HELP AND ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.

Financial Statements
December 31, 2016 and 2015
and
Independent Auditors' Report

Unit 1903, Cityland Herrera Tower
V.A. Rufino Cor. Valero Streets
Salcedo Village, Makati City

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Members
HELP AND ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.
Unit 1903 Cityland Herrera Tower
V.A Rufino Corner Valero Streets, Salcedo Village
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2016 and 2015, the statements of comprehensive income and changes in fund balances and statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statements of assets, liabilities and fund balances of Help and Assistance for Rotary Philippine Districts, Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Help and Assistance for Rotary Philippine Districts, Inc. 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 audits 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 these financial statements in accordance with PFRS for SMEs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing Help and Assistance for Rotary Philippine Districts, Inc.'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 Help and Assistance for Rotary Philippine Districts, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Help and Assistance for Rotary Philippine District, Inc.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Help and Assistance for Rotary Philippine Districts, Inc.'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 Help and Assistance for Rotary Philippine Districts, Inc.'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 Help and Assistance for Rotary Philippine Districts, Inc. 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 audits.

Report on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by 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 9 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 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.

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
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By:

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PTR No. A-3264640, issued on January 5, 2017, Taguig City

Taguig City, Philippines
April 24, 2017

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

Statements of Assets, Liabilities and Fund Balances
December 31, 2016 and 2015
(All amounts in Philippine Peso)

	Notes	2016	2015
ASSETS			
Current assets			
Cash in banks	2	₱ 3,520,229	₱ 7,908,534
Construction in progress	5	-	294,565
Other current assets		82,382	89,412
Total assets		₱ 3,602,611	₱ 8,292,511
LIABILITIES AND FUND BALANCES			
Current liabilities			
Accrued expenses and other payables	3	₱ 1,594,280	₱ 1,213,303
Fund balances			
Contributed capital	8.8	25,000	25,000
General fund		11,769	250,416
Rehabilitation fund		1,971,562	6,803,792
Total fund balances		₱ 2,008,331	₱ 7,079,208
Total liabilities and fund balances		₱ 3,602,611	₱ 8,292,511

The notes on pages 1 to 12 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, 2016 and 2015
(All amounts in Philippine Peso)

		2016			2015		
	Notes	**General**	**Rehabilitation**	**TOTAL**	**General**	**Rehabilitation**	**TOTAL**
Income							
Donation income		₱ 480,000	-	₱ 480,000	₱ 502,070	₱ 250,000	₱ 752,070
Membership fees					-	-	-
		480,000	-	480,000	502,070	250,000	752,070
Expenses							
Projects and rehabilitation expenses	5	-	(4,535,343)	(4,535,343)	-	(11,226,378)	(11,226,378)
Professional fees		(924,706)	-	(924,706)	(480,000)	-	(480,000)
Advertising		-	-	-	-	(50,000)	(50,000)
Website maintenance			(85,264)	(85,264)	-	(64,381)	(64,381)
Supplies	5	-	(113,384)	(113,384)	-	(597,204)	(597,204)
Others			(4,142)	(4,142)	-	-	-
		(924,706)	(4,738,133)	(5,662,839)	(480,000)	(11,937,963)	(12,417,963)
Excess (deficiency) of income over expenses		(444,706)	(4,738,133)	(5,182,839)	22,070	(11,687,963)	(11,665,893)
Interest income	2	11,959	-	11,959	18,731	-	18,731
Bank charges		(5,900)	-	(5,900)	-	-	-
Foreign exchange gain	6	-	105,903	105,903	-	220,452	220,452
		6,059	105,903	111,962	18,731	220,452	239,183
Net excess (deficiency) of income over expenses for the period		(438,647)	(4,632,230)	(5,070,877)	40,801	(11,467,511)	(11,426,710)
Transfer of fund		200,000	(200,000)	-	-	-	-
Fund balance at beginning		250,416	6,803,792	7,054,208	209,615	18,271,303	18,480,918
Fund balance at December 31		₱ 11,769	₱ 1,971,562	₱ 1,983,331	₱ 250,416	₱ 6,803,792	₱ 7,054,208

The notes on pages 1 to 12 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 Flows
For the year ended December 31, 2016 and 2015
(All amounts in Philippine Peso)

