

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

A	T	E	N	E	O	C	A	S	A	F	A	M	I	G	L	I	A	S	E	R	V	A	N	T	S
O	F	T	H	E	D	O	O	R	I	N	C	.													

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

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S	A	N	R	A	-	A	E	L	I	V	C	I	T	Y	O	F	S	A	N	J	O	S	E	
D	E	L	M	O	N	T	E	B	G	L	A	C	A	N										

Form Type  
A I B L

Department requiring the report  
[ ] [ ] [ ] [ ]

Secondary License Type, if Applicable  
[ ] [ ] [ ] [ ]

**COMPANY INFORMATION**

Company's email Address acpmosp11998@yahoo.com.ph	Company's Telephone Number 0995 - 781 - 1981	Mobile Number (099) - 913 - 5693
No. of Stockholders 5	Annual Meeting (Month / Day) July 17	Fiscal Year (Month / Day) 12 / 31

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person Jennifer Cruz Lander	Email Address acpmosp11998@yahoo.com.ph	Telephone Number/s (099) - 913 - 5693	Mobile Number 0900 314 0374
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**CONTACT PERSON'S ADDRESS**

Dir. 13 Lot 340 Area H phase 2, San Rafael IV, city of San Juan Del Monte, Bulacan

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

## INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS  
ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.  
(A Non-Stock, Non-Profit Organization)  
Block 13 Lot 34 Area H, Phase II, Brngy San Rafael IV  
City of San Jose Del Monte, Bulacan

We have audited the accompanying financial statements of **ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. (a non-stock, non-profit organization)** which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of receipts and expenditures, statements of changes in equity and cash flow statements for the years then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. (a non-stock, non-profit organization)** as of December 31, 2017 and 2016, and of 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 (PFRS for SME's).

### Basis for Opinion

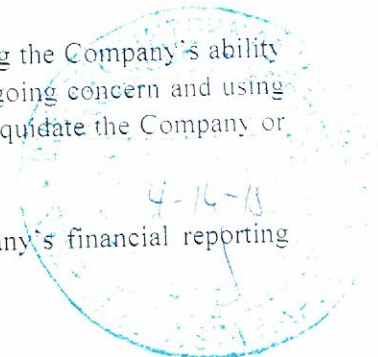
We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in Auditors' responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Philippine Ethics Standards Board for Accountants (PESBA Code) together with the ethical requirements that are relevant to our audit 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 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 these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SME's), and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company'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 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 in 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
- 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 Company'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 Company'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 Company 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.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on the Supplementary Information required under Revenue Regulation 15-2010**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on taxes, duties and license fees in the Notes to Financial Statements is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The 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.

A.I. GUTIERREZ & ASSOCIATES, CPAs



MELECIA A. BIBAL

Partner

CPA Certificate No. 46938 (ID, valid until December 15, 2020)

Tax Identification No. 100-740-429

BOA Accreditation No. 1032 (valid until July 19, 2020)

PTR No. 3861823 dated January 10, 2018 issued at Pasig City

BIR Accreditation No. 07-001729-004-2018 (valid until October 04, 2018)

April 10, 2018

Pasig City

REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Ateneo Casa Famiglia Servants of the Poor, Inc.  
(A Non Stock Non Profit Organization)  
Block 13 Lot 34 Area H, Phase II, Brngy San Rafael IV  
City of San Jose Del Monte, Bulacan

We have audited the financial statements of ATENEO CASA FAMILIA SERVANTS OF THE POOR, INC (a non- stock non- profit organization) for the year ended December 31, 2017, on which we have rendered the attached report dated April 10, 2018.

In compliance with SRC Rule 68 of the SEC, I am stating that the organization **has no stockholders** owning one hundred (100) or more shares, as of December 31, 2017.

