

SEDPI Foundation, Inc.

(A non-stock, not-for-profit
organization)

Financial Statements

As at and for the year ended December 31, 2017

**(With comparative figures as at and for the year ended
December 31, 2016)**

SEDPI Foundation, Inc.
(A non-stock, not-for-profit Organization)

Statement of Financial Position
December 31, 2017
(With comparative figures as at December 31, 2016)
(All amounts in Philippine Peso)

	Notes	2017	2016
<u>ASSETS</u>			
Current assets			
Cash	2	785,250	1,241,337
Receivables	3	175,449	772,927
Inventory	4	442,962	559,063
Other current assets	5	80,939	46,594
Total current assets		1,484,600	2,619,921
Non-current asset			
Investment in shares of stocks	6	3,774,334	2,564,729
Total assets		5,258,934	5,184,650
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable	7	50,396	57,630
Deposit for social investment	8	-	232,064
Due to related parties	15	1,325,153	1,112,678
Total liabilities		1,375,549	1,402,372
Fund balance			
General	9	2,894,722	2,836,798
Restricted	9	988,663	945,480
Total fund balance		3,883,385	3,782,278
Total liabilities and fund balance		5,258,934	5,184,650

(The notes on pages 1 to 13 are integral part of these financial statements)

SEDPI Foundation, Inc.
(A non-stock, not-for-profit Organization)

Statement of Total Comprehensive Income
For the year ended December 31, 2017
(With comparative figures for the year ended December 31, 2016)
(All amounts in Philippine Peso)

	Notes	2017	2016
Receipts			
Book sales	10	1,373,372	778,895
Financial literacy training	10	964,560	948,260
Unrestricted grants, donations and contributions	10	-	67,800
Restricted grants, donations and contributions	9	222,183	839,177
Other income	11	456,293	155,975
Total receipts		3,016,408	2,790,107
Expenses			
Program costs	12	1,791,478	967,160
Administrative expenses	13	926,134	529,568
Disbursements from restricted funds		179,000	-
Total expenses		2,896,612	1,496,728
Excess of receipts over expenses before tax		119,796	1,293,379
Provision for income tax	14	18,689	-
Excess of receipts over expenses for the year		101,107	1,293,379
Other comprehensive income		-	-
Total comprehensive income for the year		101,107	1,293,379

(The notes on pages 1 to 13 are integral part of these financial statements)

SEDPI Foundation, Inc.
(A non-stock, not-for-profit Organization)

Statement of Changes in Fund Balance
For the year ended December 31, 2017
(With comparative figures for the year ended December 31, 2016)
(All amounts in Philippine Peso)

	General Fund (Note 9)	Restricted Fund (Note 9)	Total
Balances at January 1, 2016	2,382,596	106,303	2,488,899
Comprehensive income			
Excess of receipts over expenses for the year	454,202	839,177	1,293,379
Other comprehensive income	-	-	-
Total comprehensive income for the year	454,202	839,177	1,293,379
Balances at December 31, 2016	2,836,798	945,480	3,782,278
Comprehensive income			
Excess of receipts over expenses for the year	57,924	43,183	101,107
Other comprehensive income	-	-	-
Total comprehensive income for the year	57,924	43,183	101,107
Balances at December 31, 2017	2,894,722	988,663	3,883,385

(The notes on pages 1 to 13 are integral part of these financial statements)

SEDPI Foundation, Inc.
(A non-stock, not-for-profit Organization)

Statement of Cash Flows
For the year ended December 31, 2017
(With comparative figures for the year ended December 31, 2016)
(All amounts in Philippine Peso)

	Notes	2017	2016
Cash flows from operating activities			
Excess of receipts over expenses before tax		76,613	454,202
Adjustments for:			
Interest income		(1,685)	(1,698)
Dividend income	11	(452,935)	(148,749)
Changes in assets and liabilities			
Decrease (increase) in:			
Accounts receivable	3	597,478	(712,701)
Inventories	4	116,101	(559,063)
Other current assets	5	(34,345)	(45,964)
(Decrease) increase in:			
Accounts payable	7	(7,234)	(25,091)
Deposit for social investment	8	(232,064)	232,064
Net cash from (used in) operations		61,929	(807,000)
Interest received	2	1,685	1,698
Income tax paid	14	(18,689)	-
Net cash from (used in) operating activities		44,925	(805,302)
Cash flows from investing activities			
Purchase of investment in shares of stocks	6	(11,068,170)	226,251
Sale of investment in shares of stocks	6	9,858,565	-
Cash dividends received	11	452,935	148,749
Net cash (used in) from investing activities		(756,670)	375,000
Cash flows from financing activities			
Advances from related parties	15	212,475	(191,056)
Restricted fund	9	43,183	839,177
Net cash from financing activities		255,658	648,121
Net (decrease) increase in cash for the year		(456,087)	217,819
Cash at beginning of year		1,241,337	1,023,518
Cash at end of year		785,250	1,241,337

