KALIPAY
NEGRENSE FOUNDATION

# ANNUAL REPORT
# 2018

### Opening of Healing Clinic

March 2017 - Kalipay opened its very own healing clinic. The clinic takes care of the psychological needs of the children in both Haven Home and Recovered Treasures. Kalipay has one full time psychologist that does the assessment and recommendations for the children.

### Partnership with UST Angelicum

May 12, 2018 - Kalipay Negrense Foundation has started the REAP program of UST - Angelicum. REAP, which stands for Re-entry Education Agenda for the Poor, was established by Angelicum College. Through this partnership with UST Angelicum College, 65 children in Kalipay are being provided access to quality Dominican education.

### Kalipay Learning Center

May 7, 2016 - Kalipay Learning Center is an educational facility within the compound of Recovered Treasures. It offers academic programs from Kindergarten to Junior High School to children of Kalipay Negrense Foundation. It was inaugurated in an intimate ceremony with the donors (Rosario Ortoll and Jorge Ortoll), supporters and friends. The event included the unveiling of a marker stating that the school was built in memory of the mother of the donors, Concepcion Z. Ortoll.

### Heaven Sent

September 12, 2014 - Kalipay opened its doors to angels after seeing the urgent need to rescue babies. This is in line with the vision to give every child the opportunity to live in a caring and safe environment, to start right from the very first stage of life.

### Recovered Treasures and Haven

August 22, 2011 – Christ Central Ministries of the Philippines Inc. through its President, Threasa M. Hysell , turned over the operation and management of Recovered Treasures to Kalipay Negrense Foundation Inc.

Sept 5, 2011 - Haven Christian Ministries, Visayas, Inc. turned over the operations and management of Haven Home to Kalipay.

### Hope Alberto Balcells Village

A total of 29 houses, six classrooms, and a community clinic were built in honor of Alberto Balcells through the effort of Anna Balcells in partnership with Gawad Kalinga in Barangay Kabatangan in Talisay City.

KALIPAY

11 Years of bringing joy to disadvantaged children

2007 - 2018

# History

2018

2017

2016

2015

2014

2013

2012

2011

2010

2009

2008

2007

2006

### PCNC Accreditation

February 26, 2016 - Kalipay was granted accreditation by the Philippine Council for NGO Certification (PCNC) after careful scrutiny and verification as to its compliance with the standards of good governance, management and accountability. Only those NGOs certified by PCNC would receive the status of donee institution, and donations to these certified donee institutions can be deducted from the donor's income tax.

### Kalipay Village

In November 2013 when typhoon Haiyan hit the Philippines, it claimed thousands of lives and displaced even more - without homes, and means of survival. To date, 270 residents of Lakawon Island, Cadiz City have been provided new homes and new means of livelihood through the efforts of Kalipay and partner organizations such as the International Labour Organization, the local government unit, Gawad Kalinga and Tear Fund Foundation.

### DSWD License and Registration

July 7, 2010 - Kalipay formally received its Certificate of Registration and License to Operate from the Department of Social Welfare and Development during the ABSNET-Negros quarterly meeting held in Nature's Village, Talisay.

### Founding of Kalipay

June 28, 2007 - Kalipay was registered and approved by the Securities and Exchange Commission with the following incorporators and Board of Trustees: Anna Balcells (President), John Gayoso (Vice President), Sylvia Campos (Corporate Secretary), Eloisa Jison (Treasurer), Elaine Eleazar (Trustee), Belinda Tanpinco (Trustee) and Atty. Jose Torres (Trustee).

KALIPAY
NEGRENSE FOUNDATION

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# ANNUAL REPORT 2018

**Kalipay Negrense Foundation, Inc.** is a non-profit foundation working for the causes of disadvantaged children - the homeless, abandoned, neglected, malnourished, physically and sexually abused, victims of child labor and trafficking, foundlings. Kalipay hopes to break the cycle of hopelessness in the children's lives by introducing them to education, providing shelter, health care and counseling.

# Our Mission

We provide fun, healthy, loving homes and support communities where children are empowered and their needs and rights are protected.

# Our Vision

A world where children enjoy their right to a brighter tomorrow.

# Goals

- Deliver wholistic services that promote caring, healing and teaching to Kalipay beneficiaries.
- Develop empowered children with good moral values who will become independent, productive, socially responsible adults.
- Nurture a culture of excellence and fellowship among staff, volunteers, management and the board of trustees in the performance of their duties.
- Achieve a financially stable Kalipay.
- Transform every member of society into a children's rights champion.

# Core Values

No child should be on the streets.

No child should be hungry.

No child should be denied education.

No child should be subjected to violence.

Kalipay kids enjoying play time in Recovered Treasures, A Kalipay Home, in Bago City.



# Message from the President

*Dear Friends,*

*The entire Kalipay family is pleased to share that 2018 came out to be very productive and rewarding despite all the adversities. For years we have been rescuing children out of horrifying incidents of abuse and, as expected, in 2018 the number of children we rescued went up again, as it has been increasing every single year. It would seem, the more we help, the more children need saving. We could have easily lost hope, but we cannot let another life live in despair just because our budgets are limited. And so, we run to you, we cry to you, and we continue to hope that child abuse of all sorts will be ended, sooner than later.*

*Our children are living testimonies of miracles. Every day we witness how disadvantaged children are showered with love and care by our conscientious and dedicated team. The Board of Trustees, home managers, home parents, social workers, psychologists, and staff are selflessly working to help these broken children arise out of their worst nightmares.*

*Every story written in this annual report reflects a moment of unwavering and devoted kindness; reminding and giving us hope of positive change, not only for the children but for the whole community, here and abroad. The 29 volunteers we had this year from Spain, Germany, France, Sweden, Australia, Argentina, Switzerland, South Africa, and the Philippines are proof of the help and support we received from around the world. At the apex of that list are the countless generous corporations, groups, and individuals, like yourselves, who patiently and diligently expressed concern and love for the children of Kalipay. Your gifts of means and sustenance, knowledge and clothing, laughter and hugs allowed our children to go over humps of an oftentimes cruel existence. And they give us good reason to carry on with our noble mission. From the bottom of my heart, "madamo nga salamat"—thank you very much.*

*Finally, as Kalipay affirms its advocacy towards protecting the rights of disadvantaged children, may I invite you once again to be a part of our journey in 2019. Our children need you.*

**ANNA C. BALCELLS**
*Founder and President*
Kalipay Negrense Foundation, Inc.

# Board of Trustees

**Anna C. Balcells**
**Founder and President**

**Ginnette Y. Dumancas**
**Vice President**

**John I. Gayoso**
**Treasurer**

**Gigi M. Campos**
**Corporate Secretary**

**Alan S. Gensoli**
**Trustee**

**Dr. Ana Macasa-Sanson**
**Trustee**

**Belinda U. Tanpinco**
**Trustee**

**Atty. Juliana B. Carbon**
**Trustee**

**Cookie A. Montenegro**
**Trustee**



## Admin Team

**Meliton E. Sillador Jr.**
Executive Director

**Ligaya C. Abelarde**
Admin and Finance Manager

**Aileen Joy F. Pelongco**
Communications Manager

**Adelita C. Lemay**
Head of Social Services

**Swenly Coleen V. Sotelo**
Development Officer

**Divina D. Castillano**
Admin/Finance Assistant

**Cris B. Pulmones**
Admin Assistant

# Officers

Admin Team

Recovered Treasures Home

Haven Home

## Home Management Team

### Recovered Treasures Home

**Johanna C. Daroy**
**Rey Ablero**
Home Managers

Social Workers:
**Gelime A. Lumawag**
**Reshelle Aringa**
**Rosie Jane Britanico**
**Clarence L. Padillo**