A.I. GUTIERREZ & ASSOCIATES, CPAs



By: MELECIA A. BIBAL  
Partner

CPA Certificate No. 00046938(ID, valid until December 15, 2020)

Tax Identification No. 100-740-429

BOA/PRC Registration No. 1032 (valid until July 19, 2020)

PTR No. 3861823 dated Jan. 10, 2018 issued at Quezon City.

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April 10, 2018

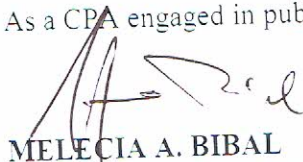
Pasig City

## TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with my examination of the financial statements of ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. ( a non stock - non profit organization) which are to be submitted to the Commission, I hereby represent the following:

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

As a CPA engaged in public practice, I make this representations in my individual capacity:



**MELECIA A. BIBAL**

CPA Certificate No. 00046938(ID, valid until December 15, 2020)

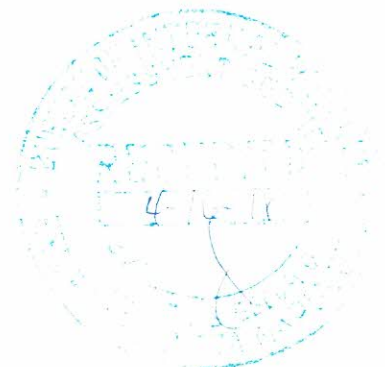
BOA/PRC Registration No. 1032 (valid until July 19, 2020)

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PTR No. 3861823 dated January 10, 2018 issued at Quezon City

Tax Identification No. 100-740-429

April 10, 2018  
Pasig City






April 10, 2018

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


The management of **ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. (A Non-Stock, Non-Profit Organization)** is responsible for all information and representations contained in the Annual Income Tax Return for the the year ended December 31, 2017. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the 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, 2017 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. (A Non-Stock, Non-Profit Organization)** 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 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) **Ateneo Casa Famiglia Servants of the Poor, 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.

  
Chairman of the Board  
Signature over Printed Name

  
President  
Signature over Printed Name

  
Treasurer  
Signature over Printed Name





ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.  
 (A Non-Stock, Non-Profit Organization)  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2017 and 2016  
 (All Amounts in Philippine Pesos)

	Notes	2017	2016
<b>ASSETS</b>			
Current Assets			
Cash	3.4	247,693.23	351,264.35
Trade receivable	3.5	1,128,723.86	1,138,665.33
		1,376,417.09	1,489,929.68
Non Current Assets			
Property and Equipment	3.6	15,776,403.97	15,668,420.83
<b>TOTAL ASSETS</b>		<b>17,152,821.06</b>	<b>17,158,350.51</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Advances from officers	3.7	11,473,842.38	10,012,025.59
Trade payables	3.8	410,791.86	1,240,723.57
Other current liabilities	3.8	26,665.23	12,745.23
		11,911,299.47	11,265,494.39
<b>EQUITY</b>	3	<b>5,241,521.59</b>	<b>5,892,856.12</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17,152,821.06</b>	<b>17,158,350.51</b>

(See accompanying Notes to Financial Statements)



ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.  
 (A Non-Stock, Non-Profit Organization)  
 STATEMENTS OF RECEIPTS AND EXPENDITURES  
 For the years ended December 31, 2017 and 2016  
 (All Amounts in Philippine Pesos)

	Notes	2017	2016
REVENUE	3.9	1,711,979.74	2,359,228.69
Administrative expenses	3.12	2,363,865.81	2,362,337.65
		(651,886.07)	(3,108.96)
Interest income	3.10	551.54	287.34
Excess of expenditures over receipts		(651,334.53)	(2,821.62)

(See accompanying Notes to Financial Statements)

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ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.  
 (A Non-Stock, Non-Profit Organization)  
 STATEMENTS OF CHANGES IN EQUITY  
 For the years ended December 31, 2017 and 2016  
 (All Amounts in Philippine Peso)

