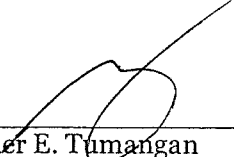


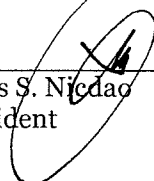
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

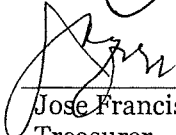
The management of Help and Assistance for Rotary Philippine Districts, Inc. is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2015 and for the period from January 18 to December 31, 2014, in accordance with the prescribed financial reporting framework indicated, including the additional components attached therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the financial statements and submits the same to the members.

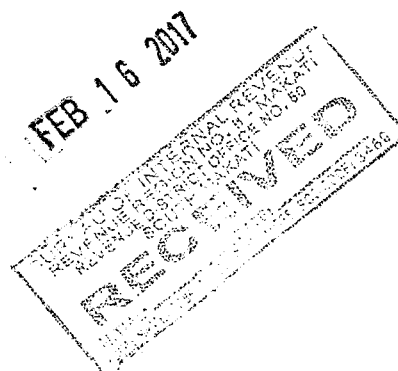
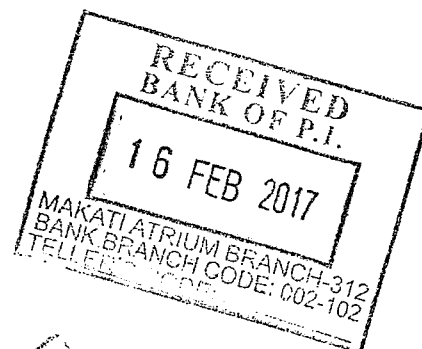
Navarro Amper & Co., the independent auditors appointed by the members, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.


Guiller E. Tumangan
Chairman


Jesus S. Nicdao
President


Jose Francisco Q. Cifra
Treasurer

17 November 2016



NavarroAmper&Co.

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig 1634
Philippines

Tel: +63 (2) 581 9000
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www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

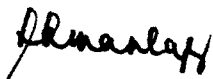
Securities and Exchange Commission
SEC Building, EDSA
Mandaluyong City

Gentlemen:

We are submitting herewith the statement of assets, liabilities and fund balances of Help and Assistance for Rotary Philippine Districts, Inc. (A Non-stock, Non-profit Organization) as at December 31, 2015, and the statement of comprehensive income and changes in fund balances and statement of cash flows for the year then ended for your information.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

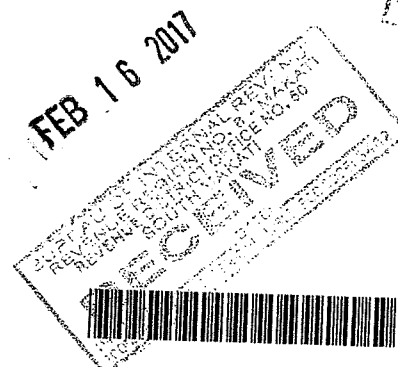
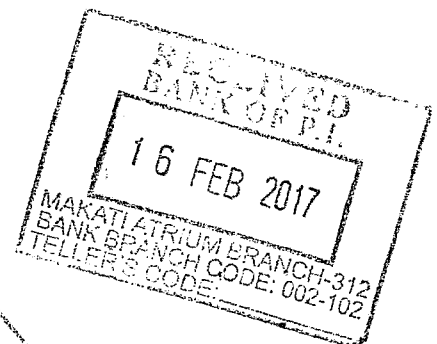
By:



Avis B. Manlapaz
Partner

CPA License No. 0074249
SEC A.N. 1114-AR-1, issued on April 3, 2014; effective until April 2, 2017, Group A
TIN 120964002
BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019
PTR No. A-2798363, issued January 6, 2016, Taguig City

Taguig City, Philippines
November 17, 2016



Deloitte.

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Members
HELP AND ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.
(A Non-stock, Non-profit Organization)
Unit 1903, Cityland Herrera Tower, V.A. Rufino Cor. Valero Streets
Salcedo Village, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Help and Assistance for Rotary Philippine Districts, Inc., which comprise the statements of assets, liabilities and fund balances as at December 31, 2015 and 2014, and the statements of comprehensive income and changes in fund balances and statements of cash flows for the year ended December 31, 2015 and for the period January 18, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

