

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

Financial Statements
December 31, 2016 and 2015

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Community and Family Services International

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community and Family Services International [the Organization] (a nonstock, nonprofit organization), which comprise the statements of assets, liabilities, and fund balances as at December 31, 2016 and 2015, and the statements of revenues and expenses, statements of changes in fund balances and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and fund balances of the Organization as at December 31, 2016 and 2015 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 (PFRS for SMEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


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



Report on the Supplementary Information Required Under Revenue Regulations 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 statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Sherwin V. Yason
Partner

CPA Certificate No. 104921

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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. 5908780, January 3, 2017, Makati City

April 4, 2017



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

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash (Note 4)		
Restricted	₱149,614,145	₱128,845,279
Unrestricted	7,987,477	4,859,969
Total Cash	157,601,622	133,705,248
Other current assets (Note 5)	2,591,582	19,648,636
Total Current Assets	160,193,204	153,353,884
Noncurrent Assets		
Property and equipment (Note 6)	7,189,304	8,328,056
Refundable deposits (Note 7)	729,882	842,382
Computer software (Note 8)	79,458	131,703
Total Noncurrent Assets	7,998,644	9,302,141
	₱168,191,848	₱162,656,025
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	₱12,528,303	₱8,912,813
Deferred revenue (Note 10)	4,334,440	-
Total Current Liabilities	16,862,743	8,912,813
Noncurrent Liability		
Retirement liability (Note 16)	6,889,285	4,314,334
Total Liabilities	23,752,028	13,227,147
Fund Balances (Notes 1 and 12)	144,439,820	149,428,878
	₱168,191,848	₱162,656,025

See accompanying Notes to Financial Statements.



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

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2016	2015
REVENUES		
Grants, donations, support and contributions (Note 1)	₱261,468,024	₱281,994,836
Mission-related social enterprise activities	1,973,685	949,029
Interest income	875,156	895,653
	264,316,865	283,839,518
PROJECT EXPENSES (Note 13)		
Direct:		
Community service and capacity building expenses (Note 13)	165,559,587	107,571,629
Salaries, employees' welfare and benefits (Note 11)	35,736,870	31,235,971
Trainings and workshops for crisis-affected populations	10,581,303	11,824,105
Field transportation and travel	9,883,251	8,021,011
Rent and utilities (Note 18)	3,747,925	3,972,607
Professional, technical and other consultancy fees	2,747,412	1,864,617
Materials and office supplies	1,545,199	2,578,771
Communication	1,109,877	1,209,859
Emergency response vehicle rental	1,063,314	1,687,232
Field allowances for community volunteers	1,016,792	1,335,123
Operations and maintenance of Center for Excellence in Humanitarian Service	935,187	822,111
Repairs and maintenance	720,773	520,163
Provision for retirement	435,260	693,520
Insurance premiums	46,297	65,257
Management, supervision and support expenses	15,943,574	12,266,967
Development expenses	7,643,570	6,149,459
Counterpart expenses	2,099,329	2,575,231
	260,815,520	194,393,633
COUNTRY PROGRAMME SUPPORT EXPENSES		
(Note 14)	884,790	1,341,451
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)		
	6,012,616	4,512,462
OTHER EXPENSES		
Bank charges	65,194	76,242
Other charges	2,868	-
	68,062	76,242
	267,780,988	200,323,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		
BEFORE NON-CASH EXPENSES	(3,464,123)	83,515,730
OTHER NON-CASH EXPENSES (INCOME)		
Depreciation and amortization (Notes 6 and 8)	2,000,012	2,381,127
Foreign exchange gain - net	(3,050,028)	(1,266,720)
Retirement expense (income) (Note 16)	2,574,951	(1,031,579)
	1,524,935	82,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(₱4,989,058)	₱83,432,902

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	
	2016	2015
Balance at beginning of year	₱149,428,878	₱65,995,976
Excess of revenues over expenses	(4,989,058)	83,432,902
Balance at end of year (Note 12)	₱144,439,820	₱149,428,878

See accompanying Notes to Financial Statements.



