

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

Financial Statements
December 31, 2015 and 2014

and

Independent Auditors' Report



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, 2015 and 2014, 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, 2015 and 2014, 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 19 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.



Sherwin V. Yason

Partner

CPA Certificate No. 104921

SEC Accreditation No. 1514-A (Group A),

October 6, 2015, valid until October 5, 2018

Tax Identification No. 217-740-478

BIR Accreditation No. 08-001998-112-2015,

March 4, 2015, valid until March 3, 2018

PTR No. 5321713, January 4, 2016, Makati City

April 28, 2016



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

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash (Note 4)		
Restricted	₱128,845,279	₱60,136,893
Unrestricted	4,859,969	2,251,612
Total Cash	133,705,248	62,388,505
Other current assets (Note 5)	19,648,636	14,769,620
Total Current Assets	153,353,884	77,158,125
Noncurrent Assets		
Property and equipment (Note 6)	8,328,056	10,212,713
Refundable deposits (Note 7)	842,382	961,553
Computer software (Note 8)	131,703	169,786
Total Noncurrent Assets	9,302,141	11,344,052
	₱162,656,025	₱88,502,177
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	₱8,912,813	₱17,160,288
Noncurrent Liability		
Retirement liability (Note 15)	4,314,334	5,345,913
Total Liabilities	13,227,147	22,506,201
Fund Balances (Notes 1 and 11)	149,428,878	65,995,976
	₱162,656,025	₱88,502,177

See accompanying Notes to Financial Statements.



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

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2015	2014
REVENUES		
Grants, donations, support and contributions (Note 1)	₱281,994,836	₱313,373,797
Mission-related social enterprise activities	949,029	3,459,588
Interest income	895,653	352,974
	283,839,518	317,186,359
PROJECT EXPENSES (Note 12)		
Direct:		
Community service and capacity building expenses (Note 12)	107,571,629	106,315,651
Salaries, employees' welfare and benefits (Note 10)	31,235,971	75,169,639
Trainings and workshops for crisis-affected populations	11,824,105	25,396,614
Field transportation and travel	8,021,011	17,830,823
Professional, technical and other consultancy fees	1,864,617	3,407,674
Rent and utilities (Note 17)	3,972,607	5,517,939
Materials and office supplies	2,578,771	6,435,074
Emergency response vehicle rental	1,687,232	11,877,380
Field allowances for community volunteers	1,335,123	10,971,877
Communication	1,209,859	2,785,578
Operations and maintenance of Center for Excellence in Humanitarian Service	822,111	3,193,610
Provision for retirement	693,520	716,522
Repairs and maintenance	520,163	739,006
Insurance premiums	65,257	76,579
Management, supervision and support expenses	12,266,967	13,722,467
Development expenses	6,149,459	5,023,543
Counterpart expenses	2,575,231	5,244,914
	194,393,633	294,424,890
COUNTRY PROGRAMME SUPPORT EXPENSES		
(Note 13)	1,341,451	1,312,714
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)		
	4,512,462	4,464,537
OTHER EXPENSE		
Bank charges	76,242	141,720
	200,323,788	300,343,861
EXCESS OF REVENUES OVER EXPENSES BEFORE NON-CASH EXPENSES		
	83,515,730	16,842,498
OTHER NONCASH EXPENSES (INCOME)		
Depreciation and amortization (Notes 6 and 8)	2,381,127	2,928,723
Foreign exchange gain - net	(1,266,720)	(291,718)
Retirement expense (income) (Note 15)	(1,031,579)	2,369,878
	82,828	5,006,883
EXCESS OF REVENUES OVER EXPENSES		
	₱83,432,902	₱11,835,615

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	
	2015	2014
Balance at beginning of year	₱65,995,976	₱54,160,361
Excess of revenues over expenses	83,432,902	11,835,615
Balance at end of year (Note 11)	₱149,428,878	₱65,995,976

See accompanying Notes to Financial Statements.



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

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	₱83,432,902	₱11,835,615
Adjustments for:		
Depreciation and amortization (Notes 6 and 8)	2,381,127	2,928,723
Retirement (income) expense (Note 15)	(1,031,579)	2,369,878
Interest income	(895,653)	(352,974)
Operating income before working capital changes	83,886,797	16,781,242
Increase in other current assets	(4,879,016)	(3,460,174)
Increase (decrease) in accounts payable and accrued expenses	(8,247,475)	8,318,208
Cash generated from operations	70,760,306	21,639,276
Interest received	895,653	352,974
Benefits paid (Note 15)	–	(509,603)
Net cash provided by operating activities (Note 4)	71,655,959	21,482,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 6)	(415,779)	(2,388,813)
Computer software (Note 8)	(42,608)	(86,259)
Proceeds from disposal of property and equipment (Note 6)	–	29,158
Decrease (increase) in refundable deposits	119,171	(124,170)
Net cash used in investing activities	(339,216)	(2,570,084)
NET INCREASE IN CASH	71,316,743	18,912,563
CASH AT BEGINNING OF YEAR	62,388,505	43,475,942
CASH AT END OF YEAR (Note 4)	₱133,705,248	₱62,388,505

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. Established in the Philippines in 1981, CFSI 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, the World Bank, governments, and the private sector.

Programme Funds of CFSI

In order to effectively carry out CFSI’s mission, CFSI established the following programme funds: (1) 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 strengthening. 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 34 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, 2016. 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 of arrival in the Philippines 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 of the URP began in 2009 and is expanding. At present, it is expected to continue at least through December 31, 2017.

