

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 AND AUDITOR'S REPORT

GALVEZ, GARCIA & ASSOCIATES

Certified Public Accountants

CORE VALUES:
PROFESSIONALISM
RESPECT
INTEGRITY
CARE
EMPOWERMENT

Rm. 309, 3rd Floor, WEB JET Building,
#64 Quezon Ave. corner BMA Ave.
Brgy. Tatalon, Quezon City
Telefax No.: (02)516-1846
Email: pricecorevalues@gmail.com



The
Philippine
Christian Foundation Inc.
SEC NO. CN200307066

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **THE PHILIPPINE CHRISTIAN 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 the information and representations contained in the financial statements accompanying the Annual Information 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 withholding 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 **THE PHILIPPINE CHRISTIAN 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 Regulation No. 8-2007 and other relevant issuances; and
- c) **THE PHILIPPINE CHRISTIAN 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.

Helen Sturdy
Chairman

Melissa Alipalo
President and CEO

Ramon Abejuela
Treasurer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANILA

) S.S.

Before me, a Notary Public for and in **CITY OF MANILA**, this **APR 12 2016**, 2016, personally appeared:

NAME	PASSPORT/DRIVER'S LICENSE NO.	DATE/PLACE ISSUED
Helen Sturdy	GBR 309100181	Issued on April 9, 2010 Expiry on Aug 9, 2020
Melissa Alipalo	USA 711158716	Issued on Mar. 7, 2007 Expiry on Mar. 6, 2017
Ramon Abejuela		

known to me to be same persons who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No. 443 ;
Page No. 89 ;
Book No. 19 ;
Series of 2016


ATTY. PEDRO D. GENATO

Notary Public

Notary Public

Notarial Commission 2016-011 Mla.

IBP# 1009339 Pasig 09-24-15 until 2017

PTR# 4930029 Mla. 1-4-2016

Roll# 12088, TIN# 132-436-687

MCLE Compl. No. V-0005232 until 4-14-19



**The
Philippine
Christian Foundation Inc.**
SEC NO. CN200307066

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **THE PHILIPPINE CHRISTIAN FOUNDATION, INC.** is responsible for all information and representations contained in the financial statements for the calendar year ended December 31, 2015. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The management likewise discloses to external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The management reviews the financial statements before such statements are approved and submitted to the stakeholders of the company.

GALVEZ, GARCIA & ASSOCIATES, CPAS, the independent auditor appointed by management, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Trustees.

Helen Sturdy
Chairman

Melissa Alipalo
President and CEO

Ramon Abejuela
Treasurer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANILA) S.S.


Before me, a Notary Public for and in CITY OF MANILA, this APR 12 2016
_____, 2016, personally appeared:

NAME	PASSPORT/DRIVER'S LICENSE NO.	DATE/PLACE ISSUED
Helen Sturdy	GBR 309100181	Issued on April 9, 2010 Expiry Aug 9, 2020
Melissa Alipalo	USA711158716	Issued on March 7, 2007 Expiry March 6, 2017
Ramon Abejuela		

known to me to be same persons who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No. 442 ;
Page No. 29 ;
Book No. 19 ;
Series of 2016

Notary Public

JOY D. GENATO
Notary Public Until Dec. 31, 2017
Notarial Commission 2016-011 Mla.
IBP# 1009339 Pasig 09-24-15 until 2017
PTR# 4930029 Mla. 1-4-2016
Roll# 12088, TIN# 132-436-687
MCLE Compl. No. V-0005232 until 4-14-19

GALVEZ, GARCIA & ASSOCIATES

Certified Public Accountants

CORE VALUES:

**PROFESSIONALISM
RESPECT
INTEGRITY
CARE
EMPOWERMENT**

Rm. 309, 3rd Floor, WEB JET Building,
#64 Quezon Ave. corner BMA Ave.
Brgy. Tatalon, Quezon City
Telefax No.: (02)516-1846
Email: pricecorevalues@gmail.com

STATEMENT OF REPRESENTATION

(SRC Rules 68 and 68.1, as amended)

"TO THE SECURITIES AND EXCHANGE COMMISSION"

In connection with our examination of the financial statements of THE PHILIPPINE CHRISTIAN FOUNDATION, INC. for the year ended December 31, 2015 and 2014, which are to be submitted to the Commission, we hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; In case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That I shall comply with applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements;
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity as Signing Partner of Galvez, Garcia & Associates, Certified Public Accountants.


