International Care Ministries Foundation Inc.
(A Nonstock, Nonprofit Corporation)

Financial Statements
May 31, 2015 and 2014

and

Independent Auditors' Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
International Care Ministries Foundation Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of International Care Ministries Foundation Inc. (a nonstock, nonprofit corporation), which comprise the statements of financial position as at May 31, 2015 and 2014, and the statements of revenue and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Care Ministries Foundation Inc. as at May 31, 2015 and 2014, 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.

Report on the Supplementary Information Required Under Revenue Regulation 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 Regulation 15-2010 in Note 14 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 International Care Ministries 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.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
June 30, 2015, valid until June 29, 2018
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 4751326, January 5, 2015, Makati City

September 4, 2015

INTERNATIONAL CARE MINISTRIES FOUNDATION INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

	May 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**₱6,521,486**	₱11,363,181
Receivables (Note 4)	**2,631,335**	2,696,490
Inventories (Note 5)	**62,986,799**	61,909,336
Other current assets (Note 6)	**541,600**	686,966
Total Current Assets	**72,681,220**	76,655,973
Noncurrent Assets		
Property and equipment (Note 7)	**27,341,911**	28,752,839
Security deposits (Note 13)	**619,600**	662,650
Total Noncurrent Assets	**27,961,511**	29,415,489
TOTAL ASSETS	**₱100,642,731**	₱106,071,462
LIABILITIES AND FUND BALANCE		
Current Liability		
Accounts payable and others (Note 8)	**₱3,063,739**	₱1,870,928
Noncurrent Liability		
Accrued retirement benefits (Note 12)	**6,183,810**	5,075,778
Total Liabilities	**9,247,549**	6,946,706
Fund Balance		
General fund	**5,000**	5,000
Accumulated excess of revenue over expenses	**91,390,182**	99,119,756
Total Fund Balance	**91,395,182**	99,124,756
TOTAL LIABILITIES AND FUND BALANCE	**₱100,642,731**	₱106,071,462

See accompanying Notes to Financial Statements.

INTERNATIONAL CARE MINISTRIES FOUNDATION INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF REVENUE AND EXPENSES

	Years Ended May 31	
	2015	2014
REVENUE		
Donations from ICM Hong Kong (Note 11)	**₱156,473,702**	₱120,292,091
Donations of goods	**146,053,222**	158,399,003
Donations from Global Development Group	**27,085,532**	10,156,508
Others	**13,538,805**	12,853,845
	343,151,261	301,701,447
PROJECT COSTS (Note 9)		
Strategic Program	**239,944,675**	169,804,073
Program Development	**33,706,643**	24,457,437
Health Services Program	**8,587,631**	9,856,469
Vision Trip	**7,341,201**	4,205,439
Special Project	**2,021,997**	2,713,092
Others	**32,483,847**	53,702,373
	324,085,994	264,738,883
GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	**26,854,921**	22,210,215
OTHER INCOME		
Gain on disposal of property and equipment	**30,076**	2,428,274
Interest and other income	**30,004**	29,948
	60,080	2,458,222
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	**(₱7,729,574)**	₱17,210,571

See accompanying Notes to Financial Statements.

INTERNATIONAL CARE MINISTRIES FOUNDATION INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED MAY 31, 2015 AND 2014

	General Fund	Accumulated Excess of Revenue Over Expenses	Total
BALANCES AT MAY 31, 2013	**₱5,000**	**₱81,909,185**	**₱81,914,185**
Excess of revenue over expenses for the year	–	17,210,571	17,210,571
BALANCES AT MAY 31, 2014	**5,000**	**99,119,756**	**99,124,756**
Deficit of revenue over expenses for the year	–	(7,729,574)	(7,729,574)
BALANCES AT MAY 31, 2015	**₱5,000**	**₱91,390,182**	**₱91,395,182**

See accompanying Notes to Financial Statements

INTERNATIONAL CARE MINISTRIES FOUNDATION INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended May 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	**(₱7,729,574)**	₱17,210,571
Adjustments for:		
Depreciation (Note 7)	**5,088,400**	3,586,682
Retirement benefits cost - net (Note 12)	**1,108,032**	1,425,644
Gain on disposal of property and equipment	**(30,076)**	(2,428,274)
Interest income	**(30,004)**	(29,948)
Donation in kind (Note 7)	**–**	(139,581)
Excess of revenue over expenses before working capital changes	**(1,593,222)**	19,625,094
Decrease (increase) in:		
Receivables	**65,155**	(840,189)
Inventories	**(1,077,463)**	(9,179,351)
Other current assets	**145,366**	(264,488)
Decrease in accounts payable and others	**1,192,811**	(1,016,620)
Cash used in operations	**(1,267,353)**	8,324,446
Interest received	**30,004**	29,948
Net cash from operating activities	**(1,237,349)**	8,354,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 7)	**(3,957,396)**	(11,096,624)
Proceeds from sale of property and equipment	**310,000**	5,481,865
Decrease (increase) in security deposits	**43,050**	(212,800)
Net cash used investing activities	**(3,604,346)**	(5,827,559)
NET INCREASE (DECREASE) IN CASH	**(4,841,695)**	2,526,835
CASH AT BEGINNING OF YEAR	**11,363,181**	8,836,346
CASH AT END OF YEAR	**₱6,521,486**	₱11,363,181