Teachers:
**Jed Garlin M. Ambong**
**Josephine C. Aquino**
**Mayette S. Mijares**
**Joenabelle B. Porden**
**Cheryl P. Tuazon**
**Menesis Panizales**

Senior Home Parents:
**Nemia N. Milendez**
**Joel C. Arabelo**

Home Parents:
**Cecilia R. Delgado**
**Charmaine Javelona**
**Jenely P. Kilitar**
**Lovelyn R. Pangcobilia**
**Franklin C. Pastor**
**Gregory B. Balasabas**
**Erwin F. Villa**
**Santos R. Nemis, Jr.**
**Alma Siason**
**Rudy Malijan**
**Checil Maravilla**
**Nancy Cagalawan**
**Mellon Militar**

Cooks:
**Regie S. Plomeda**
**Myrna F. Taparano**

Laundrywoman
**Hilda T. Dolvio**

Drivers
**Gerald E. Perez**
**Felipe Cabugason**

### Haven Home

**Jade Limsiaco**
Home Manager

Psychologist
**Isabel Victoria L. Coscolluela**

Social Worker:
**Michelle Belleza**

Early Childhood Educator
**Ma. Donna Buison-Barros**

Senior Home Parent
**Jenelie S. Juros**

Home Parents:
**Shareen T. Morales**
**Jenrel Palpara**
**Lagrimas Prado**
**Roxan D. Puyong**
**Mary Jean N. Vislenio**
**Kristel V. Deruvio**
**Mary Ana Mae Namia**
**Jogie Mabag**
**Aireen Palencia**
**May Ann Lumawag**

Cook:
**Evelyn N. Caballero**

Driver/Maintenance:
**Jonathan C. Tuazon**

# Programs

## Recovered Treasures Home

Recovered Treasures Home is a residential care facility that caters to children ranging from ages four years old and above. The home is located in Bago City. The home staff implements the basic components of residential care namely home life, medical and dental, social services, and education.

## Kalipay Learning Center

Kalipay Learning Center is located at Recovered Treasures in Bago City. Through its partnership with UST - Angelicum College, it adopts the UST – Angelicum College Reentry Education Agenda for the Poor curriculum. This program makes use of a modular approach for learners studying and learning at their own pace.

## Haven Home

Haven  Home serves as the home for newly rescued children between zero to six years old. Haven Home also provides the fundamental components to assist every child with his or her specific needs which also includes early childhood education.

## Independent Living Program (ILP)

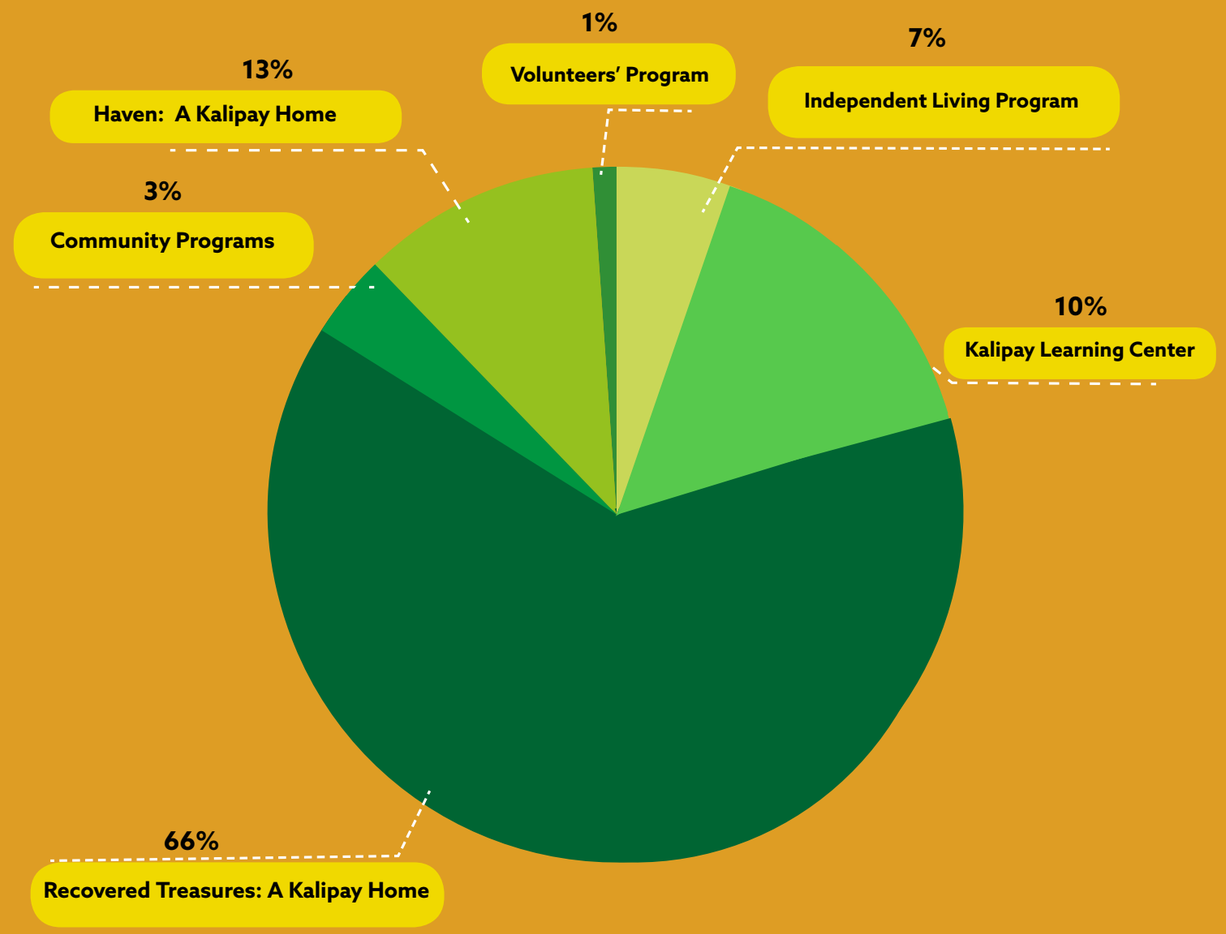
This program caters to Kalipay's young adults, those who graduated from high school, now ready to proceed to higher education (Senior High or College). They are prepared for reintegration to society and independent living.

## Volunteers Program

Volunteers are seen as local and international partners in Kalipay's vision of providing for the needs of disadvantaged children and protecting their rights. The services that they render create a good impact on the development of the children and they, in turn, are given unique, life-changing experiences.