(The notes on pages 1 to 13 are integral part of these financial statements)

SEDPI Foundation, Inc.

(A non-stock, not-for-profit Organization)

Notes to the Financial Statements

As at and for the year ended December 31, 2017

(With comparative figures as at and for the year ended December 31, 2016)

(All amounts in Philippine Peso)

Note 1 - General information

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

The Foundation is exempt from income tax under Section 30(g) of the National Internal Revenue Code. However, income from any activities conducted for profit regardless of the disposition made of such income shall be subjected to tax.

On November 5, 2015, the Foundation filed with the Bureau of Internal Revenue (BIR) their application of the tax exemption ruling and the issuance of tax certificate. As at April 30, 2018, the Foundation is still in the process of obtaining such exemption from the BIR.

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.

These financial statements were approved and authorized for issuance by the Foundation’s BOT on April 30, 2018.

Note 2 - Cash in banks

Cash with banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to P1,685 for the year ended December 31, 2017 (2016 - P1,698).

Note 3 - Receivables

The account consists of:

	2017	2016
Due from SEDPI Development Finance, Inc. (SDFI)	5,551	574,231
Advances to officers and employees	153,562	182,360
Dividends receivable	16,336	16,336
Total	175,449	772,927

Due from SDFI refers to advances from SEDPI Development Finance, Inc. (SDFI), a related entity.

Advances to officers and employees are normally liquidated within the next financial year.

Dividends receivable represents dividend income earned from the Foundation's investment in preferred stocks of SDFI.

No receivables have been pledged as a security for liabilities.

Note 4 - Inventory

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

Inventory is stated at cost as of December 31, 2017 and 2016. There were no allowances for inventory write-down as at December 31, 2017 and 2016.

Note 5 - Other current assets

This account consists of:

	2017	2016
Creditable withholding taxes	45,964	45,964
Income tax credit	34,605	-
Overpayment of expanded withholding taxes	370	630
Total	80,939	46,594

Creditable withholding taxes are taxes withheld by the withholding agents from payments to the Foundation which can be applied against the income tax payable. These arise from book sales to National Bookstore and financial literacy training given to Monde Nissin Corporation.

Note 6 - Investment in shares of stocks

Investment in shares of stocks represent investments in preferred shares of SDFI, a related entity. SDFI is engaged in the business of extending credit facilities to various borrowers.

Movements in this account are as follows:

	2017	2016
Beginning	2,564,729	2,939,729
Investments during the year	11,068,170	-
Disposals during the year	(9,858,565)	(375,000)
End	3,774,334	2,564,729

This investment is measured at cost less impairment, if any.

Note 7 - Accounts payable

Accounts payable are amounts payable to various third party vendors for program costs and administrative expenses. These are non-interest bearing and are normally settled within the next financial year.

Note 8 - Deposit for social investment

SDFI has partnered with the Foundation on SDFI's capital build up scheme, Social Welfare Protection Program (SWePP), and various Overseas Filipino Workers. Proceeds from these programs are used to acquire preferred shares of SDFI.

This account pertains to amount of deposits received by the Foundation from SDFI's capital build up scheme, SWePP and from various Overseas Filipino Workers which are invested in preferred shares of SDFI.

Details of this amount are as follows:

	2017	2016
Gross deposits	1,730,784	1,733,764
Less: Amount invested in preferred shares	1,730,784	1,501,700
Net deposits	-	232,064

Note 9 - Fund balance

Restricted funds

Restricted funds are endowment funds received by the Foundation for specific purposes and are subject to certain restrictions imposed by donors, namely Leadership, Financial Literacy and Social Entrepreneurship consortium (LSE), SDFI and Social Enterprise Development Partnerships, Inc. (SEDPI).

