

Reaching Out to Change Lives

Annual Report 2018



CONTENTS

02	MESSAGE FROM THE CHAIRMAN	-----
04	MESSAGE FROM THE FORMER PRESIDENT	-----
06	MESSAGE FROM THE INCOMING PRESIDENT	-----
12	SHORE IT UP: A DECADE OF CHAMPIONING THE ENVIRONMENT	-----
16	MANO AMIGA: PRIVATE EDUCATION FOR THE UNDERPRIVILEGED	-----
20	MANPOWER FOR INFRASTRUCTURE COOPERATIVE DEVELOPMENT: A PARTNERSHIP WITH PBSP	-----
24	TULONG KAPATID FOUNDATION: COMING TOGETHER AS ONE	-----
26	BOARD OF TRUSTEES & OFFICERS	-----
28	FINANCIAL STATEMENTS	-----

MISSION AND VISION

MISSION

To improve the lives of the communities we serve through meaningful engagements and long-term commitments.

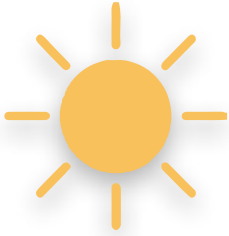
VISION

To significantly contribute to the development of the Philippines and thereby uplift the quality of life of every Filipino.



MESSAGE FROM THE CHAIRMAN

2



"Looking forward, we are emboldened by the prospect of achieving much more as we continue to work towards creating a better future for all Filipinos."



TO OUR STAKEHOLDERS,

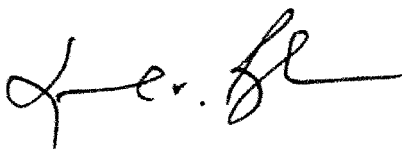
In the year that passed, we remained truthful to our reason for being: that our business must serve to spur the country's economic growth and in the process, bring about significant and sustainable changes in the lives of each and every Filipino.

Through our Metro Pacific Investments Foundation, we have channeled our resources and efforts to help transform the social landscape for the better. We have raised the level of awareness about the sad plight of our environment and provided opportunities for our countrymen to participate in effecting simple but lasting solutions. We have built facilities for the marginalized youth to enjoy quality education and arm themselves with the tools to chart a productive future. We have institutionalized collaboration – among our member companies and with different stakeholders from government, academe, and the civil society – to rapidly respond to crises, as well as to proactively support activities towards community development.

As we consolidate our gains and celebrate our successes, we remain mindful of our continuing role: to ensure the long-term value of our business for our stakeholders. Hand in hand with that is our responsibility to serve our communities. And as we grow our business, we likewise grow our mandate to reach out

to as many Filipinos as we can. To save lives by creating avenues for hope: by educating minds, responsibly managing the environment, providing pathways for income generation, fostering the dynamism of the youth, and energizing the spirit of volunteering.

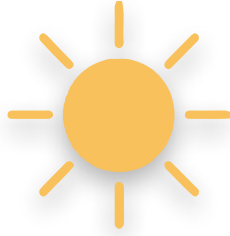
Looking forward, we are emboldened by the prospect of achieving much more as we continue to work towards creating a better future for all Filipinos. We remain as committed to reaching out to all our countrymen to uplift their lives with the same fervor and dedication as we have in helping build the nation through our various enterprises. On behalf of the Board of Trustees and together with the Foundation's new leadership, I thank you for sharing in our vision and taking part in our untiring efforts to foster hope among our fellowmen.



MANUEL V. PANGILINAN
Chairman, MPIF

MESSAGE FROM THE FORMER PRESIDENT

4



“We are buoyed by the knowledge that we have planted seeds of hope, and we must ensure that these grow sturdy roots and flourish, with each branch reaching out to touch more lives and make them better.”



Our Foundation has grown steadily since it was incorporated in 2009. I have been fortunate to be asked to serve as its first president, which I saw as both a challenge and opportunity. How do we make this organization relevant to our parent company, Metro Pacific Investments Corporation, in the attainment of its business agenda? As we steadily moved along, we soon realized the alignment of our vision and the synergy of our desired outcome. Our success is rooted not merely in how much we grow as a business but equally important, how much impact our business is making on society beyond our established roles of providing goods and services for a profit. In the words of MPIC Chairman Manuel V. Pangilinan: "Businesses do transform societies. They not only shape our physical and virtual worlds, but also create new needs, new hopes, new dreams."

For MPIF, we believed that more than the "whos", "wheres" and the "whats" of our programs are the "hows" and the "whys": How are we making a real difference in people's lives? How are we creating value to the business as well as for our stakeholder? Why are we doing the projects we undertake, and why have we not done more?

Our efforts on the environment, education, livelihood, and community outreach since 2009 represent a journey of both the Foundation and MPIC to make a real—and lasting—impact on the lives of countless Filipinos, a journey I am happy to say I have taken with unbridled optimism with you.

After almost a decade of being at the helm of the Metro Pacific Investments Foundation, I take great pride in transferring the mantle of

leadership to Ms. Melody del Rosario. Melody has been the heart of the Foundation since day one, beating loudly and unceasingly as she carefully nurtured its growth. She has been at the frontlines with our communities and stakeholders, laying the groundwork for sustainable programs and strategic partnerships. Her elevation from Executive Director to President ensures a seamless transition into overseeing the Foundation's day-to-day operations while expanding her perspectives to ensure the attainment of MPIF's goals in support of the business and the task of nation building.

With this, we move forward, more determined and with greater purpose. We have many achievements to be proud of, but our journey remains. We are buoyed by the knowledge that we have planted seeds of hope, and we must ensure that these grow sturdy roots and flourish, with each branch reaching out to touch more lives and make them better. Through the Foundation and its new leadership, MPIC can continue to build an enduring legacy of positive change for generations of Filipinos.



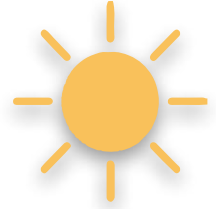
JOSE MA. K. LIM

President

Chief Executive Officer, MPIC

MESSAGE FROM THE INCOMING PRESIDENT

6



**"Working together works,
and that is why we are
truly grateful for the many
people and institutions
who have shared our
vision and taken these
journeys of hope with us."**



At the close of Confluence 2017 where I delivered the message of our Chairman Mr. Manny V. Pangilinan, we poised a question: WHERE DO WE GO FROM HERE?

