

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The management of **LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**, a *non-stock, non-profit entity*, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal year ended March 31, 2021 and 2022, in accordance with the prescribed financial reporting framework indicated therein, 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 Company'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 Company or to cease operations, or has no realistic alternative to do so.

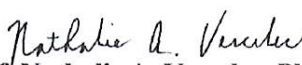
The Board of Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the trustees or members.

**MS. GLENNIES JOY E. RACUYA**, the independent auditor appointed by the Board of Trustees for 2021, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its opinion on the fairness of presentation upon completion of such audit.

  
**Sylvia Estrada-Claudio, MD, PhD**  
Chair of the Board

  
**Junice Lirza Demeterio-Melgar, MD**  
Executive Director

  
**Prof. Nathalie A. Verceles, PhD**  
Treasurer

Signed this 28th day of April 2022

**LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**

Quezon City, Philippines

**REPORT ON EXAMINATION**

March 31, 2022

PHILIPPINE PESO

**GLENNIES JOY E. RACUYA**  
**Certified Public Accountant**

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# GLENNIES JOY E. RACUYA

**Certified Public Accountant**

Address: 724 Lupang Pari, Teachers Village, San Miguel Pasig City

Contact No.: 0917-651-9373/0930-279-4045

Email Address: glenniesjoyencarnacion@gmail.com

## REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY INCOME TAX RETURN

### LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.

*A Non-stock Non-Profit Organization*

27 Ofelia St., Bgy. Bahay Toro  
Project 8, Quezon City

Sir/Madam:

I have examined the financial statements of **LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**, a *non-stock, non-profit organization*, for the year ended March 31, 2022, on which I have rendered the attached report dated June 28, 2022.

In compliance with Revenue Regulations V-20, I am stating that I am not related by consanguinity or affinity to the Executive Director, Trustees and principal members of the Organization.



**GLENNIES JOY E. RACUYA**  
Certified Public Accountant

CPA Cert. No. 159356

Tax Identification No. 446-730-169

BOA Accreditation No. 8106 issued on June 23, 2021  
valid until July 31, 2023

BIR Accreditation No. 07-100321-001-2021 issued on July 19, 2021  
valid until July 19, 2024

PTR No 8157074 – January 12, 2022, Pasig City

June 28, 2022



# GLENNIES JOY E. RACUYA

**Certified Public Accountant**

Address: 724 Lupang Pari, Teachers Village, San Miguel Pasig City

Contact No.: 0917-651-9373/0930-279-4045

Email Address: glenniesjoyencarnacion@gmail.com

## REPORT OF INDEPENDENT AUDITOR

### LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.

*A Non-stock Non-Profit Organization*

27 Ofelia St., Brgy Bahay Toro

Project 8, Quezon City

#### *Opinion*

I have audited the accompanying financial statements of **LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**, a non-stock, non-profit organization, which comprise the Statements of Financial Position as at March 31, 2022 and 2021, and the Statements of Financial Activity and Fund Balances and its Statements of Cash Flows for the fiscal years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**, a non-stock, non-profit organization, as of March 31, 2022 and 2021 and of its financial performance and its cash flows for the fiscal years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

#### *Basis for Opinion*

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards in the Philippines 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. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as going, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Bureau of Internal Revenue  
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10/10/2022

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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 a part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial statement 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 Corporation'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

I 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 I identify during our audit.

Bureau of Internal Revenue  
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Doris V. Sarachis  
Collection Section

***Report on the Supplementary Information Required Under Revenue Regulation 15-2010***

My audit was conducted for the purpose of forming an opinion on the basis financial statements taken as a whole. The supplementary information on taxes, duties and license fees in the notes is presented for purpose 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 management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
**GLENNIES JOY E. RACUYA**

Certified Public Accountant

CPA Cert. No. 159356

Tax Identification No. 446-730-169

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valid until July 31, 2023

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PTR No 8157074 – January 12, 2022, Pasig City

June 28, 2022

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Collection Section  
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**LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**

**STATEMENTS OF FINANCIAL POSITION**

March 31, 2022 and 2021

<b>ASSETS</b>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>P 40,926,994</b>	P 27,609,224
Other Current Assets	6	<b>356,228</b>	7,451,613
<b>Total Current Assets</b>		<b>41,283,222</b>	35,060,837
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net	7	<b>8,587,220</b>	9,602,180
<b>Total Non-Current Assets</b>		<b>8,587,220</b>	9,602,180
<b>TOTAL ASSETS</b>		<b>P 49,870,442</b>	P 44,663,017
<b>LIABILITIES AND FUND BALANCES</b>			
		<b>2022</b>	<b>2021</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	8	<b>P 1,937,115</b>	P 132,038
<b>NON-CURRENT LIABILITIES</b>			
Post-employment benefit obligation	9	<b>7,514,111</b>	6,158,021
<b>Total Liabilities</b>		<b>9,451,226</b>	6,290,059
<b>FUND BALANCES</b>			
Fund Balance, Ending	10	<b>31,831,996</b>	28,770,778
Donated property and equipment - net	7,10	<b>8,587,220</b>	9,602,180
<b>Total Fund Balances</b>		<b>40,419,216</b>	38,372,958
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>		<b>P 49,870,442</b>	P 44,663,017

