

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	N	2	0	0	8	0	3	4	3	2
---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

M	I	N	D	O	R	O		B	I	O	D	I	V	E	R	S	I	T	Y									
C	O	N	S	E	R	V	A	T	I	O	N		F	O	U	N	D	A	T	I	O	N	,		I	N	C	.

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

G	U	M	A	M	E	L	A		S	T	R	E	E	T	,		B	A	R	A	N	G	A	Y		S	U	Q	U	I	
C	A	L	A	P	A	N		C	I	T	Y	,		O	R	I	E	N	T	A	L		M	I	N	D	O	R	O		

Form Type

A	F	S	
---	---	---	--

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, if Applicable

-	-	-	-
---	---	---	---

COMPANY INFORMATION

Company's Email Address

info@mbcfi.org.ph

Company's Telephone Number/s

(02) 8808-4446

Mobile Number

-

No. of Stockholders

9

Annual Meeting (Month/Day)

Every 2nd Thursday of
March

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

**Apolonia Marie Grace C.
Diamante**

Email Address

Grace_c.diamante@mbcfi.org.ph

Telephone Number/s

(02) 8808-4446

Mobile Number

0917-547-

BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City

CONTACT PERSON'S ADDRESS

Blk 26 Lot 21 Soldiers Hills Village, Putatan, Muntinlupa City

RECEIVED
27 APR 2022

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 officer designated as contact person designated.

Note 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 FINANCIAL STATEMENTS

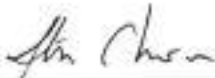
The management of **Mindoro Biodiversity Conservation Foundation, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited 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 audit.



Sebastian C. Quiniones Jr.
Chairman of the Board



Sabino L. Santos
President



Ramon D. Del Rosario
Treasurer

Signed this 8th day of April 2022

BUREAU OF INTERNAL REVENUE
ROD No. 63 Calapan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TEL: 215.302.811.000

Independent Auditor's Report

To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)
Gumamela Street, Barangay Suqui
Calapan City, Oriental Mindoro

Report on the Audits of the Financial Statements***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mindoro Biodiversity Conservation Foundation, Inc. (the "Foundation") as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SE).

What we have audited

The financial statements of the Foundation comprise:

- the statements of assets, liabilities and fund balance as at December 31, 2021 and 2020;
- the statements of income for the years ended December 31, 2021 and 2020;
- the statements of changes in fund balance for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SE, 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.



Independent Auditor's Report
To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)
Page 2

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Auditor's Report
To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)
Page 3

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

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

Report on the Bureau of Internal Revenue Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 12 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Paolo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 6, 2022 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 8, 2022

BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TW: 715-754-311-000

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Assets, Liabilities and Fund Balance
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash	2	10,847,398	18,672,481
Prepayments and other current assets	3	850,403	565,537
Total current assets		11,697,801	19,238,018
Non-current asset			
Property and equipment, net	4	27,250,603	9,854,730
Total assets		38,948,404	29,092,748
LIABILITIES AND FUND BALANCE			
Current liabilities			
Accounts payable and other current liabilities	5	3,259,592	668,003
Fund balance			
Prior period accumulated excess of receipts over expenses		28,424,745	19,839,995
Excess of receipts over expenses during the year		7,264,067	8,584,750
Total fund balance		35,688,812	28,424,745
Total liabilities and fund balance		38,948,404	29,092,748

The notes on pages 1 to 10 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TIN: 215-304-811-000

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Income
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Receipts			
Donations	7	15,207,605	17,014,820
Unrealized foreign currency exchange gains		41,554	-
Interest income	2	8,864	67,673
Total receipts		15,258,023	17,082,493
Expenses			
Program expenses	8	(6,572,619)	(6,653,622)
Operating expenses	9	(1,421,337)	(1,811,781)
Unrealized foreign currency exchange losses		-	(32,340)
Total expenses		(7,993,956)	(8,497,743)
Excess of receipts over expenses		7,264,067	8,584,750

The notes on pages 1 to 10 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 63 Cagayan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TIN: 215,702,211,000

