BUILDING RELEVANCE DELIVERING VALUE

Philippine Business for Social Progress

Business United. Lives Uplifted.

ANNUAL REPORT 2019

VISION

To lead the business sector's efforts to reduce poverty in the Philippines

MISSION

PBSP is committed to poverty reduction by promoting business sector leadership and commitment to programs that lead to self-reliance

About PBSP

Philippine Business for Social Progress is the largest business-led NGO at the forefront of strategic corporate citizenship and business sector leadership, contributing to sustainable development and poverty reduction. Established in 1970, PBSP remains a consultant and partner of choice of companies and donors.

PBSP scales up impact by adopting the Collective Impact strategy to solve large, complex, and systemic problems. PBSP organizes Platforms for Collective Engagements (PlaCEs) to ensure alignment and sustainability of initiatives by multiple stakeholders.

Responding to the changing landscape of Corporate Social Responsibility (CSR), PBSP's brand of corporate citizenship taps into the core business competencies of companies and promotes inclusive business as a strategy. PBSP also continues to strategically engage companies through social investment, responsible business practices, and philanthropy.

PBSP creates sustainable solutions to societal problems in its core program areas which are Health, Education, Environment, and Livelihood and Enterprise Development. It also provides off-the-shelf options for engagement of companies and their employees.

With a proven track record, PBSP provides end-to-end services in development consulting which include project and grants management, events and backroom management.

www.pbsp.org.ph

About the Cover

On the cover are building blocks bearing the icons of the flagship programs of PBSP in health, education, environment, and livelihood. The blocks symbolize the continuing commitment of the organization to give relevance and deliver value to our members, donors, partners, and beneficiaries whether through our own initiatives or our various engagement platforms that aim to involve stakeholders towards working together on the shared mission of poverty eradication.

STATEMENT OF COMMITMENT

1

PRIVATE ENTERPRISE
by creatively and efficiently utilizing capital, land, and labor, generates employment opportunities, expands the economic capabilities of our society, and improves the quality of our national life.

2

THE MOST VALUABLE RESOURCE
in any country is the person. The higher purpose of private enterprise is to build social and economic conditions, which shall promote the development of the person and the well-being of the community.

3

THE GROWTH AND VIGOROUS
development of private enterprise must be anchored on sound economic and social conditions.

4

PRIVATE ENTERPRISE
must discharge its social responsibility towards society in a way which befits its unique competence. It should involve itself more and more in social development for the total well-being of the nation.

5

PRIVATE ENTERPRISE
is financially and technologically equipped to participate actively in social development. In terms of scientific technology and managerial competence, private enterprise can help provide the total approach for social development in our depressed communities.

6

PRIVATE ENTERPRISE,
together with other sectors of society, shares obligations and responsibilities, which it must discharge to the national community. The ultimate objective of the private enterprise is to help create and maintain in the Philippines a home worthy of the dignity of the person.

THEREFORE, To better fulfill its social responsibilities, private enterprise must earmark a portion of its income for social development. We hereby declare our commitment to Philippine Business for Social Progress, which shall be private enterprise's social development arm dedicated to the empowerment of the poor and self-reliance of communities.

PBSP MEMBER COMPANIES

2GO group inc.
A. SORIANO CORPORATION
AAI Worldwide Logistics
AB Capital and Investment Corporation
aboitiz
accenture
AECOM
AIR 21
ATN
ALLIANCE MEDIA PRINTING, INC.
ALSONS DEVELOPMENT AND INVESTMENT CORPORATION
Amarela
DURAFLEX
ANFLOCOR
anoba
CEMEX Building the future
AppleOne PROPERTIES, INC.
Intellicare
ASIAN APPRAISAL
ATIMONAN ONE ENERGY, INC.
AG&P
AXELUM
BALI OIL PALM
BK
BASF We create chemistry
BDO
BIO-TECH ENVIRONMENTAL Urban Pest Management
BISCOM
Bohol Bee Farm
Borromeo Bros. Estate Inc.
Br. Armin Luistro, FSC
brother at your side
Cargill
cdo FOODSPHERE, INC.
CEBU DAILY NEWS
GRAPHICSTAR
CEBU LANDMASTERS
CEBU
cebu pacific
CEBU POWER
CEBU TRIP RENT-A-CAR
CIE
citi
CitySavings
CELEASCO
CDCC
Corinthian Commercial Corporation
Cotabato Light And Power Company
Country Bankers Insurance Group
CRUNCHY CHICKEN
Davao Light & Power Co., Inc.
Doyle Dane Bernbach
Degalen
Del Monte
DIWA Innovation in Education
DKSH
Dole
DOW Seek Together
CORTEVA agriscience
EAST ASIA UTILITIES
EAST-WEST SEED
elfa SHIPYARD CORPORATION
ePLDT
EPSON EXCEED YOUR VISION
ER LAGUNA CONSTRUCTION
F.R. Sevilla Industrial and Development Corp
F.S. Dizon & Sons
Felta "We Modernize Education"
FIRST CONSOLIDATED BANK
FPH POWERED BY GOOD
FLUOR
fooda
Garcia Royal Garden & Food Service
Generika
Mactan Cebu
GOLDEN PRINCE HOTEL & SUITES
GOODWILL BOOKSTORE
GRAPHIC FX Advertising & Design
HARBEST
HAWAIIAN-PHILIPPINE COMPANY
HINO
HO TONG HARDWARE, INC.
Holcim
HSBC
IBM
INTECO GROUP
INNOLAND
International Container Terminal Services, Inc.
Islands Souvenirs
Jardine Distribution, Inc.
JEWM EGGS
Jollibee Foods CORPORATION
Jpark Island
LAMOIYAN CORPORATION
LAO
LEAR CORPORATION
LEONIOLAND
Lepanto Consolidated Mining Company
Linde
L'ORÉAL
LUCERNE
LU DO & LU YM CORPORATION
HEN LIN
MABUHAY VINYL CORPORATION
macare
Mactanbank
MACTAN ROCK INDUSTRIES, INC.
mandrade creative communications consultancy
MAGSAYSAY Transport & Logistics
Maharlika
MANILA BANKERS LIFE INSURANCE CORPORATION
MANILA WATER
Marilag Corporation
Mastercraft Philippines Inc.
MCPI-Dating Bayan Agro-Industrial Corp.
Mc MAY Trading Corporation
MDR Microware Sales, Inc.
MediCard
MEGAWIDE Engineering A First World Philippines

Megaworld Corporation
Menzi & Co., Inc.
Meralco
Mercury Drug
Metro Pacific Investments
Microsoft Your potential. Our passion.
MCC
Modern Glass Distributors, Inc.
Monark CAT
Mondelēz International SNACKING MADE RIGHT
Monocrete
mr. yu Finance Corporation
MY HOTEL
Nam Realty
Deloitte.
NEH
Nestlé
NG KHAI Development Corporation
NutriAsia
optima
Organizational Performance Associates, Inc.
P&A Grant Thornton An instinct for growth
BOYSEN The No. 1 Paint
Pacific Traders & Manufacturing Corp.
Paglas Corporation
Pall Rocks Corporation
Parity Values, Inc.
PEBA Tandem Manufacturing, Inc.
Peoples Agri Service & Supply, Inc.
PEPSICO
Petron
Pfizer
PGA Cars
Phelps Dodge
Philbest
Philex Mining Corporation
PASAR
Philippine Daily Inquirer
PHINMA
7-Eleven
PHILIPS
Philinsure
Philtranco
Phoenix
pilmico
Plaza de Luisa
PLDT
Ponce Suites
Prudential Guarantee PGA Insurance
PTFC & RC
QUALFON Philippines, Inc.
Quezon Power (Philippines), Limited Co.
RGI
Motolite
Ramgo International Corporation
REALPAGE
RP Energy
Regency Inn
Republic A CRH-Aboitiz Company
REX Group of Companies
RGV
RVDI River Valley Distribution, Inc.
Rizal Theatrical Co., Inc.
Roxas & Company, Inc.
RHi Roxas Holdings, Inc.
SMI
SAGREX Corporation
San Miguel Corporation
Sarangani Agricultural Co., Inc.
SCG
Servicio Filipino, Inc.
SGV Building a better working world
Shangri-La's Mactan Resort & Spa Cebu, Philippines
Pilipinas Shell Petroleum Corporation
Sitangkai Seaweeds Export Company
SM Investments Corporation
Smart
St. Luke's Medical Center One of the world's best
Sta. Ana, Rivera and Company, CPA's
Standard Chartered
STRADCOM IT Solutions for Real Change
Sun Star Publications Network
Sunvar Realty Development Corporation
SyCip Salazar Hernandez & Gatmaitan
bench/
Tao Corporation
Telstra Foundation Philippines
TGP The Generics Pharmacy
The Bellevue Manila
Bookmark
NEO
PSE The Philippine Stock Exchange, Inc.
The Philodrill Corporation
Toyota Aisin Philippines, Inc.
TSM Group
TV Resource Development Phils. Inc.
UBS
unifrutti
Unilever
UnionBank
UnionGalvasteel A PHINMA Company
Unilab
Valiant Bank
Venus Group
Victory Liner Inc.
Virginia
Vitarich
Vivant
VRVCT
W
watsons look good. feel great.
WIP
Wellmade
Wyeth
YBL
Yutivo Corporation
The Zuellig Corporation

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Eastern Samar
Palawan
Guimaras
Negros Occidental
Leyte
Cebu
Southern Leyte
Negros Oriental
Bohol
Dinagat Islands
Siquijor
Surigao del Norte
Camiguin
Agusan del Norte
Zamboanga del Norte
Misamis Occidental
Misamis Oriental
Lanao del Norte
Zamboanga Sibugay
Zamboanga del Sur
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Lanao del Sur
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Basilan
North Cotabato
Tawi-Tawi
Sulu
Maguindanao
Davao del Sur
Sultan Kudarat
Compostela Valley
Davao Oriental
South Cotabato
Sarangani
Davao Occidental

YEAR AT A
GLANCE

263
Member-Companies

97.37
Contributions from **PBSP member-companies**
(PhP millions)

2,005.40
Grants and contributions from **donor agencies and non-member-companies**
(PhP millions)

336.93
Grants and financial advances **approved**
(PhP millions)

1,986.94
Grants and financial advances **disbursed**
(PhP millions)

160.00
Development loans for MSMEs **disbursed**
(PhP millions)

101
New projects **approved**

89,214
Families reached

APPROVED
Financial Assistance

BY ASSISTANCE TYPE

160.00
Development loans

176.93
Grants

BY FUND SOURCE

7.76
Unrestricted

329.17
Restricted

BY PROGRAM TYPE

13.24
HEALTH

45.83
EDUCATION

35.21
ENVIRONMENT

78.89
LIVELIHOOD & ENTERPRISE DEVELOPMENT

DEVELOPMENT FINANCE
160

GOVERNANCE
3.69

INSTITUTIONAL SUPPORT
0.075

MESSAGES

Chairman's

MESSAGE

The 2018-2019 fiscal year of PBSP has been filled with both small and significant triumphs that paved the way for the organization to fulfill its mandate, accomplish its goals, and set the benchmark of excellence for the years to come.

As the largest business-led organization with a mission to eradicate poverty, we work unceasingly to create a more inclusive Philippines. PBSP has embarked on a transformational journey to build and sustain our relevance, and more importantly, to deliver value to our members, partners, donors, and partner communities.

It is a transformation that began with an introspective look into our raison d'etre. We aim to know how we can be truly relevant, strategic, and effective amidst today's rapidly-changing world. We have defined a roadmap of change that would truly build and strengthen PBSP's capacity. This positive change will also help us position ourselves as a potent force in engaging different stakeholders, as we continue to combat the social problems that we have today. PBSP takes on different roles – Convenor, Fund Manager, and Implementor of Programs – to deliver value and achieve greater impact to society.

As a Convenor, we provide excellent platforms for our members to work with the academe, companies, government agencies, and other stakeholders such as the Water Alliance, Philippine Partnership for Sustainable Agriculture, and the Zero Extreme Poverty Alliance. This gave our members the opportunity to work on critical issues such as water security, sustainable agriculture and food security, inclusive business, and extreme poverty.

As an Implementor, we have delivered value to our members and partners through effective leadership, management, and implementation of various projects that provided sustainable solutions to health, education, environment, and livelihood concerns of different Filipino communities.

As a Fund Manager, we have efficiently and prudently managed our donor grants for Tuberculosis (TB) control, educational support interventions, women and youth empowerment, and capacity building for peace education and development.

In adopting the strategy of Collective Impact, we were able to bring integrated, holistic, and mutually reinforcing initiatives to strategic geographic areas such as the Marikina Watershed, Buhisan (Cebu) Watershed, and the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

But while we take pride in our accomplishments, we also know that for an organization to remain relevant and continue to deliver value, we should perpetually look for opportunities to innovate and improve our ways. As PBSP marks its 49th year in service, we have gone into a strategic review of our systems and processes to better serve our members, partners, donors, and beneficiaries. As we prepare for the second half of our life as a social development organization, we aim to be more responsive to the needs of the times.

Poverty cannot be eradicated if we will not leap towards more efficient and effective interventions. Collaborative efforts between organizations with active engagement from the marginalized sector can properly direct us to the right solutions. Together with the whole organization, I would like to invite you to affirm your commitment to fight poverty through PBSP.

As we take the Road to 50 Campaign, the activities that we have lined up will not just be about the celebration of our half-century service and commitment to the Filipino. It will also serve as impetus and inspiration in our War vs Poverty in the country. Let us then, in simple terms, continue to work together in improving lives and welfare.

MANUEL V PANGILINAN
Chairman of the Board

President's MESSAGE

The cycle of poverty continues to affect millions of Filipinos including the younger generations. In the Poverty Statistics Report of the Philippine Statistics Authority (PSA) for the first semester of 2018, one out of every five Filipinos comes from a poor family. Low income and limited job opportunities hinder millions of Filipinos from providing for their family and sending their children to school.

According to the PSA report, 9% of the 39.2 million Filipinos aged 6 to 24 are out-of-school due to financial constraints, high cost of education, lack of interest to study, early marriage, or some other family problems. Moreover, around 200,000 teenagers give birth each year, majority of whom are ill-prepared to take on parental duties, much less provide adequate support for their children. These situations can eventually lead to an increase in intergenerational poverty with many additional poor children who would unlikely be able to escape poverty when they reach adulthood.

These are the numbers that motivate PBSP to work even harder in ending poverty in the country. For the past 49 years in the social development sector, we have made significant contributions and life-changing projects that uplifted the lives of Filipinos even in the farthest communities.

But we do not stop at 49. As we journey on our road to 50 and beyond, we ask ourselves, "How can we remain relevant today?" What is the purpose of our organization's continued existence? What is the value we should give to our stakeholders?

Last year, when we evaluated our programs, processes, structure, and goals, we realized that we needed to adapt faster with the changing times by constantly innovating, finding sustainable solutions, taking calculated risks, and testing new areas of intervention. We also need to be more proactive in engaging stakeholders, forming new partnerships, and further strengthening existing ones.

As long as we find poor families in our communities, we would need to continue breaking new ground and planting seeds of hope. We can never ever give up! We certainly need to implement strategic and responsive programs for the poor. But we also need to scale up impact by working in synergy with fellow organizations and agencies which share in our mission. We wish to be part of a community of organizations working in partnership with poor communities to assist the latter to transition towards self-reliance, productivity, dignified living and authentic happiness.

We trust that our members, affiliates, partners and donors will remain committed to our shared aspirations and work even more passionately in 2020 until every Filipino experiences the fullness of life we all deserve.

BR. ARMIN A. LUISTRO FSC
President

Regional Committee Heads'
MESSAGE

It is with gratitude that we report 100 percent accomplishment of Luzon's financial targets for fiscal year 2018-2019. Thank you for the unwavering support of our members and partners.

Twenty-seven new corporate-led projects worth PhP50 million were approved and were entrusted for implementation in various schools and communities where we operate.

Our Ready for School in Luzon has generated at least PhP2.65 million, engaging 31 companies and 600 employee-volunteers. Several project events supporting health, environment, livelihood and other education projects for the year also recorded the participation of at least 1,040 employee-volunteers.

Our collective impact work in Ocampo, Camarines Sur has generated additional support for access to water in remote areas and livelihood support for a farmers group's pili oil production.

In the Marikina Watershed, as part of our commemoration of its 10th year, we continued to reforest an additional 153 hectares, bringing our total number of rehabilitated areas to almost 350 hectares. Our fund-raising event, the Marikina Watershed Family Fun Run Year 2 was also supported by 28 companies and 500 runners.

We continued to engage more companies this year as your Foundation increases its commitment to respond to issues that affect the quality of life of Filipinos. As we enter another fiscal year, close to our 50th year, we reaffirm our mission to enhance business sector participation in combating poverty.

Jose Antonio T. Banson
Luzon Regional Committee

When PBSP celebrated 31 years in the Visayas in September, we gave special recognition to the companies and partners who worked with us during the past fiscal year. We all remember and can be happy with the big and small successes we've made in our communities. We could not have achieved them without your valuable support and trust in our partnership. They clearly show that we accomplish a great deal of good when we work together towards a common goal.

We celebrate the milestones of our Olango senior high school scholars who graduated with honors and were offered jobs upon graduation. We continue to motivate the first graduates of the jailhouse-turned-agro-industrial senior high school in Catbalogan as they train to become farmer entrepreneurs.

Regional Committee Heads'
MESSAGE

We smile with the elementary kids now able to cross on the bridge that we built rather than seeing them wade their way through the river to reach their school in Sapangdaku.

We are one with the students of Lopez Jaena National High School in Negros as they revel in their win in the Bread and Pastry Division Contest. They can now harness their skills in the new cookery building which comes with modern equipment that will equip them to be ready for jobs.

We give a brighter future to the small children who grow up as healthy individuals through the supplemental feeding program while their mothers are taught responsible parenthood during the Safe Motherhood Caravans. We make the lives of people easier in a number of communities by providing them with one of the most basic necessities of life – clean drinking water.

We continue to work with the people in the barangays of the Buhisan Watershed and Forest Reserve to restore biodiversity and create resilient communities while conserving an important water source serving thousands of households in Metro Cebu.

As always for the last three decades, we try very hard to utilize wisely and efficiently every donation you make to create sustainable solutions that give a lasting impact to our beneficiaries. I hope you agree that we have been fulfilling that promise and we will continue to do so for as long as it takes. We appreciate and recognize our mutual efforts to uplift the lives of our countrymen through corporate involvement in social progress. All of us believe that business can make a difference for the greater good, and that in so doing, we also make a huge positive impact in our own lives.

Jose Antonio Y. Aboitiz
Visayas Regional Committee

This year, as we add another milestone towards our 50th year of founding PBSP, we invite you, our partners in development, particularly in Mindanao, to celebrate with us the achievements that would not have been possible without your support.

Through the years, our strategies, approaches, and directions have changed as we saw and imbibe what is truly needed in reaching the results that we aimed to achieve. And through the years, we continue to take pride in the lives we have transformed and uplifted through our collective action, which remains to be our foundation's strength. In working together, we were able to make a significant impact in reducing poverty.

This year, through our projects, supported by both the overseas development agencies, international non-government organizations and member companies, we were able to somehow contribute to the attainment of the Sustainable Development Goals set by the United Nations Development Program, particularly along poverty reduction, good health and well-being, quality education, gender equality, clean water and sanitation, decent work, and economic growth. As before, our projects this fiscal year have benefitted the vulnerable and marginalized sectors in our community – women, children, persons with disabilities, small farmers and internally-displaced persons. PBSP remains to be the organization of choice for our Overseas Development Agencies, as we continue to acquire funds to implement large projects on education and health in Mindanao.

This fiscal year, we further strengthened our commitment to provide support to the Bangsamoro Transition Authority in establishing effective systems and processes while addressing the challenges of transitioning into their formal governance structure.

We continued to seek support for our early recovery and rehabilitation efforts in Marawi City, a year after the siege and the constant pouring in of assistance has been overwhelming. This has made it possible for us to continue supporting our brothers and sisters in Marawi City and Lanao del Sur in their journey towards recovery.

Allow us to express our gratitude to our partners and donors from the international community—the Australian government, Global Fund, USAID, the European Union and Global Affairs Canada through OXFAM Philippines, and the International Rescue Committee. We would like to thank our partner corporations and foundations - Accenture, Citibank, PLDT, Mercury Drug, Asalus/ Intellicare, and Coca-Cola.

PBSP-Mindanao, with its 25 Mindanao-based member-companies, will remain true to our commitment to contribute to the development of Mindanao, building on the strength of partnerships with the stakeholders. Thus, we humbly entreat you to continue working with us in solving problems and scaling up solutions together because a great deal still needs to be done.

We look forward to a new fiscal year with new opportunities to work together to produce greater results!

On behalf of PBSP-Mindanao and the Mindanao Regional Committee,

Miguel Rene A. Dominguez
Mindanao Regional Committee

Executive Director's
REPORT

The Philippine Business for Social Progress has been at the forefront of leading the business sector in uplifting the lives of millions of Filipinos all over the country.

This fiscal year has been nothing short of ordinary. In spite of the challenges, we have accomplished our goals to provide sustainable solutions and deliver assistance to communities across the country.

The fiscal year saw the implementation of around 100 projects which reached over 89,200 families in Luzon, Visayas, and Mindanao. Our Corporate Citizenship projects, in collaboration with our member companies, assisted learners in public schools by giving them nutritious food, equipping them with 21st century-skills, and helping Senior High School students prepare for college and the world of work. We also educated women of reproductive age on safe motherhood practices, helped calamity-affected households cope with their situation through relief assistance, and provided households and schools with safe drinking water through potable water system projects.

The support of our local and international donors enabled us to serve thousands of people through various basic services. On Tuberculosis (TB) control, we assisted over 560,000 people nationwide with the help of private physicians and community volunteers. We provided them free treatment, TB screening, and proper health education. On education, we provided 1,485 learners with schools and classrooms conducive for learning, and assisted over 1,860 micro, small, and medium enterprises nationwide. We have also helped in the creation of 1,000 jobs all over the country.

For our Collective Impact sites, we continued adopting communities in Luzon, Visayas, and Mindanao and provided them with projects on health, education, environment, and livelihood. In Luzon, we were able to assist seven farmer-organizations in the Marikina Watershed. In Buhisan Watershed in Cebu, over 1,700 families benefitted from our projects. We have also reached over 360,000 individuals through various interventions in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

PBSP continued to take an active role as secretariat for the Water Alliance, Philippines Partnership for Sustainable Agriculture, and Zero Extreme Poverty Philippines 2030 Movement. These platforms provided the business sector venues for collaboration, learning, and collective action. Through these opportunities, companies and organizations were able to contribute to water security, improve the lives of poor Filipino farmers and fisherfolk, and explore new ways to accelerate impact in social development and integrate more appropriate, locally-led approaches.

Our projects in health, education, environment, and livelihood have reached even conflict-affected areas that other organizations are unable to serve.

However, despite these accomplishments, the challenge to reach the Filipino poor still remains. According to the Philippine Statistics Authority, 16 out of 100 Filipino families do not even have sufficient income to meet their needs.

This is the reason PBSP continues to evolve and innovate as it builds a relevant base in the development sector while delivering value to its members, partners, donors, and the communities it serves.

PBSP is now transitioning to a new operating model that will help us ensure sustainability, build capability, and achieve better outcomes. We are improving our services and channels for engagement while strengthening our relationships with our members, partners, and donors. Using the inputs from our stakeholders, we are recasting and reevaluating our programs to make it more effective and responsive to the needs of our communities.

As we continue our journey to our 50th year and beyond, we will continue to work with our beneficiaries in realizing the goals of resilience and sustainability. We will continue to impart to our members the importance of collective action and inclusivity. We will continue to work together and empower one another. We will continue to bring out the best in people. We will continue to strive to fulfill our mission for the Philippines.

With your support and active participation, we can truly harness the full potential of the business sector collectively working together with other partners to directly address the roots of poverty and inequality.

REYNALDO ANTONIO D. LAGUDA
Executive Director

CORPORATE ENGAGEMENT

In the past 49 years, PBSP saw how the business sector became more involved and active in responding to poverty reduction in the country. Through Corporate Social Responsibility (CSR) initiatives, companies are able to implement programs on health, education, environment, and livelihood that help uplift the lives of the Filipino poor.

PBSP continues to engage and work with the business sector in poverty reduction and nation-building through the different expressions of corporate citizenship that include philanthropy, strategic investments, responsible business practices and inclusive business.

In the following pages, PBSP shares with you some of the corporate engagement initiatives that provided assistance to beneficiaries and communities.

BEAUTY
FOR A BETTER
LIFE
FONDATION
L'ORÉAL

SAFE MOTHERHOOD PROGRAM

Adolescent pregnancies pose health concerns to young mothers and their babies. Since their bodies are not yet fully developed to bear a child, they are most likely to experience adverse pregnancy outcomes such as pre-term birth, low birth weight, obstructed labor and even perinatal or maternal death. They are also forced to mature early because of the huge responsibility and pressure that come with being a mother.

Sadly, some would even experience postpartum depression which results to difficulty in bonding with their baby, overfatigue, feeling worthless, anxiety or panic attacks. They are also likely to drop out of school to take care of their child.