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

International Care Ministries Foundation Inc. (the Foundation) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC) on July 5, 1993. The Foundation was organized to make available Christian services for the glory of God in all aspects of community development, provide livelihood activities, leadership and comprehensive training for the less privileged. The Foundation is part of the International Care Ministries (ICM), a nonstock, nonprofit organization incorporated in Hong Kong. Being part of the ICM organization, the Foundation receives support from sponsors to enable it to carry out its objectives and continue as a going concern.

The Foundation is exempt from payment of income tax under the 1997 National Internal Revenue Code, Section 30 (e), for non-stock corporation organized and operated exclusively for religious and charitable institutions.

The financial statements were approved and authorized for issue by the Foundation's Board of Trustees (BOT) on September 4, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements were prepared under the historical cost convention and are presented in Philippine Peso (₱), which is the Foundation's functional and presentation currency. All amounts were rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The financial statements of the Foundation have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Financial Instruments

Cash

Cash includes cash on hand and in banks.

Receivables

Receivables pertain to advances to a related party, officers and employees and a third party which are subject for liquidation or refund. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

The carrying amount of the receivable shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the statement of revenue and expenses.

Security and Containers' Deposits

Security deposits represent rental deposits to the lessor related to lease properties, while containers' deposits represent deposits to the shipping lines related to shipments of inventories. Deposits are measured at amortized cost.

Accounts Payable and Others
Accounts payable and others are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Foundation is established. These amounts are measured at the amount paid or payable.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost comprises the invoice amount and other directly attributable costs incurred in bringing the inventories to their present location and condition. NRV is determined by adjusting for inventory obsolescence generally provided for damaged inventories.

Prepaid Expenses
Prepaid expenses are amortized over the period covered by the payment and charged to the appropriate accounts in the statement of revenue and expenses when incurred.

Prepaid expenses that are expected to be realized for no more than 12 months after the reporting period are classified as current assets, otherwise these are classified as other noncurrent assets.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of property and equipment when that cost is incurred and if the recognition criteria are met. Cost excludes the day-to-day servicing of the asset.

The depreciation of the property and equipment commences when the asset is available for use. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

	Number of Years
Buildings and improvements	10-30
Vehicles	4-10
Office furniture and equipment	3-5

Leasehold improvements are amortized over the estimated useful life of the improvements ranging from two to five years or the term of the lease, whichever is shorter.

If there is an indication that there has been a significant change in the estimated useful life of an item of property and equipment, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation, and any impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is recognized in the statement of revenue and expenses.

Impairment of Property and Equipment

At each financial reporting date, property and equipment 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 is estimated and compared with its carrying amount. The recoverable amount of the property and equipment is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of revenue and expenses.

If an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in the statement of statement of revenue and expenses.

Fund Balance

General fund represents the initial contribution of the members of the BOT. This is available for use in operations of the Foundation and disbursement from which is subject to approval.

Fund balance includes the cumulative balance of excess of revenue over expenses, effect of any change in accounting policy and other fund balance adjustments.

Revenue Recognition

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

Donations

Donations are recognized when actually received, earned or when right to receive is established. Donations of goods mainly consist of Nutripacks and shoes.

Interest Income

Interest income is recognized as it accrues.

Other Income

Other income is recognized when the related services or goods have been rendered or delivered and right to receive payment is established.

Costs and Expenses

Costs and expenses are recognized in the statement of revenue and expenses when decrease in future economic benefits related to the decrease in an asset or an increase in liability has arisen and can be measured reliably. These are recognized in the period they are incurred and measured at the amount paid or payable.

Project Costs

Project costs are recognized when costs associated to the delivery of goods and services to beneficiaries or members that fulfill the Foundation's mission are incurred.

General and Administrative Expenses
General and administrative expenses constitute costs of administering the operations and are expensed as incurred.

Retirement Benefits Cost
The cost of providing retirement benefits is determined using the projected unit credit method. The method reflects services rendered by the employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits cost include current service, experience adjustments and changes in actuarial assumptions. Actuarial gains and losses and past service costs are recognized in its entirety in the statement of revenue and expenses.

The present value of the obligation (PVO) is the actuarial present value of expected future payments required to settle the obligation resulting from employee service in current and prior periods. The calculation of the PVO assumes that the plan continues to be in effect and that estimated future events (including compensation increases, turnover and mortality) occur.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenario a, c, or d and at the date of renewal or extension period for scenario b.

Foundation as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the statement of revenue and expenses on a straight-line basis over the lease term.

Provisions and Contingencies
Provisions are recognized when the Foundation 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.