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Changes in Fund Balance
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Total
Balance at January 1, 2020	19,839,995
Income for the year	
Excess of receipts over expenses	8,584,750
Balance at December 31, 2020	28,424,745
Income for the year	
Excess of receipts over expenses	7,264,067
Balance at December 31, 2021	35,688,812

The notes on pages 1 to 10 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 83 Calapan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TIN: 715,706,811/000

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
Cash flows from operating activities			
Excess of receipts over expenses		7,264,067	8,584,750
Adjustments for:			
Depreciation and amortization	4	419,453	745,737
Unrealized foreign currency exchange (gains) losses		(41,554)	32,340
Interest income	2	(8,864)	(67,673)
Excess of receipts over expenses before working capital changes		7,633,102	9,295,154
Changes in working capital:			
Prepayments and other current assets		(284,866)	(101,241)
Accounts payable and other current liabilities		2,591,589	(1,319,330)
Cash generated from operations		9,939,825	7,874,583
Interest received		8,864	67,673
Net cash provided by operating activities		9,948,689	7,942,256
Cash flows from an investing activity			
Acquisition of property and equipment	4	(17,815,326)	(9,642,295)
Net decrease in cash		(7,866,637)	(1,700,039)
Cash at beginning of year		18,672,481	20,404,860
Effect of foreign currency exchange rate changes on cash		41,554	(32,340)
Cash at end of year	2	10,847,398	18,672,481

The notes on pages 1 to 10 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 83 Calapan City

RECEIVED
27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TIN 215,374,811-000

Mindoro Biodiversity Conservation Foundation, Inc.

(A non-stock, non-profit organization)

Notes to the Financial Statements

As at and for the years ended December 31, 2021 and 2020

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mindoro Biodiversity Conservation Foundation, Inc. (the "Foundation") is a non-stock and non-profit organization formed under the laws of Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on March 19, 2008.

The purpose of the Foundation is: (1) to enable the conservation of Mindoro's unique and threatened environment, biodiversity and natural resources into perpetuity; (2) to establish an integrated and properly structured biodiversity; (3) to promote greater awareness and concern for the environment; (4) to complete and produce/publish relevant information; (5) to strengthen local expertise and capacity with a view to the improved protection, restoration and management of the island's few remaining natural resources; and (6) to recognize and integrate indigenous knowledge, systems and sustainable practices towards more effective resources management.

The Foundation's operations are funded mainly by Shell Philippines Exploration B.V., UC38 LLC and Philippine National Oil Company-Exploration Corporation, joint venture partners of the Malampaya Joint Venture. The Foundation also receives contributions from other organizations.

The Foundation is an organization which is operated mainly for the promotion of social welfare as contemplated under Section 30 (g) of the Tax Code, and therefore, exempt from payment of tax on income received by it. However, it is subject to corresponding internal revenue taxes imposed under the Tax Code on its income derived from any of its properties, real or personal, or any activities conducted for profit regardless of the disposition.

The Foundation's registered office address, which is also its principal place of business, is located at Gumamela Street Barangay Suqui, Calapan City, Oriental Mindoro. As at December 31, 2021 the Foundation has only one (1) regular employee (2020 - nil).

The financial statements were approved and authorized for issue on April 8, 2022 by the Board of Trustees (BOT) of the Foundation.

Note 2 - Cash

Cash as at December 31 consists of the following:

	2021	2020
Cash in banks	10,819,580	18,619,481
Cash on hand	27,818	53,000
	10,847,398	18,672,481

Cash in banks earn interest at prevailing bank deposit rates. For the year ended December 31, 2021, interest income earned amounted to P8,864 (2020 - P67,673). Cash in banks include deposits denominated in foreign currency amounting to USD14,643 (2020 - USD14,643). In 2021, the Foundation recognized unrealized foreign currency exchange gains amounting to P41,554 (2020 - unrealized foreign currency exchange loss of P32,340).