Restricted funds amounting to P222,180 (2016 - P839,177) pertains to remittances from literacy trainings held under LSE programs.

Restricted funds include funds held in trust to the Foundation which are entrusted by the Overseas Filipinos Society for the Promotion of Economic Security (OFSPES) to the Foundation. These are earmarked for the LSE which is a consortium of Ateneo de Manila University (ADMU), SEDPI and OFSPES. The term of this joint partnership is five years starting from January 1, 2014 to December 31, 2019.

The LSE aims to uplift the socio-cultural, political and economic well-being 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.

As of December 31, 2017 and 2016, no withdrawals were made on these funds.

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 receipts and surpluses as well as the retained excess of grants which were agreed to be converted as part of Foundation's working fund.

Note 10 - Receipts

This account comprises receipts of funds from various training for financial literacy, sale 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 (DSWD) 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 solicitations are done through distribution of letters of appeal or invitation for training and book sale. The authorization is for a period of one year which took effect on November 9, 2016 and expired on November 8, 2017. The Foundation is currently processing its application for renewal of this certification.

Note 11 - Other income

This account consists of:

	2017	2016
Dividend income	452,935	148,749
Interest income	1,685	1,698
Miscellaneous	1,673	5,528
Total	456,293	155,975

Note 12 - Program costs

This account consists of:

	2017	2016
Travel and transportation	791,598	373,842
Personnel	320,082	-
Cost of books	311,101	155,937
Meals and lodging	189,160	220,071
Professional fee	130,000	135,433
Supplies and photocopy	31,075	54,668
Communications	2,390	1,209
Registration fees	-	26,000
Miscellaneous	16,072	-
Total	1,791,478	967,160

Note 13 - Administrative expenses

This account consists of:

	2017	2016
Marketing and advertising	440,482	424,040
Travel and transportation	131,735	23,318
Freight	92,423	4,340
Royalty fee	63,991	-
Supplies and photocopy	40,346	9,271
Meals and lodging	31,210	6,642
Selling expense	17,899	7,021
Taxes and licenses	16,722	15,585
Sales commission	7,880	2,738
Dues and fees	4,000	10,000
Others	79,446	26,613
Total	926,134	529,568

Note 14 - Income tax

As discussed in Note 1, the Foundation is exempt from income tax under Section 30(g) of the National Internal Revenue Code. However, income from any activities conducted for profit regardless of the disposition made of such income shall be subjected to tax.

On November 5, 2015, the Foundation filed with the Bureau of Internal Revenue (BIR) their application of the tax exemption ruling and the issuance of tax certificate. As at April 30, 2018, the Foundation is still in the process of obtaining such exemption from BIR.

Provision for income tax pertains to minimum corporate income tax (MCIT) for the year ended December 31, 2017 amounting to P18,689 (2016 - nil).

The reconciliations of provision for income taxes at the statutory income tax rate to provision for income taxes on the Foundation's excess of receipts over expenses before tax for the year ended December 31, 2017 are as follows:

	2017	2016
Provision for income tax at the statutory income tax rate of 30%	22,984	136,261
Add (deduct) effects of:		
Interest income subjected to final tax	(339)	(1,658)
Non-taxable income	(136,382)	(134,603)
Net operating loss carry-over	113,737	-
MCIT	18,689	-
	18,689	-

The Company did not recognize the deferred tax asset on NOLCO and MCIT since management believes that the Company may not have sufficient future taxable profits available to allow all or part of the NOLCO and MCIT to be utilized in the future or prior to its expiration.

The details of the Company's NOLCO and MCIT which can be claimed as deductions from regular corporate taxable income at December 31 are as follows:

NOLCO

Year loss was incurred	Year of expiration	2017
2017	2020	379,123
Tax rate		30%
Unrecognized DIT on NOLCO		113,737

MCIT

Year MCIT was incurred	Year of expiration	2017
2017	2020	934,465
Tax rate		2%
Unrecognized MCIT		18,689

Note 15 - Related party transactions

The following are the transactions with related parties:

	2017		2016	
	Transactions	Outstanding payable	Transactions	Outstanding payable
Advances from related parties				
Affiliates	1,301,987	1,301,987	1,112,678	1,112,678
Member	23,166	23,166	-	-
Total	1,325,153	1,325,153	1,112,678	1,112,678

The balance is collectible in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.

