



*Reaching Out
to Change Lives*

*Reaching Out to **More** Lives*

Annual Report 2019 - 2020

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Reaching Out to More Lives

The treatment for the visual art on the cover is a reminder of our mission to bring hope to more people. From the smile on this child's face, we can glimpse the montage of our community outreach efforts that aims to create a better future for our generation.





Mission and Vision

MISSION

Reaching out to change the lives of the communities we serve through meaningful engagements and long-term commitments.

VISION

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





Message from the Chairman



TO OUR STAKEHOLDERS,

We ended 2019 on the premise that we have done more than our fair share to help create a better environment for our fellowmen to prosper, and the promise of greater opportunities to do much more in the coming year to further propel the country to greater heights.

Metro Pacific Investments Foundation has been in the midst of all these efforts. Through them, our businesses continued to make significant contributions to society. Our flagship social responsibility programs allow us to work with an increasing number of our stakeholders to institute measures that will result to sustainable communities and sustained development for the country. We take considerable pride in ensuring that we build communities by building up their capacity to succeed for the long run: by elevating the sense of urgency to manage our environment, creating pathways for the young to receive formal education, delivering strategic support mechanisms that generate livelihood and lead to economic empowerment, and providing springboards for our stakeholders to become more engaged partners in responding to. Equally important, the Foundation continues to bridge our various stakeholders with MPIC and its component companies

Despite the uncertainty, we are hopeful, if not confident, that we will turn the corner sooner rather than later. Hope is in our nature as a people.

to create an ecosystem of common aspirations, shared values, and a collective commitment to arrive at sustainable solutions towards building a better nation.

The start of 2020 however proved to be a rude awakening, as successive crises put hurdles in our path. A volcanic eruption in the outskirts of Metro Manila at the beginning of the year and an unexpected global pandemic that continues to search for a lasting solution has grounded our aspirations, temporarily.

Despite the uncertainty, we are hopeful, if not confident, that we will turn the corner sooner rather than later. Hope is in our nature as a people. And it is our business to serve as a wellspring of hope. We are confident that all we have done in the past have been leading to this moment, that we have laid a solid foundation that makes us even more resilient to weather this crisis, and that we will come out of this better than before. At the same time, we will look at this as a learning experience.

It is said that “crisis” is another word for “opportunity”. We intend to look beyond the perils of this pandemic and instead see the opportunity here to effect more changes in our society for the better. Looking ahead, we aim to look at how to further improve the delivery of our services to our communities, how to make technology more integral to our processes, how to create more avenues for partnerships, how to channel the dynamism of volunteerism for much greater impact. This is a chance for us to refine what we do, and to recommit ourselves to help our fellow Filipinos and build back our country. Now more than ever, we must renew our efforts. We remain as committed to reaching out to all our countrymen to uplift their lives with the same fervor and dedication as we have in helping build the nation through our various enterprises. On behalf of the Board of Trustees, I thank you for being part of our accomplishments even as I enjoin everyone to continue shining hope to others in the midst of this crisis.


MANUEL V. PANGILINAN
Chairman, MPIC



Message from the President



TO OUR BOARD OF TRUSTEES, PARTNERS, AND VOLUNTEERS,

I enumerate our journey to sustainability in the context of what has been happening in 2020. While we ended 2019 on a positive note and were brimming with expectations for a better year, 2020 hit us with a very unexpected twist: Covid-19. Unpredicted and unparalleled, this pandemic has disrupted lives and livelihoods all over the world. And while we, and everyone else in the world, did not expect something of this scale and impact, we were not totally unprepared for it.

The seeds we have planted with our partners and communities have taken deep roots, so that while disruptions in the way we did things were inevitable, they were not insurmountable. We take comfort that the programs we have implemented with our communities have helped build them to last. We have trained our communities to be resilient, even as we pitched in in the collective fight against Covid-19. In the initial weeks of the community quarantine alone, we gave some P12-M worth of personnel protective equipment (PPE) and medical supplies to various medical frontliners, relief packs, and economic assistance to different stakeholders.

We extended full support to the government and various institutions while working in collaboration with the various

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Foundations in the MVP group.

From March 2020 to December 2020, MPFI provided over P37.8M in COVID-19 response efforts, P28M of which were in direct support of government's initiatives.

- Distributed over 1,546 planting kits through "Bayan Tanim", in partnership with the Department of Agriculture and Agrea Agricultural System International Inc., to provide disadvantaged communities with home gardening kits to cultivate food sustainably
- Delivered over 5,000 PPEs, including virus specimen test tubes and vitamins, to over 14 hospitals, healthcare centers, quarantine facilities, and LGUs within Metro Manila and Mindanao
- Distributed more than 3,700 relief packs, including 8,000 kgs of fresh vegetables from farmers in Nueva Ecija, through the Kaya Natin To project, aimed towards the vulnerable population comprised of persons with disabilities, informal settlers, senior citizens, pregnant and lactating mothers, indigenous minorities, and displaced tourism workers.
- Provided P3M worth of relief packs and rice sacks as relief support for the Province of Cavite
- With Tulong Kapatid, provided the Armed Forces of the Philippines with vehicles for their rescue and relief operations including a helicopter, rescue boats, and trucks



Message from the President



Junior Environmental Scouts (JES) with Pawi the Pawikan

Even in the midst of our pandemic responses that covered a bigger part of 2020, we continue committed in greening our environmental footprint.

For 2019, Shore It Up! is now being undertaken regularly in at least eight cities and municipalities nationwide. Our Mangrove Protection and Information Centers or M.P.I.C. is providing a healthy greenbelt for our communities in the Caraga Region, Pangasinan, and Cordova, Cebu, as well as serving as a platform to boost eco-tourism. These centers are also enhancing the capacity of our host communities as partners in building up the local economy.