To help address the rising cases of teenage pregnancies, reduce maternal and infant mortality, and the alarming incidences of HIV infection among young adults, PBSP started implementing its Safe Motherhood Program five years ago. The program dubbed as BABAE: Malusog. Ligtas. Handa., is a nationwide campaign that aims to reach Women of Reproductive Age (WRA) and provide them with life-saving information on safe pregnancy, child rearing and family planning.

14,222
women of reproductive age educated on safe motherhood practices

2,000
attendees availed of various health services during the caravans

PBSP works with local government units in conducting Safe Motherhood Caravans nationwide. With support coming from its member companies and partners, PBSP was able to educate 14,222 WRAs in FY 2018-2019 on how they can be safe and healthy while expecting a child, avoid unwanted pregnancies and protect themselves from Sexually Transmitted Infections. Of these, close to 2,000 attendees availed various health services offered during these caravans such as prenatal consultations and HIV testing free.

THROUGH THE Safe Motherhood Caravan, women of reproductive age are encouraged to seek pre- and post-natal care to eliminate or reduce the chances of complications.

SUPPLEMENTAL FEEDING

An old adage says "may pera sa basura." This is exactly what Angelina Ramirez, 39 years old, hopes to find every time she sorts other people's trash. For many years, scavenging helps her earn money to buy food for her family.

A single parent to 12 children, her daily income of PhP150 to PhP200 from scavenging is not enough to sustain their daily needs. Her children no longer go to school as most of them help her in scavenging, while the others take care of the younger siblings.

Fortunately, Ramirez's three-year-old son and two-year-old daughter were chosen as beneficiaries of PBSP's supplemental feeding program in Antipolo City. The food subsidies that her children receive mean less mouths to feed. An assigned Barangay Nutrition Scholar also monitors her children's health and nutritional condition. Her family will also start their own vegetable garden.

REDUCING HUNGER

Supplemental feeding is one of PBSP's flagship programs in health. Dubbed as NutriSapat, Batang Angat, the program aims to reduce the incidence of underweight children aged two to five. Children in this age group need proper nutrition because their growth and development highly depend on it. For 120 days, the children are given nutritious meals and their weight is regularly monitored. The program supports the United Nations Sustainable Development Goal 2 which targets to end hunger by 2030.

This fiscal year, the program has benefitted 272 children aged two to five in poor communities nationwide. Aside from supplemental feeding, the parents were also provided with Basic Nutrition, Proper Food Handling, and Health and Hygiene seminars on how to avoid food-related diseases.

In addition, the parents will also undergo training on Urban Gardening and will be provided with initial seeds and materials to start their own vertical garden. The garden can help sustain their food source and even provide additional income.

With this assistance, Angelina is hoping to provide her children a better and healthy life.

272
children
(aged two to five)
beneficiaries

4
barangays

120
days of
supplemental
feeding

PBSP'S SUPPLEMENTAL Feeding Program provides children with healthy and nutritious food.

AN EMPLOYEE-VOLUNTEER assists in feeding the children in Brgy. San Luis, Antipolo City.

POTABLE WATER SYSTEMS

According to the Department of the Interior and Local Government (DILG), there are 455 municipalities, 1,353 barangays, 50 resettlement communities, 429 health centers, and about 29,500 public schools that are still considered waterless in the country.

PBSP's Environment program aims to address the issue on water access and contribute to the United Nations' Sustainable Development Goal 6, and the Philippine Development Plan Ambisyon Natin 2040's goal for universal access to safe drinking water. PBSP's flagship program on Potable Water Systems (PWS) provides remote, rural, and poor communities with climate-resilient water system infrastructures that will supply their most basic right, which is water.

PBSP's PWS projects are mostly Level II (communal) connections which entail various components to achieve successful implementation and sustainable operation. These components are needs and technical assessment; water analysis to ensure potability, and Philippine National Standard for Drinking Water (PNSDW) quality; social preparation to solicit the beneficiaries' cooperation and involvement; design and installation which considers resilience to climate; construction; management and sustainability where a water users' association is formed and provided with capacity building trainings, monitoring and reporting and volunteering activities for the employees of the donor.

In FY 2018-2019, PBSP implemented potable water system projects with the help of the following donors:

POTABLE WATER FOR COCA-COLA LITTLE RED SCHOOLHOUSES

Coca-Cola Foundation's Potable Water for Coca-Cola Little Red Schoolhouses Project (Coke LRS Water) is a four-year initiative which aims to address the lack of safe drinking water in schools through the provision of water system infrastructures in 51 elementary schools previously assisted by Coca-Cola with classroom installations (Little Red Schoolhouses).

Coke LRS Water started in 2017 and will end in 2021. For its second year of implementation (June 2018 to May 2019), 10 elementary schools and one community located in Mulanay and Unisan, Quezon; Cavinti, Laguna; La Libertad, Negros; Liloan, Cebu; Ubay, Bohol; Prosperidad and Trento, Agusan Del Sur; Butuan City; and General Luna, Surigao Del Norte were provided with water systems. Safe drinking water within the school helped improve students' attendance and retention in school, as well as their participation in learning activities. In addition, the availability of safe drinking water help ease the plight of evacuees housed in the schools which are converted into evacuation centers during calamities.

MERCURY DRUG FOUNDATION'S OPLAN PA-TUBIG

Since 2002, Mercury Drug Foundation, Inc.'s (MDFI) Oplan Pa-Tubig (OPT) Program has been funding the provision of potable water system projects across the country. For FY 2018-2019, MDFI OPT provided funding assistance for the installation of Level II water systems in four communities and one daycare center. These are in Aborlan, Palawan; Ocampo, Camarines Sur; Buhisan, Cebu City; and Maramag, Bukidnon. Recipients are 810 households, 300 of whom are IP families from the Agta tribe.

The program is anchored on the overarching aim of the company to significantly reduce incidence of water-borne illnesses, and promote health and well-being of Filipinos. To date, Mercury Drug has installed more than 25 water systems that benefitted over 2,400 households in 25 communities, including seven communities in Yolanda-affected areas, one health center, two elementary schools, and a daycare center.

SAN MIGUEL'S WATER FOR ALL

San Miguel Corporation (SMC) is a member of the Water Alliance and PBSP. They see the Alliance as an opportunity to join and collaborate with other businesses that have the same goal on water efficiency. SMC was one of the first to support the Water Alliance by piloting the water demand management training, which borne out a local pool of WDM trainers.

SMCs "Water for All" Campaign launched in 2017 aims to cut its water use by 50% by 2025. It also assists several remote and poor communities across the Philippines by providing them safe and potable water through the installation of water system infrastructures.

SMC's Potable Water System Project implemented through PBSP, funded the construction and provision of potable drinking water systems to the residents of Barangay San Pedro in Mulanay, Quezon and Sitio Kyumad, Barangay Amsipit in Maasim, Sarangani. Completed in March 2019, the Level 2 water systems benefitted 498 households with 2,389 individuals. About 100 households were part of the B'laan Tribe, and an elementary school in Mulanay, Quezon.

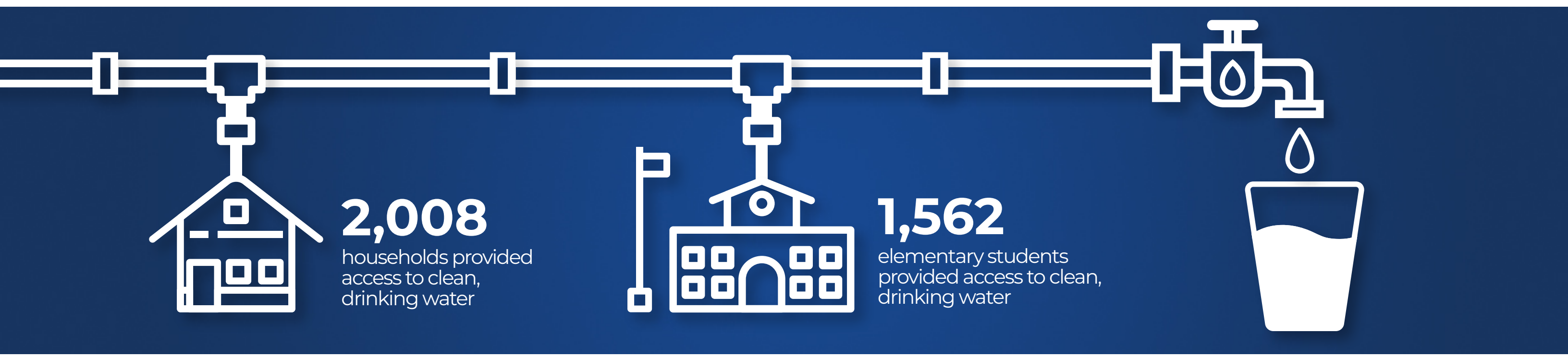
FLOUR DANIEL

Flour Daniel supports community-building strategies and programs that strengthen society including the provision of water systems.

This year, Flour donated water systems in the communities of Sitio Caimitohan, Barangay Sapangdaku, and Sitio Eskuylahan, Barangay Buhisan in Cebu City. These communities are located in the mountainous areas that are not served by the water district.

The installation of a Level II water system has benefitted 700 households or 4,000 individuals, which are mostly low-income earners. Water users' associations (WUA) were also formed and provided with capacity building trainings in both communities. These WUAs are tasked to operate and sustain the water system project.

Collectively, these PWS projects enabled PBSP to provide safe drinking water to 2,008 households and about 1,562 elementary students. Eight communities were formed with water users' associations, and capacitated to operate and sustain an income-generating water service business. These initiatives eased the people's burden of having to fetch water from faraway sources and helped to improve their health and quality of life. The organized WUA also helped generate additional sources of livelihood for the community.



RESIDENTS OF Mulanay Quezon test the water pressure of one of the eight tap stands of PBSP and San Miguel's Potable Water System project.

STUDENTS ENJOY clean and safe drinking water from the potable water system donated by PBSP and Coca-Cola Foundation Philippines.

MEMBERS OF the Magsasakang Sinusulong ang Organikong Pagsasaka (MASINOP) is tasked to monitor and maintain the potable water system.

STUDENTS READ the Marawi storybooks donated by PBSP.

IREAD4PEACE

In November 2018, PBSP mounted a campaign to promote peace and enable healing from the Marawi Siege through literacy. This is by providing the children of Marawi City and neighboring municipalities of Lanao del Sur access to first-of-its-kind storybooks.

The iRead4Peace campaign aimed to raise awareness on the present situation of the children in Marawi, inspire others through stories of hope, unity in times of difficulties, and resilience during the siege, and provide them opportunities to help. It also gathered support from donors to produce more storybooks.

The four storybooks, developed in partnership with PBSP member-company The Bookmark, Inc., highlight the Maranao culture, identity, resilience and community values. The stories were generated from interviews with residents of Marawi who were most affected during the siege. Those interviewed were teachers, schoolchildren, families, volunteers, and community residents such as members of the group called "Suicide Squad," who helped fellow residents trapped during the siege. They recalled their experiences and related these to positive values that help them survive the ordeal. These accounts were videotaped and sent to authors and illustrators of children's books who converted them into fictional stories.

In February 2019, over 20,000 storybooks were donated to all the 38 schools in Marawi City, for use of their students.

In the coming months, several schools in Lanao Sur will receive more storybooks, with the hope that each child shall have their own copies of the four storybooks. This is through the funding support of PBSP and its partners PLDT Foundation, TELSTRA, Accenture, and the Australian Government, through its Responsive Innovation Fund of the Education Pathways to Peace in Mindanao Program.

20,000
storybooks provided

distributed in

38
schools in Marawi

INSPIRING SCHOLARS THROUGH THE OLANGO CHALLENGE

98
Olango Challenge scholars graduated in FY2018-2019

Of this,

31
pursued higher education

61
found employment

PBSP's Olango Challenge (OC) is the country's longest-running open-water swimming competition held annually to raise funds for education initiatives for Olango Island, Mactan. Since 2008, proceeds from the OC built nine classrooms for Olango's elementary schools and provided educational assistance to over 290 SHS students of Sta. Rosa National High School.

In May 2019, PBSP held its 12th Olango Challenge in Cebu. A hundred Senior High School (SHS) students from Sta. Rosa National High School on Olango Island, Lapu- Lapu City received a year's worth of educational assistance from PBSP and its corporate donors. This is the third year that students from the school received this kind of assistance.

The school also received cooking equipment to be used for their cookery laboratory. In the previous years, the students were provided equipment for the school's Shielded Metal Arc Welding (SMAW) laboratory, along with sewing machines for those taking up the Dressmaking track.

In April 2019, 98 scholars graduated for the school year. Of this, 31 have pursued higher education, 61 have found employment, and six are still applying for jobs.

MAKING A DIFFERENCE

Erlan Maranga, 19, is among the first batch of 190 scholars awarded by PBSP in 2017. He received educational assistance which included monthly transportation and project allowances. Through his efforts and the assistance, he graduated valedictorian of his batch and was awarded a college scholarship from the Department of Science and Technology.

Now an Education sophomore, majoring in Mathematics at the Cebu Institute of Technology University, Maranga could only express his gratitude to PBSP which is making it possible for him to fulfill his dream to become a successful educator. He hopes to repay this by giving back to his community someday.

PBSP hopes to engage more companies in education fund-raising activities such as the Olango Challenge to help students become job- and future-ready and hopefully enable them to realize their dreams and improve their lives.

THE OLANGO Challenge is an annual event and fundraising campaign for education projects that benefit the school children of Olango island.

DISASTER RISK REDUCTION AND MANAGEMENT PROGRAM

TYPHOON OMPONG RELIEF ASSISTANCE

753

families from Baggao and Rizal in Cagayan assisted through food packs, shelter kits and cash assistance

BATANES EARTHQUAKE RELIEF ASSISTANCE

105

families from Itbayat received recovery kits for their temporary shelter needs

Disaster Risk Reduction and Management (DRRM) is one of the flagship initiatives of PBSP and part of this is the provision of relief and recovery interventions after disasters. To maximize each relief operation and to avoid duplication of efforts, PBSP coordinates with the local governments and local partner organizations in the area to determine the immediate needs of affected families.

In fiscal year 2018-2019, PBSP was able to respond to two areas in the northern part of the country affected by a super typhoon and an earthquake.

TYPHOON OMPONG RELIEF AND EARLY RECOVERY ASSISTANCE IN RIZAL AND BAGGAO, CAGAYAN

On Sept. 15, 2018, Super Typhoon Ompong (internationally known as Typhoon Mangkhut) made landfall in Baggao, Cagayan Province, causing widespread damages to agriculture, infrastructure and civilian properties across Northern and Central Luzon, including the National Capital Region (NCR) and Cordillera Administrative Region (CAR). In Cagayan, over 120,000 families from 621 barangays were the most affected.

With the help of its member companies and partners, PBSP was able to conduct an early relief and recovery assistance to 341 families in the hardest hit agricultural towns of Baggao and Rizal on Oct. 13, 2018. Shelter repair kits for 55 households and Sphere-standard food packs for 286 families were also distributed.

Donors of the shelter repair kits and food packs included Fluor Daniel, PCA Group, Bangko Kabayan, Community Developers and Construction, Inc., Boysen, Deloitte, Auto Nation Group, and Insular Life Foundation. Fluor Daniel also donated fluorescent lamps while CDO Foodsphere, Inc. provided 22 cases of canned goods. Union Galvasteel contributed GI sheets. The canned goods were incorporated in the food packs, while the lamps and GI sheets where distributed by the Cagayan Provincial Government to schools affected by the typhoon.

The International Rescue Committee (IRC) has been a partner of PBSP in implementing initiatives for disaster response since 2014. The first partnership initiative was in response to survivors of Super Typhoon Yolanda and was followed by another relief and recovery intervention for the affected families of Marawi Siege in 2017.

For victims of Typhoon Ompong, IRC provided technical support and funds that enabled PBSP to provide shelter kits and cash assistance. The shelter kits contained basic construction materials needed for the families to repair their damaged homes such as plywood, plain and corrugated G.I. sheets, and nails. The cash assistance worth PhP2,000.00, was given as a support for labor costs in repairing their houses.

The early recovery intervention benefitted 753 affected families. In order to ensure that the relief assistance was utilized accordingly for its intended purpose, three separate post-distribution monitoring visits were conducted from October to December.

EARLY RECOVERY ASSISTANCE FOR BATANES QUAKE SURVIVORS

On July 27, 2019, two strong earthquakes struck Batanes Islands, affecting 911 families or some 2,963 individuals. Several stone houses, two schools, and two health centers were damaged, including the historic Santa Maria de Mayan Church in Itbayat. The damage caused the displacement of families who chose to stay in open areas and in selected evacuation centers to avoid further impact from the aftershocks.

PBSP conducted a Call for Support drive for the earthquake-affected communities in Itbayat which had the most damaged houses. In partnership with the provincial government of Batanes and with the support of its donors, PBSP was able to provide 105 recovery kits to the affected families in Itbayat. Each kit contained tarpaulin, blankets, and mats intended to support the temporary shelter needs of the victims.

Donors of this relief drive were Fluor Daniel, SGV Foundation, Bangko Kabayan, PLDT, and AAI Foundation. The Batanes Multi-Purpose Cooperative, Inc. provided free shipping services for the recovery kits to Basco while the Batanes provincial government shipped the kits to Itbayat, and helped distribute it to the recipients with the help of the Itbayat local government.

PBSP DISTRIBUTES recovery kits to earthquake-affected families in Itbayat, Batanes.

FAMILIES AFFECTED by Typhoon Ompong in Cagayan Province receive food packs from PBSP within Sphere Standard.

PBSP DISTRIBUTES shelter kits to Typhoon Ompong-affected families in Cagayan Province.

INCLUSIVE BUSINESS LEADERS' CONFERENCE

PBSP, in collaboration with the Board of Investments and the Department of Trade and Industry, held the Inclusive Business (IB) Leaders Conference on November 28, 2018 at the Philippine International Convention Center in Pasay City. The IB Conference was held to create a platform for collaboration and capacity building among businesses, national agencies, farmer community producers and other stakeholders on IB activities. The top-level meeting also aimed to present actionable IB opportunities between companies and investment-ready local governments and communities.

In his opening remarks, PBSP Chairman Manuel V. Pangilinan said that while IB is an effective tool for poverty reduction, the communities need to be prepared, trained and given capacity for delivering products and services as well as embracing a work ethic that conforms to company requirements and standards. PBSP President Armin Luistro FSC added that capacity building efforts may be seen as equivalent to "teaching people how to fish."

Trade Undersecretary and BOI Governor Zenaida Maglaya said that despite the high economic growth that the Philippines has achieved in recent years and the many interventions made, poverty still afflicts many sectors of the economy. Hence, DTI-BOI recognized the importance of IB as a strategy to deliberately involve the private sector in implementing business models that will create impact in low- income households and marginalized communities.

After the introductory session, the conference had four other modules and ended with a brief synthesis:

- Plenary on policy and programs supportive of IB and challenges in the agribusiness value chain with presentations from DTI-BOI Undersecretary Maglaya, Department of Agriculture Assistant Secretary Lerey Panes, Tourism Director Danilo Intong, and AgriCooPh President Cresente Paez;
- Breakout sessions on Agriculture and Tourism, identified as focus points of IB in the country – featuring best practices and experiences from Nestle Philippines, East-West Seeds Group, Piddig, Ilocos Norte, FinTQ, Diaspora Farm Resort, Ephrathah Farms, and Costales Nature Farms
- Plenary on Investment Opportunities in IB, particularly in Sarangani; Maluso, Basilan; and in Boston, Davao Oriental
- Plenary on Partnership Platforms with experiences shared by the Philippines Partnership for Sustainable Agriculture (PPSA), the Brokering Business Investments in the Bangsamoro to Achieve Inclusive Development and Growth (BRIDGe) project, and the develoPPP.de program of GiZ

The conference was co-organized by Cargill and held through the BRIDGe Project which was funded by the Australian Embassy.

THE INCLUSIVE Business Leaders Conference presents inclusive business opportunities between companies and investment-ready local governments and communities.

VIRTUALAHAN PROVIDES support to disadvantaged sectors, particularly persons with medical and physical disabilities, single mothers, and youth who belong to the NEET (not in Education, Employment, or Training) population.

WORKFORCE DEVELOPMENT

68
trainers graduated from the Virtualahan program in Mindanao

23
employed by Accenture in various positions

Program goes into second phase in Mindanao and is expanded in the Visayas

One of the most successful initiatives on workforce development is the Skills to Succeed program, Accenture's corporate citizenship initiative on educating people around the world. The program aims to build skills that enable people across all social classes to participate in and contribute to the economy and society.

Accenture Philippines continues its partnership with PBSP and Virtualahan in providing support to disadvantaged sectors, particularly persons with medical and physical disabilities, single mothers, and youth who belong to the NEET (not in Education, Employment, or Training) population.

With the remarkable project accomplishments in 2017- 2018, Accenture offered continuous funding this year for additional participants in Visayas and Mindanao. The targeted groups were enabled to work online or become entrepreneurs through skills training, with the integration of values formation and personal development.

The project intervention is a combination of a six-week digital skills training using blended adult-learning approach, with three to six months of employment or entrepreneurship support depending on the track a graduate decides to take and based on availability of resources and qualifications. Parallel to this, soft skills were developed through life-coaching, with a strong focus on well-being, career guidance, and community building programs. These were in the form of advocacy campaigns, events, media features, and community-led initiatives.

In Mindanao, 68 trainers have graduated from the program, and 23 of them have already been employed by Accenture in various positions such as virtual assistants, social media managers, website managers, email support, and descriptive writers. This year, an additional 120 participants are being supported in Mindanao.

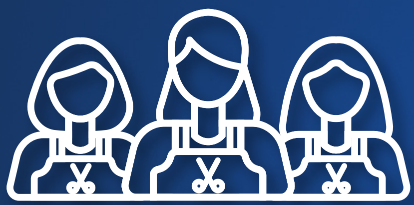
In Visayas, the project intends to provide employment opportunities to 100 persons who were formerly substance users and housed in the rehabilitation center. They are part of the NEET population and are being readied for their reintegration into their communities.

By January 2020, the project should have trained the 100 participants with digital skills that will enable them to work online, with at least 70% employed within six months after completion, or by July 2020. Classes for Batch 2 – which started last November 4, 2019 – are on-going, with a total of 19 scholars composed of seven (7) outpatient "surrenderees" and twelve (12) residents of Safehaven Recovery Village. All these students are still within their recovery program. The pilot class in Cebu had a total of twelve (12) graduates that completed the Online Digital Skills Training, with six (6) employed or doing freelance work, and one (1) doing on-the-job training.

BUILDING THE FUTURE OF WORK THROUGH VIRTUALAHAN

Virtualahan is a pioneering technology social enterprise that equips Persons with Disabilities (PWDs) and other disadvantaged people with digital skills to work as remote staff to companies that need outsourced support. Its mission is to build the future of work where no one is left behind, transforming the labor system for disadvantaged people to thrive.

BEAUTY FOR A BETTER LIFE PROJECT



253
individuals trained on hairdressing services

86%
are either employed at various L'Oreal partner-salons or doing hairdressing home services

It all started with their Bigay Daan Project launched in June 2009 as part of L'Oreal Philippines, Inc.'s Centenary Celebration. The project theme was in line with the company's mission of educating and providing employment to poor Filipinos through training opportunities. The project was also designed to advocate empowerment of young women in the urban areas.

Fast forward to 2017, L'Oreal's Beauty for A Better Life (BFBL) was created to conduct the trainings in the community level. Marikina City was chosen to be the pilot target site for this project, in collaboration with the Office of the Vice President's (OVP) Angat Buhay Program.

The 60-day training program on hairdressing is composed of classroom lectures and hands-on sessions. The trainees are sent for internship to L'Oreal's partner-salons. They are also provided allowances throughout the training.

To complement the hairdressing skills sessions, trainees also go through various workshops on job preparedness and financial literacy, provided by PBSP staff or employee-volunteers from Accenture Philippines.