This was an inquiry, as well as a challenge, that went beyond the scope of our nearly decade-old environmental advocacy SHORE IT UP. With our various stakeholders, partners, and beneficiaries gathered in a unique forum, we had the opportunity to assess how we have since fared with our efforts for the environment, whose seeds were planted with a simple but earnest drive to rid the coastline and waters of Anilao, Batangas of man-made debris.

Over the years, Shore It Up has removed—and continues to remove—tons of human trash and other refuse from our seas. More than the physical cleanup, the program has attracted throngs of people who volunteer to help maintain the integrity of the coastal and marine environment. And along with the other programs of the Metro Pacific Investments Foundation, these have been our response to two fundamental needs: that of attaining sustainability, and the urgency to work together to realize the first. Mr. Pangilinan has often been emphatic in saying that “businesses that are built to last are built on the foundations of doing what is good not only for the business, but also for the communities and the environment that they are a part of.”

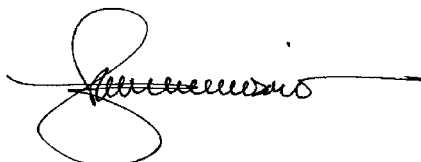
That is why we have steadily scaled up our programs. The cleanup campaign of SIU has already reached the shores of at least eight cities and municipalities throughout the Philippines; through the establishment of Mangrove Protection and Information Centers or M.P.I.C., we are helping deepen the understanding and appreciation of mangroves among our communities in the Caraga Region, Pangasinan, and recently in Cordova, Cebu. Beyond protecting these rich ecosystems, the program is giving a boost to the local economy. It is also developing

a new generation of concerned youths, called Junior Environmental Scouts, to promote caring for the environment in their schools and communities.

In the education front, our support to *Mano Amiga* continues to open the doors of quality learning to children who would otherwise be roaming the streets in search of livelihood. This scholarship paves the way for hundreds of these children to develop themselves and eventually become productive citizens of the country. A similar effort of supporting sports programs nationwide is allowing us to create venues to inspire and give purpose to our youth.

Making all of these happen requires working together. Despite our most earnest desires and our best efforts, we recognize that we cannot do it ourselves. Working together works, and that is why we are truly grateful for the many people and institutions who have shared our vision and taken these journeys of hope with us—from the various local government units and national government agencies, non-profit organizations, members of our various communities, business partners, our thousands of volunteers, as well as the media.

Our gratitude extends most especially to Mr. Jose Ma. K. Lim, who stepped down this year as MPIF President to assume bigger responsibilities for Metro Pacific Investments Corporation. We thank him for his vision and leadership that has allowed the Foundation to reach out to as many Filipinos as possible and make a positive difference in their lives.



MELODY M. DEL ROSARIO

*VP, Public Relations and
Corporate Communications, MPIC
President, MPIF*

FOUNDATION MILESTONES



2009

- In the aftermath of Ondoy, the first-ever Shore It Up was held in Anilao, Batangas
- MPIF began giving out learning tools and granting scholarships to pupils of Mano Amiga Academy in 2009



2010

- A Shore It Up weekend with Coastal and Underwater Clean-up was held in Puerto Galera, Mindoro



2014

- Shore It Up assisted DENR in conducting the first three components of SCREMP namely: Habitat and Vulnerability Assessment, Coral Reef Rehabilitation and Protection, and Social Mobilization and Development in Bohol
- Inaugurated the first Mangrove Protection and Information Center in Del Carmen, Surigao Del Norte
- Inducted the first batch of Mangrove Eco-guides



2015

- The JES primer, "Ang Kwento ni JES" was first distributed to the newly inducted Junior Environmental Scouts in Surigao Del Norte province



2011

- Mangrove Planting and Clam Rearrangement activities were held in Hundred Islands, Pangasinan



2012

- MPIC launched the Manpower for Infrastructure Cooperation for 25 urban households
- A Shore It Up weekend with Coastal and Underwater Clean-up, Tree Planting and Artificial Reef Installation was held in Subic Bay
- Shore It Up officially launched SIU's official mascot Pawi the Pawikan in the Junior Environmental Scouts Program



2016

- The first-ever Mangrove Propagation and Information Center was built in Alaminos, Pangasinan protecting 8.7 hectares of mangroves
- The Run for the Mangroves event took place in Del Carmen, Siargao



- In cooperation with the MVP Group "Tulong Kapatid", MPIF turned over 226 housing units to Typhoon Pablo survivors



2013

- P10 million was donated to Mano Amiga for the school's expansion
- Shore It Up celebrated its 5th year by adding Siargao to its list of assisted communities



- Donated a total of 16.8 million through Tulong Kapatid to support sports programs and various disaster relief operations



2017

- Charting SIU's 10th year in a confluence with its stakeholders, partners, and the media
- Groundbreaking of Mangrove Propagation and Information Center in Cordova, Cebu



2018

- #ShoreItUpNa10 won Campaign of the Year at the Asia Pacific Excellence Awards



10 years

*Of Reaching Out
to Change Lives*



HIGHLIGHTS

3

Mangrove centers

10

Locations nationwide

Nearly
85,000
volunteers

144

Families assisted

889

Divers

441

Partner organizations

2,800

Junior Environmental Scouts

SHORE IT UP:

A DECADE OF CHAMPIONING THE ENVIRONMENT

The simple outreach activity initiated in 2009 by MPIC employees volunteering for coastal clean-up has steadily evolved into a sustainable environmental stewardship program. A year after, the first underwater clean-up was held in Puerto Galera, Oriental Mindoro. And in just nearly a decade, SHORE IT UP (SIU) has grown from a beach and ocean cleanup drive in Anilao, Batangas during the aftermath of typhoon Ondoy, to an entire array of environmental management initiatives that include the creation of Mangrove Protection & Propagation Information Centers, establishment of Junior Environmental Scouts, and the introduction of giant clam rearrangement, reef restoration, and livelihood for coastal villagers.