# Fund Utilization

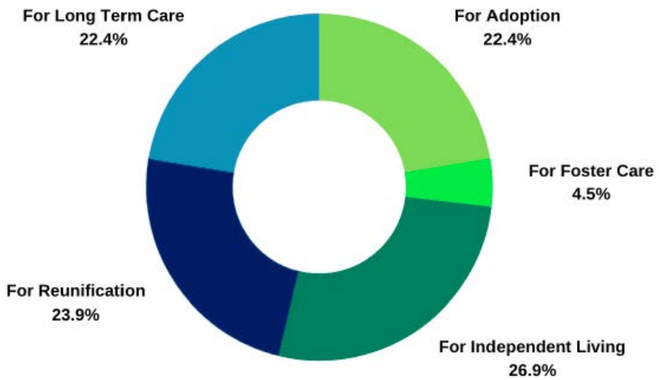



**TOTAL PROGRAM EXPENSE:**

P 16,487,692

# Recovered Treasures Home

***Recovered Treasures is a children's residential home located in a tranquil area in Bago City, province of Negros Occidental. "RT", as it is warmly called, houses kids aged from 6 to 20 years, rescued from sexual and physical abuse, abandonment, malnourishment, child trafficking, child labor, cyber pornography, and those who have been orphaned.***




Here, the survivors of traumatic pasts are nourished and developed in the hope of restoring them to their rightful place as productive citizens of the land, along the way enjoying their rights as children, and empowered to attain a better life.

The children grow in a home-like setting where devoted and hardworking home parents take care of them 24/7, complemented with home managers, resident psychologist, a team of social workers, home staff, and security guards who ensure their safety and security. A critical aspect of a child's holistic development is education. Inside RT, one finds Kalipay Learning Center.

With RT's upcoming restoration and repair, Kalipay will be ready to rescue, nurture, and protect more disadvantaged children.

## Recovered Treasures Activities

Solenn Heussaff visits Recovered Treasures.

Recovered Treasures kids participating in Zumba exercises.

The little ones enjoying play time in Recovered Treasures.

Kalipay kids and volunteers playing soccer during the volunteers' sportsfest.

Kuh Ledesma giving an inspirational message to our children in Recovered Treasures.

RT kids performing a special dance number for guests.

Our children with home parent, Nanay Nemia, unboxing donations.

# Kalipay Learning Center

***In August 2018, our Kalipay children have adopted the Re-Entry Education Agenda for the Poor or REAP educational system in partnership with the University of Santo Tomas – Angelicum College. It was originally called " Home Study Program for the Poor."***

REAP was created with the vision of helping those who are not able to utilize the traditional learning system. It caters to out-of-school children, youth, and adults who are motivated towards completing their primary and secondary education.

This program makes use of a modular approach so that learners may work at their own pace.

This kind of educational system is greatly appreciated by our Kalipay children since REAP is non-conventional; learners can move between levels at their own pace so long as they meet the requirements and show mastery of the modules. Progress and mastery are measured through achievement tests.

For Academic Year 2018-2019, we had 65 students who were enrolled in REAP's – University of Santo Tomas – Angelicum College Kalipay Learning Center.

Under the REAP Program, with emphasis on learning, students can complete their basic education without the need to attend class regularly. It observes and follows to the non-graded system of UST Angelicum with its eleven continuous years of schooling.

## Kalipay Learning Center Activities

Kalipay partners with UST Angelicum College to launch REAP for Kalipay Learning Center.

(L-R) Kalipay Executive Director Mhel Sillador, Jr., UST-Angelicum President Rev. Fr. Ferdinand L. Bautista, O.P., Kalipay Founder and President Anna C. Balcells. UST - Angelicum Director of Spiritual Affairs Rev. Fr. Raymund Fernando P. Jose, O.P., and Principal Irene Gopez.

Kalipay Home Manager Johanna and Teacher Cheryl, conducting a lesson about children's rights.

Kalipay kids listening to children's rights discussion.

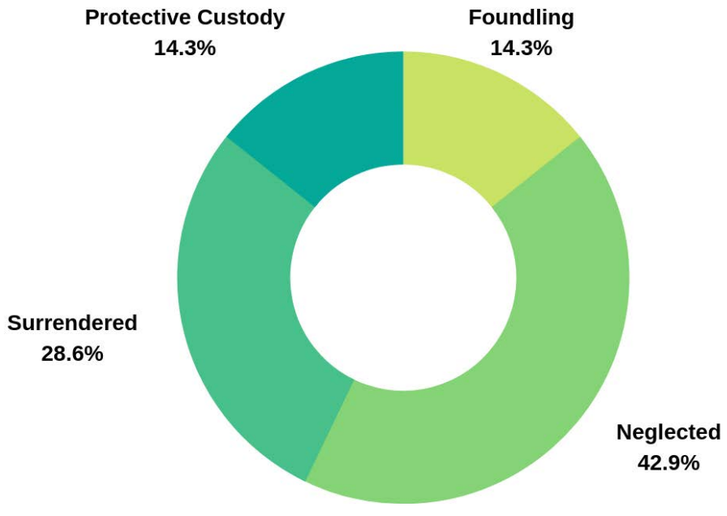
Kalipay teachers attending seminar about REAP program with partner UST Angelicum.

Kalipay kids during a group activity conducted by Teacher Josephine.

# Haven Home

***HAVEN HOME, located in Bacolod City, is our shelter for the newly rescued children from infants to six years old. We provide the fundamental components of care and education to assist every child in their development.***

Haven Home is the sanctuary of our children aged zero to six years old. It is where they spend their formative years in the loving care of our home staff. Most of them are victims of sexual and physical abuse, neglect, abandonment, homelessness, malnourishment, child labor and trafficking, and cyberpornography.




The young kids at Haven Home are categorized into two: Infants up to two years of age are called Heaven Sent. Kids aged three to six are called Bundles of Joy.

Their stay at Haven Home is usually short, but it varies depending on the case assessment and evaluation of social workers.

Moreover, a child is transferred to Recovered Treasures upon reaching six. There, formal education is afforded through Kalipay Learning Center.

At present, Haven Home has 26 residents, 18 for both Heaven Sent and Bundles of Joy, and 14 Independent Living children.



## Haven Home activities

Haven Home kids exposure trip to Chamber Fire Brigade.

Haven Home kids during an art class.

The little ones and Teacher Donna playing with building blocks.

Dental Mission in Haven Home.

Haven Home kids demonstrating proper dental care.

# Independent Living Program

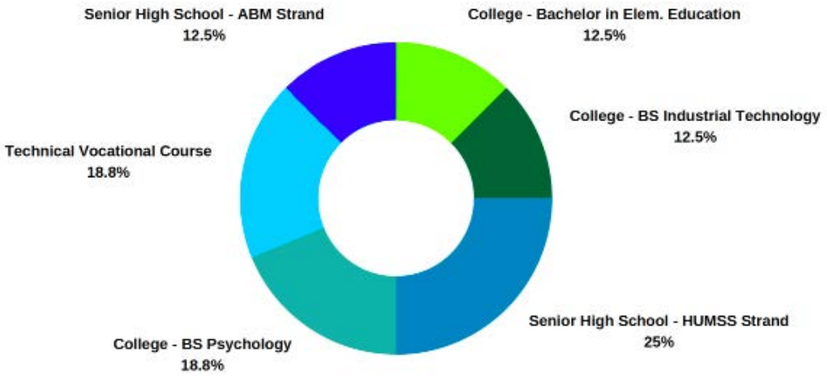
***Our hope for our Kalipay children is for them to grow into self-sufficient adults who live a fulfilling life, reaching for their own dreams while contributing positively to society.***

With this in view, we support the young adults under our care to pursue senior high school and college through the Independent Living Program.