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 December 2019, and probably much longer. Generally, the situation in the conflict-affected areas has improved as a result of the peace talks between the Government and armed non-state actors. However, sporadic displacement owing to conflict and clan violence remains a cause for concern in Mindanao. In addition, CFSI has responded and will continue to respond to large-scale displacement in various parts of Mindanao Central, Northern, and Eastern owing to natural or man-made disaster.



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. A somewhat similar project is expected to begin in the first quarter of 2016.
2. Mindanao UN World Food Programme (WFP) Fund - Two projects with the same objectives but different locations: Food Assistance Project (FAP)-Maguindanao and FAP-Lanao. Funds received from WFP, a specialized agency of the UN, provided 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 had 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 included 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 was 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 subsequently extended and formally ended on March 31, 2015. Funds due to CFSI were reimbursed by WFP in June 2015.
3. Mindanao UN-WFP Fund (Zamboanga), WFP-Zamboanga. In November 2013, CFSI and WFP agreed to respond to the armed conflict emergency in Zamboanga City through April 2014. This cooperation included general food distribution, feeding programmes and support to early recovery interventions.
4. 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.



5. 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.
6. Mindanao UNICEF - CRP6: School and Community-based Disaster Risk Reduction Program Development. This two-year project aimed to increase the proportion of children completing elementary education by reducing their vulnerability to disasters. The project strengthened the capacities of teachers, students and community members in disaster preparedness, disaster risk reduction and management. It included training, awareness raising campaigns, planning, simulation exercises, and integrating disaster risk education in the mainstream school curriculum. The project was 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 was implemented through November 2015.
7. Mindanao UNICEF - CRP7: Building Rights-based Child Protection System in Mindanao. This project helped protect and promote 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 primary task was to identify, address, pursue and resolve child protection issues including documentation and development of a practical and robust referral pathway. The intermediate objective was to enable LCPCs/BCPCs to advocate for, as well as enact local laws/legislations about child protection and 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.
8. 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, a "kid's camp", and engagement with local Disaster Risk Reduction and Management (DRRM) councils and government units. The project started in April 2014 and was completed in November 2014.
9. Mindanao UNICEF - CRP9: Strengthening Capacities of LCPCs and Essential Health Care Program of the Department of Education. This project builds the rights-based child protection system in priority areas in Central Mindanao and helps improve health and dignity of school children in three schools in Cotabato City through Water, Sanitation, and Hygiene (WASH) interventions. The first year of the project started in October 2015 and will be completed in September 2016. A second year is envisaged.



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 300,000 people and affected millions. 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 Philippine Government's Department of Education and the Department of Social Welfare and Development (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. However, funds for the project were received by CFSI until January 2014. As a result of consultations involving the Child Protection Cluster and, most importantly, the affected people and children, CFSI and UNICEF concluded that the coverage of the project needed to be expanded to include other far-flung, hard-to-reach areas, thus allowing CFSI to serve more vulnerable children. Additional funds were provided for the project, with implementation extended into June 2014.
2. Visayas UNHCR - Visayas Protection Project (VPP) - In November 2013, 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 allowed 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. This engagement is presently expected to continue through at least early 2017.



2. In September 2013, CFSI and the World Bank signed another programme 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 Moro Islamic Liberation Front (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 the implementation period was subsequently extended until November 2015. The financial reporting on the Sajahatra was completed in April 2016.

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	\$9,880,000	₱464,952,800	March 17, 2009- December 31, 2016
<i>Community-Driven Reconstruction/Development</i>	<i>8,947,276</i>	<i>421,058,810</i>	<i>April 26, 2012 - December 31, 2016</i>
<i>Sajahatra Bangsamoro</i>	<i>932,724</i>	<i>43,893,990</i>	<i>August 01, 2014 - November 30, 2015</i>

The Fourth Grant Agreement was increased from \$1,400,000 to \$2,380,000 in 2013, and again increased further to \$5,380,000 in June 2014. The implementation period was extended from September 2012 through December 2015. 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, and the Institutionalization Support Agreement (ISA) which aimed to strengthen the institutions that serve as alternative service delivery mechanisms. PPA4 commenced on April 26, 2012 and ran through June 2015, while the ISA ran from July to December 2015.

In mid-December 2015, the World Bank agreed to provide CFSI with \$4,500,000 in additional funding for activities to be carried out in collaboration with partners by the end of 2016 that are aimed at building confidence in the stalled GPH-MILF peace process. As such, the grant total was increased to \$9,880,000.

E. Funds from Governments for Projects in Mindanao

1. Mindanao Australian Agency for International Development (AusAID) Fund - Psychosocial Care Project in Eastern Mindanao (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 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 Australia DFAT Fund - PCP in Zamboanga (PCP-Zamboanga). In January 2014, the Australian Government's Department of Foreign Affairs and Trade (DFAT) provided CFSI with funds to assist persons displaced by armed conflict in Zamboanga City, Mindanao as the result of September 2013 siege of parts of the city by elements of the Moro National Liberation Front (MNLF). In addition to psychosocial services, training of local caregivers, and livelihood assistance for early recovery projects, the PCP also contributed to child protection and enhanced the well-being of child survivors. A total of 70 community volunteers were trained for psychosocial sessions in child friendly spaces and 849 families were engaged in the planning and implementation of livelihood projects. The project was completed in October 2014.
3. Mindanao DFAT Fund - Zamboanga Recovery Project (ZRP). In December 2014, Australian DFAT agreed to provide CFSI with a grant of AUS\$3,000,000 (roughly P107,000,000) for a three-year, collaborative effort to address the plight of the most disadvantaged and vulnerable internally displaced persons from the September 2013 crisis in Zamboanga City. From January 2015 through December 2017, at least 1,000 families are expected to receive livelihood assistance, civil registration assistance, protection, and psychosocial support from CFSI, whilst 400 families will receive shelter (houses) from the Catholic Relief Service (CRS). In addition, and for a short period of time, disease surveillance training and support will be provided by the World Health Organization (WHO). The ZRP is being carried out in close collaboration with the Zamboanga City Government. December 2017 and is governed by a Project Steering Committee co-chaired by the most senior representatives in the Philippines of DFAT and CFSI. The full grant was received by Grant Manager CFSI in January 2015 and is currently expected to be fully expensed by December 31, 2017.

