

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
SEDPI Foundation, Inc. (SFI)
Unit 303 Loyola Heights Condo 23
F. Dela Rosa St., Brgy. Loyola Heights,
Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SEDPI Foundation, Inc. (SFI)** which comprise the statements of assets, liabilities and fund balance as at December 31, 2016 and 2015, and the statements of revenues and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

We did not audit the financial statements of the Foundation for the previous year, which reflect total assets of ₱3,874,724 and total excess of revenues over expenses of ₱66,226 as of December 31, 2015. These statements were audited by other auditor whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it related to the financial statements of the year ended December 31, 2015, is based solely upon the report of the other auditors.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **SEDPI Foundation, Inc. (SFI)** at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulation No. 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 Regulation No. 15-2010 and disclosed in Note 19 is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, as Amended (2011). Such information is the responsibility of the management of **SEDPI Foundation, Inc. (SFI)**. 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., CPAs

FLORIDA A. BRIONES

Partner

CPA Certificate No. 78901

PTR No. 4020985, issued on January 25, 2017

Quezon City, Philippines

Tax Identification No. 128-261-118

BIR Accreditation No. 07-000572-002-2015

December 1, 2015, valid until November 30, 2018

BOA/PRC Reg. No. 0540

December 1, 2015, valid until December 31, 2018

Quezon City

April 11, 2017

SEDPI Foundation, Inc.*(A Non-stock, Not-for-profit Organization)***STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE***(in Philippine Peso)*

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash, <i>Note 4</i>	1,241,337	1,023,518
Receivables, <i>Note 5</i>	772,927	60,226
Inventory, <i>Note 6</i>	559,063	-
Other Current Assets, <i>Note 7</i>	45,964	-
Total Current Assets	2,619,291	1,083,744
Non-Current Assets		
Investment in shares of stocks, <i>Note 8</i>	2,564,729	2,790,980
Total Non-Current Assets	2,564,729	2,790,980
TOTAL ASSETS	5,184,020	3,874,724
LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable, <i>Note 9</i>	57,000	82,091
Due to Related Parties, <i>Note 10</i>	1,112,678	1,303,734
Total Current Liabilities	1,169,678	1,385,825
Non Current Liabilities		
Deposit for Social Investment, <i>Note 11</i>	232,064	-
Funds Held In Trust, <i>Note 12</i>	106,303	106,303
Total Non-Current Liabilities	338,367	106,303
TOTAL LIABILITIES	1,508,045	1,492,128
Fund Balance		
General, <i>Note 13.1</i>	2,836,798	2,382,596
Restricted, <i>Note 13.2</i>	839,177	-
TOTAL FUND BALANCE	3,675,975	2,382,596
TOTAL LIABILITIES AND FUND BALANCE	5,184,020	3,874,724

See accompanying Notes to Financial Statements

SEDPI Foundation, Inc.*(A Non-stock, Not-for-profit Organization)***STATEMENTS OF REVENUES AND EXPENSES***(in Philippine Peso)*

	2016	2015
REVENUES		
Financial Literacy Training, <i>Note 14</i>	948,261	211,471
Book Sales, <i>Note 14</i>	778,895	-
Grants, Donations and Contributions, <i>Note 14</i>	67,800	-
Other Income, <i>Note 15</i>	155,974	107,793
TOTAL REVENUES	1,950,930	319,264
EXPENSES		
Program Cost, <i>Note 16</i>	967,160	53,302
Administrative Expenses, <i>Note 17</i>	529,568	199,736
TOTAL EXPENSES	1,496,728	253,038
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	454,203	66,226

See Accompanying Notes to Financial Statements

SEDPI Foundation, Inc.*(A Non-stock, Not-for-profit Corporation)***STATEMENTS OF CHANGES IN FUND BALANCES***(in Philippine Peso)*

	General Fund	Restricted Fund	TOTAL
Member's Contribution	1,000,000	-	1,000,000
Fund Balance, December 31, 2014	1,316,370	-	1,316,370
Excess of Revenues over Expenses	66,226	-	66,226
Fund Balance, December 31, 2015	2,382,596	-	2,382,596
Member's Contribution	-	839,177	839,177
Excess of Revenues over Expenses	454,203	-	454,203
Fund Balance, December 31, 2016	2,836,799	839,177	3,675,975