The children we initially supported to start grade school under Mano Amiga are now in Grade 9 and continue to enjoy our support until they complete senior high school. At the same time, we continue to provide opportunities for members of our MPIC family to contribute more of themselves to society through community outreach programs, sharing and learning sessions with our Mano Amiga scholars, and innovative eco-waste management competitions.

We likewise introduced new initiatives to impact even more stakeholders.

We conducted HEALTH IT UP with Makati Medical Center Foundation to provide medical, ENT and dental consultations, vision screening, and random blood sugar testing for our M.P.I.C. community. We also brought our relief operations as far as Marawi City, while assisting victims of the Mindanao earthquakes, super typhoons, and the Taal volcanic eruption.



Aeta Community in Porac, Pampanga receiving Bayan Tanim Kits

As we seek to find how best we can move forward towards recovery, we will continue to draw on the strength of our partnerships. With the addition of new stakeholders to our programs, we also welcomed the growth of volunteers and beneficiaries alike. This mantra of collaboration has never been more relevant or critical as we seek to protect the gains from our efforts all these years. We thank all those who share our aspirations to grow our communities and build the country. Together with you, we are confident of surpassing the challenge of this global pandemic by continuing to strengthen and enhance the foundations of hope for our fellow Filipinos.

MELODY M. DEL ROSARIO
VP, Public Relations and Corporate
Communications, MPIC
President, MPIF

Foundation Milestones



2009

- Held the first-ever Shore It Up activity in Anilao, Batangas
- Granted scholarships to 30 Mano Amiga Academy students



2010

- Launched SIU weekend in Puerto Galera, Oriental Mindoro



2011

- Conducted SIU Weekend in Hundred Islands, Alaminos City, Pangasinan with mangrove planting and clam rearrangement activities



2012

- Piloted the Manpower Investments Cooperative, a livelihood development program for 25 urban poor households in Ana Maria Heights with the Philippine Business for Social Progress
- Held coastal and underwater clean-up, tree planting, and fish aggregate installation in Subic Bay
- Launched Pawi the Pawikan as the official mascot of Shore It Up!



2013

- Celebrated SIU's 5th Year with simultaneous coastal and underwater clean-ups in Anilao, Mabini, Batangas; Alaminos City, Pangasinan; Puerto Galera, Subic Bay, and Siargao.
- Completed SIU Weekend in the provinces of Zambales and Pangasinan
- Donated P10M to Mano Amiga Academy for the school's expansion
- Allocated P16.8M through Tulong Kapatid to support nationwide sports programs and calamity victims in Davao Oriental, Cebu, and Bohol



2014

- Conducted SIU Weekend in the province of Bohol
- Held simultaneous coastal clean-up activities in Alaminos City, Pangasinan, Bohol, and Siargao
- Inaugurated the first Mangrove Protection and Information Center in Del Carmen, Island of Siargao, Surigao Del Norte to protect 4,200 hectares of mangroves
- Inducted the first batch of Mangrove Eco-Guides in Del Carmen, Surigao Del Norte



2015

- Completed SIU Weekend in the province of Surigao Del Norte and launched the Junior Environmental Scouts (JES) Workbook for 1,000 JES

Foundation Milestones



2016

- Completed the 2nd Mangrove Propagation and Information Center in Alaminos, Pangasinan to protect 8.7 hectares of mangroves.
- Launched a series of activities under the banner "Siargao It Up!" in Del Carmen, Surigao del Norte, including "Run for the Mangroves", a marathon event to raise awareness on the importance of mangroves
- Turned over 226 housing units to the survivors of Typhoon Pablo, in cooperation with the MVP Group and Tulong Kapatid



2017

- Organized an SIU Confluence with stakeholders, partners, and media to prepare for its 10th Anniversary
- Installed marker buoys in various Marine Protected Areas along Mabini, Batangas
- Set up a Coral Restoration Field Laboratory and conducted a technical training on artificial reef installation in Brgy. Solo, Mabini, Batangas
- Donated P500,000 to support the families of 25 fallen soldiers through the Du30 Cabinet Spouses Association, Inc.
- Conducted the first SIU activity in Medina, Misamis Oriental with a total of 2,049 volunteers



2018

- Kicked off its 10th year anniversary with various events such as a photo contest, recycled art exhibit, and shirt merchandising at The Gallery in Greenbelt 5
- Conducted simultaneous coastal and underwater clean-ups with a total of 12,155 volunteers in the five municipalities of Cordova, Cebu; Alaminos City, Pangasinan; Mabini, Batangas; Puerto Galera, Oriental Mindoro; Medina, Misamis Oriental, and Del Carmen, Siargao; and the province of Surigao del Norte
- Marked the groundbreaking of the Mangrove Propagation and Information Center in Cordova, Cebu.
- Donated upcycled Christmas trees and gifts to beneficiaries in Metro Manila through Puno ng Pag-Ibig or "Tree of Love"



2019

- Strengthened SIU's commitment to Puerto Galera by training and deputizing Marine Protection, Inspection, and Conservation (MPIC) Guardians to protect the Verde Island Passage
- Trained 27 Marine Protection, Inspection and Conservation (MPIC) Guardians in Medina, Misamis Oriental
- Organized the very first Health It Up medical mission with 23 volunteer medical professionals from Makati Medical Center



2020

- Signed a Memorandum of Understanding with the provincial government of Marinduque to promote environmental awareness and increase marine conservation
- Aided victims of the Taal Volcano Eruption with the MVP Tulong Kapatid
- Provided approximately 5,000 PPEs to 14 hospitals, quarantine facilities, healthcare centers, and LGUs in Metro Manila and Mindanao
- Distributed more than 3,700 relief packs to locked down and marginalized communities within Metro Manila
- Launched Bayan Tanim, an urban gardening program with the Department of Agriculture to help disadvantaged communities achieve food security and self-sufficiency in the height of the pandemic



- Sourced over eight (8) tonnes of vegetables to help farmers' cooperatives in Nueva Ecija
- Aided victims of typhoons Quinta, Rolly, and Ulysses in Mabini, Batangas with relief packs and clean drinking water, in cooperation with One Meralco Foundation (OMF) and Maynilad.
- Brought the Christmas spirit to boatmen and dive resort personnel in Mabini, Batangas through the Tuloy Pa Rin Ang Pasko initiative
- Donated a rescue helicopter and rescue boats to the Armed Forces of the Philippines to aid in the country's rescue and relief operations.