*See accompanying Notes to Financial Statements*

**LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**

**STATEMENTS OF FINANCIAL ACTIVITY**

For the fiscal years ending March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Interest income	P 28,356	P 17,321
<b>Total Revenues</b>	<b>28,356</b>	<b>17,321</b>
<b>PROJECT FUNDS</b>		
Grants	37,199,125	36,154,698
Other funds	15,764,325	12,112,667
<b>Total Project Funds</b>	<b>52,963,450</b>	<b>48,267,365</b>
<b>TOTAL AVAILABLE FUNDS</b>	<b>52,991,806</b>	<b>48,284,686</b>
<b>PROJECT/PROGRAM EXPENSES</b>	<b>43,368,830</b>	<b>40,379,170</b>
<b>ADMINISTRATIVE EXPENSES</b>	<b>1,566,764</b>	<b>1,893,028</b>
<b>Total Expenses</b>	<b>44,935,595</b>	<b>43,225,507</b>
<b>EXCESS/(DEFICIT) OF REVENUES AND PROJECT FUNDS OVER EXPENSES</b>	<b>P 8,056,211</b>	<b>P 5,059,179</b>

*See accompanying Notes to Financial Statements*



**LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**  
**STATEMENTS OF CHANGES IN FUND BALANCES**  
For the fiscal years ending March 31, 2022 and 2021

	Notes	General Fund	Committed Fund	Property & Equipment	Total Fund Balance
Balance as of January 1, 2019, as reported	9	P 1,368,256	P 18,854,170	P 8,935,339	P 29,157,765
Balance as of April 1, 2020, as reported	9	P 1,562,955	P 14,728,846	P 7,861,576	P 24,153,377
Excess of receipts over expenses		(1,893,028)	7,992,096	(1,039,888)	5,059,179
Adjustments to fund balances	7,9	664,992	5,714,918	2,780,492	9,160,402
Balance at March 31, 2021, as reported	9	F 334,919	F 28,435,860	F 9,602,180	F 38,372,958
Balance as of April 1, 2021, as reported	9	P 334,919	P 28,435,860	P 9,602,180	P 38,372,958
Excess of receipts over expenses		969,000	8,279,865	(1,192,654)	8,056,211
Adjustments to fund balances	7,9	(337,765)	(3,769,863)	177,894	(6,009,954)
Balance at March 31, 2022, as reported	9	P 966,134	P 30,925,862	P 8,587,220	P 40,419,216

*See accompanying Notes to Financial Statements*

**LIKHAAN CENTER FOR WOMEN'S HEALTH, INC.**

**STATEMENTS OF CASH FLOWS**

For the fiscal years ending March 31, 2022 and 2021

	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess/(deficit) of revenues and funds over expenses	P	<b>8,056,211</b>	P 5,059,179
Adjustments to reconcile excess of receipts over expenses to net cash provided from operating activities			
Depreciation	7	<b>1,192,654</b>	1,039,888
Adjustment to fund balances	10	<b>(6,009,954)</b>	9,160,401
<b>Increase (decrease) in current assets</b>			
Other current assets	6	<b>7,095,386</b>	(2,028,253)
<b>Increase (decrease) in current liabilities</b>			
Accounts payable and accrued expenses	6	<b>1,605,076</b>	(143,610)
<b>Net cash provided by operating activities</b>		<b>12,139,375</b>	13,087,606
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Acquisition)/Disposition of property and equipment	6	<b>(177,694)</b>	(2,780,492)
<b>Net cash provided by (used for) investing activities</b>		<b>(177,694)</b>	(2,780,492)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Post-employment benefit obligation		<b>1,356,090</b>	1,131,117
<b>Net cash provided by (used for) financing activities</b>		<b>1,356,090</b>	1,131,117
<b>NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS</b>		<b>13,317,771</b>	11,438,231
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	5	<b>27,609,224</b>	16,170,992
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	5	<b>P 40,926,994</b>	P 27,609,224