See accompanying Notes to Financial Statements

SEDPI Foundation, Inc.*(A Non-stock, Not-for-profit Corporation)***STATEMENTS OF CASH FLOWS***(in Philippine Peso)*

	Years Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of Revenues over Expenses	454,203	66,488
Adjustments for:		
Dividend Income	(148,749)	(90,980)
Income Tax Paid	-	(262)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in		
Accounts Receivable, <i>Note 5</i>	(712,701)	(38,824)
Inventory, <i>Note 6</i>	(559,063)	-
Other Current Assets, <i>Note 7</i>	(45,964)	-
Accounts Payable, <i>Note 9</i>	(25,091)	26,651
Net cash used in operating activities	(1,037,365)	(36,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment in shares of stocks, <i>Note 8</i>	226,251	(1,290,980)
Cash dividends received	148,749	90,980
Net cash used in investing activities	375,000	(1,200,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit for Social Investment, <i>Note 11</i>	232,064	-
Advances from related parties, <i>Note 10</i>	(191,056)	852,778
Endowment Fund, <i>Note 13.1</i>	839,177	-
Net cash used in financing activities	880,185	852,778
INCREASE (DECREASE) IN CASH	217,820	(384,149)
CASH BALANCE, JANUARY 1	1,023,518	1,407,667
CASH BALANCE, DECEMBER 31	1,241,337	1,023,518

See accompanying Notes to Financial Statements

SEDPI Foundation, Inc.

(A Non-stock, Not-for-profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. The Organization

The **SEDPI Foundation, Inc. (SFI)** is a non-stock, not-for-profit organization duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission on January 2, 2013 under SEC Registration No. CN201223660. The Foundation's registered office, which is also its principal place of business, is at Unit 303 Loyola Heights Condo 23 F. Dela Rosa St., Brgy. Loyola Heights, Quezon City.

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

As a not-for-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. However, under Revenue Memorandum Order No. 20-2013, as amended, all qualified non-stock, non-profit corporations and associations under Section 30 of the NIRC, shall file their respective Applications for Tax Exemption with the Revenue District Office (RDO) where they are registered. Only corporations or associations that are duly qualified under Section 30 of the NIRC, as amended, shall be issued Tax Exemption Rulings. On November 5, 2015, the Foundation filed with the Bureau of Internal Revenue RDO 039 their application of the tax exemption ruling and the issuance of tax certificate. To date, no tax exemption ruling has been issued to SFI.

The financial statements were approved and authorized for issuance on April 11, 2017.

2. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts are rounded to the nearest

Philippine Peso, except when otherwise indicated. They have been prepared under the historical cost basis.

2.2 Statement of Compliance

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

2.3 Accounting Policies

The specific accounting policies followed by the Foundation are disclosed in the following section.

Cash and Cash Equivalents

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

Receivables

Receivables are stated at face value less allowance for doubtful accounts.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. An entity shall include other costs in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

Periodic system is the accounting used for the company's inventories.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are obligations on the basis of normal credit terms and non-interest bearing.

Other Current Liabilities

Other current liabilities represent obligations arising from mandatory requirements of government and other agencies and not just from a mere contractual agreement between related parties.

Fund Balances

Fund balance comprises of contributed capital and cumulative excess of revenues over expenses reduced by funds returned to funding agencies/partners and other adjustments. Fund balances may also include effect of changes in accounting policy as may be required by the transitional provisions of new accounting standards and interpretations.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Organization and the amount of revenue can be reliably measured.

Grants, Donations, Support and Contributions

Project grants, donations, support and contributions are recognized as revenue when actually received. However, grants and donations that are subject to conditions/restrictions are preserved exclusively for the purposes for which they were bestowed and 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 revenues and expenses and statement of changes in fund balance.

Training Fees

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

Interest Income

Interest income is recognized as the interest accrues.

Cost and Expense Recognition

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 upon utilization of the service or in the dates they are incurred.

General and administrative expenses

General and administrative expenses comprise costs of administering the business and are recognized in the statement of income upon utilization of the service or in the dates they are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Contingencies

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. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the End of the Reporting Period

Post-year-end events up to the date of the auditor's report that provide additional information about the Company's position at the balance sheet 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.