Recreating a habitat. In the first half of 2018, with the installation of a Coral Restoration Field Laboratory in Barangay Solo, Mabini, Batangas, SIU set out to mitigate coral degradation, restore and protect the coral reef, as well as sustain the country's marine ecosystem. Using structures that imitate diverse natural reef coral patterns donated by EcoMer and Divers Institute of Technology to

2009

Anilao, Batangas
Shore Clean-Up

2010

Puerto Galera,
Oriental Mindoro
Shore & Underwater
Clean-Up

2011

Hundred Islands,
Pangasinan
Shore Clean-up
Mangrove Planting
Giant Clams Rearrangement

MILESTONES



MPIC Foundation, they created an underwater work station for trained volunteer divers to study the fluid dynamics of the area and study coral growth potentials. Initial results from the first phase of installation have seen quick increases in local fish population, coral reef rehabilitation, and algae growth. Members of the Meralco Dive Club are helping sustain this success by populating the area with more units.

In addition, SIU took a step further to lessen the negative environmental impacts of diving to coral reefs. It provided solar-equipped buoys and, with the help of SIU volunteer divers and local professionals, installed them in the four Marine Protected Areas of Batangas. To ensure sustainability, the partner LGU fully committed to support the project. While SIU created a monitoring, maintenance, and reporting plan, the Municipality of Batangas designated its tourism office as the command center. Other organizations tapped include: PNP Maritime, Bureau of Fisheries and Aquatic Resources, Philippine Coast Guard, Boat Association, and Resort/Dive Operator Association.

Confluence. SIU looked to its years of success and newly formed Board of Advisors as an opportunity to further greater collaboration among its communities and build a wider network



Subic Bay
Shore & Underwater Clean-Up
Tree Planting,
Artificial Reef and Junior
Environmental Scouts



**SHORE IT UP!
5TH YEAR
ANNIVERSARY**

- **Anilao**
Underwater Clean-Up
- **Puerto Galera**
Underwater Clean-Up
- **Zambales**
Coastal Clean-up

- **Alaminos (Luzon)**
Mangrove Planting
- **Siargao (Mindanao)**
Coastal Clean-Up

of advocates across the country. This was best illustrated by a two-day gathering of SHORE IT UP partners, stakeholders, and supporters. Entitled CONFLUENCE, the event was a venue for the sharing of ideas on how to attain sustainable development. Chief executives of Alaminos City in Pangasinan and Del Carmen in Surigao del Norte, which host Mangrove Protection & Propagation Information Centers, shared how public-private partnerships, through Shore It Up, has helped protect their coastal and marine environment and boost eco-tourism in their areas. Senator Cynthia Villar, current chairperson of the Senate Committee on Environment and Natural

Resources, related her continuous commitment for the environment particularly through the Las Piñas-Parañaque Critical Habitat and Ecotourism Area (LPPCHEA) programs. SIU then wrapped up the event, laying out its plans for its 10th year.

Green and Grow. Over the past decade, SIU has steadily grown its presence. In 2017, new LGU partners from the municipalities of Mabini (Batangas), Cordova (Cebu), and Medina (Misamis Oriental) brought SIU's active involvement to a total of ten cities and municipalities across the country. It continues to build on the success of the Mangrove Propagation Information Center with the establishment of its third center in Barangay Day-as in Cordova, Cebu, which is expected to undertake mangrove and beach forest assessments, promote awareness, as well as implement environmental protection initiatives in the area.

It also initiated the project **Shore It Up Medina MO** (for Misamis Oriental) to give residents a sense of ownership and responsibility to care and improve their local environment. At the heart of this project is the preservation of the Duka Reef in Medina, a fourth class municipality of Misamis Oriental. Volunteer scuba divers have conducted an assessment of the 30-hectare Marine Protected Area (MPA), which is a favored destination among those undertaking coral research. Results have been positive for this biodiverse-rich marine ecosystem that features some 2,000 species of clams, mollusks, and crustaceans, 22 whale and dolphin species, over

"Businesses that are built to last are built on the foundations of doing what is good not only for the business, but also for the communities that they are a part of."



2014

Bohol (Visayas)
Coastal Clean-up
Livelihood Assistance

2015

Alaminos
Inauguration of
Mangrove Propagation
& Information Center

Surigao Del Norte
Underwater Clean-Up
Siargao
Marathon of the
Mangroves

MILESTONES

900 seaweed species and more than 200 coral species.

Shore It Up Medina MO complemented this with activities that were simultaneously implemented in nine barangays. An underwater clean-up of Duka Reef attracted over 2,320 volunteers including divers, residents, LGU officials, and environmental advocates, while workshops were conducted to help Medina boost and develop its eco-tourism. Additionally, the Municipality of Medina became the very first beneficiaries of the Marine Protection, Inspection & Conservation Guardians (MPIC Guardians) project in March 2018. A total of 27 former bantay dagat were trained, 9 of whom underwent open water scuba diving training to fulfill the task of MPIC Guardians to patrol and protect seas within their areas. The Junior Environmental Scouts program, which hopes to teach children to care for the environment, gathered more volunteers as it inaugurated 200 new members ages 9-11. As scouts, they serve as young ambassadors in their school and community, influencing their family, friends, and classmates to care and protect the environment.

Hoping to further expand this new program along with its Mangrove Eco-guides, **Shore It Up** continued with activities to mark its tenth year, which included a fundraising drive through the sale of commemorative shirts that featured marine biodiversity.

Shore It Up likewise took part in the 2017 Dive, Resort & Travel Expo in Mandaluyong City. Joining the event



for the first time as an exhibitor gave SIU an ideal venue to further its advocacy for cleaner seas, as its booth successfully engaged more than 600 visitors over the three-day Expo, resulting in the signing up of more than 200 new volunteers to further shore up its growing family as part of SIU's newly-launched membership program. The new program serves as a key driver in the expansion of SIU and its activities, particularly the rehabilitation of mangrove areas in Alaminos, Pangasinan, as every membership secures one mangrove seedling to be planted. In addition, fees collected fund the propagation and protection efforts of SIU for various mangrove areas in the country.

On its tenth year, **SHORE IT UP** looks to a decade of growth and evolution in championing nature, anchored on a shared commitment of making a positive impact on the environment and pursuing the bigger challenge of attaining sustainability.