Doing More for the Environment



145
scuba diving
volunteers



Over
100,000
pieces of trash collected
from coastal clean-up



2,019
local volunteers
from 13 barangays

616kg
of trash collected from
underwater clean-up



36
MPIC
Guardians

Environment



SIU Weekend in Puerto Galera

SHORE IT UP!

For more than a decade, Shore It Up! (SIU) has been established as the MVP Group's trailblazing program for the protection and conservation of marine and coastal environments. This award-winning initiative has transformed beyond a program and into a movement towards championing environmental stewardship. In 2019 and 2020, SIU's scope has broadened even further, developing more programs for the holistic well-being of coastal communities in the country.

Despite the unprecedented havoc wreaked by the COVID-19 pandemic, coupled with various natural disasters such as the Taal ashfall and non-stop typhoons, SIU has remained steadfast in its goal to rescue, restore, and revive the integral biosystems in the Philippines.

SIU Weekend 2019. Building on a successful first decade, SIU – Metro Pacific Investments Foundation's (MPIF) flagship environmental program to protect, preserve, and promote nature -- went back to Puerto Galera, an old SIU community partner to generate greater environmental awareness by conserving aquatic life in coastal municipalities. With over 30 dive sites, Puerto Galera remains a most sought-after destination for underwater activities, and a top tourist spot in the Philippines.

Holding a Shore It Up! weekend in this high-density tourist destination meant an opportunity to rid the sea and shore of marine debris through a provincial-wide coastal and underwater clean-up. Nearly a hundred volunteers from One Meralco Foundation, PLDT-Smart Foundation, Metro Pacific Tollways



Marine Guardians in Puerto Galera

Corporation, Light Rail Manila Corporation, the Shore It Up movement, and the community of Puerto Galera collectively netted some 616 kilograms of garbage, which were then eventually segregated and properly disposed of.

Marine Protection, Inspection, and Conservation

Guardians. With the SIU 9-19-19 Event as its springboard, MPIF strengthened its support to the Municipality of Puerto Galera with a Memorandum of Understanding (MOU) to launch the Marine Protection, Inspection and Conservation (MPIC) Guardians program. As a UNESCO Man and Biosphere reserve acknowledged worldwide as "the center of the center of marine biodiversity", Puerto Galera was the perfect venue for MPIF to showcase its commitment to do more for the environment. Nine (9) local fisherfolk and Bantay Dagats, fully supported by the LGU, were equipped with the proper training, knowledge, and tools to be the foremost stewards of its rich marine ecosystem. Through a commitment of P1.5 million over three years, the MPIC Guardians were provided with open water scuba diving training and certification, uniforms and equipment such as Global Positioning System (GPS) trackers, GoPro Hero 7s, two-way radios, search lights, and flashlights among others, to better protect and conserve the unique natural resources that set Puerto Galera apart from everywhere else. They are also given monthly financial compensation to serve as an additional means of income. This has allowed MPIF to incentivize the stewardship for the environment, increasing the presence of green livelihood in SIU communities.

Since implementing the MPIC Guardians program, Puerto Galera has seen illegal fishing methods significantly diminished, while



Mangrove Eco-guides in Cordova, Cebu orients guests on Mangroves

fishing activities have been limited exclusively to those within the municipality. With the presence of the Guardians, their Marine Protected Areas or MPAs are now better monitored and managed.

The impact of this program aims to extend beyond the boundaries of Puerto Galera, as these Marine Protection, Inspection and Conservation guardians are expected to pioneer the alliance of other Marine Guardians patrolling the famed Verde Island Passage with other key areas such as the province of Marinduque.

Similarly, implementing the Marine Guardians program in Medina, Misamis Oriental has halted illegal fishing in the town. With a regulated environment, fish catch – and even fish size – has grown, increasing by as much as 40% in May 2020. And even with this abundance, an alternative livelihood program was still put in place (16 tourist boat operators in Brgy. Duka) to better ensure sustainable development. This has led to Medina receiving the DILG's Seal of Good Local Governance and National Competitiveness Index (No. 1 rating in Northern Mindanao and No. 28 in the Philippines for the 4th-6th class municipalities).

Mangrove Protection/Propagation and Information Centers and Mangrove Eco-guides. In Del Carmen, Surigao, the focus on enriching its mangrove ecosystem has led to the establishment of the Mangrove Center. Building a community-



1st Health It Up! held in Puerto Galera

based eco-tourism program around this massive biodiversity conservation initiative – with three approved MPA sites totaling 129 hectares -- has enabled them to totally eliminate the cutting of mangroves and drastically reduce illegal fishing by 95%. Their Mangrove Tours have spurred economic activity, generating employment for at least 1,000 residents, operating boat tours and providing transport and homestay services. More than 20 restaurants and a mall have likewise become part of this integrated effort, all of which has allowed the participants to earn from P2,000 to P10,000 a month and in effect, helping bring the poverty rate down by 29% in 2019.