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

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(P4,989,058)	P83,432,902
Adjustments for:		
Depreciation and amortization (Notes 6 and 8)	2,000,012	2,381,127
Retirement (income) expense (Note 16)	2,574,951	(1,031,579)
Interest income	(875,156)	(895,653)
Donation in kind (Note 6)	(355,000)	-
Operating income (loss) before working capital changes	(1,644,251)	83,886,797
Decrease (increase) in other current assets (Note 5)	17,057,054	(4,879,016)
Increase (decrease) in:		
Accounts payable and accrued expenses (Note 9)	3,615,490	(8,247,475)
Deferred revenue (Note 10)	4,334,440	-
Cash generated from operations	23,362,733	70,760,306
Interest received	875,156	895,653
Net cash provided by operating activities (Note 4)	24,237,889	71,655,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 6)	(418,515)	(415,779)
Computer software (Note 8)	(35,500)	(42,608)
Decrease in refundable deposits	112,500	119,171
Net cash used in investing activities	(341,515)	(339,216)
NET INCREASE IN CASH	23,896,374	71,316,743
CASH AT BEGINNING OF YEAR (Note 4)	133,705,248	62,388,505
CASH AT END OF YEAR (Note 4)	P157,601,622	P133,705,248

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 2nd Floor 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, 2017. 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 – Quick Impact Projects (QIPs) and Protection Monitoring Project (QPMP). 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 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.

In March 2016, CFSI and UNHCR agreed to address the protection needs of people in twelve municipalities in the provinces of Maguindanao, North Cotabato, Lanao del Norte and Lanao del Sur through the QPMP. The project aimed to identify quick impact solutions that can cater to capacity development, infrastructure/hardware requirements and training needs at institutional, systemic and individual levels. The project also provided assistance to communities in linking resources from government, and national and international non-government organizations. The project was completed in December 2016. A similar project started in January 2017 that covers the provinces of Maguindanao, Lanao del Sur, Basilan and Sulu.

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 amounting to ₱1,043,663 were reimbursed by WFP in June 2015.
3. Mindanao United Nations Children’s Fund (UNICEF) - Child Rights Project (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 was completed in November 2015.



4. Mindanao UNICEF - CRP9: Strengthening Capacities of Local Councils for the Protection of Children (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 was completed in October 2016. A similar project is envisaged in 2017.

C. *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 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 TFR include financial management, supporting programme management, providing capacity building services as well as operational support, and generally facilitating the implementation of approved sub-projects.

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 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 the grant presently active follow:

Grant	US\$ Amount	Equivalent In Philippine Peso
Fourth Grant Agreement	\$10,009,620	₱497,678,306
<i>Community-Driven Reconstruction/ Development</i>	2,001,219	101,981,647
<i>Sajahatra Bangsamoro</i>	932,724	43,893,990
<i>MTF Camps Project</i>	3,906,708	194,241,517
<i>Bangsamoro ADVANCE</i>	2,915,672	144,967,212
<i>Solidarity</i>	253,297	12,593,940



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.

After the PPA4 and the ISA, an extension period for the MTF-RDP was mutually decided to last through December 2016. For the extension period, the MTF funds will be utilized to support (1) community development and livelihood assistance for the six major camps and vulnerable sectors within the influence areas and the twenty-five base camps, (2) technical assistance for implementation structures for normalization, and (3) extension for community enterprise development.

In support of the 2012 Framework Agreement on the Bangsamoro and in accordance with the Comprehensive Agreement on Bangsamoro, specifically the confidence-building measures stated in the Annex to Normalization, the six previously acknowledged camps are to undertake activities that will transform surrounding areas into peaceful and productive communities. Implemented from January through December 2016, CFSI provided technical assistance as the Project Implementation Unit of the MTF-RDP Camps Project, in accordance with the policies and regulations of the World Bank.

Building on the gains of the MTF-RDP, support for community development and livelihood activities was extended to the influence area of the twenty-five Base Camps of the MILF. As such, BDA and CFSI continued its partnership and formalized new operational arrangements under the Program Partnership Agreement for Bangsamoro Assistance for Development and Community Empowerment (PPA – Bangsamoro ADVANCE) which runs from January through December 2016.

The coverage of the support was amplified with the inclusion of ten mixed communities preferably dominated by indigenous peoples to demonstrate the program's inclusiveness and participatory principles. A separate PPA called PPA Solidarity was signed by BDA, CFSI and Mindanao Land Foundation to execute this particular component outside the MILF's major camps and base commands.

In December 2015, the World Bank agreed to provide CFSI with \$2,193,463 in additional funding for activities under the MTF Camps Project, Bangsamoro ADVANCE and Solidarity to be carried out in collaboration with partners by December 2016 that are aimed at building confidence in the stalled GPH-MILF peace process. As such, the grant total was increased to \$7,519,463.

In December 2016, the World Bank approved the extension of the MTF Camps Project, Bangsamoro ADVANCE and Solidarity through March 31, 2017. The World Bank also extended the closing date of its Grant Agreement with CFSI to March 31, 2017. The last disbursement date is until July 31, 2017.