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

Events After Reporting Date
Events after the financial reporting date that provide additional information about the Foundation's position at the end of the financial reporting date (adjusting events) are reflected in the financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in compliance with PFRS for SMEs requires the Foundation to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of dates of the financial statements. Actual results could differ from estimates and assumptions used.

Judgments
In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Operating lease - Foundation as a lessee
The Foundation has entered into commercial property leases where the Foundation has determined that the significant risks and rewards for the leased properties are retained by the lessors.

Rent expense amounted to ₱3,861,816 and ₱3,169,551 for the years ended May 31, 2015 and 2014, respectively (see Notes 9, 10 and 13).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of the asset and liabilities within the next financial year are discussed below.

Impairment of property and equipment
The Foundation determines whenever there is any indication that its property and equipment are impaired. Indicators of impairment include physical deterioration and change in expected use of the asset, and negative cash flows from operations, among others. Future events could cause management to conclude that these assets may be impaired.

The carrying value of property and equipment amounted to ₱27,341,911 and ₱28,752,839 as of May 31, 2015 and 2014, respectively (see Note 7).

Retirement benefits cost and obligation
The determination of the Foundation's obligation and pension benefits cost is dependent on management's selection of certain assumptions in calculating such amounts. While the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Foundation's retirement benefit cost and obligation.

Retirement benefits cost amounted to ₱1,240,474 and ₱1,948,648 in 2015 and 2014, respectively. Accrued retirement benefits amounted to ₱6,183,810 and ₱5,075,778 as of May 31, 2015 and 2014, respectively (see Note 12).

4. **Receivables**

This account consists of:

	2015	2014
Advances to:		
ICMManila, Inc. (ICMMI) (Note 11)	**₱1,143,802**	₱448,053
Officers and employees	**1,061,533**	1,822,437
Others	**426,000**	426,000
	₱2,631,335	₱2,696,490

Advances to officers and employees are for travels or other expenses related to program activities or administrative purposes which are subject to liquidation.

5. **Inventories –** at Cost

This account consists of:

	2015	2014
Nutripacks	**₱59,148,680**	₱48,170,209
Supplies	**1,956,734**	2,942,972
Shoes	**1,444,740**	10,582,550
Others	**436,645**	213,605
	₱62,986,799	₱61,909,336

6. **Other Current Assets**

This account consists of:

	2015	2014
Rental deposits (Note 13)	**₱303,600**	₱232,800
Containers' deposits	**185,000**	343,000
Prepaid expenses	**53,000**	111,166
	₱541,600	₱686,966

7. Property and Equipment

As of May 31, 2015:

	Land	Buildings and Improvements	Leasehold Improvements	Office Furniture and Equipment	Vehicles	Construction in Progress	Total
Cost							
Beginning balances	**₱2,944,950**	**₱22,704,464**	**₱923,974**	**₱3,934,604**	**₱11,461,902**	**₱–**	**₱41,969,894**
Additions	–	–	–	**1,302,396**	**2,655,000**	–	**3,957,396**
Disposals	–	–	–	–	**(692,139)**	–	**(692,139)**
Ending balances	**2,944,950**	**22,704,464**	**923,974**	**5,237,000**	**13,424,763**	–	**45,235,151**
Accumulated Depreciation and Impairment Losses							
Beginning balances	–	**7,594,327**	**288,527**	**1,732,188**	**3,602,013**	–	**13,217,055**
Depreciation (Note 10)	–	**616,095**	**260,262**	**1,297,354**	**2,914,689**	–	**5,088,400**
Disposals	–	–	–	–	**(412,215)**	–	**(412,215)**
Ending balances	–	**8,210,422**	**548,789**	**3,029,542**	**6,104,487**	–	**17,893,240**
Net Book Values	**₱2,944,950**	**₱14,494,042**	**₱375,185**	**₱2,207,458**	**₱7,320,276**	**₱–**	**₱27,341,911**

As of May 31, 2014:

	Land	Buildings and Improvements	Leasehold Improvements	Office Furniture and Equipment	Vehicles	Construction in Progress	Total
Cost							
Beginning balances	₱4,920,390	₱18,956,599	₱532,864	₱2,152,074	₱7,720,902	₱500,000	₱34,782,829
Additions	–	3,247,865	391,110	1,782,530	5,814,700	–	11,236,205
Disposals	(1,975,440)	–	–	–	(2,073,700)	–	(4,049,140
Reclassification	–	500,000	–	–	–	(500,000)	–
Ending balances	2,944,950	22,704,464	923,974	3,934,604	11,461,902	–	41,969,894
Accumulated Depreciation and Impairment Losses							
Beginning balances	–	6,964,882	50,618	1,020,184	2,590,238	–	10,625,922
Depreciation (Note 10)	–	629,445	237,909	712,004	2,007,324	–	3,586,682
Disposals	–	–	–	–	(995,549)	–	(995,549)
Ending balances	–	7,594,327	288,527	1,732,188	3,602,013	–	13,217,055
Net Book Values	₱2,944,950	₱15,110,137	₱635,447	₱2,202,416	₱7,859,889	₱–	₱28,752,839

Donations of property and equipment amounted to ₱139,581 in 2014 (nil in 2015). The cost of fully depreciated property and equipment that are still in use amounted to ₱1,016,849 and ₱1,083,006 as of May 31, 2015 and 2014, respectively.

