THE JOHN D.V. SALVADOR FOUNDATION, INC.

FINANCIAL STATEMENTS
December 31, 2021 and 2020

With Independent Auditors' Report

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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
The John D.V. Salvador Foundation, Inc.
16 Maginoo St., Magsaysay Village
Tondo, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The John D.V. Salvador Foundation, Inc. (the Foundation), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of activities, changes in net assets and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

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

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 PFRS for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 and Revenue Regulations No. 34-2020 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 10 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. 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.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
Issued January 3, 2023 at Makati City

June 2, 2023
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Trustees and Members
The John D.V. Salvador Foundation, Inc.
16 Maginoo St., Magsaysay Village
Tondo, Manila

We have audited the accompanying financial statements of The John D.V. Salvador Foundation, Inc. (the Foundation) as at and for the year ended December 31, 2021, on which we have rendered our report dated June 2, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the Chairman or any members of the Board of Trustees of the Foundation.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
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June 2, 2023
Makati City, Metro Manila

THE JOHN D.V. SALVADOR FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Asset			
Cash and cash equivalents	*6*	**P77,226**	P159,075
Noncurrent Asset			
Property and equipment-net	*7*	**20,496,802**	18,948,832
		P20,574,028	P19,107,907
NET ASSETS			
Unrestricted net assets	*5*	**P20,574,028**	P19,107,907

See Notes to the Financial Statements.

THE JOHN D.V. SALVADOR FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

		Years Ended December 31	
	Note	**2021**	2020
REVENUE			
Donations	*8*	**P2,367,593**	P -
Contributions	*8*	**100,000**	100,000
Interest income	*6*	**1,603**	-
		2,469,196	100,000
EXPENSES			
Depreciation	*7*	**902,155**	902,155
Professional fees	*8*	**100,000**	100,000
Taxes and licenses		**920**	-
		1,003,075	1,002,155
EXCESS OF (DEFICIENCY OF) REVENUE OVER EXPENSES		**P1,466,121**	(P902,155)

See Notes to the Financial Statements.

THE JOHN D.V. SALVADOR FOUNDATION, INC.
STATEMENTS OF CHANGES IN NET ASSETS

		Years Ended December 31	
	Note	**2021**	2020
UNRESTRICTED NET ASSETS			
Balance at beginning of year		**P19,107,907**	P20,010,062
Excess of (deficiency of) revenue over expenses		**1,466,121**	(902,155)
Balance at end of year	*5*	**P20,574,028**	P19,107,907

See Notes to the Financial Statements.

THE JOHN D.V. SALVADOR FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of (deficiency of) revenue over expenses	*5*	**P1,466,121**	(P902,155)
Adjustments for:			
Depreciation expense	*7*	**902,155**	902,155
Net cash provided by operating activities		**2,368,276**	-
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of property and equipment	*7*	**(2,450,125)**	-
Cash used in investing activity		**(2,450,125)**	-
NET DECREASE IN CASH		**(81,849)**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**159,075**	159,075
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P77,226**	P159,075

See Notes to the Financial Statements.

THE JOHN D.V. SALVADOR FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

The John D.V. Salvador Foundation Inc. (the "Foundation") is a non-stock, not-for-profit organization registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 2010, with expiry date of June 25, 2060. The purposes for which the Foundation is incorporated are: (i) to support the training and education of poor and marginalized children and youth, by building halfway houses, orphanages, hospices and centers in the Philippines, primarily in, but not limited to, the National Capital Region; (ii) to support other charitable and educational projects in the Philippines, including, but not limited to, community service centers, health care centers, and educational institutions and programs to benefit the poor and marginalized children and youth; (iii) to raise, collect, receive and maintain donations, grants, endowments, bequests, and property of every kind and description from the general public in furtherance of the foregoing charitable and educational purposes of the Foundation, serving as a charitable foundation, and to make contributions exclusively for the charitable and educational purposes; (iv) to hold, buy, sell, exchange, hire or lease, and to mortgage or otherwise encumber, any property, real or personal, and to lend or otherwise to invest its funds, moneys or properties in such undertakings and pursue such activities as may be desired or necessary to carry out the purposes and objectives of the Foundation; and (v) to undertake such other activities as may be conducive to the achievement of the objective and functions of the Foundation.

The Foundation, being a non-stock, not-for-profit organization, falls under Section 30 of Republic Act No. 8424, entitled "An Act Amending the National Internal Revenue Code as Amended, and For Other Purposes". The income from activities conducted in pursuit of the objectives for which the Foundation was established is exempt from income tax. However, any income on any of its properties, real or personal, or from any activity conducted for profit, regardless of the disposition of such income, is subject to income tax.

The Foundation's registered office address is located at 16 Maginoo St., Magsaysay Village, Tondo, Manila.

The Foundation has no employees and is governed by the Board of Trustees (BOT) whose members do not receive any compensation.

2. Basis of Preparation

Statement of Compliance
These financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

The Foundation qualifies as a small entity under the Revised SRC Rule 68 approved by the SEC on August 19, 2019 and consequently used PFRS for SEs in its financial statements.