In February 2017, the World Bank approved the additional financing of the Grant Agreement with \$2,490,157. As such, the grant total was increased to \$10,009,620.



E. Funds from Governments for Projects in Mindanao

1. Mindanao Australia Department of Foreign Affairs and Trade Fund - Zamboanga Recovery Project (ZRP). In January 2014, the Australian Government's 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.

In December 2014, Australian DFAT agreed to provide CFSI with a grant of AUS\$3,000,000 (roughly ₱105,755,043) 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, 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 utilized by December 31, 2017.

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.

F. Funds from the Private Sector for Projects in Mindanao

1. 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 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 17 municipalities in two provinces in the conflict-affected areas—Maguindanao and Lanao del Sur—which includes the establishment and construction of classrooms in some of the most isolated villages. Through the efforts of 173 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. The transition phase of the project will be from July 2017 through June 2018.



2. Mindanao Indigenous Youth Livelihood Project (IYLP). In December 2015, CFSI received a donation of ₱80,000 from a citizen of the Philippines. The full amount was allocated for the educational needs of children at Inug-ug Elementary School in Pagalungan, Maguindanao in Mindanao. In January 2016, this same individual, plus her sibling, donated ₱2,000,000 for CFSI's work with indigenous children and youth in Maguindanao. After consultations with indigenous communities and the donors, CFSI established the Indigenous Youth Livelihood Project in two barangays in Datu Odin Sinsuat and South Upi, Maguindanao. Sixty-six (66) youth were provided with training, coaching, and funds to establish livelihood projects to benefit their families. These youth were also provided with training related to adolescent sexual and reproductive health, conflict resolution, leadership development, and disaster risk reduction. In addition, two livelihood and learning centers were constructed—one in each community. This project was completed in January 2017.

In February 2017, one of the donors, plus her husband—also a Filipino—visited both project sites. Pleased with what they saw and learned from the youth, their parents, and local government officials, they subsequently donated ₱2,000,000 for the replication of the IYLP in two additional communities in 2017.

G. Funds from the Private Sector for Projects in Visayas

1. 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.
2. Visayas Recovery Project (VRP) - The Atlantic Philanthropies (AP) Fund. AP awarded a grant of \$200,000 in December 2013 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.
3. 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%). A total number of 3,779 individuals, or 687 families, in thirty-eight barangays received livelihood assistance. The implementation period for this grant is from July 2014 through February 2017.
4. 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, and the project was completed in September 2016.

I. 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 PCPD - PAI (RH2a) - PCPD agreed to support the provision of RH services amounting to ₱1,040,000 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.
2. Metro Manila PCPD - PAI (RH2b) - PCPD continued its support amounting to ₱1,694,000 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 ran from May 2015 to December 2016. A similar project to be implemented in Manila City is envisaged in 2017.



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 June 2017.

Myanmar Programme

The Myanmar Programme includes funds from UNHCR, 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, IDPs and those persons denied citizenship and therefore, de facto, stateless.

In 2015, the CSSEP amounting to \$274,838 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) 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 December 31, 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. However, UNHCR continued to support education activities in IDP camps until March 2016 in order to complete the required school days.

2. Myanmar UNICEF Fund Strengthening Child Protection Project (SCPP). 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 December 31, 2015 due to the length of time it took to get permission from relevant authorities to begin implementing the project. This laid the



foundation for a larger project to be funded by UNICEF amounting to \$271,040 and implemented by CFSI beginning in January 2016.

In 2016, the SCPP aimed at ensuring that the rights and welfare of children in underserved areas of northern Rakhine are protected and promoted through an established, community-based child protection system. As such, CFSI conducted awareness-raising sessions and forums on child rights and child protection; trained and mobilized child protection groups, facilitated psychosocial activities and Myanmar language sessions in child friendly-spaces, engaged the adolescent groups on life skills and recreational activities, and provided case management services and referrals to children survivors of violence, abuse, neglect, and exploitation. The project is continuing through at least December 2017.

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 of \$5,000 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 in 2016.

In 2016, CFSI expanded the ECDP with funding of \$15,000 to two other villages, thereby having three ECDP-Level 1 classes benefitting 120 children. Two ECDP-Level 2 classes in one village were scheduled to start in early October. However, due to the crisis situation sparked by violent attacks to border guard posts in Maungdaw and Rathedaung, the classes did not take off.

C. Social Work Education Project (SWEP) Myanmar Fund

The combination of CFSI's long experience in Myanmar, the highly successful implementation of SWEP-Mindanao and SWEP-Viet Nam, the commitment of ASEAN member states to advance social work education at both the national and regional levels, and Myanmar's desire to rapidly develop social work as a profession in aid of social protection, led to the creation of SWEP Myanmar.