	Equity (Note 3)	Cumulative Excess(Deficit) (Note 3)	Donated Advances (Note 7)	Total
Balance at December 31, 2016	(1,016,114.40)	2,908,970.52	4,000,000.00	5,892,856.12
Excess of expenditures over receipts for 2017		(651,334.53)		(651,334.53)
Balance at December 31, 2017	(1,016,114.40)	2,257,635.99	4,000,000.00	5,241,521.59
Balance at December 31, 2015	(1,016,114.40)	2,911,792.14	4,000,000.00	5,895,677.74
Excess of expenditures over receipts for 2016		(2,821.62)		(2,821.62)
Balance at December 31, 2016	(1,016,114.40)	2,908,970.52	4,000,000.00	5,892,856.12

(See Accompanying Notes To Financial Statements)

ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.  
(A Non Stock Non Profit Organization)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(All Amounts in Philippine Peso)

	Notes	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of expenditures over revenue		(651,334.53)	(2,821.62)
Adjustments for:			
Depreciation	3.6	716,702.85	758,379.68
Operating income before working capital changes		65,368.32	755,558.06
(Increase) decrease in:			
Trade receivables	3.5	9,941.47	(253,994.21)
Increase (decrease) in:			
Trade payables	3.8	(829,931.70)	393,300.62
Other current liabilities	3.8	13,920.00	4,203.18
Advances from officers	3.7	1,461,816.79	-
Net cash provided by (used in) operating activities		721,114.88	899,067.65
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in:			
Property and equipment	3.6	(824,686.00)	(560,794.29)
Net cash provided by (used in) investing activities		(824,686.00)	(560,794.29)
Net increase (decrease) in cash		(103,571.12)	338,273.36
Cash Balance, beginning of year	3.4	351,264.35	12,990.99
Cash Balance, end of year	3.4	247,693.23	351,264.35

(See accompanying Notes to Financial Statements)

**ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC.**  
**Notes to the financial statements**  
**As of and for the years ended December 31, 2017 and 2016**

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**1. COMPANY INFORMATION**

ATENEO CASA FAMIGLIA SERVANTS OF THE POOR, INC. (the "School") was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) under Registration No. CN 2004 08641 last June 7, 2004. The sources of funds of the school is from tuition and other fees from students, from local and foreign donations in the previous years. In 2015 and 2014, the school has no donations as source of working capital.

The primary purpose of the school is to establish and operate an educational institution or learning center which shall provide courses of study in primary to secondary level subject to laws of the Philippines. The school is complying with Department of Education's program for Grade 12 curriculum.

The registered office address of the school is at Block 13 Lot 34 Brngy. San Rafael IV, City of San Jose Del Monte, Bulacan.

The school, being a non-stock non-profit organization is exempt from income tax under Section 30 (e) of the Tax Code of 1997. However, its income of whatever kind and character from any of its properties, real or personal, or from any activity conducted for profit, regardless of the disposition shall be subject to tax imposed under the Tax Code.

The school operates within the Philippines and has seventeen and five staff, inclusive of ten volunteers as of December 31, 2017 and 2016, respectively.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) for Small and Medium-sized Entities issued by Philippine Financial Reporting Standards Council.

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

**Basis of Measurement**

The financial statements have been prepared on historical cost basis.

**Functional and Presentation Currency**

The financial statements are presented in Philippines peso, which is the Company's functional currency.

**Use of Judgments and Estimates**

The preparation of the financial statements in Philippine Financial Reporting Standards for SMEs requires the management of the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Financial Assets

Financial assets are recognized in the School's financial statements when it becomes a party to the contractual provisions of the instrument. All financial assets are initially recognized at fair value. These include cash and trade receivables.

##### Cash

Cash is measured at face value. Cash includes petty cash fund which is being utilized to fund expenses on a day to day transaction of the company and cash in banks which consists of current and savings accounts.