8. Accounts Payable and Others

	2015	2014
Accounts payable and accruals	**₱2,306,653**	₱1,232,989
Withholding taxes, SSS, Philhealth, and HDMF premiums payable	**757,086**	637,939
	₱3,063,739	₱1,870,928

9. **Project Costs**

As of May 31, 2015:

	Strategic Program	**Program Development**	**Health Services Program**	**Vision**	**Special Project**	**Others***	**Total**
Consumption of Nutripacks	**₱131,289,446**	**₱9,133,671**	**₱650,676**	**₱–**	**₱–**	**₱4,334,441**	**₱145,408,234**
Payroll and other employee benefits	**44,379,154**	**7,461,068**	**3,130,801**	–	–	**1,165,953**	**56,136,976**
Transportation and travel	**15,333,189**	**2,056,632**	**370,741**	**4,987,248**	**2,021,997**	**854,735**	**25,624,542**
Training expenses	**6,387,353**	**3,350,255**	**27,802**	–	–	**287,274**	**10,052,684**
Distribution of Toms shoes	**9,697,397**	–	–	–	–	–	**9,697,397**
Office and medical supplies	**5,890,797**	**302,069**	**1,817,769**	–	–	**55,318**	**8,065,953**
Meals	**4,379,467**	**2,944**	**680,520**	**2,353,953**	–	–	**7,416,884**
Meeting Expenses	**1,378,914**	**5,273,805**	**78,184**	–	–	**9,005**	**6,739,908**
Scholarships	**5,935,780**	–	**333,265**	–	–	–	**6,269,045**
Repairs and Maintenance	**3,995,545**	**860,965**	**195,665**	–	–	**33,474**	**5,085,649**
Utilities	**2,716,888**	**556,326**	**470,550**	–	–	**31,194**	**3,774,958**
Rent (Note 13)	**1,845,822**	**465,146**	**260,677**	–	–	**25,025**	**2,596,670**
Outside services	**173,424**	**37,334**	**355,483**	–	–	**201,136**	**767,377**
Others	**6,541,499**	**4,206,428**	**215,498**	–	–	**25,486,292**	**36,449,717**
	₱239,944,675	**₱33,706,643**	**₱8,587,631**	**₱7,341,201**	**₱2,021,997**	**₱32,483,847**	**₱324,085,994**

As of May 31, 2014:

	Strategic Program	Program Development	Health Services Program	Vision	Special Project	Others*	Total
Consumption of Nutripacks	₱84,976,644	₱9,109,432	₱1,063,075	₱–	₱–	₱37,665,531	₱132,814,682
Payroll and other employee benefits	34,513,810	5,147,345	3,506,644	–	–	7,157	43,174,956
Transportation and travel	9,150,821	1,344,470	383,515	3,482,589	2,713,092	–	17,074,487
Office and medical supplies	3,803,992	–	–	–	–	–	15,931,909
Distribution of Toms shoes	15,931,909	–	2,177,784	–	–	–	6,289,974
Meals	3,719,844	1,026	660,658	722,850	–	–	5,104,378
Meeting expenses	491,062	3,477,770	53,768	–	–	–	4,022,600
Training expenses	3,200,784	473,353	32,329	–	–	–	3,706,466
Scholarships	3,300,080	–	261,702	–	–	–	3,561,782
Repair and maintenance	2,677,168	576,902	235,551	–	–	–	3,489,621
Utilities	1,368,381	399,242	409,955	–	–	–	2,177,578
Rent (Note 13)	1,381,629	445,641	224,854	–	–	–	2,052,124
Outside services	124,089	46,414	576,352	–	–	–	746,855
Others	5,163,860	3,127,644	270,282	–	–	16,029,685	24,591,471
	₱169,804,073	₱24,457,437	₱9,856,469	₱4,205,439	₱2,713,092	₱53,702,373	₱264,738,883

** Others consist mainly of costs related to the disaster relief operations for the victims of Typhoon Yolanda (International name "Haiyan") that hit the Philippines in November 2013. This includes donations of nutripacks, medical supplies and other donations in kind and training-related expenses for disaster preparedness program.*

10. **General and Administrative Expenses**

	2015	2014
Payroll and other employee benefits (Note 12)	**₱10,569,927**	₱8,905,704
Depreciation (Note 7)	**5,088,400**	3,586,682
Consumption of nutripacks	**4,657,280**	2,029,350
Rent (Note 13)	**1,265,146**	1,117,427
Utilities	**1,228,280**	934,532
Transportation and travel	**771,465**	1,349,001
Training expenses	**643,874**	1,514,057
Repair and maintenance	**490,882**	417,747
Office supplies	**461,736**	779,502
Meeting expenses	**253,961**	230,405
Others	**1,423,970**	1,345,808
	₱26,854,921	₱22,210,215

11. **Related Party Transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or trustees.