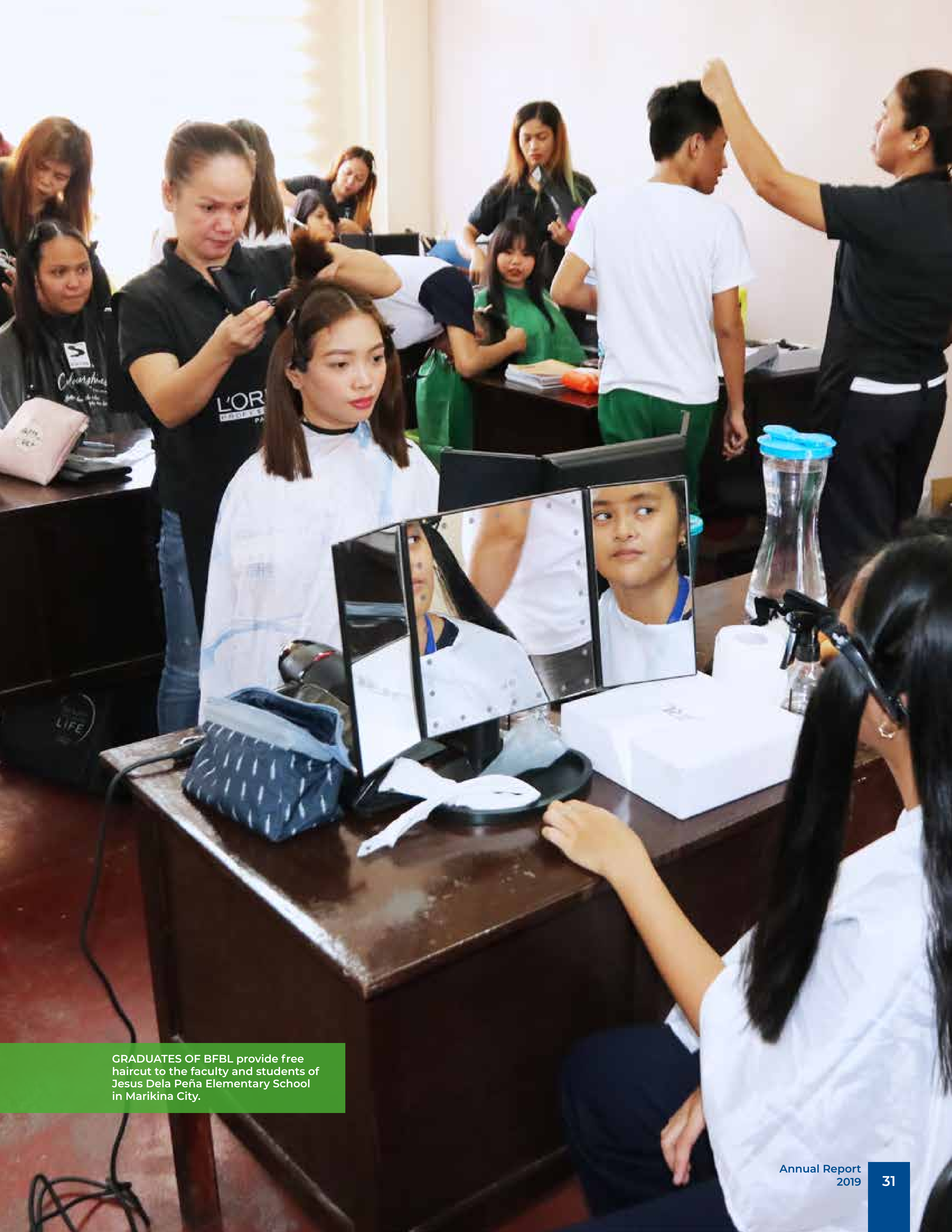
After their graduation from the program, each trainee is provided with a starter kit to enable them to start their own business. The program also helps them obtain their National Certificate (NC) II from TESDA for more opportunities and higher chances of employability.

In Marikina, Brgy. Sto. Nino was the first recipient followed by Brgy. Jesus Dela Pena in 2018. In 2019, the project was expanded to Barangay Bagong Nayon, Antipolo; Barangay Western Bicutan, Taguig; and Barangay Sto. Rosario Kanluran, Pateros, with simultaneous sessions conducted by L'Oreal trainors.

To date, the Beauty for A Better Life Project has benefitted 253 individuals, 86 percent of whom are either employed at various L'Oreal partner-salons or doing hairdressing home services.

The trainees who were part of this project are grateful for the help they received. They did not only learn hairdressing skills but were also able to build self-confidence and gain new friends. Through the income they earn, they could now meet their personal needs and provide support to their families.

This project is a testament of the excellent partnerships between the companies, the local governments and PBSP in uplifting the lives of Filipinos.



GRADUATES OF BFBL provide free haircut to the faculty and students of Jesus Dela Peña Elementary School in Marikina City.

ENGAGEMENT
PLATFORMS

As the first and largest business-led NGO in the country, PBSP takes pride in its capability to convene leaders of the business sector and engage them in supporting initiatives that contribute to the achievement of the sustainable development goals in the country.

Tapping into its network of members and partners, PBSP provides engagement platforms on poverty reduction, education, environment, and livelihood to provide venues for collaboration, learning and collective action.

In the following pages, PBSP shares how its stakeholders are able to reach more people and deliver a bigger impact in their communities through the engagement platforms.


BUSINESS BEYOND THE USUAL

WATER ALLIANCE

The Water Alliance, borne out of the USAID Be Secure (Water Security for Resilient Economic Growth and Stability) Project, was launched in October 2015 by PBSP and the private sector to respond to water security challenges in the country. Since then, the Alliance has evolved into a multi-sectoral partnership composed of business, government, academe and research institutions, and the development sector, that is committed to seek and create solutions to water security problems. Currently, it has 60 members and is chaired by First Gen Corporation President and Chief Operating Officer Francis Giles Puno.

The Water Alliance emulates the CEO Water Mandate, a UN Global Compact initiative that mobilizes business leaders on water, sanitation, and the Sustainable Development Goals. This Water Mandate commits to continuous progress against six core elements of stewardship (i.e. direct operations, supply chain and watershed management, collective action, public policy, community engagement, and transparency) and in so doing, understands and manages its own water risks.

Through social investments and core business approaches, the Alliance aims to provide safe drinking water to waterless communities; promote measures to lower water footprint at the company and industry levels; participate in policy development and advocacy engagements; and support the development of water-related research and database work, especially in the assessment/research of water-stressed areas and area-based solutions. These four action areas constitute the clusters of the Water Alliance.

These clusters conducted several meetings during FY 2018-2019 to discuss targets and strategies in their respective action areas.

The Alliance also gathered together the private sector and various stakeholders for learning and meaningful exchanges through various activities. Its 2nd General Assembly was held on April 30, 2018 to share with members the Alliance's accomplishments, to explore areas for collaboration, and review Cluster plans and targets for 2017-2021. The Assembly also featured learning sessions on NEDA's Philippine Water Supply and Sanitation Master Plan (PWSSMP), DILG's SALINTUBIG Project, BERDE Rating System with focus on water efficiency and conservation by the Philippine Green Building Council (PhilGBC), initiatives of the private sector towards water sustainability by the Maynilad Water Services, Inc., Zambaonga City Water District, and San Miguel Corporation. The Impakibel Community Water Association, a water system project beneficiary of PBSP, also shared their success story in managing and sustaining a community level water system. The De La Salle University (DLSU) presented their findings and recommendations on the water supply and access challenges in Mulanay, Quezon.

Another major milestone event of the Alliance was the 3rd Water Forum themed "Climate Risks and Water Security: A Call for Action" held last October 2, 2019. The event was participated in by 120 representatives from business, government, academe and research institutions, and the local and international development sector.

The forum presented the accomplishments of each cluster, featured various measures in responding to water security amid climate risks as well as learning sessions based on the four action areas. Former DENR Secretary Elisea "Bebet" Gozun shared in her keynote speech the global and local issues of water security and climate change. Water Alliance Chairman Giles Puno encouraged the private and public sectors to work together towards the common goal for water security.

90
members from business, government and academe attended the 2nd General Assembly

120
participants from business, government, academe, development sector gathered at the 3rd Water Forum

DIFFERENT SECTORS convene during the Water Forum 2019 to discuss sustainable solutions to water insecurity amidst climate change.

THE 2019 General Assembly brought together key collaborators of ZEP2030, members, and partners to celebrate accomplishments, challenges, and learnings and to organize future actions.

ZERO EXTREME POVERTY PHILIPPINES 2030 MOVEMENT

The Zero Extreme Poverty Philippines 2030 (ZEP2030) Movement is a coalition of non-government entities in the Philippines that aims to uplift one million Filipino families from extreme poverty to self-sufficiency by the year 2030. The coalition partners with local government units and community stakeholders to reinforce and intensify its collective impact initiatives.

To achieve the overall goal and bring about transformational change in the lives of those in extreme poverty, ZEP2030 incorporated the United Nations' Sustainable Development Goals (SDGs) into seven thematic clusters, with social justice and equity as the overarching theme. The seven clusters are health, education, livelihood, environment, agriculture and fisheries, housing and shelter, and partnerships for Indigenous people.

The coalition strives to provide interventions through a holistic and family-based approach.

This year, PBSP took on the role of Head Secretariat from the Assisi Development Foundation (ADF). PBSP also serves as co-chair of the ZEP2030 Lead Conveners.

An important milestone this year happened in August 2019 when key representatives of the movement participated in the Accelerator Lab of the United Nations Development Programme (UNDP). The Accelerator Lab retreat enabled a deep deliberation in reframing the approaches of the coalition. This includes exploring new ways to accelerate impact and integrating more appropriate, locally-led approaches. From August to November, the drive to empower local variations spurred ZEP2030 convergences in the provinces of Cebu and Bohol, Davao Region, and Marawi City.

Apart from continuing program interventions, area expansions and recruitment of new members, ZEP2030 also collaborated with De La Salle Philippines and De La Salle University in digitizing the ZEP Poverty Probability Index (PPI) Survey, a tool used to profile families. This will allow for faster generation of aggregates and data analytics. The app was launched in November 2019.

To look back on the year's accomplishments, ZEP2030 held an annual General Assembly in November where members, partners, and family representatives came together to share experiences, further strengthen collaborative efforts and align next steps towards achieving the coalition's goal.

Accelerator Lab retreat gathered key representatives of the movement to discuss ways to accelerate impact and integrate appropriate, locally-led approaches

App on the ZEP Poverty Probability Index (PPI) Survey created in partnership with De La Salle Philippines and De La Salle University

ZEP2030's Annual General Assembly in November drew in 160 members, partners, and family representatives to share experiences, strengthen collaborative efforts and align next steps to achieve coalition goal

PHILIPPINES PARTNERSHIP FOR SUSTAINABLE AGRICULTURE

The Philippines Partnership for Sustainable Agriculture (PPSA) is a multi-stakeholder platform that serves to engage smallholder farmers and market players towards socio-economic growth and competitive advantage. In 2017, Grow Asia collaborated with PBSP to establish the PPSA Secretariat as an in-country coordinating body.

Five commodity-based Working Groups were organized and are now developing ways to transform their sectors beyond individual value chain projects. These working groups are: Coconut, Coffee, Corn, Fisheries, and Vegetables. In addition, partners are also collaborating around sectoral initiatives on the cross-cutting themes of agricultural finance and knowledge sharing.

For FY 2018–2019, PPSA achieved the following accomplishments as it strives to continuously build a platform of engagement of different sectors, assist and provide inputs in the development of value chain projects, and facilitate learning and knowledge sharing:

- More than 117,000 farmers reached from different communities and provinces across the Philippinest
- 102,218 farmers and fisherfolks reached through the technology partnership between AgriCooPh and INAVET Nutrition Technologies;
- 9,461 coconut farmers were trained by Friends of HOPE;
- 1,650 coffee farmers reached through the Project Coffee+ of Nestle Philippines in CARAGA, Central Mindanao and SOCCSKSARGEN, and 250 farmers reached in the Arabica project of MacNut Philippines in Basilan;
- 2,846 corn farmers were involved in a project with Biotech, Inc. in Cotabato, and 1,050 farmers in the corn project of ZDMC Grains, Inc.;
- 1,460 fisherfolks trained and reached as part of the establishment of a nursery project with Feedmix Specialist II, BFAR, and Tambuyog Development Center in Quezon, and the conduct of the Fisheries Investment Forum in Pampanga;
- 60 upland farmers from Liliw, Laguna involved in an initial plant trial
- The PPSA Practitioners' Workshop and Learning Event 2019 gathered more than 120 participants from 13 different sectors in agriculture. Pressing issues on agricultural finance, digital solutions, and government engagement were discussed.
- The PPSA-OECD Responsible Supply Chain roundtable discussion oriented 50 representatives of different agribusiness companies in the Philippines on the OECD-FAO Guidelines on Responsible Agricultural Supply Chains and the ASEAN Responsible Agricultural Investment Guidelines. These guidelines would help them observe international standards on responsible business conduct. The forum was held in partnership and with funding from the Organisation for Economic Co-operation and Development (OECD).

IN THE PIPELINE

PPSA is in the early stages of establishing the Working Group on Digital Solutions with SMART Communications. The initial project would be the strengthening of the Digital Farmers Program of SMART and Agricultural Training Institute (ATI), together with the Philippine Rice Board. PPSA is also planning to synergize efforts, activities and projects on rice, as well as establish a Rice Working Group. Another PPSA partnership on the pipeline is with the DA-Agribusiness and Marketing Services (AMAS) to synergize efforts on developing market information sharing and market linkage to benefit both the smallholder farmers and companies.

OVER

117,000
farmers reached across the country

1,460
fisherfolk trained and reached for a nursery project

MORE THAN

120
participants from 13 different sectors in agriculture attended PPSA Practitioners' Workshop and Learning Event 2019

50
representatives from agribusiness companies oriented on the OECD-FAO Guidelines on Responsible Agricultural Supply Chains

REPRESENTATIVES FROM different agribusiness companies attend the PPSA-OECD Responsible Supply Chain roundtable discussion.

GROW ASIA and PPSA establish a platform of engagement for researchers and private sector through the Grow Asia Learning Alliance (GALA).

VARIOUS SECTORS attend PPSA's Annual Practitioners' Workshop and Learning Event.

AREA-BASED

COLLECTIVE IMPACT

Through the Collective Impact Strategy, PBSP is able to solve large, systemic and complex societal problems.

Collective Impact enables PBSP to work with member companies, partners and donors with mutually reinforcing initiatives to scale up impact in several areas across the country by demonstrating models of development and piloting for success and replication.

In the following pages, PBSP shares with you how collective impact has helped transform communities.

MARIKINA WATERSHED

328
hectares reforested

27
companies involved

OVER
2,000
employee-volunteers engaged in tree-planting activities

7
farmer-organizations engaged as partner-beneficiaries

The Marikina Watershed is the major source of groundwater reserve for households and industries in Metro Manila. However, the deforestation of the watershed largely contributed to the record-breaking floods in the metropolis and neighboring cities during Typhoon Ondoy in 2009.

The lack of trees in the watershed left the ground unable to absorb rainwater, which flowed to the lowlands instead. The floods submerged homes, claimed hundreds of lives and caused immense damage to infrastructure and agriculture. In 2010, PBSP launched the Marikina Watershed Initiative Program to contribute to the reforestation of the Upper Marikina River Basin Protected Landscape. The initiative hopes to improve the area's biodiversity and increase its water-holding capacity to prevent flooding.

For two years, PBSP has been organizing the Marikina Watershed Family Fun Run with the City of Marikina to raise funds for the program and support PBSP's operations.

These events garnered the support of more than 30 companies and an average of 500 runners every year.

EMPLOYEE-VOLUNTEERS FROM various companies join the tree planting initiative of PBSP to reforest the Marikina Watershed.

AROUND 500 runners joined the 2nd Marikina Watershed Family Fun Run to support the rehabilitation of the Marikina Watershed.

SAVING BUHISAN WATERSHED

20
companies participated in tree-planting activities in Buhisan

38.5
hectares reforested

1,531
volunteers engaged

78,398
native and bamboo trees planted

Save the Buhisan is an area-based collective impact program launched in 2008 by PBSP through the Visayas Business and Environmental Cluster of the Millennium Development Goals (MDG) led by Lexmark International, Inc. and Pilipinas Shell. The goal was to respond to the urgent need to rehabilitate, protect, and conserve the Buhisan Watershed and Forest Reserve (BWFR) which is a crucial water source to more than 6,000 households in Metro Cebu.

Providing support were the local government of Cebu, the DENR Region 7, PEZA, Metro Cebu Water District (MCWD), Cebu Uniting for Sustainable Water (CUSW) and more than 10 member-companies, foundations, and partners.

With these stakeholders pooling resources and working together, the program aimed to ensure sustainable water supply to Metro Cebu, improve the quality of life of the poor families in the Buhisan Watershed and Forest Reserve (BWFR) and promote it as an eco-tourism destination.

People's organizations in the four barangays were formed and equipped with skills on integrated water resource management, forest protection and patrol. They were also given alternative sources of livelihood so as to discourage them from making charcoal out of forest products. PBSP's member-companies and partners supported their livelihood through the "Adopt-a-Hectare" program. Under this program, the organizations were tapped to raise seedlings, plant, and maintain them for a period of two years.

In 2017, PBSP saw the need to further intensify the program in the four barangays located in the watershed areas. This was by engaging more stakeholders to collaborate and enable these communities to become responsible stewards of the watershed. Member-companies, partners, and stakeholders were also encouraged to work together and maximize their social investments so as to sustain and protect the area.

For the period 2018-2019, the program entered into a partnership with Fluor Daniel, Inc.-Philippines (FDIP) which provided much-needed infrastructure projects in the BWFR. The Sapangdaku Footbridge enables 607 elementary students to go to school without having to wade through the water. In addition, 1,000 families in the surrounding area now use the bridge to traverse to the other side of the river.

Fluor also provided two gravity-fed potable water harvesters with sand filtration system that service 320 families in Barangay Sapangdaku and 380 families in Barangay Buhisan. Moreover, Fluor employees vetted the design and rendered volunteer work during the construction phase of both the footbridge and the water systems.

As part of their annual global backpack distribution, the company also provided trolley- backpacks with school supplies to 80 Grade 1 students in Napo Elementary School, Barangay Sapangdaku. More than 60 of their employees trooped to the school to join the clean-up drive during PBSP's Ready for School activity.

Cebu Centennial Lions Club, a civic organization, celebrated its milestone by helping address the stunting of 29 young children in Sapangdaku through the 120-day supplemental feeding program. The club also conducted free eye check-ups for them.

Using the proceeds from its participation in the Balik Baterya program, NKC Manufacturing Philippines Corporation donated a wash area that is now being used by 100 students Buhisan Elementary School.

The Buhisan Watershed's Reforestation Caravan Kick-off in June was participated in by 400 volunteers from more than 20 companies and partners. Together, they planted 10,000 native and fruit-bearing seedlings in four hectares in the Buhisan watershed. An additional 34.5 hectares were planted by 1,322 volunteers from another 20 member-companies and partners during the tree planting season as part of the "Adopt-a-Hectare" program. These activities gave extra income to the four people's organizations which provided the seedlings and maintained the area.

The year ended on a high note with the signing of a memorandum of agreement among PBSP, Visayan Electric Company (VECO) and the Aboitiz Foundation, Inc. to seal their commitment to the reforestation of the 150-hectare adopted area, as well as the training for disaster risk reduction management and livelihood for the people's organizations as part of their A-Park program.

As more companies and partners see the importance of this ecological treasure and work together for its conservation, PBSP is optimistic that it can help fully restore biodiversity in the area with the rehabilitation of 630 hectares of the forest, building of the riparian zones, and provision of sustainable livelihood and water in waterless communities in the area.

EMPLOYEE-VOLUNTEERS TEACH their children the importance of the environment through PBSP's tree planting initiative.

WITH THE newly-built footbridge in Sapangdaku, Cebu, students and teachers no longer need to cross the river by foot to reach their school.

PBSP IN THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO

As the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) transitions into a new government, PBSP continues to support the region in health, education, disaster response and rehabilitation and livelihood to ensure sustainable and inclusive development. Providing assistance to BARMM is strategic, as it will significantly contribute to the development of Mindanao as a whole.

HEALTH INITIATIVES

PBSP, in partnership with the World Health Organization and other development partners, supported the Ministry of Health in crafting its three-year strategic plan. It continues to implement the Advancing Client-centered Care and Expanding Sustainable Services for TB Project (ACCESS TB) in the region.

PBSP is also implementing the second phase (years 3 and 4) of the Creating Spaces to Take Action on Violence against Women and Girls Project (Creating Spaces) funded by Global Affairs Canada through OXFAM sa Pilipinas. The project aims to reduce Violence Against Women and Girls (VAWG) and Child, Early and Forced Marriage (CEFM) in six municipalities in Maguindanao and Lanao del Sur. Another project with OXFAM sa Pilipinas, this time funded by the European Union, is the Improving the Availability of Sexual and Reproductive Health Services in the Autonomous Region in Muslim Mindanao or ARCHES. The five-year project, which officially ended in 2019, aimed to improve the availability of and access to basic Sexual and Reproductive Health (SRH) services for underserved women and young people in the Autonomous Region in Muslim Mindanao (ARMM).

CLASSROOM SUPPORT

On education, PBSP is implementing a technical assistance program for the Ministry of Basic, Higher, and Technical Education (MBHTE), particularly for its procurement process for the construction of classrooms. The initiative which is being funded by the Australian government, is intended for the construction of more classrooms to add to the 107 that were already constructed.

GUIDE FOR INVESTORS

In 2018, PBSP produced a resource book envisioned to help potential investors navigate through the intricacies of establishing a business in the Bangsamoro was produced through the auspices of the Australian government. The resource book was part of the project, Brokering Business Investments in the Bangsamoro to Achieve Inclusive Development and Growth (BRIDGe), and it contains an intensive discussion of the Business Sustainability Framework in the Bangsamoro (BSFB), which was developed with the BARMM - Regional Board of Investments (RBOI) and the Regional Economic Cluster (formerly made up of regional government agencies such as DENR, DTI, DAF, RPDO, among others). Also included in the resource book is a Technical Assistance Package for investors called CLICK, which details the steps in starting and operating a sustainable business in Bangsamoro.

MARAWI AND LANAO DEL SUR REHABILITATION

PBSP has made significant strides in gathering support to implement its Marawi City and Lanao del Sur Rehabilitation Plan. Coca-Cola Foundation and PLDT Foundation have constructed classrooms and a science computer laboratory, respectively.

The Bookmark, Inc. and PBSP co-produced four storybooks that highlight the Maranao culture, identity, resilience and community values to promote peace education and help children affected by the siege heal the wounds of war. PBSP gathered support from donors like the Australian Government, through the PATHWAYS Program, Telstra Philippines, PLDT Foundation, and various companies and individuals as well as PBSP employees, to provide the books to the schoolchildren of Marawi City and Lanao del Sur.

With funding support from Republic Cement and various donors including Alcantara and Sons, Inc., PBSP implemented the project, Marawi TIBAYanihan: Rebuilding Homes for a Stronger Marawi. The project facilitated the repair of at least 44 houses in two barangays in Marawi City (near the Most Affected Area or MAA), and at the same time provided income to 20 workers that were trained by TESDA.

The Spanish government through the Fundacion Humanismo Y Democracia has also provided funds for the two-year project Skills, Engagement and Employability for Displaced Youth and Women. The project focuses on helping Marawi City in-school and out-of-school youth, as well as women, gain access to livelihood and employment opportunities.

The British Council partnered with PBSP for a short project on Community Policing in Butig, Lanao del Sur, titled Multi-Stakeholder Approach to Service Delivery and Social Cohesion. The project aimed to increase multi-stakeholders' participation in community policing and education activities, initiatives and advocacy.

PBSP has more projects in the pipeline on health, education and livelihood, and is continuing to seek support from the business sector, Overseas Development Agencies and international donors for innovative interventions that will promote sustainable and equitable development in the region.

THE 'TIBAYANIHAN CREW' were trained in carpentry, electrical wiring, masonry, painting, plumbing, and welding to help them rebuild their homes.

HEALTH

ARCHES end of program accomplishments

350,091
individuals reached through IEC

500
health workers trained

29
health facilities provided with Maternal and Child Health (MCH) equipment

LIVELIHOOD

20
Skilled workers provided with Livelihood Settlement Management in Marawi

7
Women-led enterprises provided with training and capital

RECOVERY AND REHABILITATION

44
houses in two barangays repaired

9,160
Student's provided with kits to cope with the opening of classes

1,300
Teachers provided with kits to cope with the opening of classes

38
Schools provided with reference and storybooks

2
Medical missions, conducted in 2 transitional shelter areas, reaching 1,500 children and 1,000 adults

3
classrooms constructed

STUDENTS OF Butig National High School perform their traditional dance during the turnover ceremony of a five-classroom donation at their school.

GRANTS MANAGEMENT

With a proven track record of end-to-end services in project and grants management, PBSP provides donors with confidence and satisfaction on successful delivery of interventions.

The following pages discuss how PBSP implements its grants management program and the gains of the program.


Welcome


NUROLHIDAYA
MAGAPILSA
MENTOC
20
BROADCASTER
/
LAWYER

PBSP'S TB Control program seeks to help achieve the country's vision of a TB-free nation by contributing to the detection and treatment of TB.

GLOBAL FUND- TB CONTROL

The Advancing Client-Centered Care and Expanding Sustainable Services for TB (ACCESS TB) is a three-year grant funded by The Global Fund to Fight AIDS, Tuberculosis and Malaria, with PBSP as the Principal Recipient. ACCESS TB aims to assist the DOH National TB Control Program (NTP) find and treat 2.5 million TB cases from 2017 to 2022 to achieve the country's commitment during the United Nations High-Level Meeting on TB in September 2018.

The core pillars of ACCESS TB's support are in the detection and care of patients with Drug Resistant Tuberculosis, the conduct of active and intensified TB case finding activities among the high-risk and vulnerable such as the urban and rural poor, elderly, persons deprived of liberty (PDLs) and persons living in congregate settings (jails, orphanages, home for the aged and the like), and TB and HIV collaborative activities.

To be able to assist in finding the missing TB cases, ACCESS TB has assisted the TB program through interventions involving various LGUs and RHUs all over the Philippines.

168,654
individuals reached for TB education

121,824
PDLs (Persons Deprived of Liberty) underwent TB screening

13,957
TB cases notified by community volunteers

200,562
high risk/vulnerable individuals screened

8,743
TB cases notified through community-based screening

These were accomplished through the conduct of chest X-ray TB screening, sputum collection and transport through the STRIDERS (specimen transport riders), and case detection using the GeneXpert machines.