Health It Up. Prior to the MPIC Guardians launch, MPIF also undertook Health It Up!, a local medical mission to benefit not only the MPIC Guardians and their families, but also local fisherfolk and their families. In collaboration with Makati Medical Center and the Makati Medical Center Foundation, the activity saw volunteer dentists, optometrists, and doctors specializing in ENT, emergency medicine, pediatrics, and general medicine conduct a total of 422 consultations and treatments, with vision screening and adult medical consultations comprising the bulk of the services provided.

The MPIC Guardians as well as the local Emergency Response Team were also provided with an Automated External Defibrillator (AED) training, while the Puerto Galera LGU received a donation of an AED unit from MPIF and Makati Medical Center Foundation.



Marine Guardians Training Program

Additionally, One Meralco Foundation and the local Emergency Response Team of Puerto Galera, gave out 250 Laging Handa kits containing everyday essentials such as tumblers, umbrellas, raincoats, and face towels to children who live in barangays that are constantly affected by calamities and natural disasters.

SIU Dive Scholars. To continuously grow the Shore It Up! community, SIU certified seven (7) new dive scholars from Metro Pacific Investments Corporation, One Meralco Foundation, and the Rotary Club of Makati – Lumina. They are required to take part in at least two (2) Shore It Up! initiatives per year as part of their expectations as SIU dive scholars.

Shoring Up for Sustainability

MPIF is taking the practice of sustainability a step further by introducing Social Return on Investment (SROI) and Carbon Sequestration as measurement tools. This allows MPIF to better quantify the social, environmental and economic costs and benefits of its efforts. In the case of its Mangrove Reforestation Activities in Alaminos, Pangasinan, MPIF realized an aggregate social value of some P97,000 since 2011 and an SROI of 1: 0.59, in which every peso invested in the program creates P0.59 in social value through improved fishery sector, coastal protection, flood prevention, as well as an increased knowledge of mangroves. The Mangrove Center revealed an aggregate social value of over 769,000 since 2011 and an SROI of 1: 0.11, with each peso returning P0.11 in social value



Newly inducted Eco-guides of Cordova, Cebu Mangrove Center

through mangrove education, increased awareness of residents and tourists, and greater knowledge of eco-guides.

Carbon sequestration on the other hand provides a more meaningful measurement of program impact beyond counting the number of seedlings planted. The efforts to reforest the mangroves in Alaminos resulted in 111.92 tons CO₂e generated in carbon stock. To better illustrate this impact, the amount of carbon captured from this mangrove reforestation is equivalent to removing greenhouse emissions from 24 passenger vehicles being driven at an average of 446,942 kilometers per year, 47,673 liters of consumed gasoline, 41,617 liters of consumed diesel, and 19 homes' electricity use for a year.

Shore It Up! continues to make steady and significant positive impacts in coastal areas by increasing community involvement in environmental awareness and providing programs for sustainable ecotourism, marine protection and conservation. Communities adopting SIU's programs and sustainable practices have seen and recorded economic gains and increased food security as early as one year after implementing it. All told, Shore It Up! looks to further evolve in its cause of championing nature, with the ultimate goal of attaining sustainability.

Making Learning More Inclusive



Education

MANO AMIGA

This simple idea has taken firm root and is poised to bear fruit: create a path out of poverty by giving children from low-income families access to global-standard education.

Working hand in hand with Mano Amiga Academy, Metro Pacific Investments Foundation continues to support the schooling of 23 scholars within its affordable K to 12 classrooms in Parañaque City by enriching their minds with a formal education at par with the world's best. Embedded within the pursuit of academic excellence is the teaching of social responsibility, values formation, concern and care for one's health, and love for culture and sports.

The MPIF Annual Excellence Fund covers operational expenses of the school, as well as miscellaneous fees and expenses on student enrichment activities, for each of our 23 scholars from pre-school to high school at Mano Amiga. The seeds of learning that were planted in 2011 has now provided more impact on the lives of our

scholars, their parents, and their teachers. It has also allowed MPIC employees to become engaged in the business of doing good.

- **SCHOLARSHIP SUPPORT** - An annual scholarship grant of P1,000,000.00 sustains the studies of the same 23 Mano Amiga scholars. Already in Grade 9, the Foundation has been with them since Kindergarten and will see them through until they graduate high school.
- **TEACHER TRAINING AND BENEFITS SUPPORT** - MPIF also provided an annual grant of P500,000 for their teachers to avail of teacher training. Held four times a year, this allows the educator of Mano Amiga to further hone their craft and level-up in their profession.
- **CO-TEACH PROGRAM** – As part of their holistic development, MPIC employees were given opportunities to spend time with our scholars to teach them how to make mandalas out of recycled CDs, as well as collages out of recycled newspapers and magazines.

Generating Green Opportunities



2-week
skills training



9
new MPIC
Guardians



3-year
handholding period

Economic Empowerment

MARINE PROTECTION, INSPECTION AND CONSERVATION (MPIC) GUARDIANS

In June 2019, MPIF launched the Marine Protection, Inspection, and Conservation (MPIC) Guardians Program in Puerto Galera. While it aims to complement Shore it Up's marine protection and conservation efforts, the program is also intended to empower locals economically through employment.

Under the program, we enlist fisherfolk and local Bantay Dagat to guard against illegal fishing and other activities that harm the marine ecosystem, and to watch-over Marine Protected Areas (MPA) as stewards of the sea. With the institutionalization

of the program in partnership with the local government, they are authorized to apprehend violators and are also entitled to monthly financial compensation.