The following are the Foundation's significant related party transactions:

a. ICM, a non-stock, non-profit organization, having common directors with the Foundation, provides the operating fund requirements of the Foundation. Donations received from ICM Hong Kong amounted to ₱156,473,702 and ₱120,292,091 for the years ended May 31, 2015 and 2014, respectively.

b. The Foundation's financial and administrative functions are handled by ICMMI (a nonstock, nonprofit organization with common directors) at no cost to the Foundation. The Foundation also obtains/provides advances from/to ICMMI. Advances to ICMMI amounted to ₱1,143,802 and ₱448,053 as of May 31, 2015 and 2014, respectively.

12. **Retirement Benefits**

The components of retirement benefit obligation based on an actuarial valuation report are presented below.

The components of retirement benefits recognized in statement of revenue and expenses are as follows:

	2015	2014
Current service cost	**₱971,458**	₱868,563
Interest cost	**269,016**	161,336
Net actuarial gain	–	(196,349)
Transition liability	–	1,115,098
Retirement benefits cost (Note 10)	**₱1,240,474**	₱1,948,648

Movements in accrued retirement benefits as of May 31 are as follows:

	2015	2014
Balance at beginning of year	**₱5,075,778**	₱3,650,134
Current service cost	**971,458**	868,563
Interest cost	**269,016**	161,336
Net actuarial gain	–	(196,349)
Transition liability	–	1,115,098
Payment	**(132,442)**	(523,004)
Balances at end of year	**₱6,183,810**	₱5,075,778

The discount rate and salary increase rate used to determine retirement benefits were 5.30% and 4% in 2015 and 2014.

13. Lease Agreements

The Foundation leases various office spaces in 2015 and 2014 for periods ranging from one to five years, renewable upon mutual agreement between the parties. Rental deposits amounted to ₱923,200 and ₱895,450 as of May 31, 2015 and 2014, respectively (of which, ₱303,600 and ₱232,800 as of May 31, 2015 and 2014, respectively, is shown as "Other current assets" in Note 6). The rental deposits will be applied against unpaid obligation of the Foundation at the end of the lease term, provided that whatever remaining amount after payment of unpaid obligation shall be returned to the Foundation. The Foundation may pre-terminate the contract, provided that, prior to the termination, a written notice shall be given to the lessors.

Rental expense amounted to ₱3,861,816 and ₱3,169,551 for the years ended May 31, 2015 and 2014, respectively (see Notes 9 and 10).

14. Supplementary Information Required under Revenue Regulation 15-2010

Summarized below are the taxes paid or accrued by the Foundation for the fiscal year 2015:

Taxes and Licenses

Total amount paid by the Foundation for the taxes and licenses in 2015 amounted to ₱170,281 included under "Others" classified as "General and Administrative Expenses" in the statement of revenue and expenses.

Business permits and licenses	₱115,070
Real property tax	53,490
Others	1,721
	₱170,281

Withholding Taxes

The following are the categories of the Foundation's withholding taxes:

	Paid	Accrued
Withholding taxes on compensation and benefits	₱1,383,879	₱34,752
Expanded withholding taxes	261,114	21,696
	₱1,644,993	₱56,448

Accrued withholding taxes are included in "Accounts payable and others" in the Foundation's statement of financial position.

ICMManila, Inc.
(A Nonstock, Nonprofit Association)

Financial Statements
May 31, 2015 and 2014

and

Independent Auditors' Report

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
ICMManila, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of ICMManila, Inc. (a nonstock, nonprofit corporation), which comprise the statements of financial position as at May 31, 2015 and 2014, and the statements of revenue and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV
Building a better working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ICMManila, Inc. as at May 31, 2015 and 2014 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.

Report on the Supplementary Information Required Under Revenue Regulation 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 Regulation 15-2010 in Note 10 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 ICMManila, 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.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
March 8, 2012, valid until April 30, 2015
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 4751326, January 5, 2015, Makati City

September 4, 2015

ICMMANILA, INC.
(A Nonstock, Nonprofit Association)

STATEMENTS OF FINANCIAL POSITION

	May 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**₱1,494,261**	₱20,779
Receivables (Note 4)	**48,314**	193,686
Prepayments and other current assets	**123,873**	–
Total Current Assets	**1,666,448**	214,465
Noncurrent Assets		
Property and equipment (Note 5)	**620,979**	528,427
Other noncurrent assets (Note 9)	**425,250**	425,250
Total Noncurrent Assets	**1,046,229**	953,677
TOTAL ASSETS	**₱2,712,677**	₱1,168,142
LIABILITIES AND FUND BALANCE		
Current Liability		
Accounts payable and others (Notes 6 and 7)	**₱2,269,272**	₱939,908
Noncurrent Liability		
Accrued retirement benefits (Note 8)	**2,113,108**	1,720,033
Total Liabilities	**4,382,380**	2,659,941
Fund Balance		
General fund (Note 7)	**1,000,000**	1,000,000
Accumulated deficit of revenue over expenses	**(2,669,703)**	(2,491,799)
Total Fund Deficiency	**(1,669,703)**	(1,491,799)
TOTAL LIABILITIES AND FUND BALANCE	**₱2,712,677**	₱1,168,142

See accompanying Notes to Financial Statements.