In community-based chest X-ray screenings, mobile X-ray vans from private X-ray providers and labs contracted by the project were deployed in various communities to screen identified high-risk and vulnerable population for TB. During these community screenings, TB education sessions were conducted, simple meals were provided to the attendees, and hygiene kits (soaps, toothpaste, toothbrush and towelettes) as well as IEC materials were distributed.

For the Big 3 Regions (NCR, CALABARZON and Central Luzon), the community TB screening was further enhanced through the use of Digital X-Ray Artificial Intelligence. The X-Ray AI algorithm uses deep learning technologies to view and analyze digital chest X-ray images to assess the probability of pulmonary TB. Using AI for digital chest X-ray resulted to the quick release of X-ray results (within one to two minutes compared to three to five days with conventional reading) which then prompted healthcare workers to immediately collect sputum for testing using the GeneXpert.

Aside from conducting active case finding events, x-ray voucher system was routinely implemented in selected sites. In this method, health staff from the Rural Health Units refer identified presumptive TB patients using X-ray vouchers to private X-ray providers where these individuals could access free X-ray services. Operations-wise, the free X-ray voucher method puts less strain on the RHU staff in conducting ACF as this needs fewer individuals to operate, and can be done within the RHU, as compared to organizing activities in other locations.

Through these initiatives, ACCESS TB was able to screen 200,562 individuals of which, 8,743 have been diagnosed and enrolled to the TB program for treatment.

TB screening for persons deprived of liberty (PDLs) for jail facilities all over the Philippines have also been conducted with the support of ACCESS TB. The project has supported the screening of 121,824 PDLs. Aside from the free chest X-ray, the PDLs have been provided with meals and hygiene kits.

Other active case finding efforts included the tapping of community volunteers in selected RHUs in the big 3 regions. These volunteers are primarily tasked to conduct TB education through TB classes and house-to-house visits, and referrals of presumptive TB patients to the RHUs for sputum collection and testing. The volunteers are also trained to collect sputum from patients. If the patients are unable to visit, the volunteers can transport the sputum to the nearest testing facility. Community volunteers can also act as treatment partners if necessary. Through this effort, ACCESS TB was able to reach 168,654 individuals for TB education and enroll and notify 13,957 cases for treatment.

Considered as low hanging fruit for finding the missing TB cases, the National TB Program recognized the importance of engaging private healthcare providers for Mandatory TB Notification. As stipulated in the TB Law (RA 10767), all healthcare providers must notify all the TB cases that they are managing and treating.

ACCESS TB assisted the NTP in jumpstarting the Mandatory TB Notification efforts through the deployment of TB Notification Project Associates. These field notification officers were tasked to map, orient, and assist in the registration of physicians in the Mandatory TB Notification online system. To date, there are 8,828 private physicians in stand-alone clinics and hospitals who reported 72,010 TB cases.

8,828
private physicians in stand-alone clinics and hospitals reporting

72,010
TB cases notified by private physicians

PBSP SUPPORTS the DOH-NTP in its goal to find the missing people with tuberculosis.

FHI360-TB INNOVATIONS

1
training course conducted

5
member-companies engaged

21
representatives participated

PBSP has partnered with Family Health International 360 (FHI 360) to implement the TB in the Workplace component of TB Innovations and Health Systems Strengthening (TB IHSS) project funded by United Sates Agency for International Development (USAID). Building from its more than 17 years in engaging the private sector on TB control, the partnership enables PBSP to continue its work in engaging companies by building their capabilities in managing a workplace TB control program for the welfare of their formal and informal workforce.

For the past fiscal year, the TB Awareness and Health Promotion was the first training course conducted and 21 representatives from the 5 member-companies were able to attend series of trainings and small group discussions. During the training, the representatives from these companies were able to learn the basic TB information, policy and procedures for early detection, program framework of the TB in the workplace, understanding the barriers of TB patients, and the importance of conducting health education sessions in their respective companies.

This initiative provides technical assistance to companies in complying with the Department of Labor and Employment's (DOLE) Dept. Order 73-05 (Guidelines for the Implementation of Policy and Program on Tuberculosis) and adherence and contributing to the success of R.A. 10767 (Comprehensive Tuberculosis Elimination Plan Act).

PBSP SENIOR Program Officer Jaime Renz Resurreccion discuss the output of the breakout session with the participants of the workshop.

REPRESENTATIVES OF the member-companies participate in the breakout session during the training on TB Awareness and Health Promotion.

THE CLASSROOMS constructed are disaster-resilient, gender sensitive and equipped with amenities for persons with disability, providing the learners an environment conducive for learning.

DFAT CLASSROOM CONSTRUCTION SUPPORT PROGRAM

32
classrooms and 1 ALS-EST Learning Center constructed for FY2018-2019

509
classrooms and 5 ALS-EST Learning Centers – total project target

485
classrooms and 1 ALS-EST Learning Center constructed since August 2013

1,485
learners benefitted from the classroom construction program for FY 2018-2019

39
schools and PTAs from the Bangsamoro ARMM and Lawaan, Eastern Samar trained on capacity building for maintenance and sustainability of school infrastructure and facilities for FY 2018-2019

The Classroom Construction Support Program is an ongoing partnership of PBSP with the Australian Government, through the Department of Foreign Affairs and Trade (DFAT). It aims to assist the Department of Education (DepEd) and Ministry of Basic, Higher and Technical Education (MBHTE) in increasing students' access to education and in improving the quality of the learning environment in assisted sites.

A total of 495 classrooms and 1 ALS-EST Learning Center have already been constructed since August 2013, 32 of which were completed in FY 2018-2019. Around 149,000 learners have benefitted from the program, 48% of whom are elementary students and 52% are secondary students.

These accomplishments have contributed to the increase in the absorptive capacity of the schools to accommodate more enrollees, while in other schools, it decongested the classrooms which resulted in reduced classroom size. About 302 of the 495 classrooms were built in disaster-prone areas, replacing the damaged structures, and have been designated as temporary evacuation centers. The program also enabled some high schools to offer Senior High School.

During the fiscal year, the program supported capacity building initiatives for 39 school heads and their PTAs in Bangsamoro ARMM on the formulation of Maintenance and Sustainability Plans. This is to help ensure the proper maintenance of the classrooms and facilities. A potential sustainability model, the Ministry of Basic, Higher, and Technical Education (MBHTE) facilitated the integration of these plans into the School Improvement Plans and Annual Implementation Plans. The purpose is to build a proactive consciousness among school stakeholders in helping maintain and sustain the program interventions.

The Ministry is also strongly considering the replication of the whole maintenance and sustainability planning and integration processes in other schools in the BARMM with classroom construction projects.

Moreover, through the program, the first ALS-EST Learning Center in the country was constructed in Lawaan, Eastern Samar. This learning facility is DFAT's continuing support to DepEd's priorities and programs.

The ALS-EST Learning Center has been built to provide a "home" for the ALS-EST learners and their teachers that will inculcate a sense of identity and belongingness in them. The center and its provisions enable a teaching-learning environment that brings into line a formal set-up parallel to Senior High School.

The center renders more flexibility in the scheduling of classes, especially the technical-vocational classes. It also provides alternative sources of learning for ALS-EST learners through access to e-learning stations and mini-library inside the Center, aside from the inputs of ALS-EST teachers. The center also demonstrates inclusivity, especially for learners in special circumstances such as single parents with no nannies and breastfeeding mothers. This is by providing them amenities to enable them to attend classes. It also provides permanent space to keep their materials and equipment. The school and ALS- EST stakeholders were also trained on ALS-EST Learning Center Management.

PBSP'S INITIATIVE engages the youth on matters that affect them.

YOUTH MATTERS
ENGAGING THE YOUTH ON MATTERS THAT AFFECT THEM

In January 2019, the Philippine Business for Social Progress (PBSP) conducted a forum called "Youth Matters" for 50 young Maranaos from different organizations who provided some valuable insights on what they truly desire.

The Maranao youth are still reeling from the effects of the Marawi siege, and had so many important questions that needed to be answered. Hence, the forum aimed to provide a safe space for them to articulate their dreams and aspirations as well as their worries and fears. It served as a venue for the youth to discuss the challenges that they are facing and identify solutions that the government and the private sector can do to assist them in addressing these concerns. PBSP also saw it as an opportunity to help the youth in drafting their development agenda, which will become the basis for identifying interventions for them that will also be incorporated into the organization's programming.

Following the success of the first Youth Matters forum, PBSP, with support from the European Union through OXFAM sa Pilipinas, conducted three more fora for the youth of Tawi-Tawi, Basilan, and Maguindanao. The results of the fora provided important insights into what matters to the Bangsamoro youth, and will guide development partners and the business sector in planning for programs and services in the region.

For the Bangsamoro youth, the need to be productive and economically secure are foremost on their minds. Many of them expressed the need to have access to sustainable livelihood opportunities and stable employment. They wish to end the discrimination that some of their peers experience when applying for jobs or in the workplace.

The youth also want to engage in civic activities and to participate in decision-making, as they feel that their opinions are not heard enough. They want to actively participate in actions that address social issues in their communities such as drug use, bullying, child trafficking and aid community leaders in promoting peace and security in the region as they believe that this would be the key to development.

Good governance is also a theme that was extensively discussed during the fora. The youth shared various forms of corruption that their families experience on a daily basis. These acts not only hinder them from accessing government services that are due them but also cause distrust and demotivation. They desire leaders who are more transparent, service-oriented as well as people-oriented, and are committed to the development of their communities.

Given the increasing cases of teenage pregnancy and the prevalence of early marriage in their culture, the young people from Mindanao also want to have increased access to basic services, particularly on health. They hoped their parents would understand the possible negative effects of early and forced marriage as well as the health risks associated with teenage pregnancies.

More importantly, the Bangsamoro youth wants to push for the preservation of their culture and for their peers to adhere to Islamic principles and teachings. They feel that some of their peers are now veering away from the Islamic values due to exposure to other cultures and beliefs. They hope that the Islamic principles and teachings about their culture will be integrated into the school curriculum.

OXFAM AND GLOBAL AFFAIRS CANADA
CREATING SPACES TO TAKE ACTION ON VIOLENCE AGAINST WOMEN AND GIRLS PROJECT

Studies, as well as learning from implementing poverty reduction programs, have established the link between the marginalization of women and girls and poverty. In fact, many development organizations working in the arena of women empowerment believe that systematic discrimination against women and girls is both a cause and a result of the inequality that drives poverty, and is intersectional.

Hence, OXFAM believes that to fight against the marginalization of women is to ensure that more poor and marginalized women will claim and advance their rights through the engagement and leadership of women and their organizations.

Thus, OXFAM, with funding support from Global Affairs Canada, is implementing the Creating Spaces to Take Action on Violence against Women and Girls Project (Creating Spaces) in six Asian countries including the Philippines. The project aims to reduce Violence Against Women and Girls (VAWG) and Child, Early and Forced Marriage (CEFM) in these countries. In the Philippines, Creating Spaces is being implemented in six municipalities in Maguindanao and Lanao del Sur.

PBSP is implementing the second pillar of the project which aims to support women and girls who experienced violence by providing access to support services and economic opportunities. The organization is building the capacity of service providers from the local governments and government agencies in providing accessible quality services to women. PBSP is also training young mothers on livelihood skills appropriate in their areas to help them establish a collective micro-enterprise that will create economic opportunities for themselves and other survivors of VAWG/ VAWC.

ONE OF the goals of the Creating Spaces Project is to increase economic skills and knowledge among women and girls in marginalized areas. The project provides training on dressmaking for women in Guindulungan, Maguindanao.

77
service providers, Muslim Religious Leaders, core group members (community) and other influencers trained on gender sensitivity, psychosocial processing and case management

6
Municipal Interagency Committees on Anti-Trafficking reactivated

181
women and girls trained on livelihood skills

7
women micro-enterprises established and provided with

PhP1.8M
in-kind capital

A PARTICIPANT of the workshop presents the results of their community profiling. The Community Policing initiative promotes partnerships between communities and their police in identifying, prioritizing, and solving local crime problems.

BRITISH COUNCIL
MULTI-STAKEHOLDER APPROACH TO SOCIAL COHESION

Butig was tagged as a place of terror, a bulwark of the Maranao rebellion since the time MNLF commanders took refuge on its mountains in the 70's and 80's. Sporadic skirmishes between extremist groups and government forces resulted in the displacement of residents, suspension of classes, and worse, destruction of houses, government infrastructure and facilities, and other vital installations. The municipality was put on spotlight again in 2016, when local ISIS-inspired terrorist group – the Mautes or "freedom fighters" as they called themselves – attempted to take full control of the seat of the municipal government as they tried to raise their black flag on third attempt, signifying allegiance to the Islamic State.

In 2018, the British Council partnered with PBSP for a project on community policing in Butig, Lanao del Sur, titled "Multi-Stakeholder Approach to Service Delivery and Social Cohesion." The project is part of the Safe, Cohesive and Just Communities (SCJC) Project, one of the flagship projects of the British Council, UK's international organization for cultural relations and educational opportunities.

Under the SCJC, British Council piloted a community policing initiative from 2015-2018 in Parang, Maguindanao. Community policing is viewed by the British Council as a strategy to ensure peace and order in the Bangsamoro. With the success of the pilot implementation in Parang, it decided to duplicate the initiative in Butig, Lanao del Sur.

The project in Butig aims to contribute to the improvement of peace and security in the municipality by increasing multi-stakeholders' participation in community policing and in safeguarding education assets that have been provided by various donors.

Implemented from December 2018 to May 2019, the initiative provided a venue for the different stakeholders – women, youth, the MILF, the AFP, the education sector, and the LGU – to discuss issues and concerns related to the maintenance of education assets, provision of basic services, peace, security and development; and the identification of strategies to address these concerns. The project also paved the way for the local government to develop its Community Development Plan and Executive-Legislative Agenda (ELA) on Education.

Maintenance and Sustainability Plan for donated school buildings formulated

Community Development Plan at the municipal level enhanced

Executive-Legislative Agenda, with focus on education and peace and security formulated

Representatives from Butig LGU, Department of Education, Barangay LGU, Philippine National Police, Philippine Army, and the Moro Islamic Liberation Front, formulated an action plan on community policing initiatives

SMALL MEDIUM ENTERPRISE CREDIT

The Small Medium Enterprise Credit (SMEC) Program started as a grant from the United States Agency for International Development (USAID) in 1989 when the USAID agreed to provide funds to Intermediary Financial Institutions (IFIs) for on-lending to small and medium enterprises located outside the National Capital Region (NCR). The Program received a grant credit of $12 million or PhP288 million ($1=PhP24 at that time), research and policy analysis component, and training and loan development component worth $1 million.

A trust fund managed by the Development Bank of the Philippines (DBP) was established for the SMEC Program. When the grant expired in 1992, the Department of Finance (DOF), representing the Republic of the Philippines as beneficiary of funds, assumed control and ownership of the Fund. In April 2009, DOF approved the third extension of SMEC, this time until September 2019. It has since been extended until the end of President Duterte's term in 2022.

In April 2019, the Bangko Sentral ng Pilipinas confirmed that the SMEC trust fund falls under the Specialized Institutional Account under Trust (SIT), thus has been exempted from the reserve requirement. SITs refer to funds held in trust by institutions, NGOs and foundations for charitable, educational, specialized lending or developmental projects, where no part of its earnings inure to the benefit of a private individual.

With this policy ruling, some PhP50 million of SMEC funds held in reserves can now be utilized as additional lending funds for MSME credit. This affirms the specialized developmental nature of the SMEC program, no less than by the Bangko Sentral.

The Chamber of Thrift Banks, and the Rural Bankers Association of the Philippines laud this decision granted to SMEC, as they have long advocated to free up the Funds from reserves, to be made available as additional loan fund for SMEC beneficiaries, where it rightfully belongs.

Despite the changing financial landscape, barriers affecting the growth of MSMEs such as lack of resources and raw materials, low productivity, and most importantly, the lack of access to credit still prevail. In the countryside, there remains limited opportunities to access MSME credit.

PBSP's intervention helps address this. The SMEC program's contribution to provide credit to MSMEs in the countryside has helped generate some 25,986 jobs, mostly in the agriculture and trading industries since 1989.

PBSP has maintained a remarkable performance in administering the SMEC funds and has been able to disburse PhP4.6 billion in cumulative loans, or 16 times the utilization turnover of its original amount of PhP288 million, which benefitted over 118,000 poor enterprising Filipinos. It has likewise remitted PhP365 million as income reflows to the government.

PhP160M
funds disbursed for FY2018-2019

897
jobs generated

1,862
MSMEs reached

PBSP'S SMEC Program provides affordable wholesale credit to micro-finance rural institutions like the First Isabela Cooperative Bank.

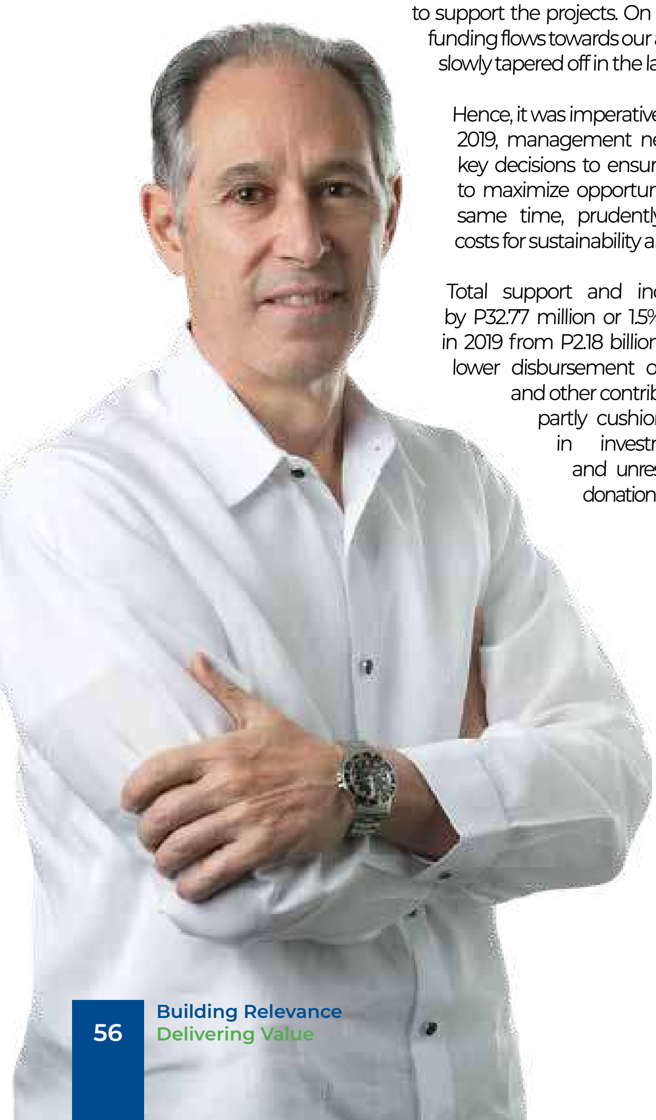
Treasurer's Report

On behalf of the Board of Trustees, I am pleased to share with you the results of your Foundation's performance and it's financial position for the fiscal year ended as of September 30, 2019.

During the year, we were confronted with various social issues such as a looming environmental crisis, calamities in various parts of the country affecting lives, properties and livelihood, the resurgence of infectious diseases and challenges in improving the quality of education. Your foundation continues to navigate the headwinds of change that impact funding flows by gradually shifting gears and adjusting our sails. We are taking into account the changing needs of those in the fringes of society and the relevant communities where our interventions are needed.

With the Philippine economy heading towards faster growth and development, we continue to strive to find the right partnerships where business and the relevant development sectors can cooperate for more holistic and integrated interventions resulting in more compelling outcomes.

Over the last 6 years, PBSP has grown in size and operations wherein we harnessed our strengths as an organization for effective and relevant implementation of projects funded by our members and donors. This came with the attendant challenges of a growing organization such as increasing costs and the need for expanded capabilities to support the projects. On the other hand, funding flows towards our advocacies have slowly tapered off in the last two years.



Hence, it was imperative that in the year 2019, management needed to make key decisions to ensure that we pivot to maximize opportunities but at the same time, prudently manage our costs for sustainability and stability.

Total support and income declined by P32.77 million or 1.5% at P2.15 billion in 2019 from P2.18 billion in 2018 due to lower disbursement of donor grants and other contributions. This was partly cushioned by growth in investment income and unrestricted member donations.

Member donations grew by P5.85 million or 6.39% year on year while grants and other contributions from donors dropped by P56.58 million or 2.74%.

Investment income grew by P17.06 million year on year or 103.34% as a result of the board's timely decision to rationalize its portfolio in the 3rd quarter of the fiscal year.

Total unrestricted expenditures for the year went up by P27.82 million largely coming from a nonrecurring write off of input value added tax and impairment of loans from an old lending facility.

General operating expenses declined by P9.02 million or 11.68% due to a reduction of personnel expenditures after the full implementation of the Voluntary Retirement Program in the 3rd quarter of fiscal year 2019. Non-personnel costs declined due to cost management measures throughout the year.

Project development and monitoring expenses increased by P3.85 million or 10.79% due to adjustments in salaries of key staff to bring these closer to market rates . Administrative costs of the regional offices also increased due to leases, utilities and travel for project development initiatives.

We ended the year with a slightly lower net excess of support and income over expense of P0.67 million at P5.14 million in 2019 from P5.81 million in 2018.

Without the nonrecurring expense adjustments, excess of support and income over expenditures after tax for fiscal year 2019 would have been P 28.18 million.

Our balance sheet remains strong with total assets of P1.45 billion as of September 30, 2019 from P1.36 billion as of September 30, 2018. This includes P402.41 million of investment assets being managed by fund managers with the guidance of the Investment Committee to generate better returns and augment the operational funding requirements of the Foundation.

Deferred support which represents donations and grants received for existing projects that will be disbursed in the next fiscal year amount to P899.39 million as of September 30, 2019, an increase of P105.84 million from 2018.

The Board has also approved the proposal to sell the Intramuros property. While this has not yet materialized, the proceeds from the eventual sale will be used to build the Foundation's endowment fund as a source of unrestricted annual funding for its grants, projects and operating expenses.

As we crossover to PBSP's golden year, management has further implemented organizational reforms to create and deliver value. We are making deliberate decisions to invest in resources where it is necessary to revitalize engagement, attract the right talent and enable the Foundation to be at the center of poverty reduction efforts. Ultimately, we want to make sure our projects and interventions create sustainable and lasting impact on our partner beneficiaries.

On behalf of the Board of trustees and management of PBSP, I would like to thank all our members and donors for your continued support and confidence in PBSP. I enjoin you all to support the changes and celebrate the milestones as we embark on the road to our 50th year. Let us work together even more in the coming year as we leave a legacy defined by real positive impact on people's lives and a sustainable future.

PEDRO O. ROXAS
Treasurer

Audit Committee Report

The Board of Trustees
Philippine Business for Social Progress

The Audit Committee, in fulfilling its oversight responsibilities in the review of financial information, the system of internal controls, risk management processes, and in recommending the appointment of the external auditor, confirms that:

All members of the committee are independent and non-executive directors.

We have reviewed and discussed the audited financial statements of Philippine Business for Social Progress (PBSP) as of and for the year ended September 30, 2019 with PBSP's Management, which has the primary responsibility for the financial statements, and with Punongbayan & Araullo (P&A), PBSP's independent auditor, who is responsible for expressing an opinion on the conformity of PBSP's audited financial statements with Philippine Financial Reporting Standards.

We have discussed with P&A matters required by the audit committee charter.

We have discussed with PBSP's Internal Auditor and P&A, and we have approved, the overall scope and plans for their respective audits.

We met with PBSP's Internal Auditor and P&A, to discuss the results of their examinations, their evaluations of PBSP's internal controls and the overall quality of PBSP's financial reporting.

Based on the reviews and discussions referred to above, in reliance on PBSP's management and P&A and subject to the limitations of our role, we recommended to the Board of Trustees and the Board has approved, the inclusion of PBSP's audited financial statements as of and for the year ended September 30, 2019 in PBSP's Annual Report to its member companies.

We recommend the reappointment of P&A as PBSP's independent auditor.

On behalf of the audit committee:

MANOLITO T. TAYAG
Chairman

FINANCIAL STATEMENT

REPORT OF INDEPENDENT AUDITORS

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An instinct for growth™

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The Board of Trustees
Philippine Business for Social Progress, Inc.
(A Non-stock, Non-profit Corporation)
3rd Floor, Philippine Social Development Center Bldg.
Magallanes corner Real Streets
Intramuros, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philippine Business for Social Progress, Inc. (the Foundation), which comprise the statements of financial position as at September 30, 2019 and 2018, and the statements of profit or loss, statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 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.

Auditors' 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 auditors' 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.

