

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C N 2 0 1 2 2 3 6 6 0

## COMPANY NAME

S E D P I F O U N D A T I O N , I N C .

## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

U n i t 3 0 3 L o y o l a H e i g h t s C o n d o m  
i n i u m , 2 3 D e l a R o s a S t r e e t , L o  
y o l a H e i g h t s , Q u e z o n C i t y

Form Type

A A F S

Department requiring the report

S E C

Secondary License Type, If Applicable

N / A

## COMPANY INFORMATION

Company's Email Address

vincent.rapisura@sedpi.com

Company's Telephone Number

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

Maribel 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 1 :** 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.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

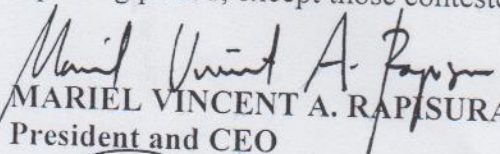


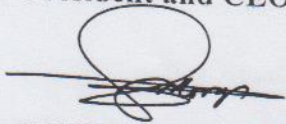
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

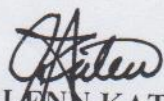
The Management of **SEDPI Foundation, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2015. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2015 and the accompanying Annual Income Tax Return are in accordance with the books and records of **SEDPI Foundation, Inc.** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **SEDPI Foundation, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

  
**MARIEL VINCENT A. RAPISURA**  
President and CEO

  
**EDWIN M. SALONGA**  
Chairperson

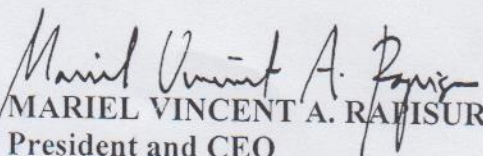
  
**EMILEEN KATE SACDALAN-PATENO**  
Chief Financial Officer

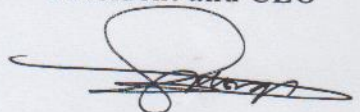
## STATEMENT OF MANAGEMENT RESPONSIBILITY

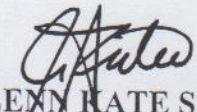
The Management of **SEDPI Foundation, Inc.** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2015, in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the financial statement and submit the same to the stockholders or member.

**SyCip Gorres Velayo & Co.**, the independent auditors, appointed by the Stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
**MARIEL VINCENT A. RAPISURA**  
President and CEO

  
**EDWIN M. SALONGA**  
Chairperson

  
**EMILEEN KATE SACDALAN-PATENO**  
Chief Financial Officer

## 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 statements of assets, liabilities and fund balance as at December 31, 2015 and 2014, and the statements of excess of revenues over expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

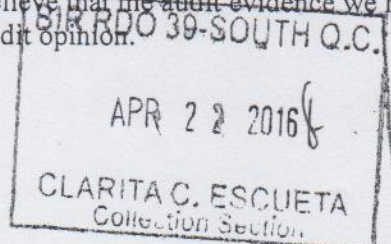
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial 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 audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of SEDPI Foundation, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

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

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

*Ray Francis C. Balagtas*

Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

SEC Accreditation No. 1510-A (Group A),

October 1, 2015, valid until September 30, 2018

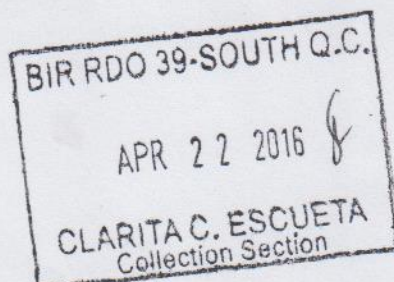
Tax Identification No. 216-950-288

BIR Accreditation No. 08-001998-107-2015,

March 4, 2015, valid until March 3, 2018

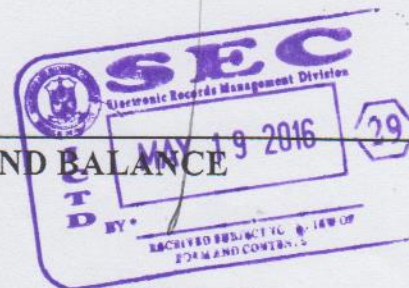
PTR No. 5321607, January 4, 2016, Makati City