*See accompanying Notes to Financial Statements*

**LIKHAAN CENTER FOR WOMEN'S HEALTH INC.**  
**(A Non-Stock, Non-Profit Organization)**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**1. Corporate Information**

Likhaan Center for Women's Health Inc. ("the Organization") is a non-stock, non-profit organization registered with the Securities and Exchange Commission on September 04, 2009 under SEC Registration No. CN 200913715. It was also registered with the Bureau of Internal Revenue under Revenue District no. 038 on October 6, 2009 with Tax Identification Number 007-360-512-000. The Organization was incorporated with SEC for the primary purpose of:

- a. developing projects and programs that promote and protect the health and human rights – especially reproductive health and reproductive rights of poor and marginalized women and their families, this shall include the establishment and operation of non-profit health facilities—such as clinics, mobile clinics, birthing homes and infirmaries—that primarily serve the poor and marginalized; and
- b. assisting poor and marginalized women and their families in various social problems, discrimination, violence and the like.

The Organization amended its articles of incorporation last March 31, 2017 to adopt revisions to its primary purpose and register new principal address and branch offices. The principal office is now located at No. 27 Ofelia St., Bgy. Bahay-Toro, Project 8, Quezon City while its branch offices are located at:

1. 354 Zaragosa St., Barangay 13, Tondo, City of Manila
2. 1909 Road 10, Brgy 107, Tondo, City of Manila
3. 7250 ME (A) Onyx St., San Andres Bukid, Sta. Ana, City of Manila
4. Units 1 B-D, Block 21, Lot 11, Dalagang Bukid St. Corner Karpa Alley, Barangay North Bay Boulevard South (NBBS), Navotas City
5. Tialo St., Barangay Minuyan Proper, City of San Jose Del Monte, Bulacan
6. Barangay Santo Niño, Quinapondan, Eastern Samar

On April 2, 2019, the Philippine Securities and Exchange Commission approved the amended to the Bylaws of the Organization which changes its fiscal year to April 1 – March 31.

*Approval of Financial Statements*

The accompanying financial statements for the year ended March 31, 2022, were authorized for issue by the Board of Trustees on June 28, 2022. However, the Board and the Organization's management are empowered to make amendments to the financial statements after issuance date.

*Programs/Project*

Likhaan Center for Women's Health Inc. received grants from donors/funders for specific projects in support of the primary purposes of the Organization.

Likhaan is accountable to these donors/funders for the disbursements of these funds in accordance with signed agreements. These funds are properly disbursed according to approved budgets and are monitored and reported regularly to the donee/funding agencies.

The projects being implemented for fiscal years ending in March 2022 and 2021 according to fund sources are as follows:

- a) The Global Affairs Canada (GAC) through InterPares (IP) funded the project entitled "Protecting Sexual and Reproductive Health Rights (SRHR) in the Philippines During Covid19". The project had a slow start in 2020 due to the continuing pandemic, The project aims to continue promoting Sexual and Reproductive Health Rights in

## Likhaan Notes to Financial Statements

the midst of the pandemic brought about by Covid19. For the year 2020 – 2021, the project's funding which was received in 2020 amounted to *P15,428,670*.

With the successful conclusion of the project funded by IP-GAC, another project entitled "*Strategic interventions to Build Momentum on Sexual and Reproductive Health*" also funded by IP-GAC commenced in September 2019 and will be implemented until March 2024. Total funding for the project amounted to *CAD1,445,485* and projected at *PHP54,072,576*. Likhaan received a total of *P7,067,349* funding for the project in fiscal year ending 2022.

- b) Likhaan signed a grant agreement with **Firetree Philanthropy** for the project "**Elaborating Community Based Adolescent and Youth SRHR**". The project period covered January 1, 2021 upto December 31, 2021. The project funding amounted to *USD 165,000* or *PHP 7,825,355.45* for the duration of the project. The project was renewed in January 2022 for another year and the committed funding was *USD185,000* comprising of up to *USD 150,000* core funding for the project and upto *USD 35,000* of contingency funding for contraceptive implants. For the period ended March 31, 2021 and 2022, Likhaan received *PHP2,174,251* and *PHP 8,260,202*, respectively.
- c) Likhaan received funding from the **Philippine Center for Population and Development (PCPD)** for the project "**Quick Response to Pandemic-Induced Crisis**". Likhaan received funding of *P1,129,010* in 2021.
- d) Likhaan is now operating lying-in and stand-alone family planning clinics which are accredited with PhilHealth. For every maternity and family planning procedure done at Likhaan clinics, the Organization is able to reimburse its expenses from PhilHealth. The proceeds of the amounts reimbursed will be intended for the continuing free maternity and family planning services of Likhaan. For March 2021 and 2022, the reimbursement from PhilHealth amounted to *P11,777,740* and *P14,782,812*, respectively.