Note 16 - Critical accounting estimates, assumptions and judgments

The Foundation makes estimates, assumptions and judgments concerning the future. The resulting amounting estimates will, by definition, seldom equal the related actual results. Estimates, assumptions and judgments 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.

The estimates, assumptions and judgments that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed hereafter.

Recoverability of receivables

In determining the recoverable amount of the Foundation's receivables, management considers the historical experience of unexpected losses established for these receivables based on the ageing analysis. In this case, management uses judgments based on the best available facts and circumstances, including but not limited to their payment history. An evaluation of the receivables, designed to identify potential charges to the provision, is performed on a continuous basis throughout the year. If any such evidence exists for receivables, changes in those estimates and judgments could have a significant effect on the carrying value of receivables and the amount and timing of recorded provision for any period.

Impairment of investment in shares of stocks

The Foundation assesses impairment on all of its investment in shares of stocks 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 Foundation did not recognize any allowance for impairment losses on investment in shares of stocks as of December 31, 2017 and 2016 (Note 6).

Determination of net realizable value of inventories

The Foundation provides for inventory write-down whenever the net realizable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Any allowance for inventory write-down is reviewed at least annually to reflect the accurate valuation in the financial records.

The Foundation assesses that none of the inventory items are identified to be obsolete and inventory is appropriately stated at cost as at reporting dates.

Impairment of creditable withholding taxes

The carrying amount of creditable withholding taxes is reviewed at each reporting date and reduced to the extent that it will not be utilized. The carrying amount of the asset is reduced through the use of an allowance account. The Company will set up an allowance for impairment at a level considered adequate to provide for potential unrecoverable creditable withholding taxes. The level of this allowance is evaluated by the Company on the basis of such factors including but not limited to, ability to support the balance with creditable withholding tax certificates, ability to claim for refund and other known factors. The Company reviews the status of creditable withholding taxes, and identifies accounts to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if different judgments were made. An increase in allowance for impairment would increase recorded costs and expenses and decrease the related assets.

The Foundation assesses that all of its creditable withholding taxes are recoverable. No impairment is recognized in 2017 and 2016.

Note 17 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

17.1 Basis of preparation

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

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 9.

17.2 Changes in accounting policy and disclosures

Changes in accounting policy and disclosures

On August 12, 2015, the Financial Reporting Standards Council has adopted the 2015 amendments to International Financial Reporting Standard for SMEs as 2015 amendments to PFRS for SMEs. The amendments became mandatory beginning on or after January 1, 2017.

The Foundation's assessment of the impact of these amendments and interpretations is set out below.

- *Section 5, Statement of Comprehensive Income and Income Statement*, the amendment included a requirement that entities shall group items presented in other comprehensive income on the basis of whether they can be reclassified to profit or loss - based on Presentation of Items of Other Comprehensive Income (Amendments to PAS 1) issued in June 2011. The adoption of the amended standard will only affect the presentation of items in other comprehensive income but will not have a significant impact on the Foundation's financial statements.
- *Section 17, Property, plant and equipment*, under the amendment, an entity has now the option to choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment. The amendment will have no impact on the financial statements as the Foundation does not expect to change its current accounting policy.
- *Section 20, Leases*, the amended section clarified that leases with an interest rate variation clause that is linked to market interest rates will be under the scope of Section 20, Leases instead of Section 12, Other Financial Instruments Issues. The Foundation has currently no lease arrangement which is linked to market interest rates. Hence, the Foundation assessed that the amendment will have no impact on its financial statements.
- *Section 29, Income tax*, the amended section aligned the main principles of Section 29 with PAS 12, Income Taxes, for the recognition and measurement of deferred income tax, but modified to be consistent with the other requirements in PFRS for SMEs. The amendment section also added an undue cost or effort exemption to the requirement to offset income tax assets and liabilities. The adoption of the amended standard will affect the accounting treatment for deferred income tax assets but will not have a significant impact on the Foundation's financial statements.

There are no other amendments or interpretations that are effective beginning on or after January 1, 2017 that would be expected to have a material impact on the Foundation's financial statements.

17.3 Cash

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.

17.4 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Foundation classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments. The Foundation does not have financial instruments classified as complex.