F. Funds from Governments for Projects in Visayas

1. Visayas DFAT Fund - PCP in Visayas (PCP-Visayas). In November 2013, Super Typhoon Haiyan (local name Yolanda) devastated the central Philippines, particularly Eastern and, to a lesser extent, Western Visayas. The Australian Agency for International Development (AusAID), which was later merged into the Department of Foreign Affairs and Trade (DFAT), agreed to provide support for part of CFSI's response to this large-scale humanitarian emergency, specifically the Psychosocial Care Project in the Visayas (PCP-Visayas). The PCP in this region involved: (a) psychosocial care; (b) livelihood assistance to support early recovery; and (c) disaster risk reduction. It covered 24 severely affected barangays in 12 municipalities in Tacloban City and 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 disaster management. As with the previous PCPs, the priority groups were vulnerable individuals and persons with special needs, children, the 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.



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 working together on the Alternative Delivery Mechanism component of 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, known at CFSI as the Basic Education Project (BEP), is supported with funds from AusAID/DFAT to BRAC to CFSI. The BEP is a subset of the larger DFAT-funded project managed by BRAC. The BEP is designed to enable communities without access to basic education to establish preschools and elementary schools utilizing BRAC's model, called the Alternative Delivery Mechanism. CFSI is responsible for operations in 16 municipalities in two provinces in the conflict-affected areas-Maguindanao and Lanao del Sur, which includes the establishment and construction of 195 classrooms in some of the most isolated villages. Through the efforts of 195 community-based Learning Facilitators, engaged and trained by CFSI in accordance with BRAC guidelines, a total of 7,859 children have thus far benefited from the project. The first phase of the BEP covered the period from April 2012 through June 2015. The second phase of the project covers the period from July 2015 through June 2017.

H. Funds from the Private Sector for Projects in Visayas

1. Visayas Psychosocial Support for Children in Bohol Project – Consuelo Foundation. In response to the October 2013 earthquake in Bohol, the Consuelo Foundation agreed to fund CFSI to provide psychosocial support and care for children affected by the disaster. In partnership with International Deaf Education Association (IDEA), CFSI: (1) trained IDEA teachers, dormitory managers, and staff in conducting psychological first aid and other support services, specifically for hearing-impaired children and youth; (2) provided stress management training and/or psychosocial counseling to teachers, dorm managers, and staff who were directly affected by the disaster; (3) set up a child friendly space in an identified school, providing 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 Child Rights Project - Plan International Fund. In January 2014, Plan International agreed to fund CFSI to provide psychosocial support for children affected by Typhoon Haiyan (Yolanda) in twenty barangays (villages) in select municipalities in Eastern Samar. Activities under the Visayas Child Rights Project included: (1) the establishment of child friendly spaces; (2) strengthening of local awareness and capacity in child protection, with a special focus on providing psychosocial support; (3) organizing of CBCPNs and (4) cash-for-work for particularly vulnerable individuals/families. The project started in March 2014 and was completed in May 2015.



3. Visayas CRP - Consuelo Foundation Fund. In February 2014, the Consuelo Foundation provided funds to improve the psychosocial being of children affected by Typhoon Haiyan (Yolanda) in the municipalities of Salcedo and Mercedes in the province of Eastern Samar. 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 two municipalities. The project was completed in September 2014.
4. Visayas CRP - Philippine Center for Population and Development (PCPD) Fund. In November 2013, the PCPD provided CFSI with 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. This donation facilitated CFSI's early response to the disaster.
5. Visayas Recovery Project (VRP) - The Atlantic Philanthropies (AP) Fund. AP awarded a grant of \$200,000 to support CFSI's response, over three years, to the humanitarian crisis brought about by Typhoon Haiyan (Yolanda). These funds allow CFSI to: (1) expand its humanitarian response by engaging more local partners as service providers in the affected areas; and (2) better manage CFSI's multi-faceted, widespread operation through December 2016. The nature of this grant also provided CFSI with the stability required to properly plan, as well as manage, the transition from emergency relief assistance over a large coverage area to recovery assistance focused in Eastern Visayas, the area most severely affected by the Super Typhoon.
6. Visayas Recovery Project (VRP) - American Jewish World Service (AJWS) Fund. In 2014, AJWS provided \$300,000 to support CFSI's response to the humanitarian crisis in the Visayas. The funds are for the following purposes: (1) provision of livelihood assistance to the survivors of the emergency (70% of the grant); (2) complimentary resource development efforts at CFSI (20%); and (3) leadership development at CFSI (10%). In 2014, a total number of 1,886 individuals, or 397 families, in twenty-seven barangays received livelihood assistance. In 2015, an additional 1,585 individuals, or 297 families, plus an additional nine barangays received livelihood assistance. The implementation period for this grant is from July 2014 through February 2017.
7. Visayas Livelihood Support Project (LSP) - Help-Hilfe zur Selbsthilfe (Help Germany) Fund. In August 2015, Help Germany provided funds to CFSI for livelihood support for vulnerable women affected by Typhoon Haiyan (Yolanda) in Tacloban and environs. The project aims to build and strengthen the capacity of women in sewing products that will readily be absorbed by a partner private company for sale in markets in Cebu, Metro Manila and other key cities in the Philippines. The project was originally expected to be completed in July 2016. Help Germany approved a no-cost extension through September 2016.