RECEIVED
27 APR 2022

JJO M. BARRIENTOS
CIC, Chief Collection Section
TEL: 111-734-811-021

Note 3 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of the following:

	Note	2021	2020
Receivables from employees		424,928	63
Staff advances		401,741	416,820
Rental deposits	10	19,500	144,420
Prepayments		4,234	4,234
		850,403	565,537

Note 4 - Property and equipment, net

Details of property and equipment, net and their movements as at and for the years ended December 31 are as follows:

	Leasehold improvement	Furniture and equipment	Computer software and accessories	Construction in-progress	Total
Cost					
At January 1, 2020	7,700	2,663,545	1,667,132	-	4,338,377
Additions	-	127,709	107,196	9,407,390	9,642,295
At December 31, 2020	7,700	2,791,254	1,774,328	9,407,390	13,980,672
Accumulated depreciation and amortization					
At January 1, 2020	7,700	1,907,056	1,465,449	-	3,380,205
Depreciation and amortization	-	497,329	248,408	-	745,737
At December 31, 2020	7,700	2,404,385	1,713,857	-	4,125,942
Net book value at December 31, 2020	-	386,869	60,471	9,407,390	9,854,730
Cost					
At January 1, 2021	7,700	2,791,254	1,774,328	9,407,390	13,980,672
Additions	-	20,940	151,426	17,633,951	17,815,326
Disposals	-	(17,350)	-	-	(17,350)
At December 31, 2021	7,700	2,803,853	1,925,754	27,041,341	31,778,648
Accumulated depreciation and amortization					
At January 1, 2021	7,700	2,404,385	1,713,857	-	4,125,942
Depreciation and amortization	-	251,971	167,482	-	419,453
Disposals	-	(17,350)	-	-	(17,350)
At December 31, 2021	7,700	2,639,006	1,881,339	-	4,528,045
Net book value at December 31, 2021	-	164,847	44,415	27,041,341	27,250,603

Depreciation and amortization have been charged in program expenses and operating expenses as follows:

	Note	2021	2020
Program expenses		335,562	596,590
Operating expenses	9	83,891	149,147
		419,453	745,737

Management assessed that there are no indicators that property and equipment are impaired as at December 31, 2021 and 2020.

BUREAU OF INTERNAL REVENUE
RDO No. 63 Cebu City

RECEIVED

27 APR 2022

JOJO M. BARRIENTOS
OIC, Chief Collection Section
TEL: 710-352-3111 AM

Note 5 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of the following:

	2021	2020
Accounts payable	2,193,242	138,186
Accrued expenses	986,921	321,889
Payable to government agencies	79,429	207,928
	<u>3,259,592</u>	<u>668,003</u>

Accounts payable are generally non-interest bearing with terms of 30 to 60 days.

Accrued expenses pertain to outside services for the construction of the Mindoro Biodiversity Conservation Center (MBCC), audit fees, and other unpaid program and administrative expenses.

Note 6 - Related party transactions

In the normal course of its operations, the Foundation transacts with companies considered as related parties under Section 26, *Related Party Disclosures*. Transactions with donors mainly consist of (a) funding of expenses and (b) recoveries of expenses for the Foundation's core programs.

In 2021, donations amounting to P15,180,000 (2020 - P17,000,000) were received from Shell Philippines Exploration BV. As at December 31, 2021, outstanding receivable from donors amounted to P304,270 (2020 - nil) which pertains to various expenses to be reimbursed by Shell Philippines to the Foundation.

The Foundation does not pay its trustees any compensation and has no receivable from or payable to them.

Note 7 - Donations

Donations for the years ended December 31 consist of the following:

	Note	2021	2020
Shell Philippines Exploration BV	6	15,180,000	17,000,000
Others		27,605	14,820
		<u>15,207,605</u>	<u>17,014,820</u>

Note 8 - Program expenses

The components of program expenses for the years ended December 31 consist of the following:

	2021	2020
Core programs		
MISSION	1,543,649	1,568,796
CARE	858,075	910,933
RESEARCH	1,682,260	1,632,658
	<u>4,083,984</u>	<u>4,112,387</u>
Special project		
MBCC	2,488,635	2,541,235
	<u>6,572,619</u>	<u>6,653,622</u>

BUREAU OF INTERNAL REVENUE
RDO No. 63 Cagayan City
27 APR 2022
JOJO M. BARRIENTOS
OIC, Chief Collection Section
TIN: 215-304-811-000

(a) Mindoro Island Symbolic Species Icons of Nature (MISSION)

The purpose of this project is to facilitate the formation of community-based biodiversity protection groups who shall take the lead in protecting the different ecosystems, habitats, and threatened endemic species which are symbolic icons of Mindoro Island. This involves development and implementation of intensive biodiversity protection and law enforcement to curtail illegal and destructive activities in conservation priority sites especially in protected areas.