These young adults stay at Haven Home as they pursue their studies and prepare themselves for reintegration into society as responsible and productive citizens.

This year, the home welcomed two new beneficiaries. Two Independent Living children also graduated with Bachelor's degrees.

Art Class with Independent Living kids.



## Joenabelle Porden

Joenabelle or Bubbles as we fondly call her, was left in the care of Kalipay because of extreme poverty.

She had a disruptive life when she was younger and has spent going to and fro from Iloilo City where her family originated.

Despite having to deal with her family's separation, Bubbles was determined to finish her studies.

Bubbles graduated at the University of Negros Occidental with a degree of Bachelor in Elementary Education, Major in Special Education.

She is now a full time teacher in Kalipay's school, Kalipay Learning Center.

## JR CANILLO

JR was brought to Kalipay when he was only 5 years old. He considers Kalipay as his primary family as he does not know his family background.

As a part of his internship, he underwent training for 1,200 hours at a prestigious restaurant, Antonio's, in Tagaytay City.

JR is hardworking and graduated at Carlos Hilado Memorial State College with a degree in Bachelor of Science in Industrial Technology, Major in Food Technology.

He is currently working in a known Filipino food chain and dreams of owning his own restaurant someday.

# Volunteers Program

***Kalipay Negrense Foundation first started its volunteering program on 2011. We have welcome numerous local and international volunteers as a part of our family over the years. This year, we have welcomed 29.***

They are viewed as an extension of our family and serve as the helping hands towards Kalipay's goals of protecting the rights of disadvantaged children and providing their needs. Our volunteers serve as an instrument in our children's development in terms of their skills and talents.

Volunteer Program and Objectives:

To promote a sustainable and capacity-building volunteer program that will contribute to the total development of the children.

To expose and immerse young professionals in a cross-cultural experience, thereby forming within them a socially conscious value system and a sense of social responsibility.

To facilitate an exchange of professional skills, talents, and gifts.

To carefully screen and match volunteers' skills with the needs of the home.

Volunteers are welcome to stay a minimum of one month to one year.

**2018 Volunteer Statistics**

| | | |
|---|---|---|
| Spain | - | 9 |
| France | - | 7 |
| Germany | - | 7 |
| Australia | - | 1 |
| Sweden | - | 1 |
| Philippines | - | 1 |
| Argentina | - | 1 |
| Switzerland | - | 1 |
| South Africa | - | 1 |
| **Total** | | **29** |

## Volunteers in Action

The volunteers, Julia Puiggali and Chloe Curreri, with Kalipay kids during their camping activity.

Gonzalo Erize returns to Kalipay.

Ainna Antonin and Montse Dosta with Kalipay kids and their heart mural.

Astrid Hocking conducting a training seminar in Recovered Treasures with home parents.

Christine at an Intercultural Day event.

Spanish Dentists Volunteer Medical Mission.

Denise Go Yap shares her skills and expertise with Kalipay kids by teaching basic and advanced sewing.

Volunteers Simona and Pia during their farewell party.

# A look into our 2018

*Founder and President Anna C. Balcells with a newly rescued child.*

*Anna C. Balcells and Hearts and Hands Community Development President and long time vounteer Astrid Hocking during the signing of contract of partnership.*

*Kalipay teens participating and winning first place in a modern dance competition held in celebration of National Children's month organized by the Province of Negros.*

*Astrid Hocking with Kalipay Staff during Trauma Informed Care Training held in Kalipay's main office in Villamonte.*

*Kalipay Executive Director Mhel Sillador, Jr., as guest storyteller during National Children's Book Reading Day with Kalipay kids at SM Event Center.*

*Graduation 2018*

*Summer Outing 2018 at Campuestohan Highland Resort*

*Senator Juan Miguel Zubiri visits Kalipay.*

*Kalipay staff attending Case Management Workshop sponsored by Consuelo Zobel Alger Foundation held in Lakawon Island.*

*Kalipay participates in Riverbank Sweep Up in Brgy. Sum-ag*

*Kalipay Negrense Foundation Inc. hailed as one of the champions of Istorya ng Bayan event in University of St. La Salle Bacolod. The award was presented by Vice President Leni Robredo and Former Governor Rafael "Lito" Coscolluela to Kalipay Communications Manager AJ Pelongco and former Haven Home Manager, Rose Jessica Octaviano.*

*Developmental Milestones seminar with Dr. Mark Anthony Talatala.*

*Founder and President Anna Balcells, Executive Director Mhel Sillador Jr., together with friends of Kalipay, Ms. Leni Stayman and Ms. Kuh Ledesma during their visit in Kalipay.*

*Operation Smile Youth volunteers together with Trustee, Alan Gensoli. They chose Kalipay as a beneficiary of their advocacy in teaching proper dental hygiene.*

*Kalipay kids with Anna C. Balcells and Executive Director Mhel Sillador Jr., during Ely Buendia's concert held in L'Fisher Hotel where Kalipay was chosen as a beneficiary and performed a special number.*

*Anna C. Balcells led the Kalipay Team during the courtesy visit to the Inter-Country Adoption Board (ICAB) where our social workers presented two cases of our kids qualified for inter-country matching.*

*Founder and President, Anna C. Balcells at Rotary Induction Ceremony.*

*JCI Bacolod Executive holds fun run for the benefit of Kalipay.*

*Kalipay receives grant from Spouses Heads of Mission (SHOM).*

*Christmas celebrations in Kalipay*

Thank you very much!

With much love,

Ana and the entire Kalipay family

# Financial Report

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

The management of **Kalipay Negrense Foundation, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2018.** Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return (Annual Information Return) covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended **December 31, 2018** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Kalipay Negrense Foundation, Inc.,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Kalipay Negrense Foundation, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

**JOHN ALEXANDER I. GAYOSO**
Treasurer

**ANNA MARIA C. BALCELLS**
President

**ANNA MARIA C. BALCELLS**
Chairman of the Board

REVENUE DISTRICT NO. 77
BACOLOD CITY
RECEIVED
MAR 15 2019
DATE



## INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
Kalipay Negrense Foundation, Inc.
RM 1 Marc Bldg., Ylac Avenue, Villamonte
Bacolod City, Negros Occidental

### Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of Kalipay Negrense Foundation, Inc. ("the Foundation"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the 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 December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRSs for SMEs).

*Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 PFRSs for SMEs, 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.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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

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





**Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 17 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**ROXAS CRUZ TAGLE AND CO.**

Ma. Lourdes Tiffany G. Garriel
Partner
CPA Certificate No. 0090201
Tax Identification No. 155-768-520
PTR No. 7540588, issued on January 10, 2019, Bacolod City
BOA /PRC Registration No. 0005, issued on December 13, 2018,
effective until July 20, 2021
SEC Accreditation No. 0007-FR-5 (Firm), Group A, issued on July 05, 2018,
effective until July 04, 2021
BIR Accreditation No. 08-001682-013-2016, issued on December 08, 2016,
effective until December 08, 2019

March 13, 2019
Bacolod City

REVENUE DISTRICT NO.
BACOLOD CITY
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REYNALDO C. GUEVARRA

## 1. Business Information

Kalipay Negrense Foundation Inc. (hereinafter referred to as the Foundation) is a non-stock, not-for-profit corporation registered with the Philippine Securities and Exchange Commission (SEC) on June 28, 2007 under SEC registration number CN200728238.