## 2. Summary of Significant Accounting Policies

### *Basis of Preparation*

The financial statements of the Organization have been prepared on a fair value measurement. The financial statements are presented in Philippine Pesos, which is the Organization's functional currency. All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

### *Statement of Compliance*

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium Sized Enterprise (PFRS for SMEs).

### *Accounting Policies Adopted*

The following accounting standards, amendments and interpretations to existing standards that have been published by the International Accounting Standards Board (IASB) and adopted by the FRSC which became effective for accounting periods beginning on or after January 1, 2009 were adopted by the Organization:

- Section 1 - Small and Medium-Sized Entities
- Section 2 - Concepts and Pervasive Principles
- Section 3 - Financial Statement Presentations
- Section 4 - Statement of Financial Position
- Section 5 - Statement of Receipts and Expenses
- Section 6 - Statement of Changes in Fund Balances
- Section 7 - Statement of Cash Flows
- Section 8 - Notes to Financial Statements
- Section 10 - Accounting Policies, Estimates and Errors
- Section 11 - Basic Financial Instruments
- Section 17 - Property and Equipment

## Likhaan Notes to Financial Statements

- Section 21 - Provisions and Contingencies
- Section 22 - Liabilities and Fund Balances
- Section 23 - Receipts
- Section 27 - Impairment of Assets
- Section 28 - Employee Benefits
- Section 29 - Income Tax
- Section 32 - Events After the End of the Reporting Period

The effects of these standards, amendments and interpretations on the Organization's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

- Section 1, "Small and Medium- Sized Entities", IFRS for SMEs is intended for Non Publicly Accountable Entities that publish general purpose financial statements for external users.
- Section 2, "Concepts and Pervasive Principles", describes the objective of the financial statements of small and medium-sized entities (SMEs) and the qualities that make the information in the financial statements of SMEs useful. It is also sets out the concepts and basic principles underlying the financial statements of SMEs.
- Section 3, "Financial Statement Presentations", provides a framework within which an entity assesses how to present fairly the effects of transactions and other events. It requires that an entity shall make an explicit and unreserved statement of compliance with IFRS for SMEs in the notes, complete sets of financial statements must be presented at least annually and at least one year comparative statements and note data, and items should be consistently presented and classified from one period to the next.
- Section 4, "Statement of Financial Position", provides specific requirements on the presentation, classification and related disclosures of entity's assets, liabilities and equity as of a specific date.
- Section 5, "Statement of Receipts and Expenses", provides specific requirements on the presentation, classification and related disclosures of entity's total receipts and expenses, its financial performance for the period in one or two financial statements.
- Section 6, "Statement of Changes in Fund Balances", sets out requirements for presenting the changes in an entity's fund balances for a period in a statement of changes in fund balances.
- Section 7, "Statement of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.
- Section 8, "Notes to Financial Statements", sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes contain information in addition to that presented in the statement of financial statement, statement of comprehensive income, income statement (if presented), combined statement of income and retained earnings (if presented), statement of changes in equity, and statement of cash flows. Notes provide narrative description or desegregations of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this IFRS requires disclosures that are normally presented in the notes.
- Section 10, "Accounting Policies, Estimates and Errors", eliminates the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. The section defines material omissions and misstatements and describes how to apply the concept of materiality when applying accounting policies and correcting errors.
- Section 11, "Basic Financial Instruments", applies to basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument. When a financial asset or a financial liability is recognized initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.
- Section 17, "Property and Equipment", prescribes the accounting treatment and related disclosures for property and equipment, investment property, and non-current assets held for sale whose fair value cannot be measured reliably without undue cost and effort. It provides guidance on initial and subsequent recognition as well as measurement after recognition. It requires depreciation for each significant part of an item of property and equipment. The standard also provides guidance on the determination of the carrying amount of the assets, the residual value, depreciation period and derecognition principles to be observed.
- Section 21, "Provisions and Contingencies", ensures that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to financial statements to enable users to understand their nature, timing and amount.