Basis of Measurement
The financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency
The financial statements of the Foundation are presented in Philippine peso (PHP), which is also the Foundation's functional currency. All financial information presented in PHP have been rounded off to the nearest peso, unless otherwise indicated.

Approval of Issuance of Financial Statements
The accompanying financial statements were approved for issuance by the Board of Trustees (BOT) on June 2, 2023.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently as presented in these financial statements unless otherwise indicated.

Transition to PFRS for SEs
On March 22, 2018, the SEC approved the adoption of Financial Reporting Standard for Small Entities (PFRS for SEs) as part of SEC's rules and regulations on financial reporting, and the corresponding revisions to SRC Rule 68, As Amended, to reflect changes to economic thresholds and prescribed financial reporting framework.

PFRS for SEs applies to entities with total assets or total liabilities between P3.00 million and P100.00 million. Adoption of PFRS for SEs is effective for annual periods beginning on or after January 1, 2019 with early application permitted.

Financial Instruments
Date of Recognition
Financial instruments are recognized in the statements of financial position when the Foundation becomes a party to the contractual provisions of the instruments.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Foundation commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition of Financial Instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVTPL), the initial measurement of financial instruments includes transaction costs.

The Foundation classifies its financial assets in the following categories: Financial assets at FVTPL, Held-to-maturity investments, Available-for-sale investments and Loans and receivables.

Subsequent Measurement of Financial Instruments
Financial instruments are subsequently measured at amortized cost using the effective interest method, except for investments in non-convertible and non-puttable preference shares and non-puttable ordinary shares that are publicly traded whose fair value can otherwise be measured reliably. Such investments are subsequently measured at fair value with changes in fair value recognized in the statements of activities.

As at December 31, 2021 and 2020, the Foundation's financial instruments consist only of cash in bank classified as loans and receivables presented under the "Cash and cash equivalents" account.

As at December 31, 2021 and 2020, the Foundation has no financial instruments carried at FVTPL, held-to-maturity investments and available-for-sale financial assets.

Financial Assets at Amortized Cost
Financial instruments are recognized initially at the transaction price. Such assets are subsequently carried at amortized cost using the effective interest method, less provision for credit losses. Amortized cost is calculated by taking into account any transaction cost, discount or premium on acquisition and includes fees that are an integral part of effective interest rate (EIR). An allowance for credit losses is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the financial instruments. Gains and losses are recognized in the statements of activities when the financial instruments are derecognized or impaired, as well as through the amortization process. These are classified as current assets when the Foundation expects to realize or collect the asset within 12 months from the statements of financial position date. Otherwise, these are classified as non-current assets.

Included in this category is the Foundation's cash in bank classified as loans and receivables presented under the "Cash and cash equivalents" account (see Note 6).

Financial Liabilities
Financial liabilities are recognized when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. The Foundation determines the classification of financial liabilities at initial recognition.

The Foundation initially recognizes financial liabilities on the date they are originated. Financial liabilities are initially recognized at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Foundation classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

As at December 31, 2021 and 2020, the Foundation has no financial liabilities.

<u>Offsetting Financial Assets and Financial Liabilities</u>
Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements; thus, the related assets and liabilities are presented on a gross basis in the statements of financial position.

As at December 31, 2021 and 2020, the Foundation has no financial assets and liabilities qualified for offsetting.

Income and expense are presented on a net basis only when permitted by the accounting standards.

Impairment of Financial Assets
The Foundation assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The impairment loss for the period shall be recognized in current operations. 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 the statements of activities, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Foundation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Foundation has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Foundation has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Foundation's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Foundation could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in statements of activities.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefit will flow to the Foundation and the revenue can be reliably measured. The below specific recognition criterion must also be met before revenue is recognized.

Contributions and Donations
All incoming resources are included in the statements of activities when the Foundation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Contributions and donations are recognized when received.

Expense Recognition
The financial statements are prepared on the accrual basis of accounting. Under this basis, expenses are recognized when incurred and are reported in the financial statements in the periods to which they relate to.

Property and Equipment
Land
Land is stated at cost, less any impairment in value. The initial cost of land comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditures incurred after the land has been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred.

The land is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in statements of activities in the year the item is derecognized.

Building
Building is initially measured at cost. After initial recognition, the building is measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits will flow to the Foundation, and its cost can be measured reliably.

Depreciation is computed on a straight-line basis over twenty-five (25) years.

If there is an indication that there has been a significant change in the depreciation method, useful life or residual value of an asset, the depreciation of the asset is reviewed and adjusted prospectively, if appropriate.

Impairment of Property and Equipment

The carrying amounts of the Foundation's property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of property and equipment exceeds its recoverable amount. Impairment losses are recognized in statements of activities.