	Notes	2016 General	2016 Rehabilitation	2016 Total fund balance	2015 General	2015 Rehabilitation	2015 Total fund balance
Cash flows from operating activities							
Net excess (deficiency) of income over operating expenses		₱ (438,647)	₱ (4,632,230)	₱ (5,070,877)	₱ 40,801	₱ (11,467,511)	₱ (11,426,710)
Adjustments for:							
Interest income	2	(11,959)	-	(11,959)	(18,731)	-	(18,731)
Unrealized foreign exchange gain	6	-	(32,701)	(32,701)	-	(248,602)	(248,602)
Operating profit before working capital changes		(450,606)	(4,664,931)	(5,115,537)	22,070	(11,716,113)	(11,694,043)
Decrease in:							
Receivables		-	-	-	-	3,000,000	3,000,000
Construction in progress		-	294,565	294,565	-	1,631,929	1,631,929
Other current assets		-	7,030	7,030	-	162,941	162,941
Increase (Decrease) in accrued expenses and other payables		-	380,977	380,977	(50,000)	69,114	19,114
Net cash used in operations		(450,606)	(3,982,359)	(4,432,965)	(27,930)	(6,852,129)	(6,880,059)
Interest received	2	11,959	-	11,959	18,731	-	18,731
Net cash used in operating activities		(438,647)	(3,982,359)	(4,421,006)	(9,199)	(6,852,129)	(6,861,328)
Cash flow financing activities							
Transfer of funds		200,000	(200,000)	-	-	-	-
Net (decrease) increase in cash		(238,647)	(4,182,359)	(4,421,006)	(9,199)	(6,852,129)	(6,861,328)
Cash balance, January 1		275,416	7,633,118	7,908,534	284,615	14,236,645	14,521,260
Effect of exchange rate changes		-	32,701	32,701	-	248,602	248,602
Cash in banks at December 31	2	₱ 36,769	₱ 3,483,460	₱ 3,520,229	₱ 275,416	₱ 7,633,118	₱ 7,908,534

The notes on pages 1 to 12 are an integral part of these financial statements.

(All amounts in Philippine Peso, unless otherwise stated)

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 inures 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".

The status of major projects and rehabilitation activities of the Association (as disclosed in Note 5) 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	-
Total as at December 31, 2015			**90**	

School	Status to date	Year turned over	Number of classrooms turned over	Other structures turned over
Judge Antonio Montilla Sr. Elementary School	Completed and turned over	2016	3	-
Jovencio Masong National High School	Completed and turned over	2016	2	-
Sagkahan Elementary School	Completed and turned over	2016	3	-
			8	
Total as at December 31, 2016			**139**	

The Association has its registered office address and principal place of business at Unit 1903 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 April 24, 2017.

Note 2 - Cash in banks

Cash in banks as at December 31, 2016 amounted to P3,520,229 (2015 - P7,908,534). Interest income earned during the year amounted to P11,959 (2015 - P18,731).

Note 3 - Accrued expenses and other payables

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

	2016	2015
Accrued expenses	**₱1,591,633**	₱1,212,183
Withholding tax payable	**2,647**	1,120
	₱1,594,280	₱1,213,303

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

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 4 - Categories of financial instruments

	2016	2015	**2016**	2015
	Carrying Value		Fair Value	
Other financial assets				
Cash in banks	**₱3,520,229**	₱7,908,534	**₱3,520,229**	₱7,908,534
Financial liabilities at amortized cost				
Accrued expenses	**₱1,591,633**	₱1,212,183	**₱1,591,633**	₱1,212,183

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

Note 5 - 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, 2016 follow:

	Donors	Number of classrooms turned over in 2016	Excess donation as at December 31, 2015	Allocation or donation in 2016	Projects and rehabilitation expenses in 2016	Excess donation as at December 31, 2016
Transferred from Construction in Progress						
Jovencio Masong National High School	• RI District 5300 Foundation • Global Presidents D3830, RY 2010-11	2				
			₱ 656,733	₱ -	₱ 626,759	₱ 29,974
Construction started in 2016 only						
Judge Antonio Montilla Sr. Elementary School	• BNI Foundation Germany thru District 5300 Foundation		-	1,640,411		
	• Taiwan Past District Governors	3	-	384,228		
			-	2,024,639	1,933,447	91,192
Sagkahan Elementary School	• Rotary Danmarks Hjaelpefond and Districts 1440, 1450, 1461, 1470 and 1480 from Denmark		-	1,314,470		
	• Rotary Club of Makati West		-	152,602		
	• TH Maria Susan TY Dan Hesti Utami BA, Indonesia		-	353,460		
	• Inner Wheel Club Ludwigsburg		-	121,182		
	• Rotary club of Makati West		-	80,000		
	• Rotary Club of Apple Valley Foundation, Victorville, CA		-	44,367		
	• Rotary Club of Chino, Chino CA, USA	3	-	22,440		
			-	2,088,521	2,088,521	-
		8	₱ 656,733	₱ 4,113,160	₱ 4,648,727	₱ 121,166

Projects and rehabilitation expenses in 2016 includes costs for publication of the completed projects amounting to P113,384 which is recorded as part of supplies expense in the Statement of Comprehensive Income and Changes in Fund Balances.