CFSI and the Ministry of Social Welfare, Relief and Resettlement signed in February 2016 a Memorandum of Understanding to strengthen and further develop human resources in social work to the benefit of disadvantaged, vulnerable and crisis-affected populations in Myanmar. This four-year initiative calls for CFSI to provide training in Yangon, as well as assistance in Nay Pyi Taw and allows for "learning-while-doing" opportunities in Rakhine and Kachin states.

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 amounting to \$1,860,000. 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 (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 programme and received their diplomas from GASS in November 2016. The same cohort will receive their diplomas from ASI in May 2017. The second cohort of 94 managers started their course in November 2015 and has completed the course work and is currently in the process of writing their theses. They are expected to graduate before 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. This total amount was transferred to the account of CFSI, which administers SWEP Viet Nam.

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 June 30, 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 2016, CFSI received the fourth installment for the six-year grant period.

2. Starr International Foundation (USA) – provided \$500,000 for the purchase of a multi-story building in Metro Manila that will serve as a Community Services Center for refugees and local disadvantaged youth, as well as space for the permanent home of CFSI Headquarters.
3. Other donors who provided support for CFSI Headquarters in 2016 and 2015 are listed in the table below:

Donors in the Philippines	Donors Outside the Philippines
Various individuals	Resources for Health Equity
CFSI Board Members	Leesburg Community Baptist Church (USA)
CFSI Staff Members	Various individuals based in the USA, Australia, and Europe
	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 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.

- C. *Social Work Education Project (SWEP) Asia Fund.* 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.

Under SWEP Asia, financial support has been provided to various individuals for scholarships and for participation in workshops.

- D. *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 2016, the CEHS continued to serve as the venue for training workshops, seminars, and meetings in accordance with the mission of CFSI.

- E. *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 BOT.
- F. *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.
- G. *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 BOT.



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 2016. Funds for most of these projects were received in 2016.