Nine (9) pioneering guardians from the province underwent a two-week skills development training that included an Open-water Dive Certification to prepare and capacitate them in taking on the role. Additionally, we commit to assisting the LGU over a three-year handholding period as they transition to lead the program. During this time, we will help in continuous capacity-building such as facilitate further training and provision of resources such as uniforms and equipment.

Aiding More Communities



Tulong Kapatid

SHORE IT UP! MARINDUQUE

In our endeavor to nurture lasting change, we aspire to continuously grow meaningful partnerships and extend our reach. In February 2020, MPIF signed a Memorandum of Understanding (MOU) with the local government of Marinduque to implement Shore It Up! programs. This makes the province SIU's eighth community partner.

Together, we commit to raising environmental awareness, protecting the province's marine biodiversity, and help in fostering sustainable ecotourism on the island.

Similar to other SIU sites, we aim to conduct underwater and coastal clean-ups as well as establish the province's own Marine Protection, Inspection, and Conservation (MPIC) Guardians. Additionally, we plan to develop programs that will protect over 2,000 hectares of mangroves and to carry out specific efforts that will benefit not only the environment but also empower the local community.

HEALTH IT UP!

Along with our growing presence, our programs continue to evolve.

In conjunction with our Shore It Up! Weekend in Puerto Galera, we launched Health It Up!, a medical mission that aims to deliver free quality healthcare services for coastal community members including fisherfolk and their families.

Through HIU, we provided free services to 422 indigent patients with the help of volunteer medical and dental professionals from Makati Medical Center and its Foundation. And with the success of our pilot implementation, we plan to conduct the program

consistently as part of SIU; thereby expanding our community assistance to include healthcare on top of our environmental initiatives.

CALAMITY AND OTHER SOCIAL DEVELOPMENT

The Foundation remains a dependable partner in coming to the aid of our fellowmen in times of need. Along with the MVP Group's CSR arm, we ably provided needed assistance to various calamities in 2019.

- Victims of a fire that razed homes in Barangay San Antonio, Quezon City received relief support from MPIF, through the Alagang Kapatid Foundation, Inc.
- The local government of Itbayat, Batanes, MPIF, accepted a donation of thirty (30) Tulip Table Top Water Filters, as well as an Automated External Defibrillator (AED) as part of the joint assistance given by MPIF and other Tulong Kapatid Foundations in the aftermath of a 6.4 magnitude earthquake that rocked the province in July.
- A rural health center in Marawi received an upgrade with the addition of creating a play and learning corner for the children in the local community. The Foundation donated playmats, educational posters and toys, and books to the Center. This is a continuing effort to contribute to the long-term recovery of the conflict-afflicted city in Mindanao.

At the same time, MPIF contributed to the continuing development of its partners in the Mano Amiga program by supporting the Academy's educators in undergoing Teacher Training programs, while providing an avenue for MPIC employees to teach practical recycling to Mano Amiga scholars.

Covid-19 Response

Giving More of Ourselves

In the first part of 2020, we faced an unprecedented challenge in the 2019 novel coronavirus (COVID-19). This global pandemic threatened not only the health of people everywhere but also upended economic progress throughout the world and changing the way we live. What it failed to change, though, was our resilience as Filipinos. Despite the seemingly dire predicament, we clung on to hope and did what we always do: rise above the challenge.

Covid-19 Response



Tulong Kapatid aids QC Waste Management Teams

Tulong Kapatid turned over face shields and grocery packs to various waste management providers of the local government unit of Quezon City. Around 500 waste management enforcers received 300 face shields and 500 food bags containing canned goods, coffee, rice, Sari Roti breads, Kopiko, and bottled water.

As frontliners for the community and the environment, garbage collectors, pickers, river waste management and street sweepers need to be protected from the daily hazards of their duties. They play a vital role in our society and neglecting them could pose enormous health and environmental issues.

This project was made possible through the cooperation of Foundations and companies in the MVP Group, namely Metro Pacific Investments Foundation, One Meralco Foundation, PLDT-Smart Foundation, Maynilad and Alagang Kapatid Foundation of TV5.

MPIF supports local farmers

MPIF donated over 8,000 kilograms of fresh vegetables from local farmers' cooperatives to its COVID-19 relief beneficiaries. This initiative hit two birds with one stone: we provided healthier and more nutritious food options amid the influx of canned and instant goods, and aided local farmers whose supply chains have been drastically affected by the pandemic.

MPIF had partnered with Agrea Agricultural System International Inc.'s Move Food Initiative, a program dedicated to helping agribusinesses cope with the new normal by connecting local farmers to potential buyers. Working with the Move Food Initiative guaranteed that farmers, who strive to provide their fellowmen with sustenance, are not forgotten in their time of need.

MVP companies extend aid to Pampanga

After continuous relief initiatives within Metro Manila and surrounding provinces, MPIF, along with PLDT-Smart Foundation (PSF), Alagang Kapatid Foundation Inc. (AKFI), and the North Luzon Expressway (NLEX) Corporation, expanded its relief response to Pampanga.

PSF donated 500 grocery packs and 250 PPE sets to Pulung Maragul, Angeles City, 500 grocery packs to PNP Region 3 in



San Fernando, Pampanga, and ten tents to be used for PNP checkpoints. These donations were distributed to indigenous communities and poverty-stricken villages in the region, primarily families living in far-flung areas and along the river.

MPIF distributed 200 full PPE kits to the Task Force Safe Haven Quarantine Facility in Brgy. Aranguren, Capas, Tarlac and 300 grocery packs were turned over to Apalit. NLEX helped in the distribution of donations and ensuring the team's safe travels.

MPIF supports Conde Labac Scouts

With the threat of COVID-19 still widespread, schools had been compelled to suddenly shift to distance learning—putting students without access to stable internet connectivity at risk of getting left behind. To equip children in this new educational environment, MPIC turned over 50 units of Smart Pocket Wi-Fi to the Conde Labac Integrated School in Batangas City for their student scouts.