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

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 auditors' 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 auditors' 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 Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended September 30, 2019 required by the Bureau of Internal Revenue, as disclosed in Note 24 to the financial statements, is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

November 21, 2019

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

	Notes	2019	September 30, 2018 (As Restated - See Note 2)	October 1, 2017 (As Restated - See Note 2)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	**P 564,088,858**	P 705,174,521	P 832,180,705
Financial assets at fair value through profit or loss	8	**105,320,503**	164,941,890	175,257,635
Receivables - net	9	**39,584,358**	49,585,102	83,115,657
Other current assets	12	**379,268,135**	177,385,754	76,994,807
Total Current Assets		**1,088,261,854**	1,097,087,267	1,167,548,804
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	8	**325,122,542**	233,320,715	214,851,266
Property and equipment - net	10	**16,646,777**	14,278,083	16,669,122
Investment properties	11	**8,812,658**	8,812,658	8,812,658
Other non-current assets	12	**9,610,305**	8,249,773	7,419,274
Total Non-current Assets		**360,192,282**	264,661,229	247,752,320
TOTAL ASSETS		**P 1,448,454,136**	P 1,361,748,496	P 1,415,301,124
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	13	**P 68,613,039**	P 95,575,578	P 118,359,764
Income tax payable		**-**	2,183,970	5,762,641
Total Current Liabilities		**68,613,039**	97,759,548	124,122,405
NON-CURRENT LIABILITIES				
Post-employment defined benefit obligation	18	**3,743,295**	6,958,625	20,621,247
Deferred support	14	**899,385,258**	793,548,569	803,822,882
Total Non-current Liabilities		**903,128,553**	800,507,194	824,444,129
Total Liabilities		**971,741,592**	898,266,742	948,566,534
FUND BALANCE	15	**476,712,544**	463,481,754	466,734,590
TOTAL LIABILITIES AND FUND BALANCE		**P 1,448,454,136**	P 1,361,748,496	P 1,415,301,124

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

	Notes	2019 Unrestricted	2019 Restricted	2019 Total	2018 (As Restated - See Note 2) Unrestricted	2018 (As Restated - See Note 2) Restricted	2018 (As Restated - See Note 2) Total
SUPPORT AND INCOME							
Support:							
Members' donations		**P 38,934,147**	**P 58,441,875**	**P 97,376,022**	P 27,931,616	P 63,595,184	P 91,526,800
Grants and other contributions	3	**76,895,874**	**1,928,497,362**	**2,005,393,236**	81,244,610	1,980,727,912	2,061,972,522
Investment income	16	**33,562,692**	**-**	**33,562,692**	16,505,679	-	16,505,679
Income from small enterprise facility trust fund	9, 21	**4,515,625**	**-**	**4,515,625**	2,625,000	-	2,625,000
Other income	16	**5,733,882**	**-**	**5,733,882**	6,722,604	-	6,722,604
		159,642,220	**1,986,939,237**	**2,146,581,457**	135,029,509	2,044,323,096	2,179,352,605
EXPENDITURES							
Grants expenses	17	**7,763,014**	**1,986,939,237**	**1,994,702,251**	3,065,750	2,044,323,096	2,047,388,846
General operating expenses	17	**68,235,239**	**-**	**68,235,239**	77,256,431	-	77,256,431
Project development and monitoring expenses	17	**39,543,849**	**-**	**39,543,849**	35,692,384	-	35,692,384
Depreciation and amortization	10	**2,966,394**	**-**	**2,966,394**	3,214,268	-	3,214,268
Small enterprise facility trust fund expenses	9	**1,684,759**	**-**	**1,684,759**	2,219,962	-	2,219,962
Other expenses	17	**32,795,618**	**-**	**32,795,618**	3,724,827	-	3,724,827
		152,988,873	**1,986,939,237**	**2,139,928,110**	125,173,622	2,044,323,096	2,169,496,718
EXCESS OF SUPPORT AND INCOME OVER EXPENDITURES BEFORE TAX		**6,653,347**	**-**	**6,653,347**	9,855,887	-	9,855,887
TAX EXPENSE	20	**1,510,139**	**-**	**1,510,139**	4,044,032	-	4,044,032
NET EXCESS OF SUPPORT AND INCOME OVER EXPENDITURES		**P 5,143,208**	**P -**	**P 5,143,208**	P 5,811,855	P -	P 5,811,855

See Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

	Notes	2019 Unrestricted	2019 Restricted	2019 Total	2018 (As Restated - See Note 2) Unrestricted	2018 (As Restated - See Note 2) Restricted	2018 (As Restated - See Note 2) Total
NET EXCESS OF SUPPORT AND INCOME OVER EXPENDITURES		P 5,143,208	P -	P 5,143,208	P 5,811,855	P -	P 5,811,855
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit post-employment plan	18	2,505,542	-	2,505,542	14,871,994	-	14,871,994
Item that will be reclassified subsequently to profit or loss							
Fair valuation of financial assets at fair value through other comprehensive income	8	5,582,040	-	5,582,040	(23,936,685)	-	(23,936,685)
Total Other Comprehensive Income (Loss)		8,087,582	-	8,087,582	(9,064,691)	-	(9,064,691)
TOTAL COMPREHENSIVE INCOME (LOSS)		P 13,230,790	P -	P 13,230,790	(P 3,252,836)	P -	(P 3,252,836)

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN FUND BALANCE

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

	Notes	**Undesignated**	**Designated**	**Remeasurement of Defined Benefit Post-employment Plan**	**Revaluation Reserve on Financial Assets at FVOCI**	**Total**
Balance as of October 1, 2018	2					
As previously reported		P 41,002,658	P 381,831,968	P 22,297,977	P 18,349,151	P 463,481,754
Effect of adoption of PFRS 9		30,676,989	-	-	(30,676,989)	-
As Restated		71,679,647	381,831,968	22,297,977	(12,327,838)	463,481,754
Net excess of support and income over expenditures during the year		5,143,208	-	-	-	5,143,208
Reversal of designated fund balance		4,831,968	(4,831,968)	-	-	-
Transfer to fund balance		(8,848,734)	-	-	8,848,734	-
Other comprehensive income	8, 18	-	-	2,505,542	5,582,040	8,087,582
Balance as of September 30, 2019		**P 72,806,089**	**P 377,000,000**	**P 24,803,519**	**P 2,102,936**	**P 476,712,544**
Balance as of October 1, 2017	2					
As previously reported		P 28,173,571	P 381,831,968	P 7,425,983	P 49,303,068	P 466,734,590
Effect of adoption of PFRS 9		48,297,875	-	-	(48,297,875)	-
As Restated		76,471,446	381,831,968	7,425,983	1,005,193	466,734,590
Net excess of support and income over expenditures during the year						
As previously reported		12,829,087	-	-	-	12,829,087
Effect of adoption of PFRS 9	2	(7,017,232)	-	-	-	(7,017,232)
As Restated		5,811,855	-	-	-	5,811,855
Transfer to fund balance		(10,603,654)	-	-	10,603,654	-
Other comprehensive income	8, 18	-	-	14,871,994	(23,936,685)	(9,064,691)
Balance as of September 30, 2018		P 71,679,647	P 381,831,968	P 22,297,977	(P 12,327,838)	P 463,481,754

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

	Notes	2019	2018 (As Restated - See Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of support and income over expenditures before tax		P 6,653,347	P 9,855,887
Adjustments for:			
Investment income	16	(33,562,692)	(16,505,679)
Write-off of input VAT	12, 17	19,994,042	-
Impairment losses on receivables	9	6,954,253	381,418
Depreciation and amortization	10	2,966,394	3,214,268
Interest income	16	(638,944)	(860,429)
Unrealized foreign currency exchange gains	16	(427,863)	(354,847)
Gain on sale of property and equipment	10, 16	(235,267)	(232,661)
Excess (deficiency) of support and income over expenditures before changes in operating assets and liabilities		1,703,270	(4,502,043)
Decrease (increase) in:			
Receivables		3,535,356	33,709,022
Other assets		(221,605,170)	(108,719,739)
Increase (decrease) in:			
Accounts payable and accrued expenses		(26,962,539)	(17,145,955)
Post-employment benefit obligation		(709,788)	1,209,372
Deferred support		105,836,689	(10,274,313)
Cash used in operations		(138,202,182)	(105,723,656)
Income taxes paid		(5,325,894)	(5,762,641)
Interest received		150,079	300,544
Net Cash Used in Operating Activities		(143,377,997)	(111,185,753)
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets at FVTPL		59,621,387	10,315,745
Net additional investments in financial assets at FVOCI	8	(52,657,095)	(25,900,455)
Acquisitions of property and equipment	10	(5,335,088)	(823,235)
Proceeds from sale of property and equipment	10, 16	235,267	232,667
Net Cash From (Used) in Investing Activities		1,864,471	(16,175,278)
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents		427,863	354,847
NET DECREASE IN CASH AND CASH EQUIVALENTS		(141,085,663)	(127,006,184)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		705,174,521	832,180,705
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 564,088,858	P 705,174,521

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018 | *Amounts in Philippine Pesos*

1. CORPORATE INFORMATION

Philippine Business for Social Progress, Inc. (the Foundation), founded in 1970 by a group of businessmen from 50 Philippine corporations, provides a formal institutional medium for the corporate sector to initiate, assist, manage or finance programs and projects for the social and economic improvement, promotion and advancement of the quality of life of the Filipino poor. The Foundation's activities are funded diversely, but majority come from donations appropriated by member companies from their annual net income and from local and international donor institutions and corporate foundations.

The Foundation promotes the philosophy of efficiency, self-help and participation in its poverty reduction approaches. The Foundation is pro-active in the following areas: (a) basic education and the use of information technology in education, development and growth of micro, small and medium enterprises by making available credit and business support services, access to health and water in rural and urban centers to increase detection and cure rates of infectious diseases; (b) access to housing improvements and livelihood for urban poor communities; (c) development and dissemination of agriculture and aquaculture technologies to inject new skills and knowledge among farmers and fisher folks; and, (d) mobilizing relief goods for and rebuilding lives of disaster stricken communities.

In all these, the Foundation forges partnerships with the business sector, government, and civil society towards a common development vision.

The Foundation is accredited by Philippine Council for Non-governmental Organization Certification (PCNC), a private voluntary, non-stock, non-profit corporation that serves as a service organization whose main function is to certify non-profit organizations that meet established minimum criteria for financial management and accountability in the service to underprivileged Filipinos. Accordingly, PCNC requires the Foundation to keep administrative expenses equal to or less than 30% of donations received. The Foundation is in compliance with this requirement.

The Foundation, as a non-stock, non-profit corporation, organized and operated exclusively for the promotion of social welfare, is exempt from income tax pursuant to Section 30(g), *Exemption from Tax on Corporations*, of the Tax Reform Act of 1997 [Republic Act (RA) No. 8424] (See Note 20.1).

The registered office of the Foundation is located at 3rd Floor Philippine Social Development Center Building, Magallanes cor. Real Streets, Intramuros, Manila.

The financial statements of the Foundation as of and for the year ended September 30, 2019 (including the comparative financial statements as of and for the year ended September 30, 2018 and the corresponding figures as of October 1, 2017) were authorized for issue by the Foundation's Board of Trustees (the Board) on November 21, 2019.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Foundation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Foundation presents statements of comprehensive income separate from the statements of profit or loss.

The Foundation presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2019, the Foundation adopted PFRS 9, *Financial Instruments,* which was applied retrospectively to each prior reporting period in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The adoption of PFRS 9 resulted in retrospective restatements of the Foundation's financial statements affecting certain accounts as of September 30, 2018 and October 1, 2017. Accordingly, the Foundation presents a third statement of financial position as of October 1, 2017 without the related notes as allowed by PAS 1.

Accordingly, Undesignated Fund Balance and Revaluation Reserve on Financial assets at fair value through other comprehensive income (FVOCI) as of September 30, 2018 and October 1, 2017 has been restated from the amount previously reported to reflect the adjustments in the financial statements from prior years. The prior adjustments resulted in the increase in undesignated fund balance and decrease in financial assets at FVOCI amounting to P30,676,989 and P48,297,875 as of September 30, 2018 and October 1, 2017, respectively.

The effects of the restatements on the assets and liabilities accounts as of September 30, 2018 and October 1, 2017 are shown below.

	September 30, 2018		
	As Previously Reported	**Reclassification**	**As Restated**
Change in assets and liabilities:			
Cash and cash equivalents	P 672,598,458	P 32,576,063	P 705,174,521
Financial assets at fair value through profit or loss (FVTPL)	-	164,941,890	164,941,890
Receivables - net	48,071,416	1,513,686	49,585,102
Other current assets	138,248,245	39,137,509	177,385,754
Financial assets at FVOCI	-	233,320,715	233,320,715
Other non-current assets	3,241,143	5,008,630	8,249,773
Available-for-sale (AFS) financial assets	475,479,776	(475,479,776)	-
Accounts payable and accrued expenses	(94,556,861)	(1,018,717)	(95,575,578)
Net effect in net assets		P -	

	October 1, 2017		
	As Previously Reported	**Reclassification**	**As Restated**
Change in assets and liabilities:			
Cash and cash equivalents	P 690,140,135	P 142,040,570	P 832,180,705
Financial assets at FVTPL	-	175,257,635	175,257,635
Receivables - net	79,822,768	3,292,889	83,115,657
Other current assets	73,403,721	3,591,086	76,994,807
Financial assets at FVOCI	-	214,851,266	214,851,266
Other non-current assets	2,410,645	5,008,629	7,419,274
AFS financial assets	539,543,591	(539,543,591)	-
Accounts payable and accrued expenses	(113,861,280)	(4,498,484)	(118,359,764)
Net effect in net assets		P -	

The restatement also affected the reported amounts of certain accounts in the statement of profit of loss and statement of comprehensive income for the year ended September 30, 2018 as shown below.

	As Previously Reported	Reclassification	As Restated
Changes in statement of profit or loss:			
Investment income	P 20,343,768	(P 3,838,089)	P 16,505,679
Other expenses	(1,440,184)	(2,284,643)	(3,724,827)
Tax expense	3,149,532	(894,500)	(4,044,032)
Net effect in statement of profit or loss	-	(7,017,232)	214,851,266
Changes in other comprehensive income (loss):			
Unrealized fair value gains (losses) - net	(28,337,256)	28,337,256	-
Fair value gains on disposal of AFS assets reclassified to profit or loss	(2,616,661)	2,616,661	-
Fair valuation of financial assets at FVOCI	-	(23,936,685)	(23,936,685)
Net effect in other comprehensive income		7,017,232	
Net effect in statement of comprehensive income		P -	

The effects of the reclassifications in the statement of cash flow as of September 30, 2018 are summarized as follows:

	As Previously Reported	Effects of Restatements	As Restated
Changes in cash flows from operating activities:			
Excess of support and income over expenditure before tax	P 15,978,619	(P 6,122,732)	P 9,855,887
Adjustments for:			
Investment income	(20,343,768)	3,838,089	(16,505,679)
Decrease in receivables	31,929,819	1,779,203	33,709,022
Increase in other assets	(66,640,584)	(42,079,155)	(108,719,739)
Decrease in accounts payable and accrued expenses	(19,304,419)	2,158,464	(17,145,955)
Changes in cash flows from investing activities:			
Decrease in financial assets at FVTPL	-	10,315,745	10,315,745
Net additional investments in financial assets at FVOCI	-	(25,900,455)	(25,900,455)
Net proceeds from disposal of (net additional investments in) AFS financial assets	40,112,016	(40,112,016)	-
Investment income received	13,341,650	(13,341,650)	-
Net effect on cash flows		P **32,576,063**	

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Foundation's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Foundation are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Foundation operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2019 that are Relevant to the Foundation

The Foundation adopted for the first time the following new PFRS, interpretation and amendment to existing standard, which are mandatorily effective for annual periods beginning on or after January 1, 2018, for its annual reporting period beginning October 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Transfer of Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration

Discussed below and on the succeeding pages are the relevant information about these new standards, interpretation and amendment to existing standard.

(i) PAS 40 (Amendments), *Investment Property – Transfer of Investment Property.* The amendment states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendment provided a non-exhaustive list of examples constituting change in use. The application of this amendment has no impact on the Foundation's financial statements.

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized costs, FVTPL, and FVOCI;
- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

The impact of the adoption of this new accounting standard to the Foundation's financial statements are as follows:

a. Financial Assets Reclassified from AFS Financial Assets to FVTPL

With respect to listed common equity securities amounting to P126.47 million as of October 1, 2018, which were previously classified as AFS financial assets, the Foundation elected to designate these equity securities at FVTPL, as the assets are being held by the Foundation with the objective of trading the securities in the short-to-medium term.

b. Financial Assets Reclassified from AFS to FVOCI

With respect to listed preferred equity securities amounting to P60.26 million as of October 1, 2018 (see Note 8.1.1), which were previously classified as AFS financial assets, the Foundation elected to irrevocably designate these equity securities at FVOCI, as the assets are being held by the Foundation with the objective of selling in the future for liquidity purposes and not for trading. On the other hand, government and corporate bonds under AFS financial assets with a carrying amount and fair value of P173.06 million upon reclassification on October 1, 2018, were also reclassified to FVOCI (see Note 8.1.2).

c. Financial Assets (Liabilities) Reclassified from AFS to Amortized Cost

The Foundation reclassified other financial instruments amounting to P77.22 million under AFS financial assets as Financial assets (liabilities) at amortized cost (Cash and Cash Equivalents, Receivables - Net, Other Current Assets, Other Non-current Assets, and Accounts Payable and Accrued Expenses) since the Foundation's management determined that the objective of the Foundation's business model is to hold these investments to collect the contractual cash flows, wherein said cash flows pertain solely to payments of principal and interest. In addition, the Foundation determined that the impairment of the financial assets based on the expected credit loss model developed by management would be insignificant.

The Foundation's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Notes 2.3 and 2.8.

(iii) PFRS 15, *Revenue from Contract with Customers,* together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers, and Standing Interpretations* Committee 31, *Revenue – Barter Transactions Involving Advertising Services.* This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Foundation's significant sources of revenue pertain to restricted support including foreign government grants, unrestricted support, investment income, and income from small enterprise facility trust fund. Except for revenue from restricted and unrestricted support, and income from small enterprise facility trust fund, the Foundation's revenues are out of scope of PFRS 15. However, recognition and measurement for such revenue streams within the scope of PFRS 15 did not vary from PAS 18, *Revenue*. Hence, the application of this standard has no significant impact on the Foundation's financial statements. Accordingly, no remeasurements nor reclassifications were made as at October 1, 2018.

The Foundation's new accounting policies relative to the adoption of PFRS 15 is fully disclosed in Note 2.11.

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration.* The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The application of this amendment has no impact on the Foundation's financial statements.

(b) Effective in Fiscal Year 2019 that are not Relevant to the Foundation

The following amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Foundation's financial statements:

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 With PFRS 4, *Insurance Contracts*
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates – Measuring an associate or Joint Venture at Fair Value
PFRS 1 (Amendments)	:	Disclosure of Interests in Other Entities Reporting Standards – Deletion of Short-term Exemptions

(c) Effective Subsequent to Fiscal Year 2019 but not Adopted Early

There are new PFRS, interpretation and amendments to existing standards effective for annual periods subsequent to fiscal year 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Foundation's financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease.* For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Fund Balance at the date of initial application. The Foundation will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Foundation's financial statements.

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Foundation to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Foundation has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

2.3 Financial Assets

Financial assets are recognized when the Foundation becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding page.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Foundation's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Foundation's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Receivables - Net and Other Non-current Assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Investment Income.

(ii) Financial Assets at FVOCI

The Foundation accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Foundation can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Foundation for trading or as mandatorily required to be classified as FVTPL. The Foundation has designated preferred equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Undesignated Fund account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Investment Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Investment Income, when the Foundation's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Foundation, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Foundation's financial assets at FVTPL include equity securities which are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Investment Income in the statements of profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Investment Income in the statements of profit or loss.

The Foundation can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Foundation is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Foundation's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

The Foundation assesses its ECL on a forward-looking basis associated with its financial assets at amortized cost and debt securities at FVOCI. No impairment loss is recognized on equity investments.

Recognition of credit losses is no longer dependent on the Foundation's identification of a credit loss event. Instead, the Foundation considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Foundation measures loss allowance for all financial assets at amortized cost and debt securities at FVOCI at an amount equal to 12-month ECL as such financial assets are identified to have 'low credit risk' at the reporting date.

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Foundation deemed that the loss allowance for such losses at each reporting date is insignificant.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Other Income or Other Expenses accounts in the statement of profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Foundation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Other Assets

Other current assets pertain to other resources controlled by the Foundation as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Foundation and the asset has a cost or value that can be measured reliably.

Included in the other current assets are biological assets which pertain to vermi. Biological assets are measured at fair value less cost to sell based on estimated future cash flows which are calculated based on estimated selling prices reduced by the estimated farming costs to be incurred until those have reached saleable condition. Expenditures related to the costs of day-to-day servicing such as feeding, labor costs, and cage maintenance for biological assets are expensed as incurred. The cost of purchase including transaction costs are capitalized as part of biological assets. Changes in fair value of vermi are recognized in profit or loss.

Other assets of similar nature, where future economic benefits are expected to flow to the Foundation beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.5 Property and Equipment

Land is stated at cost less any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated. All other property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Property and equipment acquired for a project through restricted contributions are recorded as grants expenses. The Foundation recognizes the asset only upon project completion or upon transfer of the ownership of the asset to the Foundation.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	25 years
Hatchery facilities and other properties	10 to 25 years
Furniture, fixtures and other equipment	3 to 10 years
Transportation equipment	5 years
Computer equipment	3 years

Amortization of building improvements is computed based on the estimated useful lives of the assets, or the remaining life of the building, whichever is shorter.

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use but no further charge for depreciation and amortization is made in respect to those assets.

An item of property and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.6 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognized at cost which includes acquisition price plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any accumulated impairment losses. Impairment loss on investment properties is recognized in the same manner as in property and equipment. Accordingly, the carrying amount of an investment property is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.7). Transfers from other accounts (such as property and equipment) are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising from the disposal of an investment property, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of profit or loss in the year the item is derecognized.

2.7 Impairment of Non-financial Assets

The Foundation's property and equipment, investment properties and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Foundation's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and assets-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.8 Financial Liabilities

Financial liabilities, which include accounts payable and accrued expenses (except for payables to government agencies and funds held in trust) are recognized when the Foundation becomes a party to the contractual terms of the instrument. These are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method for those with maturities beyond one year, less settlement payments.

All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of each reporting period (or in the normal operating cycle of the business, if longer), or the Foundation does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Foundation currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must, be legally enforceable for both entity and all counterparties to the financial instruments.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Foundation that do not yet met the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Foundation can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Income and Expense Recognition

Income comprises support in the form of grants/contributions and donations measured by reference to the fair value of support received or receivable by the Foundation from the donors and/or member organization.

To determine whether to recognize revenue, the Foundation follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Foundation satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Foundation's performance as the Foundation performs;
(ii) the Foundation's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Foundation's performance does not create an asset with an alternative use to the Foundation and the entity has an enforceable right to payment for performance completed to date.

The following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(a)]:

(a) Revenue from restricted support including foreign government grants – This is recognized over time upon fulfillment of the donor-imposed conditions attached to the support and/or to the extent that expenses are incurred.

Parts of the restricted support are funds extended in the form of financial advances to qualified proponents. The financial advances are recorded as restricted grants expense and a corollary entry is setup to recognize the receivable upon release of the funds. Interest charges on financial advances which also represent administrative fees on servicing the projects related to restricted grants are recognized and recorded as part of Deferred Support account in the statement of financial position. The repayments are generally used to support similar programs for which the original grants to the Foundation were intended.

Restricted support for which restrictions and conditions have not yet been met are classified as deferred support. At project completion date, any excess funds in the deferred support are returned to the donors unless otherwise agreed by both parties that the excess shall be retained by the Foundation and therefore credited to unrestricted support. However, excess funds after project completion that have been retained by the Foundation but with a commitment to the donor to continue the project are retained in the Deferred Support account.

(b) *Revenue from unrestricted support* – This is recognized at a point in time upon receipt of the support while the related expenses are reported when incurred. It also includes restricted support and reflows from project proponents for which the donor-imposed restrictions have been completed and that the Foundation no longer has an obligation to return those to the donors upon completion of the project.

(c) *Investment income* – The Foundation's investment income is comprised of interest income, foreign currency exchange gains (losses) on dollar-denominated financial assets, gain (loss) on disposal of financial assets, and dividend income.

  (i) *Interest income* – These are recognized as the interest accrues taking into account the effective yield on the asset.

  (ii) *Foreign currency exchange gains (losses)* – Foreign currency exchange gains (losses) from the changes in the foreign exchange rates of dollar-denominated financial assets are recognized in profit or loss at the end of the reporting period.

  (iii) *Gain (loss) on disposal of financial assets* – This is calculated as the difference between net sales proceeds and acquisition cost less any impairment in value. Gain (loss) on the sale of financial assets is recognized in profit or loss when the sale transaction occurred.

  (iv) *Dividend income* – This is recognized when the shareholder's right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

(d) *Income from small enterprise facility trust fund* – This pertains to service and/or consultancy fees for providing technical assistance on program management and implementation and is recognized over time upon billing which represents rendering of the service and completion of the required output to other parties. Associated costs directly related to the rendering of the services or completion of the output are recognized when incurred.

Expenditures are recognized in profit or loss upon receipt of goods or utilization of services or at the date they are incurred.

2.12 Leases

The Foundation accounts for its leases as follows:

(a) *Foundation as Lessee*

Leases which do not transfer to the Foundation substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments (net of any incentive from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) *Foundation as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Foundation determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.13 Foreign Currency Transactions and Translation

The accounting records of the Foundation are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss except for foreign currency gains and losses arising from the translation of foreign currency-denominated restricted cash, which form part of the Deferred Support account in the statement of financial position.