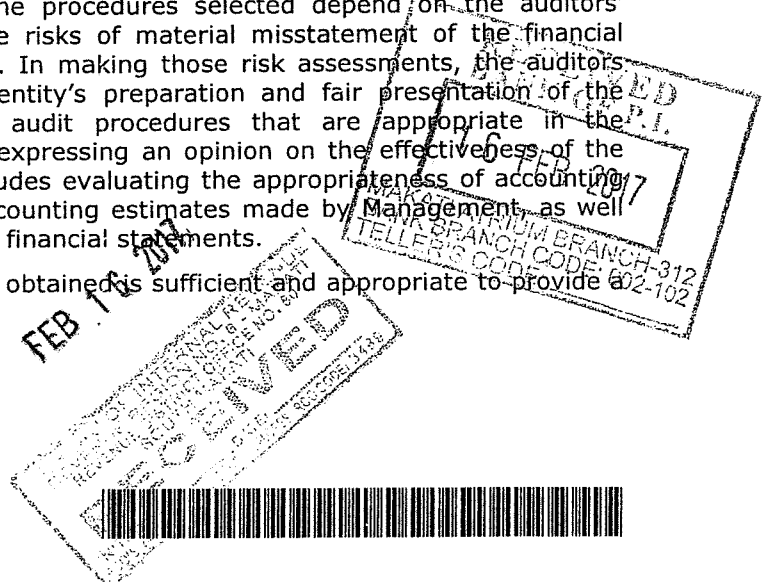
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



NavarroAmper&Co.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statements of assets, liabilities and fund balances of Help and Assistance for Rotary Philippine Districts, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the periods then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2015 on taxes and licenses in Note 10 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018

SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A

TIN 005299331

By:



Avis B. Manlapaz

Partner

CPA License No. 0074249

SEC A.N. 1114-AR-1, issued on April 3, 2014; effective until April 2, 2017, Group A

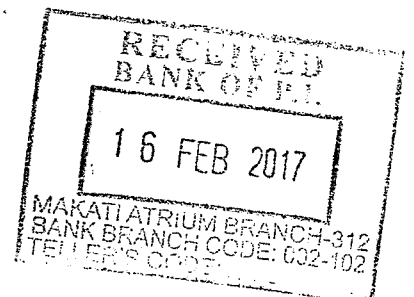
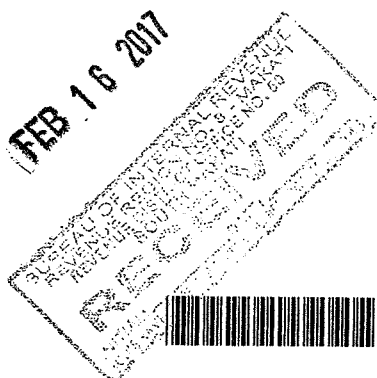
TIN 120964002

BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019

PTR No. A-2798363, issued January 6, 2016, Taguig City

Taguig City, Philippines

November 17, 2016



INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

Bureau of Internal Revenue
BIR Building, East Triangle
Diliman, Quezon City

Gentlemen:

In connection with our audit of the statement of financial position of Help and Assistance for Rotary Philippine Districts, Inc. as at December 31, 2015, and the statement of comprehensive income and changes in fund balances and statement of cash flows for the year then ended, on which we have rendered our report dated November 17, 2016, and in compliance with the Statement required by Section 8-A of Revenue Regulations V-1, as amended by Revenue Regulations V-20, we state that no partner of our firm is related by consanguinity or affinity to any of the principal officers or members of the Organization.

Help and Assistance for Rotary Philippine Districts, Inc. is organized and operated in accordance with Section 30 of the National Internal Revenue Code (NIRC) as a non-stock, non-profit organization.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:



Avis B. Manlapaz
Partner

CPA License No. 0074249

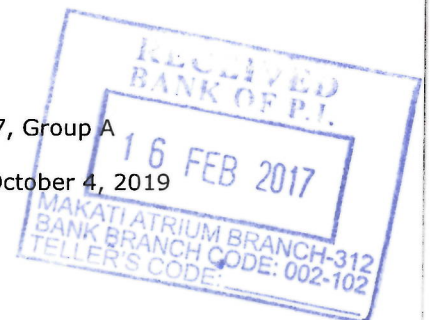
SEC A.N. 1114-AR-1, issued on April 3, 2014; effective until April 2, 2017, Group A

TIN 120964002

BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019

PTR No. A-2793363, issued January 6, 2016, Taguig City

Taguig City, Philippines
November 17, 2016



INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Members
HELP AND ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.
(A Non-stock, Non-profit Organization)
Unit 1903, Cityland Herrera Tower, V.A. Rufino Cor. Valero Streets
Salcedo Village, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Help and Assistance for Rotary Philippine Districts, Inc., which comprise the statements of assets, liabilities and fund balances as at December 31, 2015 and 2014, and the statements of comprehensive income and changes in fund balances and statements of cash flows for the year ended December 31, 2015 and for the period January 18, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

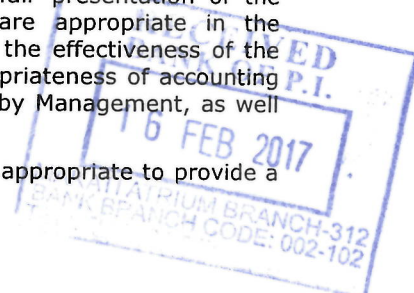
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