	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2016		
				As at December 31, 2015 (b)	During 2016 (c)	As at December 31, 2016 (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 (URP)	A	January 2016 - December 2016	₱7,693,713	₱-	₱7,693,713	₱7,693,713	₱-	₱-	₱26,237
Mindanao - QIPs and Protection Monitoring Project (QPMP)	B.1	March 2016 - December 2016	₱4,586,750	₱-	₱4,586,750	₱4,586,750	₱-	₱-	₱-
UN Children's Fund (UNICEF)									
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.3	December 2013 - November 2015	₱7,745,906	₱7,299,220	₱425,223	₱7,724,443	₱21,463	₱-	₱-
Mindanao - Child Rights Project: Strengthening Capacities of LCPCs and Essential Health Care Program of the Department of Education (CRP9)	B.4	October 2015 - September 2016	₱9,176,310	₱5,694,016	₱3,482,294	₱9,176,310	₱-	₱-	₱-
The World Bank –Mindanao Trust Fund for Reconstruction and Development Programme (MTF-RDP)									
Fourth Grant Agreement	C.1/C.2	March 2009 - March 2017	\$10,009,620 (or ₱497,678,306)	\$4,412,231 (or ₱198,712,224)	\$3,057,741 (or ₱147,251,056)	\$7,469,972 (or ₱345,963,280)	\$-	\$2,539,648 (or ₱151,715,026)	\$-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2016		
				As at December 31, 2015 (b)	During 2016 (c)	As at December 31, 2016 (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)
<i>Analysed between:</i>									
<i>i. Community-Driven Reconstruction/ Development</i>			\$2,001,219 (or ₱101,981,647)	\$1,746,891 (or ₱90,167,648)	\$254,328 (or ₱11,813,999)	\$2,001,219 (or ₱101,981,647)	\$-	\$-	\$-
<i>ii. Sajahatra Bangsamoro</i>			\$932,724 (or ₱43,893,990)	\$758,363 (or ₱33,762,475)	\$7,941 (or ₱366,101)	\$766,304 (or ₱34,128,576)	\$166,420 *(or ₱9,765,414)	\$-	\$-
<i>iii. MTF Camps Project</i>			\$3,906,708 (or ₱194,241,517)	\$953,577 (or ₱37,394,521)	\$1,010,852 (or ₱48,572,008)	\$1,964,429 (or ₱85,966,529)	\$-	\$1,942,279 (or ₱108,274,988)	\$-
<i>iv. Bangsamoro ADVANCE</i>			\$2,915,672 (or ₱144,967,212)	\$953,400 (or ₱37,387,580)	\$1,531,323 (or ₱73,905,008)	\$2,484,723 (or ₱111,292,588)	(\$166,420) *(or ₱9,765,414)	\$597,369 (or ₱43,440,038)	\$-
<i>v. Solidarity</i>			\$253,297 (or ₱12,593,940)	\$-	\$253,297 (or ₱12,593,940)	\$253,297 (or ₱12,593,940)	\$-	\$-	\$-
Australia Department of Foreign Affairs and Trade (DFAT)									
Mindanao - Zamboanga Recovery Project (ZRP)	E.1	January 2015 - December 2017	₱105,755,043 (or A\$3,000,000 or US\$2,455,590)	₱105,755,043 (or A\$3,000,000 or US\$2,455,590)	₱-	₱105,755,043 (or A\$3,000,000 or US\$2,455,590)	₱-	₱-	₱-
Private Sector Fund									
Mindanao - Stichting BRAC - Basic Education Project (BEP)	F.1	July 2015 - June 2017	₱59,607,988	₱15,613,049	₱29,065,264	₱44,678,313	₱-	₱14,929,675	₱-
Mindanao - Indigenous Youth Leadership Project (IYLP)	F.2	January 2016 - January 2017	₱2,000,000	₱-	₱2,000,000	₱2,000,000	₱-	₱-	₱-
Visayas - Atlantic Philanthropies - Visayas Recovery Project (VRP)	G.2	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)	G.3	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 (LSP)	G.4	August 2015 - September 2016	₱5,618,570	₱2,247,428	₱3,371,142	₱5,618,570	\$-	\$-	\$-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2016		
				As at December 31, 2015 (b)	During 2016 (c)	As at December 31, 2016 (d) = (b) + (c)	Projects Closed: Balance of Grants not Expected to be Received (e) = (a) - (d)	Committed Grants to be Received (f)	Projects Closed: Received Grants to be Returned to Donors (g)
Metro Manila - Philippine Center for Population and Development - Park Avenue Initiative (PAI) - Reproductive Health	I.RH2b	May 2015 - December 2016	₱1,694,000	₱847,000	₱843,335	₱1,690,335	₱3,665	₱-	₱-
BRAC Support Services		July 2015 - June 2016	₱667,438	₱-	₱222,980	₱222,980	₱444,458	₱-	₱-
		July 2016 - December 2016	₱298,530	₱-	₱136,261	₱136,261	₱162,269	₱-	₱-
Subtotal in dollar			\$10,509,620	\$4,912,231	\$3,057,741	\$7,969,972	\$-	\$2,539,648	\$-
Subtotal in peso			₱204,844,248	₱137,455,756	₱51,826,962	₱189,282,718	₱631,855	₱14,929,675	₱26,237
MYANMAR PROGRAMME									
UN Children's Fund (UNICEF)									
Strengthening Child Protection Project (SCPP)	A.2	January 2016 - December 2016	\$271,040 (or ₱13,476,109)	\$-	\$259,120 (or ₱12,419,164)	\$259,120 (or ₱12,419,164)	\$-	\$11,920 (or ₱1,056,945)	\$-
Private Sector									
Early Childhood Development Project (ECDP) - Lemmon Foundation	B	January 2016 - December 2016	\$15,000 (or ₱694,950)	\$-	\$15,000 (or ₱694,950)	\$15,000 (or ₱694,950)	\$-	\$-	\$-
VIET NAM PROGRAMME									
Atlantic Philanthropies - Social Work Education Project in Viet Nam (SWEP-Viet Nam)		October 2010 - December 2015	\$1,860,000 (or ₱80,236,000)	\$1,860,000 (or ₱80,236,000)	\$-	\$1,860,000 (or ₱80,236,000)	\$-	\$-	\$-
Government of Viet Nam: Ministry of Labor, Invalids and Social Affairs (MOLISA)			\$80,242 (or ₱3,628,936)	\$50,000 (or ₱2,234,500)	\$30,242 (or ₱1,394,436)	\$80,242 (or ₱3,628,936)	\$-	\$-	\$-

(Forward)