The primary purpose of the Foundation are: 1) to establish, undertake, operate and manage programs, projects and activities that will promote, develop and improve the quality of life of poor and deserving individuals or communities by making available economic, educational and social opportunities through scholarship grants, trainings, financial assistance and livelihood projects; 2) to accept gifts, grants and any other form of donation from any person or entity and to acquire, possess, hold, operate and manage real and personal properties which may come to its possession and/or ownership and to engage in income generating projects or activities in supports of its purposes and/or objectives; 3) to negotiate and enter into contracts or agreements with any natural or juridical person for purposes not contrary to law.

Currently, the Foundation owns and manages two children's homes:

- Haven Home, located in Bacolod City, serves as a halfway home or drop-in center for the newly rescued children. It also houses the young adults in college who are beneficiaries of the Independent Living Program. Children ages 0-4 stays in Haven Home.
- Recovered Treasurers is located in Bago City. The home is a residential facility center for children with ages above 4 years old and beyond. Within the complex, a learning center for grade school and high school was constructed.
- Kalipay Treasures Learning Center, located within the complex of Recovered Treasures, is a newly constructed building for grade school and high school children. The center is in partnership with Bethany Christian Life Academy to whom provides professional and licensed teachers to handle formal education of the children.

The Foundation maintains various projects that include, among others, the following major programs as at December 31, 2018 and 2017:

Residential Care Program

*Recovered Treasures Home*
Recovered Treasures Home is a residential care facility that caters to children ranging from ages four years old and above. The home is located in Bago City. The home staff team implements the basic components of residential care namely, home life, medical and dental, social services and education.

*Haven Home*
Haven Home serves as the half-way home for the newly rescued children. This also serves as a home for Foundation's college kids studying in Bacolod City. Similar to Recovered Treasures, Haven Home also provides the fundamental components to assist every child with his or her specific needs.

Independent Living Program (ILP)

This program caters to Foundation's young adults, those who graduated from high school and now ready to proceed to higher education (Senior High or College). They are prepared for reintegration to the society and independent living.



Volunteers Program

Volunteers are seen as local and international partners in Foundation's vision of providing for the needs of disadvantaged children and protecting their rights. The services that they render create a good impact on the development of the children and they, in turn, are given unique, life changing experience.

Community Based Program

The thrust to help the poorest of the poor is part and parcel of Foundation's mission. This program empowers communities to create a sustainable and equitable solution to address their needs, using a participatory approach to community development.

Pursuant to Section 30 of the Tax Reform Act of 1997 (Republic Act 8424), the Foundation is exempt from the payment of taxes. On July 22, 2013, BIR issued Revenue Memorandum Order (RMO) 20-2013 requiring all qualified non-stock, non-profit organizations and associations to re-file and submit an application for tax exemption. As at December 31, 2018, the Foundation is in the process of obtaining a certificate of tax exemption from the Bureau of Internal Revenue.

The Foundation's principal office and registered address is located at RM 1 Marc Bldg., Ylac Avenue, Villamonte, Bacolod City, Negros Occidental.

The Foundation's financial statements as at and for the year ended December 31, 2018, were approved by the Board of Trustees (BOT) and authorized for issuance on March 13, 2019.

## 2. Basis of Preparation and Statement of Compliance

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). PFRS for SMEs provides qualifying entities an option of using a much simplified, PFRS-based accounting framework to prepare their financial statements.

Basis of Preparation
The financial statements have been prepared on the historical cost basis. All values are rounded to the nearest peso, unless otherwise indicated.

## 3. Summary of Significant Accounting Policies

Financial Instruments
The Foundation classifies its financial instruments as either basic financial instruments or other financial instruments. Financial instruments are recognized only when the entity becomes a party to the contractual provisions of the instrument.

*Initial recognition*

The Foundation's basic financial assets and liabilities are measured initially at transaction price including transaction costs except for those that are measured at fair value through profit or loss.

*Basic financial instruments*

The Foundation's basic financial instruments other than investments in non-convertible and non-puttable preference shares and non-puttable ordinary shares that are publicly traded or fair value can be measured reliably are subsequently measured at amortized cost less impairment.

The amortized cost of a financial instrument at the end of each reporting period is computed as the net of the amount at which the financial instrument is measured at initial recognition, minus any repayments of the principal, plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

*Effective interest method*

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition.

Under the effective interest method, the amortized cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and the interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

*Derecognition of financial assets*

The Foundation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Foundation, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Foundation derecognizes the asset and recognizes separately any rights and obligations retained or created in the transfer.

Any difference between the consideration received and the amounts recognized and derecognized shall be recognized in profit or loss.

*Derecognition of financial liabilities*

Financial liabilities are derecognized only when it is extinguished or when the obligation specified in the contract is discharged, cancelled or expired.

Any difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed shall be recognized in profit or loss.



*Impairment of Financial Assets*

At the end of each reporting period, the Foundation assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the Foundation recognizes an impairment loss in profit or loss immediately.

Objective evidence that a financial asset or group of assets is impaired includes:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it has become probable that the debtor will enter bankruptcy or other financial reorganization; and
- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

For an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the Foundation would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Foundation reverses the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The Foundation shall recognize the amount of reversal in profit or loss immediately.

Cash and cash equivalents

Cash and cash equivalents are measured at face value. Cash and cash equivalents include cash on hand, cash in banks and short-term placements. Cash in banks earn interest at the respective bank deposit rates. Short-term placements are highly-liquid investments that are readily convertible to cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value. For the purpose of reporting cash flows, cash and cash equivalents are not restricted and available for use in current operations.

Advances to employees

Advances to employees are initially recognized at fair value and subsequently stated at amortized costs less provision for impairment, if any. Impairment is considered when there is objective evidence that the Foundation will not be able to collect the total amount due based on the original terms of the receivables.

Supplies
Supplies include goods that are consumable and semi-consumable acquired by purchase or by donation. These are initially measured at cost and subsequently charged to statement of comprehensive income over the usage period or expire with passage of time.

Property and Equipment
Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value except for land. Land, if any, is stated at cost less impairment in value.

The initial cost of property and equipment comprises its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Land is not depreciated. Depreciation is charged so as to allocate the cost of depreciable assets over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

| Property classification | Estimated useful lives |
|---|---|
| Office and general administration | 5 years |
| Haven Home | 10-30 years |
| Recovered Treasurers | 10-30 years |
| Kalipay Treasures Learning Center | 10-30 years |

The assets' useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

Impairment of Non-financial Assets
Non-financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Impairment losses, if any, are recognized in the profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's).





Investments in equity securities
Investments in equity securities are AFS investments which are neither classified as held for trading nor designated at FVPL. Investments in equity securities are recognized initially at fair value plus transaction costs except for those designated at fair value through profit and loss (FVPL).