NavarroAmper&Co.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statements of assets, liabilities and fund balances of Help and Assistance for Rotary Philippine Districts, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the periods then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2015 on taxes and licenses in Note 10 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018

SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A

TIN 005299331

By:



Avis B. Manlapaz
Partner

CPA License No. 0074249

SEC A.N. 1114-AR-1, issued on April 3, 2014; effective until April 2, 2017, Group A

TIN 120964002

BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019

PTR No. A-2798363, issued January 6, 2016, Taguig City

Taguig City, Philippines

November 17, 2016



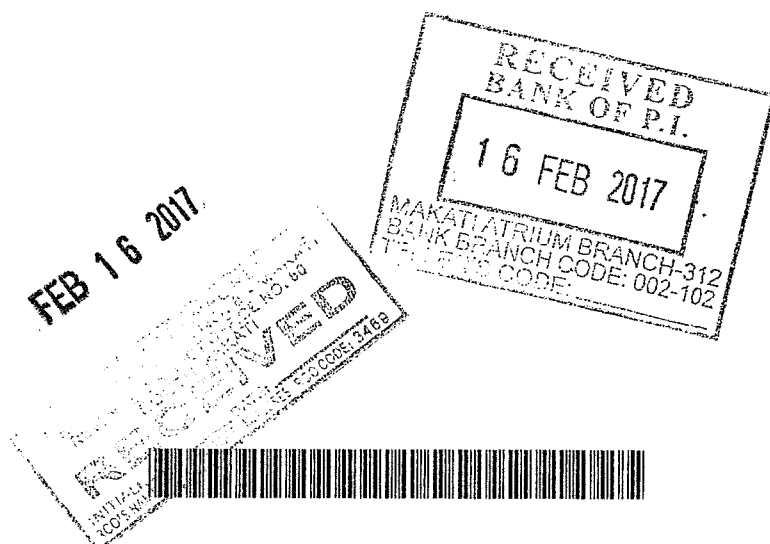
Deloitte.

Help and Assistance for Rotary Philippine Districts, Inc.
(A non-stock, non-profit organization)

Statements of Assets, Liabilities and Fund Balances
December 31, 2015 and 2014
(All amounts in Philippine Peso)

	Notes	2015	2014
<u>ASSETS</u>			
Current assets			
Cash in banks	2	7,908,534	14,521,260
Receivables	3	-	3,000,000
Construction in progress	6	294,565	1,926,494
Other current assets		89,412	252,353
Total assets		8,292,511	19,700,107
<u>LIABILITIES AND FUND BALANCES</u>			
Current liabilities			
Accrued expenses and other payables	4	1,213,303	1,194,189
Capital			
Contributed capital	9.8	25,000	25,000
Fund balances			
General fund		250,416	209,615
Rehabilitation fund		6,803,792	18,271,303
Total fund balances		7,054,208	18,480,918
Total liabilities and fund balances		8,292,511	19,700,107

The notes on pages 1 to 13 are an integral part of these financial statements.



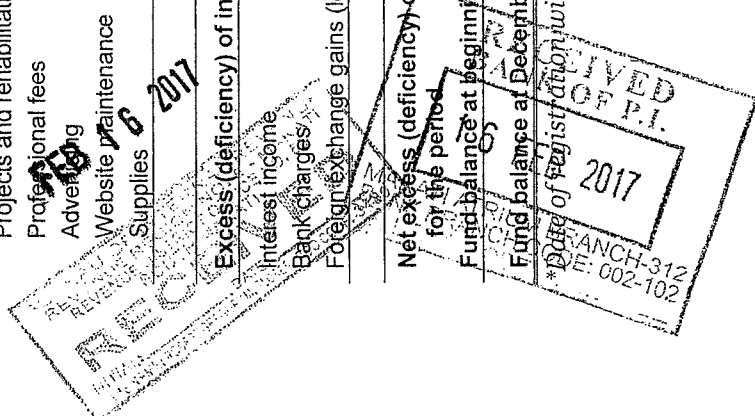
Help and Assistance for Rotary Philippine Districts, Inc.
(A non-stock, non-profit organization)

Statements of Comprehensive Income and Changes in Fund Balances
For the year ended December 31, 2015 and for the period from January 18* to December 31, 2014
(All amounts in Philippine Peso)