These student scouts served as volunteers for the BaD Ass Community Kitchen, catering to evacuees situated in the Dreamzone inside the Provincial Capitol when the Taal Volcano erupted. Aside from valuing their right to education, we extended this aid to the student scouts to express our gratitude for their selfless efforts in helping their disadvantaged community.

Tulong Kapatid supports Mabini boatmen

MPIF spearheaded CSR teams from One Meralco Foundation (OMF), Alagang Kapatid Foundation Inc (AKFI), and Maynilad in

donating food and other necessities to boatmen, boat crew, and their families who fell victim to Typhoon Quinta and Typhoon Rolly. MPIF donated 100 pails, each filled with over 5kgs of fresh vegetables, Maynilad provided 500 bottles of water, and OMF distributed 200 grocery packs.

The onslaught of the typhoons severely damaged or completely wrecked their boats, jeopardizing their livelihood. These boatmen and their crew continuously help further our cause to rescue, restore, and revive marine biodiversity in the Philippines through Shore It Up. This was our way of ensuring them that we will provide as much support as we can to help them recover when they are faced with challenges.

MPIF reaches out to Cavite

MPIF donated over 1,000 sacks of rice and 1,000 grocery bags to the province of Cavite. With the help of PLDT, the goods were repacked and mobilized for delivery to the provincial government.

TULONG KAPATID PARA SA TAAL

In January 2020, in the wake of the sudden eruption of Taal volcano and its continuous unrest, we joined hands with other Tulong Kapatid foundations to quickly provide assistance to our affected fellowmen.

Through our cooperated calamity response, which augmented our resources and further capacitated our initiative, we were able to deliver relief aid such as food, clothing, beddings, toiletries, and potable water to over 1000 evacuees and residents of barangays Poblacion, Majuben, San Jose, and Anilao East in Mabini, Batangas. Additionally, in cooperation with Makati Medical Foundation, we were able to check up and provide them free medical care. We allocated a total of ₱1.5 million for relief support and raised an additional ₱46,500 in donations. Of which, ₱100,000 was used to sponsor medicines and medical supplies to assist in the medical mission conducted alongside the relief operations.

During times of need, we reach out in solidarity. As a community, we are always ready to lend a hand and give back in every way we can.

Covid-19 Response

KAYA NATIN 'TO

Responding to growing social concerns brought by imposed social-distancing measures such as the Enhanced Community Quarantine in Metro Manila and its surrounding areas, we launched Kaya Natin 'To. As the first phase of our COVID-19 Response, the program was intended to deliver immediate aid such as food, vitamins, and hygiene essentials for the marginalized whose abilities to support themselves were hampered significantly.

From the end of April to the beginning of July, we conducted a series of relief operations in a total of 19 areas. We widened our reach beyond the National Capital Region, extending the program to help tourism workers in Batangas through OPLANILAO and a remote indigenous Aeta community in Zambales. For three months, we were able to distribute relief packs to more than 3,700 families and individuals in Quezon City, Malabon, Marikina, Payatas, Tondo, Alabang, Laguna, Pampanga, Batangas, and Zambales. Additionally, we included vegetables as healthy additions to our relief packs. Sourcing over 8,000 kgs of vegetables directly from Agrea Agricultural System International Inc., we were able to extend our support to local farmers from Nueva Ecija.

With the assistance of Alagang Kapatid Foundation and the support of consumer companies Unilever Philippines, Sari Roti, Kopiko, and Nutrilite Inc. that sponsored a substantial quantity of their products as relief goods, we were able to carry out the program and promptly helped the vulnerable sector cope.

Leading our COVID-19 efforts with Kaya Natin' To, we wanted to emphasize early on that we can and will overcome the crisis together as a community.

PPE DISTRIBUTION

In the face of a health crisis, our healthcare workers serve at the forefront. Keeping communities safe and containing the outbreak, they risk their safety for ours. But the escalating pandemic and the rapid increase of cases proved overwhelming. The healthcare community faced supply shortages fueled by quickly depleting stockpiles and surging demand, particularly for Personal Protective Equipment (PPE).

Following up our relief efforts, we utilized our group's centralized purchasing network and logistical capacity to assist healthcare

facilities and augment supplies beyond our hospital group. To date, we have delivered approximately 5,000 PPEs including gloves, masks, gowns, goggles, and face shields to over 14 institutions in Metro Manila and Mindanao. Aside from PPEs, we also donated 1,000 virus specimen test tubes, 500 boxes of Clusivol, and 10 Tulip Tabletop water filters to various frontline facilities.



Healthcare workers may be at the frontline but they are not alone in the fight. Through this initiative we rally behind our frontliners, supporting them in any way we can and empower them through this unprecedented challenge.

BAYAN TANIM!

With the adverse socio-economic impact of the pandemic and the uncertainties of the times, we launched the third phase of our COVID-19 Response—Bayan Tanim!, providing a more long-term solution that would help disadvantaged communities cope and become more resilient during crises.

The program harnesses the potential of small-scale gardening as a supplemental and sustainable food source for households and communities. Through the distribution of planting crates, we provide them the resources to grow their own vegetables at home or to cultivate a community garden. Each crate contains basic cultivation essentials such as seeds, seedlings, fertilizer, and potting mix. Additionally, we opened the program for individuals and companies to purchase crates for personal distribution or for donation. All sales were used to fund additional crates for our beneficiaries.



Within three months after launching the program, we raised a total of P291,000 and have delivered over 400 crates in seven communities across Metro Manila. To date benefitting an estimated 800 households. As we gradually move towards recovery, we intend to further develop Bayan Tanim! to incorporate a livelihood program, such as a community market, in the future for beneficiaries.