8. 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 of the survivors of Typhoon Haiyan (Yolanda) in November 2013, including the following:

<u>Donors in the Philippines</u>	<u>Donors Outside the Philippines</u>
Various individuals in the Philippines	Various individuals in the USA, Australia, Asia, Europe, and Africa
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 various part of Luzon, Philippines 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 recovery and rehabilitation 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 summarized below:

1. Metro Manila Consuelo Foundation - PAI (RH2a) - Consuelo Foundation agreed to fund RH intervention in four specific 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 involved reproductive health (RH) intervention activities, including the involvement of families in the adolescent 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 the 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 agreed to support the 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 completed in March 2015.
3. Metro Manila PCPD - PAI (RH2c) - PCPD continued its support in four poor barangays in Pasay City through improving the knowledge of, availability of, and access to sexuality education and reproductive health services for roughly 1,000 youth (ages 13 to 23). Known as "PAI: The Family-Centered and Peer Learning Approach in Promoting Parenthood and Reproductive Health Rights Amongst Youth and Young Adults in Urban Poor Families in Pasay City", the project included awareness raising events, referrals to public health clinics, and the development and maintenance of virtual online chat room and information services. The project runs from May 2015 to May 2016, with another year envisaged.
4. 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.

In this context, CFSI was contracted by BRAC to provide support services such as administrative, procurement, and logistical support services in Metro Manila for BRAC 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 December 2016.



Myanmar Programme

The Myanmar Programme includes funds from UN High Commissioner for Refugees (UNHCR), the UN Children's Fund (UNICEF) and the private sector, for CFSI activities in the Republic of the Union of Myanmar.

A. Funds from United Nations Agencies for Projects in Rakhine State

1. Myanmar UNHCR Fund - Community Social Services and Education Programme (CSSEP) was intended to benefit crisis-affected and disadvantaged populations in Rakhine State, including but not limited to, internally displaced persons (IDPs) and those persons denied citizenship and therefore, de facto, stateless.

In 2015, the CSSEP included the following: (1) early childhood development services for pre-school children and their mothers for both IDPs and non-IDPs; (2) Basic Myanmar Language Re-integration Courses (BMLRC Levels I, II, III) for illiterate and semi-literate female adolescents and adults, including IDPs; (3) assistance to vulnerable school-age children of affected populations—primarily IDP children confined to camps and vulnerable 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) participation and access to post-primary education and the national matriculation examinations—particularly for Muslim girls and minority groups—including hostel programme arrangements for the 2014-2015 school year; (5) livelihood opportunities for graduates of basic and advanced sewing skills training to enhance their skills; (6) and promoting inter-ethnic peace education and peace building activities focused on youth, through provision of library resources and basic computer skills training; and (7) management of four main Community Services and Development Centers (CSDCs) and one satellite center for community programme activities. CFSI has entered into annual project agreements with UNHCR in Myanmar since 1998.

The CFSI/UNHCR project partnership in northern Rakhine State ended on 31 December 2015, as scheduled, and in accordance with the decision of UNHCR to change its protection and assistance strategy in Myanmar and scale down operations in northern Rakhine State.

2. Myanmar UNICEF Fund Strengthening Child Protection Project. In mid-2015, CFSI entered into a Small-Scale Funding Agreement (SSFA) with UNICEF to provide psychosocial services and assistance for boat migrant children survivors and flood-affected children in northern Rakhine State. Originally to be implemented from August through November 2015, the project was extended through 31 December 2015 due to the length of time it took to get permission from the relevant authorities to begin implementing the project. This laid the foundation for a larger project to be funded by UNICEF and implemented by CFSI beginning in January 2016. The Partnership Cooperation Agreement (PCA) for this second initiative was signed by UNICEF and CFSI on 30 December 2015.

B. Funds from the Private Sector for Projects in Rakhine State

Myanmar Early Childhood Development Project (ECDP) - Lemmon Foundation. The US-based, Lemmon Foundation agreed in mid-2015 to provide CFSI with funding for early childhood development activities for 40 internally displaced, pre-school children in the Chein Kharli IDP camp in northern Rakhine State. The project was implemented from September



through December 2015 and laid the foundation for a second grant for one full year of continued implementation of this project.

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 The Atlantic Philanthropies for the Social Work Education Project in Viet Nam. 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. SWEP Viet Nam includes three major components: (1) executive education in social work administration for 320 managers of social protection centers, followed by a Master of Science in Social Work Programme (MSSW Programme) for at least 212 graduates of the executive Education Programme; (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 2017 without requiring additional funds. The terminal report of the project was submitted in December 2015 with the understanding that CFSI will continue to provide stewardship over the remaining funds until the MSSW Programme is completed in 2017.