MERCY R. ABARIENTOS-GARCIA

CPA Cert. No. 52903

TIN: 124-120-675

PTR No. 2121624 issued January 22, 2016 at Quezon City

BOA/PRC AN 4349, effective until Dec 31, 2018

BIR AN 07-000647-1-2016 effective until March 26, 2019

March 11, 2016

GALVEZ, GARCIA & ASSOCIATES

Certified Public Accountants

CORE VALUES:

PROFESSIONALISM
RESPECT
INTEGRITY
CARE
EMPOWERMENT

Rm. 309, 3rd Floor, WEB JET Building,
#64 Quezon Ave. corner BMA Ave.
Brgy. Tatalon, Quezon City

Telefax No.: (02)516-1846

Email: price_accounting2012@yahoo.com.ph

SUPPLEMENTARY WRITTEN STATEMENT

The Board of Trustees

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

Unit 411 Marbella 2, Roxas Boulevard

Malate, Manila

We have examined the financial statements of THE PHILIPPINE CHRISTIAN FOUNDATION, INC. for the year ended December 31, 2015 and 2014, on which we have rendered the attached report dated March 11, 2016.

In compliance with SEC Rule 68, I am stating that the said company is a non-stock, non-profit organization duly registered with the Securities and Exchange Commission per Cert. No. CN-200307066 dated March 20, 2003.



MERCY P. ABARIENTOS-GARCIA

CPA Cert. No. 52903

TIN: 124-120-675

PTR No. 2121624 issued January 22, 2016 at Quezon City

BOA/PRC AN 4349, effective until Dec 31, 2018

BIR AN 07-000647-1-2016 effective until March 26, 2019

March 11, 2016

GALVEZ, GARCIA & ASSOCIATES

Certified Public Accountants

CORE VALUES:
PROFESSIONALISM
RESPECT
INTEGRITY
CARE
EMPOWERMENT

Rm. 309, 3rd Floor, WEB JET Building,
#64 Quezon Ave. corner BMA Ave.
Brgy. Tatalon, Quezon City
Telefax No.: (02)516-1846
Email: price_accounting2012@yahoo.com.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
THE PHILIPPINE CHRISTIAN FOUNDATION, INC.
Unit 411 Marbella 2, Roxas Boulevard
Malate, Manila

We have audited the accompanying statement of financial position of THE PHILIPPINE CHRISTIAN FOUNDATION, INC. as of December 31, 2015 and 2014 and the related statements of financial activities, changes in fund balances, and cash flows for the year then ended, including the schedules, and a summary of significant accounting policies and other explanatory notes.

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 on Small and Medium-sized Entities (SMEs), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's 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 whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures to 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 controls 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 referred to above present fairly, in all material respects, the financial position of THE PHILIPPINE CHRISTIAN FOUNDATION, INC. as of December 31, 2015 and 2014 and the results of its operations and cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards on SMEs.

GALVEZ, GARCIA & ASSOCIATES, CPAS

TIN 008-403-288-000

By:  **MERCY P. ABARIENTOS-GARCIA**

Partner (signing for the firm)

CPA Cert. No. 52903

TIN: 124-120-675

PTR No. 2121624 issued January 22, 2016 at Quezon City

BOA/PRC AN 4349, effective until Dec 31, 2018

BIR AN 07-000647-1-2016 effective until March 26, 2019

March 11, 2016

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

(in Philippine Pesos, with comparative figures for 2014)

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents (note 4)	8,573,678.84	10,096,098.37
Accounts Receivable - Others (note 5)	958,057.99	795,935.05
Other Assets (note 6)	693,335.45	641,335.45
Total	10,225,072.28	11,533,368.87
Property and Equipment - Net (note 7)	28,128,451.79	28,914,742.86
TOTAL ASSETS	38,353,524.07	40,448,111.73

LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts Payable (note 8)	1,822,941.42	1,255,433.32
Fund Balances (note 2)		
Operating Fund	8,402,130.86	10,277,935.55
Property and Equipment Fund	28,128,451.79	28,914,742.86
Total	36,530,582.65	39,192,678.41
TOTAL LIABILITIES AND FUND BALANCES	38,353,524.07	40,448,111.73

Exhibit A

(please see accompanying Notes to Financial Statements)

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2015

(in Philippine Pesos, with comparative figures for 2014)

	Operating Fund	Property & Equipment Fund	2015	2014
RECEIPTS:				
Grants and Donations (note 9)	45,125,971.68		45,125,971.68	42,229,256.47
Livelihood Project	561,957.10		561,957.10	1,275,493.29
Gain (Loss) on Foreign Exchange	44,879.55		44,879.55	(237,056.57)
Bank Interest Income	18,844.93		18,844.93	36,947.47
Total	45,751,653.26	-	45,751,653.26	43,304,640.66
EXPENSES (Schedule A)				
Administrative	5,263,080.81		5,263,080.81	4,474,649.59
Educational Program	28,740,106.18		28,740,106.18	19,520,141.74
Welfare Program	11,349,604.46		11,349,604.46	15,666,628.41
Depreciation	-	3,060,957.57	3,060,957.57	3,601,632.15
Total	45,352,791.45	3,060,957.57	48,413,749.02	43,263,051.89
EXCESS (DEFICIENCY) OF RECEIPTS				
OVER EXPENSES (to Exhibits C & D)	398,861.81	(3,060,957.57)	(2,662,095.76)	41,588.77
<i>Exhibit B</i>				

(please see accompanying Notes to Financial Statements)

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

STATEMENT OF CHANGES IN FUND BALANCE

For the year ended December 31, 2015

(in Philippine Pesos, with comparative figures for 2014)

	Operating Fund	Property & Equipment Fund	2015	2014
FUND BALANCE, BEGINNING	10,277,935.55	28,914,742.86	39,192,678.41	39,151,089.64
ADD (DEDUCT):				
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES (from Exhibit B)	398,861.81	(3,060,957.57)	(2,662,095.76)	41,588.77
Acquisition of Vehicles (note 7)	(2,829,000.00)	2,829,000.00	-	-
Book value of disposed vehicles (note 7)	554,333.50	(554,333.50)	-	-
FUND BALANCE, END (to Exhibit A)	8,402,130.86	28,128,451.79	36,530,582.65	39,192,678.41

Exhibit C

(please see accompanying Notes to Financial Statements)

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.*(a non-stock, non-profit organization)***STATEMENT OF CASH FLOWS**

For the year ended December 31, 2015

(in Philippine Pesos, with comparative figures for 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
EXCESS(DEFICIENCY) OF RECEIPTS OVER EXPENSES <i>(from Exhibit E)</i>	(2,662,095.76)	41,588.77
ADJUSTMENT TO RECONCILE EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation	3,060,957.57	3,601,632.15
Decrease (Increase) in Accounts Receivable	(162,122.94)	378,121.30
Decrease (Increase) in Other Assets	(52,000.00)	585,868.66
Increase (Decrease) in Accounts Payable	567,508.10	460,331.20
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	752,246.97	5,067,542.08
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Vehicles	(2,829,000.00)	(1,120,000.88)
Disposal of Property & Equipments <i>(note 7)</i>	554,333.50	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,274,666.50)	(1,120,000.88)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	(1,522,419.53)	3,947,541.20
CASH AND CASH EQUIVALENTS, BEGINNING	10,096,098.37	6,148,557.17
CASH AND CASH EQUIVALENTS, END <i>(to Exhibit A)</i>	8,573,678.84	10,096,098.37
		<u><i>Exhibit D</i></u>

(please see accompanying Notes to Financial Statements)

