financial assets that are equity instruments measured at cost less impairment

This financial asset category investment comprised of investment in non-convertible and non-puttable preference shares that are initially recognized at the transaction price. After initial measurement, these financial assets are subsequently measured at cost less any allowance for impairment losses.

The Foundation recognizes dividends and other distributions received from its investment as income when its right to receive the dividend is established.

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.

Impairment of Financial Assets

At each statement of financial position date, the Foundation assesses whether there is objective evidence of impairment of any financial assets that are measured at amortized cost. If there is objective evidence of impairment, the Foundation recognizes an impairment loss in the statement of excess of revenue over expenses immediately.

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 EIR. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR determined under the contract.

If subsequently, the amount of an 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 either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognized. The Foundation recognizes the amount of the reversal in the statement of excess of revenue over expenses.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

The Foundation shall derecognize a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the Foundation transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Foundation, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Foundation shall (a) derecognize the asset, and (b) recognize separately any rights and obligations retained or created in 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 entity 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, 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 carrying value of the original liability and the recognition of a new liability, at fair value and any resulting difference is recognized in profit or loss.

Fund Balances

The amounts posted in fund balances include accumulated excess of receipts over expenses reduced by funds returned to funding agencies/partners and other adjustments. Funds to be returned to the funding agencies/ partners are recognized as a liability and deducted from fund balances in accordance with specific provisions of the agreement related to the funds. Fund balances may also include effect of changes in accounting policy, such as may be required by the transitional provisions of new accounting standards and interpretations.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes. The Foundation has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before the revenue is recognized:

Grants, donations and contributions

Grants, donations and contributions are recognized when there is a reasonable assurance that the Foundation will comply with the conditions attached to them, and that the grants, donations and contributions will be received. Grants, donations and contributions received for a specific purpose or with condition are initially recognized as a liability shown as 'Funds held in trust' under the statement of assets, liabilities and fund balance, otherwise they are recorded as 'Grants, donations and contributions' in the statement of revenue and expenses and changes in fund balance.

Training fees

Training fees are recognized when services are already rendered by the Foundation.

Interest Income

Interest income from bank deposits is recognized on a time proportion basis using the EIR method.

Expense recognition

Expenses are recognized when it is probable that a decrease in future economic benefits related to a decrease in asset or increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Foundation include, among others, the operating expenses on the Foundation's operations. Expenses are recognized when incurred.

Income Taxes

Income taxes represent the corporate income tax, deferred income tax and final tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority.

Deferred tax is recognized on differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimate future taxable profit, is more likely than not to be recovered.

Valuation allowance against deferred tax assets is recognized so that net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted using the valuation allowance to reflect the current assessment of future taxable profits. Any adjustment is recognized in profit or loss, except that an adjustment attributable to an item of income or expense recognized in other comprehensive income (loss) shall also be recognized in other comprehensive income (loss).

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Foundation has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Foundation expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

In cases where disclosure of some or all of the information relating to provisions, contingent assets and contingent liabilities can be expected to prejudice seriously the position of the Foundation, the entity discloses only general information regarding the nature of the provision, contingent asset or contingent liabilities.

Contingent Liabilities and Contingent Assets

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

Events after the Reporting Period

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

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS for SMEs requires management to make judgments and estimates that affect reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities at the reporting date. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. In preparing the financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality.

The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results may differ from such estimates.

Judgments

a. Going concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Foundation's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b. Financial assets not quoted in an active market

The Foundation classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Foundation's investments are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable method of arriving at a reliable fair value (see Note 6).

Estimates

a. Impairment of financial assets

Receivables

The Foundation assesses its receivable portfolio to assess for impairment at least at each reporting date. In determining whether an additional credit loss should be recorded in the statement of excess of revenues over expenses, the Foundation makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from its receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of its debtors.

The carrying value of receivables amounted to ₱21,402 and nil as of December 31, 2014 and 2013, respectively. The Foundation did not recognize any allowance for credit losses on these receivables as of December 31, 2014 and 2013 (see Note 5).

Investment in shares of stocks

The Foundation assesses impairment on all of its equity instruments regardless of significance. Impairment of such assets requires estimation since the Foundation will approximate the amount that it would receive for the asset if it was to be sold at the reporting date.

The carrying value of the Foundation's investment in shares of stocks amounted to ₱1.50 million as of December 31, 2014 and 2013. The Foundation did not recognize any allowance for impairment losses on investment in shares of stocks as of December 31, 2014 and 2013 (see Note 6).

4. Cash in Bank

This account consists of savings deposit with a local commercial bank that earns annual interest at the prevailing bank deposit rate of 0.25%. Interest income from cash in bank amounted to ₱2,382 and ₱3,544 in 2014 and 2013, respectively.

5. Receivables

This consists as follows:

	2014
Accounts receivable	₱5,066
Dividends receivable (Notes 6 and 11)	16,336
	₱21,402

Accounts receivable pertains to the fees accrued from rendered and completed financial literacy training.

Dividends receivable represents dividend income earned from the Foundation's investment in preferred stocks of SEDPI Development Finance, Inc. (SDFI), an affiliate (see Note 6). The dividends were declared on April 23, 2014 at the dividend rate of 7.50% of the investment's par balance.