In the context of SWEP-Viet Nam, 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 Memorandum of Understanding to implement a Master of Science in Social Work (MSSW) Programme with the following partners: MOLISA, ASI, and a new partner, the Graduate Academy in Social Sciences (GASS) in Viet Nam. Funds from the project will solely support the academic activities of ASI for the first cohort of MSSW students. The first cohort, composed of 111 managers, has completed the course work and is now in the process of writing their theses. The second cohort of 94 managers started their course in November 2015. They are expected to graduate by the December 2017. Funding for the academic activities of ASI for the first and second cohorts, composed of a total of 205 managers, is expected to cost roughly \$69,500 and will be funded by the Vietnamese Government's MOLISA. Of this amount, \$50,000 has already been transferred to the account of CFSI, which administers SWEP Viet Nam. The remainder is expected to be received in early 2016.

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 \$960,000 between 2007 and 2013 for general support for CFSI Headquarters, in the form of annual installments of \$160,000, for the purpose of enhancing CFSI's capacity to: (1) generate resources towards long-term sustainability; (2) properly manage, as well as publicly account for, funds given to CFSI; and (3) manage the rapidly expanding Philippine Programme. 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 \$1,000,000. This grant has the same purpose, terms and conditions as the first and covers the period July 2013 through 2019. The only difference is the annual installment is \$167,000, with \$165,000 for the last year. This grant gives CFSI a significant and strategic advantage vis-à-vis achieving long-term organizational sustainability. In June 2015, CFSI received the third installment for the six-year grant period.

2. Other donors who provided support for CFSI Headquarters in 2015 and 2014 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 Mindanao was a special educational initiative, with implementation beginning in 2006, between CFSI, the Catholic University of America (CUA), the Bangsamoro Development Agency (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 are 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 CFSI's Center for Excellence in Humanitarian Service (CEHS). The CEHS, constructed in Cotabato City in 2009, 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, ideally, other parts of Asia. The CEHS was completed in February 2009 and serves as the home for the SWEP Mindanao. Many other training activities 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 CEHS 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, a longtime friend and supporter of CFSI.

Throughout 2015, 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 2015. Funds for most of these projects were received in 2015.

