

# Financial Statements

2015-2016





**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. (a non-stock, non-profit organization), which comprise the statement of assets, liabilities and fund balances as at July 31, 2016, and the statement of revenues and expenses, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

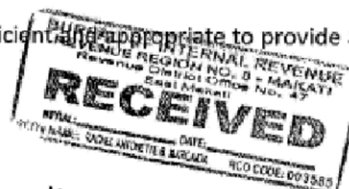
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation and fair presentation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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the risks assessment, 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 statement of assets, liabilities and fund balances of Tropical Disease Foundation, Inc. as at July 31, 2016, and its statement of revenues and expenses and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

*Other Matter*

The financial statements of Tropical Disease Foundation, Inc. as at and for the year ended July 31, 2015 were audited by another auditor, whose report dated November 2, 2015 expressed an unmodified opinion on those statements. The opinion of such other auditor, however, does not include restatements and reclassification adjustments disclosed in Note 5 to financial statements.

**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 22 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 Tropical Disease Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

*Pamela Ann P. Escudro*  
PAMELA ANN P. ESCUADRO

Partner

CPA Certificate No. 128829

Tax Identification No. 216-321-918-000

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

SEC Accreditation No. 1471-A Group A

Valid until March 30, 2018

BIR Accreditation No. 08-005144-13-2014

Valid until March 31, 2017

PTR No. 5321837

Issued January 5, 2016, Makati City

October 14, 2016

Makati City, Metro Manila



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

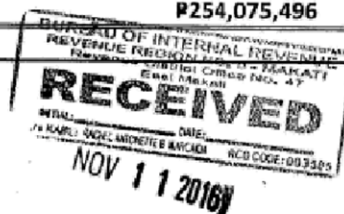
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**

JULY 31, 2016

(With Comparative Figures for 2015)

	Note	2016	2015 (As Restated - Note 5)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	6	P11,747,094	P6,305,392
Advances to projects	7	2,270,121	720,589
Investments at fair value through profit or loss (FVPL)	8	155,427,363	184,670,526
Other current assets	9	1,008,292	1,621,199
Total Current Assets		170,452,870	193,317,706
<b>Noncurrent Assets</b>			
Available-for-sale (AFS) investments	10	56,880	53,856
Property and equipment	11	83,257,288	83,653,872
Utility deposits		161,034	182,675
Net deferred tax assets	19	147,424	338,257
Total Noncurrent Assets		83,622,626	84,228,660
		P254,075,496	P277,546,366
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	12	P6,708,759	P3,431,022
Deferred grants		-	5,152,702
Total Current Liabilities		6,708,759	8,583,724
<b>Noncurrent Liability</b>			
Net retirement benefit liability	18	26,018,472	26,383,782
Total Liabilities		32,727,231	34,967,506
<b>Fund Balances</b>			
Operating fund		138,036,347	158,873,382
Capital fund		83,257,288	83,653,872
Unrealized gain on fair value changes of AFS investments	10	54,630	51,606
Total Fund Balances		221,348,265	242,578,860
		P254,075,496	P277,546,366

See accompanying Notes to Financial Statements.





**TROPICAL DISEASE FOUNDATION, INC.**  
**(A Non-stock, Non-profit Organization)**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2016**  
**(With Comparative Figures for 2015)**

	Note	2016	2015 (As Restated - Note 5)
<b>SOURCES OF FUNDS</b>	14	<b>₱17,287,129</b>	<b>₱25,302,803</b>
<b>OTHER INCOME</b>	15	<b>8,216,949</b>	<b>8,110,151</b>
		<b>25,504,078</b>	<b>33,412,954</b>
<b>PROGRAM EXPENSES</b>	16	<b>37,541,993</b>	<b>39,847,783</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	17	<b>8,958,039</b>	<b>21,597,497</b>
		<b>46,500,032</b>	<b>61,445,280</b>
<b>EXCESS OF EXPENSES OVER REVENUES BEFORE TAX</b>		<b>(20,995,954)</b>	<b>(28,032,326)</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	19		
Current		46,832	108,563
Deferred		190,833	(338,257)
		<b>237,665</b>	<b>(229,694)</b>
<b>EXCESS OF EXPENSES OVER REVENUES</b>		<b>(21,233,619)</b>	<b>(27,802,632)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item to be reclassified to profit or loss when realized</i>			
Unrealized gain on fair value changes of AFS			
Investments	10	3,024	9,000
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(₱21,230,595)</b>	<b>(₱27,793,632)</b>