After initial measurement, investments in equity securities are subsequently measured at fair value with unrealized gains or losses recognized as other income in other comprehensive income in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the AFS reserve.

*Assessment of impairment*
The Foundation assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in fair value of the investments below its cost. The determination of what is "significant" or "prolonged" value requires judgement. The Foundation treats "significant" generally as 20% or more and "prolonged" as greater than six (6) months for quoted equity securities. Where there is evidence of impairment, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from the other comprehensive income and recognized in profit or loss.

Impairment losses on equity investments are recognized in the profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

*Reversal of impairment loss*
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in "Other income - net" in the School's profit or loss, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

Deferred charges
Deferred charges are long-term prepaid expenses that are treated as an asset and carried forward until it is actually used. This is initially and subsequently carried at cost.

Trade and other payables
Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost less subsequent payments.

Other payables include accruals and government liabilities. Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts if any to employees.

Fund
The fund balance of the Foundation is classified as general fund which represents the resources available for the Foundation's operations and administrative functions.

Other Comprehensive Income
Other comprehensive income, or OCI, includes those revenues, expenses, gains and losses that have not yet been realized.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Foundation and the income can be reliably measured.

The additional specific recognition criteria for each type of revenue are as follows:

*Donation and members' contribution*
Donation and members' contribution are recognized as revenues when these are actually received by the Foundation while asset donations are credited to a deferred revenue account and are released to the statement of operations over the expected useful life of the relevant asset by equal annual installments.

*Support and donations*
Support and donations either monetary or in-kind are initially recognized at the fair value of the consideration received in the ordinary course of the Foundation's activities.

*Grants from government*
Grants from government are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of operations over the expected useful life of the relevant asset by equal annual installments.

*Volunteers' fee*
Revenue is recognized upon substantial performance of the services required.

*Unrealized foreign exchange gain*
Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the date in which the transaction took place. Foreign currency denominated assets and liabilities of the Foundation are translated using the prevailing exchange rate as of balance sheet date. Gains or losses arising from these transactions and translation are credited or charged to income for the year.

*Interest income*
Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

*Dividend income*
Revenue is recognized when the Foundation's right to receive dividend was established.

*Fund raising activity, income generating activity and other income*
Revenue is recognized upon actual or constructive receipt of income.

Cost and Expense Recognition
Expenses are recognized when incurred regardless of when payment is made. Donation expenditures are recognized in the period the donation is approved, provided this donation is not subject to future conditions.

*General and administrative expenses*
General and administrative expenses are costs attributable to administering and overseeing the overall operating activities of the Foundation.

Operating leases
*Foundation as lessee*
Leases which do not transfer to the Foundation substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.





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

*Long-term employee benefits*
The Foundation does not have a defined benefit retirement plan. The foundation will comply with the retirement procedures set forth in R.A. 7641 in terms of post-employment benefits.

Provisions
Provisions, if any, are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss, net of any reimbursement. Provisions are renewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Foundation's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

## 4. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the Foundation to exercise judgments and make estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The judgments and estimates used in the financial statements are based upon evaluation of relevant facts and circumstances as of statement of financial position date. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the Foundation's financial statements as they become reasonably determinable.

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.

Estimates and Assumptions
The key assumptions covering the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and the liabilities within the next financial year are discussed below.

*Estimated useful lives of property and equipment.* The useful lives of property and equipment are based on the periods over which the assets are expected to be available for use. The estimated useful lives 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 asset.

The carrying value of property and equipment amounted to ₱42,337,174 and ₱41,955,201 as at December 31, 2018 and 2017, respectively (see Note 8).

*Impairment of nonfinancial assets.* The Foundation assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Foundation considered important which could trigger an impairment review include among others the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets, if it is not possible, for cash generating unit to which the asset belongs.

Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

No impairment loss was recognized by the Foundation in 2018 and 2017.

## 5. Cash and Cash Equivalents

This account consists of:

| | 2018 | 2017 |
|---|---|---|
| Cash on hand | ₱297,267 | ₱329,357 |
| Cash in bank | 6,362,712 | 10,863,305 |
| Short-term placements | 758,737 | 744,494 |
| | ₱7,418,716 | ₱11,937,156 |

Cash on hand consists of undeposited cash donations, petty cash and revolving funds used to pay day-to-day petty and other necessary expenses of the Foundation. Cash funds are maintained under an imprest system and are replenished whenever required.

Cash in banks consist of current and savings account in various local banks. Cash in banks deposited in savings account earn interest at the respective rates set by the depository banks ranging from 0.25% to 0.375% per annum. Short-term placements pertain to the time deposits in local banks maturing within three (3) months and earns interest at respective rates set by depository banks ranging from .375% to 2.75% per annum.

Interest income earned from bank deposits amounted to ₱21,001 and ₱25,755 for the years ended December 31, 2018 and 2017, respectively. Likewise, foreign exchange gain amounting to ₱16,179 and ₱106,598 for the years ended December 31, 2018 and 2017, respectively were earned from foreign currency denominated bank.





## 6. Advances to Employees

These receivables are noninterest-bearing, collectible through salary deduction and generally settled within the year.

No allowance for impairment has been provided since the management believes that the account is fully collectible. The carrying values of advances to employees amounted to ₱277,710 and ₱235,641 as at December 31, 2018 and 2017, respectively.

## 7. Investments in Equity Securities

This account pertains to investments in equity securities of China Banking Corporation (CHIB) that was received by the Foundation as donation. As provided by the donor, the investments are not to be sold and only cash dividends can be withdrawn by the Foundation for its operating expenses. The donor may decide in the future to allow the Foundation to sell part or all of the shares only upon written instruction from him.

The investment is classified as available for sale investment (AFS) and it is neither classified as held for trading nor designated at FVPL and whose value is carried at fair value. It is upon redemption that the amount becomes relevant and only then that a gain or loss will be recognized. Changes in the fair value is recognized as unrealized gain (loss) in "Other Comprehensive Income".

The movements are as follows:

| | 2018 | 2017 |
|---|---|---|
| Balance at beginning of year | ₱5,446,322 | ₱- |
| Additions during the year | - | 6,007,189 |
| Unrealized loss | (1,018,019) | (560,867) |
| Balance at end of year | ₱4,428,303 | ₱5,446,322 |

Dividend income received from these investments amounted to ₱145,476 and ₱130,725 for the years ended December 31, 2018 and 2017, respectively.