	Note	2015			2014		
		General	Rehabilitation	TOTAL	General	Rehabilitation	TOTAL
Income							
Donation income	6	502,070	250,000	752,070	465,000	31,287,867	31,752,867
Membership fees		-	-	-	236,930	-	236,930
		502,070	250,000	752,070	701,930	31,287,867	31,989,797
Expenses							
Projects and rehabilitation expenses	6	-	(11,226,378)	(11,226,378)	-	(12,640,668)	(12,640,668)
Professional fees		(480,000)	-	(480,000)	(515,000)	-	(515,000)
Advertising		-	(50,000)	(50,000)	-	(120,000)	(120,000)
Website maintenance		-	(64,381)	(64,381)	-	(109,412)	(109,412)
Supplies		-	(597,204)	(597,204)	-	(41,969)	(41,969)
		(480,000)	(11,937,963)	(12,417,963)	(515,000)	(12,912,049)	(13,427,049)
Excess (deficiency) of income over expenses		22,070	(11,687,963)	(11,665,893)	186,930	18,375,818	18,562,748
Interest income	2	18,731	-	18,731	23,015	-	23,015
Bank charges		-	-	-	(330)	-	(330)
Foreign exchange gains (losses)	7	-	220,452	220,452	-	(104,515)	(104,515)
		18,731	220,452	239,183	22,685	(104,515)	(81,830)
Net excess (deficiency) of income over expenses for the period		40,801	(11,467,511)	(11,426,710)	209,615	18,271,303	18,480,918
Fund balance at beginning		209,615	18,271,303	18,480,918	-	-	-
Fund balance at December 31		250,416	6,803,792	7,054,208	209,615	18,271,303	18,480,918

*Date of registration with the Philippine Securities and Exchange Commission

Notes on pages 1 to 13 are an integral part of these financial statements.



Help and Assistance for Rotary Philippine Districts, Inc.
(A non-stock, non-profit organization)

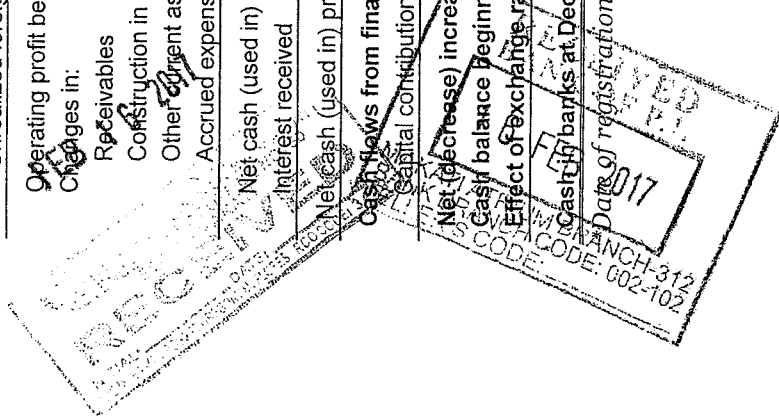
Statements of Cash Flow

For the year ended December 31, 2015 and for the period from January 18* to December 31, 2014
(All amounts in Philippine Peso)

	Notes	2015		2014	
		General	Rehabilitation	General	Rehabilitation
Cash flows from operating activities					
Net excess (deficiency) of income over operating expenses		40,801	(11,467,511)	(11,426,710)	18,271,303
Adjustments for:					
Interest income	2	(18,731)	-	(18,731)	(23,015)
Unrealized foreign exchange (gains) losses	7	-	(248,602)	(248,602)	101,416
Operating profit before working capital changes		22,070	(11,716,113)	(11,694,043)	186,600
Changes in:					
Receivables		-	3,000,000	3,000,000	-
Construction in progress		-	1,631,929	1,631,929	-
Other current assets		-	162,941	162,941	-
Accrued expenses and other payables		(50,000)	69,114	19,114	50,000
Net cash (used in) provided by operations		(27,930)	(6,852,129)	(6,880,059)	14,338,061
Interest received	2	18,731	-	18,731	23,015
Net cash (used in) provided by operating activities		(9,199)	(6,852,129)	(6,861,328)	14,338,061
Cash flows from financing activity					
Capital contribution	9.8	-	-	-	25,000
Net (decrease) increase in cash		(9,199)	(6,852,129)	(6,861,328)	14,338,061
Cash balance beginning		284,615	14,236,645	14,521,260	-
Effect of exchange rate changes		-	248,602	248,602	(101,416)
Cash in banks at December 31	2	275,416	7,633,118	7,908,534	14,236,645

Date of registration with the Philippine Securities and Exchange Commission

The notes on pages 1 to 13 are an integral part of these financial statements.



Help and Assistance for Rotary Philippine Districts, Inc.
(A non-stock, non-profit organization)

Notes to Financial Statements

As at December 31, 2015 and 2014 and for the year ended December 31, 2015

and for the period from January 18* to December 31, 2014

(All amounts in Philippine Peso, unless otherwise stated)