Related Parties

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

3. Management's Significant Accounting Judgments and Estimates

3.1 Judgments

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). The Company qualifies as Small and Medium-sized Entity. The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon Management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going Concern

The management has made an assessment of the Foundation's 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.

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 8).

Determination of the Company's functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso.

3.2 Estimates

Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 revenues and 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 values of receivables as of December 31, 2016 and 2015 are disclosed in Note 5. The Foundation did not recognize any allowance for credit losses on these receivables as of December 31, 2016 and 2015.

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 statement of assets, liabilities and fund balance date.

The carrying value of the Foundation's investment in shares of stocks as of December 31, 2016 and 2015 is disclosed in Note 8. The Foundation did not recognize any allowance for impairment losses on investment in shares of stocks as of December 31, 2016 and 2015 (see Note 8).

Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

4. Cash

This account consists of:

	2016	2015
Cash in Bank- BDO	956,857	289,038
Cash in Bank- Unionbank	249,480	699,480
Cash in Bank- FLSE	35,000	35,000
Total	1,241,337	1,023,518

Cash with banks earn interest at the respective bank deposit rates. Interest income from savings deposit amounted to ₱1,698 and ₱1,313 in 2016 and 2015, respectively (see Note 15).

The Company reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

5. Accounts Receivable

This account consists of:

	2016	2015
Due from SDFI	574,231	-
Advances to Officers and Employees	107,804	38,824
Accounts Receivable	74,556	5,066
Accrued Dividends Receivable	16,336	16,336
Total	772,927	60,226

Due from SDFI refers to advances from SEDPI Development Finance, Inc., an affiliate of SFI.

Advances are amounts advanced to officers and employees to defray expenses for the implementation of programme activities, which have not been liquidated as of report date.

Accounts receivable pertain to receivables from officers and employees and to be paid as agreed upon.

Dividends receivable represents dividend income earned from the Foundation's investment in preferred stocks of SEDPI Development Finance, Inc. (SDFI), an affiliate.

No receivables have been pledged as a security for liabilities.

6. Inventory

This account pertains to the books being sold by the Foundation for fund raising activity to fund the conduct of financial literacy trainings to marginalized sectors which was authorized by the Department of Social Welfare and Development (DSWD) effective on November 9, 2016 and will expire on November 8, 2017.

7. Other Current Assets

This account consists of creditable withholding taxes arising from book sales to National Bookstore and financial literacy training given to Monde Nissin Corporation.

8. Investment in shares of stocks

This account pertains to the Foundation's investment in SEDPI Development Finance, Inc. (SDFI) as follows:

	2016	2015
Beginning balance	2,790,980	1,500,000
Investments during the year	-	1,200,000
Withdrawals during the year	(375,000)	-
Dividends during the year	148,749	90,980
Total	2,564,729	2,790,980

These investments are carried at cost due to the unpredictable nature of future cash flows and lack of suitable method of arriving at a reliable fair value.

9. Accounts Payable and Other Current Liabilities

This account consists of:

	2016	2015
Accounts Payable	57,630	82,091
Expanded Tax Payable	(630)	-
Total	57,000	82,091

Accounts payable and accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid as of December 31, 2016.

Obligations to the government are remitted on the following month after being withheld from various income recipients.

10. Due to Related Parties

Due to related parties pertains to the advances by SFI from the following:

	2016	2015
SEDPI Development Finance, Inc.	-	150,150
Social Enterprise Development Partnerships, Inc.	1,112,678	1,153,584
Total	1,112,678	1,303,734

11. Deposit for Social Investment

This account pertains to amount of deposits by Overseas Filipino Workers which will be invested to SEDPI Development Finance, Inc.

12. 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 Enterprise 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 stated conducting LSE trainings in 2015.

As of December 31, 2016 and 2015, no withdrawals were made on the funds held in trust.

13. Fund Balance

13.1 Restricted Funds. Funds received by the Foundation for specific purposes are credited to the Restricted Fund account, to be disbursed only under the terms and condition of the respective grant.