2016

Siargao
Mangrove Marathon
Junior Environmental Scouts
Eco-guides
Mangrove Protection &
Information Center



2017

Confluence
Medina Underwater Clean-up
Coastal Clean-up
Junior Environmental Scouts



2018

10TH YEAR CELEBRATION
#ShoreItUpNa10
Nationwide Clean-up
Photo Contest

HIGHLIGHTS

223

students from
Kinder to Grade 9

over

97%

of Mano Amiga
students pursue their
undergraduate degrees
in University or Technical
Schools



**MANO
AMIGA**

PRIVATE EDUCATION FOR THE UNDERPRIVILEGED

What began as a simple initiative to provide learning materials and time to mentor children from low-income families as a means to rise above poverty quickly transformed into an advocacy to enrich their minds through formal education whose quality is at par with global standards.

Mano Amiga Philippines provides education opportunities that serve as a catalyst for community transformation and inclusive growth. As an organization geared towards promoting equitable access to high quality education and

2009

MPIC began granting scholarship through Mano Amiga

2010

Mano Amiga opens Bistro 3846, a catering business to help fund the school

2011

A Yearly Endowment Fund was allotted for pre-pupil operational expenses

MILESTONES



life-long opportunities, it produces well-rounded and globally competitive servant leaders grounded on the values of integrity, compassion, humility, and continuous pursuit of excellence.

Mano Amiga Academy, which translates to Helping Hand, is an affordable K to 12 school with international standards. It offers an integrated approach that helps strengthen the growth and formation of the students and their families. This includes the pursuit of academic excellence and social responsibility, value formation, concern and care for one's health, and love for culture and sports. To date, Mano Amiga has close to 250 students from Kinder to grade 9 enrolled in their first campus located in Parañaque City.

As a long-standing partner of Mano Amiga, Metro Pacific Investments Corporation stands with them in this endeavor to provide underprivileged children education that is equitable, holistic, and at par with global standards.

Mano Amiga and Metro Pacific Investments Foundation envisions education that knows no socioeconomic barriers. Springing from their shared vocation to let underprivileged children enjoy their right to education, MPIF grants

scholarships through the MPIF Annual Excellence Fund to 30 deserving students who shall receive excellent primary and secondary education at Mano Amiga. This scholarship program covers per-pupil operational expenses of the school, as well as miscellaneous fees and expenses on student enrichment activities. It started in 2011 when the Foundation sought to make a more significant impact on the children of Mano Amiga and manifested a deeper commitment to them by expanding the Foundation's pool of scholars through an endowment fund that would ensure deserving students get the full benefit of education.



10 Million was donated for the school's expansion



The school's curriculum was redesigned and formatted for K-12 learning

18

“Mano Amiga ensures high quality education with an international curriculum tailor fitted to suit the local environment, teacher training programs, a focus on well-rounded formation, and an environment conducive for creative and innovative thinking.”



Furthermore, Mano Amiga recognizes that to offer service that is truly inclusive and empowering, there is a need to go beyond education. Their programs include sustainable livelihood and skills training for women, advocacy communication campaigns, and community development. Mano Amiga uplifts low-income communities through increased student learning outcomes and increased sustainable livelihood opportunities.

Mano Amiga ensures high quality education with an international curriculum tailor fitted to suit the local environment, teacher training programs, a focus on well-rounded formation, and an environment conducive for creative and innovative thinking. For our part, Metro Pacific Investments Corporation (MPIC), through MPIF, donated a P10-million grant to Mano Amiga that allowed the non-profit organization to transfer from a humble three-classroom structure in Taguig City to a larger campus in Better Living Subdivision in Parañaque City in 2016. This bigger space enabled Mano Amiga to also grow its student population, which now stands at nearly 250 students from an initial batch of 95. It has likewise expanded its curriculum to accommodate learners from Kindergarten to Grade 7, with programs that promote values formation, skills and health development, as well as other services tailored to the needs of the community. In addition, the grant from MPIF also supports the teachers' benefits and training opportunities.



First batch of students
inducted as
Junior Environmental Scouts
from Manila

From the relocation followed the unique idea to transform the classrooms into creative learning spaces. Mano Amiga students and volunteers banded together and channeled their inner artists to paint murals on three 9 feet x 4 feet classroom walls based on three inspirations:

- environment, to teach children to care for the environment
- progress, to make them look forward to a brighter future
- careers, to inspire them to dream

Through this activity—and the visual images that now decorate the walls of the classrooms—the Foundation aims to inspire generations of young people to be responsible citizens who aspire to create a better world.

Another highlight program of MPIF is the Yearly Outreach Programs for Mano Amiga Academy. This 2018, the Mano Amiga kids were treated to several short classes on sports, singing, dancing, and cooking. These helped in their holistic growth and encouraged them to excel beyond academics as they learned to build self-confidence, imbibed positive values, and honed their skills and talents.

With this long-standing partnership with Mano Amiga, the Foundation now has a venue to help children dream big and the means to achieve it—through quality education.

“For our part, Metro Pacific Investments Corporation (MPIC), through MPIF, donated a P10-million grant to Mano Amiga that allowed the non-profit organization to transfer from a humble three-classroom structure in Taguig City to a larger campus in Better Living Subdivision in Parañaque City in 2016.”



Mural Painting Activity



Celebrated International Day of Charity by conducting an outreach program



HIGHLIGHTS

In cooperation with the Philippine Business for Social Progress of which MPIC is a member company, the cooperative projects embarks on raising the quality of labor skills of members for possible employment with MPIC's business portfolio.

- Capacity Building
- Community Investment
- Employment
- Volunteer Coaching Session



MANPOWER FOR INFRASTRUCTURE COOPERATIVE DEVELOPMENT: A PARTNERSHIP WITH PBSP

In line with our objective to abide by the United Nations Sustainable Development Goals which, among others, provide that governments and businesses must strive for the eradication of poverty and generation of decent work and economic growth, MPIF focused its efforts on improving human capital through employment, livelihood, and skills-training programs, which not only help in reducing joblessness but also empower each individual who benefits from our assistance.