## Likhaan Notes to Financial Statements

- Section 22, "Liabilities and Fund Balances", establishes principles for classifying financial instruments as either liabilities or fund balances and addresses accounting for fund instruments issued to individuals or other parties acting in their capacity as trustees in fund instruments.
- Section 23, "Receipts", provides additional guidelines as to the timely recognition of receipts, which is measured at the fair value of the consideration received or receivable.
- Section 25, "Borrowing Costs", specifies the accounting for borrowing costs. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. An entity shall recognize all borrowing costs as an expense in profit or loss in the period in which they are incurred.
- Section 27, "Impairment of Assets", prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The section also specifies when an entity should reverse an impairment loss previously recognized.
- Section 28, "Employee Benefits", applies to all employee benefits offered by an employer to employees and their dependents and beneficiaries. This section applies to employee benefits under: (i) formal plans and agreements between an enterprise and its employees, (ii) national, local industry or multi-employer plans; and informal practices giving rise to a constructive obligation. This section also identifies the following categories of employee benefits such as short-term employee benefits, post employment benefits, other long-term employee benefits and termination benefits.
- Section 29, "Income tax", covers accounting for income tax. It requires an entity to recognize the current and future tax consequences of transactions and other events that have been recognized in the financial statements.
- Section 32, "Events After the End of the Reporting Period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing such events. The adoption of the above standards, amendments and interpretations, upon which the Organization has opted to adopt, did not have any significant effect on the Organization's financial statements. These, however, require additional disclosures on the Organization's financial statements.

The significant accounting policies and practices of the Organization are set forth to facilitate the understanding of the financial statements. In the fiscal year ending December 31, 2017, it is the opinion of Management that assets and liabilities were recognized at fair value; hence, these were considered deemed cost.

### *Financial Assets*

Financial assets are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets of the Organization as of December 31, 2020 comprise of cash on hand and in banks.

### *Cash*

Cash are stated at face value. Petty cash fund which is being utilized to fund expenses on a day to day transaction of the Organization is maintained at imprest system. Cash also includes cash on hand and cash in banks maintained in savings and current accounts which earn interest at prevailing bank deposit interest rates. These are deposits held at call with the bank. Cash in bank also includes foreign denominated accounts which are converted to prevailing rates. Cash equivalents are short-term, highly liquid debt instrument that are readily convertible to cash.

### *Property and equipment*

Property and equipment are measured initially at its cost. Property and equipment, after initial recognition are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, comprises its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of initial delivery and handling, installation and assembly, and testing of functionality.

The following costs are not costs of an item of property and equipment, and the entity recognized them as an expense when they are incurred: costs of opening a new facility, costs of introducing a new product or service (including costs of advertising and promotional activities), costs of conducting business in a new location or with a new class of activities (including costs of staff training), administration and other general overhead costs and borrowing costs.

## Likhaan Notes to Financial Statements

For financial reporting purposes, duties and taxes related to the acquisition of property and equipment are capitalized. For income tax reporting purposes, such duties and taxes are treated as deductible expense in the year these charges are incurred.

For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets not exceeding five (5) to ten (10) years.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The entity shall account for the change in residual value, depreciation method or useful life as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property and equipment is recognized in profit or loss when the item is derecognized (unless Section 20 Leases requires otherwise on a sale and leaseback) such gain is not recognized as revenue

### *Financial Liabilities*

Financial liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial liabilities of the Organization includes accounts payable and accrued expense.

### *Financial Instruments*

#### *Date of Recognition*

Financial assets or liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument.

#### *Initial Recognition of Financial Instruments*

All financial assets are initially recognized at fair value.

#### *Determination of Fair Value*

For financial instrument not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

#### *Provisions, Contingent Liabilities and Contingent Assets*

Provisions are recognized when the Organization has a present obligation, either 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 the amount of the obligation can be estimated reliably. When the Organization expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the

## Likhaan Notes to Financial Statements

possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

### *Fund Balances*

Fund balances are determined using the nominal value of the grant received that has been utilized for the projects. Any excess of receipts over expenses are reflected to this account.

### *Support, Income and Expenses Recognition*

Support and income are recognized to the extent that is probable that the economic benefits will flow to the Organization and the amount of receipts can be reliably measured. However, when an uncertainty arises about the collectability of an amount already included in the receipts, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of receipts originally recognized.

Project/program costs and administrative expenses are recognized in the statement of receipts and expenses upon utilization of the service or in the date they are incurred. Finance costs are reported on an accrual basis.

### *Short-term Benefits*

The Organization recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Organization to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

### *Long-term Benefits*

The Organization provides retirement benefits through its contribution to the government's social service agencies to entitled employees as mandated by law. It has also set up an endowment fund which provides for untimely separation pay or early retirement of employees.

### *Tax Exemption*

The company, being non-profit, is governed by Section 30 (E), of Republic Act No. 8424 entitled "An Act Amending the National Internal Revenue Code (NIRC) as Amended, and For Other Purposes." The income from activities conducted in pursuit of the objectives for which the Organization was established was exempt from income tax.

However, any income on any of its properties, real or personal, or from any activity conducted for profit regardless of the disposition of such income, is subject to income tax.

