

Financial Statements

2016-2017



INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
Tropical Disease Foundation, Inc.
Philippine Institute of Tuberculosis Building
Amorsolo corner Urban Avenue
Barangay Pio Del Pilar, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Tropical Disease Foundation, Inc. (the Foundation), a non-stock, non-profit corporation, which comprise the statements of assets, liabilities and fund balances as at July 31, 2017 and 2016, and the statements of revenues and expenses, statements of changes in fund balances and statements of cash flows for the years then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at July 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SME).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SME, 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.

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

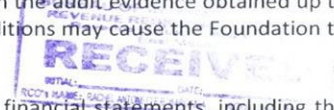
Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on the Supplementary Information Required Under Revenue Regulations Nos. 15-2010 and 19-2011 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and the schedule of taxable income and deductible expenses in Note 20 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 the Foundation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.

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Partner

CPA Certificate No. 128829

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BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1471-A Group A

Valid until March 30, 2018

BIR Accreditation No. 08-005144-013-2017

Valid until March 8, 2020

PTR No. 5908533

Issued January 3, 2017, Makati City

October 20, 2017

Makati City, Metro Manila



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TROPICAL DISEASE FOUNDATION, INC.
(A Non-stock, Non-profit Organization)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

		July 31	
	Note	2017	2016
ASSETS			
Current Assets			
Cash	4	P5,404,165	P11,747,094
Advances to projects	5	1,110,329	2,270,121
Investments at fair value through profit or loss (FVPL)	6	147,984,748	155,427,363
Other current assets	7	602,276	1,008,292
Total Current Assets		155,101,518	170,452,870
Noncurrent Assets			
Available-for-sale (AFS) investments	8	60,480	56,880
Property and equipment	9	78,893,119	83,257,288
Net deferred tax asset	18	—	147,424
Other noncurrent assets	10	286,939	161,034
Total Noncurrent Assets		79,240,538	83,622,626
		P234,342,056	P254,075,496
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accrued expenses and other payables	11	P4,905,163	P6,708,759
Noncurrent Liability			
Net retirement benefit liability	17	29,605,964	26,018,472
Total Liabilities		34,511,127	32,727,231
Fund Balances			
Operating fund		120,879,580	138,036,347
Capital fund		78,893,119	83,257,288
Reserve for fair value changes of AFS investments	8	58,230	54,630
Total Fund Balances		199,830,929	221,348,265
		P234,342,056	P254,075,496

See accompanying Notes to Financial Statements.



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TROPICAL DISEASE FOUNDATION, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF REVENUES AND EXPENSES

	Note	Years Ended July 31	
		2017	2016
SOURCES OF FUNDS	13	₱9,353,114	₱17,287,129
OTHER INCOME	14	12,512,496	8,216,949
		21,865,610	25,504,078
PROGRAM EXPENSES	15	33,201,844	37,541,993
GENERAL AND ADMINISTRATIVE EXPENSES	16	9,791,202	8,958,039
		42,993,046	46,500,032
EXCESS OF EXPENSES OVER REVENUES BEFORE TAX		(21,127,436)	(20,995,954)
INCOME TAX EXPENSE (BENEFIT)	18		
Current		395,362	46,832
Deferred		(1,862)	190,833
		393,500	237,665
EXCESS OF EXPENSES OVER REVENUES		(21,520,936)	(21,233,619)
OTHER COMPREHENSIVE INCOME			
<i>Item to be reclassified to profit or loss when realized</i>			
Unrealized gain on fair value changes of AFS			
investments	8	3,600	3,024
TOTAL COMPREHENSIVE LOSS		(₱21,517,336)	(₱21,230,595)

See accompanying Notes to Financial Statements.



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TROPICAL DISEASE FOUNDATION, INC.
(A Non-stock, Non-profit Organization)

STATEMENTS OF CHANGES IN FUND BALANCES

		Years Ended July 31	
	Note	2017	2016
OPERATING FUND BALANCE			
Balance at beginning of year		P138,036,347	P158,873,382
Excess of expenses over revenues		(21,520,936)	(21,233,619)
Transfer from capital fund	9	7,380,441	6,526,800
Transfer to capital fund	9	(3,016,272)	(6,130,216)
Balance at the end of year		120,879,580	138,036,347
CAPITAL FUND BALANCE			
Balance at beginning of year		83,257,288	83,653,872
Transfer to operating fund	9	(7,380,441)	(6,526,800)
Additions to property and equipment	9	3,016,272	6,130,216
Balance at the end of year		78,893,119	83,257,288
RESERVE FOR FAIR VALUE CHANGES OF AFS INVESTMENTS			
Balance at beginning of year		54,630	51,606
Unrealized gain on fair value changes of AFS investments	9	3,600	3,024
Balance at the end of year		58,230	54,630
		P199,830,929	P221,348,265

See accompanying Notes to Financial Statements.



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TROPICAL DISEASE FOUNDATION, INC.
(A Non-stock, Non-profit Organization)

STATEMENTS OF CASH FLOWS

		Years Ended July 31	
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of expenses over revenues before tax		(P21,127,436)	(P20,995,954)
Adjustments for:			
Investment income	14	(9,652,745)	(5,834,551)
Depreciation	9	7,380,441	6,526,800
Retirement benefit expense	17	3,587,492	3,636,858
Gain on sale of property and equipment	9, 14	(168,651)	-
Interest income	6	(18,234)	(34,583)
Advances to projects written-off	5	-	630,992
Unrealized foreign exchange gain	14	-	(6,207)
Excess of expenses over revenues before working capital changes		(19,999,133)	(16,076,645)
Decrease (increase) in:			
Advances to projects		1,159,792	(2,180,524)
Other current assets		406,016	612,907
Other noncurrent assets		(125,905)	-
Increase (decrease) in:			
Accrued expenses and other payables		(1,803,596)	1,911,160
Deferred grants		-	(5,152,702)
Net cash used in operations		(20,362,826)	(20,885,804)
Income tax paid		(246,076)	(46,832)
Interest received		18,234	34,583
Retirement contributions paid	17	-	(4,002,168)
Net cash used in operating activities		(20,590,668)	(24,900,221)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Withdrawal of investments at FVPL	6	17,095,360	35,077,714
Sale of property and equipment	9	168,651	-
Refund of utility deposits		-	21,641
Additions to property and equipment	9	(3,016,272)	(4,763,639)
Net cash provided by investing activities		14,247,739	30,335,716
NET INCREASE (DECREASE) IN CASH		(6,342,929)	5,435,495
EFFECT OF FOREIGN EXCHANGE RATE CHANGES IN CASH		-	6,207
CASH AT BEGINNING OF YEAR		11,747,094	6,305,392
CASH AT END OF YEAR		P5,404,165	P11,747,094

See accompanying Notes to Financial Statements.



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