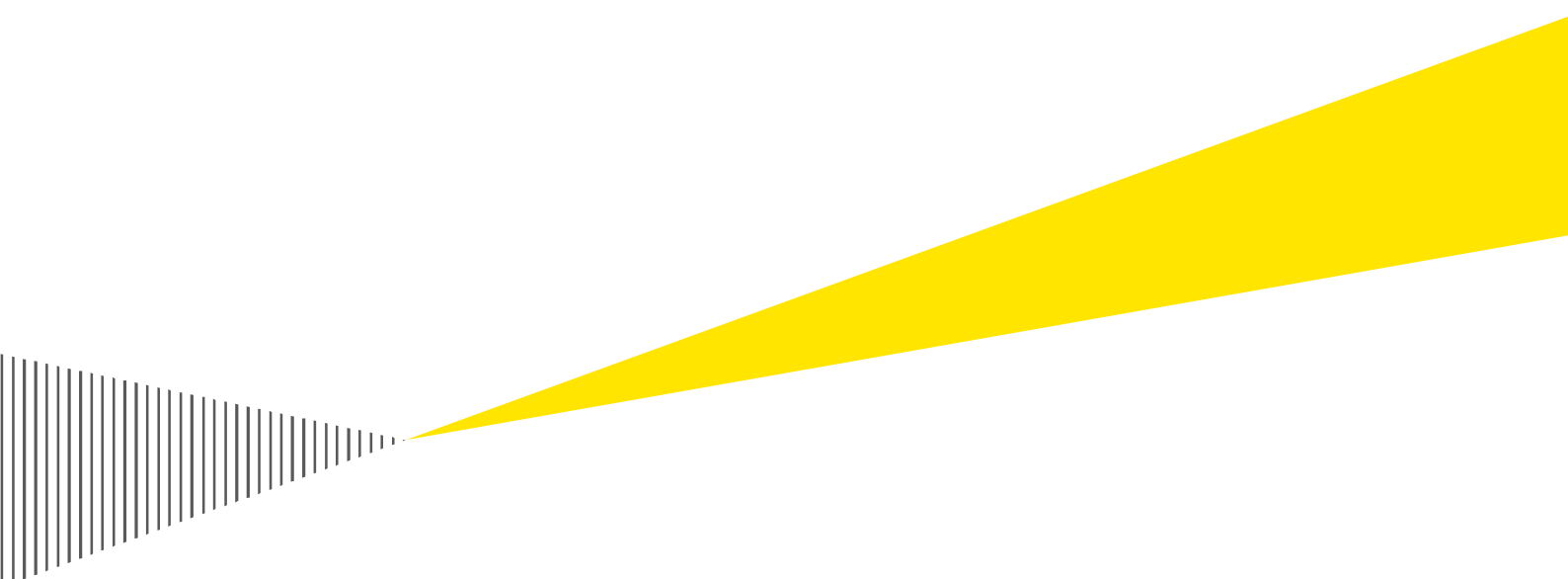


Community and Family Services International
(A Nonstock, Nonprofit Organization)

Financial Statements
December 31, 2014 and 2013

and

Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Community and Family Services International

Report on the Financial Statements

We have audited the accompanying financial statements of Community and Family Services International (a nonstock, nonprofit organization), which comprise the statements of assets, liabilities and fund balances as at December 31, 2014 and 2013, and the statements of revenues and expenses, statements of changes in fund balances and statements of cash flows for the years then ended, 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 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 auditor's 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 auditor considers 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.




Opinion

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and fund balances of Community and Family Services International as at December 31, 2014 and 2013, and its revenues and expenses and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 20 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 information is the responsibility of the management of Community and Family Services International. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

SEC Accreditation No. 0923-AR-1 (Group A),

March 25, 2013, valid until March 24, 2016

Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2012,

June 19, 2012, valid until June 18, 2015

PTR No. 4751259, January 5, 2015, Makati City

April 23, 2015



COMMUNITY AND FAMILY SERVICES INTERNATIONAL
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash (Note 4)		
Restricted	₱60,136,893	₱42,975,482
Unrestricted	2,251,612	500,460
Total Cash	62,388,505	43,475,942
Other current assets (Note 5)	14,769,620	11,309,446
Total Current Assets	77,158,125	54,785,388
Noncurrent Assets		
Property and equipment (Note 6)	10,212,713	10,706,450
Refundable deposits (Note 7)	961,553	837,383
Computer software (Note 8)	169,786	158,858
Total Noncurrent Assets	11,344,052	11,702,691
	₱88,502,177	₱66,488,079

LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts payable and accrued expenses (Note 9)	₱17,160,288	₱8,842,080
Noncurrent Liability		
Retirement liability (Note 16)	5,345,913	3,485,638
Total Liabilities	22,506,201	12,327,718
Fund Balances (Notes 1 and 12)	65,995,976	54,160,361
	₱88,502,177	₱66,488,079

See accompanying Notes to Financial Statements.



COMMUNITY AND FAMILY SERVICES INTERNATIONAL
(A Nonstock, Nonprofit Organization)

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2014	2013
REVENUES		
Grants, donations, support and contributions (Note 1)	₱313,373,797	₱188,973,745
Mission-related social enterprise activities	3,459,588	1,454,025
Interest income	352,974	240,014
	317,186,359	190,667,784
PROJECT EXPENSES (Note 13)		
Direct:		
Community service and capacity building expenses	106,315,651	62,331,721
Salaries, employees' welfare and benefits (Note 11)	73,279,228	46,543,655
Trainings and workshops for crisis-affected populations	25,396,614	10,203,461
Field transportation and travel	17,830,823	14,360,956
Emergency response vehicle rental	11,877,380	6,644,981
Field allowances for community volunteers	10,971,877	3,724,656
Materials and office supplies	6,435,074	3,934,571
Professional, technical and other consultancy fees	5,298,085	3,889,132
Rent and utilities (Note 18)	5,517,939	3,839,733
Operations and maintenance of Center for Excellence in Humanitarian Service	3,193,610	1,235,902
Communication	2,785,578	1,871,381
Repairs and maintenance	739,006	469,397
Provision for retirement	716,522	1,489,888
Insurance premiums	76,579	79,149
Management, supervision and support expenses	13,722,467	8,192,343
Counterpart expenses	5,244,914	5,202,443
Development expenses	5,019,997	4,662,067
	294,421,344	178,675,436
COUNTRY PROGRAMME SUPPORT EXPENSES (Note 14)	1,312,714	1,876,925
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	6,837,961	4,420,233
OTHER EXPENSES		
Bank charges	141,720	144,896
Interest expense (Note 10)	—	4,912
	141,720	149,808
	302,713,739	185,122,402
EXCESS OF REVENUES OVER EXPENSES BEFORE NON-CASH EXPENSES	14,472,620	5,545,382
OTHER NONCASH EXPENSES (INCOME)		
Depreciation and amortization (Notes 6 and 8)	2,928,723	2,983,761
Foreign exchange gain - net	(291,718)	(1,098,990)
	2,637,005	1,884,771
EXCESS OF REVENUES OVER EXPENSES	₱11,835,615	₱3,660,611

See accompanying Notes to Financial Statements.



COMMUNITY AND FAMILY SERVICES INTERNATIONAL
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CHANGES IN FUND BALANCES

	Years Ended December 31	
	2014	2013
Balance at beginning of year	₱54,160,361	₱50,499,750
Excess of revenues over expenses	11,835,615	3,660,611
Balance at end of year (Note 12)	₱65,995,976	₱54,160,361

See accompanying Notes to Financial Statements.



COMMUNITY AND FAMILY SERVICES INTERNATIONAL
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	₱11,835,615	₱3,660,611
Adjustments for:		
Depreciation and amortization (Notes 6 and 8)	2,928,723	2,983,761
Retirement expense (Note 16)	2,369,878	894,952
Interest income	(352,974)	(240,014)
Interest expense (Note 10)	–	4,912
Operating income before working capital changes	16,781,242	7,304,222
Increase in other current assets	(3,460,174)	(7,921,548)
Increase in accounts payable and accrued expenses	8,318,208	944,568
Cash generated from operations	21,639,276	327,242
Interest received	352,974	240,014
Benefits paid (Note 16)	(509,603)	(161,334)
Interest paid	–	(4,912)
Net cash provided by operating activities (Note 4)	21,482,647	401,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 6)	(2,388,813)	(1,818,320)
Computer software (Note 8)	(86,259)	(26,530)
Proceeds from disposal of property and equipment (Note 6)	29,158	–
Decrease (increase) in refundable deposits	(124,170)	35,739
Net cash used in investing activities	(2,570,084)	(1,809,111)
CASH FLOWS FROM A FINANCING ACTIVITY		
Payments of bank loan (Note 10)	–	(29,900)
NET INCREASE (DECREASE) IN CASH	18,912,563	(1,438,001)
CASH AT BEGINNING OF YEAR	43,475,942	44,913,943
CASH AT END OF YEAR (Note 4)	₱62,388,505	₱43,475,942

See accompanying Notes to Financial Statements.



COMMUNITY AND FAMILY SERVICES INTERNATIONAL (A Nonstock, Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

1. General Information

Organization Information

Community and Family Services International (CFSI) is a nonstock, nonprofit, humanitarian organization, committed to peace and social development, with a particular interest in the psychosocial dimension. CFSI was established in the Philippines in 1981 and was incorporated in 1982.

The registered office address of CFSI is Torres Building, 2442 Park Avenue, Pasay City.

The mission of CFSI is to vigorously protect and promote human security - specifically, the lives, well-being, and dignity of people uprooted by persecution, armed conflict, disasters, and other exceptionally difficult circumstances. These include refugees, internally displaced persons (IDPs), disaster survivors, and others who are vulnerable, exploited or abused.

CFSI carries out its mission through direct services, capacity building, research, and advocacy. Most of these activities are carried out in the Asia and Pacific Region, particularly those countries that comprise the Association of South East Asian Nations (ASEAN).

CFSI has “Special Consultative Status” with the United Nations Economic and Social Council (ECOSOC). This status was first achieved in 2004.