2.14 Employee Benefits

The Foundation provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized and measured as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Foundation, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Foundation's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest (presented as part of Other Expenses account in the statement of profit or loss) is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(b) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Foundation pays fixed contributions into an independent entity (e.g., Social Security System). The Foundation has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment, respectively, has occurred and are included in current liabilities or current assets as they are normally short-term in nature.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Accounts Payable and Accrued Expenses account in the statement of financial position at the undiscounted amount that the Foundation expects to pay as a result of the unused entitlement.

2.15 Fund Balance

Fund balance is composed of undesignated and designated fund balances, remeasurement of defined benefit post-employment plan and revaluation reserve on financial assets at FVOCI.

Undesignated fund pertains to accumulated balance of the excess (deficiency) of support and income over expenditures from unrestricted funds, net of amount transferred to designated fund.

Designated fund pertains to amounts specifically approved by the Board for future projects, unpaid committed grants and advances to project proponents.

Remeasurement of defined benefit post-employment plan represents the cumulative balance of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions used in the determination of post-employment defined benefit obligation.

Revaluation reserve on financial assets at FVOCI pertains to accumulated gains or losses arising from the revaluation of financial assets at FVOCI (see Note 2.3).

2.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in fund balance, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Foundation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in fund balance are recognized in other comprehensive income or directly in fund balance, respectively. Deferred tax assets and deferred tax liabilities are offset if the Foundation has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.17 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Foundation and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one of more intermediaries, control or are controlled by, or under common control with the Foundation; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Foundation that gives them significant influence over the Foundation and close members of the family of any such individual; and, (d) the Foundation's funded post-employment benefit plan for its employees.

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

2.18 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Foundation's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Foundation's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. 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. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Timing of Satisfaction of Performance Obligations (2019)

(i) Revenue from restricted support including government grants

The Foundation determines that its revenue from restricted support including government grants shall be recognized over time. In making its judgment, the Foundation considers the fulfilment of the donor-imposed conditions attached to the support and/or to the extent that expenses are incurred. This demonstrates that the donor simultaneously receive and consume the benefits of the Foundation's rendering of expense relative to the donor-imposed condition as it performs.

In determining the best method of measuring the progress of the Foundation's rendering of expenses relative to donor-imposed condition, management considers the input method under PFRS 15 because of the direct relationship between the donor-imposed condition and the Foundation's expenses to fulfil the obligation.

(ii) *Revenue from unrestricted support*

The Foundation determines that its revenue from unrestricted support shall be recognized at a point in time upon receipt of the support while the related expenses are reported when incurred.

(b) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Foundation developed business models which reflect how it manages its portfolio of financial instruments. The Foundation's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Foundation) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Foundation evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Foundation (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Foundation's investment and trading strategies.

(c) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

The Foundation assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Foundation assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Foundation considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Foundation considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Foundation can explain the reasons for those sales and why those sales do not reflect a change in the Foundation's objective for the business model.

(d) *Distinguishing Investment Properties and Owner-occupied Properties*

The Foundation determines whether a property qualifies as investment property. In making its judgment, the Foundation considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process or rendering of services.

Some properties may comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the rendering of services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Foundation accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the rendering of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Foundation considers each property separately in making its judgment.

(e) *Distinguishing Operating and Finance Leases*

The Foundation has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's evaluation, all of the Foundation's lease agreements are classified as operating leases.

(f) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 21.

3.2 Key Sources of Estimation Uncertainty

Presented on the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Estimation of Allowance for ECL

There are four reputable trustee banks that are handling all of the Foundation's debt securities carried at amortized cost and FVOCI (see Note 8.2). The Foundation relies on the trustee banks' calculation of ECL for all debt securities carried at amortized cost and FVOCI. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Foundation performed an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(b) Fair Value Measurement for Financial Assets Other than Receivables

The Foundation carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Foundation utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect the amounts presented in other comprehensive income.

The carrying values of the Foundation's Financial assets at FVTPL and FVOCI (previously AFS financial assets) and the amounts of fair value changes recognized on those assets are disclosed in Note 8.

(c) Estimating Useful Lives of Property and Equipment

The Foundation estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analyzed in Note 10.

Based on management's assessment as of September 30, 2019 and 2018, there is no change in the estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) Determining the Fair Value of Investment Properties

The Foundation's investment properties are composed of parcels of land held for capital appreciation and buildings held for lease which are both measured using cost model. The estimated fair values of investment properties as disclosed in Notes 5.3 and 11 are determined by the Foundation based on the appraisal reports prepared by an independent appraiser applying relevant valuation methodologies as discussed therein.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.7). Though management believes that the assumptions used in the estimation of recoverable amounts reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(f) Determining Realizable Amount of Deferred Tax Assets

The Foundation reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. No deferred tax asset was recognized as at September 30, 2019 and 2018.

(g) Valuation of Post-employment Defined Benefit

The determination of the amounts of post-employment defined benefit obligation is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increases. A significant change in any of these actuarial assumptions may generally affect the expense, other comprehensive income or losses and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit obligation are presented in Note 18.2.

(h) Indirect Cost Rate

The Foundation estimates indirect cost rate (ICR) based on the audited disbursement report of the Foundation done by an independent auditor on a yearly basis, which is submitted to the donor for evaluation and approval. The approved ICR through a grant modification report will be submitted by the donor to the Foundation. This modification carries the new provisional ICR, which will be used by the Foundation for the current fiscal year subject to change based on the annual audited disbursement report. As of September 30, 2019, the Foundation is using the most recent approved ICR pending any grant modification.

4. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

4.1 Carrying Amounts and Fair Values by Category

The following table presents a comparison by category of the carrying amounts and estimated fair values of the Foundation's financial assets and financial liabilities:

		2019		2018	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets:					
At amortized cost					
Cash and cash equivalents	7	**P 564,088,858**	**P 564,088,858**	P 705,174,521	P 705,174,521
Receivables - net	9	**17,655,987**	**17,655,987**	28,096,173	28,096,173
Refundable deposits	12	**2,637,557**	**2,637,557**	1,277,026	1,277,026
At FVTPL	8				
Unit-investment trust fund (UITF)		**105,320,503**	**105,320,503**	38,469,281	38,469,281
Equity Securities		**-**	**-**	126,472,609	126,472,609
At FVOCI	8				
Debt securities		**307,699,749**	**307,699,749**	218,858,580	218,858,580
Equity Securities		**17,422,793**	**17,422,793**	14,462,135	14,462,135
		P 1,014,825,447	**P 1,014,825,447**	P 1,132,810,325	P 1,132,810,325
Financial liabilities –					
At amortized cost					
Accounts payable and accrued expenses	13	**P 48,513,750**	**P 48,513,750**	P 86,236,507	P 86,236,507

Management considers that the carrying amounts of the above receivables, refundable deposits and all financial liabilities which are measured at amortized cost approximate their fair values because those instruments are short-term in nature or the effect of discounting for those long-term receivables and refundable deposits are not significant.

See Notes 2.3 and 2.8 for the description of the accounting policies for each category of financial instruments. A description of the Foundation's risk management objectives and policies for financial instruments is provided in Note 6.

4.2 Offsetting of Financial Assets and Financial Liabilities

The Foundation has not set-off financial instruments in 2019 and 2018 and does not have relevant offsetting arrangements. Currently, financial assets and liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis.

5. FAIR VALUE MEASUREMENT AND DISCLOSURES

5.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurements,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Foundation uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.2 Financial Instruments Measured at Fair Value

The fair value hierarchy of the Foundation's trustee-managed funds measured at fair value in the statements of financial position on a recurring basis as of September 30, 2019 and 2018 is shown below.

	Level 1	Level 2	Level 3	Total
September 30, 2019				
Financial assets at FVTPL	**P -**	**P 105,320,503**	**P -**	**P 105,320,503**
Financial assets at FVOCI	**325,122,542**	**-**	**-**	**325,122,542**
	P 325,122,542	**P 105,320,503**	**P -**	**P 430,443,045**
September 30, 2018				
Financial assets at FVTPL	P 126,472,609	P 38,469,281	P -	P 164,941,890
Financial assets at FVOCI	233,320,715	-	-	233,320,715
	P 359,793,324	P 38,469,281	P -	P 398,262,605

There are no financial liabilities measured at fair value as of September 30, 2019 and 2018. Moreover, there were no transfers among Level 1, Level 2 and Level 3 in both years.

Described in the succeeding page are the information about how the fair values of the Foundation's trustee-managed funds are determined.

(a) Government Securities

The benchmark or reference prices of government securities based on the weighted average of done or executed deals in an active market or bond exchange (i.e., BVAL) is categorized under Level 1.

(b) Corporate Bonds

The fair value of corporate bonds categorized within Level 1 is determined based on the bid prices quoted in an active market or bond exchange.

(c) Equity Securities

The fair values of equity securities were valued based on their market prices quoted in the Philippine Stock Exchange (PSE) at the end of each reporting period; hence, included in Level 1.

(d) UITFs

Financial assets at FVTPL included in Level 2 pertain to investments in UITFs. The fair value of these financial assets were derived using the net asset value per unit (computed by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period), as published by banks and the Investment Company Association of the Philippines.

5.3 Fair Value Disclosures for Investment Properties Carried at Cost

The fair values of the Foundation's investment properties, which composed of land and buildings, amounted to P138.04 million and P4.17 million, respectively, and are categorized as Level 3 in the fair value hierarchy as of both September 30, 2019 and 2018.

The fair values of investment properties as of September 30, 2019 and 2018 are based on appraisal reports dated September 2018. The fair values disclosed for the Foundation's investment properties were determined based on the appraisals performed by an independent appraiser with appropriate qualifications and relevant experience in the fair value measurement of similar properties in nearby locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Foundation's management with respect to the determination of the inputs such as the size, age, and condition of the land and building, and the comparable prices in the corresponding property location.

In estimating the fair values of the investment properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Foundation's investment properties is their current use.

The fair values of the Foundation's investment properties were determined based on the following approaches:

(a) Fair Value Measurement for Land

The fair value of land was derived using market data approach (direct sales comparison method) where the value of the land is based on sales and listings of comparable properties registered within the vicinity. The market data approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The technique of this approach requires adjustments to sales and listings by considering the elements of comparison such as real property rights conveyed, conditions of sale, market and physical conditions, location and amenities.

(b) Fair Value Measurement for Buildings

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change in the valuation techniques used by the Foundation during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2019.

6. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation is exposed to a variety of financial risks which result from its operating, investing and financing activities. The Foundation's risk management is closely monitored by the Board, and focuses on actively securing the Foundation's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial assets are managed to generate lasting returns.

The Foundation does not engage in trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Foundation is exposed to are described below and in the succeeding pages.

6.1 Market Risk

The Foundation is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risks which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

The Foundation has significant exposure to foreign currency risk arising from its investment transactions and financial instruments denominated in foreign currencies, primarily in United States dollar (USD) and Euro. The Foundation manages its exposure to the effects of fluctuations in foreign currency exchange rates by maintaining foreign currency exposure within a conservative level. As of September 30, 2019 and 2018, the Foundation's significant exposure to foreign currency risk consists of the financial assets (with peso equivalents) is presented in the succeeding page.

		Foreign Currency		Peso
September 30, 2019				
Cash and cash equivalents	$	4,438,162	P	230,970,827
	€	500		28,480
Financial assets at FVTPL	$	151,557		7,887,338
Financial assets at FVOCI	$	536,308		27,796,822
			P	**266,683,467**
September 30, 2018				
Cash and cash equivalents	$	918,870	P	49,848,698
Financial assets at FVOCI	$	519,827		28,200,615
			P	78,049,313

The exchange rate of the Philippine peso against the USD as of September 30, 2019 and 2018 is P52.04: $1.00 and P54.25: $1.00, respectively. While the exchange rate of the Philippine peso against the Euro as of September 30, 2019 is P56.96: €1.00.

The following table illustrates the sensitivity of the net result for the year and fund balance with regard to the Foundation's financial assets and financial liabilities and the USD and Euro – Philippine peso exchange rate, the Foundation assumes a +/- 12.09% and +/- 18.69% change of the Philippine peso / USD exchange rate at September 30, 2019 and 2018, respectively and a +/- 15.99% change of Philippine peso and Euro exchange rate at September 30, 2019. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months at a 99% confidence level. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of each reporting period.

	Impact on 2019 (+/-)		Impact on 2018 (+/-)	
	Net Impact on Operations	**Fund Balance**	Net Impact on Operations	Fund Balance
Cash and cash equivalents	**P 3,544,736**	**P 3,544,736**	P 579,450	P 579,450
Financial assets at FVTPL	**953,343**	**953,343**	-	-
Financial Assets at FVOCI	**3,359,803**	**3,359,803**	5,270,695	5,270,695
	P 7,963,231	**P 7,963,231**	P 5,850,145	P 5,850,145

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Foundation's currency risk.

(b) Interest Rate Risk

The Foundation is exposed to changes in market interest rates through its short-term placements included in its trustee-managed funds which are subject to variable interest rates (see Note 8.2).

The following table illustrates the sensitivity (increase or decrease) of the Foundation's profit or loss and fund balance for the year ended September 30, 2019 and 2018 to a reasonably possible change in interest rates of the Foundation's short-term placements:

	Observed Volatility Rates	Impact on Profit or Loss (+/-)		Impact on Fund Balance (+/-)	
2019					
Time deposits	(+/-) 2.17%	P	935,773	P	935,773
Savings deposit accounts	(+/-) 0.37%		20,884		20,884
		P	**956,657**	**P**	**956,657**
2018					
Time deposits	(+/-) 1.68%	P	519,202	P	519,202
Savings deposit accounts	(+/-) 0.33%		1,582		1,582
		P	520,784	P	520,784

The percentage changes have been determined using standard deviation at 99% level of confidence on the average volatility of the market interest rates for savings deposit and special savings deposit accounts and based on the volatility of the Bangko Sentral ng Pilipinas' (BSP) compilation of domestic rates for short-term placements in the previous 12 months, with effect estimated from the beginning of the year, with all other variables held constant.

The Foundation also holds financial assets which include investments in government securities, investment in bonds, and other financial instruments which have fixed interest rates. These financial assets although having fixed interest rates expose the Foundation to risk due to volatility in interest rate of other similar financial assets which the Foundation may or may not deal with. Nonetheless, the estimated impact arising from this risk exposure is not significant.

(c) *Other Price Risk*

The Foundation's market price risk arises from its investments carried at fair value that are included in the trustee-managed funds and investment in bonds. As part of the Foundation's investment management agreement with trustee banks, the latter, in coordination with the Board, manages the market risk by monitoring the changes in the market price of the investments.

The observed volatility rates, using standard deviation estimated at 99% level of confidence, of the market values of the Foundation's investments carried at fair value and their possible effect on the Foundation's profit or loss and fund balance as of September 30, 2019 and 2018 are summarized in the succeeding page.

	2019 +/-%		**2019** Increase (Decrease)	2018 +/-%		2018 Increase (Decrease)
Government securities	**21.08%**	**P**	**54,255,585**	7.25%	P	9,783,557
Investment in UITF	**5.65%**		**16,608,821**	8.02%		2,866,467
Corporate bonds	**5.87%**		**3,120,979**	5.13%		2,604,246
Listed equity securities	**15.40%**		**1,404,363**	16.45%		22,590,274
		P	**75,389,748**		P	37,844,544

The percentage changes in market price used in the above analysis have been determined based on the average volatility in market price rates in the previous 12 months.

6.2 Credit Risk

Credit risk is the risk that a counterparty in a transaction may fail to fulfill its contractual obligations to the Foundation. The Foundation is exposed to this risk for various financial instruments arising from granting loans and providing financial advances to project proponents and donors, placing deposits with banks and investing in debt securities. The Foundation continuously monitor defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Foundation's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes		**2019**		2018
Cash and cash equivalents	7	**P**	**564,088,858**	P	705,174,521
Receivables - net	9		**17,655,987**		28,096,173
Financial Assets at FVTPL	8		**105,320,503**		164,941,890
Financial Assets at FVOCI	8		**325,122,542**		233,320,715
Refundable deposits	12		**2,637,557**		1,277,026
		P	**1,014,825,447**	P	1,132,810,325

Except for cash in banks and loans to intermediary financial institutions (IFIs) as discussed below, none of the financial assets are secured by any collateral or other credit enhancements.

As part of the Foundation's policy, bank deposits and trustee-managed investments are only maintained with reputable financial institutions.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

The credit risk for refundable deposits are considered negligible as the Foundation has ongoing lease agreements with the counterparty and the latter is considered to be with sound financial condition.

With respect to receivables, the Foundation is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Foundation provides financial assistance in the form of financial advances to qualified project proponents for housing and livelihood projects. The project proponent, in return, lends the financial advances to individual beneficiaries. The project proponent guarantees the repayment of the said financial advances according to an agreed amortization schedule. To mitigate the risk on this activity, the Foundation has firm policies in place over the selection and qualification of project proponents. In addition, monitoring of the accounts and field visits to the proponents are conducted regularly.

The table below shows the credit quality by class of financial assets as of September 30, 2019 and September 30, 2018.

		Neither Past Due nor Impaired					
		High Grade		**Standard Grade**		**Past Due or Individually Impaired**		**Total**

		Neither Past Due nor Impaired – High Grade		**Standard Grade**		**Past Due or Individually Impaired**		**Total**
2019								
Cash and cash equivalents	P	564,088,858	P	-	P	-	P	564,088,858
Loans and receivables:								
Receivables from sale of property		8,920,540		-		-		8,920,540
Loans receivables		-		-		3,043,045		3,043,045
Refundable deposits		2,637,557		-		-		2,637,557
Other receivables		8,735,447		-		1,638,125		10,373,572
Financial assets at FVTPL		105,320,503		-		-		105,320,503
Financial assets at FVOCI		325,122,542		-		-		325,122,542
	P	**1,014,825,447**	**P**	**-**	**P**	**4,681,170**	**P**	**1,019,506,617**

		Neither Past Due nor Impaired				Past Due or Individually Impaired		
		High Grade		Standard Grade				Total
2018								
Cash and cash equivalents	P	705,174,521	P	-	P	-	P	705,174,521
Loans and receivables:								
Receivables from sale of property		10,462,528		-		-		10,462,528
Loans receivables		6,954,253		-		-		6,954,253
Refundable deposits		1,277,026		-		-		1,277,026
Other receivables		10,679,392		-		3,395,187		14,074,579
Financial assets at FVTPL		164,941,890		-		-		164,941,890
Financial assets at FVOCI		233,320,715		-		-		233,320,715
	P	1,129,415,138	P	-	P	3,395,187	P	1,136,205,512

6.3 Liquidity Risk

Liquidity risk is the risk that there are insufficient funds available to adequately meet the maturing obligations and commitments of the Foundation. The Foundation manages liquidity risk by holding sufficient, liquid assets of appropriate quality to ensure that short-term funding requirements related to its planned and on-going projects are met. In addition, the Foundation seeks to maintain sufficient liquidity to take advantage of interest rate opportunities when they arise.

As of September 30, 2019 and 2018, the Foundation's financial liabilities amounting to P48.51 million and P86.24 million, respectively, are expected to be settled within six months from the end of each reporting period.

7. CASH AND CASH EQUIVALENTS

The breakdown of this account as to type of fund follows:

	Notes		**2019**		2018 [As Restated - see Note 2.1(b)]
Restricted		**P**	**462,658,577**	P	599,380,302
Unrestricted	8.2		**101,430,281**		105,794,219
		P	**564,088,858**	P	705,174,521

Restricted cash represents available funds on hand and in banks for projects undertaken under membership donations, grants and other contributions with donor-imposed restrictions. The Foundation is restricted from using the funds for purposes other than their intended use.

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements were made for varying periods ranging from 34 to 36 days and earned effective interest rate of 3.15% and 3.36% in 2019 and 2018, respectively.

The related interest earned in 2019 and 2018 amounted to P0.15 million and P0.30 million, respectively, and is shown as part of Interest income under Other Income account in the statements of profit or loss (see Note 16.2).

8. INVESTMENT SECURITIES

8.1 Classification of Investment Securities

8.1.1 Financial Assets at FVTPL

This account consists of the following financial assets which are listed equity securities in:

		2019		2018 [As Restated - see Note 2.1(b)]
UITF	**P**	**105,320,503**	P	38,469,281
Equity securities		**-**		126,472,609
	P	**105,320,503**	P	164,941,890

All of the Foundation's financial assets at FVTPL are handled by the trustee banks except for cash reserve fund held by the investment manager of the Foundation as of September 30, 2019 which amounted to P88.71 million.

The Foundation recognized unrealized fair value gains of P0.98 million in 2019 and unrealized fair value loss of P7.02 million in 2018 arising from changes in fair value of financial assets at FVTPL which is presented as part of Investment Income in the statements of profit and loss.

8.1.2 Financial Assets at FVOCI (2019) / AFS Financial Assets (2018)

The details of the carrying amounts of these financial assets are as follows (see Note 8.2):

		2019		2018 [As Restated - see Note 2.1(b)]
Government debt securities	**P**	**254,568,202**	P	158,601,406
Corporate debt securities		**53,131,547**		60,257,174
Equity securities		**17,422,793**		14,462,135
	P	**325,122,542**	P	233,320,715

Government and corporate debt securities earn interest at annual rates ranging from 2.92% to 8.00% in 2019 and 2.97% to 6.54% in 2018. Interest income earned in debt securities measured at FVOCI amounted to P13.45 million and P10.62 million, in 2019 and 2018, respectively, and is presented as Interest income under Investment Income account in the statements profit or loss (see Note 16.1).

Dividends earned in equity securities measured at FVOCI amounted to P2.24 million and P1.97 million in 2019 and 2018, respectively, and is presented as Dividend income under Investment Income account in the statements profit or loss (see Note 16.1).

The Foundation recognized unrealized fair value gains of P5.58 million in 2019 and unrealized fair value losses of P23.94 million in 2018 arising from changes in fair value of financial assets at FVOCI during those years, which are reported as adjustment to other comprehensive income in the statements of comprehensive income.

The fair values of government debt, equity and other debt securities have been determined directly by reference to published prices generated in an active market (see Note 5.2).

8.2 Trustee-managed Funds

As of September 30, 2019 and 2018, financial assets and liabilities relating to the Foundation's investment securities held by trustee banks are presented as follows:

	Notes		**2019**		2018
Cash and cash equivalents	7	**P**	**53,395,218**	P	32,576,063
Receivables - net	9		**2,724,552**		1,513,686
Financial assets at FVTPL	8.1.1		**16,608,821**		164,941,890
Financial assets at FVOCI	8.1.2		**325,122,542**		233,320,715
Other assets	12		**5,008,630**		44,416,140
Accounts payable	13	(	**445,348)**	(	1,018,718)
		P	**402,414,415**	P	475,479,776

Income earned from the Foundation's trustee-managed funds amounted to P33.56 million and P16.51 million in 2019 and 2018, respectively, and is shown as part of Investment Income account in the statements of profit or loss (see Note 16.1).

9. RECEIVABLES

This account is composed of the following:

	Notes		**2019**		2018 [As Restated - see Note 2.1(b)]
Advances to employees		**P**	**13,135,359**	P	9,975,959
Receivables from sale of property	11		**8,920,540**		10,462,528
Advances to partners	9.2		**4,627,837**		4,951,875
Loans receivables	9.1		**3,043,045**		6,954,253
Receivables from trustee banks	8.2		**2,724,552**		1,513,686
Others			**11,814,195**		19,121,988
			44,265,528		52,980,289
Allowance for impairment		(	**4,681,170)**	(	3,395,187)
		P	**39,584,358**	P	49,585,102

A reconciliation of the allowance for impairment of receivables at the beginning and end of each reporting period is shown below.

	Note		**2019**		2018
Balance at beginning of year		**P**	**3,395,187**	P	3,013,769
Impairment losses	17.4		**6,954,253**		381,418
Write-off of receivables		(	**5,668,270)**		-
Balance at end of year		**P**	**4,681,170**	P	3,395,187

All of the Foundations receivables have been reviewed for indicators of impairment. Certain long outstanding receivables amounting to P5.67 million were written off in 2019. No similar transaction occurred in 2018.

Advances to employees pertain to project and operating funds provided by the Foundation, which are subject to liquidation during and at the completion of the project activities.

Others include receivables arising from rentals, accrued income from investments, receivables from emergency loans, other advances to employees and receivables from trustee-managed funds (see Note 8.2). Receivables from emergency loans availed by employees amounting to P0.01 million and P1.07 million as of September 30, 2019 and 2018, respectively. Other advances to employees amounted to P4.16 million and P5.49 million as of September 2019 and 2018, respectively pertain mostly to the share of employee for employee benefits provided by the Foundation which are subject to salary deduction.

9.1 Small Enterprise Facility Trust Fund

The small enterprise facility trust fund was established as a result of a tripartite agreement among the Foundation, the Kreditanstalt fur Wiederaufbau (KfW) of the Federal Republic of Germany and Government of the Philippines (GOP) through the Land Bank of the Philippines (Landbank) to make funds available for the promotion of small enterprises in the countryside under the program Small and Medium Enterprise Credit (SMEC).