*Date of registration with the Philippine Securities and Exchange Commission

Note 1 - Business information

1.1 General information

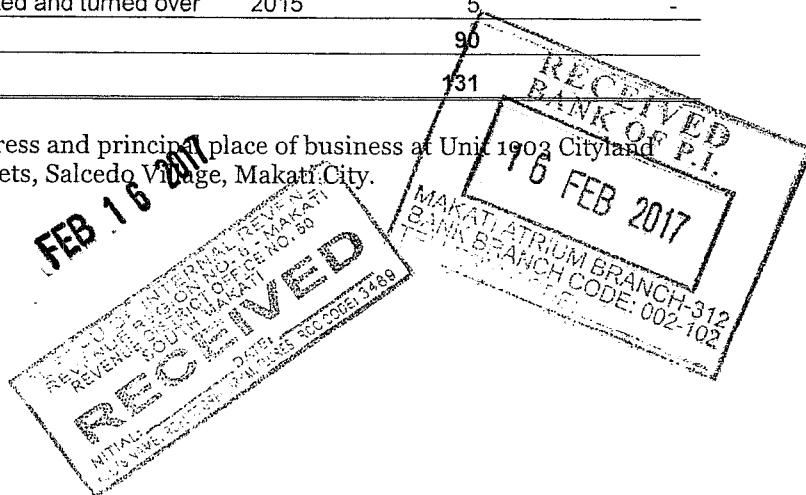
Help and Assistance for Rotary Philippine Districts, Inc. (the "Association") was incorporated on January 18, 2014 as a non-stock, non-profit organization. Its primary purpose is to gather and organize business, professional and community leaders, especially Rotarians and Rotary Clubs in the society, not for the purpose of earning profit, but for fostering, encouraging and engaging in activities aimed at relieving the destitute, helping the disadvantaged and distressed, aiding economically depressed communities, assisting communities with some of their problems and needs, and promoting public interest, humanitarian service and social welfare, such as but not limited to the following: donation and provision of relief, recovery and rehabilitation items and materials, medical assistance, sanitation programs and other health services, feeding and nutrition programs, temporary and permanent shelter, repairs and construction of school buildings and other infrastructure.

Income received by the Association as a non-stock, non-profit organization intended for charitable purpose, of which no part of its income shall belong to or inure to the benefit of any member, organizer, officer or any specific person, are exempt from income tax as set forth in Section 30(e) of Republic Act No. 8424 entitled "An act Amending the National Internal Revenue Code, As Amended, and For Other Purposes."

As at December 31, 2015 and 2014, the status of major projects and rehabilitation activities of the Association (as disclosed in Note 8) are as follows:

School	Status to date	Year turned over	Number of classrooms turned over	Other structures turned over
San Jose Elementary School	Completed and turned over	2014	24	Principal's office
Patag Elementary School	Completed and turned over	2014	12	Principal's office
Valencia Central Elementary School	Completed and turned over	2014	3	-
Loguingot Elementary School	Completed and turned over	2014	2	-
Total as at December 31, 2014			41	
Naungan Elementary School	Completed and turned over	2015	19	-
Linao Central Elementary School	Completed and turned over	2015	32	Principal's office and Kitchen
Batad National High School	Completed and turned over	2015	18	-
Carles Central Elementary School	Completed and turned over	2015	9	Multi-purpose hall
Botongan Elementary School	Completed and turned over	2015	4	-
Sto. Nino Elementary School	Completed and turned over	2015	3	-
Basud Elementary School	Completed and turned over	2015	5	-
			90	
Total as at December 31, 2015			131	

The Association has its registered office address and principal place of business at Unit 1902 Cityland Herrera Tower, V.A. Rufino Cor. Valero Streets, Salcedo Village, Makati City.



Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Board of Trustees of the Association on November 17, 2016.

Note 2 - Cash in banks

Cash in banks as at December 31, 2015 amounted to P7,908,534 (2014 - P14,521,260). Interest income earned during the period amounted to P18,731 (2014 - P23,015).

Note 3 - Receivables

Receivables as at December 31, 2015 and 2014 amounted to nil and P3,000,000, respectively. This pertains mainly to confirmed pledges for the Association's rehabilitation program. The pledge was received in 2015. Thus, no allowance for doubtful accounts was provided for this.

The aggregate carrying amount of receivables approximates its fair value.

Note 4 - Accrued expenses and other payables

Accrued expenses and other payables at December 31, 2015 and 2014 consist of:

	2015	2014
Accrued expenses	1,212,183	663,970
Payable to Cocolife	-	500,000
Withholding tax payable	1,120	30,219
	1,213,303	1,194,189

Accrued expenses comprise mainly of expenses incurred for construction of school buildings.

Payable to United Coconut Planters Life Assurance Corp. ("Cocolife") represents amount of unreleased donation to Cocolife for the construction of Valencia Elementary School. In 2015, the full amount was paid by the Association.

The aggregate carrying amount of accrued expenses and other payables approximates its fair value.

The average credit period on purchases of certain goods and services from suppliers is 30 days. No interest is charged on the overdue trade payables.

Note 5 - Categories of financial instruments

	2015	2014
	Fair Value	
Other financial assets		
Cash in banks	7,908,534	14,521,260
Receivables	-	3,000,000
Other current assets	89,412	252,353
	7,997,946	17,773,613
Financial liabilities at amortized cost		
Accrued expenses and other payables	1,212,183	1,163,970

The carrying values of the financial assets and liabilities approximate their fair values due to its relatively short-term maturity.



