



SEDPI Foundation, Inc.

Audited Financial Statements
December 31, 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees

SEDPI Foundation, Inc.

Unit 303 Loyola Heights Condominium
23 F Dela Rosa St., Brgy. Loyola
Height, Quezon City

We have audited the accompanying financial statements of **SEDPI Foundation Inc.**, (a nonstock, nonprofit organization), which comprise the statement of assets, liabilities and fund balances as at December 31, 2013, and the statement of revenues and expenses, statement of changes in fund balances, and statement of cash flows for the year ended, including 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 (PFRS for SMEs), 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 audits. We conducted our audits in accordance with the 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 financial statements are free from material misstatements.

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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, 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 the 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 basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **SEDPI Foundation, Inc.** as of December 31, 2013 and its financial performances and its cash flows for the year ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on Supplementary Information Required Under Revenue Regulations 19-2011 and 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 19-2011 and 15-2010 in Notes 6 is not required part of the basic financial statements. Such information is the responsibility of 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.

MELICOR BRIONES VILLAREAL & CO. CPA's

FLORIDA A.BRIONES

Partner

CPA Certificate No. 78901

PTR No. 9187522, January 30, 2014

Quezon City, Philippines

Tax Identification No. 128-261-118

BIR Accreditation No. 07-000572-1-2013

January 15, 2013, valid January 14, 2016

BOA/PRC Reg. No. 0540,

January 8, 2013, valid until December 31, 2015

Quezon City

April 3, 2014

SEDPI FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION**

(in Philippine Peso)

December 31

2013

ASSETS**Current Assets**Cash & Cash Equivalents, *Note 4* 1,833,292Receivables, *Note 5* 16,336**Total Current Assets** 1,849,628**TOTAL ASSETS** 1,849,628**LIABILITIES AND FUND BALANCE****Current Liabilities**

Accounts Payable 7,395

Total Current Liabilities 7,395**Long Term Liabilities**

Funds Held In trust 830,243

Total Long Term Liabilities 830,243**TOTAL LIABILITIES** 837,638**FUND BALANCE** 1,011,990**TOTAL LIABILITIES AND FUND BALANCE** 1,849,628*See accompanying notes to financial statements*

SEDPI FOUNDATION, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

(in Philippine Peso)

	Year ended December 31
	2013
RECEIPTS	
Miscellaneous Income	214
TOTAL	214
EXPENSES, <i>Note 6</i>	7,395
OTHER INCOME/EXPENSES	
Dividends Income	16,336
Interest Income	2,835
TOTAL	19,171
EXCESS OF RECEIPTS OVER EXPENSES	11,990

See accompanying notes to financial statements

SEDPI FOUNDATION, INC.

STATEMENTS OF CHANGES IN FUND BALANCE

(in Philippine Peso)

	FUND BALANCE
Balances at December 31, 2012	-
Contributed Capital	1,000,000
Net Income for the year	11,990
Balances at December 31, 2013	1,011,990

See accompanying notes to financial statements

SEDPI FOUNDATION, INC.**STATEMENTS OF CASH FLOWS**

(in Philippine Peso)

Year Ended December 31

2013**CASH FLOWS FROM OPERATING ACTIVITIES**

Excess of receipts over expenses	11,990
Adjustments for:	
Advances and receivables	(16,336)
Funds Held In Trust	830,243
Accounts payable	7,395
Net cash used in operating activities	833,292

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities	-
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CASH FLOWS FROM FINANCING ACTIVITIES

Contributed Capital	1,000,000
Net cash used in financing activities	1,000,000

INCREASE (DECREASE) IN CASH	1,833,292
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CASH AT BEGINNING OF THE YEAR	-
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CASH AT END OF THE YEAR	1,833,292
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See accompanying notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

1. The Organization

SEDPI Foundation, Inc. is a non-stock, non-profit organization duly organized under and existing by virtue of the laws of the Republic of the Philippines, having been registered with the Securities and Exchange Commission on January 2, 2013.

As a not-for-profit organization operating exclusively for charitable purposes and the promotion of social welfare, **SEDPI Foundation, Inc.** falls under Section 30 (e) 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 **SEDPI Foundation, Inc.** 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.