See accompanying Notes to Financial Statements.



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

**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JULY 31, 2016**  
(With Comparative Figures for 2015)

	Note	2016	2015 (As Restated - Note 5)
<b>OPERATING FUND BALANCE</b>			
Balance at beginning of year			
As previously reported		<b>P172,942,891</b>	P185,459,452
Prior period adjustments	5	<b>(14,069,509)</b>	(3,870,127)
As restated		<b>158,873,382</b>	181,589,325
Excess of expenses over revenues		<b>(21,233,619)</b>	(27,802,632)
Transfer from capital fund	11	<b>6,526,800</b>	6,645,491
Transfer to capital fund	11	<b>(6,130,216)</b>	(1,558,802)
Balance at the end of year		<b>138,036,347</b>	158,873,382
<b>CAPITAL FUND BALANCE</b>			
Balance at beginning of year		<b>83,653,872</b>	88,740,561
Transfer to operating fund	11	<b>(6,526,800)</b>	(6,645,491)
Additions to property and equipment	11	<b>6,130,216</b>	1,558,802
Balance at the end of year		<b>83,257,288</b>	83,653,872
<b>UNREALIZED GAIN ON FAIR VALUE CHANGES OF AFS INVESTMENTS</b>			
Balance at beginning of year		<b>51,606</b>	42,606
Unrealized gain on fair value changes of AFS investments	10	<b>3,024</b>	9,000
Balance at the end of year		<b>54,630</b>	51,606
		<b>P221,348,265</b>	P242,578,860

See accompanying Notes to Financial Statements.



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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2016**  
(With Comparative Figures for 2015)

	Note	2016	2015 (As Restated - Note 5)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of expenses over revenues before tax		(P20,995,954)	(P28,032,326)
Adjustments for:			
Depreciation	11	6,526,800	6,645,491
Investment income	15	(5,834,551)	(5,004,315)
Retirement benefit expense	18	3,636,858	15,217,459
Impairment loss on advances to projects	7	630,992	-
Interest income	6	(34,583)	(277,550)
Unrealized foreign exchange gain	15	(6,205)	(35,027)
Excess of expenses over revenues before working capital changes		(16,076,643)	(11,486,268)
Decrease (increase) in:			
Advances to projects		(2,180,524)	1,069,363
Other current assets		612,907	(736,419)
Increase (decrease) in:			
Accrued expenses and other payables		1,911,160	68,125
Deferred grants		(5,152,702)	(8,618,443)
Net cash used in operations		(20,885,802)	(19,703,642)
Retirement contributions paid	18	(4,002,168)	-
Income tax paid		(46,832)	-
Interest received		34,583	277,550
Net cash used in operating activities		(24,900,219)	(19,426,092)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from:			
Withdrawal of investments at FVPL	8	35,077,714	1,259,848
Refund of utility deposits		21,641	527,655
Additions to property and equipment	11	(4,763,639)	(1,558,802)
Net cash provided by (used in) investing activities		30,335,716	228,701
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>5,435,497</b>	<b>(19,197,391)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES IN CASH</b>		<b>6,205</b>	<b>35,027</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>6,305,392</b>	<b>25,467,756</b>
<b>CASH AT END OF YEAR</b>		<b>P11,747,094</b>	<b>P6,305,392</b>

See accompanying Notes to Financial Statements.