Note 6 - Donations, projects and rehabilitation expenses and construction in progress

Projects and rehabilitation expenses mainly represents cost of construction or reconstructing classrooms and other school facilities which have been completed and turned over to various beneficiaries.

Details of the projects and rehabilitation expenses for the year ended December 31, 2015 follow:

	Donors	Number of classrooms turned over in 2015	Excess donation as at December 31, 2014	Allocation or donation in 2015	Projects and rehabilitation expenses in 2015	Excess donation as at December 31, 2015
With additional expenses for completed and turned over schools in 2014						
San Jose Elementary School	<ul style="list-style-type: none"> Rotary Danmarks Hjaelpfond and Districts 1440, 1450, 1461, 1470 and 1480 from Denmark Cocollife 	-	2,387,294	-	1,072,824	1,314,470
Patag Elementary School	<ul style="list-style-type: none"> Rotary Taiwan Past District Governors 	-	718,593	-	334,365	384,228
Valencia Central Elementary School	<ul style="list-style-type: none"> RI District 9520, Southern South Australia, Sunraysia Districts and Broken Hill Rotary District 3450 Charitable Fund Limited (Hongkong) Rotary Club of Wodinga thru RC Sta. Rosa Centro 	-	-	-	-	-
Loguigot Elementary School	<ul style="list-style-type: none"> RC Makati West PP Dr. Eulalio Lorenzo of RC Midtown Cubao RC Pembroke, Bermuda RC Tokyo West RC Las Vegas Summerlin H. Dale Tobbler Rotary Charities thru RC North Las Vegas PRIP Rajendra Saboo 	-	87,441	-	87,441	-
(subtotal)		-	56,171	-	56,171	-
		-	3,249,499	-	1,550,801	1,698,698

Projects and rehabilitation expenses incurred for San Jose Elementary School for the year ended December 31, 2015 includes cost for uniforms and shoes amounting to P712,248.

Projects and rehabilitation expenses incurred for Patag Elementary School for the year ended December 31, 2015 includes cost for uniforms and shoes amounting to P223,689.

Details of the projects and rehabilitation expenses for the year ended December 31, 2015 follow (continued):

	Donors	Number of classrooms turned over in 2015	Allocation in 2014	Allocation or donation in 2015	Projects and rehabilitation expenses in 2015	Excess donation as at December 31, 2015
(forward)		-	3,249,499	-	1,550,801	1,698,698
Transferred from Construction in Progress						
Naungan Elementary School	<ul style="list-style-type: none"> • SKAL International thru RC Makati Legaspi • RC West Honolulu thru RC Makati West • RI District 7255 Foundation Inc. • RC Makati West • RI District 3770, RY 2013-14 • RC Cagayan de Oro • RC North Dallas thru Woodspring Foundation, Inc. and RC Cagayan de Oro 		914,636 434,801 384,966 250,000 200,000 83,000 44,623			
Liniao Central Elementary School	<ul style="list-style-type: none"> • Rotary Club 29 Foundation, Oklahoma City, USA • RC Birmingham, USA • RI District 5170, Mountain View, CA 	19	2,312,026 1,147,983 1,031,556 536,885	-	2,312,026	-
Bafad National High School	<ul style="list-style-type: none"> • RIBI Donations Trust 	32	2,716,424	-	2,665,570	50,854
		18	2,761,040	-	2,014,661	746,379
		69				
Construction started in 2015 only						
Carles Central Elementary School	<ul style="list-style-type: none"> • RIBI Donations Trust 	9	-	1,387,228	1,387,228	-
Botongan Elementary School	<ul style="list-style-type: none"> • RIBI Donations Trust 	4	-	668,094	668,094	-
Sto. Nino Elementary School	<ul style="list-style-type: none"> • RIBI Donations Trust 	3	-	490,262	490,262	-
Basud Elementary School	<ul style="list-style-type: none"> • RIBI Donations Trust • RC Paranaque East • PDG Hugo Perez, Jr. 		- - -	1,582,987 250,000 20,000		
		5	-	1,852,987	719,520	1,133,467

Projects and rehabilitation expenses in 2015 includes costs for publication of the completed projects amounting to P581,784 which is recorded as part of supplies expense in the Statement of Comprehensive Income and Changes in Fund Balances.