	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2015		
				As at December 31, 2014 (b)	During 2015 (c)	As at December 31, 2015* (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 2015 - December 2015	₱6,557,296	₱-	₱6,557,296	₱6,557,296	₱-	₱-	₱610,710
World Food Programme (WFP):									
Mindanao - Food Assistance Project - Maguindanao (FAP-M)	B.2	May 2014 - January 2015	₱6,036,661	₱2,433,502	₱1,043,663	₱3,477,165	₱2,559,496	₱-	₱-
Mindanao - Food Assistance Project - Lanao (FAP-L)	B.2	May 2014 - January 2015	₱7,099,454	₱2,770,200	₱1,520,179	₱4,290,379	₱2,809,075	₱-	₱-
UN Children's Fund (UNICEF):									
Mindanao - Child Protection in Emergencies Project in Zambaonga City (CPEP-Z)	B.4	October 2013 - January 2015	₱16,399,591	₱13,808,090	₱2,541,353	₱16,349,443	₱50,148	₱-	₱-
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.6	December 2013 - November 2015	₱7,745,906	₱3,230,095	₱4,069,125	₱7,299,220	₱21,463	₱425,223	₱-
Mindanao - Child Rights Project: Building Rights-Based Child Protection System in Mindanao (CRP7)	B.7	November 2013 - December 2014	₱8,700,705	₱6,439,110	₱2,241,820	₱8,680,930	₱19,775	₱-	₱-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2015		
				As at December 31, 2014 (b)	During 2015 (c)	As at December 31, 2015* (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 - Child Rights Project: Strengthening Education in Emergencies and Disaster Risk Reduction Management Capacities of Schools Affected by Armed Conflict and Natural Disasters (CRP8)	B.8	April 2014 - January 2015	₱8,610,421	₱6,683,578	₱1,890,843	₱8,574,421	₱36,000	₱-	₱-
Mindanao - Child Rights Project: Strengthening Capacities of LSPC and Essential Health Care Program of the Department of Education (CRP9)	B.9	October 2015 - September 2016	₱9,176,310	₱-	₱5,694,016	₱5,694,016	₱-	₱3,482,294	₱-
World Bank-Mindanao Trust Fund for Reconstruction and Development Programme (MTF-RDP)									
Fourth Grant Agreement	D.1/D.2	March 2009 - December 2016	\$9,880,000 (or ₱464,952,800)	\$2,864,750 (or ₱128,161,247)	\$1,547,481 (or ₱70,550,976)	\$4,412,231 (or ₱198,712,223)	\$-	\$5,467,769 (or ₱266,240,577)	\$-
Community-Driven Reconstruction	D.1		\$8,947,276 (or ₱421,058,810)	\$2,496,210 (or ₱112,171,124)	\$1,157,658 (or ₱52,778,624)	\$3,653,868 (or ₱164,949,748)	\$-	\$5,293,408 (or ₱256,109,062)	\$-
Sajahatra Bangsamoro	D.2		\$932,724 (or ₱43,893,990)	\$368,540 (or ₱15,990,123)	\$389,823 (or ₱17,772,352)	\$758,363 (or ₱33,762,475)	\$-	\$174,361 (or ₱10,131,515)	\$-
Australia Department of Foreign Affairs and Trade (DFAT)									
Mindanao - Zamboanga Recovery Project (ZRP)	E.3	January 2015 - December 2017	₱105,755,043 (or AS\$3,000,000 or US\$2,455,590)	₱-	₱105,755,043 (or AS\$3,000,000 or US\$2,455,590)	₱105,755,043 (or AS\$3,000,000 or US\$2,455,590)	₱-	₱-	₱-
Private Sector Funds									
Mindanao - Stitching BRAC - Basic Education Project (BEP)	G.1	April 2012 - June 2015	₱93,649,103	₱81,678,891	₱11,970,212	₱93,649,103	₱-	₱-	₱-
		July 2015 - June 2017	₱59,607,988	₱-	₱15,613,049	₱15,613,049	₱-	₱43,994,939	₱-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2015		
				As at December 31, 2014 (b)	During 2015 (c)	As at December 31, 2015* (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)
Visayas - Plan International - Child Rights Project for Eastern Visayas (CRP-Plan)	H.2	March 2014 - May 2015	₱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	₱231,168	₱2,317,001	₱591	₱-	₱-
Visayas - Atlantic Philanthropies - Visayas Recovery Project (VRP)	H.5	December 2013 - December 2016	\$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)	\$-	\$-	\$-
Visayas - Help Germany - Livelihood Support Project	H.7	August 2015 - September 2016	₱5,618,570	₱-	₱2,247,428	₱2,247,428	₱-	₱3,371,142	₱-
Luzon - Mercy Malaysia - Community Based Disaster Risk Reduction and Management	I.1	May 2013 - January 2014	\$29,825 (or ₱1,295,661)	\$23,869 (or ₱1,031,199)	\$5,904 (or ₱262,034)	\$29,773 (or ₱1,293,233)	\$52 (or ₱2,428)	\$-	\$-
Metro Manila - Consuelo Foundation - Park Avenue Initiative (PAI) - Reproductive Health (RH2a)	J.1	January - December 2014	₱1,040,000	₱1,024,052	₱15,948	₱1,040,000	₱-	₱-	₱-
Metro Manila - Philippine Center for Population and Development - Park Avenue Initiative (PAI) - Reproductive Health (RH2b)	J.2	January 2013 - January 2014	₱2,113,000	₱2,006,280	₱99,953	₱2,106,233	₱6,767	₱-	₱-
Metro Manila - Philippine Center for Population and Development - Park Avenue Initiative (PAI) - Reproductive Health (RH2c)	J.3	May 2015 - May 2016	₱1,694,000	₱-	₱847,000	₱847,000	₱-	₱847,000	₱-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2015		
				As at December 31, 2014 (b)	During 2015 (c)	As at December 31, 2015* (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)
BRAC Support Services	J.4	July 2013 - June 2014	₱629,160	₱388,670	₱-	₱388,670	₱240,490	₱-	₱-
		July 2014 - June 2015	₱609,900	₱-	₱295,311	₱295,311	₱314,589	₱-	₱-
		July 2015 - June 2016	₱667,438	₱-	₱-	₱-	₱-	₱667,438	₱-
Subtotal of dollar grants			\$10,409,825	\$3,388,619	\$1,553,385	\$4,942,004	\$52	\$5,467,769	\$-
Subtotal of peso grants			₱358,811,592	₱137,331,755	₱162,633,407	₱299,965,162	₱6,058,394	₱52,788,036	₱610,710
MYANMAR PROGRAMME									
UN High Commissioner for Refugees (UNHCR)									
Community Social Services and Education Project (CSSEP)	A.1	January 2015 - December 2015	\$274,838 (or ₱12,571,229)	\$-	\$274,838 (or ₱12,571,229)	\$274,838 (or ₱12,571,229)	\$-	\$-	\$-
UN Children's Fund (UNICEF)									
Psychosocial Support for Children Project (PSCP)	A.2	August 2015 - December 2015	\$16,234 (or ₱760,090)	\$-	\$16,234 (or ₱760,090)	\$16,234 (or ₱760,090)	\$-	\$-	\$-
Private Sector									
Lemmon Foundation	B	September - December 2015	\$5,000 (or ₱233,050)	\$-	\$5,000 (or ₱233,050)	\$5,000 (or ₱233,050)	\$-	\$-	\$-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2015		
				As at December 31, 2014 (b)	During 2015 (c)	As at December 31, 2015* (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)
VIET NAM PROGRAMME									
Atlantic Philanthropies - Social Work Education Project in Viet Nam (SWEP-VN)		October 2010 - December 2015	\$1,860,000 (or P80,236,000)	\$1,600,000 (or P68,620,500)	\$260,000 (or P11,615,500)	\$1,860,000 (or P80,236,000)	\$-	\$-	\$-
Government of Myanmar: Ministry of Labor, Invalids and Social Affairs (MOLISA)			\$50,000 (or P2,234,500)	\$-	\$50,000 (or P2,234,500)	\$50,000 (or P2,234,500)	\$-	\$-	\$-
HEADQUARTERS PROGRAMME									
Headquarters Fund - Partridge Foundation	A.1	July 2013 - June 2019	\$1,000,000 (or P40,499,300)	\$334,000 (or P14,503,250)	\$167,000 (or P7,530,030)	\$501,000 (or P22,033,280)	\$-	\$499,000 (or P18,466,020)	\$-
Total of dollar grants			\$13,615,897	\$5,322,619	\$2,326,457	\$7,649,076	\$52	\$5,966,769	\$-
Total of peso grants			P358,811,592	P137,331,755	P162,633,407	P299,965,162	P6,058,394	P52,788,036	P610,710
Grand total of grants in peso			P983,459,222	P371,512,951	P268,390,816	P639,903,767	P6,060,822	P337,494,633	P610,710
Average Peso/US Dollar exchange rate			45.88	44.00	45.46	44.44	47.05	47.72	

* The amount of P639,903,767 represents the total amount of funds received from primary sources as at December 31, 2015, which includes grants committed before 2015.



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.