##### Trade receivables

Trade receivables are recognized initially at transaction price. For trade receivables transaction price is normally the invoice price. They are subsequently measured at the undiscounted amount of the cash or other consideration expected to be received less any provision for impairment.

The trade receivables arise from tuition and other fees of students which are not yet collected at yearend. These accounts do not bear interest and are collectible within the next ten months.

At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

The account is normally reduced by appropriate allowance for doubtful accounts, an estimated amount of probable losses arising from non collection based on past collection experience and managements review of the current status of the long outstanding receivables. The school management is convinced that it is not necessary to set up allowance for doubtful accounts as by its experience, receivables are collectible as they become due.

##### Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using straight-line method. The following estimated lives are used for depreciation of property and equipment:

Assets	Useful life(in number of years)
Office equipment	3 to 5 years
Office furniture and fixtures	3 to 5 years
Transportation equipment	5 to 7 years
School building	15 to 20 years

Also included in property and equipment is construction in progress representing construction materials and wages of construction workers put into ongoing construction of additional school building. Balance of construction in progress as of December 31, 2014 was closed and recognized as school building in October 2015 and was subjected to depreciation. Another school building is being constructed and is set up as construction in progress as of December 31, 2015 amounting to P 3,900,458.27 this was closed to school building account in 2016. At December 31, 2017, there is an ongoing construction of school improvements which was booked as construction in progress.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations

None of the assets ( such as receivables, property and equipment were used to secure any liability of the school.

### **Impairment of Assets**

Property and equipment, and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the carrying amount is higher than the estimated recoverable amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

### **3.2 Financial Liabilities**

Financial liabilities are recognized in the Company's financial statements when it becomes a party to the contractual provisions of the instrument. These include trade and other payables. These are recognized initially at transaction price and subsequently measured at undiscounted amount owed to the contracting party.

#### **Trade and other payables**

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. These are obligations to pay for goods and services that have been received and have been invoiced or formally agreed with the supplier/s.

The school is able to pay its trade and other current liabilities on due dates.

**Accruals** are liabilities to pay goods or services that have been received or supplied but have not been paid, invoiced, or formally agreed with the supplier/s, including amounts due to employees.

**Advances from officers** are amounts borrowed for working capital requirements. These are non interest bearing and have no definite call period. Amounts which are due within the twelve months period from transaction date are treated as current liabilities and those beyond are treated as non-current or long term liabilities.

### **De-recognition of a Financial Asset or Financial Liability**

The school shall de-recognize a financial asset only when:

- The contractual right to the cash flows from the financial asset expire or are settled, or
- The school transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- The school despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and other party has the practical ability to sell the asset in its entirety to an unrelated party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

The school shall de-recognize a financial liability (or a part of a financial liability) only when it is extinguished, that is when the obligation specified in the contract is discharged, is cancelled or expired.

### 3.3 Equity/Fund balance

#### The school has for its equity the fund balance

Total fund balance is comprise of beginning fund and cumulative excess of receipts over expenditures (deficit).

**Cumulative excess receipts (deficit)** include all current and prior period results as disclosed in the statement of receipts over expenditures.

#### Share capital

The school has no share capital.

### 3.4 Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

#### Revenue

Revenue is recognized when tuition and other fees are billed to students.

Administrative expenses (expenditures) are recognized in the statement revenues and expenditures upon utilization of the costs, expenses and services or at the date they are incurred.

#### Interest

Revenue is recognized as the interest accrues on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts.

#### Employees' Benefits

- a. Short term benefits are benefits (other than termination benefits) that are wholly due within the twelve months after the end of the period in which the staff render the related service
- b. Termination benefits which are payable as a result of either the school's decision to terminate employees' employment before the normal retirement date, or employees' decision to accept voluntary redundancy in exchange for those benefits.
- c. Short term employees' benefits include wages, salaries, and employers' contributions of sss, ec, philhealth and pag ibig premiums; short term compensated absences such as annual vacation and sick leaves when absences are expected to occur within twelve months after the end of the period in which the employee render the related staff's services.
- d. The cost of providing staff's benefits is recognized in the period in which the benefit is earned by the staff, rather than when it is paid or payable.