ICMMANILA, INC.
(A Nonstock, Nonprofit Association)

STATEMENTS OF REVENUE AND EXPENSES

	Years Ended May 31	
	2015	2014
REVENUE		
Donations from ICM Hong Kong (Note 7)	**₱25,165,000**	₱17,054,114
Others	**9,010**	16,000
	25,174,010	17,070,114
EXPENSES		
Payroll and other employee benefits (Notes 7 and 8)	**12,070,240**	8,750,434
Transportation and travel	**5,507,200**	4,858,710
Utilities	**1,780,799**	1,222,498
Rent (Note 9)	**1,573,489**	1,541,600
Consulting fee	**1,545,154**	1,190,519
Meeting expenses	**544,513**	77,942
Depreciation (Note 5)	**343,386**	202,210
Office supplies	**281,133**	287,047
Others (Note 6)	**1,707,116**	1,476,634
	25,353,030	19,607,594
OTHER INCOME		
Interest income	**589**	534
Others	**527**	12,000
	1,116	12,534
DEFICIT OF REVENUE OVER EXPENSES	**(₱177,904)**	(₱2,524,946)

See accompanying Notes to Financial Statements.

ICMMANILA, INC.
(A Nonstock, Nonprofit Association)
STATEMENTS OF CHANGES IN FUND BALANCE

	General Fund	Accumulated Deficiency of Revenue Over Expenses	Total
BALANCES AT MAY 31, 2013	₱1,000,000	₱33,147	₱1,033,147
Deficit of revenue over expenses for the year	–	(2,524,946)	(2,524,946)
BALANCES AT MAY 31, 2014	1,000,000	(2,491,799)	(1,491,799)
Deficit of revenue over expenses for the year	–	(177,904)	(177,904)
BALANCES AT MAY 31, 2015	**₱1,000,000**	**(₱2,669,703)**	**(₱1,669,703)**

See accompanying Notes to Financial Statements.

ICMMANILA, INC.
(A Nonstock, Nonprofit Association)

STATEMENTS OF CASH FLOWS

	Years Ended May 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**(₱177,904)**	(₱2,524,946)
Adjustments for:		
Retirement benefit expense (Note 8)	**393,075**	679,601
Depreciation (Note 5)	**343,386**	202,210
Interest income	**(589)**	(534)
Gain on sale of property and equipment	–	(12,000)
Donation in kind (Note 5)	–	(16,000)
Excess (deficit) of revenue over expenses before working capital changes	**557,968**	(1,671,669)
Decrease (increase) in:		
Receivables	**145,372**	973,645
Prepayments and other current assets	**(123,873)**	130,834
Increase in accounts payable and others	**1,329,364**	742,946
Net cash generated from operations	**1,908,831**	175,756
Interest received	**589**	534
Net cash provided by operating activities	**1,909,420**	176,290
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	–	12,000
Acquisitions of property and equipment (Note 5)	**(435,938)**	(384,105)
Payment for security deposits	–	(425,250)
Net cash used in investing activities	**(435,938)**	(797,355)
NET INCREASE (DECREASE) IN CASH	**1,473,482**	(621,065)
CASH AT BEGINNING OF YEAR	**20,779**	641,844
CASH AT END OF YEAR	**₱1,494,261**	₱20,779

See accompanying Notes to Financial Statements.

1. Corporate Information

ICMManila, Inc. (the "Foundation") is a nonstock, nonprofit association registered with the Philippine Securities and Exchange Commission (SEC) on June 28, 2010. The Foundation was organized to make available Christian services for the glory of God in all aspects of community development, provide livelihood activities, leadership and comprehensive training for the less privileged. It is a Christian non-stock, non-profit and non-denominational organization, established for charitable purposes. The Foundation is part of the International Care Ministries (ICM), a non-stock, non-profit organization incorporated in Hong Kong. Being part of the ICM, the Foundation receives support from sponsors to enable it to carry out its objectives and continue as a going concern.

The Foundation is exempt from payment of income tax under the 1997 National Internal Revenue Code, Section 30 (e), for nonstock corporation organized and operated exclusively for religious and charitable institutions.

On November 22, 2013, the SEC approved the Foundation's application for the registration of its new business address at Unit 3203 Antel Global Corporate Center, Julia Vargas Ave., Ortigas Center, San Antonio Pasig.

Authorization to Issue the Financial Statements
The financial statements were approved and authorized for issue by the Foundation's Board of Trustees (BOT) on September 4, 2015.

2. Summary of Significant Accounting

Basis of Preparation
The accompanying financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is the Foundation's functional and presentation currency. All amounts are rounded off to the nearest Peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Foundation have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Financial Instruments
Cash
Cash includes cash on hand and in banks.