On February 6, 2014, CFSI was certified at the highest level, for the third time, by the Philippine Council for NGO Certification (PCNC). The validity period is February 6, 2014 through February 5, 2019. On February 17, 2014, PCNC endorsed CFSI to the Philippine Government’s Bureau of Internal Revenue (BIR) recommending CFSI be granted “Donee Institution” status, for another five years, in accordance with the provisions of Revenue Regulations No. 13-98, dated January 1, 1999 and Executive Order No. 720, dated April 11, 2008.

CFSI, as a not-for-profit organization operating exclusively for charitable purposes and the promotion of social welfare, falls under Section 30 (e) and (g) of the National Internal Revenue Code, as amended by Republic Act (RA) No. 8424, where income from activities in pursuit of the purpose for which CFSI was organized, is exempt from income tax. However, any income on its properties, real or personal, or from any activity conducted for profit is subject to income tax.

CFSI is governed by a Board of Trustees (BOT). Its operations are funded primarily by United Nations (UN) agencies and the World Bank. Other major fund sources include various Governments, usually through their development agencies.

Programme Funds of CFSI

In order to effectively carry out CFSI’s mission, CFSI established the following programme funds: Philippine Programme, (2) Myanmar Programme, (3) Viet Nam Programme, and (4) Headquarters Programme.



Details of these programme funds are discussed below:

Philippine Programme

The Philippine Programme includes funds for humanitarian and development activities carried out in the Philippines, usually in the social welfare, education, and health arenas, often with a focus on local capacity building. The primary sources of these funds are United Nations agencies; multilateral development banks such as the World Bank; Governments, usually through their development agencies; and the private sector.

A. Funds from United Nations Agencies for Projects with Nationwide Coverage

In 1981, the Philippines ratified the 1951 Convention Relating to the Status of Refugees - the first country in Asia to do so and, for many years, the only one. In 2011, the Philippines also ratified the 1954 Convention Relating to the Status of Stateless Persons. The United Nations High Commissioner for Refugees (UNHCR) has the global mandate to protect and assist refugees and stateless persons. CFSI has been a partner of UNHCR in the Philippines every year since 1982.

Philippines UNHCR Fund - Urban Refugee Project (URP). This represents funds received from the UNHCR to implement the URP for urban refugees and stateless persons from more than 16 countries and territories who are granted asylum in the Philippines. CFSI is responsible for helping these refugees and stateless persons achieve durable solutions, as well as providing them with legal assistance, social services, psychosocial support, and access to health services, including where necessary, tertiary care. For many of the refugees, the most likely durable solution is local integration in the Philippines, ideally leading to naturalization. CFSI has entered into annual project agreements with UNHCR for this purpose since 1997 and is expected to continue to do so at least through December 31, 2014. Under the terms of these agreements, funds that are not used within the project period, as well as specific assets provided for in the agreements, are returned to UNHCR.

The URP includes the protection and assistance of refugees in transit, under special circumstances, to other countries, usually within six months via the Emergency Transit Mechanism (ETM). CFSI is responsible for providing the refugees with safe accommodation, basic services, legal assistance, social services, psychosocial support, and access to health services, including tertiary care. The overall aim of this mechanism is to facilitate the effective and timely resettlement of the refugees. This component began in 2009 and is expanding. At present, it is expected to continue at least through December 31, 2015.

B. Funds from United Nations Agencies for Projects in Mindanao

Recurrent armed conflict in Mindanao displaced more than 930,000 persons in 2000, 440,000 persons in 2003, and 745,000 persons in 2008. In September 2013, armed conflict erupted in Zamboanga City that displaced about 130,000 people. CFSI began its response to humanitarian emergencies in Mindanao in mid-2000 and has committed to remain engaged in Mindanao through at least 2019. Generally, the situation has improved as a result of the peace talks between the Government and armed non-state actors. While significantly large scale displacements owing to armed conflict have not happened in the last five years, sporadic and short-term displacement continue as a result of large-scale natural disasters in many of the areas of operation of CFSI – Central, Northern and Eastern Mindanao.



1. Mindanao UNHCR Fund - Mindanao Protection Project (MPP). This represents funds received from UNHCR, to address the immediate protection needs of people affected by armed conflict and to facilitate the rapid integration and rehabilitation of internally displaced persons (IDPs) and returnees in Central and Northern Mindanao through the implementation of Quick Impact Projects (QIPs) and protection monitoring trainings. Most of the QIPs are small scale and include livelihood-related initiatives that provide small injections of material, financial and technical assistance. The community-led QIPs and the development of people's organizations (POs) also allow for the inclusion of IDPs with special needs. The project started in January 2014 and continued through November 2014.
2. Mindanao UN World Food Programme (WFP) Fund - Two projects: Food Assistance Project (FAP)-Maguindanao and FAP-Lanao. Funds received from WFP, a specialized agency of the UN, provide food assistance to specific populations totaling roughly 535,000 persons in the conflict-affected areas of Mindanao, specifically the province of Maguindanao and the two Lanao provinces of Lanao del Norte and Lanao del Sur. The FAP has two objectives: (1) support the on-going peace process; and (2) address the immediate food security needs of the conflict-affected population. Parties to the project agreement include the WFP, CFSI, the Philippine Government's Department of Social Welfare and Development (DSWD) - which serves as the national Executing Agency - and the Bangsamoro Development Agency (BDA) - the development arm of the Moro Islamic Liberation Front (MILF). As Cooperating Partner, CFSI is responsible for the receipt, storage and handling of food commodities at mutually agreed upon delivery points, as well as the distribution of these commodities to the intended beneficiaries. The Emergency Operations (EMOP) started in June 2006 and ended in June 2010. It was followed in July 2010 by the Protracted Relief and Recovery Operation (PRRO), which continued through April 2014. The project was extended at least through March 31, 2015.
3. Mindanao UN-WFP Fund (Eastern Mindanao). In December 2012, CFSI and WFP agreed to expand their cooperation to include Eastern Mindanao (EM), specifically the areas affected by Typhoon Bopha (Pablo). The typhoon affected 6,200,000 persons in the provinces of Compostela Valley, Davao Oriental, Agusan del Sur, and Surigao del Sur, as well as Lanao del Sur. CFSI supported the efforts of the DSWD and local government units in carrying out Food-for-Work, Emergency School Feeding and Supplemental Feeding. The cooperation was completed in November 2013.
4. Mindanao UN-WFP Fund (Zamboanga), WFP-Zamboanga. In November 2013, CFSI and WFP agreed to respond to the armed conflict emergency in Zamboanga City until April 2014. This cooperation included general food distribution, feeding programmes and support to early recovery interventions.
5. Mindanao UNICEF - Child Protection in Emergencies (CPEP) (Zamboanga). In October 2013, CFSI and UNICEF responded to the crisis in Zamboanga City that resulted from the armed conflict between the government and the Moro National Liberation Front (MNLF). CFSI provided services for at least 10,000 displaced children staying in the JFE Sports Complex and Cawa-cawa evacuation camps. In addition, CFSI established five child-friendly spaces in the evacuation centers and provided psychosocial support sessions for children. Activities towards family reunification and prevention of child abuse and exploitation were also carried out together with the DSWD and a network of local non-government organizations called Child Abuse Prevention and Intervention Network (CAPIN). Student tracking was carried out and efforts to get children back in school were intensified. Teachers of the Department of Education (DepEd) were trained on providing



psychosocial support to students inside their classrooms. This project was extended through January 2015 with additional activities such as the organizing of community-based child protection networks, child protection training for local organizations, and disaster preparedness exercises in schools.

6. Mindanao UNICEF - Child Rights Project (CRP5): Strengthening the Protective Environment for Children Affected by Armed Conflict and Emergencies in Central Mindanao. This project focused on a system-based approach to child protection by establishing community-based child protection networks (CBCPN) in three municipalities: South Upi and Mamasapano in the province of Maguindanao, and Midsayap in the province of North Cotabato. The project started in December 2013, and was envisaged to improve the monitoring, reporting and resolution of grave child rights violations in these communities. In addition, the project aimed to strengthen individual, family and community capacity to protect children through training, awareness raising and developing an enabling environment and culture that respects children's rights and protects them from abuse and exploitation. This project was carried out in collaboration with the Philippines' Child Protection Working Group (CPWG) led by the Council for the Welfare of Children and DSWD. Funds were received in February 2013 and the project was completed in May 2014.
7. Mindanao UNICEF - CRP6: School and Community-based Disaster Risk Reduction Program Development. This two-year project aims to increase the proportion of children completing elementary education by reducing their vulnerability to disasters. The project will strengthen capacities of teachers, students and community members in disaster preparedness, disaster risk reduction and management. This includes trainings, awareness campaign, planning, simulation exercises and integrating disaster risk education in the mainstream school curriculum. The project is carried out in select schools and communities in Cotabato City and the municipality of President Roxas in North Cotabato. The project started in December 2013 and will be implemented through November 2015. Funds were received in February 2014.
8. Mindanao UNICEF - CRP7: Building Rights-based Child Protection System in Mindanao. This project protects and promotes the rights of children by organizing, establishing and strengthening the capacities of the government's special bodies specifically the Local Council for the Protection of Children (LCPC) and the Barangay Council for the Protection of Children (BCPC) in Cotabato City, the municipalities of South Upi, Upi and Mamasapano in the province of Maguindanao, and the municipality of Aleosan in the province of North Cotabato. The overall aim is to identify, handle, pursue and resolve child protection issues including documentation and development of a practical and robust referral pathway. The intermediate aim is to enable LCPCs/BCPCs to advocate and enact local laws/legislations about child protection and, ideally, campaign for the allocation of government budget for these local child protection legislations. The project started in November 2013 and was completed in December 2014. Funds were received in February 2014.
9. Mindanao UNICEF - CRP8: Strengthening Education in Emergencies and Disaster Risk Reduction Management Capacities of Schools Affected by Armed Conflict and Natural Disasters in eight municipalities in the provinces of Sultan Kudarat, Sarangani, Lanao del Norte and Lanao del Sur. Activities included school-based and community-based DRRM, hazard mapping, kid's camp, engagement with local DRRM councils and government units, among others. The project started in April 2014 and was completed in November 2014.