April 11, 2016



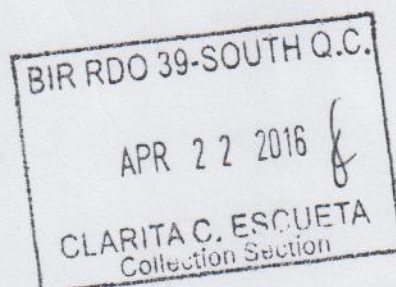
**SEDPI FOUNDATION, INC.**  
(A Non-Stock, Not-for-Profit Organization)

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**



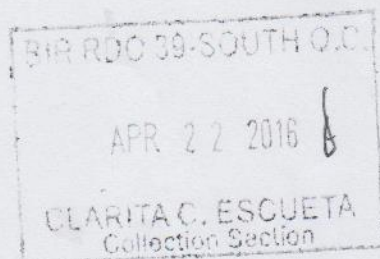
	December 31	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in bank (Note 4)	₱1,023,518	₱1,407,667
Receivables (Notes 5 and 10)	60,226	21,402
	<u>1,083,744</u>	<u>1,429,069</u>
<b>Noncurrent Asset</b>		
Investment in shares of stocks (Note 6)	2,790,980	1,500,000
	<u>₱3,874,724</u>	<u>₱2,929,069</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	₱82,091	₱55,440
Due to related parties (Note 13)	1,303,734	450,956
	<u>1,385,825</u>	<u>506,396</u>
<b>Noncurrent Liability</b>		
Funds held in trust (Note 7)	106,303	106,303
	<u>1,492,128</u>	<u>612,699</u>
<b>Fund Balance (Note 8)</b>	<u>2,382,596</u>	<u>2,316,370</u>
	<u>₱3,874,724</u>	<u>₱2,929,069</u>

See accompanying Notes to Financial Statements.



**SEDPI FOUNDATION, INC.****(A Non-Stock, Not-for-Profit Organization)****STATEMENTS OF EXCESS REVENUE OVER EXPENSES**

	Years Ended December 31	
	2015	2014
<b>REVENUE</b>		
Training fees	<b>₱211,471</b>	<b>₱185,637</b>
Grants, donations and contributions (Notes 9 and 13)	<b>—</b>	<b>800,000</b>
Other income (Note 10)	<b>107,793</b>	<b>18,718</b>
	<b>319,264</b>	<b>1,004,355</b>
<b>EXPENSES</b>		
Professional fees	<b>105,440</b>	<b>55,440</b>
Transportation and travel	<b>81,742</b>	<b>275,428</b>
Meals and lodging	<b>23,585</b>	<b>116,619</b>
Taxes and licenses	<b>15,420</b>	<b>14,285</b>
Supplies	<b>5,242</b>	<b>27,131</b>
Others (Note 11)	<b>21,347</b>	<b>19,503</b>
	<b>252,776</b>	<b>508,406</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE PROVISION FOR FINAL TAX</b>	<b>66,488</b>	<b>495,949</b>
<b>PROVISION FOR FINAL TAX (Note 12)</b>	<b>262</b>	<b>476</b>
<b>TOTAL EXCESS OF REVENUE OVER EXPENSES</b>	<b>₱66,226</b>	<b>₱495,473</b>