SEDPI Foundation, Inc. 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 financial statements were approved and authorized for issuance on April 3, 2014.

2. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis and are presented in Philippine Peso, the Organization's functional currency. All amounts are rounded to the nearest peso.

Statement of Compliance

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

Cash

Cash includes cash on hand and in banks.

Receivables

Receivables are stated at face value less allowance for doubtful accounts. An estimate of doubtful accounts is made when collection of the full amount is no longer probable.

Property and Equipment

Property and equipment, except for land, are carried at historical cost less accumulated depreciation and impairment losses, if any. Land is stated at cost less impairment in value, if

any.

The initial cost of property and equipment consists of its purchase price and any directly attributable cost of bringing the property and equipment to its working condition and location of its intended use. Expenditures incurred after property and equipment have been put into operation, such as repairs and maintenance, are normally charged against income in the year such cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the economic benefits expected to be obtained from the use of an item of property and equipment beyond the originally assessed standard of performance, the expenditures are capitalized as an additional costs of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the property and equipment:

<u>Asset Type</u>	<u>Number of Years</u>
Building and improvements	25
Transportation equipments	5
Office furniture, fixtures and equipments	5

The useful lives and depreciation method used for the property and equipment are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

When assets are sold or retired, the cost and the related accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is credited to or charged against the statement of revenues and expenses.

Assets Impairment

At each reporting date, property and equipment are reviewed to determine whether there is any indication that assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the assets (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized immediately in profit and loss.

Fund Balances

The amounts posted in fund balances include accumulated excess of revenues 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 Organization and the revenue can be measured reliably.

Grants, Donations, Support and Contributions. Grants, donations, support and contributions are recognized when the donors are satisfied, which generally coincide with the receipt of the grants, donations and contributions.

Interest Income. Interest income is recognized as the interest accrues.

Costs and Expenses.

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in fund balance. Costs and expenses are recognized in the statement of revenues and expenses in the year these are incurred.

Provision

Provisions, if any, are recognized when the Organization has a present obligation (legal or constructive) as a result of a past event, and 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.

Contingencies

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

Events After the Reporting Period

Post year-end events that provide additional information about the Organization's assets and liabilities at reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS for SMEs requires the Organization to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future years.

Judgments

In the process of applying the Organization's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in

the financial statements

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Organization, the functional currency of the Organizations has been determined to be the Philippine Peso, the currency of the primary economic environment in which the Organization operates. It is the currency that mainly influences the revenue and expenses.

Revenue. The Organization assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Organization has concluded that it is acting as principal in all its revenue arrangements.

4. Cash and cash Equivalents

This consists of:

	2013
Cash in bank	P333,292
Cash Equivalents	1,500,000
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Total	P1833,292

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months from dates of acquisitions or less and that are subject to an insignificant risk of change in value.

5. Receivable

This amount represents dividends receivable from SEDPI Capital on SFI's holding of Seven Thousand Five Hundred (7,500) D shares valued at P200/share.

6. General and Administrative Expenses

Taxes and Licenses	5,167
Supplies and Photocopy	1,728
Miscellaneous	500
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TOTAL	7,395

7. Supplementary Information Required under Revenue Regulations 19-2011 and 15-2010

RR 19-2011

On December 9, 2011, Revenue Regulation (RR) No. 19-2011 took effect. It prescribes the use of new income tax forms effective December 31, 2011. The Organization is now required to include as part of the notes to the financial statements the schedules and information on taxable income and deductions.

For the year ended December 31, 2013, the Organization has no taxable income and deductions with respect to donations received and expenses incurred under the exemption provided by Section 30 (e) of the National Internal Revenue Code.

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 Organization reported and/or paid the following types of taxes in 2013:

(a) Value-added Tax (VAT)

The Organization 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 were not charged with output VAT. The input taxes included in all its costs and expenses 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 under the "General and administrative expenses" account in the statement of revenues and expenses, and includes the following for the year ended December 31, 2013:

BIR Annual Registration	500
Business Permits and other fees	3,647
SEC registration fees	1,020
TOTAL	5,167

(c) The Organization has no pending final tax assessments and cases before the BIR as at December 31, 2013. Likewise, the Organization has no other pending tax cases outside the administration of the BIR as at December 31, 2013.