None of the above expenses arose from cost reimbursement of directors, trustees or key officers of the Association. Excess donations from various donors as at December 31, 2016 are used for the construction of additional schools. In January 2017, the Kapangian Elementary School started its construction.

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	• Rotary Danmarks Hjaelpefond and Districts 1440, 1450, 1461, 1470 and 1480 from Denmark • Cocolife					
		-	P2,387,294	P -	P1,072,824	P1,314,470
Patag Elementary School	• Rotary Taiwan Past District Governors	-	718,593	-	334,365	384,228
Valencia Central Elementary School	• 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					
		-	87,441	-	87,441	-
Loguingot Elementary School	• 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					
		-	56,171	-	56,171	-
		-	P3,249,499	P -	P1,550,801	P1,698,698

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	• SKAL International thru RC Makati Legaspi		914,636	-		-
	• RC West Honolulu thru RC Makati West		434,801	-		-
	• RI District 7255 Foundation Inc.		384,966	-		-
	• RC Makati West		250,000	-		-
	• RI District 3770, RY 2013-14		200,000	-		-
	• RC Cagayan de Oro		83,000	-		-
	• RC North Dallas thru Woodspring Foundation, Inc. and RC Cagayan de Oro		44,623	-		-
		19	₱2,312,026	-	₱2,312,026	-
Linao Central Elementary School	• Rotary Club 29 Foundation, Oklahoma City, USA		1,147,983	-	-	-
	• RC Birmingham, USA		1,031,556	-	-	-
	• RI District 5170, Mountain View, CA		536,885	-	-	-
		32	2,716,424	-	2,665,570	50,854
Batad National High School	• RIBI Donations Trust	18	2,761,040	-	2,014,661	746,379
Construction started in 2015 only						
Carles Central Elementary School	• RIBI Donations Trust	9	-	1,387,228	1,387,228	-
Botongan Elementary School	• RIBI Donations Trust	4	-	668,094	668,094	-
Sto. Nino Elementary School	• RIBI Donations Trust	3	-	490,262	490,262	-
Basud Elementary School	• RIBI Donations Trust		-	1,582,987	-	-
	• RC Paranaque East		-	250,000	-	-
	• PDG Hugo Perez, Jr.		-	20,000	-	-
		5	-	1,852,987	719,520	1,133,467
		90	₱11,038,989	₱4,398,571	₱11,808,162	₱3,629,398

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 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	• RI District 5300 Foundation	₱ 897,698				
	• Global Presidents, D3830, RY 2010-11	53,600				
		₱ 951,298	2	₱ 294,565	₱ 112,707	₱ 407,272

Construction in progress as at December 31, 2015 pertains mainly to cost of school building under construction, which will be donated and turned-over upon completion.

Classrooms being constructed as at December 31, 2015 were completed and turned over on June 23, 2016.

Note 6 - Foreign currency denominated monetary assets and liabilities

Details of the Association's foreign currency denominated monetary assets and liabilities at December 31, 2016 and 2015 follow:

	2016	2015
Cash in US Dollar	₱ 12,838	₱ 138,601
Exchange rate used	49.72	47.17
Philippine peso equivalent	₱638,305	₱6,537,809

Foreign exchange gain included in the statements of comprehensive income and changes in fund balances for the year ended December 31, 2016 amounted to P105,903 (2015 - P220,452), of which P32,701 (2015 - P248,602) pertains to unrealized foreign exchange gain.

Note 7 - 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, 2016 and 2015, Management believes that the recoverable amounts of the Association's construction in progress exceed their carrying amounts, therefore, no impairment loss was recognized.

Note 8 - 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.

8.1 Basis of preparation

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards 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 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. (Note 7)

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.

8.2 Foreign currency transdactions 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 total comprehensive income and changes in fund balances. Foreign exchange gains and losses are recognized in profit or loss.

8.3 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.

8.4 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 in bank and accrued expenses. 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.

8.5 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.

8.6 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.

8.7 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 assets, liabilities and fund balances as an asset.

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

8.8 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 Securities and Exchange Commission.

8.9 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 9 - 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, 2016 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, 2016.

(iii) Withholding taxes

Withholding taxes for the year ended December 31, 2016 are as follows:

	Paid	Accrued	Total
Expanded withholding tax	₱ 108,878	₱ 2,647	₱ 111,525

The accrued withholding taxes are recorded under accrued expenses and other payables in the statement 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, 2016.

(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, 2016.

Isla Lipana & Co.