#### e. Retirement benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was obtained during the year because the Company believes that the amount of provision for retirement benefits will not materially affect the fair presentation of the financial statements considering that there are only few employees in the school.



### **3.5 Other Significant Policies:**

#### **Related Party Transactions**

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes individual owning directly or indirectly through one or more intermediaries, control or are controlled by, under common control with the school; associates and individuals owning directly or indirectly an interest in the voting power of the Company that gives them significant influence over the school and close members of the family of any such individual.

The key management personnel of the school and post employment benefit plans for the benefit of the school's staff are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the school directly or indirectly, including any director of the school.

The key management personnel of the school did not receive compensation for the years ended December 31, 2017 and 2016. They serve the school on purely voluntary basis.

#### **Provisions and Contingencies**

**Provisions** are liabilities of uncertain timing and amount, but does not apply to executory contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. A provision is recognized only when the company has an obligation at the reporting date as a result of a past event; when it is probable that the school will be required to transfer economic benefits in settlement and the amount of obligation can be estimated reliably. The school shall recognize the provision as a liability in the statement of financial position and shall recognize the amount of the provision as an expense.

#### **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. A contingent asset is not recognized in the financial statements but disclosed when an outflow of economic benefit is probable.

#### **Initial Measurement**

A company shall measure a provision at the best estimate of the amount required to settle the obligation at the reporting date. Best estimate is the amount a company would rationally pay to settle the obligation at the end of the reporting period or to transfer it to third party at that time.

#### **Subsequent Measurement**

The school shall charge against provision only those expenditures for which the provision was originally recognized. It shall also review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of the asset.

#### **Events After the End of the Reporting Period**

“End of the reporting period” is normally referred to as the balance sheet date. Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

Events are those that provide evidence of conditions that existed at the end of the reporting period (adjusting events) and those that are indicative of the conditions that arose after the end of the reporting period (non-adjusting events).

The school adjusts the amounts recognized in its financial statements including related disclosures, to reflect adjusting entries after the end of the reporting period. Hence the school shall not adjust the amounts recognized in its financial statements to reflect non adjusting events after the end of the reporting period.

### **Approval of the Financial Statements**

The financial statements of the school for the years ended December 31, 2017 and 2016 were authorized for issue by the **Board of Directors on April 10, 2018**.

The Board of Directors is still empowered to make revisions on financial statements even after the date of issue.

#### 4. CASH

The account at December 31, consists of:

	2017	2016
Petty cash fund	5,000.00	5,000.00
Cash in bank	242,693.23	346,264.35
	<u>247,693.23</u>	<u>351,264.35</u>

Petty cash Fund is used to pay small/immediate expenses, replenishment of which is made on a periodic basis or as the need arises.

Cash in bank is deposited in a reputable local bank in which savings account earns interest at prevailing bank interest rate.

#### 5. TRADE RECEIVABLE

The account represents unpaid tuition and other fees of students as of December 31, collectible within the next ten months. No allowance for doubtful accounts was set as these are determined to be collected as they fall due. The balances are PhP 1,128,723.86 and PhP 1,138,655.33 as of December 31, 2017 and 2016, respectively.

#### 6. PROPERTY AND EQUIPMENT (Please see separate sheet)

#### 7. ADVANCES FROM OFFICERS/RELATED PARTY TRANSACTION

The account at December 31, consists of:

	2017	2016
Advances from officers	11,473,842.58	10,012,025.59
	<u>11,473,842.58</u>	<u>10,012,025.59</u>

Advances from officers represent accommodations and/ or cash advances made by officers of the school to finance the operating expenses. These are non-interest bearing.