Inspired by the initiatives of MPIC's portfolio companies such as Maynilad, Metro Pacific Tollways Corporation (MPTC) and Meralco to promote entrepreneurship and employability,



MPIC launched Manpower for Infrastructure Cooperative, a livelihood program for 25 urban poor households of Ana Maria Heights

MILESTONES



MPIF partnered with the Philippine Business for Social Progress (PBSP) under its “ManPower for Infrastructure Cooperative Development Project” for a similar undertaking. Through a financial grant, the MPIF determines initiatives on economic empowerment to benefit communities where MPIC’s affiliate companies operate. PBSP directly implements the program and monitors all project activities with the identified beneficiaries, including at least 15 urban poor households in Ana Maria Heights Homeowners Association (HOA).

Program components include:

Capacity Building – providing Strategic Planning/Business Planning, Teambuilding and Leadership Training, Cooperative Management, Financial Management and Organizational Assessment to the organized group. Members’ skills will be enhanced and tested under the free Assessment Service of TESDA for certification;

Community Investment – providing loans or grants to acquire tools and equipment, as well as additional capital;

Employment – helping generate employment by marketing the manpower

services that the group can provide through referrals and endorsement to MPIC’s affiliates and subsidiaries;

Volunteer Coaching Sessions– MPIC employees are given the venue to coach members in basic accounting, marketing or other business-related topics through PBSP’s Business Advisory Program.

Program enhancements and future activities are guided by accomplishment and financial reports submitted twice a year by PBSP to MPIF.

Procedures and Implementing Guidelines

1. The MPIC Project is directly implemented by the Philippine Business for Social Progress (PBSP) through a financial grant from MPIF.

2. As project implementer, PBSP is expected to undertake and monitor all project activities with the identified beneficiaries, i.e., at least 15 urban poor households in Ana Maria Heights Homeowners Association (HOA).

3. PBSP shall submit a Status Report to MPIF every six months highlighting the project’s accomplishments for the period, as well as the financial status. Most importantly, the report gives recommendations and plans for the next period.



Member underwent plumbing in construction work and electrical skills training



MVP Group was recognized as top donors of Balik Bayan Baterya Program of PBSP

“1,828 households were engaged in various livelihood projects and 342 individuals were matched for employment providing improved income opportunities to more than 400 families.”

Employment

Unemployment rates in the Philippines continue to drop from 5.7% to 5%, according to the National Statistics Authority but despite this, over 2.4 million Filipinos are still jobless. What's worse is that most of the Filipinos who have jobs still remain poor, as revealed in a study by the World Bank. To help alleviate poverty in the country, programs under PBSP's Livelihood Development aim to create employment opportunities and improve the income and living conditions of the poor. One of the strategies for this is through Inclusive Business which is being adopted as business models in various companies.

1,828 households were engaged in various livelihood projects and 342 individuals were matched for employment providing improved income opportunities to more than 400 families

There are 570 individuals who were trained to improve their productive skills.

On a broader scale, the communities surrounding the operations of MPIC's portfolio companies are also benefitting from employment and training programs. Meralco trains nearby pools of hard hat workers for 24/7 maintenance work opportunities. MPTC offers many of the informal dwellers along its roads with contractual projects. Maynilad imparts skills to workers for its pipelining, improvements and maintenance initiatives. The hospitals group prioritizes hiring



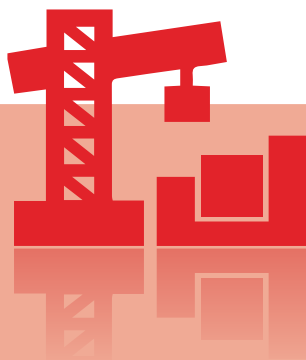
from those in their vicinities for their facilities expansion and support staffing. In essence, MPIC companies hope to become hubs of neighborhoods which could thrive on the twin approach of entrepreneurship and employability.

MPIF's partnership with the PBSP remains tight and strong and will continue to be so under the leadership of our Chairman, Mr. Manny Pangilinan, who also sits at the helm of PBSP. This means higher confidence that the above-mentioned programs shall be sustained and create a more long-term impact on our beneficiaries.

Moreover, as one of the biggest sports patrons in the country, MPIF has been making significant contributions in sports development, especially of the Philippines' basketball and boxing scene, among others. MPIF channels their assistance through different organizations, the most prominent being the Amateur Boxing Association of the Philippines and the Samahang Basketball ng Pilipinas. Both provide training programs which open up opportunities for aspiring athletes.

Since 2013, MPIF has been donating millions for nationwide sports programs. MPIF also funded education, community development, and disaster relief programs.

“MPIF's partnership with the PBSP remains tight and strong and will continue to be so under the leadership of our Chairman, Mr. Manny Pangilinan, who also sits at the helm of PBSP. This means higher confidence that the above-mentioned programs shall be sustained and create a more long-term impact on our beneficiaries.”



HIGHLIGHTS

Stepping up in times of dire need, MPIF, along with MVP Group's CSR arm, aided our calamity-stricken kababayans in recovering and rebuilding their lives.

- Disaster Preparedness
- Disaster Response
- Recovery and Rehabilitation
- Medical and Social Services



TULONG KAPATID

COMING TOGETHER AS ONE

As a joint CSR effort of the MVP group, TULONG KAPATID was established to assist Filipinos affected by natural and man-made exigencies by synergizing the resources, network, and expertise of the different member companies. This allows the MVP group to quickly reach out to help save lives and inspire hope.

Rebuilding lives. The armed conflict in Marawi City saw TULONG KAPATID quickly take action to help displaced Mindanaoans. Efforts from MVP group volunteers ultimately served some 15,000 families, with MPIC, the PLDT-Smart Foundation, Alagang Kapatid, and Maynilad delivering food packs and hygiene kits, while One Meralco Foundation and PLDTSmart Foundation





provided sleeping mats, blankets, and malongs. The Makati Medical Center also held a three-day medical and surgical mission to treat evacuees, as well as wounded soldiers.

The group also looked towards the long-term recovery efforts for the people of Marawi. For this purpose, MPIC donated P1 million to Alagang Kapatid Foundation to support livelihood opportunities for residents. Additionally, it donated a total of P500,000 to the families of 25 members of the Armed Forces of the Philippines who bravely perished in the Marawi siege. TULONG KAPATID also addressed the emotional impact of the conflict on the children, with a

select group of around 150 children from Marawi treated to a whole day of fun and surprises at KidZania Manila.