C. Funds from UN Agencies for Projects in Visayas

1. Visayas UNICEF - CPEP (Bohol). In October 2013, a 7.2 magnitude earthquake struck Bohol and displaced at least 20,000 people and affected hundreds of thousands. CFSI and UNICEF agreed to help protect and promote the well being of children in the immediate aftermath of this emergency by carrying out psychosocial support sessions in evacuation centers and communities. In addition, the project established temporary classrooms and trained teachers in integrating psychosocial support in their regular classes. Through these activities and the temporary classrooms, the project identified, documented, referred and resolved child protection issues together with the Department of Education and DSWD. Psychosocial counseling was provided to teachers and other community-based volunteers. The project started in November 2013 and was originally to be completed in March 2014. Funds for the project were received in January 2014. In the course of consultations with UNICEF, child protection cluster, and the affected people and children, CFSI and UNICEF concluded that the current coverage of the project needed to be expanded to include other far-flung, hard-to-reach areas in order to serve more vulnerable children. Additional funds were provided for the project, with implementation extended until June 2014.
2. Visayas UNHCR - Visayas Protection Project (VPP) - In January 2014, CFSI and UNHCR entered into a partnership to address key protection needs in areas devastated by the Typhoon Haiyan (Yolanda) in Eastern and Western Visayas. This cooperation involved the immediate distribution of non-food items (NFIs) to survivors that allow for the protection of human life and dignity amidst the disaster. The NFIs included family tents/shelters, kitchen sets, lighting equipment, blankets, plastic sheets, tarps, jerry cans, hygiene kits and clothing. CFSI distributed more than 8,665 family tents, 2,526 plastic rolls, and 78,711 plastic sheets in the provinces of Samar, Leyte, and parts of Antique, Capiz and Iloilo. About 16,802 solar lanterns, 29,205 jerry cans, 11,252 kitchen sets and 75,956 blankets were also provided to affected communities, with benefits reaching an estimated 157,422 families or 865,000 people. This cooperation lasted through December 2014 and included activities such as protection monitoring, community-based protection monitoring and capacity strengthening of state actors as well as non-government organizations in protecting rights and well being of survivors.

D. Funds from Multilateral Development Banks for Projects in Mindanao

1. Mindanao World Bank - Mindanao Trust Fund - Reconstruction and Development Programme (MTF-RDP). This represents funds received from the International Bank for Reconstruction and Development (i.e. the World Bank) for the implementation of the MTF-RDP. CFSI was selected in late 2005 to serve as Trust Fund Recipient (TFR) of this multi-donor funded initiative. The objectives of the grants to the fund are: (1) strengthen the capacity of communities and local partners, particularly the Bangsamoro Development Agency (BDA), to enable them to promote inclusive and effective governance processes in the economic and social recovery in the conflict-affected areas of Mindanao; and (2) undertake sub-project activities in priority barangays and municipalities as part of capacity building through “learning by doing.” CFSI’s responsibilities as Trust Fund Recipient include financial management, supporting programme management, providing capacity building services as well as operational support, and generally facilitating the implementation of approved sub-projects.



2. In September 2013, CFSI and the World Bank signed another program partnership agreement with the BDA to support the operations of BDA's counterpart in the Project Management Team of Sajahatra Bangsamoro - a new program of the Government of the Philippines (GPH) and the MILF that aims to support the health, education and livelihood services in priority communities identified by GPH and MILF following the signing of the Framework Agreement on the Bangsamoro on October 15, 2012. Funds for this component are from the Fourth Grant Agreement. The agreement was originally expected to run through August 2014, but implementation period was extended through at least June 2015.

Several grant agreements have been signed between CFSI and the World Bank for the MTF-RDP. The details of those presently active follow:

Grant	US\$ Amount	Equivalent In Philippine Peso	Dates
Fourth Grant Agreement	\$5,380,000	₱220,849,000	March 17, 2009- December 31, 2015
<i>Community-Driven Reconstruction</i>	4,853,325	199,228,998	<i>April 26, 2012 - April 25, 2015</i>
<i>Sajahatra Bangsamoro</i>	526,675	21,620,002	<i>August 01, 2014 – June 30, 2015</i>
Fifth Grant Agreement	1,229,226	50,459,727	November 18, 2009- June 30, 2013
Total	US\$6,609,226	₱271,308,727	

The Fourth Grant Agreement was increased from \$1,400,000 to \$2,380,000 in 2013 and in June 2014, the grant was increased further to \$5,380,000. The implementation period extended from September 2012 through December 2015, after consultations between the World Bank, CFSI, and other key stakeholders. The increases and extensions were in line with the Fourth Program Partnership Agreement (PPA4) between CFSI and BDA for the Community-Driven Reconstruction component and expanded the project coverage to include new barangays and municipalities. PPA4 commenced on April 26, 2012 and is expected to run through at least April 25, 2015.

E. Funds from Governments for Projects in Mindanao

1. Mindanao Australian Agency for International Development (AusAID) Fund - Psychosocial Care Project (PCP) (Eastern Mindanao). In December 2012, CFSI and AusAID agreed, in principle, to cooperate in the response to Typhoon Bopha (Pablo) that devastated Eastern Mindanao. In March 2013, CFSI and AusAID signed the project agreement that focused on the disaster-affected communities in the provinces of Compostela Valley and Davao Oriental. The total value of this grant, received in full in early April 2013, is ₱10,745,000. The project provided psychosocial support services to survivors, trained local caregivers in providing psychosocial support to their peers and community members, provided assistance to simple early recovery projects implemented by individuals, families and/or groups, and carried out activities for disaster preparedness, risk reduction and management. This project was implemented in ten barangays in four municipalities of Compostela Valley and three municipalities of Davao Oriental. A total of 5,659 individuals directly benefited from the livelihood and skills training components such as aquaculture, sewing, farm tools and implements, boats, water facilities, and other projects identified by the survivors themselves. The project was completed in April 2014.



2. Mindanao DFAT Fund – PCP in Zamboanga (PCP-Zamboanga). In January 2014, CFSI and the Australian Government’s Department of Foreign Affairs and Trade (DFAT) decided to carry out an intervention for people who remain in evacuation centers and/or being relocated as a result of the September 2013 crisis/armed conflict in Zamboanga City. In addition to psychosocial services, training of local caregivers and assistance for early recovery projects, the PCP also focused and contributed to child protection and enhancing the well being of children survivors. A total of 70 community volunteers were trained for psychosocial sessions in child friendly spaces and 849 families were engaged in planning of alternative livelihoods. Funds were received in full in January 2014, with the project completed in October 2014.

F. Funds from Governments for Projects in Visayas

1. Visayas DFAT Fund - PCP in Visayas (PCP-Visayas). In November 2013, when Typhoon Haiyan (Yolanda) struck the Visayan region, the Australian Government’s DFAT agreed to support CFSI’s efforts in Eastern Visayas to respond to the huge emergency. The PCP in this region involved: (a) psychosocial care; (b) support to early recovery; and (c) disaster risk reduction. It covered 24 severely affected barangays in 12 municipalities in the provinces of Leyte, Samar and Eastern Samar. The project involved carrying out psychosocial activities with individual and groups, training of local caregivers, working with families and communities in planning and implementing early recovery projects such as alternative livelihoods, as well as helping local bodies and schools in disaster preparedness, risk reduction and management. As with the previous PCPs, the priority groups were vulnerable individuals and persons with special needs, children, elderly, persons with disabilities, pregnant women, indigenous people and others with specific vulnerabilities. The project started in December 2013 and was completed in December 2014. Funds were received in full in January 2014.

Private Sector Funds

Private Sector Funds represents funds received from the private sector in the Philippines as well as other countries, including foundations, corporations, academic institutions, religious institutions, community groups, and individuals, for CFSI projects and activities in the Philippines. Most of these funds are restricted, and can only be used for specific projects or activities. Those who provided major grants are described below, while others are simply listed.

G. Funds from the Private Sector for Projects in Mindanao

Mindanao Stichting BRAC International (BRAC) - Basic Education Project” (BEP). In April 2012, BRAC and CFSI began the Basic Education Assistance for Mindanao in the Autonomous Region in Muslim Mindanao (BEAM-ARMM) Program in selected municipalities and provinces of ARMM. The project is supported with funds from AusAID to BRAC. The project is designed to enable communities without access to education to establish preschools and elementary schools utilizing BRAC’s model of Alternative Delivery Mechanism. CFSI is responsible for operations in 16 municipalities in the provinces of Maguindanao and Lanao del Sur. Through the efforts of 195 learning facilitators, a total of 7,859 children benefited from the project. The first phase of this project covers the period from April 2012 through June 2015.

H. Funds from the Private Sector for Projects in Visayas

1. Visayas Consuelo Foundation for Bohol. Consuelo Foundation agreed to fund the “Psychosocial Support for Children Project” to focus on providing psychosocial support



and care to children, specifically those affected by the earthquake that hit Bohol in October 2013. In partnership with International Deaf Education Association (IDEA), CFSI (1) trained IDEA teachers, dormitory managers and staff in conducting psychosocial first aid and other support services aimed specifically for deaf-and-mute children; (2) provided stress debriefing and/or psychosocial counseling to teachers, dorm managers and staff who were directly affected; (3) set up a child friendly space in an identified school, providing technical assistance to para-teachers and volunteers; and (4) organized Community-based Child Protection Networks (CBCPN) in the identified areas to provide orientations and training on child protection, child rights, and psychosocial care. The project started in November 2013 and was completed in June 2014.