(b) Conservation Awareness Raising and Education (CARE)

This program aims to popularize the biodiversity and cultural significance of Mindoro to gain broader support for its protection and conservation from the general public. Various information, education and communication strategies shall be developed and implemented to increase the conservation awareness of the Mangyans, non-Indigenous People communities and other stakeholders.

Program strategies include communication material development, interpersonal approach of communication, conservation events, flagship species campaign, and providing access to information.

(c) Resources, Environment, Species and Ecological Assessment for Responsible Change (RESEARCH)

This program involves project site profiling, habitat and/or species focused research, studies on ecological services and functions and regular biodiversity monitoring. The Foundation explores the possibility of engaging partnership with research and academic institutions and/or other interested and competent organizations in the implementation of this program.

Program strategies entail conservation research and monitoring, species and/or habitat-focused researches, perception survey, project sites profiling, studies on ecological services and function, and regular biodiversity monitoring.

(d) Mindoro Biodiversity Conservation Center (MBCC)

On June 8, 2017, the BOT authorized the establishment of MBCC. This special project aims to conserve and educate local and the general public of Mindoro's "unspoiled natural beauty" and the importance of Mindoro's unique biodiversity and its impact on society and climate change. The establishment of this iconic center will benefit the present and future generations to remember the symbiotic relationship between the people and the natural resources.

The center will hold several components such as conservation education center, forest restoration and demonstration areas, wildlife and rescue center for endemic species, cultural heritage center (particularly of Mangyan culture) and ecotourism areas.

The Foundation intends to design and implement culturally appropriate and sustainable livelihood that would reduce pressure on natural resources and mitigate threats to Mindoro's biodiversity.

Note 9 - Operating expenses

The components of operating expenses for the years ended December 31 consist of the following:

	Notes	2021	2020
Staff fees		488,423	554,582
Rental	10	189,440	530,650
Membership dues		112,727	107,903
Transportation and travel		95,679	62,132
Depreciation and amortization	4	83,891	149,147
Communication, light and water		78,710	119,902
Professional fees		76,392	63,689
Staff benefits		61,959	48,398
Supplies and materials		48,290	29,172
Taxes and licenses		34,857	17,270
Board meetings and planning		15,811	2,178
Staff meetings and workshop		8,498	16,617
Miscellaneous		126,660	110,141
		1,421,337	1,811,781

Miscellaneous includes staff communication expenses, purchase of staff uniforms, repairs and maintenance and write-off of security deposits.

Note 10 - Leases

The Foundation has the following lease agreements with the option to renew, subject to the negotiation of both parties:

- (a) Lease agreement entered on March 1, 2016 until February 28, 2017 for its office space in Muntinlupa City, renewed annually. The lease agreement expired on February 28, 2021 and was no longer renewed. Total rent expense and building dues amounted to P69,440 (2020 - P414,400), which is shown as part of operating expenses.
- (b) A one-year lease agreement starting January 1, 2016 until December 31, 2016 for City of Calapan, Oriental Mindoro office and staff house, renewed annually. As at reporting date, the lease agreement was renewed and extended until June 30, 2022. Total rent expense amounted to P120,000 (2020 - P116,250), which is shown as part of operating expenses.

As at December 31, 2021, rental deposits of P56,000 (2020 - nil) pertaining to the lease contract in Muntinlupa was refunded to the Foundation. Security deposits amounting to P68,920 (2020 - nil) from various lease contracts which ended during the year were written-off since the Foundation is not expecting any refund for the outstanding security deposits from the lessors. Write-off of security deposits are presented as miscellaneous expenses under operating expenses (Note 9).



Note 11 - 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.

11.1 Basis of preparation

The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standard for Small Entities (PFRS for SE) as approved by the Financial Reporting Standards Council, Board of Accountancy, and the SEC.

The financial statements have been prepared under historical cost convention.

11.2 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 has no complex financial instruments.

Basic financial instruments

The Foundation's basic financial instruments as at December 31, 2021 and 2020 are composed of cash (Note 11.3) and accounts payable and other current liabilities (except payable to government agencies) (Note 11.7).