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

SCHEDULE OF EXPENSES

For the calendar year ended December 31, 2015

(in Philippine Pesos)

	Operating Fund			Property &	TOTAL
	Admin	Education	Welfare Program	Equipment Fund	
Advertisements	3,360.00				3,360.00
Bank Charges	27,342.27				27,342.27
Books and Library Materials		1,203,293.75			1,203,293.75
Calamity Relief Assistance			241,333.10		241,333.10
Capability Building for the Community		5,000.00	50,559.23		55,559.23
Communications	169,228.55	159,844.41	43,011.61		372,084.57
De Minimis Benefits	122,695.45	782,177.73	208,560.22		1,113,433.40
Depreciation				3,060,957.57	3,060,957.57
Documentation & Photocopying	7,990.06	14,797.04	683.62		23,470.72
Dues & Fees	5,009.06	47,118.12	207,592.01		259,719.19
Educational Assistance		2,581,515.85			2,581,515.85
Feeding And Nutrition		2,364,539.68			2,364,539.68
Financial and Medical Assistance	69,370.00	343,094.45	355,726.50		768,190.95
Food for Schools			3,496,948.55		3,496,948.55
Food Parcel for Volunteers			260,955.30		260,955.30
Furniture and Fixtures	10,000.00	151,010.00			161,010.00
Gasoline and Parking	49,630.06	442,876.90	27,158.00		519,664.96
Gifts of Joy			540,592.23		540,592.23
Insurance Expenses	997.60	268,779.62			269,777.22
IT Equipment and Supplies	11,245.00	410,426.00			421,671.00
Kitchen Equipment and Supplies	5,000.00	164,975.07			169,975.07
Legal Expense	109,400.00	110.00			109,510.00
Livelihood Projects Expenses			1,456,244.63		1,456,244.63
Loss on Sale of Vehicles		254,333.50			254,333.50
Mailing and Courier	3,787.89	835.00	196,041.50		200,664.39
Meetings and Conferences	716,951.63	136,854.04	163,634.02		1,017,439.69
Membership Dues	38,886.33				38,886.33
Miscellaneous Expenses	22,982.00	496.00			23,478.00
Office and School Equipment	73,889.00	519,348.00			593,237.00
Office Supplies	77,806.90	63,772.73	38,428.85		180,008.48
Other Employee Benefits	9,100.00	394,460.00	92,435.45		495,995.45
Other Program Services	16,545.46	300,582.67	415,704.25		732,832.38
Professional Fees	707,353.42	854,025.00	400,972.00		1,962,350.42
Promotional & Fund Raising Materials		726,440.00			726,440.00
Rental Expense	254,842.00		55,700.00		310,542.00
Repairs & Maintenance	218,546.87	1,819,987.09	36,050.00		2,074,583.96
Salaries and Wages	2,050,422.34	10,562,102.41	2,483,613.83		15,096,138.58
School Activities		742,047.06			742,047.06
School Supplies and Uniforms		522,897.25			522,897.25
Security Services		1,076,260.93			1,076,260.93
Statutory Benefits	116,530.11	773,603.70	175,015.30		1,065,149.11
Taxes and Licenses	37,341.55	4,000.00			41,341.55
Training, Seminar & Staff Development	173,224.23	47,457.81	36,107.74		256,789.78
Transportation Expenses	49,806.50	50,089.00	66,340.90		166,236.40
Travel & Accommodation Expense			150,168.24		150,168.24
Utilities Expense	103,796.53	944,155.37	17,864.03		1,065,815.93
Values Formation		6,800.00	132,163.35		138,963.35
Total Expenses (to Exhibit B)	5,263,080.81	28,740,106.18	11,349,604.46	3,060,957.57	48,413,749.02

THE PHILIPPINE CHRISTIAN FOUNDATION, INC.