Receivables
Receivables include advances to officers and employees which are subject to liquidation. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

The carrying amount of the receivable shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the statement of revenue and expenses.

Security Deposits
Security deposits represent rental deposits to the lessor related to lease properties and are measured at amortized cost.

Accounts Payable and Others
Accounts payable and others are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Foundation is established.

Prepayments
Prepayments are amortized over the period covered by the payment and charged to the appropriate accounts in the statement of revenue and expenses when incurred.

Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise these are classified as other noncurrent assets.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of property and equipment when that cost is incurred and if the recognition criteria are met. Cost excludes the day-to-day servicing of the asset.

The depreciation of the property and equipment commences when the asset is available for use. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

Office equipment	3
Transportation equipment	4
Furniture and fixtures	5

Leasehold improvements are amortized over the estimated useful life of the improvements or the lease term, whichever is shorter.

If there is an indication that there has been a significant change in the estimated useful life of an item of property and equipment, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation, and any impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is recognized in the statement of revenue and expenses.

Impairment of Property and Equipment
At each financial reporting date, property and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. The recoverable amount of property and equipment is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows

are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of revenue and expenses.

If an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in the statement of revenue and expenses.

Fund Balance (Deficiency)
General fund represents the initial contribution of the members of the BOT. This is available for use in operations of the Foundation and disbursement from which is subject to approval.

Fund balance includes the cumulative balance of excess (deficit) of revenue over expenses, effect of any change in accounting policy and other fund balance adjustments.

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

Donations
Donations are recognized when actually received, earned or when right to receive is established.

Interest Income
Interest income is recognized as it accrues.

Other Income
Other income is recognized when the related services or goods have been rendered or delivered and right to receive payment is established.

Expenses
Expenses are recognized in the statement of revenue and expenses when decrease in future economic benefits related to the decrease in an asset or an increase in liability has arisen and can be measured reliably. Expenses are recognized in the period they are incurred and measured at the amount paid or payable.

Retirement Benefits Cost
The cost of providing retirement benefits is determined using the projected unit credit method. The method reflects services rendered by the employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits cost include current service, experience adjustments and changes in actuarial assumptions. Actuarial gains and losses and past service costs are recognized in their entirety in the statement of revenue and expenses.

The present value of the obligation (PVO) is the actuarial present value of expected future payments required to settle the obligation resulting from employee service in current and prior periods. The calculation of the PVO assumes that the plan continues to be in effect and that estimated future events (including compensation increases, turnover and mortality) occur.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d. there is a substantial change to the asset.

Where re-assessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenario a, c, or d and at the date of renewal or extension period for scenario b.

Foundation as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the statement of revenue and expenses on a straight-line basis over the lease term.

Provisions and Contingencies
Provisions are recognized when the Foundation 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Events After Reporting Date
Events after the financial reporting date that provide additional information about the Foundation's position at the end of the financial reporting date (adjusting events) are reflected in the financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements in compliance with PFRS for SMEs requires the Foundation to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of dates of the financial statements. Actual results could differ from estimates and assumptions used.

Judgments
In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Impairment of property and equipment
The Foundation determines whenever there is any indication that its property and equipment are impaired. Indicators of impairment include physical deterioration of the asset, among others. Future events could cause management to conclude that these assets may be impaired.

As of May 31, 2015 and 2014, management believes that no indicators of impairment exist for the Foundation's property and equipment. The carrying value of property and equipment amounted to ₱620,979 and ₱528,427 as of May 31, 2015 and 2014, respectively (see Note 5).

Operating lease - Foundation as a lessee
The Foundation has entered into a commercial property lease where the Foundation has determined that the significant risks and rewards for the leased property are retained by the lessor. Rent expense amounted to ₱1,573,489 and ₱1,541,600 for the years ended May 31, 2015 and 2014, respectively (see Note 9).

Estimate and Assumption
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of the asset and liabilities within the next financial year are discussed below.

Retirement benefits cost and obligation
The determination of the Foundation's retirement obligation and pension benefits cost is dependent on management's selection of certain assumptions in calculating such amounts. While the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Foundation's retirement benefit cost and obligation.

Retirement benefits cost amounted to ₱393,075 and ₱679,601 in 2015 and 2014, respectively. Accrued retirement benefits amounted to ₱2,113,108 and ₱1,720,033 as of May 31, 2015 and 2014, respectively (see Note 8).

4. **Receivables**

This account consists of advances to officers and employees amounting to ₱48,314 and ₱193,686 as of May 31, 2015 and 2014, respectively. These are for travels or other expenses related to program activities or administrative purposes which are subject to liquidation.