At December 31, 2008 the management agreed that these advances be closed to Donated Advances Account to form part of the fund (equivalent to equity) of the School. These also refers to the related party transactions of the organization. The donated advances of the school amounted to P 4,000,000.00 as of December 31, 2012 as reflected in the statement of changes in fund balance. The amount that is not yet donated is P 11,473,842.58 and P 10,012,025.59 as of December 31, 2017 and 2016.

**The key management officers of the school worked on purely voluntary basis and have no compensation**

#### 8. TRADE PAYABLE

Accounts payable is an account used for school's purchases which are unpaid as of December 31, 2017 and 2016. The purchases were made from local suppliers with a term of 30 to 60 days. These are non-interest bearing. The balance of the account as of Dec. 31, 2017 & 2016 were PhP 410,791.86 and PhP 1,240,436.23 respectively.

#### **Other current liabilities:**

This represents statutory obligation of the school amounting to PhP 26,665.23 as December 31, 2017 and PhP 12,745.23 as of December 31, 2016 with mandated due dates.

6. PROPERTY AND EQUIPMENT  
The account at December 31 consists of:

<b>December 31, 2017</b>		Furniture and		Office	Transportation	Construction in	School	Total
<b>C O S T</b>		Fixtures	Equipment	Equipment	Equipment	Progress	Lot	
Balance as of December 31, 2016	18,914,598.64	244,170.75	479,110.73	414,975.30		3,900,458.27	554,436.75	24,507,750.44
Transfer of construction in progress to building account						(3,900,458.27)		(3,900,458.27)
Additions for 2017		32,276.00	109,337.45			683,072.55		824,686.00
Total, December 31, 2017	18,914,598.64	276,446.75	588,448.18	414,975.30		683,072.55	554,436.75	21,431,978.17
<b>December 31, 2017</b>		Furniture and		Office	Transportation	Construction in	School	Total
<b>Accumulated depreciation</b>		Fixtures	Equipment	Equipment	Equipment	Progress	Lot	
Balance as of December 31, 2016	4,044,863.44	223,998.25	213,357.53	456,652.12				4,938,871.34
Additions for 2017	705,345.26	12,489.75	40,544.67		(41,676.82)			758,379.68
Adjustment for 2017								(41,676.82)
Accumulated depreciation, Dec 31, 2017	4,750,208.70	236,488.00	253,902.20	414,975.30				5,655,574.20
Net Carrying Amount Dec 31, 2017	14,164,389.94	39,958.75	334,545.98			683,072.55	554,436.75	15,776,403.97
<b>December 31, 2016</b>		Furniture and		Office	Transportation	Construction in	School	Total
<b>C O S T</b>		Fixtures	Equipment	Equipment	Equipment	Progress	Lot	
Balance as of December 31, 2015	14,476,116.40	244,170.75	456,340.41	414,975.30		3,900,458.27	554,436.75	20,046,497.88
Transfer of construction in progress to building account	3,900,458.27							(3,900,458.27)
Additions for 2016	538,023.97		22,770.32					560,794.29
Total, December 31, 2016	18,914,598.64	244,170.75	479,110.73	414,975.30			554,436.75	20,607,292.17
<b>December 31, 2016</b>		Furniture and		Office	Transportation	Construction in	School	Total
<b>Accumulated depreciation</b>		Fixtures	Equipment	Equipment	Equipment	Progress	Lot	
Balance as of December 31, 2015	3,339,518.18	211,508.50	172,812.86	456,652.12				4,180,491.66
Additions for 2016	705,345.26	12,489.75	40,544.67					758,379.68
Adjustment for 2016								
Accumulated depreciation, Dec 31, 2016	4,044,863.44	223,998.25	213,357.53	456,652.12				4,938,871.34
Net Carrying Amount Dec 31, 2016	14,869,735.20	20,172.50	265,753.20			(41,676.82)	554,436.75	15,668,420.83

The carrying value of the property and equipment is equivalent to its fair value. Property and equipment are carried at cost less accumulated depreciation and any impairment in value. Depreciation is computed on a straight line method over the estimated useful life of the asset.