(a non-stock, non-profit organization)

Notes to the Financial Statements

December 31, 2015

1. ORGANIZATION

THE PHILIPPINE CHRISTIAN FOUNDATION, INC. is a non-stock, non-profit organization duly registered with the Securities and Exchange Commission per Cert. No. CN-200307066 dated March 20, 2003. The purpose of the organization is to run holistic, integrated services ranging from education to access to healthy food, healthcare, and social protection that children need in order to persevere through hardship and to have a greater chance for a healthy, positive adulthood. PCF supports children and families by running two programs:

Education: PCF runs a school in Tondo and also provides support to college and public scholars to ensure a successful learning experience for all. Breakfast and lunch are served daily during school time and additional meals are provided for children who are malnourished.

Welfare: PCF provides medical clinics, health education, community support, calamity relief and a team of social workers supports children and their families.

Accreditation

The organization is accredited by the Department of Social Welfare and Development (DSWD) with the certificate of registration and license to operate valid until March 2016 subject to renewal. It is also accredited with the Philippine Council for NGO Certification (PCNC) subject to its pending renewal.

The organization as a non-stock, non-profit organization is exempt from income tax pursuant to Sec. 30 of R.A. 8424, known as the Tax Reform Act. of 1997.

The organization is leasing its office at Unit 411 Marbella 2, 2071 Roxas Boulevard Malate, Manila. (The Foundation formerly leased its office at Unit 1621 City and Land Mega Plaza, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City.)

The Financial Statements of the organization for the year ended December 31, 2015 and 2014, were approved and authorized for issue by the Board on March 11, 2016.

2. 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 all the years presented unless otherwise stated.

Basis of Preparation

The financial statements of the Foundation have been prepared on a historical cost measurement. The financial statements are presented in Philippine peso, which is the firm's functional currency, and all values represent absolute amounts except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

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).

Financial Assets

Financial assets are initially recognized at transaction price. Financial assets include Cash and Cash Equivalents, Advances and Other Receivables.

Cash and Cash Equivalents

Revolving Fund – this fund was established for defined regular disbursements such as transportation, postage, supplies and the like. The amount of the fund and maximum amount to be disbursed from the fund are determined by the Management from time to time. The fund is maintained on an imprest system.

Cash in Bank

Peso Accounts – are stated based on the reconciled balances between book and bank record.

Foreign Currency Accounts - transactions were recorded at a pegged rate more or less prevailing at a specific period.

Accounts Receivable

Cash Advances for Operations - advances made to officers and employees to carry out program activities of the various projects of the organization. Such were liquidated against program/project related expenses. The balance represents unliquidated advances as of balance sheet date.

Staff/Salary/Advances/Loans - loans provided to personnel as part of their privileges, which are amortized against their respective salaries over a specific period.

Accounts Receivable-Others

This account represents collectibles from individuals and organizations such as advances to suppliers, salary loans to staff, unremitted grant, etc.

Prepaid Expenses & Other Deposits

This account represents advance payments and security deposits for the office rental.

Property & Equipment

Property and equipment are measured initially at its cost. Property and equipment, after initial recognition are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, comprises its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of initial delivery and handling, installation and assembly, and testing of functionality.

For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The entity shall account for the change in residual value, depreciation method or useful life as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property and equipment is recognized in profit or loss when the item is derecognized (unless Section 20 *Leases* requires otherwise on a sale and leaseback) such gain is not recognized as revenue.

Depreciation is computed using the straight-line method over the estimated life of the asset and charged against the property and equipment fund. Management has a policy on the estimated useful lives of the asset as follows:

	Estimated Useful Life
Vehicles	5 years
Building and Improvements	10-20 years
Container School	10-20 years

Major repairs and betterment that extend the life of the assets are capitalized, maintenance and minor repairs are charged to operations as incurred.

Financial Liabilities

Financial liabilities are recognized initially at transaction price.

Financial liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial liabilities include Other Payables and Accrued Expenses.

Accounts Payable

These represent amount owed to individuals and organization which are payable within the normal accounting cycle or on demand. Included in this account are expenses contracted in the current year but will be paid in the succeeding year.

Current Statutory Liabilities

This account represents government-required personnel contributions and taxes withheld against salaries. These are intended to be remitted to the respective agencies.

Other Current Liabilities

Funds Held in Trust

This account refers to deposits to the Organization's bank accounts which are intended for other individuals or organizations. It is credited when cash is deposited and debited when disbursements is made to the intended party.