(a) Initial recognition and 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 instrument.

(b) Subsequent measurement

Basic financial instruments are subsequently measured at amortized cost using the effective interest rate method.

(c) 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 amortized cost. Where there is objective evidence of impairment, an impairment loss is recognized immediately in the statement of income.

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.

(d) Derecognition of financial assets

The Foundation derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

(e) Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation is discharged, cancelled or has expired.

(f) Offsetting of financial instruments

Financial assets and liabilities are offset and reported at net amount in the statements of assets, liabilities and fund balance when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Foundation or the counterparty.

As at December 31, 2021 and 2020, there are no financial assets and financial liabilities that were offset.

11.3 Cash

Cash includes cash on hand and cash in banks. Cash in banks pertain to deposits held at call with banks. These are carried in the statement of assets, liabilities and fund balance at face amount or at nominal amount.

11.4 Prepayments and other current assets

Prepayments, which are carried at cost, are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Other current assets are recorded at cost and include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period. Otherwise, these are presented as non-current assets.

11.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which these are incurred.

Construction-in-progress is stated at cost, which includes cost of construction, equipment and other direct costs. Costs of assets under construction are accumulated in the accounts until these projects are completed upon which these are classified to the appropriate property and equipment accounts. Construction-in-progress is not depreciated and amortized until such time as the relevant assets are completed and put into operational use.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives (in years), as follows:

Computer software and accessories	3 years
Furniture and equipment	3 years
Leasehold improvements	Shorter of 3 years or lease term

The estimated useful lives and depreciation method are reviewed annually based on expected asset utilization to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Property and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal and related gains and losses on disposals are determined by comparing proceeds with the carrying value and are recognized in the statement of income within other income, net.

11.6 Impairment of non-financial assets

Property and equipment and other non-financial assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of income for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

11.7 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Foundation is established. These are measured at the transaction price and subsequently measured at amortized cost using effective interest method. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities.

These liabilities are derecognized when the obligation under the liability is paid, discharged, cancelled or has expired. Where an existing 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 original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income under other income, net.

11.8 Fund balance

Fund balance includes current and prior years' excess of receipts/donations over actual expenses incurred. There are no permanent or temporary restrictions imposed by the donor, law, or BOT on the Foundation's fund balance.

11.9 Donations and interest income

(a) Donations

Donations are recognized as receipts in the period received and measured at fair market value. These are presented net of issued refunds in the statement of income, if any.

(b) Interest income

Interest income is recognized on a time proportion basis, taking account of principal outstanding and effective rate over the period to maturity when it is determined that such income will accrue to the Foundation.

11.10 Foundation expenses

Foundation expenses are expensed when incurred and measured at the amount paid or payable. Such are classified as program or operating expenses.

11.11 Leases - Foundation as lessee

Leases of field and administrative offices are classified as operating leases where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to operations in the statement of income.

11.12 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets denominated in foreign currencies are recognized in the statement of income through excess of receipts over expenses.

11.13 Related party relationships and transactions

(a) 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 trustees.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transactions

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.

11.14 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.

Note 12 - Supplementary information required by the Bureau of Internal Revenue (BIR)

12.1 Revenue Regulation (RR) No. 15-2010

The following information required by RR No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(a) Other local and national taxes

All other local and national taxes paid for the year ended December 31, 2021 and presented under operating expenses consist of:

Business permit and registration fees	33,032
Barangay clearance and community tax	1,325
Fire safety inspection fees	500
	<u>34,857</u>

(b) Withholding taxes

Expanded withholding taxes paid and accrued as at and for the year ended December 31, 2021 are as follows:

Paid	565,044
Accrued	75,456
	<u>640,500</u>

(c) Tax assessments and cases

The Foundation is neither a party to any tax assessments nor involved in tax cases under preliminary litigation and/or prosecution in court or bodies outside the BIR as at December 31, 2021.

All other requirements of RR No. 15-2010 are not applicable because the Foundation is a non-profit organization.

12.2 RR No. 34-2020

On December 18, 2020, BIR issued RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Foundation is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of taxpayers prescribed in Section 2 of the RR.