Partners for food sustainability

Assisting us in our endeavor to promote food sustainability and institute a more sustainable recovery through urban gardening are the Department of Agriculture (DA) and Agrea Agricultural Systems International Inc. Signing a tripartite Memorandum of Understanding, we forged a partnership that enabled us to advance Bayan Tanim!'s objectives.

The DA committed to providing Bayan Tanim! 1,000 agricultural starter kits containing seedlings of commonly grown vegetables and other essentials; as well as lead capability building activities such as online courses and provision of educational materials on urban agriculture techniques. Similarly, the Bureau of Plant Industry, under the DA, also committed to providing training and technical assistance as well as to conduct regular and semestral monitoring of the community gardens of Bayan Tanim!'s beneficiaries. Agrea, on the other hand, was to remain as our main supplier of seedlings as well as our partner in assuring the quality of Bayan Tanim!'s planting crates and in sustaining the initiative.

Together, we take a step towards improving food security and sustainability beginning with vulnerable communities.



Covid-19 Response

For MPIF, this meant giving more of ourselves to assist national and local governments by allocating considerable financial, material and human resources to aid the health frontliners in areas where they were critically needed, as well as those severely affected in our partner communities. We allotted some P12-M to provide the following:

Personal Protective Equipment (PPE) and Medical Supplies

Specific Items

- **1,000 full PPE kits** (surgical face masks, N95 facemasks, disposable head caps, disposable shoe covers, disposable coveralls, disposable surgical gowns, and anti-fog goggles)
- **200 full PPE kits**

Beneficiary

Various hospitals, quarantine facilities, and local government units in Mindanao

Task Force Safe Haven Quarantine Facility in Brgy. Aranguren, Capas, Tarlac

Economic Assistance

Specific Items

- Purchase of **over P663,000.00** worth of vegetables as part of the MPI Foundation's food pack donation
- Purchase of **sewing machines** and other equipment

Beneficiary

Local farmers' cooperatives harshly affected by quarantine measures and massive decline in demand

Parokya ng Pagkabuhay's alternative livelihood project for single parents, young mothers, and unemployed individuals

Relief Packs

Specific Items

- **3,500 relief packs** with rice, canned goods, bread, powdered milk packs, hygiene kits, and instant coffee
- **Relief packs and sleeping kits**

Beneficiary

Depressed areas in Quezon City, Payatas, Malabon, Laguna, Marikina, Batangas, Alabang, Zambales, and Caloocan in partnership with Alagang Kapatid Foundation Inc., Unilever, Kopiko, Sari Roti, Nutriline Inc., and MetroPac Movers Inc.

Families stricken by fire in Happy Land, Tondo Manila, Brgy. Tonsuya, Malabon, and Brgy. Addition Hills during Covid-19



Specific Items	Beneficiary
• P1.1M worth of virus specimen collection tubes, PPEs (nitrile gloves, goggles, and coveralls, and boxes of vitamins)	Research Institute for Tropical Medicine (RITM) and the Philippine Genome Center
• 200 PPEs , 100 boxes of Clusivol, and 10 Tulip Tabletop Water Filters	Our Lady of Lourdes Hospital
• Ongoing distribution of 1,000 full PPE kits	Various hospitals and medical institutions in Metro Manila and neighboring areas

Specific Items	Beneficiary
• #Give2Achieve Educational Program	Virllanie Foundation
• Sustained monthly allowance	36 MPIC Guardians and 6 Mangrove Eco-Guides in Alaminos, Pangasinan and Del Carmen, Siargao
• Launched OPLANILAO , a program to support eco-tourism to alleviate the impact of the COVID-19 pandemic on local livelihoods	Members of the tourism and coastal resource management (CRM) sector in Batangas
• Donated over 500 grocery packs and vitamins	Local resort staff, tourism workers, and TESDA-accredited wellness therapists with OMF, AKFI, and the Resort Owners Association of Mabini (ROAM) as the first wave of the OPLANILAO program

Specific Items	Beneficiary
• P3M worth of rice and grocery packs	Province of Cavite
• 300 grocery packs	Municipality of Apalit
• Over 500 grocery packs and vitamins	Local resort staff, tourism workers, and TESDA-accredited wellness therapists with OMF, AKFI, and the Resort Owners Association of Mabini (ROAM) as the first wave of the OPLANILAO program
• Relief packs	36 Marine Protection, Inspection, and Conservation (MPIC) Guardians in Puerto Galera, Oriental Mindoro, and Medina Misamis Oriental
• 4,000 kgs of fresh vegetables	500 Quezon City waste management teams comprised of garbage collectors and street sweepers through QC LGU