Fund Balances

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting.

Fund Accounting assumes that the Organization receives funds under various terms and conditions and may be grouped in various ways based on their intent and purpose and restrictions set by donors and management. It is an accountability or stewardship concept, used principally by NGOs that are legally responsible for seeing that certain funds or assets are used only for specified purposes.

Total fund balances comprise of Operational Fund and Property and Equipment Fund.

Operational Fund pertains to the primary operations of the Organization.

Property and Equipment Fund represents the transactions pertaining to property and equipment of the Organization. Acquisitions from projects were charged against the respective program/project item where the properties are intended to be used. A corollary entry was made to present the property and equipment as Asset and credited to Property and Equipment Fund. Depreciation was computed on a straight-line method over the estimated useful life of the properties and was charged against the Property and Equipment Fund. The Property and Equipment Fund represents the carrying value of the properties and equipment.

Revenue and Cost Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Organization and the amount of revenue can be reliably measured. However, when an uncertainty arises about the collectability of an amount already included in the revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

The following specific criteria must also be met before revenue is recognized:

- Grants Received. This is recognized at the exchange rate prevailing at the time of receipt. These are considered restricted project funds when specifically restricted by the respective donors.
- Donations and Contributions are recognized upon receipt.
- Foreign Exchange Gain or Loss is stated at net amount of gain over loss during the period.
- Interest Income is recognized as the interest accrues.
- Miscellaneous Income includes other incidental sources of funds.

Expenses

Direct expenses were charged against the respective program/project/activity. Common/indirect expenses were charged based on the Organization's policy of cost allocation.

Employees' Compensation and Other Benefits

Short-term Benefits

The Organization recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Organization to its employees include salaries and wages, social security contributions, short-term compensated absences and other non-monetary benefits, if any.

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 Organization'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.

3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Organization's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affect the amounts reported in the Church's financial statements and accompanying notes. The estimates and assumptions used in the Organization's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Organization's financial statements. Actual results could differ from such estimates.

Judgments

The preparation of the Organization's financial statements in conformity with Financial Reporting Framework in reference to the Philippine Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the Organization's financial statements and accompanying notes. The estimates and assumptions used in the Organization's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Organization'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.

Determining Functional Currency

Based in economic substance of underlying circumstances relevant to the Organization, the functional currency has been determined to be the Philippine peso, which is the currency of the primary economic environment in which the Organization operates and is the currency that

mainly influences the prices of the products and services and the cost of providing such products and services.

Repairs and maintenance

Repairs and maintenance incurred by the Organization have not resulted in an increase in the future economic benefit of its property and equipment, therefore charged to operations.

Estimates

In the application of the Organization's accounting policies, 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.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Organization's financial statements.

Evaluation of asset impairment

The Organization assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Organization considers important which could trigger an impairment review include significant changes in asset usage, significant decline in assets' market value and obsolescence or physical damage of an asset. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Organization is required to make estimates and assumptions that may affect property and equipment.

Estimating useful lives of property and equipment

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits,

the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The entity shall account for the change in residual value, depreciation method or useful life as a change in an accounting estimate.

Financial assets and liabilities

The Organization requires certain financial assets and liabilities to be at fair value, which requires use of extensive accounting estimates and judgments. While significant components of fair

value measurement were determined using verifiable objective evidence (i.e. interest and volatility rates), the amount of changes in fair value would differ if the Organization different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the statements of income and equity, as appropriate.

Impairment of Non-financial Assets

The Organization assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Organization to make estimates and assumptions that can materially

affect the financial statements. Future events could cause the Organization to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Organization's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Organization believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Organization's assessment of recoverable values and may lead to future additional impairment charges.