The recoverable amount of property and equipment is the greater of its value-in-use or its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less the cost of disposal.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

Foreign currency-denominated transactions and balances

Transactions denominated in foreign currencies are recorded based on the exchange rate prevailing at transaction date. Foreign currency-denominated monetary assets and liabilities are translated to PHP using the exchange rate at the end of the year. As at December 31, 2021 and 2020, the Foundation has no foreign currency-denominated transactions and balances.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Foundation; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Foundation that give them significant influence over the Foundation and close members of the family of any such individual; and (d) members of the key management of the Foundation.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or nonoccurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of an entity.

Contingent assets are not recognized in the financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional evidence about the Foundation's net assets at reporting date (adjusting events), if there is any, are recognized in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Foundation's financial statements in accordance with PFRS for SEs requires management to make judgments, estimates and assumptions that affect the amount reported in the financial statements. The judgments and estimates used in the accompanying financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the Foundation's financial statements. Actual results may differ from these estimates.

Judgment, estimate, and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgment
Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Foundation, the functional currency of the Foundation has been determined to be the Philippine peso. It is the currency that mainly influences the expenses incurred by the Foundation.

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Impairment of Nonfinancial Assets
The Foundation assesses impairment on 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 considers important which could trigger an impairment review include 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; and

- significant negative industry or economic trends.

The Foundation recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management assessed that there are no impairment indicators affecting its nonfinancial assets as at December 31, 2021 and 2020 (see Note 7).

Estimated Useful Life of Property and Equipment
The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from property and equipment.

The estimated useful life of property and equipment is disclosed in Note 3.

5. Management of Net Assets

The Foundation's objective in managing its net assets is to maintain a structure that provides security of a sound position to support its operations effectively. Management monitors the Foundation's disbursements and expenses vis-à-vis contributions received on a monthly basis to ensure sufficiency of cash flow to fund current operations.

The Foundation is not subject to externally imposed capital requirements.

The unrestricted net assets amounted to P20.57 million and P19.11 million as at December 31, 2021 and 2020, respectively.

6. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash in banks	**P37,451**	P119,300
Cash on hand	**39,775**	39,775
	P77,226	P159,075

Cash in bank maintained in Bank of the Philippine Islands (BPI) remains the same for both years.

Interest income from cash in bank amounted to P1,603 and nil in 2021 and 2020, respectively.

7. Property and Equipment - net

The movements in this account are as follows:

		2021	
	Land	**Building**	**Total**
Cost			
Balance at beginning of year	**P3,161,120**	**P22,553,875**	**P25,714,995**
Additions	**1,700,050**	**750,075**	**2,450,125**
Balance at end of year	**4,861,170**	**P23,303,950**	**28,165,120**
Accumulated Depreciation			
Balance at beginning of year	**-**	**6,766,163**	**6,766,163**
Depreciation for the year	**-**	**902,155**	**902,155**
Balance at end of year	**-**	**7,668,318**	**7,668,318**
Carrying Value	**P4,861,170**	**P15,635,632**	**P20,496,802**

		2020	
	Land	Building	Total
Cost			
Balance at year end	P3,161,120	P22,553,875	P25,714,995
Accumulated Depreciation			
Balance at beginning of year	-	5,864,008	5,864,008
Depreciation for the year	-	902,155	902,155
Balance at end of year	-	6,766,163	6,766,163
Carrying Value	P3,161,120	P15,787,712	P18,948,832

8. Revenue and Professional Fees

In 2021 and 2020, the Foundation received donated services from R.G. Manabat & Co. for audit services rendered amounting to P100,000 in both years.

Further, the Foundation established in the United States of America (USA) and the United Kingdom (UK) have donated cash amounting to P2.37 million and nil in 2021 and 2020, respectively.

The Foundation established in the USA and UK are the Foundation's related parties.

9. Commitments

In 2013, the Foundation entered an agreement with Bahay at Yaman, upon the latter's request to use and occupy the Foundation's multi-storey building and property located at Maginoo St., Tondo, Manila for a period of 25 years from July 1, 2013 until June 30, 2038. The agreement provides no annual rental payment, provided, that Bahay at Yaman shall bear all the expenses for the management and maintenance of the premises including the taxes and insurance.

10. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS for SEs and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS for SEs. The following is the tax information required for the taxable year ended December 31, 2021:

Based on Revenue Regulations (RR) No. 15-2010

A. Value-Added Tax (VAT)

The Foundation has no transactions subject for VAT.

B. Excise Taxes

The Foundation has no transactions subject for excise tax.

C. Documentary Stamp Tax

The Foundation has no transactions subject for documentary stamp tax.

D. Withholding Taxes

The Foundation incurred expanded withholding taxes amounting to P921 for the year.

E. All Other Taxes (Local and National)

The Foundation did not incur and pay any taxes and licenses for the year.

F. Tax Assessment and Cases

There were no deficiency tax assessments or tax cases, litigation and/or prosecution in courts or bodies outside the administration of the BIR.

Based on RR No. 34-2020

In relation to Section 4 of BIR RR No. 34-2020, the Foundation is not covered by the prescribed requirements and procedures for the submission of BIR form No. 1709 *Information Return on Related Party Transactions,* Transfer Pricing Documentation and other supporting documents as at and for the year ended December 31, 2021.