### *Contingencies*

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### *Subsequent Events*

The Organization identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Organization's financial position at the balance sheet date are reflected in the financial statements. Events that are not adjusting events are disclosed in the notes to the financial statements when material.

## 3. Management's Significant Accounting Judgments and Estimates

The preparation of the accompanying financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluations of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.



Likhaan Notes to Financial Statements

*Judgments*

The preparation of the Organization's financial statements in conformity with Financial Reporting Framework (in reference to the PFRS for SMEs) requires management to make estimates and assumptions that affect the amounts reported in the Organization's financial statements and accompanying notes. The estimates and assumptions used in the Organization's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Organization's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Determining Functional Currency*

Based on economic substance of underlying circumstances relevant to the Organization, the functional currency has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Organization operates and it is the currency that mainly influences the prices of the products and services and the cost of providing such products and services.

*Estimates*

In the application of the Organization's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not easily apparent from other source. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in period of revision and future periods if the revision affects both current and future periods.

*Financial assets and liabilities*

The Organization carries its financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., interest rates, volatility rates, the amount of changes in fair value would differ if the Organization utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the statements of income and equity, as appropriate.

*Estimating useful lives of property and equipment*

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

Depreciation and amortization are computed on the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Office building and improvements	30
Furniture and fixtures	5
Clinic equipment	3 - 12
Vehicle	5 - 7

A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

*Impairment of Non-financial Assets*

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Organization believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Organization's assessment of recoverable values and may lead to future additional impairment charges.

## Likhaan Notes to Financial Statements

### *Receipts recognition*

The Organization's receipts recognition policies require the use of estimates and assumptions that may affect the reported amounts of receipts and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

## 4. Financial Risk Management

### *Financial Risk Management Objectives and Policies*

The main purpose of the Organization's principal financial instruments is to fund the operational and capital expenditures. The Organization's risk management is coordinated and in close operation with the Board of Trustees, and focuses on actively securing the Organization's short to medium term cash flows by minimizing the exposure to financial markets. The Organization's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). The Organization's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Organization.

The policies for managing specific risks are summarized below.

### *Management of Financial Risk*

#### *Governance Framework*

The Organization has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risk. It also supports the effective implementation of policies. The policies define the Organization's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

#### *Capital Management Framework*

The Organization's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Organization are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Organization's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

#### *Regulatory Framework*

The operations of the Organization are also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

#### *Financial Risk*

The Organization is also exposed to financial risk through its financial assets and financial liabilities. The most important components of these financial risks are liquidity risk and market risk.

#### *Liquidity Risk*

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated. The Organization monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Organization maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of short-term debt and advances from related parties.

#### *Market Risk*

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risks), market interest rates (interest rate risk) and market prices (price risk).

## Likhaan Notes to Financial Statements

**5. Cash and cash equivalents**

Cash in bank earns interest at the deposit rates. Cash equivalents are highly liquid debt instruments that are readily convertible to cash. Cash denominated in US\$ is translated to Philippine Peso using the Bangko Sentral ng Pilipinas prevailing rate on March 31, 2022 and 2021, respectively. Petty cash fund is maintained at imprest system and is regularly monitored for proper accounting.

The Organization only maintains US dollar-denominated bank accounts. Project fundings which are denominated in other foreign currency are converted into US dollar before being credited to Likhaan's local currency bank account.

The Organization maintains a Trust Fund intended as Endowment Fund for its regular employees. The fund is deposited with a Peso denominated savings account and earns interest at prevailing rates. The balances of the fund for the fiscal years 2022 and 2021 stood at P7,514,111 and P6,158,021, respectively.

**6. Other Current Assets**

This account represents outstanding project advances which were liquidated immediately after year-end. It has been the Organization's policy to liquidate cash advances within a period of not more than 7 days after the event where the cash advanced is intended. However, on certain instances beyond the control of the project staff accountable for the cash advance, liquidation extends to not more than 30 days on very few instances.

Project staff also made advances deductible from their salary. These advances are non-interest bearing and are payable within one year.

The Organization also made advances for project activities which fundings are yet to be received from the funding Organizations who have not yet remitted the agreed grant amounts.

Inventoriable supplies, materials and other collaterals are also maintained as assets of the Organization.