2. Visayas CRP - Plan International Fund. In January 2014, Plan International agreed to provide funds to CFSI for the Psychosocial Support for Children Affected by Typhoon Haiyan (Yolanda) in twenty barangays in Eastern Samar. Activities included: (1) the establishment of child friendly spaces; (2) strengthening of local awareness and capacity on child protection, with special focus on providing psychosocial support; (3) organizing of CBCPN and (4) cash-for-work. The project started in March 2014, for an initial seven-month implementation, and was extended through October 2014.
3. Visayas CRP - Consuelo Foundation Fund. In February 2014, Consuelo Foundation provided funds to improve the psychosocial being of children affected by Typhoon Haiyan (Yolanda) in Eastern Visayas. This included: (1) access to protection and multi-sectorial services for separated, unaccompanied and other children at risk; (2) skills and access for children, parents and community members to prevent and respond to violence, exploitation, abuse and neglect; and (3) the establishment of Child Friendly Spaces in three barangays in the municipalities of Salcedo and Mercedes in the province of Eastern Samar. The project was completed in September 2014.
4. Visayas CRP - Philippine Center for Population and Development (PCPD) Fund. PCPD provided funds to help protect children affected by Typhoon Haiyan (Yolanda) in Guiuan, Eastern Samar, including psychosocial training, psychosocial activities for youth, and child protection orientation for parents and youth. The funds were received in November 2013 and facilitated CFSI's response to the disaster.
5. Visayas Recovery Project (VRP) - The Atlantic Philanthropies (AP) Fund. AP provided \$200,000 to support CFSI's response to the humanitarian crisis brought on by Typhoon Haiyan (Yolanda). The funds allow CFSI to: (1) expand its humanitarian response by engaging more local partners in the affected areas; and (2) better manage the highly complex, widespread operation through December 2016. Projects being implemented by partners will likewise be completed by the end of 2014.
6. Visayas Recovery Project (VRP) - American Jewish World Service (AJWS) Fund. In 2014, AJWS provided funds to CFSI also to support CFSI's response to the humanitarian crisis in the Visayas. The funds were for the following aims: (1) provision of livelihood assistance to the survivors of the emergency; (2) complimentary resource development efforts at CFSI; and (3) leadership development at CFSI. In 2014, a total number of 1,886 individuals, or 397 families, in twenty-seven barangays received livelihood assistance. The implementation for this grant is from June 2014 through December 2016.
7. Visayas Disaster Response. Other stakeholders contributed more broadly to CFSI's disaster response efforts, including various donors around the world who contributed for the first time to CFSI. This is in support to those affected by the earthquake in Bohol in



October 2013 and the survivors of Typhoon Haiyan (Yolanda) in November 2013, including the following:

Donors in the Philippines	Donors Outside the Philippines
Foundations in the Philippines, specifically: Philippine Center for Population Development, Childhope Asia Philippines	The Atlantic Philanthropies
Various individuals in the Philippines	Various individuals in the United States, Australia, Germany, Switzerland, Canada, United Kingdom, India, Viet Nam, Brazil , Egypt and the United Arab Emirates
CFSI Board Members (based in the Philippines)	Friends of CFSI at the Catholic University of America in Washington DC, USA
	CFSI Board Members (based outside the Philippines)

I. Funds from the Private Sector for Projects in Luzon

Three tropical storms caused widespread devastation in Luzon between late September and early October 2009, directly affecting 9,400,000 persons and forcibly displacing more than 700,000 persons. CFSI quickly launched a disaster response operation followed by early recovery efforts extending through January 2014.

1. Luzon Mercy Malaysia - Community-Based Disaster Risk Reduction and Management (CBDRRM) Project. Mercy Malaysia, an NGO, provided CFSI with funding for the CBDRRM, which built on CFSI's response to the aforementioned disaster in Luzon. The CBDRRM Project aimed to: (1) increase the knowledge of CFSI staff on disaster risk reduction (DRR) concepts and enhance staff competencies in implementing DRR projects; and (2) sensitize local government and community residents on DRR concepts and increase their knowledge and skills on preparing and utilizing localized hazard maps. Carried out in the more vulnerable communities in the province of Benguet in Northern Luzon, the desired outcome was improved community disaster preparedness and early warning systems. The project was started in October 2011 and completed in May 2012. In April 2013, Mercy Malaysia committed funds for the second phase of the project that started in May 2013 and was completed in January 2014. This allowed for the replication of the project to another barangay in the municipality of Bokod, in the province of Benguet.

J. Funds from the Private Sector for Projects in Metro Manila

Since 2002, CFSI has been actively promoting efforts to protect and assist vulnerable children and youth in exceptionally difficult circumstances in the Park Avenue area of highly urbanized Pasay City, Metro Manila - where CFSI Headquarters is located. The children and youth are vulnerable to exploitation, prostitution, trafficking, and the drug trade. In response, CFSI launched the Park Avenue Initiative (PAI) to mobilize the community and other stakeholders for child protection, youth development, and opportunity creation. Over the



years, PAI has established several projects with a variety of partners, the most recent of which are summarized below.

Metro Manila PCPD - PAI (RH1) - Philippine Center for Population and Development (PCPD) provided funds for a research project on “Reproductive Health (RH) Research amongst the Youth” in four barangays (wards) in Pasay City, as part of the PAI. The research aimed to determine the level of RH knowledge, attitude and practices of respondents, to identify the RH services in the selected barangays and to determine the effectiveness of the existing RH interventions. The research project started in September 2011 and was completed in April 2012.

CFSI presented the research findings and recommendations to the community, partners, and other stakeholders. It was clear that much more needed to be done to protect children and youth with respect to RH, particularly in the context of high-risk behaviors and the sex trade. Various strategies and options for intervention were discussed. Consultations resulted in two of CFSI’s partners agreeing to fund RH services for youth in eight barangays in the Park Avenue area. These are shown below:

1. Metro Manila Consuelo Foundation - PAI (RH2a) - Consuelo Foundation agreed to fund RH intervention in four barangays in Pasay City. The project started in November 2012 and was completed in November 2013. Built on the findings of the research conducted by CFSI with funding support from PCPD, the project supported and/or carried out RH intervention activities, specifically the involvement of families on adolescent’s reproductive health activities of the Government and of CFSI.

In January 2014, Consuelo agreed to fund the family-centered approach in addressing the reproductive health needs of the youth in Pasay City. An offshoot of the baseline study done in 2012, the project envisioned improved provision of services for RH-related needs of the youth such as access to STI/HIV testing, family planning counseling for teen parents and their families, STI treatment, and access to family planning commodities. The project was completed in December 2014.

2. Metro Manila PCPD - PAI (RH2b) - PCPD also agreed to support provision of RH services in an additional four barangays in Pasay City. Known in CFSI as “Reproductive Health Services for the Youth”, the project aimed to decrease the number of youth engaging in risky sexual behavior and increase their health-seeking behavior by improving access to RH information and services. The project employed a variety of strategies including family-centered counseling and reflection sessions, training of local peer counselors, linking to local service providers and providing support to alternative learning and tutorials. The project started in January 2013 and was expected to be completed in March 2015.
3. In support of field operations, CFSI provides partners with mission-related services at its various offices, including in Metro Manila. Services may include a range of administrative, programme, research, and advocacy efforts. One such partner is BRAC.

CFSI was contracted by BRAC to provide support services such as administrative, procurement, and logistical support services in Metro Manila for its operations in the Philippines. In addition, CFSI provides office space for BRAC at CFSI Headquarters. The engagement started in July 2013 and is expected to run through at least June 2015.



Myanmar Programme

The Myanmar Programme includes, primarily funds from UNHCR, for CFSI activities in the Republic of the Union of Myanmar. These funds are intended largely for the Community Social Services and Education Programme (CSSEP), which benefit the crisis-affected populations in Rakhine State, including but not limited to, internally displaced persons and those persons denied citizenship and therefore, de facto, stateless.

During 2014, the CSSEP included the following: (1) early childhood development services for pre-school children and their mothers; (2) assistance to vulnerable school-age children of affected populations - particularly IDP children confined to camps and children from host communities - to return to school, resume their education in the state school system, and promote and support primary level graduates to continue and complete post-primary education; (4) access to post-primary education - particularly Muslim girls and minority groups - including hostel arrangements, where needed; (5) livelihood opportunities for graduates of basic and advanced sewing skills training to enhance their capacity for self-reliance and leadership in their communities; (6) community level multi-ethnic peace education and peace building activities focused on youth, through provision of library resources, computer basic skills training, English basic communication, and practical arts courses; (7) vocational skills development training promoting self-awareness, skills development and livelihood opportunities; and (8) manage four main Community Services and Development Centers (CSDCs) and seven satellite centers for various community programme activities.

CFSI has entered into annual project agreements with UNHCR in Myanmar since 1998. Under the new rules of UNHCR adopted in 2013, CFSI was required to re-apply to continue as an Implementing Partner in Myanmar, particularly in northern Rakhine State. After due evaluation with other applicant agencies, CFSI was favorably considered and selected to continue as one of UNHCR's Implementing Partners for 2014 and to continue through at least December 31, 2015.

Viet Nam Programme

The Viet Nam Programme includes funds for social development activities carried out in Viet Nam, specifically activities designed to strengthen the capacity of service providers to protect and assist disadvantaged and vulnerable populations. These efforts build on social work training and related services carried out by CFSI in Viet Nam from 1992 until 2005, as well as the Social Work Education Project (SWEP) carried out in Mindanao from 2006 through 2014.

Viet Nam (VN) Atlantic SWEP Fund. This represents funds from AP for the SWEP: Promoting Societal Health and Social Development. The project aims to better protect and assist disadvantaged and vulnerable populations in Viet Nam by strengthening and further developing human resources in social work. It includes three major components: (1) executive education in social work administration for 320 managers of social protection centers; (2) training of at least 500 social workers and related professionals who provide social services at the community level; and (3) advanced education in social work for social work educators/practitioners. The project started in October 2010 and was envisaged to be completed by the end of September 2014, but has been extended through at least December 2015 without requiring additional funds.

In the context of SWEP-VN, CFSI signed, in 2011, separate agreements with the following partners: Ministry of Labour, Invalids, and Social Affairs (MOLISA), University of Labour and Social Affairs (ULSA), Center for Social Work and Community Development and Consultancy (SDRC), and Women Central Training School (WCTS) - now the Viet Nam Women's Academy



(VWA)—all in Viet Nam; and in the Philippines, the Asian Social Institute (ASI). Funds from the project go to each partner for specific services, as specified in separate agreements.

Similarly, in the context of SWEP-VN, CFSI signed in August, 2014, a new Memorandum of Understanding to implement a Master of Science in Social Work(MSSW) Programme with the following partners: MOLISA, ASI and a new partner, Graduate Academy in Social Sciences(GASS) in Viet Nam. Funds from the project will solely support the academic activities of ASI .

Headquarters Programme

The Headquarters Programme includes funds for the overall management of CFSI, special initiatives, immediate responses to humanitarian emergencies, staff retirement benefits, mission-related social enterprises and the sustainability of CFSI. The sources of these funds are support from partner organizations, grants, donations, and fund-raising initiatives undertaken by CFSI.