Details of projects and rehabilitation expenses for the period January 18 to December 31, 2014 follow:

	Donors	Allocated donation in 2014	Number of classrooms turned over in 2014	Projects and rehabilitation expenses in 2014	Excess donation as at December 31, 2014
Completed and turned over					
San Jose Elementary School	<ul style="list-style-type: none"> Rotary Danmarks Hjaelpefond and Districts 1440, 1450, 1461, 1470 and 1480 from Denmark Cocolife 	10,076,394 3,000,000			
Patag Elementary School	<ul style="list-style-type: none"> Rotary Taiwan Past District Governors 	13,076,394 1,492,901	24 12	10,689,100 774,308	2,387,294 718,593
Valencia Central Elementary School	<ul style="list-style-type: none"> RI District 9520, Southern South Australia, Sunraysia Districts and Broken Hill Rotary District 3450 Charitable Fund Limited (Hong Kong) Rotary Club of Wodonga thru RC Sta. Rosa Centro 	394,478 152,963 40,000			
Loguingot Elementary School	<ul style="list-style-type: none"> RC Makati West PP Eulalio Lorenzo of RC Midtown Cubao RC Pembroke, Bermuda RC Tokyo West, Japan RC Las Vegas Summerlin H. Dale Tobbler Rotary Charities thru RC North Las Vegas (USA) PRIP Rajendra Saboo 	587,441 70,000 200,000 179,291 132,087 88,168 43,046 20,839	3	500,000	87,441
		733,431	2	677,260	56,171
		15,890,167	41	12,640,668	3,249,499

None of the above expenses arose from cost reimbursement of directors, trustees or key officers of the Association.

Excess donations will be used to other project and rehabilitation expenditures.

Construction in progress as at December 31, 2015 amounts to P294,565 (2014 - P1,926,494). This pertains mainly to cost of school building under construction, which will be donated and turned-over upon completion.

Details of construction in progress for the year ended December 31, 2015 follow:

	Donors	Allocated donation in 2015	Number of classrooms to construct	Construction in progress	Expected cost to complete	Expected total cost
Jovencio Masong National High School	<ul style="list-style-type: none"> • RI District 5300 Foundation • Global Presidents, D3830, RY 2010-11 	897,698 53,600	2	294,565	112,707	407,272
		951,298				

Classrooms being constructed as at December 31, 2015 are expected to be completed and turned over in September 2016.

Details of construction in progress for the period January 18 to December 31, 2014 follow:

	Donors	Allocated donation in 2014	Number of classrooms to construct	Construction in progress	Expected cost to complete	Expected total cost
Naungan Elementary School	<ul style="list-style-type: none"> • SKAL International thru RC Makati Legaspi • RC West Honolulu thru RC Makati West • RI District 7255 Foundation Inc. • RC Makati West • RI District 3770, RY 2013-14 • RC Cagayan de Oro • RC North Dallas thru Woodspring Foundation, Inc. and RC Cagayan de Oro 	914,636 434,801 384,966 200,000 200,000 83,000 44,623				
		2,262,026	19	1,018,721	1,138,589	2,157,310
Liniao Central Elementary School	<ul style="list-style-type: none"> • Rotary Club 29 Foundation, Oklahoma City, USA • RC Birmingham, USA • RI District 5170 	1,147,983 1,031,556 536,885				
		2,716,424	32	884,443	1,642,537	2,526,980
Batad National High School	<ul style="list-style-type: none"> • RIBI Donations Trust 	3,203,200 8,181,650	18 69	23,330 1,926,494	3,011,880 5,793,006	3,035,210 7,719,500

Classrooms being constructed as at December 31, 2014 were completed in 2015.

Note 7 - Foreign currency denominated monetary assets and liabilities

Details of the Association's foreign currency denominated monetary assets and liabilities at December 31, 2015 and 2014 follow:

	2015	2014
Cash in US Dollar	138,601	322,741
Exchange rate used	47.17	44.72
Philippine peso equivalent	6,537,809	14,432,978

Foreign exchange gain included in the statements of comprehensive income and changes in fund balances for the year ended December 31, 2015 amounted to P220,452 (2014 - P104,515 loss), of which P248,602 (2014 - P101,416 loss) pertains to unrealized foreign exchange gain.

Note 8 - Critical accounting judgment and key sources of uncertainty

In the application of the Association's accounting policies, Management is required to make judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Asset impairment

The Association performs an impairment review when certain impairment indicators are present.

Future events could cause the Association to conclude that investments in these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Association's financial condition and results of operations.

As at December 31, 2015 and 2014, Management believes that the recoverable amounts of the Association's construction in progress exceed their carrying amounts, therefore, no impairment loss was recognized.

Estimating allowances for doubtful accounts

The Association estimates the allowance for doubtful accounts related to receivables based on assessment of specific account where the Association has information that the co-donor is unable to meet its financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the co-donor and its current credit status based on known market factors. The Association uses judgment to record specific reserves for amounts due from co-donor to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

As at December 31, 2014, Management believes that the recoverability of its receivables is certain. Accordingly, no doubtful accounts expense was recognized in 2014. Total receivables as at December 31, 2014 amounted to P3,000,000, as disclosed in Note 5.

Note 9 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

9.1 Basis of preparation

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standard for Small and Medium-sized entities (PFRS for SMEs) which has been issued by the International Accounting Standards Board (IASB), approved by the Financial Reporting Standards Council (FRSC) and adopted by the Philippine Securities and Exchange Commission (SEC). They have been prepared under the historical cost convention.