**7. Property and Equipment**

	Office Building and Improvement	Office and Clinic Furniture and Equipment	Service Vehicle	Total
<b>2022</b>				
<b>COST</b>				
Beginning balance	6,500,000	5,455,507	4,457,268	16,412,775
Acquisitions/(Dispositions)	-	177,663	-	177,663
Ending balance	6,500,000	5,633,170	4,457,268	16,590,438
<b>ACCUMULATED DEPRECIATION</b>				
Beginning balance	907,472	4,156,316	1,874,365	6,938,153
Depreciation	119,667	637,607	435,380	1,192,654
Ending balance	1,027,139	4,793,923	2,309,745	8,130,807
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>5,712,195</b>	<b>1,612,320</b>	<b>2,147,523</b>	<b>8,587,220</b>

## Likhaan Notes to Financial Statements

	<u>2021</u>			
<b>COST</b>				
Beginning balance	6,500,000	5,114,204	2,070,992	13,685,196
Acquisitions/(Dispositions)	-	341,303	2,386,276	2,727,579
Ending balance	6,500,000	5,455,507	4,457,268	16,412,775
<b>ACCUMULATED DEPRECIATION</b>				
Beginning balance	787,805	3,501,884	1,638,493	5,928,182
Depreciation	119,667	654,432	235,872	1,009,971
Ending balance	907,472	4,156,316	1,874,365	6,938,153
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>5,592,528</b>	<b>1,299,191</b>	<b>2,582,903</b>	<b>9,602,180</b>

The carrying value of the property and equipment is equivalent to its fair value. Property and equipment are carried at cost less accumulated depreciation and any impairment in value. No assets were found impaired.

Depreciation is computed on a straight line method over the respective asset's estimated useful life. Depreciation for the years ending March 31, 2022 and 2021 amounted to P1,192,654 and P1,039,888, respectively.

#### 8. Accounts Payable and Accrued Expenses

This account pertains to payable of the Organization as of balance sheet date such as government remittances to SSS, BiR, Philhealth and Pag-ibig, accrued payables to consultants and other contracted services for project activities which were paid immediately after March 31, 2022 and 2021.

#### 9. Post-employment benefit obligation

The Organization maintains a Trust Fund intended as Endowment Fund for the separation and retirement benefits of its qualified staff. Monthly contributions are deposited to this fund and its disbursements are restricted to the purpose for which it has been set-up. The outstanding balance of this obligation amounts to P7,514,111 and P6,158,021 as of March 31, 2022 and 2021, respectively.

#### 10. Fund balances

This account consists of.

FUND	BEGINNING BALANCE	ADDITIONS	(DEDUCTIONS)	ENDING BALANCE
Inter Pares – Protecting SRHR in the Phils.	9,054,817	9,577,233	(18,632,050)	-
Inter Pares – Build Momentum on SRH	560,278	14,811,705	(10,876,123)	4,495,860
Firetree Philantropy	847,175	8,260,202	(8,472,358)	635,019
PCPD	889,502	1,855,188	(2,544,687)	-
UN Women	-	2,160,000	(1,245,329)	914,671
PHILHEALTH Reimbursement	11,689,639	14,782,812	(1,709,024)	24,763,427
Other Funds	619,545	734,800	(1,237,461)	116,884
<b>SUB-TOTAL COMMITTED FUNDS</b>	<b>23,660,956</b>	<b>51,981,938</b>	<b>(44,717,032)</b>	<b>30,925,862</b>

## Likhaan Notes to Financial Statements

General Fund	143,184	1,009,869	(218,563)	906,134
Property and Equipment Fund	9,602,180	177,694	(1,192,654)	8,587,220
<b>TOTAL FUND BALANCES</b>	<b>33,406,320</b>	<b>53,169,501</b>	<b>(46,128,249)</b>	<b>40,419,216</b>

The remaining fund balances for the fiscal year ending March 31, 2022 and 2021 is composed of general fund, donated property and equipment fund and committed project funds received from several funding agencies.

Project funds are specifically intended for continuing implementation of ongoing projects. When there are remaining fund balances at the end of project implementation these are either returned to the funding agencies or donated to the general fund of the Organization depending on the terms provided in the funding agreement and the agreement between Likhaan and the Funding Agency.

#### 11. Project Fundings and Revenues

This account consists of grants, donations, other funding and revenues received from funding agencies. Funds received are covered by grant agreements and are intended for specific project implementations. The amount received from funding or donee agencies are subject to disbursements in accordance with approved budgets.

Other receipts consisted of small donations and support fund from other NGO partners for community mobilizations, IEC materials and other advocacy activities in connection with the promotion of the Reproductive Health (RH) Law.