Help & Assistance for Rotary Philippine Districts, Inc.
413 Agoncillo St. Ayala Alabang Village
Alabang, Muntinlupa City
1780Philippines

Attention: Mr. Guiller E. Tumangan
Director

12 May 2017

Help and Assistance Rotary Philippine Districts, Inc. Audited Financial Statements

Dear Mr. Tumangan:

We are pleased to enclose the following files:

1. Five (5) copies of 2016 audited financial statements
2. Copy of audited financial statements filed with SEC and BIR

Best regards,

Joan Tyrine D. Felipe
Senior Associate

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

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
Fax: +63 (2) 869 3676
www.deloitte.com/ph

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

Securities and Exchange Commission
SEC Building, PICC, Roxas Boulevard
Pasay 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, 2016, and the statement of comprehensive income and changes in fund balances and statement of cash flows for the period 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:

Nina S. Felismino

Nina Cecilia S. Felismino
Partner
CPA License No. 0103737
TIN 218720328
BIR A.N. 08-002552-46-2016, issued on November 22, 2016; effective until November 22, 2019
PTR No. A-3264640, issued on January 5, 2017, Taguig City

Taguig City, Philippines
April 24, 2017

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HELP & ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Help and Assistance for Rotary Philppine Districts, Inc. (the "Association") is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2016 and 2015, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entity (SMEs), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Association's financial reporting process.

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

Navarro Amper & Co., the independent auditor appointed by the members, have audited the financial statements of the Association in accordance with Philippine Standards on Auditing, and in their report to the members, have expressed their opinion on the fairness of presentation upon completion of such audit.

Guiller E. Tumangan
Chairman

Jesus S. Nicdao
President

Jose Francisco Q. Cifra
Treasurer

Signed this 24th day of April 2017

11 MAY 2017

For BIR Use Only BCS/ Item

1702-EX06/13P1

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

For Use ONLY by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT Under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayer.

BIR Form No. **1702-EX** June 2013 Page 1

1 For [X] Calendar [ ] Fiscal
2 Year Ended (MM/20YY) 12/20 16
3 Amended Return? [ ] Yes [X] No
4 Short Period Return? [ ] Yes [X] No
5 Alphanumeric Tax Code (ATC): IC 011 Exempt Corporation on Exempt Activities [X]; IC 021 General Professional Partnership [ ]

Part I - Background Information

6 Taxpayer Identification Number (TIN) 008 - 664 - 397 - 0000
7 RDO Code 050
8 Date of Incorporation/Organization *(MM/DD/YYYY)* 01/29/2014
9 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
HELP AND ASSISTANCE ROTARY PHILIPPINE DISTRICTS, INC.
10 Registered Address *(Indicate complete registered address)*
UNIT 1903 CITYLAND HERRERA TOWER V.A RUFINO COR. VALERO ST. SALCEDO VILLAGE, MAKATI
11 Contact Number 8952 - 095
12 Email Address shayreen.ann.bundalian@ph.pwc.com
13 Main Line of Business 9199 ACTIVITIES OF OTHER MEMBERS
14 PSIC Code 9199
15 Method of Deduction: Itemized Deductions [Sections 34 (A-J), NIRC]
16 Legal Basis of Tax Relief/Exemption (Specify) SECTION 3 (E)
17 Investment Promotion Agency (IPA)/Government Agency NOT APPLICABLE
18 Registered Activity/Program (Reg. No.) NOT APPLICABLE
19 Effectivity Date of Tax Relief/Exemption From 01/29/2014 To 12/31/2016

Part II – Total Tax Payable

(Do NOT enter Centavos)

20 Total Income Tax Due *(From Part IV Item 41)*	0 0 0
21 Add: Penalty - Compromise	0
22 TOTAL AMOUNT PAYABLE *(Sum of Items 20 & 21)*	0

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN.)

JESSE NIDAY — Signature over printed name of President/Principal Officer/ Authorized Representative

Jess CIFRA — Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory — Number of pages filed

23 Community Tax Certificate (CTC) Number/SEC Reg. No. 201322458
24 Date of Issue (MM/DD/YYYY) 11/22/2013
25 Place of Issue CITY OF MANDALUYONG, METRO MANILA
26 Amount, if CTC 0

Part III – Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
27 Cash/Bank Debit Memo			/ /	0
28 Check			/ /	0
29 Tax Debit Memo			/ /	0
30 Others *(Specify Below)*				
			/ /	0

Machine Validation / Revenue Official Receipt Details *(if not filed with an Authorized Agent Bank)*

Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

RECEIVED

11 MAY 2017

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HELP & ASSISTANCE FOR ROTARY PHILIPPINE DISTRICTS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of Help and Assistance for Rotary Philippine Districts, Inc. (the "Association") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2016. 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 value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2016 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Association, complete and correct in all material respects. Management likewise affirms that:

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

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

c. The Association 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.

Guiller E. Tumangan
Chairman

Jesus S. Nicdao
President

Jose Francisco Q. Cifra
Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION ... MAKATI
RECEIVED
11 MAY 2017