	Paragraph Reference in Note 1	Term of Grants	Amount of Grants (a)	Total Funds Received			Movements of Grants after December 31, 2016		
				As at December 31, 2015 (b)	During 2016 (c)	As at December 31, 2016 (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)
HEADQUARTERS PROGRAMME									
Headquarters Fund - Partridge Foundation	A.1	July 2013 - June 2019	\$1,000,000 (or ₱40,499,300)	\$501,000 (or ₱22,033,280)	\$167,000 (or ₱7,692,020)	\$668,000 (or ₱29,725,300)	\$-	\$332,000 (or ₱10,774,000)	\$-
Total in dollar			\$13,735,902	\$7,323,231	\$3,529,103	\$10,852,334	\$-	\$2,883,568	\$-
Total in peso			₱204,844,248	₱137,455,756	₱51,826,962	₱189,282,718	₱631,855	₱14,929,675	₱26,237
Grand total in peso			₱862,922,849	₱462,536,760	₱221,278,588	₱683,815,348	₱631,855	₱178,475,646	₱26,237
Average Peso/US Dollar exchange rate			47.91	44.39	48.02	45.57		56.72	

The amount of ₱683,815,348 represents the total amount of funds received from primary sources as at December 31, 2016, which includes grants committed before 2016.

*The amount not expected to be received for Sajahatra Bangsamoro is allocated for Bangsamoro ADVANCE.



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).

2015 Amendments to the PFRS for SMEs

In August 2016, the Securities and Exchange Commission (SEC) resolved to adopt the *2015 Amendments to the PFRS for SMEs* as part of its rules and regulations on financial reporting.

Most of the amendments clarify existing requirements and add supporting guidance to the existing standard rather than change the underlying requirements. Among the most significant amendments to the standard are:

- Permitting SMEs to use the revaluation model to measure items of property, plant and equipment
- Aligning the recognition and measurement requirements for deferred income tax with full Philippine Financial Reporting Standard
- Allowing SMEs to use the equity method to account for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The adoption of the 2015 Amendments to the PFRS for SMEs is not expected to have a significant impact on the Foundation's financial statements. The Foundation intends to adopt the amendments when they become effective.

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.



Deferred Revenue

Deferred revenue represents revenues received by way of restricted grants and donations but not earned, as provided for by the terms of the grant agreements.

Retirement Benefits

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

Fund Balances

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

Revenue

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

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

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

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

Costs and Expenses

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

Operating Lease

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

Foreign Currency-denominated Transactions

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



Provisions

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

Contingencies

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

Events After the Reporting Period

Post year-end events that provide additional information about CFSI's assets and liabilities at reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

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

Judgments

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

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

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

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

Estimates and Assumptions

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



market changes or circumstances arising beyond the control of CFSI. Such changes are reflected in the assumptions when they occur.

Useful Lives of Property and Equipment and Computer Software. CFSI estimates the useful lives of property and equipment and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed at each financial year-end and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, the estimation of the useful lives of these assets are based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by the changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The carrying values of property and equipment amounted to ₱7,189,304 and ₱8,328,056 as at December 31, 2016 and 2015, respectively (see Note 6). The carrying value of computer software amounted to ₱79,458 and ₱131,703 as at December 31, 2016 and 2015, 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, 2016 and 2015. The carrying values of property and equipment amounted ₱7,189,304 and ₱8,328,056 as at December 31, 2016 and 2015, respectively (see Note 6). The carrying value of computer software amounted to ₱79,458 and ₱131,703 as at December 31, 2016 and 2015, respectively (see Note 8).

Retirement Benefits. The determination of the liability and retirement cost is dependent on the selection of certain assumptions by management. Those assumptions used in the calculation of retirement cost are described in Note 16 to the financial statements.

Retirement liability amounted to ₱6,889,285 and ₱4,314,334 as at December 31, 2016 and 2015, respectively (see Note 16).



4. Cash

	2016	2015
Cash on hand:		
Restricted	₱165,013	₱273,059
Unrestricted	40,133	30,000
	205,146	303,059
Cash in banks:		
Restricted	149,449,132	128,572,220
Unrestricted	7,947,344	4,829,969
	157,396,476	133,402,189
	₱157,601,622	₱133,705,248

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

	2016	2015
Project advances:		
Due from Bangsamoro Development Agency (BDA)	₱761,497	₱16,575,170
Other agencies	850,950	1,528,797
Employees	544,441	313,903
Operations	426,463	1,118,401
Interest receivable	8,231	112,365
	₱2,591,582	₱19,648,636

Project advances to BDA include unliquidated operational funds under the Mindanao Trust Fund. These funds are for the Programme Partnership Agreements (PPAs) for Bangsamoro Assistance for Development and Community Empowerment (Bangsamoro ADVANCE) and for Solidarity as at December 31, 2016, and for the Sajahatra Bangsamoro and for the Institutional Strengthening of BDA as of December 31, 2015. These PPAs are covered under the Fourth Grant Agreement.