*See accompanying Notes to Financial Statements.*

**SEDPI FOUNDATION, INC.****(A Non-Stock, Not-for-Profit Organization)****STATEMENTS OF CHANGES IN FUND BALANCE**

	Years Ended December 31	
	2015	2014
<b>MEMBERS' CONTRIBUTION</b>	<b>₱1,000,000</b>	<b>₱1,000,000</b>
<b>ACCUMULATED EXCESS OF REVENUE OVER EXPENSES</b>		
Balance at beginning of year	1,316,370	820,897
Excess of revenue over expenses	66,226	495,473
Balance at end of year	1,382,596	1,316,370
	<b>₱2,382,596</b>	<b>₱2,316,370</b>

*See accompanying Notes to Financial Statements.*

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

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**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱66,488	₱495,949
Adjustments for:		
Dividend income (Note 10)	(90,980)	(16,336)
Interest income (Note 10)	(1,313)	(2,382)
Changes in operating assets and liabilities:		
Increase in receivables (Note 5)	(38,824)	(5,066)
Increase in accounts payable and accrued expenses	26,651	50,440
Net cash generated from operations	(37,978)	522,605
Interest received	1,313	2,382
Income tax paid	(262)	(476)
Net cash provided by (used in) operating activities	(36,927)	524,511
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment in shares of stocks (Note 6)	(1,290,980)	—
Cash dividends received	90,980	—
Net cash used in investing activities	(1,200,000)	—
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	852,778	443,521
Funds held in trust (Note 7)	—	106,303
Net cash provided by financing activities	852,778	549,824
<b>NET DECREASE IN CASH IN BANK</b>	<b>(384,149)</b>	<b>1,074,335</b>
<b>CASH IN BANK AT BEGINNING OF YEAR (Note 4)</b>	<b>1,407,667</b>	<b>333,332</b>
<b>CASH IN BANK AT END OF YEAR</b>	<b>₱1,023,518</b>	<b>₱1,407,667</b>

*See accompanying Notes to Financial Statements.*



**SEDPI FOUNDATION, INC.**  
**(A Non-Stock, Not-for-Profit Organization)**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. General Information**

SEDPI Foundation, Inc. (the Foundation) is a non-stock, not-for-profit organization duly organized under existing laws of the Republic of the Philippines. The Foundation was registered with the Philippine 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, 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 through 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.

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**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).

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 assets, liabilities and fund balance 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 statement of assets, liabilities and fund balance date.

As of December 31, 2015 and 2014, the Foundation does not have financial assets and financial 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 assets, liabilities and fund balance if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Foundation assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal



course of business, event of default, and event of insolvency or bankruptcy of the Foundation and all of the counterparties.

#### Impairment of Financial Assets

At each statement of assets, liabilities and fund balance 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 the statement of excess of revenue over expenses.



### 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 excess of revenue 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 from bank deposits is recognized on a time proportion basis using the EIR method.

### Expense recognition

Expenses are recognized when it is probable that 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.

### 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 assets, liabilities and fund balance 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.

#### Events after the Reporting Period

Post year-end events that provide additional information about the Foundation's position at statement of assets, liabilities and fund balance 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.

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### 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 statement of assets, liabilities and fund balance 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 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.

##### *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

### *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 values of receivables as of December 31, 2015 and 2014 are disclosed in Note 5. The Foundation did not recognize any allowance for credit losses on these receivables as of December 31, 2015 and 2014.

#### *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, 2015 and 2014 is disclosed in Note 6. The Foundation did not recognize any allowance for impairment losses on investment in shares of stocks as of December 31, 2015 and 2014 (see Note 6).

## **4. Cash in Bank**

This account consists of checking and savings deposit with local commercial banks that earns annual interest of nil and 0.25%, respectively. Interest income from savings deposit amounted to ₱1,313 and ₱2,382 in 2015 and 2014, respectively (see Note 10).

	2015	2014
Checking account	₱734,480	₱-
Savings account	289,038	1,407,667
	<b>₱1,023,518</b>	<b>₱1,407,667</b>

## **5. Receivables**

This consists as follows:

	2015	2014
Advances	₱38,824	₱-
Dividends receivable (Notes 6 and 10)	16,336	16,336
Accounts receivable	5,066	5,066
	<b>₱60,226</b>	<b>₱21,402</b>



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.

