Copy for the

Bureau of Internal Revenue

Statement of Management's Responsibility for Annual Income Tax Return

The management of **Mindoro Biodiversity Conservation Foundation, Inc.** (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. 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, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, 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 Company has filed all applicable tax returns, reports and statements required to be filed under Philippines 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.

Sebastian C. Quiniones Jr.
Chairperson

Ma. Minerva A. Matibag
President

Anna Katrina C. De Leon
Treasurer

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, 2024 and 2023, 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) Accounting Standard.

What we have audited

The financial statements of the Foundation comprise:

- the statements of assets, liabilities and fund balance as at December 31, 2024 and 2023;
- the statements of income for the years ended December 31, 2024 and 2023;
- the statements of changes in fund balance for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

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 Accounting Standard, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

- 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 13 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.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 3, 2025 at Makati City
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 30, 2025

Statement Required by Section 8-A
Revenue Regulation No. V-1

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

None of the partners of the firm have any financial interest in Mindoro Biodiversity Conservation Foundation, Inc. or any family relationships with its president, manager, or trustees.

The supplementary information on taxes and licenses is presented in Note 13 to the financial statements.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 3, 2025 at Makati City
T.I.N. 213-227-235
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BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 30, 2025

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

Statements of Assets, Liabilities and Fund Balance
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash	2	9,337,892	5,998,775
Prepayments and other current assets	3	504,510	475,898
Total current assets		9,842,402	6,474,673
Non-current asset			
Property and equipment, net	4	34,189,425	33,216,140
Total assets		44,031,827	39,690,813
Liabilities and Fund Balance			
Current liabilities			
Advances from donors	5	5,620,873	2,102,151
Accounts payable and other current liabilities	6	448,308	482,739
Total current liabilities		6,069,181	2,584,890
Fund balance			
Prior period accumulated excess of receipts over expenses		37,105,923	31,892,478
Excess of receipts over expenses during the year		856,723	5,213,445
Total fund balance		37,962,646	37,105,923
Total liabilities and fund balance		44,031,827	39,690,813

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

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

Statements of Income
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Receipts			
Donations	8	10,681,737	18,019,972
Unrealized foreign currency exchange gains	2	593	-
Interest income	2	2,220	1,819
Total receipts		10,684,550	18,021,791
Expenses			
Program expenses	9	(7,820,795)	(11,626,092)
Operating expenses	10	(2,007,032)	(1,171,306)
Unrealized foreign currency exchange losses	2	-	(10,948)
Total expenses		(9,827,827)	(12,808,346)
Excess of receipts over expenses		856,723	5,213,445

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

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

Statements of Changes in Fund Balance
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Total
Balance at January 1, 2023	31,892,478
Income for the year	
Excess of receipts over expenses	5,213,445
Balance at December 31, 2023	37,105,923
Income for the year	
Excess of receipts over expenses	856,723
Balance at December 31, 2024	37,962,646

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

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

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Excess of receipts over expenses		856,723	5,213,445
Adjustments for:			
Depreciation and amortization	4	92,071	95,975
Unrealized foreign currency exchange (gain) loss	2	(593)	10,948
Interest income	2	(2,220)	(1,819)
Excess of receipts over expenses before working capital changes		945,981	5,318,549
Changes in working capital:			
Prepayments and other current assets		(28,612)	(232,831)
Advances		-	104,548
Accounts payable and other current liabilities		3,484,291	(77,315)
Cash (absorbed by) generated from operations		4,401,660	5,112,951
Interest received		2,220	1,819
Net cash provided by (used in) operating activities		4,403,880	5,114,770
Cash flows from an investing activity			
Acquisition of property and equipment	4	(1,065,356)	(330,915)
Net increase (decrease) in cash		3,338,524	4,783,855
Cash at beginning of year		5,998,775	1,225,868
Effect of foreign currency exchange rate changes on cash		593	(10,948)
Cash at end of year	2	9,337,892	5,998,775

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

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

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 Prime Energy Resources Development B.V. (formerly “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 (e) 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, 2024 and 2023, the Foundation has only six (6) regular employees.

The financial statements were approved and authorized for issue on April 30, 2025 by the Board of Trustees (BOT) of the Foundation.

2 Cash

Cash as at December 31 consists of the following:

	2024	2023
Cash in banks	9,320,157	5,952,692
Cash on hand	17,735	46,083
	9,337,892	5,998,775

Cash in banks earn interest at prevailing bank deposit rates. For the year ended December 31, 2024, interest income earned amounted to P2,220 (2023 - P1,819). Cash in banks include deposits denominated in foreign currency amounting to USD1,432 (2023 - USD2,025). In 2024, the Foundation recognized unrealized foreign currency exchange losses amounting to P593 gains (2023 - P10,948 losses).