As part of recovery efforts, TULONG KAPATID held relief missions and feeding activities in evacuation centers and barangays in Marawi City. The feeding project, among the many programs supported by MPIC's donation, served around 3,500 evacuees in seven evacuation centers and a several hundred troops at Kampo Ranao in Marawi City.

Moving ahead through sports. The group also sees sports as a vital component of community development. In 2017, MPIC/MPICF donated a total of P10 million and worked with PLDT-SMART Foundation to implement various nationwide sports development programs.



2017

Donated 1 Million Pesos to Alagang Kapatid for Marawi's rehabilitation

2018

In partnership with Alagang Kapatid and Latter Day Saints Charities distributed over 2,000 school kits to several schools in Siargao

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FINANCIAL STATEMENTS

29

INDEPENDENT AUDITOR’S REPORT

32

STATEMENTS OF FINANCIAL POSITION

33

STATEMENTS OF INCOME AND
FUND BALANCE

34

STATEMENTS OF CASH FLOWS

35

NOTES TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Metro Pacific Investments Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metro Pacific Investments Foundation, Inc. (a private nonstock, nonprofit corporation), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of income and fund balance 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 financial position of the Foundation as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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:

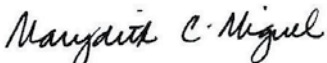
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Foundation'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 Foundation'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 Foundation 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 9 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Metro Pacific Investments Foundation, Inc. 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.



Marydith C. Miguel

Partner

CPA Certificate No. 65556

SEC Accreditation No. 0087-AR-5 (Group A),

January 10, 2019, valid until January 9, 2022

Tax Identification No. 102-092-270

BIR Accreditation No. 08-001998-55-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 7332586, January 3, 2019, Makati City

March 1, 2019

METRO PACIFIC INVESTMENTS FOUNDATION, INC.**(A Private Nonstock, Nonprofit Corporation)****STATEMENTS OF FINANCIAL POSITION**

	Years Ended December 31	
	2018	2017
ASSETS		
Current Assets		
Cash in banks (Note 4)	₱2,399,041	₱1,204,947
Due from a related party (Note 5)	1,351,847	–
Other current assets	35,350	16,800
	₱3,786,238	₱1,221,747
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other current liabilities (Note 6)	₱2,232,647	₱116,600
Due to a related party (Note 5)	210,068	–
Withholding tax payable	11,695	–
	2,454,410	116,600
Fund Balance	1,331,828	1,105,147
	₱3,786,238	₱1,221,747

See accompanying Notes to Financial Statements.

METRO PACIFIC INVESTMENTS FOUNDATION, INC.**(A Private Nonstock, Nonprofit Corporation)****STATEMENTS OF INCOME AND FUND BALANCE**

	Years Ended December 31	
	2018	2017
INCOME		
Donations (Note 5)	₱7,653,800	₱10,208,334
Foreign exchange gain	19,705	1,073
Interest, net of final tax (Note 4)	3,182	2,710
	7,676,687	10,212,117
PROJECT COSTS (Note 7)		
Shore it up	3,201,694	6,401,483
Scholarship assistance	1,643,087	1,500,000
Calamity and other social development	2,011,612	581,439
	6,856,393	8,482,922
ADMINISTRATIVE EXPENSES		
Professional fees	260,800	91,600
Other services	247,262	25,182
Taxes and licenses	10,195	9,395
Insurance	1,122	1,122
Miscellaneous expense	74,234	31,539
	593,613	158,838
EXCESS OF INCOME OVER EXPENSES	226,681	1,570,357
FUND BALANCE (CAPITAL DEFICIENCY) AT BEGINNING OF YEAR	1,105,147	(465,210)
FUND BALANCE AT END OF YEAR	₱1,331,828	₱1,105,147

See accompanying Notes to Financial Statements.

METRO PACIFIC INVESTMENTS FOUNDATION, INC.**(A Private Nonstock, Nonprofit Corporation)****STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenses	₱226,681	₱1,570,357
Adjustments for:		
Foreign exchange gain	(19,705)	(1,073)
Interest income, net of final tax (Note 4)	(3,182)	(2,710)
Operating income before working capital changes	203,794	1,566,574
Decrease (increase) in:		
Due from a related party (Note 5)	(1,351,847)	—
Other current assets	(18,550)	228,200
Increase (decrease) in:		
Due to a related party (Note 5)	210,068	(727,845)
Accrued expenses and other current liabilities (Note 6)	2,116,047	(239,019)
Withholding tax payable	11,695	(27,864)
Interest received, net of final tax	3,182	2,710
Net cash from operating activities	1,174,389	802,756
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH IN BANKS	19,705	1,073
CASH IN BANKS AT BEGINNING OF YEAR	1,204,947	401,118
CASH IN BANKS AT END OF YEAR (Note 4)	₱2,399,041	₱1,204,947

See accompanying Notes to Financial Statements.

METRO PACIFIC INVESTMENTS FOUNDATION, INC.

(A Private Nonstock, Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Metro Pacific Investments Foundation, Inc. (“the Foundation”) is a private nonstock, nonprofit corporation established in the Philippines on April 21, 2009 to support projects, programs and activities for the improvement of community welfare, social education and public health through giving of grants to educational institutions for the establishment of student grants and loan funds, supporting disaster relief rehabilitation programs and activities, and conducting/sponsoring scientific/technical research and development activities for social and economic upliftment.

The Foundation is the corporate foundation of the Metro Pacific Investments Corporation (MPIC), an infrastructure company in the Philippines.

The Foundation is in the process of securing the Philippine Council for NGO Certification (PCNC) accreditation and Bureau of Internal Revenue (BIR) certification for income tax exemption under Section 30(e) of the National Internal Revenue Code of 1997, as amended.

In 2018, the Department of Social Welfare and Development issued the Foundation with a Certificate of Registration.

The registered office address of the Foundation is 10th Floor, MGO Building, Legaspi corner Dela Rosa Streets, Legaspi Village, Makati City, Philippines.

The Board of Trustees authorized the issuance of the financial statements of the Foundation on March 1, 2019.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Foundation have been prepared on a historical cost basis and are presented in Philippine Peso, which is the Foundation’s functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise stated.