The account at December 31, consists of:

	2017	2016
9. REVENUE		
The account at December 31, consists of:		
	2017	2016
Tuition and miscellaneous fees	989,405.40	809,866.32
Other school fees	286,874.34	441,644.99
Donations received	435,700.00	1,107,717.38
	1,711,979.74	2,359,228.69

Donations were given by benevolent individuals including Fr. Rogelio Cruz, the president of the school.

10. Interest income

Interest income represents income from savings account with a local bank. The amount for year 2017 is PhP 551.54 and PhP 287.34 for 2016.

11. Employees compensation and other benefits

The account at December 31 consists of:

	2017	2016
Salary, leave credits and 13th month pay	696,718.74	526,835.99
SSS, philhealth and pag ibig contributions	70,468.10	66,529.00
	767,186.84	593,364.99

12. Administrative Expenses

The account at December 31 consists of:

	Notes	2017	2016
Employees compensation and other benefits	11	767,186.84	593,364.99
Transportation		19,626.50	11,767.43
Communication		29,959.10	17,728.00
Meals allowance		30,571.21	7,577.72
Medicines		946.00	488.00
Taxes, licenses and notarial fee	15	22,847.69	8,740.00
Other permits and fees		-	88,883.71
Advertisement Uniforms		9,704.67	7,620.00
School and office supplies		508,479.88	642,665.00
Fuel & car maintenance		20,187.50	5,494.20
Electricity & gas		52,508.59	82,015.58
Water		11,942.05	34,875.34
Equipment and other repair		78,075.00	44,540.00
Depreciation	3.6	716,702.85	758,379.68
Other living expenses		95,127.93	58,198.00
		2,363,865.81	2,362,337.65

13. Construction cost for school building is composed of the following:

	2017	2016
Materials (under construction in progress, Note 6)	349,249.25	161,407.19
Labor fee (under construction in progress, Note 6)	333,823.30	376,616.78
	683,072.55	538,023.97

The account at December 31, consists of:

	2017	2016
Construction costs amounting to P 538,023.97 for 2016 were closed to school building account because building construction is finished and ready for use already. As of December 31, 2017, construction of building improvements is in progress amounting to P 683,072.55		

#### 14. FINANCIAL INSTRUMENTS

The School has no accounts and notes receivable nor loans receivable that are interest bearing.

#### 15. Supplementary Information Required by BIR per Regulation 15-2010

The management of the school is aware of the provisions of Revenue Regulation 15-2010. Being a non stock non profit organization, the school is not subject to some taxes covered by the said regulation. Among the taxes it paid are the following.

	2017	2016
Mayor's permit	14,243.00	7,040.00
BIR annual registration fee	500.00	500.00
Real estate tax	8,104.69	
Notarial fees		1,200.00
<b>Total</b> (Note 12)	<b>22,847.69</b>	<b>8,740.00</b>

There is no withholding taxes on compensation as of December 31, 2017, all staff are minimum wage earners

The School has no outstanding tax assessment and has no pending tax cases as of December 31, 2017 and 2016

The School is a non VAT organization.

#### 16. Retirement benefit.

The school has not yet established a registered retirement plan. The employer's contribution to Pag ibig Fund is considered as compliance to Law (RA 7641). The school has no employees of retiring age or nearing retiring age as of December 31, 2017 and 2016.

#### 17. Income tax payable and income tax expense

The operations of the school for 2017 resulted in a loss hence no income tax is payable and due. Further the school is a non stock non profit organization serving the poor students in the area, and per approved Articles of Incorporation and By laws of the school, it is tax exempt.

18. The school reclassified the Statements of Income to Statements of Receipts and Expenditures and the Statements of Equity to Statements of Fund Balance for a more appropriate terminologies applicable to a non stock non profit organization, in the year 2012.