## 8. Property and Equipment, Net

The detailed breakdown of this account is as follows:

**2018**

| | Office and General Administration | | | Haven Home | | Recovered Treasures | | Kalipay Treasures Learning Center | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Equipment, furniture and fixtures | Leasehold improvements | Service vehicle | Land and residential building | Equipment, furniture and fixtures and tools | Land, land improvements and buildings | Equipment, furniture and fixtures and service vehicle | School building and other structures | Equipment, furniture and fixtures and library books and tools | Total |
| **Cost** | | | | | | | | | | |
| Beginning balances | ₱616,465 | ₱15,568 | ₱1,200,000 | ₱10,908,318 | ₱592,943 | ₱19,990,469 | ₱1,729,762 | ₱12,909,578 | ₱572,306 | ₱48,535,409 |
| Additions | 122,653 | - | 85,000 | 4,000 | 81,917 | - | 478,400 | 915,030 | 83,767 | 1,770,767 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Ending balances | 739,118 | 15,568 | 1,285,000 | 10,912,318 | 674,860 | 19,990,469 | 2,208,162 | 13,824,608 | 656,073 | 50,306,176 |
| **Accumulated depreciation** | | | | | | | | | | |
| Beginning balances | 356,375 | 15,568 | 1,200,000 | 1,446,306 | 245,312 | 1,367,331 | 1,299,657 | 549,197 | 100,462 | 6,580,208 |
| Depreciation | 111,237 | - | 17,000 | 319,533 | 79,156 | 199,833 | 102,676 | 467,222 | 92,137 | 1,388,794 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Ending balances | 467,612 | 15,568 | 1,217,000 | 1,765,839 | 324,468 | 1,567,164 | 1,402,333 | 1,016,419 | 192,599 | 7,969,002 |
| **Carrying Amount** | ₱271,506 | ₱- | ₱68,000 | ₱9,146,479 | ₱350,392 | ₱18,423,305 | ₱805,829 | ₱12,808,189 | ₱463,474 | ₱42,337,174 |



**2017**

| | Office and General Administration | | | Haven Home | | Recovered Treasures | | Kalipay Treasures Learning Center | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Equipment, furniture and fixtures | Leasehold improvements | Service vehicle | Land and residential building | Equipment, furniture and fixtures and tools | Land, land improvements and buildings | Equipment, furniture and fixtures and service vehicle | School building and other structures | Equipment, furniture and fixtures and library books and tools | Total |
| **Cost** | | | | | | | | | | |
| Beginning balances | ₱434,140 | ₱15,568 | ₱1,200,000 | ₱10,866,325 | ₱404,825 | ₱19,873,597 | ₱1,404,945 | ₱12,868,426 | ₱375,858 | ₱47,443,684 |
| Additions | 182,325 | - | - | 41,993 | 188,118 | 116,872 | 324,817 | 228,652 | 8,948 | 1,091,725 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Ending balances | 616,645 | 15,568 | 1,200,000 | 10,908,318 | 592,943 | 19,990,469 | 1,729,762 | 13,097,078 | 384,806 | 48,535,409 |
| **Accumulated depreciation** | | | | | | | | | | |
| Beginning balances | 269,669 | 15,562 | 1,100,000 | 1,126,773 | 174,748 | 1,167,498 | 1,244,400 | 107,237 | 16,702 | 5,222,589 |
| Depreciation | 86,706 | 6 | 100,000 | 319,533 | 70,564 | 199,833 | 55,257 | 473,752 | 51,968 | 1,357,619 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Ending balances | 356,375 | 15,568 | 1,200,000 | 1,446,306 | 245,312 | 1,367,331 | 1,299,657 | 580,989 | 68,670 | 6,580,208 |
| **Carrying Amount At December 31, 2017** | ₱260,090 | ₱- | ₱- | ₱9,462,012 | ₱347,631 | ₱18,623,138 | ₱430,105 | ₱12,516,089 | ₱316,136 | ₱41,955,201 |

Fully depreciated assets with total cost of ₱2,410,568 as at December 31, 2018 and 2017 are still being used by the Foundation in its operations.

Management believes that there are no indicators of impairment on its remaining property and equipment as of December 31, 2018 and 2017.





## 9. Trade and Other Payables

This account consists of:

| | 2018 | 2017 |
|---|---|---|
| Accrued expenses | ₱171,633 | ₱283,099 |
| Government liabilities | 115,123 | 87,207 |
| | ₱286,756 | ₱370,306 |

Accrued expenses consists of unpaid expenses for goods and services supplied to the Foundation. These are non-interest bearing and generally payable within thirty (30) days.

Government liabilities consist of SSS, PHIC and HDMF premiums as well as withholding taxes to be remitted to the respective government agencies in the subsequent period.

Trade and other current liabilities are noninterest-bearing and usually settled within 90 days.

## 10. Program Support and Donations

This account consists of:

| | 2018 | 2017 |
|---|---|---|
| Donations and members' contribution | ₱14,220,516 | ₱29,149,244 |
| Grants from government | 3,250,000 | 1,700,000 |
| Fund raising activity | 2,328,381 | 14,543 |
| Volunteers' fee | 224,683 | 410,460 |
| Income generating activity | 109,305 | - |
| Donations in kind | 38,481 | 60,520 |
| Other income | 12,819 | 75,721 |
| | ₱20,184,185 | ₱31,410,488 |

Donations and member's contributions pertains to cash received by the Foundation from various individuals and corporate entities.

Grants from government pertains to cash received from local and provincial government subject to liquidation.

Fund raising activity refers an event, concert or campaign initiated by the Foundation to raise money for a cause.

Volunteer's fee represents contributions from volunteers who stayed in the haven home for their food and accommodation.

Income generating activity pertains to income from Recovered Treasures Social Enterprise for sale of crops and other farming products.

Other income pertains to income that are scrap in nature.

## 11. Project Expenses

This account consists of:

| | 2018 | 2017 |
|---|---|---|
| Healthcare and medical subsidy | | |
| Recovered treasures | ₱480,128 | ₱671,795 |
| Drop-in center | 136,309 | 46,583 |
| Infant nursery | 123,021 | 168,875 |
| Independent living | 31,000 | 136,018 |
| | 770,458 | 1,023,271 |
| Food and nutrition (Feeding program) | | |
| Recovered treasures | 2,257,695 | 2,712,404 |
| Infant nursery | 500,102 | 336,082 |
| Drop-in center | 381,724 | 496,777 |
| Independent living | 253,674 | 181,338 |
| | 3,393,195 | 3,726,601 |
| Housing and shelter | | |
| Recovered treasures | 748,343 | 521,917 |
| Infant nursery | 121,518 | 103,735 |
| Drop-in center | 85,368 | 144,661 |
| Independent living | 80,491 | 29,034 |
| | 1,035,720 | 799,347 |
| Literacy and values education | | |
| Recovered treasures | 516,169 | 1,173,029 |
| Independent living | 446,150 | 424,853 |
| Drop-in center | 36,149 | 48,064 |
| Infant nursery | 32,874 | 36,608 |
| | 1,031,342 | 1,682,554 |
| General operations assistance | | |
| Salaries Haven and Recovered Treasures | 4,612,333 | - |
| Recovered Treasures | 2,100,834 | 4,372,382 |
| Teachers' Salaries | 508,918 | - |
| Drop-in Center | 294,243 | 1,382,180 |
| Infant Nursery | 259,121 | 811,095 |
| Independent Living | 154,535 | 209,073 |
| Healing Clinic | 33,411 | - |
| | 7,963,395 | 6,794,730 |
| Case management and documentation | | |
| Recovered treasures | 257,470 | 229,447 |
| Drop-in center | 40,400 | 29,226 |
| Infant nursery | 33,050 | 11,701 |
| Independent living | 19,376 | 10,116 |
| | 350,296 | 280,490 |
| General project expenses | | |
| Fund raising projects | 2,957,151 | 65,065 |
| Depreciation *14* | 1,260,557 | 1,170,908 |
| Kalipay Treasure Learning Center expenses | 384,377 | 202,035 |
| Community outreach program | 150,187 | 108,042 |
| Volunteer program | 54,357 | 179,965 |
| School activities planning | 1,604 | - |
| Capacity building | 3,105 | - |
| | 4,811,338 | 1,726,015 |
| Social enterprises | 89,099 | 58,915 |
| | 4,900,437 | 1,784,930 |





| | | |
|---|---|---|
| | ₱19,444,843 | ₱16,091,923 |

Infant nursery pertains to the expenses incurred by the Foundation for children staying in the Haven Home.