Statement of Compliance

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

In March 2018, the Philippines Securities and Exchange Commission (SEC) resolved to adopt PFRS for Small Entities (the Framework) as part of its rules and regulations on financial reporting. This Framework was developed in response to feedback of small entities that PFRS for SMEs is too complex to apply. The standard shall be used by entities that meet the definition of a small entity, which includes an entity with total assets of between ₱3,000,000 and ₱100,000,000 or total liabilities of between ₱3,000,000 and ₱100,000,000, among others.

By reducing choices for accounting treatment, eliminating topics that are generally not relevant to small entities, simplifying methods for recognition and measurement, and reducing disclosure requirements, the Framework allows small entities to comply with the financial reporting

requirements without undue cost or burden. Some of the key simplifications introduced by the Framework are as follows:

- For defined benefit plans, an entity is required to use the accrual approach in calculating benefit obligations in accordance with Republic Act (R.A.) 7641, *The Philippine Retirement Pay Law*, or company policy (if superior than R.A. 7641). Accrual approach is applied by calculating the expected liability as of reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.
- Investment properties can be carried either at cost or at fair value, depending on the policy choice made by the entity.
- There is no concept of "finance lease" under the Framework. All lease receipts (payments) are recognized as income (expense) as earned (incurred).
- Inventories are to be subsequently valued at the lower of cost and market value (i.e., the probable selling price to willing buyers as of reporting date).
- Entities are given a policy choice of not recognizing deferred taxes in the financial statements.

The Foundation plans to adopt the Framework when it becomes mandatory starting January 1, 2019.

Based on the initial assessment of the management, changes for the simplifications above will not have an impact on the Foundation's financial statements.

The principal accounting and financial reporting policies adopted in preparing the financial statements of the Foundation are as follows:

Current Versus Non-current Classification

The Foundation presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Foundation classifies all other liabilities as non-current.

Cash in Banks

Cash includes cash in banks which earn interest at the prevailing bank deposit rates.

Financial Instruments

The Foundation accounts for its financial instruments as basic financial instruments in accordance with Section 11, *Basic Financial Instruments*, under PFRS for SMEs.

Date of Recognition. The Foundation recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition of Financial Instruments. Financial assets or financial liabilities are recognized initially and measured at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction.

A financing transaction may take place if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent Measurement. At the end of each reporting period, the Foundation measures its financial instruments, without any deduction for transaction costs the Foundation may incur on sale or other disposal, at amortized cost using the effective interest rate (EIR) method. Debt instruments (such as accounts receivable and accounts payable) are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, unless the arrangement constitutes, in effect, a financing transaction.

If the arrangement constitutes a financing transaction, the Foundation measures the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR and transaction costs. Gains and losses are recognized in statement of income and fund balance when the financial instruments are derecognized or impaired, as well as through the amortization process. Financial assets and financial liabilities are classified as current if maturity is within 12 months from the financial reporting period. Otherwise, these are classified as noncurrent.

As at December 31, 2018 and 2017, the Foundation's basic financial instruments include cash in banks, due from a related party, accrued expenses and other current liabilities and due to a related party.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Impairment of Financial Assets

The Foundation assesses at each financial reporting period whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial

recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in statement of income and fund balance.

The Foundation assesses the following financial assets individually for impairment:

- (a) all equity instruments regardless of significance; and,
- (b) other financial assets that are individually significant.

The Foundation assesses other financial assets for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in statement of income and fund balance, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled; or,
- (b) the Foundation transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or,
- (c) the Foundation, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Foundation shall:
 - i. derecognize the asset; and,
 - ii. recognize separately any rights and obligations retained or created in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and derecognized is recognized in statement of income and fund balance in the period of the transfer.

If a transfer does not result in derecognition because the Foundation has retained significant risks and rewards of ownership of the transferred asset, the Foundation continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Foundation shall recognize any income on the transferred asset and any expense incurred on the financial liability.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability was discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new

liability at fair value, and any resulting difference is recognized in statement of income and fund balance.

Fund Balance

Fund balance includes excess of income over expenses as disclosed in the statement of income and fund balance.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Foundation and the amount of revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized:

Donations. Donations, grants and contributions are recognized when actually received.

Interest Income. Interest income is recognized as it accrues using the EIR method.

Other Income. Other income is recognized when there are incidental benefits that will flow to the Foundation and can be measured reliably.

Expense Recognition

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 decrease in equity, other than those relating to distributions to equity participants. Cost incurred for projects and expenses are recognized when incurred.

Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and the Foundation can demonstrate without undue cost and effort that it plans to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognized in the statement of income and fund balance, except to the extent that it relates to items recognized directly in the fund balance. In this case, the tax is also recognized directly in the fund balance.

Provisions

Provisions are recognized when (a) the Foundation has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. Where the Foundation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income and capital deficiency, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statement of income and fund balance.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but 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 statement of financial position but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the End of Reporting Period

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

3. Significant Accounting Judgment

The preparation of the financial statements in compliance with PFRS for SMEs requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and notes. The judgment used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements.

Future events may occur which may cause the assumptions used in arriving at this judgment to change. The effect of any changes will be reflected in the financial statements as they become reasonably determinable.

Judgment

In the process of applying the Foundation's accounting policies, management has made judgment as to the classification of financial instruments. The Foundation classifies a financial instrument, or its component, on initial recognition as a financial asset, financial liability, or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, financial liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Financial assets and financial liabilities are classified as basic and other financial instruments.

4. Cash in Banks

Cash in banks amounting to ₱2,399,041 and ₱1,204,947 as at December 31, 2018 and 2017, respectively, earn interest at the prevailing bank deposit rates.

Interest income, net of final tax, earned from bank deposits amounted to ₱3,182 and ₱2,710 in 2018 and 2017, respectively.

5. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Details of related party transactions and balances are as follows:

	Nature of Transaction	Terms and Conditions	Transactions for the Years Ended December 31		Outstanding Balances as at December 31	
			2018	2017	2018	2017
<u>Due from related parties</u>						
MPIC	Noninterest-bearing advances	Unsecured, due and demandable and not impaired	₱1,351,847	P–	₱1,351,847	P–
	Donation	Contributions for the expenses incurred by the Foundation	7,600,000	9,300,000	–	–
<i>Other related parties*</i>						
Metro Pacific Tollways Corporation	-do-	-do-	–	300,000	–	–
One Meralco Foundation, Inc.	-do-	-do-	–	300,000	–	–
Maynilad Water Services, Inc.	-do-	-do-	–	150,000	–	–
Light Rail Manila Corporation	-do-	-do-	–	90,000	–	–
			₱8,951,847	₱10,140,000	₱1,351,847	P–
<u>Due to a related party</u>						
MPIC	Noninterest-bearing advances	Unsecured, due and demandable and not impaired	₱210,068	₱280,901	₱210,068	P–
<i>Other related party*</i>						
Cebu Cordova Link Expressway Corporation (CCLEC)	Project advances	For liquidation (see Note 6)	2,000,000	–	–	–
			₱2,210,068	₱280,901	₱210,068	P–

*Other related parties are direct subsidiaries of MPIC and entities under common directors or management.

The amounts due to/from MPIC pertains to amounts payable in relation to operating expenses paid for and in behalf of the Foundation which will be subsequently paid in 2019. The amount payable is due and demandable, noninterest-bearing, unsecured and requires cash settlement.

Compensation of Key Management Personnel

The Foundation has not recognized compensation for key management personnel. All management and administrative services are provided by MPIC at no cost.

6. Accrued Expense and Other Current Liabilities

This account consists of:

	2018	2017
Accounts payable	₱14,000	₱—
Accrued expenses	218,647	116,600
Payables to contractor	2,000,000	—
	₱2,232,647	₱116,600

Accounts payable pertains to amount payable to third parties relating to the projects of the Foundation. Accounts payable is noninterest-bearing and will be settled within one year.

Accrued expenses include professional fees and outside services that are noninterest-bearing financial liabilities that are generally settled within one year.

Payables to contractor pertains to the amount received from CCLEC for CCLEC's share in the mangrove propagation and information center, a project between the Foundation, CCLEC and the Municipality of Cordova.

In 2017, the Foundation, CCLEC and the Municipality of Cordova entered into a Memorandum of Agreement to put up a Mangrove Propagation and Information Center which will undertake the development of mangrove nurseries, the multiplication and planting of mangrove trees in coastal estuarine areas and the rehabilitation of degraded mangrove ecosystems (the Project). Total project cost is estimated at ₱4,000,000 to be shared equally between the Foundation and CCLEC.

7. Projects of the Foundation

Shore It Up

The Foundation funds "Shore It Up", the corporate social responsibility (CSR) project of MPIC. It focuses on underwater and coastal cleanup as its core activities. It also engages in various environmental rescue, restoration and revival activities such as mangrove planting, tree planting, giant clam seeding, giant clam moving and artificial reef installation. For the years ended December 31, 2018 and 2017, expenses incurred for this project amounted to ₱3,201,694 and ₱6,401,483, respectively.

Shore It Up's current project sites include: (i) Alaminos, Pangasinan, (ii) Mabini, Batangas, (iii) Del Carmen, Surigao Del Norte, (iv) Medina, Misamis Oriental and (v) Cordova, Cebu.

Scholarship Assistance

The Foundation works on the broader social impacts of education through giving primary students of Mano Amiga Academy, Inc. (Mano Amiga), a high-quality primary schooling to function throughout their academic careers and within the community. Mano Amiga is a school that provides children from low-income families, access to private school education, holistic formation and other necessary support for the future. For the years ended December 31, 2018 and 2017, scholarship assistance amounted to ₱1,643,087 and ₱1,500,000, respectively. A Memorandum of Understanding is signed every year to formalize and renew the program and partnership between the Foundation and Mano Amiga.

Other CSR Activities

The Foundation also supports various advocacies and initiatives endorsed by the MPIC and its subsidiaries. For the years ended December 31, 2018 and 2017, expenses incurred for other CSR activities amounted to ₱2,011,612 and ₱581,439, respectively.

8. Income Taxes

The Foundation, as a non-stock, non-profit corporation, organized and operated exclusively for CSR undertakings, is exempt from income tax. Income derived from incidental taxable activities regardless of the disposition made of such income, is subject to tax.

As required by the accounting standards, the Foundation is supposed to recognize deferred tax assets for the tax effects of temporary differences brought about by net operating loss carry over (NOLCO) and the unrealized foreign exchange gain and/or losses on the Foundation's incidental taxable activities. However, since the Foundation does not expect to be in a taxable position in the future relative to its incidental taxable activities, recognition of the deferred tax assets in the books has been made only to the extent of the deferred tax liability arising from the unrealized foreign exchange gain for the years ended December 31, 2018 and 2017.

Details of the Foundation's deferred tax asset (liability) as at December 31 are as follows:

	2018	2017
Deferred tax assets:		
NOLCO	₱–	₱322
Deferred tax liability:		
Unrealized foreign exchange gain	–	(322)
	₱–	₱–

The reconciliation between the provision for income tax computed at statutory income tax rate of 30% and provision for tax is as follows:

	2018	2017
Provision for income tax at statutory tax rate	₱68,233	₱471,288
Adjustments for:		
Non-taxable income	(2,296,140)	(3,062,500)
Interest income subjected to final tax	(1,184)	(994)
Unrealized foreign exchange gain	–	(322)
Non-deductible expenses	855,913	–
NOLCO	1,373,178	2,592,528
Provision for current income tax	₱–	₱–

9. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

Due to the amendment of certain provisions of RR 21-2002 on November 15, 2010, the Commissioner of the BIR issued RR 15-2010 that prescribes the additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying tax returns effective December 31, 2010.

Taxes and Licenses

The Foundation paid taxes and licenses amounting to ₱10,195 in 2018. Details are as follows:

	Amount
Business permits	₱6,325
Others (includes annual BIR registration fee of ₱500)	3,870
	₱10,195

Withholding Tax

During the year, the Foundation paid expanded withholding taxes amounting to ₱140,370 and accrued amounting to ₱11,695.

The Foundation is not a VAT-registered entity.

Other Taxes

The Foundation has not conducted any transaction that requires payment of excise taxes, custom duties, tariff fees and documentary stamp taxes during the year.

Tax Assessment and Litigation

The Foundation has no outstanding tax assessments and litigation as at December 31, 2018.



*Reaching Out
to Change Lives*

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