A. *Headquarters Fund* - represents operational support from agreements entered into by CFSI and contributions from the private sector, both in the Philippines and abroad. The latter includes both restricted and unrestricted grants from supporting organizations; contributions from community groups; donations from concerned individuals, Board Members, and Staff, as well as gifts from those who wish to remain anonymous. These contributions are intended to finance counterpart costs, development costs, the costs of the general and administrative services of CFSI Headquarters, special initiatives, and other needs. Those who provided major grants are as follows:

1. Partridge Foundation (USA) - committed to provide US\$960,000 between 2007 and 2013 for general support for CFSI Headquarters, in the form of annual installments of US\$160,000, for the purpose of enhancing CFSI's capacity to: (1) generate resources towards long-term sustainability; (2) manage the rapidly expanding Philippine Programme; and (3) properly manage, as well as publicly account for, funds given to CFSI. In June 2012, CFSI received the last installment for the six year grant period, which ended on 30 June 2013.

In October 2011, the Partridge Foundation approved a second grant amounting to US\$1,000,000. This grant has the same purpose, terms and conditions as the first and covers the period July 2013 through 2019. It gives CFSI a significant and strategic advantage vis-à-vis achieving long-term organizational sustainability. In June 2014, CFSI received the second installment for the six year grant period.

2. Other donors who provided support for CFSI Headquarters in 2014 and 2013 are listed in the table below:

Donors in the Philippines	Donors Outside the Philippines
Various individuals	Leesburg Community Baptist Church (USA)
CFSI Board Members	Various individuals based in the USA Australia and Europe
CFSI Staff Members	CFSI Board Members (based outside the Philippines) CFSI Staff Members (based outside the Philippines)



B. *Social Work Education Project (SWEP) Mindanao Fund.* This represents funds provided by Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ), previously known as Deutscher Entwicklungsdienst (DED), or German Development Service, the Nef Foundation, and the Consuelo Foundation to cover the operational expenses of the SWEP Mindanao. Other donors to the SWEP Mindanao included the Women's Commission for Refugee Women and Children, the Brownington Foundation, the Bulls Head Foundation, the Johnson Foundation, and various individuals. The SWEP was a special educational initiative, with implementation beginning in 2006, between CFSI, the Catholic University of America (CUA), the BDA, Cotabato City State Polytechnic College (CCSPC), Mindanao State University (MSU) at Marawi City, and Western Mindanao State University (WMSU) at Zamboanga City. CUA kindly agreed to waive tuition charges for SWEP students, representing an in-kind contribution valued at more than US\$1,760,000.

The aim of the SWEP Mindanao was to strengthen social work education and build leadership capacity for reconstruction and development in the conflict-affected areas of Mindanao. The project involved providing social work education within a six-year period at the graduate degree level in Cotabato City, Mindanao for professional social workers from the conflict-affected areas in Mindanao. 100 social workers earned a Master of Teaching in Social Work (MTSW) degree from CUA through the SWEP Mindanao. In 2009, 32 social workers successfully completed and graduated from the MTSW program, while the second cohort of 32 graduated in 2010. The third and last cohort, composed of 36 social workers, graduated in 2012, leading to a total of 100 social workers with MTSW degrees from CUA. The required post-graduation field service requirements were completed at the end of 2014.

With the success of the SWEP in Mindanao, Philippines and in Viet Nam, CFSI is establishing other SWEP initiatives in other countries in Asia. Whilst in their early stages of development, these will be known collectively as SWEP Asia.

C. *Center for Excellence in Humanitarian Service (CEHS) Fund.* This consisted mainly of funds received from the Embassy of Japan (EOJ) through the Japan-Bangsamoro Initiative for Reconstruction and Development (J-BIRD) for the construction of the CEHS Center ("the Center"). The Center, constructed in coordination with the BDA, includes facilities for training, meetings and research in humanitarian assistance; accommodations for training participants; and an office in support of CFSI operations in the conflict-affected areas of Mindanao. These human resource development initiatives aim to achieve greater participation at the community level and, therefore, more effective programmes and services to the direct benefit of people affected by armed conflict and disaster in Mindanao and other parts of Asia. The Center was completed in February 2009 and serves as the home for the SWEP. Many other training programmes carried out by CFSI are held in CEHS. It is located on the CFSI property in Rosary Heights IV, Cotabato City and is fully operational.

Other partners who contributed to the cost of constructing and equipping the Center include the Bahay ni Angelo King Foundation, Gregorio Araneta Social Development Foundation, A.Y. Foundation, W. S. Family Foundation, The Atlantic Philanthropies Director/Employees Designated Gift Fund, various individuals in the Philippines, United States and Hong Kong, CFSI Board Members and CFSI Staff Members. In 2012, additional funds were donated in honor of the late Maria Mabilangan Haley.

Throughout 2014, the CEHS continued to serve as the venue for training workshops, seminars and meetings in accordance with the mission of CFSI.



- D. Emergency Response Fund.* This represents funds for rapid responses to major humanitarian emergencies in any of the ten countries that presently comprise the Association of South East Asian Nations (ASEAN) Region, plus Timor-Leste. It aims to address immediate humanitarian needs and, simultaneously, position CFSI for resources for longer term responses, if and as warranted. Disbursements from the Emergency Response Fund are approved by the Board of Trustees.
- E. Retirement Fund.* This represents funds of the CFSI Retirement Benefit Plan. The Retirement Fund is governed and administered by the Retirement Fund Committee under approved policies and procedures.
- F. Sustainability Fund.* This represents assets for the long-term financial sustainability of CFSI. The Fund includes cash, property, and other assets, all of which are invested or programmed in such manner as to enable CFSI to continue to pursue its mission well into the future. Disbursements from the Sustainability Fund are subject to approval by the Board of Trustees.



Summary of Project Funding Grants

The table below summarizes the funds for humanitarian and development activities of CFSI that are covered with project agreements. The term of these project agreements cover 2014. Funds for most of these projects were received in 2014.

	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
PHILIPPINE PROGRAMME									
UN High Commissioner for Refugees (UNHCR)									
Nationwide - Urban Refugee Project	A	January 2014 - December 2014	₱10,642,850	₱-	₱10,642,850	₱10,642,850	₱-	₱-	₱732,942
Mindanao Protection Project	B.1	January 2014 - November 2014	₱1,552,820	₱-	₱1,552,820	₱1,552,820	₱-	₱-	₱77,101
Visayas Protection Project	C.2	January 2014 - December 2014	₱38,580,463	₱-	₱38,581,154	₱38,581,154	(₱691)	₱-	₱259,004
World Food Programme (WFP):									
Mindanao - Food Assistance Project - Maguindanao (FAP-M)	B.2	May 2012 - April 2014	₱24,320,873	₱17,024,295	₱5,036,273	₱22,060,568	₱-	₱2,260,305	₱-
Mindanao - Food Assistance Project - Maguindanao (FAP-M)	B.2	May - December 2014	₱6,036,661	₱-	₱2,433,503	₱2,433,503	₱-	₱3,603,158	₱-
Mindanao - Food Assistance Project (FAP-L) - Lanao del Norte, Lanao del Sur, Iligan City, Cagayan de Oro City, Bukidnon, Misamis Oriental	B.2	May 2012 - April 2014	₱28,905,654	₱19,189,879	₱5,548,236	₱24,738,115	₱-	₱4,167,539	₱-
Mindanao - Food Assistance Project - Lanao (FAP-L)	B.2	May 2014- December 2014	₱7,099,454	₱-	₱2,770,200	₱2,770,200	₱-	₱4,329,254	₱-
Mindanao - Food Assistance Project - Eastern Mindanao (Davao Oriental, Compostela Valley, Agusan del Sur, Surigao del Sur, Lanao del Sur) (FAP-EM)	B.3	December 2012 - November 2013	₱17,663,029	₱11,913,266	₱2,789,415	₱14,702,681	₱2,960,348	₱-	₱-



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
Mindanao - Food Assistance Project - Zamboanga City (FAP-Z)	B.4	November 2013 - April 2014	₱2,812,984	₱873,895	₱1,314,043	₱2,187,938	₱625,046	₱-	₱-
UN Children's Fund (UNICEF):									
Mindanao - Child Protection in Emergencies Project in Zambaonga City (CPEP-Z)	B.5	October 2013 - January 2015	₱16,320,302	₱2,201,422	₱11,606,668	₱13,808,090	₱-	₱2,512,212	₱-
Mindanao - Child Rights Project: Strengthening the Protective Environment for Children Affected by Armed Conflict and Emergencies in Central Mindanao (CRP5)	B.6	December 2013 - May 2014	₱5,665,815	₱-	₱5,665,815	₱5,665,815	₱-	₱-	₱82,092
Mindanao - Child Rights Project: School and Community-based Disaster Risk Reduction Program Development in Cotabato City and Municipality of President Roxas, North Cotabato (CRP6)	B.7	December 2013 - November 2015	₱7,745,906	₱-	₱3,230,095	₱3,230,095	₱-	₱4,515,811	₱-
Mindanao - Child Rights Project: Building Rights-Based Child Protection System in Mindanao (CRP7)	B.8	November 2013 - December 2014	₱8,700,705	₱-	₱6,439,110	₱6,439,110	₱-	₱2,261,595	₱-
Mindanao - Child Rights Project: Strengthening Education in Emergencies and Disaster Risk Reduction Management Capacities of Schools Affected by Armed Conflict and Natural Disasters (CRP8)	B.9	April 2014- November 2014	₱8,610,421	₱-	₱6,683,578	₱6,683,578	₱-	₱1,926,843	₱-
Visayas - Child Protection in Emergencies Project in Bohol (CPEP-Bohol)	C.1	November 2013 - June 2014	₱7,383,859	₱-	₱7,383,859	₱7,383,859	₱-	₱-	₱-