Advances to employees are those used for the project operations and activities released in December 2016. These advances were liquidated in January 2017.

Advances for operations represent amounts advanced for the field activities of various projects, including the SWEP in Viet Nam, and the ECDP in Myanmar funded by the Private Sector in 2016 and 2015. These project advances were subsequently liquidated in 2017 and 2016, respectively.

Interest receivable includes income from placements made by CFSI in time deposits for restricted funds in 2016 and 2015. The placements made in 2016 and matured in 2017. The interest receivable includes the proceeds earned in 2016, and received in the first quarter of 2017.



6. Property and Equipment

	2016							
	Land	Construction in Progress	Buildings and Improve- ments	Transpor- tation Equipment	Furniture and Fixtures	Communi- cation Equipment	Office and Other Equipment	Total
Cost								
Balances at January 1, 2016	₱1,664,091	₱-	₱5,870,233	₱1,808,527	₱2,003,873	₱83,752	₱15,444,831	₱26,875,307
Additions	-	30,175	-	355,000	5,990	-	382,350	773,515
Balances at December 31, 2016	1,664,091	30,175	5,870,233	2,163,527	2,009,863	83,752	15,827,181	27,648,822
Accumulated Depreciation								
Balances at January 1, 2016	-	-	3,162,441	1,791,611	1,904,385	83,752	11,605,062	18,547,251
Depreciation	-	-	200,880	34,665	51,830	-	1,624,892	1,912,267
Balances at December 31, 2016	-	-	3,363,321	1,826,276	1,956,215	83,752	13,229,954	20,459,518
Net Book Value as at								
December 31, 2016	₱1,664,091	₱30,175	₱2,506,912	₱337,251	₱53,648	₱-	₱2,597,227	₱7,189,304
Net Book Value as at December 31, 2015	₱1,664,091	₱-	₱2,707,792	₱16,916	₱99,488	₱-	₱3,839,769	₱8,328,056

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.

Construction in Progress includes the improvement of the perimeter wall that surrounds the CFSI Operations Center in Cotabato City. Completion is expected in 2017.

There were additions in 2016 of computers and other office equipment purchased through various project funds. UNHCR also donated a vehicle for use in Mindanao operations.

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.

	2016	2015
Cost:		
Balance at beginning of year	₱1,023,654	₱981,046
Additions	35,500	42,608
Balance at end of year	1,059,154	1,023,654
Accumulated amortization:		
Balance at beginning of year	891,951	811,260
Amortization	87,745	80,691
Balance at end of year	979,696	891,951
Net book value	₱79,458	₱131,703

9. Accounts Payable and Accrued Expenses

	2016	2015
Accrued expenses:		
Block grants	₱4,603,983	₱-
Professional, technical and other consultancy fees	2,091,744	2,293,795
Payable to various suppliers	1,178,253	1,178,253
Management fee	198,533	1,272,759
Others	1,507,054	1,229,371
Statutory payable	1,758,885	306,635
Accounts payable	1,189,851	2,632,000
	₱12,528,303	₱8,912,813

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

As at December 31, 2016, these included various expenses under the MTF-RDP including the services of contractors of community-based infrastructure projects and the purchase of livelihood items under block grants, the service fees of consultants and audit fees. These also include the procurement of livelihood items for the Zamboanga Recovery Project, and the payables to vendors for vehicle rent, utilities, materials and supplies for various projects. Payments for these services and goods were completed in early 2017.

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

Also included in the accounts payable is the amount due for return to UNHCR Philippines of ₱26,237 and ₱610,710 as at December 31, 2016 and 2015 as unused balance of the grant in 2016 and 2015, 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. Deferred Revenue

Deferred revenue represents revenues received by way of restricted grants and donations but not earned as at December 31, 2016. This primarily pertains to grants received in advance from UNHCR Philippines and the American Jewish World Service for the URP and the Headquarters fund, amounting to ₱2,345,640 and ₱1,988,800, respectively. These funds will be used in 2017.

11. Related Party Transactions

Salaries and employee benefits of the members of the Senior Management Team based at the Headquarters of CFSI were ₱5,467,416 and ₱4,741,767 for the years ended December 31, 2016 and 2015. In 2016, the position of Director for Development was filled.

12. Fund Balances

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

	2016	2015
Philippine Programme	₱75,265,667	₱98,170,942
Headquarters Programme	59,929,657	36,957,647
Viet Nam Programme	7,700,043	14,215,953
Myanmar Programme	1,544,453	84,336
	₱144,439,820	₱149,428,878

13. Project Expenses

Direct Project Expenses

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

Community services benefited refugees in various parts of the Philippines; conflict-affected communities in Mindanao; disaster survivors in 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 ₱165,559,587 and ₱107,571,629 in 2016 and 2015, respectively.