6. Investment in shares of stocks

Investment in shares of stocks pertains to the Foundation's investment in SDFI consisting of 7,500 preferred shares at ₱200 par value per share. These shares are carried at cost since these do not have quoted market prices.

7. Funds Held in Trust

This account pertains to the amounts entrusted by the Overseas Filipinos Society for the Promotion of Economic Security (OFSPES) to the Foundation which are earmarked for the Leadership, Financial Literacy and Social Entrepreneurship (LSE) consortium agreed by Ateneo de Manila University (ADMU), Social Enterprises Development Partnerships, Inc. (SEDPI) and OFSPES. The term of this joint partnership of OFSPES, SEDPI and ADMU shall be for five years starting from January 1, 2014 until December 31, 2019.

The LSE aimed at the socio-cultural, political and economic upliftment of Overseas Filipinos and their families through:

- a. Training and building capacities of Filipinos on leadership, financial literacy and social entrepreneurship skills in a migrant context;
- b. Enabling the trainees to undertake their social enterprises aimed at improving their situation, their families and communities; and
- c. Providing a mentoring support especially for the youth to assist and guide the implementation of their social enterprises.

The Foundation started conducting LSE trainings in 2015.

8. Fund Balance

The Fund Balance of the Foundation is used only for projects and/or activities approved by the guidelines and policies of the Foundation such as outreach and advocacy programs to raise financial support for social enterprises that facilitates development programs for microenterprises and overseas Filipino workers. As of December 31, 2014 and 2013, the Foundation's fund balance amounted to ₱2.32 million and ₱1.82 million, respectively.

9. Grants, donations and contributions

This account pertains to funds transferred by SEDPI, an affiliate, for the development and implementation of training courses on microfinance, social entrepreneurship and financial literacy. The agreement between SEDPI and the Foundation commenced on May 2, 2014 and shall be terminated upon agreement by the two parties.

10. Income Taxes

Provision for final tax represents the 20% final withholding tax on interest income earned from cash in bank.

11. Related Party Transactions

In the ordinary course of business, the Foundation enters into transactions with its stockholders, officers and employees, affiliates and other related parties. Under the Foundation's policy, these transactions are made substantially on the same terms and conditions as with other individuals and businesses of comparable risks.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Corporate entities are also considered to be related if they are subjected to common control or common significant influence, such as affiliates. Companies indirectly connected to the Foundation by reason of interlocking key management personnel and those that are under common control are referred to as affiliates.

A summary of the significant transactions and outstanding balances of the Foundation with related parties follow:

Category	December 31, 2014		
	Amount/ Volume	Outstanding Balance	Terms and Condition/Nature
<i>Statement of assets, liabilities and fund balance</i>			
Investment in shares of stock	₱–	₱1,500,000	Investment in non-voting, cumulative, nonconvertible and nonparticipating preferred shares.
Dividends receivable	₱16,336	₱16,336	7.50% of the investment's par balance
Due to an affiliate	443,561	450,956	Non-interest bearing advances; due and demandable; unsecured
<i>Statement of excess of revenue over expenses</i>			
Grants, donations and contributions	800,000	–	Non-interest bearing advances; due and demandable; unsecured
Dividend income	16,336	–	6.00% of the investment's par balance
Category	December 31, 2013		
	Amount/ Volume	Outstanding Balance	Terms and Condition/Nature
<i>Statement of assets, liabilities and fund balance</i>			
Due to an affiliate	₱7,395	₱7,395	Non-interest bearing advances; due and demandable; unsecured
<i>Statement of excess of revenue over expenses</i>			
Grants, donations and contributions	600,000	–	Non-interest bearing advances; due and demandable; unsecured

The affiliate advances the amount of cash needed to sustain the activities and expenses of the Foundation.

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12. Approval of the Financial Statements

The accompanying financial statements of the Foundation were authorized for issue by the BOT on April 23, 2015.

13. Supplementary Information Required under Revenue Regulations (RR) 15-2010

RR No. 15-2010 took effect on December 28, 2010, amending certain provisions of RR No. 21-2002 by prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the notes to financial statements information on taxes, duties, and license fees paid or accrued during the year in addition to what is mandated by PFRS for SMEs.

The Foundation reported and/or paid the following types of taxes in 2014:

(a) Value-Added Tax (VAT)

The Foundation is a non-VAT registered entity not engaged in the sale of goods or services. All its revenues come from grants, donations, support and contributions which are not charged with output VAT. The input taxes included in all costs and expenses incurred were charged to profit or loss.

(b) Other Taxes and Licenses

All other taxes, local and national, including real estate taxes, license and permit fees are lodged under the "Taxes and Licenses" account in the statement of revenues and expenses, and includes the following for the year ended December 31, 2014:

Annual registration fees	₱500
Business permits and other fees	13,785
	<u>₱14,285</u>

(c) The Foundation has no pending final tax assessments and cases before the BIR as at December 31, 2014. Likewise, the Foundation has no other pending tax cases outside the administration of the BIR as at December 31, 2014.