By virtue of a subsidiary loan agreement, Landbank extended and channelled the loan in full to the Foundation as the Project's Executing Agency. Under the subsidiary loan agreement, the channelling of the loan from Landbank to the Foundation shall not constitute any liability of the Foundation to KfW for payment of obligations; thus, effectively converted the Euro dollar loan into peso loan payable by the Foundation to Landbank. The conversion of the loan in peso terms is also covered by a Memorandum of Agreement and Guarantee Agreement among the Foundation, KfW, GOP and Landbank on February 16, 1996, whereby GOP agreed to guarantee and assume the foreign currency risk with respect to the loan of Landbank from KfW.

On November 23, 2011, the Foundation's management decided to exit the SMEC program related to the KfW I and KfW II loans as the Foundation had incurred losses in implementing the said program for the past five years and management did not expect such program to provide the Foundation the scale needed to operate without incurring further losses. Consequently, the Foundation made an agreement with Landbank for the settlement of its remaining trust fund liability through six installment payments which commenced on May 10, 2012 and completed in 2013.

In 2014, the tripartite agreement among the parties was effectively terminated following the Foundation's full settlement of its outstanding loan from Landbank. Consequently, the remaining assets in the fund pertaining to loans receivables from IFIs were transferred to the custody and administration of the Foundation.

Income and expenses generated and incurred by the fund as shown in the statements of profit or loss, are as follows:

	Notes		**2019**		2018
Income from management fees	21.1	**P**	**4,515,625**	P	2,625,000
Expenses:					
Salaries and wages	18.1		**1,447,447**		2,058,946
Miscellaneous			**237,312**		161,016
			1,684,759		2,219,962
Net		**P**	**2,830,866**	P	405,038

9.2 Global Fund

The Foundation provides funding to the partners for the Global Fund project implementation covered by separate sub-grant agreement to carry out the project activities. However, the Foundation acknowledges and agrees that providing grant to partners or making payments on behalf of partners does not relieve the Foundation of its obligations and liabilities under the Grant and the Amended Grant and the Foundation is responsible for the acts and omissions of all partners in relation to the projects. As of September 30, 2019 and 2018, the Foundation has outstanding advances to partners amounting to P4.63 million and P4.95 million, respectively (see Note 9).

The analysis of the grants as of September 30 is shown below.

		2019		2018
Balance at beginning of year	**P**	**394,056,179**	P	247,828,029
Amount received		**1,929,410,636**		1,759,549,874
Amount disbursed	(	**1,758,225,762)**	(	1,613,321,724)
Balance at end of year	**P**	**565,241,053**	P	394,056,179

The remaining funds as of September 30, 2019 and 2018 is presented as part of the Deferred Support account in the statements of financial position (see Note 14).

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of each reporting period are shown below.

	Land	Building and Improvements	Furniture, Fixtures and Other Equipment	Computer Equipment	Transportation Equipment	Hatchery Facilities and Other Properties	Total
September 30, 2019							
Cost	P 3,711,393	P 23,697,344	P 8,714,550	P 10,493,218	P 6,148,521	P 1,288,011	P 54,053,037
Accumulated depreciation and amortization	-	(17,216,374)	(7,479,459)	(7,272,982)	(4,471,437)	(966,008)	(37,046,260)
Net carrying amount	**P 3,711,393**	**P 6,480,970**	**P 1,235,091**	**P 3,220,236**	**P 1,677,084**	**P 322,003**	**P 16,646,777**
September 30, 2018							
Cost	P 3,711,393	P 19,940,278	P 8,417,869	P 9,211,877	P 7,217,807	P 1,288,011	P 49,787,235
Accumulated depreciation and amortization	-	(16,838,751)	(6,923,197)	(6,176,711)	(4,862,087)	(708,406)	(35,509,152)
Net carrying amount	P 3,711,393	P 3,101,527	P 1,494,672	P 3,035,166	P 2,355,720	P 579,605	P 14,278,083
October 1, 2017							
Cost	P 3,711,393	P 19,940,278	P 8,417,869	P 8,388,642	P 9,875,950	P 1,288,011	P 51,622,143
Accumulated depreciation and amortization	-	(16,610,990)	(6,229,174)	(4,983,458)	(6,678,595)	(450,804)	(34,953,021)
Net carrying amount	P 3,711,393	P 3,329,288	P 2,188,695	P 3,405,184	P 3,197,355	P 837,207	P 16,669,122

A reconciliation of the carrying amounts of property and equipment at the beginning and end of each reporting period is shown below and in the succeeding page.

	Land	Building and Improvements	Furniture, Fixtures and Other Equipment	Computer Equipment	Transportation Equipment	Hatchery Facilities and Other Properties	Total
Balance at October 1, 2018, net of accumulated depreciation and amortization	P 3,711,393	P 3,101,527	P 1,494,672	P 3,035,166	P 2,355,720	P 579,605	P 14,278,083
Additions	-	3,757,066	296,681	1,281,341	-	-	5,335,088
Disposals	-	-	-	-	-	-	-
Depreciation and amortization charges for the year	-	(377,623)	(556,262)	(1,096,271)	(678,636)	(257,602)	(2,966,394)
Balance at September 30, 2019, net of accumulated depreciation and, amortization	**P 3,711,393**	**P 6,480,970**	**P 1,235,091**	**P 3,220,236**	**P 1,677,084**	**P 322,003**	**P 16,646,777**
Balance at October 1, 2017, net of accumulated depreciation and amortization	P 3,711,393	P 3,329,288	P 2,188,695	P 3,405,184	P 3,197,355	P 837,207	P 16,669,122
Additions	-	-	-	823,235	-	-	823,235
Disposals	-	-	-	-	(6)	-	(6)
Depreciation and amortization charges for the year	-	(227,761)	(694,023)	(1,193,253)	(841,629)	(257,602)	(3,214,268)
Balance at September 30, 2018, net of accumulated depreciation and amortization	P 3,711,393	P 3,101,527	P 1,494,672	P 3,035,166	P 2,355,720	P 579,605	P 14,278,083

In 2019 and 2018, the Foundation sold certain transportation equipment resulting to a gain amounting to P0.24 million and P0.23 million, respectively. The gain is presented as Gain on sale of property and equipment under Other Income account in the statements of profit or loss (see Note 16.2).

As of September 30, 2019 and 2018, the gross carrying amount of the Foundation's fully-depreciated property and equipment that are still in use is P26.28 million and P26.26 million, respectively.

11. INVESTMENT PROPERTIES

This account is composed of assets held for capital appreciation and assets held for rental amounting to P8.81 million as of both September 30, 2019 and 2018.

Assets held for capital appreciation consist of land and improvements owned by the Foundation in various locations that are neither used in operations nor held for sale in the ordinary course of business.

Investment properties held for rental consist of parcels of land situated in Silay, Negros Occidental. These parcels of land were donated by Hawaiian-Philippine Company, Inc. (HPCI) by virtue of a deed of donation in favor of the Foundation in May 1975 when the Laurel-Langley Agreement expired. As a condition to the deed of donation, the Foundation leased the parcels of land to HPCI under a lease-back agreement covering a period of 25 years which is renewable for another 25 years. In 2000, HPCI exercised its option to renew the lease for the said term (see Note 21.2).

On July 31, 2017, the Foundation sold a certain portion of its investment properties held for rental to HCPI (through its agent, BPI Asset Management and Trust Corporation) resulting to a gain of P15,662,523. Consequently, the lease agreement was amended by both parties to exclude the sold portion of the land in the property for rent. The total consideration amounting to P18,277,679, net of VAT, is payable through a downpayment of P2,030,853 and eight annual installments of the same amount starting on July 31, 2017. The receivable was initially recorded at its net present value of P13,869,458 using a discount rate of 4.8%, which is the rate of comparative instrument at the time of transaction, as required under PAS 39 for initial recognition of noninterest-bearing financial instruments. Outstanding receivable as of September 30, 2019 and 2018 arising from this transaction amounting to P8,920,540 and P10,462,528, respectively, is presented as Receivables from sale of property under Receivables account in the statements of financial position (see Note 9). The related interest income amounting to P488,865 and P559,885 in 2019 and 2018, respectively, is presented as part of Interest income under Other Income account in the statements of profit or loss (see Note 16.2).

Rental income recognized from the investment properties amounting to P0.03 million and P0.45 million in 2019 and 2018, respectively, are reported as Rental income under Other Income account in the statements of profit or loss (see Note 16.2). The Foundation incurred and paid real property taxes amounting to P0.29 million and P0.12 million in 2019 and 2018, respectively, related to its investment properties which is recognized as part of Taxes and licenses under General Operating Expenses in the statement of profit or loss [see Note 24(f)].

The Foundation's investment properties have a total fair value of P142.21 million as of both September 30, 2019 and 2018 (see Note 5.3).

12. OTHER ASSETS

This account consists of the following:

	Notes	2019	2018 [As Restated - see Note 2.1(b)]
Current:			
Prepaid expenses		P 375,527,662	P 116,707,878
Creditable withholding taxes		2,364,593	-
Biological assets		1,375,880	1,375,880
Input VAT	24(b)	-	20,164,487
Other current assets	8.2	-	39,137,509
		379,268,135	177,385,754
Non-current:			
Refundable deposits	21.3	2,637,557	1,277,026
Others	8.2	6,972,748	6,972,747
		9,610,305	8,249,773
		P 388,878,440	P 185,635,527

Prepaid expenses pertains mainly to prepayments to suppliers for purchase of goods to be received within 30 to 60 day upon payment.

Other current and non-current assets amounting to P5.01 million and P44.15 million as of September 30, 2019 and 2018, respectively, pertains to the time deposits of the Foundation with original maturities of more than three months from the date of acquisition.

In 2019, the Foundation has written-off input VAT amounting to P20.00 million, which is recognized as part of Other Expenses account in the 2019 statement of profit or loss (see Note 17.4). There was no similar transaction in 2018.

13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The components of this account follow:

	Notes	2019	2018 [As Restated - see Note 2.1(b)]
Accounts payable		P 42,683,204	P 67,371,697
Funds held in trust		10,483,919	2,734,068
Payable to government agencies		6,681,005	4,624,082
Accrued expenses		6,814,546	18,864,810
Others	8.2	1,950,365	1,980,921
		P 68,613,039	P 95,575,578

Accounts payable pertains to obligations to various suppliers and contractors arising from the normal conduct of the Foundation's activities. It also includes written checks payable to third party vendors for purchases of goods and services, which are unreleased as of the end of each reporting period.

Funds held in trust represent donations directly deposited to the Foundation's bank accounts wherein the respective donors are still subject for identification.

Accrued expenses consist of, among others, accruals for various project costs, employee benefits, and SMEC-related fees and liabilities.

14. DEFERRED SUPPORT

Deferred support represents restricted funds received by the Foundation which remained unspent at the end of each reporting period and are to be utilized for specific projects in compliance with the terms and conditions of the grant.

Deferred support balance as of September 30, 2019 and 2018 includes the remaining funds related to Global Fund amounting to P565,241,053 and P394,056,179, respectively (see Note 9.2).

On January 1, 2010, the Foundation entered into a grant agreement with Global Fund for the management and implementation of Sustaining Tuberculosis (TB) Control and Ensuring Universal Access to Comprehensive Quality TB Care (the Project) with grant number PHL-210-G11-T (the Grant) under the Rolling Continuation Channel (RCC) Phase 1 program of the Global Fund. The Grant is an award to the Philippines to augment the resources of the Philippine government in TB prevention and control.

The Foundation was selected as the Principal Recipient of the Grant through a competitive and transparent selection process, under the auspices of the Country Coordinating Mechanism (CCM). CCM is a multisectoral body of TB stakeholders from the government, academe, business and the civil society sectors.

This two-year project under the RCC Phase 1 covered the period from January 1, 2010 to December 31, 2011 with a total grant amount of €43,679,429. On April 2, 2012, the Project was extended up to December 31, 2014 under RCC Phase 2 program with an additional committed grant of €73,919,683, of which €51,541,023 was received by the Foundation. In March 2014, the Global Fund approved an incremental funding of US$39,379,997 under its new funding model (NFM) covered by an amended grant agreement number PHL-T-PBSP (the Amended Grant) for a single stream of funding entitled "Intensifying and Mainstreaming Integrated DOTS in the Philippines" (the NFM Project) with implementation period effective January 1, 2014 to December 31, 2016. Under the Amended Grant, the funding of the NFM Project shall take into account the €22,378,660 undisbursed grant from the RCC Phase 2 program at the start of the new implementation period. On September 12, 2016, the implementation period was extended until December 31, 2017, with an additional funding of US$5,291,510. Under the NFM Project, the Foundation, as the Principal Recipient, is in charge of the grant and project administration over the following implementing partners/sub-recipients:

a. Philippine Coalition Against Tuberculosis, Inc. (PHILCAT); and,
b. Culion Foundation, Inc. (CFI)

On November 22, 2017, the Foundation entered into a new grant agreement with Global Fund for the management and implementation of the NFM Project with grant name and grant number PHL-T-PBSP and 1446, respectively. The three-year project covered the period from January 1, 2018 to December 31, 2020 with a total grant amount of US$88,543,887. On November 26, 2018, the Foundation was granted an additional funding of US$10,000,000 and another US$10,000,000 on July 26, 2019. This brings the total grant amount to US$118,543,887.

In general, unused funds at the end of the project are returned to the donors unless otherwise agreed. Certain funds and reflows of completed projects may be transferred to unrestricted grants and other contributions.

15. FUND BALANCE

The movements in the Foundation's designated fund balance follow:

	Reserve for Future Projects	Unpaid Committed Grants	Advances to Project Proponents	Total
Balance at October 1, 2018	P 377,000,000	P -	P 4,831,968	P 381,831,968
Closure of savings of completed projects	-	(-)	(4,831,968)	(4,831,968)
Balance at September 30, 2019	**P 377,000,000**	**P -**	**P -**	**P 377,000,000**
Balance at October 1, 2017	P 377,000,000	P -	P 4,831,968	P 381,831,968
Designations for the year				
Approved	-	8,133,500	-	8,133,500
Disbursed	-	(3,065,750)	-	(3,065,750)
Closure of savings of completed projects	-	(5,067,750)	-	(5,067,750)
Balance at September 30, 2018	P 377,000,000	P -	P 4,831,968	P 381,831,968

The Foundation, through the approval of the Board, designates reserve for future projects to ensure that the Foundation would be financially capable of supporting its future programs for social and economic development.

16. INVESTMENT AND OTHER INCOME

16.1 Investment Income

The breakdown of Investment Income account follows:

	Notes	2019	2018 [As Restated - see Note 2.1(b)]
Gain on disposal of financial assets		**P 21,119,267**	P 2,616,661
Interest income	8.1.2	**13,446,634**	10,617,482
Dividend income	8.1.2	**2,244,146**	1,968,990
Fair value gains on financial assets at FVTPL - net	8.1.1	**981,464**	(7,017,231)
Foreign currency exchange gains (losses) - net		**(4,228,819)**	8,319,777
		P 33,562,692	P 16,505,679

Investment income pertains to the Foundation's trustee-managed funds as presented in the statements of financial position.

16.2 Other Income

Details of this account is shown below.

	Notes		2019		2018
Income from profit center		**P**	**3,732,136**	P	3,542,997
Interest income	7, 11		**638,944**		860,429
Foreign exchange gains - net			**427,863**		354,847
Gain on sale of property and equipment	10		**235,267**		232,661
Contract income			**137,103**		1,650,441
Rental income	11, 21.2		**26,000**		45,255
Miscellaneous income			**536,569**		35,974
		P	**5,733,882**	P	6,722,604

17. EXPENDITURES

The details of grant expenses, unrestricted project development and monitoring expenses, general operating expenses, and other expenses are as follows:

17.1 Grant Expenses

The Foundation has incurred grant expenses arising from regular grants from 2019 and 2018 amounting to P1,994,702,251 and P2,047,388,846, respectively. Of this amount, P1,986,939,237 and P2,044,323,096 were incurred from restricted grants in 2019 and 2018, respectively.

17.2 Project Development and Monitoring Expenses

	Notes		2019		2018 [As Restated - see Note 2.1(b)]
Salaries and employee benefits	18.1	**P**	**33,069,114**	P	31,027,254
Rental	21.3		**2,007,995**		1,704,365
Communication, light and water			**1,548,786**		907,797
Transportation and travel			**1,089,834**		636,949
Office supplies			**513,356**		217,997
Security and janitorial			**194,003**		207,983
Professional fees			**170,351**		218,937
Repairs and maintenance			**80,311**		181,725
Taxes and licenses	24(f)		**19,515**		21,296
Miscellaneous			**850,584**		568,081
		P	**39,543,849**	P	35,692,384

17.3 General Operating Expenses

	Notes		2019		2018
Salaries and employee benefits	18.1, 19.1	**P**	**47,061,205**	P	54,152,821
Professional fees			**5,861,816**		6,943,440
Communication, light and water			**5,190,974**		6,103,328
Repairs and maintenance			**2,914,458**		1,489,758
Taxes and licenses	24(f)		**1,620,485**		1,280,804
Transportation and travel			**1,123,594**		1,261,881
Security and janitorial			**982,080**		1,215,874
Office supplies			**522,372**		827,831
Property insurance			**214,148**		195,993
Dues and subscription			**106,789**		1,584,894
Miscellaneous			**2,637,318**		2,199,807
		P	**68,235,239**	P	77,256,431

17.4 Other Expenses

This account is composed of the following:

	Notes		2019		2018 [As Restated - see Note 2(b)]
Write-off of input VAT	12	**P**	**19,994,042**	P	-
Investment expense			**2,376,813**		2,284,643
Net interest expense on post-employment defined benefit	8.1.2		**769,408**		1,058,766
Impairment losses on receivables			**6,954,253**		381,418
Miscellaneous expenses			**2,701,102**		-
		P	**32,795,618**	P	3,724,827

18. EMPLOYEE BENEFITS

18.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are presented below.

	Note		2019		2018
Salaries and wages		**P**	**62,570,839**	P	62,986,796
Other short-term benefits			**13,930,358**		17,014,760
Post-employment defined benefit	18.2		**5,076,569**		7,237,465
		P	**81,577,766**	P	87,239,021

The amount of employee benefits is charged and allocated to the following accounts in the statements of profit or loss:

	Notes		2019		2018
General operating expenses	17.3	P	47,061,205	P	54,152,821
Project development and monitoring expenses	17.2		33,069,114		31,027,254
Small enterprise facility trust fund expenses	9.1		1,447,447		2,058,946
		P	81,577,766	P	87,239,021

18.2 Defined Benefit Post-employment Plan

(a) Characteristics of the Defined Benefit Plan

The Foundation maintains a tax-qualified, trustee-managed and non-contributory retirement plan, which took effect on October 1, 1989, covering all of its regular, full-time employees. The normal retirement age is 60 with a minimum of 10 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 10 years of credited service. Normal retirement benefit is an amount equivalent to a certain percentage of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2019 and 2018.

The amounts of post-employment benefit obligation recognized in the statements of financial position are determined as follows:

		2019		2018
Present value of the obligation	P	38,626,328	P	41,751,174
Fair value of plan assets	(	34,883,033)	(	34,792,549)
	P	3,743,295	P	6,958,625

The movements in the present value of the post-employment defined benefit obligation are as follows:

		2019		2018
Balance at beginning of year	P	41,751,174	P	57,058,807
Current service cost		5,076,569		7,237,465
Interest expense		3,365,145		2,904,293
Remeasurements – actuarial losses				
(gains) arising from:				
Changes in financial assumptions		4,327,034	(	16,376,126)
Experience adjustments	(	3,470,637)	(	1,683,672)
Changes in demographic assumptions	(	692,451)		56,607
Benefits paid	(	11,730,506)	(	7,446,200)
Balance at end of year	P	38,626,328	P	41,751,174

On November 22, 2018, the Board approved the management's proposal to offer a special, one-time Voluntary Retirement Program (VRP). The VRP was offered to all core employees who have rendered at least 4.5 years of continued service as of December 3, 2018, the offer date. The VRP provides eligible employees who will participate with additional financial incentives on top of what could have been received under existing retirement benefit plan. Retirement benefit paid out by the plan in 2019 with respect to the VRP amounted to P11.73 million.

The movements in the fair value of plan assets are presented below.

		2019		2018
Balance at beginning of year	**P**	**34,792,549**	P	36,437,560
Contributions		**6,555,765**		7,086,859
Interest income		**2,595,737**		1,845,527
Return on plan assets (excluding amounts included in net interest)		**2,669,488**	(	3,131,197)
Benefits paid	(	**11,730,506)**	(	7,446,200)
Balance at end of year	**P**	**34,883,033**	P	34,792,549

The composition of the fair value of plan assets at the end of each reporting period by category and risk characteristics is shown below.

		2019		2018
Cash and cash equivalents	**P**	**3,053**	P	433,625
Loans receivables		**224,356**		1,935,412
Quoted equity securities		**11,286,300**		11,329,649
Debt securities		**23,369,324**		21,093,863
	P	**34,883,033**	P	34,792,549

The fair values of the above equity and debt securities are determined based on quoted market prices published in the PSE and BVAL (PDEx in 2018), respectively.

The plan assets earned returns of P5,265,225 and P1,285,670 in 2019 and 2018, respectively.

Plan assets include loans and advances to key management personnel amounting to P224,356 and P287,255 as of September 30, 2019 and 2018, respectively (see Note 19.2).

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	**2019**	2018
Reported in profit or loss			
Current service cost	18.1	**P 5,076,569**	P 7,237,465
Net interest expense	17.4	**769,408**	1,058,766
		P 5,845,977	P 8,296,231
Reported in other comprehensive income			
Actuarial gains (losses) arising from:			
Changes in financial assumptions		**(P 4,327,034)**	P 16,376,126
Experience adjustments		**3,470,637**	1,683,672
Changes in demographic assumptions		**692,451**	(56,607)
Return on plan assets (excluding amounts included in net interest expense)		**2,669,488**	(3,131,197)
		P 2,505,542	P 14,871,994

Current service cost is presented in the statements of profit or loss as part of Salary and Employee benefits under various expenses accounts.

The net interest expense is included in Other Expenses account in the statements of profit or loss (see Note 17.4).

Amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2019	2018
Discount rates	**4.96%**	8.06%
Expected rate of salary increases	**5.00%**	7.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. At the end of the reporting period, the average remaining working lives of an individual retiring at the age of 60 is 17.8 for both male and female.

These assumptions were developed by management with assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon rate government bond with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Foundation to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit post-employment obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. At the end of each reporting period, the plan is significantly composed of investment in debt securities and has relatively balanced investment in cash and cash equivalents and equity securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Foundation's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit post-employment obligation is calculated by reference to the best estimate of mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Foundation's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit post-employment obligation as of September 30, 2019 and 2018:

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2019			
Discount rate	+/- 1.0%	(P 4,664,094)	P 4,028,380
Salary growth rate	+/- 1.0%	4,614,866	(4,062,934)
2018			
Discount rate	+/- 1.0%	(P 4,682,954)	P 4,029,379
Salary growth rate	+/- 1.0%	4,265,225	(3,756,406)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To effectively manage the risks related to the retirement plan, the Foundation ensures that the investment positions are managed in accordance with its asset-liability matching strategy to ensure that long-term investments included in the plan assets are in line with the timing of the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Foundation actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of September 30, 2019 and 2018 consists of debt securities, although the Foundation also invests in equity securities, loans and holding cash and cash equivalents. The Foundation believes that equity securities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities. There has been no change in the Foundation's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

As of September 30, 2019, the plan is underfunded by P3,743,295 based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The Foundation has a plan to contribute a certain amount to the retirement plan in the next reporting period. Such amount will be determined by the management based on their ongoing study.

The maturity profile of undiscounted expected benefit payments from the plan for the next 10 years follows:

		2019		2018
Within one year	**P**	**1,194,935**	P	1,019,003
More than one year to five years		**5,512,333**		14,025,234
More than five years to ten years		**27,404,279**		17,601,282
	P	**34,111,547**	P	32,645,519

19. RELATED PARTY TRANSACTIONS

19.1 Key Management Personnel Compensation

The details of key management personnel compensation are as follows:

		2019		2018
Salaries and wages	**P**	**8,361,389**	P	8,072,859
Other short-term benefits		**2,120,737**		1,796,973
Post-employment defined benefit		**687,148**		1,059,583
	P	**11,169,274**	P	10,929,415

The amount of key management personnel compensation is presented as part of general operating expenses in the statements of profit or loss (see Note 17.3).

19.2 Retirement Plan

The Foundation's retirement fund for its defined benefit post-employment plan is administered and managed by a trustee bank. The fair value and composition of the plan assets as of September 30, 2019 and 2018 are presented in Note 18.2.

The post-employment plan allows its key management personnel to obtain interest-bearing loans and advances from the plan assets. As of September 30, 2019 and 2018, loans and advances to key management personnel amounted to P224,356 and P287,255, respectively (see Note 18.2).

On June 19, 2013, a related party under common management obtained an unsecured, interest-bearing loan amounting to P990,000 from the plan assets. The loan bears an interest of 6.26% per annum and will mature on March 21, 2022.

The retirement fund neither provides any guarantee or surety for any obligation of the Foundation nor its investments covered by any restrictions or liens.

20. INCOME TAX AND TAX EXEMPTION

20.1 Income Tax Exemption and Status

As disclosed in Note 1, the Foundation is exempt from income tax pursuant to Section 30(g) of the Tax Reform Act of 1997. However, income derived from its properties, real or personal, or from any of its activities conducted for profit regardless of the disposition made of such income, is subject to tax.