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 17). 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 values of property and equipment amounted to ₱8,328,056 and ₱10,212,713 as at December 31, 2015 and 2014, respectively (see Note 6). The carrying value of computer software amounted to ₱131,703 and ₱169,786 as at December 31, 2015 and 2014, 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, 2015 and 2014. The carrying values of property and equipment amounted ₱8,328,056 and ₱10,212,713 as at December 31, 2015 and 2014, respectively (see Note 6). The carrying value of computer software amounted to ₱131,703 and ₱169,786 as at December 31, 2015 and 2014, 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 15 to the financial statements.

Retirement liability amounted to ₱4,314,334 and ₱5,345,913 as at December 31, 2015 and 2014, respectively (see Note 15).

4. Cash

	2015	2014
Cash on hand:		
Restricted	₱273,059	₱635,839
Unrestricted	30,000	22,531
	303,059	658,370
Cash in banks:		
Restricted	128,572,220	59,501,054
Unrestricted	4,829,969	2,229,081
	133,402,189	61,730,135
	₱133,705,248	₱62,388,505

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.

5. Other Current Assets

	2015	2014
Project advances:		
Due from Bangsamoro Development Agency (BDA)	₱16,575,170	₱4,604,999
Other agencies	1,528,797	1,669,918
Operations	1,118,401	375,503
Employees	313,903	718,226
Due from World Food Programme (WFP)	–	7,400,974
Interest receivable	112,365	–
	₱19,648,636	₱14,769,620

Project advances to BDA include unliquidated operational funds under the Mindanao Trust Fund. These funds are for the Sajahatra Bangsamoro and the Institutionalization Support Agreement, which are covered by the Fourth Grant Agreement which started on April 26, 2012 and is expected to run until December 31, 2016.

Project advances for operations represent amounts advanced for the field activities of various projects, including the Child Rights Project 9 in Mindanao, Philippines, the Social Work



Education Project in Viet Nam, and the Early Childhood Development in Myanmar funded by the Private Sector in 2015, and Visayas Protection Project and the Food Assistance Projects in Mindanao in 2014. These project advances were subsequently liquidated in 2016 and 2015, respectively.

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.

Advances to employees are those used for the project operations and activities released in December 2015.

Interest receivable includes income from placements made by CFSI in time deposits for restricted funds. These placements were made in 2015 and matured in 2016. The interest receivable includes the proceeds earned in 2015, and received in the first quarter of 2016.

6. Property and Equipment

	2015						Total
	Land	Buildings and Improvements	Transportation Equipment	Furniture and Fixtures	Communication Equipment	Office and Other Equipment	
Cost							
Balances at January 1, 2015	₱1,664,091	₱5,870,233	₱1,808,527	₱2,003,873	₱83,752	₱15,029,052	₱26,459,528
Additions	—	—	—	—	—	415,779	415,779
Balances at December 31, 2015	1,664,091	5,870,233	1,808,527	2,003,873	83,752	15,444,831	26,875,307
Accumulated Depreciation							
Balances at January 1, 2015	—	2,920,721	1,741,971	1,669,105	83,752	9,831,266	16,246,815
Depreciation	—	241,720	49,640	235,280	—	1,773,796	2,300,436
Balances at December 31, 2015	—	3,162,441	1,791,611	1,904,385	83,752	11,605,062	18,547,251
Net Book Value as at							
December 31, 2015	₱1,664,091	₱2,707,792	₱16,916	₱99,488	₱—	₱3,839,769	₱8,328,056
Net Book Value as at December 31, 2014	₱1,664,091	₱2,949,512	₱66,556	₱334,768	₱—	₱5,197,786	₱10,212,713

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. The investment in land is intended for the long-term financial sustainability of CFSI, to enable CFSI to pursue its mission well into the future. In February 2015, upon the recommendation of the donor, the BOT authorized management to sell the property in Rizal.

There were additions in 2015 of computers 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, 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 includes desktop applications (word processing, spreadsheets, browsing, etc.), additional user licenses for the accounting software and remote data storage and backup.

	2015	2014
Cost:		
Balance at beginning of year	₱981,046	₱894,787
Additions	42,608	86,259
Balance at end of year	1,023,654	981,046
Accumulated amortization:		
Balance at beginning of year	811,260	735,929
Amortization	80,691	75,331
Balance at end of year	891,951	811,260
Net book value	₱131,703	₱169,786

9. Accounts Payable and Accrued Expenses

	2015	2014
Accrued expenses	₱5,974,178	₱10,975,206
Accounts payable	2,632,000	6,059,476
Statutory payable	306,635	125,606
	₱8,912,813	₱17,160,288

Accounts payable and accrued expenses include liabilities to various suppliers and contractors of several projects, and balance of grants to be returned to UNHCR Philippines.

As at December 31 2015, these included the purchase of livelihood items for the Zamboanga Recovery Project and the Visayas Recovery Project. Payments for these purchases were completed in early 2016.

As at December 31, 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 is the amount due for return to UNHCR Philippines of ₱610,710 and ₱1,069,047 as at December 31, 2015 and 2014 as unused balance of the grant in 2015 and 2014, respectively, for the Urban Refugee Project. For both years, the amount for return is part of the original allocation for the number of arrivals estimated at the start of the year.

10. Related Party Transactions

Salaries and employee benefits of the members of the Senior Management Team based at the Headquarters of CFSI were ₱4,741,767 and ₱4,634,539 for the years ended December 31, 2015 and 2014.



11. Fund Balances

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

	2015	2014
Philippine Programme	₱98,170,942	₱19,433,417
Myanmar Programme	84,336	461,029
Viet Nam Programme	14,215,953	8,445,425
Headquarters Programme	36,957,647	37,656,105
	₱149,428,878	₱65,995,976

12. 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; vulnerable children and youth in Pasay City; crisis-affected communities and vulnerable individuals in northern Rakhine State, Myanmar.