SOURCES	2022	2021
<b>PROJECT FUNDINGS / GRANTS</b>		
Inter Pares-Protecting SRHR in the Philippines	9,577,233	15,428,670
Inter Pares- Build Momentum on SRH	14,844,705	7,067,349
Firetree Philanthropy	8,260,202	2,174,251
MSF	-	9,393,544
PCPD	1,655,186	1,129,010
UN Women	2,160,000	-
<b>Other Grants</b>		
Dutch Embassy	734,800	-
Muriel Cole	-	490,219
Ana P. Santos/Sex and Sensibilities	-	471,655
<b>TOTAL PROJECT FUNDINGS / GRANTS</b>	<b>37,199,125</b>	<b>36,154,698</b>
<b>OTHER FUND SOURCES AND REVENUE</b>		
Philhealth Reimbursement	14,782,912	11,777,740
General Fund (Donation)	981,513	334,918
Interest income	28,356	17,321
<b>TOTAL OTHER FUND SOURCES</b>	<b>15,764,325</b>	<b>12,129,988</b>
<b>TOTAL FUND SOURCES AND REVENUES</b>	<b>52,991,806</b>	<b>48,284,686</b>

## Likhaan Notes to Financial Statements

**12. Project Expenses**

This account consists of expenses charged to various projects and are covered by agreements and are disbursed according to approved budgets.

Project administration pertains to personnel costs involved in accomplishing the activities for each project. This includes salaries and benefits of project staff.

Advocacy activity costs are expenses incurred for meetings, trainings, printing and publishing of IEC materials highlighting the Organizations advocacies. These activities more importantly intend to support the implementation of the Responsible Parenthood and Reproductive Health (RPRH) Act of 2012 and the Universal Health Care Law. Clinic service costs are expenses incurred from actual service provision of reproductive health services and normal birthing services which are being offered free and are being availed by community women (i.e., family planning services, pap smear, other reproductive health consultations and pre-natal services ).

The Organization likewise implements community organizing activities which center on advocating for the full implementation of the RPRH Act of 2012 and the promotion of Reproductive Health and Reproductive Rights.

For the fiscal year ending March 31, 2022, details of project expenses are as follows

PROJECT	Project Staff Cost	Project Activity Cost	Total Project Expenses
Inter Pares-Protecting SRHR in the Philippines	10,990,131	7,251,512	18,241,643
Inter Pares- Build Momentum on SRH	7,156,804	3,125,212	10,282,016
Firetree Philanthropy	4,642,064	3,667,136	8,309,200
PCPD	840,766	1,594,946	2,435,712
UNWomen	562,580	673,532	1,236,112
<b>OTHER PROJECT FUNDS</b>			
Dutch Embassy	295,099	226,834	521,933
Muriel Cole	381,187		381,187
Ana P. Santos/Sex and Sensibilities	120,000	132,003	252,003
Philhealth Reimbursement	1,275,601	433,423	1,709,024
<b>TOTAL PROJECT EXPENSES</b>	<b>26,264,232</b>	<b>17,104,598</b>	<b>43,368,830</b>

**13. Administrative expenses**

Administrative expenses pertain to costs incurred which are not directly charged to any ongoing projects or programs. These are costs pertaining to the regular operation of Likhaan as an entity.

Details of share in admin expenses from fund sources for the fiscal year ending March 31, 2022 are as follows.

SOURCES	SHARE IN ADMIN EXPENSES
Inter Pares-Protecting SRHR in the Philippines	390,406
Inter Pares- Build Momentum on SRH	594,108
Firetree Philanthropy	163,158
PCPD	108,975

## Likhaan Notes to Financial Statements

UN Women	0,217
<b>OTHER FUNDS</b>	
Dutch Embassy	66,800
Muriel Cole	15,538
General Fund	218,563
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>1,566,764</b>

**14. Financial Instruments**

The Organization's financial assets and liabilities are recognized initially at cost which is the fair value of the consideration given (in the case of assets) or received (in the case of liability). Fair values are determined by reference to market-based evidence, which is the amount for which the financial assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Organization maintains cash to meet its liquidity requirements for up to 30-45 day periods and the Organization maintains adequate highly liquid assets in the form of cash and accounts receivables to assure necessary liquidity. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Organization manages its liquidity needs by carefully monitoring scheduled debt payments for financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are being closely monitored, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

**15. Other Matters**

- a) In April 8, 2021, as a result of the Pandemic brought about by Covid-19 virus in the world, the President approved the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) amending Section 20 of the National Internal Revenue Code of 1997. The Act provides for lower corporate income tax rate of 25% from 30% and lower Minimum Corporate Income Tax (MCIT) rate of 1% from 2% effective July 1, 2020 upto June 30, 2023.
- b) The Organization updated its tax reportorial requirements for withholding taxes and income tax. It is presently in compliance with the requirements set forth by the Bureau of Internal Revenues.
- c) Certain accounts in the financial statements for the fiscal year ending March 31, 2021, were reclassified to conform with the March 31, 2022 presentation.