Revenue recognition

The Organization'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 AND CASH EQUIVALENTS

This account consists of the following:

	2015	2014
Petty Cash Fund	P 5,000.00	P 5,000.00
Revolving Fund	100,169.40	59,540.00
Cash in Bank - BDO SA	21,815.61	21,772.05
Cash in Bank - RCBC GBP	5,220,181.96	9,198,179.50
Cash in Bank - RCBC USD	2,177,740.54	242,857.02
Cash in Bank - RCBC Peso CA	1,048,771.33	568,749.80
Total	P 8,573,678.84	P 10,096,098.37

5. ACCOUNTS RECEIVABLE – OTHERS

This account consists of the following:

	2015	2014
Accounts Receivable	P 489,195.83	P 566,135.61
Receivable from SSS	15,766.88	-
Cash Advances	77,382.91	12,244.33
Advances to Suppliers	363,851.16	189,985.11
Salary Loans	11,861.21	27,570.00
Total	P 958,057.99	P 795,935.05

6. OTHERS ASSETS comprised:

	✓	2015	✓	2014
Refundable Deposit	P	673,335.45	P	641,335.45
Prepaid Expenses		<u>20,000.00</u>		<u>-</u>
Total	P	<u><u>693,335.45</u></u>	P	<u><u>641,335.45</u></u>

7. PROPERTY AND EQUIPMENT comprised the following:

(in Philippine Pesos)

	Useful Life	Beginning Balance	Additions	Disposals	Ending Balance
Cost					
PCF Container School	✓ 15	33,730,610.94	-	-	33,730,610.94
Vehicles	✓ 5	3,249,570.88	2,829,000.00	1,429,570.00	4,649,000.88
Water Filter Station	✓ 15	640,737.00	-	640,737.00	-
		<u>37,620,918.82</u>	<u>2,829,000.00</u>	<u>2,070,307.00</u>	<u>38,379,611.82</u>
Accum. Depreciation					
PCF Container School		6,744,535.79	2,248,707.39	-	8,993,243.18
Vehicles		1,320,903.17	812,250.18	875,236.50	1,257,916.85
Water Filter Station		640,737.00	-	640,737.00	-
Total		<u>8,706,175.96</u>	<u>3,060,957.57</u>	<u>1,515,973.50</u>	<u>10,251,160.03</u>
Net Book Value		<u><u>28,914,742.86</u></u>			<u><u>28,128,451.79</u></u>

*In 2015, vehicles amounting to P1,429,570.00 were disposed. Related accumulated depreciation amounted to P875,236.50 with a net book value of P554,333.50.

8. ACCOUNTS PAYABLE comprised:

	✓	2015	✓	2014
Accounts Payable	P	891,339.78	P	398,997.36
Loans Payable - Short Term		500,000.00		500,000.00
Statutory Liabilities		246,334.64		194,618.96
Funds Held in Trust		<u>185,267.00</u>		<u>161,817.00</u>
Total	P	<u><u>1,822,941.42</u></u>	P	<u><u>1,255,433.32</u></u>

9. DONATIONS AND GRANTS comprised:

	✓	2015	✓	2014
Grant - Foreign	P	8,042,379.09	P	1,110,000.00
Grant - Local		6,037,680.49		4,687,152.00
Donations - PCF UK		23,902,124.76		29,273,839.29
Donations - Corporate		6,024,773.59		3,621,985.66
Donations - Individuals		<u>1,119,013.75</u>		<u>3,536,279.52</u>
Total	P	<u><u>45,125,971.68</u></u>	P	<u><u>42,229,256.47</u></u>

10. SUPPLEMENTARY INFORMATION REQUIRED BY BIR REGULATION 15-2010

The Organization reported and/or paid the following taxes:

TAXES & LICENSES

	2015	2014
Business Permit and Licenses, Fire inspection, CTC, Brgy Clearance	P 40,841.55	P 15,414.84
Annual Registration Fee-BIR	<u>500.00</u>	<u>500.00</u>
Total	P <u>41,341.55</u>	P <u>15,914.84</u>

WITHHOLDING TAX

	2015	2014
Withholding Tax on Compensation	P 1,264,078.92	P 988,001.29
Expanded Withholding Tax	<u>345,239.10</u>	<u>143,718.08</u>
Total	P <u>1,609,318.02</u>	P <u>1,131,719.37</u>