In July 2013, the BIR issued Revenue Memorandum Order (RMO) No. 20-2013 requiring corporations and associations enumerated under Section 30 of the NIRC, as amended, to file for Applications for Tax Exemption/Revalidation with the Revenue District Office where they are registered. The Foundation filed with the BIR in December 2013 the necessary requirements for the revalidation of its tax exemption in compliance with BIR RMO No. 20-2013. On October 1, 2018, the BIR issued the Foundation's Certificate of Tax Exemption renewable after its validity period of three years. The Foundation's exemption covers income tax on the following revenues and receipts:

1. Member's donations; and,
2. Grants and contributions

The Foundation is subject to income tax on all its income/receipts/revenues not expressly exempted and stated in the Certificate of Tax Exemption. Moreover, the Foundation is subject to the corresponding internal revenue taxes imposed under the NIRC on its income derived from any of its properties, real or personal, or any activity conducted for profit regardless of the disposition thereof.

20.2 Tax Expense

The components of current tax expense as reported in the statements of profit or loss for the years ended September 30 are as follows:

		2019		2018 [As Restated - see Note 2.1(b)]
MCIT at 2%	**P**	**96,305**	P	-
RCIT at 30%		**-**		3,149,532
Final tax at 20%, 15% and 7.5%		**1,413,834**		894,500
	P	**1,510,139**	P	4,044,032

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in statements of profit or loss follows:

		2019		2018 [As Restated - see Note 2.1(b)]
Tax on pretax profit at 30%	**P**	**2,291,204**	P	2,956,766
Adjustment for income subject to lower tax rate	**(**	**2,620,156)**	(	2,290,745)
Excess of MCIT over RCIT		**442,264**		-
		113,312		666,02
Tax effects of:				
Non-taxable income	**(**	**638,970,648)**	(	651,102,529)
Non-deductible expenses		**640,367,475**		654,480,540
	P	**1,510,539**	P	4,044,032

The Foundation is required to pay MCIT computed at 2% of gross income as defined under the tax regulations, or the RCIT, whichever is higher, on income arising from operations not covered by its tax exemption as a non-stock, non-profit corporation. The Foundation is liable for MCIT amounting to P96,305 for 2019 and RCIT amounting to P3,149,532 in 2018, on its taxable activities which are presented as Tax Expense in the statements of profit or loss. The Foundation was subjected to MCIT in 2019 since the Company is in a taxable loss position. As a result, the Foundation recognized a NOLCO amounting to P1,153,197 which can be claimed as deduction from future taxable income within three years from 2019.

The Foundation claimed the itemized deductions in computing for its income tax due on its taxable activities.

In 2018, the Foundation applied all its creditable withholding taxes amounting to P965,562, against the RCIT. No similar transaction in 2019.

21. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies relating to the operations of the Foundation:

21.1 Agreement with Department of Finance (DOF)

In September 1989, the United States Agency for International Development (USAID) and the Foundation entered into a grant agreement for the SMEC project pursuant to which USAID agreed to provide funds to IFIs for lending to small and medium scale enterprises located outside of the National Capital Region. The SMEC Project included a grant credit component amounting to US$12,000,000 or P286,870,000,000, and a research and policy analysis component and a training and loan development component amounting to US$1,000,000.

A trust fund, managed by the Development Bank of the Philippines, was established for purposes of this facility. The DOF, representing the ROP as beneficiary of the funds, assumed control and ownership over the SMEC fund after the grant expired on December 31, 1992. The DOF has approved the implementation of the SMEC Project until September 30, 2019. A Project Implementation Committee composed of private and public sector representatives (of which the DOF is a member) oversees this SMEC project. The Foundation has no remittances for the years ended September 30, 2019 and 2018.

For implementing the SMEC project, the DOF compensates the Foundation by way of a management fee of 1.75% of the principal amount disbursed from the Liquidity Facility Fund, effective October 1, 2000. The Foundation earned management fees amounting to P4,515,625 and P2,625,000 in 2019 and 2018, respectively, which are presented as part of Income from Small Enterprise Facility Trust Fund account in the statements of profit or loss (see note 9.1).

The breakdown of the total assets managed by the Foundation on behalf of DOF as beneficiary of the SMEC fund which are not recognized as part of the Foundation's assets is shown below.

		2019		2018
Cash and cash equivalents	**P**	**151,098,953**	P	68,224,287
Loans and other receivables - net		**135,781,500**		219,011,559
	P	**286,880,453**	P	287,235,846

21.2 Operating Lease Commitment – Foundation as Lessor

The Foundation has a lease agreement with HPCI covering the lease of two parcels of land with remaining term of 6 years up to 2025 based on the leaseback option of the original term of the agreement which HPCI has exercised (see Note 11). The lease agreement, treated as operating lease, provides for annual rentals to be paid by HPCI to the Foundation, based on percentages ranging from 1.6% to 3.4% of the fair market value of the leased properties amounting to P1,145,161 at the inception of the lease. Moreover, the lease agreement also stipulates that, should the fair market value of the leased property during the extended period be higher than that of the original value at the inception of the lease, the rental should be adjusted based on the higher fair market value using the original stipulated rate, provided that the annual rental will not exceed 25% of the amount of rental for the said years.

On July 31, 2017, a certain portion of the land held for lease was sold to the lessor. Consequently, the lease agreement was amended by both parties (see Note 11). Rental income recognized from the properties amounted to P26,000 and P45,255 in 2019 and 2018, respectively (see Note 16.2).

The future minimum rental receivables under this operating lease as of September 30, 2019 and 2018, are as follows:

		2019		2018
Within one year	**P**	**37,603**	P	37,603
More than one year but not more than five years		**150,412**		150,412
More than five years		**37,603**		75,206
	P	**225,618**	P	263,221

21.3 Operating Lease Commitment – Foundation as Lessee

The Foundation entered into lease agreements for the lease of its regional office spaces in Davao and Cebu for a period of 3 and 5 years, respectively. In September 15, 2019, the Foundation entered into a lease agreement for the lease of its new head office in Mandaluyong City for a period of 5 years. Both leases have annual escalation rate of 5%. The future minimum rentals payable under these operating leases as of September 30 are as follows:

		2019		2018
Within one year	**P**	**6,275,815**	P	1,531,069
More than one year but not more than five years		**23,233,037**		5,365,812
	P	**29,508,852**	P	6,896,881

Total rentals from these operating leases amounted to P2,007,995 and P1,704,365 in 2019 and 2018, respectively, and is presented as Rental under Project Development and Monitoring Expenses account (see Note 17.2). Refundable security deposits related to these operating leases are presented as part of Other Non-current Assets account in the statements of financial position (see Note 12).

21.4 General

In the normal course of the Foundation's operations and undertakings, it makes various commitments and incurs certain contingent liabilities that are not reflected in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the financial statements.

22. FUND MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The general objective of the Foundation's fund management is the preservation of the fund balance and to work towards its growth so that the imperatives of development work can be sustained.

The Foundation manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Foundation's goal in fund management is to ensure the long-term continuity of the fund and its services through the following undertakings:

a. Investing the fund in high yielding, low risk instruments;
b. Calibrating disbursements for Foundation operations and assistance to partners to the amount of funds readily available; and,
c. Limiting operating expenses to a maximum of 12% to 15% of total support and income and 12% to 15% against total expenditures.

The Foundation has complied with its undertakings. The operating-expense-to-total-support-and-income and operating-expense-to-total-expenditures ratios are both 5% and 5% in 2019 and 2018, respectively.

23. EVENTS AFTER THE REPORTING PERIOD

On November 21, 2019, the Board approved management's proposal to implement a Manpower Reduction Program (MRP). The MRP covers various employees affected by management's determination of the appropriate operational support services needed for PBSP to efficiently carry out its various programs for poverty reduction. The employment of affected employees will end by January 31, 2020.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page is the supplementary information which is required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output Value-added Tax (VAT)

In 2019, the Foundation declared output VAT amounting to P807,261 based on the total vatable revenues from rendering of services amounting to P6,727,178 reported as part of Other Income account in the 2019 statement of profit or loss. The Foundation also declared output VAT amounting to P1,426,767 from the receipts pertaining to the sale of investment property. The tax bases for rendering of services are based on the Foundation's gross receipts for the year, hence, may not be the same as the amounts reported in the 2019 statement of profit or loss.

As discussed in Note 20.1, the Foundation, as a non-stock and non-profit corporation, is exempt from paying VAT on receipts of grants and contributions and donations along with its income tax exemption pursuant to Section 30(g) of the Tax Reform Act of 1997, as amended by RA No. 8424.

Output VAT declared during the year were set off against the Foundation's available input VAT on purchases of goods and services.

(b) Input VAT

The movements in input VAT in 2019 are summarized below.

Balance at beginning of year	P	20,164,487
Services lodged under other accounts		5,126
Goods other than for resale or manufacture		12,846
Applied against output VAT	(	188,417)
Input VAT written-off	(	19,994,042)
Balance at end of year	P	-

(c) Taxes on Importation

In 2019, the Foundation did not have customs duties and tariff fees paid on importation as there were no importations made during the year.

(d) Excise Tax

The Foundation did not have any transactions in 2019 which are subject to excise tax.

(e) Documentary Stamp Tax

The Foundation did not incur any documentary stamp taxes in 2019 as it did not execute any documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, and any right or property hereunto during the year.

(f) Taxes and Licenses

The details of taxes and licenses for the year ended September 30, 2019 follow:

	Note		
Real property taxes	11	P	1,431,964
Municipal licenses and permits			101,741
Annual registration fees			91,039
Miscellaneous			15,256
		P	**1,640,000**

The amounts of taxes and licenses are allocated as follows:

	Notes		
General operating expenses	17.3	P	1,620,485
Project development monitoring expenses	17.2		19,515
		P	**1,640,000**

(g) Withholding Taxes

The details of total withholding taxes for the year ended September 30, 2019 are shown below.

Compensation and employee benefits	P	10,174,751
Expanded		11,831,516
Fringe benefits		3,231
	P	**22,009,498**

The Foundation does not have any transactions subject to final withholding taxes in 2019.

(h) Deficiency Tax Assessments and Tax Cases

As of September 30, 2019, the Foundation does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or other bodies outside of the BIR in any of the open taxable years.

SCHEDULE OF TOP 20 DONORS ON THE BASIS OF RESTRICTED FUNDS RECEIVED

FOR THE YEAR ENDED SEPTEMBER 30, 2019 | *Amounts in Philippine Pesos*

	Donors	Project Name	Funds Received this Year	Grants Expenses this Year	Deferred Support as of September 30, 2019	Amount Approved by Donors
1	The Global Fund	Advancing Client-Centered Care and Expanding Sustainable Services for TB (ACCESS TB) Project	P 1,929,410,028.62	P 1,758,225,761.74	P 565,241,053.05	P 6,164,282,124.00
2	Oxfam GB	Improving the Availability of Reproductive Health Services in the ARMM (ARCHES)	19,848,785.34	33,337,129.60	568,085.92	97,527,311.44
		Creating Spaces to Take Action Against Women and Girls in Lanao Del Sur and Maguindanao				
3	COCA-COLA Foundation Atlanta	Potable Water for Coca-Cola Little Red Schoolhouses Project (Water-LRS)	18,671,939.49	10,297,317.78	31,525,073.82	51,444,542.60
4	PLDT, Inc.	PLDT Balik Baterya Classroom Construction Project for Pula E	12,964,762.52	1,718,230.10	11,197,414.42	12,732,362.52
		PLDT Balik Baterya Support for Women Sewers Project				
		PLDT Disaster Preparedness and Response Initiative				
		PLDT Support to Marikina Watershed Year 2				
		Provision of Computer Laboratory for Butig National High School, Butig, Lanao del Sur				
		Recovery Assistance to Itbayat, Batanes				
		Sa Pagbasa, May Pag-asa				
		12th Olango Challenge				
		PBSP Marikina Watershed Family Fun Run Year 2				
5	International Rescue Committee	Typhoon Mangkhut (Ompong) Response Assistance	11,238,089.15	11,185,617.99	-	11,400,264.00
6	Accenture, Inc.	Recovery Assistance for Caaoacan High School	7,516,149.00	6,547,133.27	9,559,365.08	8,253,181.00
		Grants for Virtualahan 2019				
		Accenture-2019 TREES Project				
		Accenture Support to La Mesa Watershed Year 2				
		Accenture - Employee Volunteering Ready for School 2019 VRC				
		Accenture Community Day Assistance for Schools in Ilocos Norte				
		Accenture: Near Hire Training Year 5 - 2019 Part 2				
		Accenture Skills to Succeed (S2S) Academy				
		Grant Management for Virtualahan in Cebu 2019				
		Sa Pagbasa, May Pag-asa				
7	The Siam Cement PLC	SCG Sharing the Dream 2019	7,238,361.83	5,606,245.44	5,756,724.43	7,238,361.83
8	ICTSI Foundation, Inc.	ICTSI Parola Livelihood Intervention Project Year 2	6,187,367.50	5,749,721.99	6,946,358.76	7,140,749.83
		ICTSI Parola SWM Project Year 6				
		My Reading Nook Project in Sta. Cruz Elementary School, Tagoloan, Misamis Oriental				
9	Philippine Business for Education, Inc.	PBED - Grant Management for PBED STEP UP Project	5,822,703.38	12,292,689.42	3,965,322.67	163,210,732.81
10	Aboitiz Foundation, Inc.	AEV Adopt a Watershed Project: UMRBPL	5,367,384.00	4,566,015.13	1,354,759.75	23,769,074.65
		AFI-Tree Planting Project				
		12th Olango Challenge				
11	QBE Group Shared Services Centre	QBE Insurance Supplemental Feeding Program for Bagong Lipunan Elementary School 2018	4,709,508.52	1,354,999.55	3,528,905.43	5,351,420.24
		QBE Insurance Infra Assistance to Feeding Program-Bagong ES				
		QBE Supplemental Feedingfor Ricardo P. Elementary School				
		The QBE Insurance Innovation Room for Bagong Lipunan Elementary School				
		QBE Employee Volunteering Ready for School 2019-Bagong Lipunan Elementary School				
12	Dow Chemical Pacific Ltd.	Dow Green & Advanced Sports Surface Solutions Project	4,556,711.68	39,127.28	5,451,353.95	4,550,193.37
		Dow Chem Philippines - Support to Tisa National High School				
13	FHI360	FHI - TB Innovations and Health System Strengthening Project	4,343,569.62	4,389,594.72	-	13,116,923.00
		TB Innovations and Health System Strengthening: TB in the Work Place Phase 2				

	Donors	Project Name	Funds Received this Year	Grants Expenses this Year	Deferred Support as of September 30, 2019	Amount Approved by Donors
14	Fluor Daniel, Inc. (Philippines)	FDPI-Support to Tipolo Fire Victims	4,264,149.41	4,594,596.83	6,240,273.26	7,091,594.55
		Fluor Daniel - Trees Project				
		Fluor Daniel- 2018 Trees Project				
		Fluor Daniel Assistance to TD Usman affected community				
		Fluor Daniel Inc., Philippines Employee Volunteering Ready for School				
		Fluor Daniel Inc., Philippines Engineering Week 2019 (VRC)				
		Fluor Daniel Inc., Philippines Trolley Backpack And School Supplies				
		Fluor Daniel Inc.., UP DMMME Lecture Room Renovation Project				
		Fluor Daniel- PWS Project				
		Fluor Daniel- PWS Project In Buhisan				
		Fluor Daniel Support To La Mesa Watershed Year 2				
		Fluor Daniel Support to Marikina Watershed Year 2				
		Fluor Daniel-2019 Trees Project				
		Fluor Daniel-Coastal Cleanup				
		Fluor Engineering Week 2019 - Luzon				
		Fluor Ready for School 2019 - Luzon				
		Fluor School Supplies Project 2019 - Luzon				
		Recovery Assistance for Cagayan Municipalities				
15	Smart Communications, Inc.	SMART Communications School In A Bag & Technocart Project	4,278,376.97	2,761,539.74	2,843,143.03	11,128,422.06
		SMART Support to Biodiversirty Restoration (Carranglan, NE)				
		SMART Greening the Environment Project				
16	Mercury Drug Foundation, Inc.	Mercury Drug Foundation, Inc Operation: Patubig-Ocampo, CS	3,636,366.38	1,521,276.81	3,084,524.48	6,004,553.01
		Mercury Drug Foundation, Inc Operation-Patubig: Aborlan, Palawan				
		Mercury Drug Operation Patubig in Buhisan				
		Mercury Drug Foundation WaterSystem-Sitio Man-ohay Bukidnon				
		MDFI Operation Patubig: Tanay, Rizal				
		MDFI Operation Patubig: Pakiing, Mulanay, Quezon				
		Mecury Drug-OPT Brgy Bayongan				
17	Coca-cola Foundation (Philippines), Inc.	Coca-Cola Little Red Schoolhouse Project for Mapandi ES, Marawi	3,566,300.00	11,130,799.40	7,174,338.25	19,664,888.00
		Coca-Cola Senior High School Program				
18	Standard Chartered Bank	Standard Chartered Bank Project Linaw sa Pateros	3,370,720.00	2,909,022.74	2,727,889.67	4,960,921.00
		SCB - Padyak Pangarap, Serbisyong Siquijodnon				
		Standard Chartered Bank Bikes for Progress				
		SCB- Livelihood and Education for Agri-Aqua Development				
		SCB- Livelihood and Education for Agri-Aqua Development 2				
19	Asalus Corporation (Intellicare)	Intellicare Caring for the Environment Program 2018	3,300,085.00	2,614,125.76	2,369,039.33	4,424,967.50
		Asalus/ Intellicare Support to the Marikina Watershed Project Year 2				
		Asalus - Intellicare Safe Motherhood				
		2019 Intellicare Caring for Environment Program				
		Ready for School 2019 - Luzon				
		Ready for School 2019 Mindanao				
		Intellicare Ready For School 2019 - VRC				
20	Petron Corporation	Petron Tulong Aral High School Scholarship Program Year 11	3,111,463.00	3,322,993.47	1,180,480.59	6,634,596.11

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Marixi R. Prieto
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First Philippine Holdings
Corporation

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TRUSTEE
Country Chairman
Shell Companies in the Philippines

Manolito T. Tayag
TRUSTEE
Country Managing Director
Accenture Philippines, Inc.

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Vice Chairman	**Ramon R. del Rosario, Jr.**
President	**Br. Armin A. Luistro FSC**
Treasurer	**Pedro O. Roxas**
Corporate Secretary and Compliance Officer	**Wilfredo U. Villanueva**

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Human Resource and Retirement Committee	**Aileen J. Jiao** **Xavier Aboitiz** **J. Carlitos G. Cruz**

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Visayas Regional Committee	**Jose Antonio Y. Aboitiz**
Mindanao Regional Committee	**Miguel Rene A. Dominguez**
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Education Program Committee	**Ramon R. del Rosario, Jr.** **Cecilio K. Pedro**
Environment Program Committee	**Francis Giles B. Puno**
Livelihood and Enterprise Development Committee	**Doris Magsaysay-Ho**

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Br. Armin A. Luistro FSC

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Reynaldo Antonio D. Laguda

Senior Executive Assistant
Zyra Manelle C. Uy

Senior Policy And Planning Officer
Jose Dones P. Andal

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Senior Program Officer
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Communications Officer
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Project Officer
Chaiz Alliana A. Concepcion

Data Officer
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OFFICE OF THE DIRECTOR FOR OPERATIONS

Operations Director
Elvin Ivan Y . Uy

Finance and Contract Officer
Armi R. Sollestre

Technical Specialist
Maricar B. Canlas

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Juvy V. Domingo

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Joseph Pancratius T. Pelaez

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Ma. Bella E. Esmeralda
Jacinto Joseph M. Mateo
Rommel C. De Jesus
Leizel Jane P. Espineli
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Lourdes B. Magno

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Eleonor D. David

Finance Associate
Alex A. Namoro

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Rowena D. Rivera

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Erwin C. Ayalde

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Cristito A. Estrellado

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Lalaine O. De Leon
Lelanie B. Gallo

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Glenn C. Custodio

Company Nurse
Carlos L. Baldovino II

HR Associate
Joyce Anne R. Amboy

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Audit Officer
Kimberly Anne M. Viloria

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Robert V. Daradar Jr.

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Michael Omar S. Carreon
Jopher G. Lastrilla

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GSU Manager
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Construction Manager
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Water System Engineer
Rogelio G. Magadia

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Lynette B. Ferraren
Vicente M. Perez, Jr.
Dante A. Casiller

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Technical Specialist (GSU-CRTD)
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Michael O. Ortiz-B
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Glen G. Genobes
Wilson S. Deang
David T. Gonzales

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Monette C. Varona
Nicole Dominique Audrey F. Dungo

YOUR PBSP TEAM

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Alphipany G. Roque
Zyron T. Taclob
Mareon S. Villegas
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Samsudin S. Buayan
Ave C. Repoquit

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Elmarie E. Garso

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Dennis Alcy L. Ellorimo

Relationship Management Officer
Rizalyn C. Bustalino

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Carmela S. Belonio
Mae Pearl B. Aba
Judielyn N. Morales
Judelyn O. Peñanueva
Kharis M. Sumaguina
Mae J. Cervantes
Sarah Mae A. Paguital

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Leah T. Rosete

Finance Specialist
Ivy May A. Conde

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Putli Kimril Munil U. Laja
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Naseeha M. Omar
Joelaida J. Tayuan
Karen J. Teodoro

CO Team Leaders
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Aliah A. Mandoc
Wanfatma O.Marrack
Almajid H. Mundok

Community Organizers
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Ibrahim C. Bagel
Warkin J. Baruela
Kahar P. Benito
Nherza T. Ismael
Mary Jane M. Ladjahasan
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Husna K. Mahmud
Sarah D. Panotolan
Naima T. Saluwang
Nobaisah G. Sunggod
Normalah B. Taher
Mercibel R. Tanjil
Rasheed A. Tikmasan
Mohammedin M. Tungao
Nagder L. Idris
Sapiyah M. Abdulmoin

SRH Nurses
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Aihan Zader M. Idris
J Philip Ruben A. Pioquinto
Hamida D. Menor
Sittie Hannan P. Magintao
Aisha M. Lomondot
Johainah D. Esmael
Jurfaida B. Abubakar

Finance and Administrative Associates
Marjum H. Omar
Raimalyn A. Hassan

Finance and Admin Assistants
Abdul Mohaimen M. Laguindab
Nashra S. Hadjula
Raquel G. Eskak

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Rowena M. Cañete

Team Leader/ Program Manager
Francisco T. Ogsimer Jr.

Senior Program Officers
Jonathan A. Nebril
Jaime Renz P. Resurreccion
Catherine Jane P. Gutierrez

Administrative and Logistics Officer
Eleanor P. Baldonado

Administrative Associate
Sheryl B. Balistoy

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PMO Director
Marylin B. Muncada

Manager
Rommel M. Gonzales

Senior Staff Assistant
Genelyn T. De Peralta

Administrative Associate
Esper P. Cruz

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Rochellezita R. Bantigue

Coordinator for Water Alliance Secretariat
Erwin N. Sarmiento

Program Officer
Edward J. Evaristo

Water Alliance Staff
Fatima Angelique T. Villamor

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Senior Account Officer
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Senior Program Officers
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Gerald Caezar B. Ilaya

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Arnyl G. Araneta

Account Coordinator (DOTS/TB HIV)
Ronald C. Matitu

Aiders Coordinator
Jerome P. Triñona

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Tonette P. Aparente
Emerald S. Amurao

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Dan Mikhael D. Gahol
Marlex Jorome M. Nuguid
Albert Noel C. Ordoñez
Roy Jason B. Roxas
Syrus S. Silvestre

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Joey S. Cabanalan
Mark Darren F. Cacanindin
Adrian Jerel S. De Leon
Jonel P. Terana
Bernardette Ann C. Tungbaban

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Rebecca O. Dado
Jennie Cyrill D. Delmoro
Evelyn G. Fajardo
Marie Roderyne M. Mojica

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Shayne V. Caseria
Elliza Angelica W. Collantes
May S. Garcia
Jona Ross M. Grefaldeo
Alvin Dc. Javillonar
Cecile Joy G. Lagas
Roy Arnold S. Laxamana
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Lea Ann Heather L. Magana
Katrina A. Manlapaz
Uzziel B. Marfil

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Maria Michella P. Rabara
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Jacklyn Michelle C. Torres
Charlotte B. Tropa
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Ronald N. Villamora

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Jennifer M. Santos

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Dorisa B. Banawa
Michael M. Cagaoan
Randolf P. Palomique
Ramoncito Abraham M. Samson

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Jena Camille S. Awa

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Alfie G. Matalubos

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Angeli Mariz B. Salayon

Treasury Officer
Concepcion D. Metran

Finance and Enablers Officer
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Project Officer
Maria Theresa I. Ladero

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John Delfin C. Bugna
Wilda F. Fajardo
Therese Marie L. Navoa
Maricel G. Talay

Mobile Clinic Radiologic Technicians
Jamilah E. Garcia
Agnes Joan A. Mendoza
Fritz O. Partuza
Rhogie Ross James P. Rosimo
Jonell Joy V. Vales

Administrative Specialist
Luis C. Hobayan

Compliance Finance Specialist
Marlyn Grace T. Gabutin

Finance Specialists
Eralyn V. Balasoto
Jennalyn Marie F. Larioza
Armando S. Navalta, Jr.
Ana Marie M. Prado
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