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#### 6. Investment in shares of stocks

Investment in shares of stocks pertains to the Foundation's investment in SDFI consisting of 13,500 and 7,500 preferred shares at ₱200 par value per share in 2015 and 2014, respectively. 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.

	2015	2014
Balance at beginning of year	₱1,500,000	₱-
Investments during the year	1,290,980	1,500,000
Ending balance	₱2,790,980	₱1,500,000

In April 2015, the Foundation received cash dividends of ₱0.09 million from its preferred stock investments. The cash dividend was subsequently reinvested to additional preferred share investment of the Foundation with SDFI.

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#### 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:

- Training and building capacities of Filipinos on leadership, financial literacy and social entrepreneurship skills in a migrant context;
- Enabling the trainees to undertake their social enterprises aimed at improving their situation, their families and communities; and
- 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, 2015 and 2014, no withdrawals were made on the funds held in trust.



## 8. Fund Balance

This account consists of:

	2015	2014
Contributed capital	₱1,000,000	₱1,000,000
Accumulated excess, beginning	1,316,370	820,897
Excess of receipts over expenses	66,226	495,473
	<b>₱2,382,596</b>	<b>₱2,316,370</b>

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.

## 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.

Grants, donations, and contributions were received from SEDPI amounting to nil and ₱0.80 million in 2015 and 2014, respectively.

## 10. Other Income

This account consists of:

	2015	2014
Dividend income	₱90,980	₱16,336
Interest income	1,313	2,382
Miscellaneous	15,500	—
	<b>₱107,793</b>	<b>₱18,718</b>

## 11. Other Expenses

This account consists of:

	2015	2014
Scholarship	₱14,455	₱14,405
Communications	1,150	1,299
Supplies	1,045	—
Miscellaneous	4,697	3,799
	<b>₱21,347</b>	<b>₱19,503</b>



## 12. Income Taxes

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

## 13. 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, 2015		
	Amount/ Volume	Outstanding Balance	Terms and Condition/Nature
<i>Statement of assets, liabilities and fund balance</i>			
Investment in shares of stock	₱1,290,980	₱2,790,980	Investment in non-voting, cumulative, nonconvertible and nonparticipating preferred shares (see Note 6).
Dividends receivable	—	16,336	Cash dividend equivalent to 7.50% of the investment's par balance (see Note 6).
Due to related parties	852,778	1,303,734	Expenses paid/advanced on behalf of the Foundation
<i>Statement of excess of revenue over expenses</i>			
Dividend income	90,980	—	Dividend equivalent to 6.00% of the investment's weighted par balance in 2015.



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	P=	P1,500,000	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 a related party	443,561	450,956	Expenses paid/advanced on behalf of the Foundation
<i>Statement of excess of revenue over expenses</i>			
Grants, donations and contributions	800,000	—	Donations received for the development and implementation of training courses (see Note 9).
Dividend income	16,336	—	Stock dividend equivalent to 6.00% of the investment's par balance (see Note 6).

The affiliate advances the amount of cash needed to sustain the activities and expenses of the Foundation. Occupancy and utility costs are shouldered by SEDPI, an affiliate, at no cost to the Foundation.

#### 14. Approval of the Financial Statements

The accompanying financial statements of the Foundation were authorized for issue by the BOT on April 11, 2016.

#### 15. 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 2015:

(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, 2015:

	2015
Business permits and other fees	₱12,382
Barangay clearance	1,000
Notarial fee	520
Annual registration fees	500
Fire clearance	218
Others	800
	<u>₱15,420</u>

- (c) The Foundation has no pending final tax assessments and cases before the BIR as at December 31, 2015. Likewise, the Foundation has no other pending tax cases outside the administration of the BIR as at December 31, 2015.