The Association opted to present a single statement of "Statement of Total Comprehensive Income and Fund Balances" in place of a "Statement of Total Comprehensive Income" and "Statement of Changes in Fund Balances," as permitted by section 3, Financial Statement Presentation, of PFRS for SMEs. This option was deemed more appropriate by the Association's management as the change to the Association's fund balances for the period ended December 31, 2014 only resulted from excess of income over expenses.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Association's accounting policies.

PFRS for SMEs is a stand-alone standard which includes a section on the concepts and pervasive principles that underlie the financial statements of SMEs. These concepts address various issues including the objective of financial statements for SMEs, the qualitative characteristics of information contained in those financial statements, and general recognition and measurement principles.

9.2 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the Association operates (the "functional currency"). Presentation currency is the currency to which the financial statements are presented. The financial statements are presented in Philippine Peso, which is the Association's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income and changes in fund balances. Foreign exchange gains and losses are recognized in profit or loss.

9.3 Fund accounting

To ensure the observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting. Under this procedure, resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Association are reported in two self-balancing fund groups as follows:

- General fund which represents unallocated and unrestricted resources available for the Association's operations; and
- Rehabilitation fund which represents funds received from grants and donations restricted for the Association's programs intended for relieving the destitute, helping the disadvantaged and distressed, aiding economically depressed communities, assisting communities with some of their problems and needs, and promoting public interest, humanitarian service and social welfare.

9.4 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provision. The Association classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) other financial instruments.

The Association's basic financial instruments consist of cash, receivables and accrued expenses and other payables. There are no financial instruments under the category of other financial instruments.

Initial recognition

On initial recognition, a basic financial instrument is measured at transaction price, unless the arrangement is in effect a financing transaction. In this case, it is the present value of the future payment discounted using a market rate.

Initial measurement

Basic financial instruments are measured at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount at initial recognition.

Impairment of financial instruments measured at cost or amortized cost

Where there is objective evidence of impairment of financial assets measured at cost or amortized cost, an impairment loss is recognized immediately in profit or loss.

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.
- 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. Where an asset is 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 an entity would receive for the asset in a sale at the reporting date.

Derecognition of financial assets

The Association only derecognizes a financial asset when:

- The rights to the cash flows from the assets have expired or are settled;
- The entity has transferred substantially all the risks and rewards relating to the financial asset; or
- It has retained some significant risks and rewards but has transferred control of the asset to another party. The asset is therefore derecognized, and any rights and obligation created or retained are recognized.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is paid, discharged, cancelled, or has expired.

9.5 Construction in progress

Construction in progress representing properties under construction is stated at cost. Upon completion, these are turned-over to various beneficiaries and reclassified to donation expenses account.

9.6 Accrued expenses and other payables

Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Association is established. These are measured at amortized costs, normally equal to its nominal account.

Accrued expenses and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accrued expenses and other payables are derecognized when the obligation under the liability is discharged, cancelled, expired or settled.

9.7 Income and expense recognition

Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Association's activities.

The Association recognizes income when the amount can be reliably measured, it is probable that the economic benefits will flow to the Association, and specific criteria have been met for each of the Association's activities as described below. The amount of income is not considered to be reliably measured until all contingencies relating to the activities have been resolved. Revenue is measured at the fair value of the consideration received.

- (a) Support derived primarily from donations, probono services, grants, contributions, sponsorships and membership fees are recognized when received. There are no performance conditions required from the organization prior to the grant of any donations.
- (b) Interest income on bank deposits, which is presented net of final taxes paid or withheld, is recognized on a time proportion basis using the effective interest method.

Expense recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income and fund balances are presented using the nature of expense method.

9.8 Contributed capital

Contributed capital account amounting to P25,000 pertains to the initial contribution by the incorporators, trustees and members upon the establishment of the Association and registration with the Philippine SEC.

9.9 Subsequent events (or events after reporting date)

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

Note 10 - Supplementary information required by the Bureau of Internal Revenue (BIR)

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

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax return. Section 2 of RR No. 21-2002 was further amended to include in the notes to financial statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS for SMEs.

(i) Documentary stamp tax

The Association has no transactions for the year ended December 31, 2015 pertaining to acceptance, assignment, sale or transfer of an obligation, rights, or property requiring payment of documentary stamp tax.

(ii) All other local and national taxes

There were no local and national taxes paid for the year ended December 31, 2015.

(iii) Withholding taxes

Withholding taxes for the year ended December 31, 2015 are as follows:

	Paid	Accrued	Total
Expanded withholding tax	133,778	1,120	134,898

The accrued withholding taxes are recorded under accrued expenses and other payables in the statements of assets, liabilities and fund balances.

(iv) Tax assessments

The Association did not receive any Final Assessment Notice from the BIR during the year ended December 31, 2015.

(v) Tax cases

The Association does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2015.