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
World Bank - Mindanao Trust Fund for Reconstruction and Development Program									
Fourth Grant Agreement	D.1/D.2	March 2009 - December 2015	\$5,380,000 (or ₱220,849,000)	\$1,581,718 (or ₱71,290,675)	\$1,283,032 (or ₱56,870,572)	\$2,864,750 (or ₱128,161,247)	\$-	\$2,515,250 (or ₱92,687,753)	\$-
<i>Community-Driven Reconstruction</i>	D.1		\$4,853,325 (or ₱199,228,998)	\$1,481,718 (or ₱67,185,675)	\$1,014,492 (or ₱44,985,449)	\$2,496,210 (or ₱112,171,124)	\$-	\$2,357,115 (or ₱87,057,874)	\$-
<i>Sajahatra Bangsamoro</i>	D.2		\$526,675 (or ₱21,620,002)	\$100,000 (or ₱4,105,000)	\$268,540 (or ₱11,885,123)	\$368,540 (or ₱15,990,123)	\$-	\$158,135 (or ₱5,629,879)	\$-
Australian Agency for International Development (AusAID)									
Mindanao - Psychosocial Care Project in Eastern Mindanao (PCP-EM)	E.1	March 2013 - April 2014	₱10,745,000	₱10,745,000	₱-	₱10,745,000	₱-	₱-	₱-
Australia Department of Foreign Affairs and Trade (DFAT)									
Mindanao - Psychosocial Care Project in Zamboanga City (PCP-Z)	E.2	January 2014 - October 2014	₱5,898,987	₱-	₱5,898,987	₱5,898,987	₱-	₱-	₱-
Visayas - Psychosocial Care Project in Eastern Visayas (PCP-V)	F.1	December 2013 - December 2014	₱19,673,614	₱-	₱19,673,614	₱19,673,614	₱-	₱-	₱-



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
Private Sector Funds									
Mindanao - Stichting BRAC - Basic Education Project (BEP)	G.1	April 2012 - June 2015	₱84,329,077	₱50,325,510	₱31,353,381	₱81,678,891	₱-	₱2,650,186	₱-
Visayas - Consuelo Foundation - Psychosocial Support for Children Affected by the Earthquake in Bohol	H.1	November 2013 - June 2014	₱401,437	₱361,293	₱40,144	₱401,437	₱-	₱-	₱-
Visayas - Plan International - Child Rights Project for Eastern Visayas (CRP-Plan)	H.2	March - October 2014	₱14,783,454	₱-	₱14,783,454	₱14,783,454	₱-	₱-	₱-
Visayas - Consuelo Foundation - Child Rights Project for Eastern Visayas (CRP-Consuelo)	H.3	February - September 2014	₱2,317,592	₱-	₱2,085,833	₱2,085,833	₱-	₱231,759	₱-
Visayas - Philippine Center for Population and Development - Child Rights Project for Eastern Visayas (CRP-PCPD)	H.4	November 2013 - June 2014	₱400,000	₱400,000	₱-	₱400,000	₱-	₱-	₱-
Visayas - Atlantic Philanthropies - Visayas Recovery Project (VRP)	H.5	December 2013 - December 2014	\$200,000 (or ₱8,830,000)	\$200,000 (or ₱8,830,000)	\$-	\$200,000 (or ₱8,830,000)	\$-	\$-	\$-
Visayas - American Jewish World Service - Visayas Recovery Project (VRP)	H.6	June 2014 - February 2017	\$300,000 (or ₱13,035,000)	\$-	\$300,000 (or ₱13,035,000)	\$300,000 (or ₱13,035,000)	\$-	\$-	\$-
Luzon - Mercy Malaysia - Community Based Disaster Risk Reduction and Management	I.1	May 2013 - January 2014	\$29,825 (or ₱1,261,597)	\$23,869 (or ₱1,031,199)	\$-	\$23,869 (or ₱1,031,199)	\$-	\$5,956 (or ₱230,398)	\$-
Metro Manila - Consuelo Foundation - Park Avenue Initiative (PAI) - Reproductive Health (RH2a)	J.1	January - December 2014	₱1,040,000	₱-	₱1,024,052	₱1,024,052	₱-	₱15,948	₱-



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
Metro Manila - Philippine Center for Population and Development - Park Avenue Initiative (PAI) - Reproductive Health (RH2b)	J.2	January 2013 - January 2014	₱2,113,000	₱1,690,400	₱315,879	₱2,006,279	₱-	₱106,721	₱-
BRAC Support Services	J.3	July 2013 - June 2014	₱629,160	₱-	₱388,670	₱388,670	₱-	₱240,490	₱-
		July 2014 - June 2015	₱609,900	₱-	₱-	₱-	₱-	₱609,900	₱-
Subtotal of dollar grants			\$5,909,825	\$1,805,587	\$1,583,032	\$3,388,619	\$-	\$2,521,206	\$-
Subtotal of peso grants			₱334,983,017	₱114,724,960	₱187,241,633	₱301,966,593	₱3,584,703	₱29,431,721	₱1,151,139
MYANMAR PROGRAMME									
UN High Commissioner for Refugees (UNHCR)									
Community Social Services and Education Project (CSSEP)		January 2014 - December 2014	\$359,530 (or ₱15,257,241)	\$-	\$359,422 (or ₱15,252,568)	\$359,422 (or ₱15,252,568)	\$-	\$108 (or ₱4,673)	\$8 (or ₱339)
VIET NAM PROGRAMME									
Atlantic Philanthropies - Social Work Education Project in Viet Nam (SWEP-VN)		October 2010 - December 2015	\$1,860,000 (or ₱81,840,000)	\$1,400,000 (or ₱59,735,500)	\$200,000 (or ₱8,885,000)	\$1,600,000 (or ₱68,620,500)	\$-	\$260,000 (or ₱13,219,500)	\$-
HEADQUARTERS PROGRAMME									
Headquarters Fund - Partridge Foundation	A.1	July 2007 - June 2013	\$960,000 (or ₱42,768,573)	\$960,000 (or ₱42,768,573)	\$-	\$960,000 (or ₱42,768,573)	\$-	\$-	\$-
	A.1	July 2013 - June 2019	\$1,000,000 (or ₱40,499,300)	\$167,000 (or ₱7,197,000)	\$167,000 (or ₱7,306,250)	\$334,000 (or ₱14,503,250)	\$-	\$666,000 (or ₱25,996,050)	\$-



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2014		
				As at December 31, 2013 (b)	During 2014 (c)	As at December 31, 2014* (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
Total of dollar grants			\$10,089,355	\$4,332,587	\$2,309,454	\$6,642,041	\$-	\$3,447,314	\$8
Total of peso grants			₱334,983,017	₱114,724,960	₱187,241,633	₱301,966,593	₱3,584,703	₱29,431,721	₱1,151,139
Grand total of grants in peso			₱759,323,728	₱305,577,907	₱288,591,023	₱594,168,930	₱3,584,703	₱161,570,095	₱1,151,478
Average Peso/US Dollar exchange rate			42.06	44.05	44.17	44.09			

* The amount of Php595,033,530 represents the total amount of funds received from primary sources as at December 31, 2014, which includes grants committed before 2014



2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso, CFSI's functional currency. All amounts are rounded to the nearest peso.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Cash

Cash includes cash on hand and in banks.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price and any directly attributable cost of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against income in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the property and equipment:

<u>Asset Type</u>	<u>Number of Years</u>
Buildings and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Communication equipment	5
Office and other equipment	5

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Construction in progress is stated at cost less any recognized impairment loss. This includes the costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operations.



When assets are sold or retired, the cost and the related accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is credited to or charged against the statement of revenues and expenses.

Computer Software

Computer software is carried at cost less accumulated amortization and any impairment in value. The computer software is amortized on a straight-line basis over its estimated useful life of three years.

Computer software is classified as an intangible asset if the software is not an integral part of the related hardware. If the specific software is an integral part of the related hardware, it is treated as property and equipment.

Asset Impairment

At each reporting date, property and equipment and computer software are reviewed to determine whether there is any indication that assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are obligations on the basis of normal credit terms and do not bear interest.

Bank Loans

Bank loans are recognized initially at the transaction price that is the present value of cash payable to the bank including transaction costs, if any. These are subsequently stated at amortized cost. Interest expense is recognized on the basis of effective interest method and is included in other expenses on the statements of revenues and expenses.

Retirement Benefits

CFSI has an unfunded, noncontributory, defined benefit retirement plan covering all of its regular employees. The obligation and costs of retirement benefits are actuarially computed by a professionally qualified independent actuary using projected unit credit method. Actuarial gains and losses are charged or credited to profit or loss in the period in which they arise.

Fund Balances

The amount included in fund balances includes accumulated excess of revenues over expenses reduced by funds returned to funding agencies/partners and other adjustments. Funds to be returned to the funding agencies/partners are recognized as a liability and deducted from fund balances in accordance with specific provisions of the contract related to the funds. Fund balances may also



include effect of changes in accounting policy as may be required by the transitional provisions of new accounting standards and interpretations.

Revenue

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

Grants, Donations, Support and Contributions. Grants, donations, support and contributions are recognized when the donor conditions are satisfied which generally coincide with the receipt of the grants, donations, support and contributions.

Mission-Related Social Enterprise Activities. Activities are recognized when revenues are received for services rendered through the social enterprise activities of CFSI, the first being the Center for Excellence in Humanitarian Service (CEHS) in Cotabato City, Mindanao, Philippines.

Interest Income. Interest income is recognized as the interest accrues.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in fund balance. Costs and expenses are recognized in the statement of revenues and expenses in the year these are incurred.

Operating Lease

Operating lease payments are recognized as expense in the statement of revenues and expenses on a straight-line basis over the lease term.

Foreign Currency-denominated Transactions

Foreign currency-denominated transactions are recorded in Philippine Peso by applying to the foreign currency amount the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. Exchange differences arising on the settlement and restatement of monetary items at rates different from those at which they were initially recorded during the year are recognized in the statement of revenues and expenses in the year such difference arises.

Provisions

Provisions, if any, are recognized when CFSI has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

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



Events After the Reporting Period

Post year-end events that provide additional information about CFSI's assets and liabilities at reporting period (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.

3. **Significant Accounting Judgments and Estimates**

The preparation of the financial statements in accordance with PFRS for SMEs requires CFSI to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

Judgments

In the process of applying CFSI's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in the financial statements.

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to CFSI, the functional currency of CFSI has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which CFSI operates. It is the currency that mainly influences the revenues and expenses.

Revenue. CFSI assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. CFSI has concluded that it is acting as principal in all of its revenue arrangements.

Operating Lease Commitment - Organization as Lessee. CFSI has entered into a lease agreement as a lessee (see Note 18). CFSI has determined that it does not retain all the significant risks and rewards of ownership of the property which are leased out in an operating lease agreement.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. CFSI based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of CFSI. Such changes are reflected in the assumptions when they occur.