This account consist of the following:

	2016	2015
LSE Endowment Fund	179,177	-
SDFI Endowment Fund	260,000	-
SEDPI Endowment Fund	400,000	-
Total	839,177	-

13.2 General Fund. This represents the year-end cumulative balance of the Foundation's General Fund over its administrative and other general expenses. The fund sources are all unrestricted revenues and surpluses as well as the retained excess of grants which were agreed to be converted as part of Foundation's working fund.

14. Revenues

This account comprises receipts of funds from various training for financial literacy, sales of books and donation from concerned individual. On November 9, 2016, a certification was issued to the Foundation by Department of Social Welfare and Development to conduct fund raising campaign per DSWD Authority/Solicitation Permit No. DSWD-SB-SP-0024-2016. The purpose of which is to fund the conduct of financial literacy trainings to marginalized sectors. The solicitation shall be done through distribution of letters of appeal/invitation for training and book sale. The authorization is for a period of one year which took effect on November 9, 2016 and expires on November 8, 2017.

15. Other Income

This account consists of:

	<u>2016</u>	<u>2015</u>
Dividend Income	148,749	90,980
Miscellaneous	5,527	15,500
Interest Income	1,698	1,313
TOTAL	155,974	107,793

16. Program Cost

This account consists of:

	<u>2016</u>	<u>2015</u>
Travel and Transportation	373,842	-
Cost of books	291,370	-
Meals and Lodging	220,071	-
Supplies and Photocopy	54,668	-
Registration Fees	26,000	-
Communications	1,209	-
Professional Fees	-	50,000
Overhead	-	3,302
TOTAL	967,160	53,302

17. Administrative Expenses

This account consists of:

	<u>2016</u>	<u>2015</u>
Marketing and Advertising	424,040	-
Taxes and Licenses	25,585	17,077
Travel and Transportation	23,318	81,742
Miscellaneous	14,157	-
Professional Fee	10,920	55,440
Supplies and Photocopy	9,271	6,287
Selling Expense	7,021	-
Meals and Lodging	6,642	23,585
Freight	4,340	-
Sales Commission	2,738	-
Communication	1,535	1,150
Scholarship	-	14,455
TOTAL	529,568	199,736

18. Information required by Bureau of Internal Revenue’s Revenue Regulation (RR) 15-2010.

In compliance with the requirements set forth by Revenue Regulation No. 15-2010 hereunder are the information on taxes, duties, and licenses during the taxable year 2016.

18.1 Output Tax

The Foundation is a non-VAT registered entity wherein grants, donations and other receipts were not charged with output VAT.

18.2 Input Tax

All of the input taxes incurred were directly charged to its expenses.

18.3 Withholding taxes

The amount of withholding taxes is as follows:

	<u>2016</u>	2015
Tax on compensation	-	-
Expanded withholding tax	<u>57,743</u>	2,500
Total	<u><u>57,743</u></u>	<u>2,500</u>

18.4 Other Taxes and Licenses

The local and national taxes lodged under “Taxes and Licenses” in the statements of income for the year ended December 31, 2016 includes the following:

	<u>2016</u>	2015
Business Permit	<u>12,950</u>	13,600
PCNC	<u>10,000</u>	-
SEC	<u>1,020</u>	-
DSWD	<u>1,000</u>	-
BIR Registration	<u>500</u>	500
Documentary Stamp	<u>115</u>	-
Others	<u>-</u>	1,320
Total	<u><u>25,585</u></u>	<u>15,420</u>

18.5 Landed Cost, Customs' Duties and Tariff Fees

The Company did not have any importation in 2016 that would require for the payment of customs duties and tariff fees.

18.6 Excise Tax

The Company did not have any transaction in 2016 which is subject to excise tax.

18.7 Documentary Stamp Tax

The Company did not have any transaction in 2016 which are subject to documentary stamp tax.

18.8 Tax Assessment

The Company has no final deficiency tax assessments, whether protested or not.

18.9 Tax Cases

As of December 31, 2016 the company has no pending tax court cases nor has it received any tax assessment notices from the BIR.

19. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Presented below is the summary of the related party transactions for the year 2016, to wit:

19.1 Investment to related parties:

<i>SEDPI Development Finance, Inc.</i>	2,564,729
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19.2 Advances received from related parties:

<i>Social Enterprise Development Partnerships, Inc.</i>	1,112,678
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20. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.