Independent living pertains to expenses to support the young adults under the Foundation's care to pursue high school and college.

Drop-in center are expenses related to newly rescued children that are brought to the Foundation for shelter and care.

Recovered treasures pertains to expenses incurred in the Recovered Treasures Home for security and safety of children whom the Foundation cares for.

Social Enterprise are expenses related to the Recovered Treasures Social Enterprise which is the Foundation's other source of income.

Healing clinic refers to expenses incurred for medications of children under the custody of the Foundation.

## 12. General and Administrative Expenses

This account consists of the following:

| | *Note* | 2018 | 2017 |
|---|---|---|---|
| Salaries, allowances and related expenses | *13* | ₱3,084,455 | ₱3,082,209 |
| Transportation and travel | | 362,315 | 216,482 |
| Seminars and trainings | | 296,284 | 216,846 |
| Office supplies | | 249,642 | 90,025 |
| Depreciation | *14* | 128,237 | 186,711 |
| Office rental | | 166,320 | 169,840 |
| Postage and communication | | 158,441 | 113,485 |
| Light and water | | 117,361 | 114,457 |
| Taxes, permits and licenses | *15* | 91,800 | 65,858 |
| Repairs and maintenance | | 76,870 | 65,481 |
| Office maintenance and janitorial | | 20,508 | 23,447 |
| Freight and handling | | 12,619 | 10,239 |
| Insurance | | 12,586 | 12,615 |
| Miscellaneous | | 182,933 | 234,560 |
| | | ₱4,960,371 | ₱4,602,255 |

Travel and transportation pertains to meal allowances, lodging, and other incidental expenses incurred by officers and staff in attending assemblies and other meetings.

Seminars and trainings refer to expenses incurred for trainings, conferences and workshops

| | | |
|---|---|---|
| | ₱3,084,455 | ₱3,082,209 |

## 14. Depreciation

This account consists of the following:

| | 2018 | 2017 |
|---|---|---|
| *Under project expenses* | | |
| Haven Home | ₱398,689 | ₱390,098 |
| Recovered Treasures | 302,509 | 255,090 |
| Kalipay Treasures Learning Center | 559,359 | 525,720 |
| | 1,260,557 | ₱1,170,908 |
| *Under general and administrative expenses* | | |
| Office and general admin | 128,237 | 186,711 |
| | ₱1,388,794 | ₱1,357,619 |

The Foundation is using straight-line method of depreciation.

## 15. Taxes and Licenses

This account consists of:

| | 2018 | 2017 |
|---|---|---|
| Local permits and licenses | ₱500 | ₱500 |
| Annual registration fees | 91,300 | 65,358 |
| | ₱91,800 | ₱65,858 |

## 16. Operating Lease Agreement

The Foundation is a lessee under operating lease covering lease of building space for commercial use. The lease contract has one (1) year term with an option to renew.

amounted to ₱166,320 and ₱169,840 for the years ended December 31, 2018 and 2017, respectiveiy.

commitment under non-cancelable operating lease.

## 17. Supplementary information required by the Bureau of Internal Revenue (BIR)

and/or documentary requirements in connection with the preparation and submission of financial

conventions that may heretofore be adopted, in the Notes to the Financial Statements,





**1. The amount of VAT output tax declared during the year and the account title and amount/s upon which the same was based**

The Company is a non-stock, non-profit entity, thus, exempt from value added tax.

**2. The amount of VAT input taxes claimed**

**3. Taxes and licenses**

a. Local

| | |
|---|---|
| Registration and other fees | ₱91,300 |

b. National

| | |
|---|---|
| BIR annual registration | 500 |

**4. Deficiency tax assessment**

As of December 31, 2018, the Foundation does not have any assessment notice from the BIR.

**B. REVENUE REGULATION (RR) 2-2014**

with calendar year 2013. Pursuant to Section 244, in relation to Sections 6(H), 51(A)(1) and 51(A)(2) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are issued to prescribe the use of revised income tax forms with bar codes, and to reflect the changes in information required from said forms. This will also enable the said forms to be read by an optical character reader for ease in scanning.

In the case of corporations using Bureau of Internal Revenue (BIR) Form 1702, the taxpayer is now required to include as part of its notes to the audited financial statements, which will be attached to the income tax return (ITR), the schedules and information on taxable income and deductions to be taken.

The information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The following supplementary information are presented for purposes of fling with the BIR and is not a required part of the basic financial statements.

| | |
|---|---|
| Sales/Revenues/Receipts/Fees | ₱20,184,186 |
| Direct charges - Others | 19,444,843 |

Ordinary allowable itemized deductions

| | |
|---|---|
| Communication, light and water | ₱275,802 |
| Depreciation | 128,237 |
| Janitorial and messengerial expense | 20,508 |
| Freight and handling | 12,619 |
| Insurance | 12,586 |
| Miscellaneous | 182,933 |
| Office supplies | 249,642 |
| Rental | 166,320 |
| Repairs and maintenance | 76,870 |
| Salaries and allowances | 2,737,900 |
| SSS, PHIC and HDMF contribution | 346,555 |
| Trainings and seminars | 296,284 |
| Transportation and travel | 362,315 |
| Taxes and licenses | 91,800 |
| | ₱4,960,371 |




DONATE VOLUNTEER SPREAD THE WORD

## KALIPAY NEGRENSE FOUNDATION, INC.

**BRINGING JOY TO DISADVANTAGED CHILDREN**

Main Office:

Room 1, Ground Floor, MARC Bldg.
Ylac Avenue, Barangay Villamonte
Bacolod City, Negros Occidental,
Philippines, 6100

Tel.No. +6334 435 2496
Mobile No. +63917 700 2345

Email: kalipay@kalipaynegrensefoundation.com

Website: www.kalipay.org

## HELP US RESCUE MORE CHILDREN!
## YOU MAY DONATE THROUGH:

Account Name: **Kalipay Negrense Foundation, Inc.**

Bank: **BANCO DE ORO**
Gonzaga Branch, Bacolod City,
Negros Occidental, Philippines
Account No: 00 0720 140 889
Swift Address: BNORPHMM

Bank: **UNIONBANK**
Araneta Branch, Bacolod City
Negros Occidental, Philippines
Account No: 000 210021 214
Swift Address: UBPHPHMM

**EURO ACCOUNT**

Account Name: **Kalipay España Fundación**

Bank: **CAIXA BANK**
Barcelona, Spain
Account No: ES21 2100 0548 1102 0030 4129

**PayPal:** kalipay@kalipaynegrensefoundation.com

**Credit/Debit card:** https://ubp-web-usharebutton-prd.azurewebsites.net/kalipaynegrense/

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disadvantaged
children