5. **Property and Equipment**

As of May 31, 2015:

	Transportation Equipment	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost					
Beginning balances	**₱33,000**	**₱795,278**	**₱236,234**	**₱14,871**	**₱1,079,383**
Additions	–	**413,138**	**22,800**	–	**435,938**
Disposals	**(33,000)**	**(38,073)**	**(100,000)**	–	**(171,073)**
Ending balances	–	**1,170,343**	**159,034**	**14,871**	**1,344,248**
Accumulated Depreciation					
Beginning balances	**16,500**	**437,451**	**92,874**	**4,131**	**550,956**
Depreciation for the year	**16,500**	**278,836**	**43,093**	**4,957**	**343,386**
Disposals	**(33,000)**	**(38,073)**	**(100,000)**	–	**(171,073)**
Ending balances	–	**678,214**	**35,967**	**9,088**	**723,269**
Net Book Values	**₱–**	**₱492,129**	**₱123,067**	**₱5,783**	**₱620,979**

As of May 31, 2014:

	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost					
Beginning balances	₱33,000	₱583,728	₱100,000	₱–	₱716,728
Additions	–	249,000	136,234	14,871	400,105
Disposals		(37,450)	–	–	(37,450)
Ending balances	33,000	795,278	236,234	14,871	1,079,383
Accumulated Depreciation					
Beginning balances	8,250	309,613	68,333	-	386,196
Depreciation for the year	8,250	165,288	24,541	4,131	202,210
Disposals	–	(37,450)	–	–	(37,450)
Ending balances	16,500	437,451	92,874	4,131	550,956
Net Book Values	₱16,500	₱357,827	₱143,360	₱10,740	₱528,427

Donations of property and equipment amounted to ₱16,000 in May 31, 2014 (nil in 2015). The cost of fully depreciated property and equipment that are still in use amounted to ₱336,256 and ₱209,231 as of May 31, 2015 and 2014, respectively.

6. **Accounts Payable and Others**

	2015	2014
Advances from ICMFI (Note 7)	**₱1,143,802**	₱448,053
Accounts payable and accrued expenses	**770,635**	282,428
Others	**354,835**	209,427
	₱2,269,272	₱939,908

Others consist of provisions and accruals for withholding taxes payable and other mandatory contributions and liabilities to government agencies. The related expense is included under “Others” classified as “Expenses” in the statement of revenue and expenses.

7. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or trustees. The following are the Foundation's significant related party transactions:

a. International Care Ministries (ICM), a non-stock, non-profit organization having common directors with the Foundation, provides the operating fund requirements of the Foundation. Donations received from ICM amounted to ₱25,165,000 and ₱17,054,114 for the years ended May 31, 2015 and 2014, respectively.

b. Initial contribution of the members of the BOT at the inception of the Foundation amounted to ₱1,000,000. This is presented as "General fund" in the statement of financial position.

c. The Foundation handles the financial and administrative functions of International Care Ministries Foundation, Inc. (ICMFI), a nonstock, nonprofit organization with common directors with the Foundation, at no cost to ICMFI. Certain costs and expenses of the Foundation are paid for by ICMFI subject to reimbursement. Advances from ICMFI amounted to ₱1,143,802 and ₱448,053 as of May 31, 2015 and 2014, respectively (see Note 6).

8. Retirement Benefits

The components of retirement benefit obligation based on an actuarial valuation report are presented below.

The components of retirement benefits recognized in statement of revenue and expenses are as follows:

	2015	2014
Current service cost	**₱301,912**	₱217,345
Interest cost	**91,163**	45,987
Transition liability	–	325,640
Net actuarial loss	–	90,629
Retirement benefits cost	**₱393,075**	₱679,601

Changes in accrued retirement benefits as of May 31 are as follows:

	2015	2014
Balance at beginning of year	**₱1,720,034**	₱1,040,432
Current service cost	**301,912**	217,345
Interest cost	**91,162**	45,987
Net actuarial loss	–	90,629
Transition liability	–	325,640
Balances at end of year	**₱2,113,108**	₱1,720,033

The discount rate and salary increase rate used to determine the retirement benefits were 5.30% and 4% in 2015 and 2014.

9. **Lease Agreement**

In July 2013, the Foundation entered into a lease agreement covering its new office space from July 15, 2013 to July 15, 2016. The agreement provides for renewal only when new terms and conditions have been mutually agreed to in writing by the Foundation and the lessor.

Security deposits related to the lease agreement amounted to ₱425,250 as of May 31, 2015 and 2014 and is classified under "Other noncurrent assets" accounts in the statement of financial position. Rental expense amounted to ₱1,573,489 and ₱1,541,600 for the years ended May 31, 2015 and 2014, respectively.

10. **Supplementary Information Required under Revenue Regulation 15-2010**

Summarized below are the taxes paid or accrued by the Foundation for the fiscal year 2015:

Taxes and License Fees
Total amount paid by the Foundation for the taxes and licenses in 2015 amounted to ₱1,010 included under "Others" classified as "Expenses" in the statement of revenue and expenses.

Withholding Taxes
The following are the categories of the Foundation's withholding taxes:

	Paid	Accrued
Withholding taxes on compensation and benefits	₱1,204,209	₱102,279
Expanded withholding taxes	260,401	31,135
	₱1,464,610	₱133,414

Accrued withholding taxes are included in "Accounts payable and others" in the Foundation's statement of financial position.