Useful Lives of Property and Equipment and Computer Software. CFSI estimates the useful lives of property and equipment and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed at each financial year-end and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, the estimation of the useful lives of these assets are based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that



future results of operations could be materially affected by changes in estimates brought about by the changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The carrying value of property and equipment amounted to ₱10,212,713 and ₱10,706,450 as at December 31, 2014 and 2013, respectively (see Note 6). The carrying value of computer software amounted to ₱169,786 and ₱158,858 as at December 31, 2014 and 2013, respectively (see Note 8).

Impairment of Property and Equipment and Computer Software. CFSI's management conducts an impairment review of its property and equipment and computer software when certain impairment indicators are present. This requires CFSI's management to make estimates and assumptions of the future cash flows expected to be generated from the continued use and ultimate disposition of such assets and the appropriate discount rate to determine the recoverable value of the assets. Future events could cause CFSI to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on CFSI's financial condition and results of operations.

Based on the assessment of CFSI, the property and equipment and computer software do not have any indication of impairment as at December 31, 2014 and 2013. The carrying values of property and equipment amounted ₱10,212,713 and ₱10,706,450 as at December 31, 2014 and 2013, respectively (see Note 6). The carrying value of computer software amounted to ₱169,786 and ₱158,858 as at December 31, 2014 and 2013, respectively (see Note 8).

Retirement Benefits. The determination of the liability and retirement cost is dependent on the selection of certain assumptions by management. Those assumptions used in the calculation of retirement cost are described in Note 16 to the financial statements. Retirement liability amounted to ₱5,345,913 and ₱3,485,638 as at December 31, 2014 and 2013, respectively (see Note 16).

4. Cash

	2014	2013
Cash on hand:		
Restricted	₱635,839	₱169,268
Unrestricted	22,531	15,000
	658,370	184,268
Cash in banks:		
Restricted	59,501,054	42,806,214
Unrestricted	2,229,081	485,460
	61,730,135	43,291,674
	₱62,388,505	₱43,475,942

Restricted cash includes funds the use of which is restricted to specific purposes bound by contracted agreements. Unrestricted cash includes funds that are not subject to restrictions imposed by the donor.

The cash balance at the end of the year will be used for various activities in 2015.



5. Other Current Assets

	2014	2013
Project advances:		
Due from World Food Programme (WFP)	₱7,400,974	₱4,064,770
Bangsamoro Development Agency (BDA)	4,604,999	4,616,384
Other agencies	1,669,918	911,340
Employees	718,226	31,627
Operations	375,503	1,646,269
Prepaid expenses	-	39,056
	₱14,769,620	₱11,309,446

Project advances for operations represent amounts advanced for the field activities of various projects, including the Visayas Protection Project and the Food Assistance Projects in Mindanao. These project advances were subsequently liquidated in 2015.

Project advances to BDA include unliquidated operational funds under the Fourth Program Partnership between CFSI and BDA under the Mindanao Trust Fund, which started on April 26, 2012 and is expected to run until April 25, 2015.

Advances to employees are those used for the project operations and activities released in December 2014. These were liquidated in January 2015.

Due from World Food Programme (WFP) represents expenses incurred in 2014, initially paid from Headquarters and Private Sector Funds. These were subsequently reimbursed by WFP in March 2015.

6. Property and Equipment

	2014						Total
	Land	Buildings and Improvements	Transportation Equipment	Furniture and Fixtures	Communication Equipment	Office and Other Equipment	
Cost							
Balances at January 1, 2014	₱1,664,091	₱5,831,635	₱1,808,527	₱1,994,143	₱83,752	₱12,780,418	₱24,162,566
Additions	-	38,598	-	43,076	-	2,307,139	2,388,813
Disposals	-	-	-	(33,346)	-	(58,505)	(91,851)
Balances at December 31, 2014	1,664,091	5,870,233	1,808,527	2,003,873	83,752	15,029,052	26,459,528
Accumulated Depreciation							
Balances at January 1, 2014	-	2,727,563	1,560,057	1,403,145	79,727	7,685,624	13,456,116
Depreciation	-	193,158	181,914	290,331	4,025	2,183,964	2,853,392
Disposals	-	-	-	(24,371)	-	(38,322)	(62,693)
Balances at December 31, 2014	-	2,920,721	1,741,971	1,669,105	83,752	9,831,266	16,246,815
Net Book Value as at							
December 31, 2014	₱1,664,091	₱2,949,512	₱66,556	₱334,768	₱-	₱5,197,786	₱10,212,713
Net Book Value as at December 31, 2013	₱1,664,091	₱3,104,072	₱248,470	₱590,998	₱4,025	₱5,094,794	₱10,706,450

Land includes: (a) 1,000 square meter lot in Cotabato City, Mindanao, Philippines purchased in 2006 from funds raised by CFSI, and (b) two lots totaling 529 square meters in Rizal, Luzon, Philippines donated by a member of the Board of Trustees in 2008. The property in Cotabato City includes a



previously existing building, which is currently used as the office of CFSI, and the Center for Excellence in Humanitarian Service.

In February 2015, upon the recommendation of the donor, the BOT authorized management to sell the property in Rizal. Management aims to have all aspects of the sale completed before the end of 2015.

There were substantial additions in 2014 of computers, printers and other office equipment purchased through various project funds.

7. Refundable Deposits

As required in lease agreements, CFSI makes deposits and advance rentals for the use of the office premises in its Headquarters in Metro Manila, the Sub-Office in Iligan City, and the Field Offices in Marawi City, Zamboanga City, Ormoc City, Tacloban City, and Guiuan in Eastern Samar. CFSI was also required to post a deposit for the installation and use of an electric transformer and meter for the Center for Excellence in Humanitarian Service. These deposits will be returned to CFSI after the completion of the leases, and/or return of the transformer.

8. Computer Software

Computer software was purchased in 2014 and 2013, which includes desktop applications (word processing, spreadsheets, browsing, etc.), additional user licenses for the accounting software and remote data storage and backup.

	2014	2013
Cost:		
Balance at beginning of year	₱894,787	₱868,257
Additions	86,259	26,530
Balance at end of year	981,046	894,787
Accumulated amortization:		
Balance at beginning of year	735,929	604,733
Amortization	75,331	131,196
Balance at end of year	811,260	735,929
Net book value	₱169,786	₱158,858

9. Accounts Payable and Accrued Expenses

	2014	2013
Accrued expenses	₱10,975,206	₱5,284,304
Accounts payable	6,059,476	3,364,506
Statutory payable	125,606	193,270
	₱17,160,288	₱8,842,080



Accounts payable and accrued expenses were recorded in 2014 for transactions with various suppliers and contractors of several projects, and balance of grants to be returned to UNHCR Philippines. In 2014, these included suppliers with the Food Assistance Projects in Mindanao, and with the Basic Education Project for the establishment of preschools and elementary schools. Payments to these suppliers and contractors were completed in early 2015.

Also included in the accounts payable account is the amount due for return to UNHCR Philippines of ₱1,069,047 as unused balance of the grants in 2014. For the Urban Refugee Project, the funds for return of ₱732,942 is part of the original allocation for the estimated number of arrivals for the year. For the Visayas Protection Project, the last installment of funds arrived on December 29, 2014. With the late arrival of funds, some activities originally planned and payments committed in December 2014 did not push through. Of the last installment, ₱259,004 is for return.

10. Bank Loans

On June 23, 2010, bank loan was used for the acquisition of transportation equipment amounting to ₱179,400. It is payable in 36 equal monthly installments of ₱5,802 with an annual interest rate of 10.78% starting July 27, 2010 until June 27, 2013. The outstanding bank loan in 2012 was fully paid in 2013.

Interest expense recognized in the 2013 statement of revenues and expenses amounted to ₱4,912.

11. Related Party Transactions

Salaries and employee benefits of the members of the Senior Management Team based at the Headquarters of CFSI were ₱4,634,539 and ₱3,824,310 for the years ended December 31, 2014 and 2013.

Salaries and employee benefits of the other staff were ₱79,113,986 and ₱35,965,380 for the years ended December 31, 2014 and 2013.

12. Fund Balances

The fund balance is the accumulated excess of revenues and expenses as follows:

	2014	2013
Philippine Programme	₱19,433,417	₱3,593,387
Myanmar Programme	461,029	1,631,689
Viet Nam Programme	8,445,425	14,563,219
Headquarters Programme	37,656,105	34,372,066
	₱65,995,976	₱54,160,361



13. Project Expenses

Direct Project Expenses

Direct project expenses refer to the costs of projects carried out by CFSI in accordance with its mission: protecting and promoting the human security of uprooted people and the agreements between CFSI and the respective donor partners. The beneficiaries are populations and organizations served by CFSI. Expenses under this category which are usually restricted by the respective project agreements are directly correlated with the corresponding grants obtained by CFSI for its services and activities.

Community services benefited refugees in various parts of the Philippines; conflict-affected communities in Mindanao; disaster survivors in Luzon, Visayas and Mindanao; out-of-school children and youth in Pasay City; returnees and local residents in Northern Rakhine State, Myanmar. In addition, community groups, organizations, and institutions benefit from capacity-building activities carried out by CFSI.

Community service and capacity building expenses amounted to ₱106,315,651 and ₱62,331,721 in 2014 and 2013, respectively.

Management, Supervision and Support Expenses

Management, supervision and support expenses represent costs related to the overall supervision, monitoring and evaluation of specific projects which are directly associated with the grants received during the period.

Development Expenses

Development expenses refer to costs associated with advancing the CFSI agenda and generating new service opportunities for CFSI including marketing, networking, assessment, planning, proposal preparation, negotiations, public information, and advocacy.

Some of these costs are expected to be recovered through management fees, reimbursements, and small grants.

Counterpart Expenses

Counterpart expenses refer to the complementary contributions from, or mobilized by CFSI for specific projects, often, but not always, as a condition for accessing funds from funding agencies/partners for broader effort.

14. Country Programme Support Expenses

Country programme support expenses refer to subsidies provided by the Headquarters Fund to programmes in the countries in which CFSI operates, primarily but not exclusively the Philippines. Country programmes usually include a variety of projects and/or operations carried out over a long period of time for which additional support is required. The funds for these subsidies come from restricted grants secured by Headquarters in support of country programmes, operational support from contracts entered into by CFSI and unrestricted contributions to CFSI from the private sector.