Basic financial instruments

Initial measurement

On initial recognition, a basic financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

Basic financial instruments are subsequently measured at amortized cost using the effective interest rate method, except for investments in non-convertible and non-puttable preference shares and non-puttable ordinary shares that are publicly traded whose fair value can otherwise be measured reliably. Such investments are subsequently measured at fair value with changes in fair value recognized in profit or loss.

Impairment of financial instruments measured at cost or amortized cost

At each reporting date, the Foundation assesses whether there is objective evidence of impairment on any financial assets that are measured at cost or amortised cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

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 cash flows discounted at the asset's original effective interest rate. Where an asset is measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset in a sale at the reporting date.

Derecognition of financial assets

An entity only derecognizes a financial asset when:

- The contractual rights to the cash flows from the assets have expired or are settled;
- The entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset; or
- It has retained some significant risks and rewards but 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. The asset is therefore derecognized, and any rights and obligation created or retained are recognized.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished – that is, when the obligation is discharged, cancelled or has expired.

17.5 Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

17.6 Inventories

Inventories of the Foundation are books authored by one of its members. Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost of books includes purchase price and other costs incurred in bringing the inventories to their present location and condition which includes transport, handling and other costs.

17.7 Creditable withholding taxes

Creditable withholding taxes are recognized as assets in the period such excess income tax payments become available as tax credits to the Foundation and carried over to the extent that it is probable that the benefit will flow to the Foundation. These are derecognized when there is a legally enforceable right, as prescribed by the applicable laws, to apply the recognized amounts against the related income tax due.

Creditable withholding taxes are included in current assets, except when the related benefits are expected to be received more than twelve (12) months after the reporting period, which are then classified as non-current assets.

17.8 Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

17.9 Provisions

Provisions are recognized when: the Foundation has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

17.10 Related party relationships and transactions

Related party relationship

Related party relationship exists 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. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

17.11 Fund balance

Fund balance comprises of contributed capital and cumulative excess of receipts 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.

The Foundation reports cash gifts and donations in kind as restricted support if these are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to general fund and reported in the statement of changes in fund balance as net assets released from restrictions.

17.12 Receipts recognition

Receipts comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Foundation's activities.

The Foundation recognizes receipts when: the amount of receipts can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Foundation's activities, as described below.

Financial literacy training

Financial literacy training fees are recognized when services are already rendered by the Foundation.

Book sales

Book sales are recognized when the Foundation has delivered books to the customer; the customer has accepted the products thereby transferring the significant risks and rewards; and collectability of the related receivables is reasonably assured. Provisions for sales discounts are made at the time of sale. Sales returns are recognized upon actual return of books by the customers.

Grants, donations and contributions

Project grants, donations, support and contributions are recognized as receipts 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 financial position, otherwise they are recorded as "Grants, donations and contributions" in receipts and expenses.

Other income

Other income are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collectability.

17.13 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 receipts and expenses upon utilization of the service or in the dates they are incurred.

17.14 Events after the reporting date

Post year-end events that provide additional information about the Foundation's 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 the financial statements when material.

17.15 Reclassification

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

Note 18 - Supplementary information required by the BIR

The Foundation is exempt from payment of income tax as set forth in Section 30(g) of the National Internal Revenue Code otherwise known as “Exemption from Tax on Corporations”.

The information required by RR No. 15-2010 for the year ended December 31, 2015 is presented below.

(i) Local and national taxes

Local and national taxes paid for the year ended December 31, 2017 consist of:

	Amount
Local registration fees	1,500
Business permits	15,222
	<u>16,722</u>

The above payments are presented in taxes and licenses under administrative expenses in the statement of total comprehensive income.

(ii) Withholding taxes

Expanded withholding tax paid for the year ended and as at December 31, 2017 amounts to P74,075.

Accrued withholding taxes is included within other current assets in the statement of financial position.

(iii) Tax assessments and cases

As at December 31, 2017, taxable years 2014, 2015 and 2016 remain open. As at December 31, 2017, there are no outstanding assessments and tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

(iv) Other information

The Company did not have transactions that are subject to documentary stamp taxes, value-added taxes, custom duties, tariff fees and excise taxes for the year ended December 31, 2017.

All other information required to be disclosed by the BIR has been included in this note.