In addition, community groups, organizations, and institutions benefit from capacity-building activities carried out by CFSI, such as those participating in SWEP Viet Nam.

Community service and capacity building expenses amounted to ₱107,571,629 and ₱106,315,651 in 2015 and 2014, 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.



13. 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 ₱1,341,451 and ₱1,312,714 for the years ended December 31, 2015 and 2014, respectively.

14. 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:

	2015	2014
Salaries, employees' welfare and benefits	₱1,271,171	₱1,298,574
Transportation and travel	728,868	537,965
Trainings and workshop expenses	603,200	607,301
Rent and utilities (Note 17)	522,148	431,991
Auditor's fee	405,177	479,760
Materials and office supplies	373,512	373,682
Communication expense	227,060	396,107
Professional, technical and other fees	210,318	123,778
Board and committee meetings	83,783	97,096
Taxes and licenses	50,171	36,075
Repairs and maintenance	25,325	67,158
Insurance	11,729	15,050
	₱4,512,462	₱4,464,537



15. 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, 2015.

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:

	2015	2014
Retirement expense (income):		
Current service cost	₱864,427	₱479,009
Interest cost on benefit obligation	251,258	209,138
Past service cost	-	(65,867)
Net actuarial loss (gain) recognized during the year	(2,147,264)	1,747,598
	(₱1,031,579)	₱2,369,878

Movements in the retirement liability are as follows:

	2015	2014
Balance at beginning of year	₱5,345,913	₱3,485,638
Retirement expense (income)	(1,031,579)	2,369,878
Benefits paid directly by CFSI	-	(509,603)
Balance at end of year	₱4,314,334	₱5,345,913

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

	2015	2014
Discount rate	5.2%	4.7%
Salary increase rate	5.0%	5.0%

The actuarial valuation done as at December 31, 2015 yielded a retirement income, rather than a retirement expense in 2015. This was due to exit of staff, either through resignation or non-renewal of employment contracts.

In preparation for the formal establishment of the Retirement Benefit Plan, CFSI has maintained a fund to cover its retirement liability in a restricted high-yielding interest-earning bank account with balances of ₱5,368,719 and ₱3,702,884 as at December 31, 2015 and 2014, respectively.



16. 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 ₱7,613,190 and ₱23,967,736 in 2015 and 2014, 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 in 2014 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. 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.

Community contributions were not limited to the Philippines. In Myanmar, local landowners 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. Google, Inc. hosts CFSI's email and other web-based platforms on Google Apps for Business. The World Bank helped strengthen CFSI's technical capacities, as did UNHCR, UNICEF, OCHA, and several other organizations, including the following international NGOs: BRAC, International Medical Corps, and Mercy Malaysia. 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 2015 and 2014 included:
- International Council of Voluntary Agencies (ICVA)
 - Core Humanitarian Standards (CHS) Alliance
 - 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 34-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 2015 and 2014 including, but not limited to, the following:

Philippines

- De La Salle University – Manila College of Law
- Pamantasan Ng Lungsod Ng Maynila – Metro Manila
- Arellano University - Metro Manila
- Mindanao State University – Maguindanao
- Cotabato City State Polytechnic College – Cotabato City
- Notre Dame University - Cotabato City
- RC Al-Khwarizmi International College Foundation - Marawi City
- Western Mindanao State University - Zamboanga City

Australia

- La Trobe University

France

- Institut d'Etudes Politiques de Bordeaux

USA

- Catholic University of America
- University of Arkansas Clinton School of Public Service

17. Lease Commitment

CFSI has existing operating lease agreements for its office spaces. These leases are renewed on an annual basis. Rental expenses amounted to ₱4,319,156 and ₱5,407,939 in 2015 and 2014, respectively. This includes rent for offices for its Headquarters in Metro Manila (see Note 14) and offices in Iligan City, Marawi City, Zamboanga City, Tacloban City and Guiuan in Eastern Samar.



18. Subsequent Events

Philippine Programme

Quick Impact Project and Protection Monitoring Project (QPMP). In March 2016, CFSI and UNHCR entered into a Project Partnership Agreement to enable internally displaced persons (IDPs) and those at risk of displacement in Central and Northern Mindanao, to achieve greater protection and take concrete steps towards durable solutions. The project is currently expected to be completed in July 2016.

Myanmar Programme

Strengthening Child Protection Protection (SCPP). In January 2016, CFSI and UNICEF entered into a Project Cooperation Agreement to protect and promote the rights of children affected by an endemic human rights situation and displaced by inter-communal violence, human trafficking, and natural disasters in Maungdaw, Rathedaung, and Buthidaung. The project is expected to run through at least December 2016.

19. 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 2015:

(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, 2015:

Local:	
Mayor's permit	₱15,442
Fire inspection fee	5,033
Real property tax	3,632
Community tax certificate	1,328
Barangay Permit	876
National:	
Land Transportation Office registration	23,360
BIR annual registration	500
	<hr/>
	₱50,171
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(c) The amount of withholding taxes paid for the year ended December 31, 2015 amounted to:

Tax on compensation and benefits	₱2,099,149
Creditable withholding taxes	513,436
Final withholding tax	223,913

(d) CFSI has no final tax assessments and cases pending before the BIR as at December 31, 2015. Likewise, CFSI has no other pending tax cases outside the administration of the BIR as at December 31, 2015.

20. 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 28, 2016.