3 Prepayments and other current assets

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

	Note	2024	2023
Staff advances		226,849	403,390
Prepaid taxes		21,680	-
Rental deposits	11	19,500	19,500
Other receivables		236,481	53,008
		504,510	475,898

Other receivables are the outstanding balances of staff cash loans directly deducted from the salary

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, 2023	7,700	2,884,551	2,081,893	32,841,246	37,815,390
Additions	-	67,945	-	262,970	330,915
Disposals	-	-	(746,558)	-	(746,558)
At December 31, 2023	7,700	2,952,496	1,335,335	33,104,216	37,399,747
Accumulated depreciation and amortization					
At January 1, 2023	7,700	2,767,152	2,059,338	-	4,834,190
Depreciation and amortization	-	78,763	17,212	-	95,975
Disposals	-	-	(746,558)	-	(746,558)
At December 31, 2023	7,700	2,845,915	1,329,992	-	4,183,607
Net book values at December 31, 2023	-	106,581	5,343	33,104,216	33,216,140
Cost					
At January 1, 2024	7,700	2,952,496	1,335,335	33,104,216	37,399,747
Additions	-	454,356	-	611,000	1,065,356
Transfers	-	(3,400)	3,400	-	-
At December 31, 2024	7,700	3,403,452	1,338,735	33,715,216	38,465,103
Accumulated depreciation and amortization					
At January 1, 2024	7,700	2,845,915	1,329,992	-	4,183,607
Depreciation and amortization	-	87,144	4,927	-	92,071
At December 31, 2024	7,700	2,933,059	1,334,919	-	4,275,678
Net book values at December 31, 2024	-	470,393	3,816	33,715,216	34,189,425

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

	Notes	2024	2023
Program expenses	8	68,546	76,780
Operating expenses	9	23,525	19,195
		92,071	95,975

Management assessed that there are no indicators that property and equipment are impaired as at December 31, 2024 and 2023.

5 Advances from donors

Advances from donors as at December 31 consist of the following:

	2024	2023
DOST-Mimaropa	1,760,682	1,760,682
Forest Foundation	236,921	236,921
BlueParks	112,162	48,715
Re:Wild	3,511,108	55,833
	5,620,873	2,102,151

Advances from donors are donations made and earmarked for a specific purpose or project by the donor.

6 Accounts payable and other current liabilities

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

	2024	2023
Accounts payable	65,105	115,955
Accrued expenses	304,455	269,892
Payable to government agencies	67,583	84,862
Other payables	11,165	12,030
	448,308	482,739

Accrued expenses pertain to audit fees, and other unpaid program and administrative expenses.

Payable to government agencies pertains to withholding taxes and government contributions.

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

7 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 2024, donations amounting to P10,500,000 (2023 - P18,000,000) were received from Prime Energy Resources Development B.V. (formerly "Shell Philippines Exploration B.V."). As at December 31, 2024 and 2023 there is no outstanding receivable from donors.

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

8 Donations

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

	Note	2024	2023
Prime Energy Resources Development B.V.	7	10,500,000	18,000,000
Others		181,737	19,972
		10,681,737	18,019,972

9 Program expenses

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

	2024	2023
Core programs		
Resources, Environment, Species and Ecological Assessment for Responsible Change (RESEARCH)	1,117,038	2,782,886
Conservation Awareness Raising and Education (CARE)	2,514,956	1,952,309
Mindoro Island Symbolic Species Icons of Nature (MISSION)	916,794	884,927
	4,548,788	5,620,122
Special project		
Mindoro Biodiversity Conservation Center (MBCC)	3,272,007	6,005,970
	7,820,795	11,626,092

(a) 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) 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) 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) 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.

10 Operating expenses

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

	Notes	2024	2023
Staff fees		431,644	494,976
Transportation and travel		351,252	40,959
Professional fees		245,443	57,391
Outside services		221,725	-
Staff meetings and workshop		211,534	14,686
Rental	11	138,000	120,000
Staff benefits		113,686	64,919
Communication, light and water		94,742	70,441
Supplies and materials		61,010	167,569
Membership dues		45,043	63,074
Depreciation and amortization	4	23,525	19,195
Board meetings and planning		21,149	16,422
Taxes and licenses		1,675	9,495
Miscellaneous		46,604	32,179
		2,007,032	1,171,306

Miscellaneous includes purchase of groceries for maintenance and security, office maintenance and write-off of long outstanding advances.

11 Leases

A one-year lease agreement starting January 1, 2016 until December 31, 2016 for an office and staff house located in City of Calapan, Oriental Mindoro, subject for annual renewal. In 2023, the lease agreement was renewed and extended until December 31, 2023. The lease agreement was renewed and extended for another one (1) year in 2024. Total rent expense amounted to P138,000 in 2024 (2023 - 120,000) is shown as part of operating expenses.

As at December 31, 2024 and 2023, there is an outstanding security deposits of P19,500 (Note 4).

12 Summary of material accounting policies

The material 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.

12.1 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) Accounting Standard as approved by the Financial and Sustainability Reporting Standards Council (FSRSC), Board of Accountancy (BOA), and the SEC.

The financial statements have been prepared under historical cost convention.

12.2 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, 2024 and 2023 are composed of cash (Note 12.3) and accounts payable and other current liabilities (except payable to government agencies) (Note 12.7).

(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, 2024 and 2023, there are no financial assets and financial liabilities that were offset.

12.3 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.

12.4 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.

12.5 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.

12.6 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.

12.7 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.

12.8 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.

12.9 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.

12.10 Foundation expenses

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

12.11 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.

12.12 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.

12.13 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.

12.14 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.

13 Supplementary information required by the Bureau of Internal Revenue (BIR)

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, 2024 and presented under operating expenses consist of:

Business permit and registration fees	1,175
Barangay clearance and community tax	500
	1,675

(b) Withholding taxes

Withholding taxes paid and accrued as at and for the year ended December 31, 2024 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	44,377	-	44,377
Expanded withholding tax	138,840	9,255	148,095
	183,217	9,255	192,472

(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, 2024.

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