Country programme support expenses amounted to ₱1,312,714 and ₱1,876,925 for the years ended December 31, 2014 and 2013, respectively.

15. General and Administrative Expenses

General and administrative expenses refer to costs incurred for the operations of CFSI Headquarters in Metro Manila, Philippines. This account consists of:

	2014	2013
Retirement expense (see Note 16)	₱2,369,878	₱894,952
Salaries, employee welfare and benefits	1,298,574	1,106,959
Trainings and workshops	607,301	371,135
Transportation and travel	537,965	280,632
Auditors' fee	479,760	362,200
Rent and utilities (see Note 18)	431,991	514,314
Communication	396,107	330,619
Materials and office supplies	373,682	263,982
Professional, technical and other fees	123,778	21,245
Board and committee meetings	97,096	109,293
Repairs and maintenance	67,158	41,809
Taxes and licenses	36,075	72,152
Insurance	15,050	33,696
Networking and advocacy	3,546	17,245
	₱6,837,961	₱4,420,233

16. Retirement Benefits

CFSI has an unfunded, noncontributory, defined benefit retirement plan covering all qualified employees. The latest actuarial valuation was done as at December 31, 2014.

The following tables summarize the components of net retirement benefits expense recognized in the statement of revenues and expenses and retirement liability recognized in the statement of assets, liabilities and fund balances:

	2014	2013
Retirement expense:		
Current service cost	₱479,009	₱362,878
Interest cost on benefit obligation	209,138	173,377
Past service cost	(65,867)	487,837
Net actuarial loss (gain) recognized during the year	1,747,598	(129,140)
	₱2,369,878	₱894,952



Movements in the retirement liability are as follows:

	2014	2013
Balance at beginning of year	₱3,485,638	₱2,752,020
Retirement expense	2,369,878	894,952
Benefits paid directly by CFSI	(509,603)	(161,334)
Balance at end of year	₱5,345,913	₱3,485,638

The principal assumptions used in determining retirement liability are as follows:

	2014	2013
Discount rate	4.7%	6.0%
Salary increase rate	5.0%	5.0%

In preparation for the formal establishment of the Retirement Benefit Plan, CFSI has maintained a fund to cover its retirement liability in a restricted interest-earning bank account with balances of ₱3,702,884 and ₱2,697,382 as at December 31, 2014 and 2013, respectively.

17. Contributed Services

A variety of individuals, communities, organizations/corporations, networks, universities, and local governments made significant contributions in-kind to support and complement the efforts of CFSI. These include services, facilities, equipment, materials and supplies. Management estimated the total value of these contributions, which were not reflected in the financial statements, to be ₱23,967,736 and ₱14,908,202 in 2014 and 2013, respectively. Some of the major contributed services follow.

- a. CFSI Board and Staff - The Members of the BOT and Staff, plus many Volunteers, made contributions of time, services, and personal resources far above and beyond reasonable expectations. The BOT paid directly their own cost of certain activities and meetings as well as both the domestic and international airfare costs between their residences and CFSI field sites. Staff Members covered certain field-related expenses out of their own funds and contributed many hours of overtime without expectation of additional compensation. Volunteers, including professionals and interns from various parts of the world, provided their services at no cost, but great benefit to CFSI. For example, a long-time friend of CFSI, based in Vancouver, Canada, re-developed the CFSI website at no cost to CFSI. In addition, a widely-recognized social development expert, based in the USA, worked at CFSI Headquarters for three months on a pro-bono basis, leading to the advancement of CFSI.
- b. Communities - The organizing and mobilization efforts of CFSI resulted in voluntary contributions of services, facilities, and other valuable resources by communities affected by persecution, violence, armed conflict, disaster, and other exceptionally difficult circumstances. For example, in the Visayas and in Mindanao, Philippines, the assistance provided by hundreds of Community Volunteers made it possible for CFSI to provide food and other relief goods, in a timely manner, to large numbers of people in need of protection and humanitarian assistance. Communities participating in various projects contributed manual labor for debris removal as well as agriculture, infrastructure, and shelter initiatives in



the Cash for Work Project; the construction of “Child Friendly Spaces” and “Transitional Learning Structures” in the Child Rights Projects. In Bohol, parent-teacher associations and parishes provided the free use of equipment and prepared snacks during community assemblies and meetings. In support of the Park Avenue Initiative in Pasay City, youth volunteers helped carry out surveys, provided tutorial services, reached out to other youth through home visits, and helped organize, as well as run, sports fests. Parents, particularly mothers, also helped in organizing and carrying out project-related activities.

In Zamboanga City, students and staff of an academic institution, helped facilitate the purchase and distribution of sleeping/sitting mats for the families affected by the conflict in September 2013.

Community contributions were not limited to the Philippines. In Myanmar, local land owners made space available for structures that benefitted the entire community. Many Community Volunteers helped build these structures and/or provided other services at no cost to CFSI. For example, mothers voluntarily worked together to prepare food for children in the Early Childhood Development Programme.

- c. Organizations/Corporations - The Consuelo Foundation provided technical assistance to CFSI with the aims of strengthening CFSI’s prospects for long-term sustainability and/or more effectively/efficiently serving crisis-affected populations. For example, Sales Force provided software and web-based services for resource mobilization and donor nurturing efforts, whilst Google, Inc. hosts CFSI’s email and other web-based platforms on Google Apps for Business. The World Bank helped build CFSI’s technical capacities, as did UNHCR, UNICEF, WFP, OCHA, and several other organizations, including BRAC, International Medical Corps, and Mercy Malaysia. Philippine Airlines waived or heavily discounted cargo expenses related to CFSI’s response to disasters in Mindanao. Balesin Aviation Group, a light aircraft carrier, provided free flights for staff during the emergency in Eastern Visayas. Partner organizations in Viet Nam provided facilities and services, as did UNHCR in Myanmar.
- d. Networks - CFSI participates in a variety of international, regional, national, and local networks with the aims of advancing the CFSI agenda, enhancing internal capacities, achieving greater impact, and generating new service opportunities. CFSI invests some of its own limited funds in these activities in accordance with its roles and responsibilities in the humanitarian arena. In addition, significant in-kind support is provided by partners of CFSI, such as airfare and accommodation for participation in meetings and conferences in various parts of the world. This invaluable assistance enables CFSI to have a voice in many important gatherings, processes, and events. Primary network partners for 2014 and 2013 included:
 - International Council of Voluntary Agencies (ICVA)
 - Humanitarian Accountability Partnership (HAP)
 - Asia Pacific Refugee Rights Network (APRRN)
 - Asian Disaster Reduction and Response Network (ADRRN)
 - Association of Foundations in the Philippines (AF)



- e. Academic Institutions - CFSI has entered into cooperation with various universities and colleges in the Philippines and abroad during the 33-year history of CFSI. The aims include helping CFSI remain a learning organization, creating opportunities for CFSI to contribute to the knowledge base, providing internships at CFSI, mobilizing additional resources, and generating new service opportunities. Some academic institutions play even larger roles. CFSI benefited from the services of interns and volunteers from many of these academic institutions during 2014 and 2013 including, but not limited to, the following:

Philippines

- Universidad de Manila
- Arellano University - Metro Manila
- Mindanao State University - Maguindanao
- Notre Dame University - Cotabato City
- RC Al-Khwarizmi International College Foundation - Marawi City
- Iligan Medical Center College Foundation – Iligan City
- Western Mindanao State University - Zamboanga City

Australia

- La Trobe University

France

- Institut d'Etudes Politiques de Bordeaux
- Institut Catholique de Paris

Japan

- Chuo University

USA

- Catholic University of America

18. Lease Commitment

CFSI has existing operating lease agreements for its office spaces. These leases are renewed on an annual basis. Rental expenses amounted to ₱5,407,939 and ₱2,983,657 in 2014 and 2013, respectively. This includes rent for offices in its Headquarters in Metro Manila (see Note 15), the Sub-Offices in Iligan City and Davao City, and the Field Offices in Marawi City, Zamboanga City, Nabunturan in Compostela Valley, Trento in Agusan del Sur, Ormoc City, Tacloban City and Guiuan in Eastern Samar.



19. **Subsequent Events**

Philippine Programme

- *Mindanao DFAT Fund - Zamboanga Recovery Project.* In January 2015, CFSI and the Australian Government's DFAT launched an initiative to provide assistance to IDP families affected by the fighting in Zamboanga City.

At least one thousand families is seen to benefit from the project, which encompasses shelter, livelihood, psychosocial and protection services, health and disease surveillance, and assistance to host communities. The project is expected to end after three years of up to December 2017.

The grant of A\$3,000,000 was received in January 2015.

20. **Supplementary Information Required under Revenue Regulations (RR) 15-2010**

On December 28, 2010, 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 returns. 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.

CFSI reported and/or paid the following types of taxes in 2014:

(a) Value-added Tax (VAT)

CFSI is a non-VAT registered entity not engaged in the sale of goods or services. All of its revenues are coming from grants, donations, support and contributions which were not charged with output VAT. The input tax incurred in all of its costs and expenses were charged to profit or loss.

(b) Other Taxes and Licenses

All other taxes, local and national, including real estate taxes, license and permit fees lodged under the "Taxes and licenses" account under the "General and administrative expenses" account in the statement of revenues and expenses includes the following for the year ended December 31, 2014:

Local:

Mayor's permit	₱9,153
Community tax certificate	2,359
Lot verification fee	2,332
Fire inspection fee	860
Barangay permit	630

National:

Land Transportation Office registration	20,241
BIR annual registration	500

₱36,075



(c) The amount of withholding taxes paid for the year ended December 31, 2014 amounted to:

Tax on compensation and benefits	₱5,329,466
Creditable withholding taxes	534,549
Final withholding tax	90,990

(d) CFSI has no final tax assessments and cases pending before the BIR as at December 31, 2014. Likewise, CFSI has no other pending tax cases outside the administration of the BIR as at December 31, 2014.

21. Approval and Authorization of the Issuance of the Financial Statements

The accompanying financial statements of CFSI were approved and authorized for issuance in accordance with a resolution by the BOT on April 23, 2015.