Management, Supervision and Support Expenses

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

Development Expenses

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

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

Counterpart Expenses

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

14. Country Programme Support Expenses

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

Country programme support expenses amounted to ₱884,790 and ₱1,341,451 for the years ended December 31, 2016 and 2015, respectively.

15. General and Administrative Expenses

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

	2016	2015
Salaries, employees' welfare and benefits	₱1,554,392	₱1,271,171
Trainings and workshop expenses	1,428,787	603,200
Transportation and travel	868,146	728,868
Materials and office supplies	515,523	373,512
Auditor's fee	513,409	405,177
Rent and utilities (Note 18)	497,353	522,148
Communication expense	256,390	227,060
Board and committee meetings	178,757	83,783
Professional, technical and other fees	92,960	210,318

(Forward)



	2016	2015
Taxes and licenses	P51,192	P50,171
Repairs and maintenance	42,020	25,325
Insurance	13,687	11,729
	P6,012,616	P4,512,462

Auditor's fee in 2016 includes the full amount of fees for the audit of 2016, plus the remaining fees and out-of-pocket expenses for the audit of 2015.

16. Retirement Benefits

CFSI has an unfunded, noncontributory, defined benefit retirement plan covering all qualified employees. The latest actuarial valuation was done as at December 31, 2016.

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:

	2016	2015
Retirement expense (income):		
Current service cost	P616,121	P864,427
Interest cost on benefit obligation	224,345	251,258
Net actuarial loss (gain) recognized during the year	1,734,485	(2,147,264)
	P2,574,951	(P1,031,579)

Movements in the retirement liability are as follows:

	2016	2015
Balance at beginning of year	P4,314,334	P5,345,913
Retirement expense (income)	2,574,951	(1,031,579)
Balance at end of year	P6,889,285	P4,314,334

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

	2016	2015
Discount rate	5.4%	5.2%
Salary increase rate	5.0%	5.0%

In 2015, the actuarial valuation yielded a retirement income 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 P5,836,374 and P5,368,719 as at December 31, 2016 and 2015, respectively.



17. Contributed Services

A variety of individuals, communities, organizations/corporations, networks, universities, and local governments made significant contributions in-kind to support and complement the efforts of CFSI. These include services, facilities, equipment, materials and supplies. Management estimated the total value of these contributions, which were not reflected in the financial statements, to be ₱5,798,846 and ₱7,613,190 in 2016 and 2015, 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.
- 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 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. TechSoup Asia provided special prices of various computer software purchased by CFSI. The World Bank helped strengthen CFSI's technical capacities, as did UNHCR, UNICEF, UNDP, OCHA, and several other organizations, including BRAC. 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 2016 and 2015 included:

- International Council of Voluntary Agencies (ICVA)
 - Core Humanitarian Standards (CHS) Alliance
 - Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP)
 - 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 35-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 2016 and 2015 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
- Western Mindanao State University - Zamboanga City

Australia

- La Trobe University
- Monash University

France

- Institut d'Etudes Politiques de Bordeaux

USA

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

18. Lease Commitment

CFSI has existing operating lease agreements for its office spaces. These leases are renewed on an annual basis. Rental expenses amounted to ₱4,065,278 and ₱4,319,156 in 2016 and 2015, respectively. This includes rent for offices for its Headquarters in Metro Manila (see Note 15) and offices in Iligan City, Marawi City, Zamboanga City, Tacloban City and Guiuan in Eastern Samar.



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 2016:

(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, 2016:

Local:	
Mayor's permit	₱22,305
Real property tax	10,757
Fire inspection fee	3,701
Community tax certificate	1,328
National:	
Land Transportation Office registration	12,601
BIR annual registration	500
	<hr/>
	₱51,192

(c) The amount of withholding taxes paid and accrued for the year ended December 31, 2016 amounted to:

Tax on compensation and benefits	₱2,945,486
Expanded withholding taxes	4,251,708
Final withholding tax	218,789

(d) CFSI has no final tax assessments and cases pending before the BIR as at December 31, 2016. Likewise, CFSI has no other pending tax cases outside the administration of the BIR as at December 31, 2016.

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

The accompanying financial statements of CFSI were approved and authorized for issuance by the Audit and Finance Committee (AFC) of CFSI on April 4, 2017 in accordance with the authority granted to the AFC by the Board of Trustees.