Board of Trustees & Officers



MANUEL V. PANGILINAN
Chairman



MELODY M. DEL ROSARIO
President



RAMONCITO S. FERNANDEZ
Trustee



RICARDO M. PILARES, III
Trustee/ Corporate Secretary



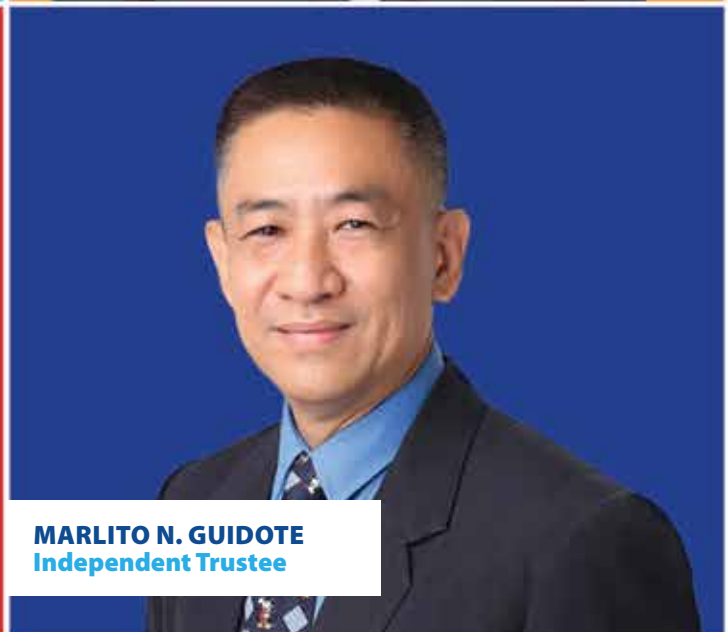
MAIDA B. BRUCE
Trustee / Treasurer



JOSE MA. K. LIM
Trustee



CAMILLE ANNE C. SAPNU
Asst. Corporate Secretary



MARLITO N. GUIDOTE
Independent Trustee

Independent Auditor's Report

The Board of Trustees
Metro Pacific Investments Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metro Pacific Investments Foundation, Inc. (the "Foundation") (a private nonstock, nonprofit corporation), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of income and fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditor's Report

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 8 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Metro Pacific Investments Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Meynard A. Bonoan

Partner

CPA Certificate No. 0110259

SEC Accreditation No. 1739-A (Group A),

February 7, 2019, valid until February 6, 2022

Tax Identification No. 301-105-435

BIR Accreditation No. 08-001998-136-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 8534228, January 4, 2021, Makati City

February 24, 2021

Statements of Financial Position

	Years Ended December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱4,106,710	₱2,559,069
Other current assets	1,770	10,934
	4,108,480	2,570,003
Noncurrent Asset		
Equipment (Note 4)	192,035	—
	₱4,300,515	₱2,570,003
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other current liabilities (Note 6)	₱2,634,981	₱2,535,331
Withholding tax payable	12,620	14,361
	2,647,601	2,549,692
Fund Balance	1,652,914	20,311
	₱4,300,515	₱2,570,003

See accompanying Notes to Financial Statements.

Statements of Income and Fund Balance

	Years Ended December 31	
	2020	2019
INCOME		
Donations (Note 5)	₱16,506,871	₱11,939,762
Interest, net of final tax (Note 3)	30,214	13,590
	16,537,085	11,953,352
PROJECT COSTS (Note 7)		
Shore It Up	2,651,715	7,333,204
Scholarship assistance	1,500,000	1,519,511
Calamity and other social development	10,349,044	3,569,506
	14,500,759	12,422,221
ADMINISTRATIVE EXPENSES		
Other services	244,477	562,964
Professional fees	72,800	115,400
Taxes and licenses	9,283	10,695
Insurance	1,122	1,122
Fees and charges	—	79,500
Miscellaneous expense	76,041	72,967
	403,723	842,648
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	1,632,603	(1,311,517)
FUND BALANCE AT BEGINNING OF YEAR	20,311	1,331,828
FUND BALANCE AT END OF YEAR	₱1,652,914	₱20,311

See accompanying Notes to Financial Statements.

Statements of Cash Flows

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of income over expenses	₱1,632,603	(₱1,311,517)
Adjustments for:		
Interest, net of final tax (Note 3)	(30,214)	(13,590)
Depreciation expense (Note 4)	3,255	—
Operating income (loss) before working capital changes	1,605,644	(1,325,107)
Decrease in:		
Due from a related party (Note 5)	—	1,351,847
Other current assets	6,000	27,750
Increase (Decrease) in:		
Due to a related party (Note 5)	—	(210,068)
Accrued expenses and other current liabilities (Note 6)	99,650	302,684
Withholding tax payable	(1,741)	2,666
Interest received, net of final tax	33,378	10,256
Net cash from operating activities	1,742,931	160,028
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment (Note 4)	(195,290)	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,547,641	160,028
CASH IN BANKS AT BEGINNING OF YEAR	2,559,069	2,399,041
CASH IN BANKS AT END OF YEAR (Note 3)	₱4,106,710	₱2,559,069

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Corporate Information

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

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

On December 9, 2020, the Foundation was duly accredited by the Board of Trustees of Philippine Council for Non-Governmental Organization Certification (PCNC). The PCNC certification is valid for one year to December 8, 2021.

In 2019, the Foundation obtained its certificate for income tax exemption from Bureau of Internal Revenue (BIR) which shall be valid for three years from date of issuance on September 27, 2019 and may be renewed subsequently. As a nonstock, nonprofit corporation, the Foundation falls under Section 30 (E) of the Republic Act No. 8424 entitled, “An Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes”. The receipts from activities conducted in pursuit of the objectives for which the Foundation was established are exempt from income tax. However, any income arising from its real or personal properties, or from activities conducted for profit, regardless of the disposition made of such income, is subject to income tax.

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

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

The Board of Trustees approved and authorized the issuance of the financial statements of the Foundation on February 24, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

The financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRS) for Small Entities (the “Framework”).

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

Current Versus Non-current Classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Foundation classifies all other liabilities as non-current.

Cash and Cash Equivalents

Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

The Foundation accounts for its financial instruments as basic financial instruments.

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

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

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

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

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

As at December 31, 2020 and 2019, the Foundation's basic financial instruments include cash and cash equivalents and accrued expenses and other current liabilities.

Offsetting Financial Instruments

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

Impairment of Financial Assets

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

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in statement of income and fund balance.

The Foundation assesses the following financial assets individually for impairment:

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

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

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

Derecognition of Financial Assets and Financial Liabilities

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

- (a) the contractual rights to the cash flows from the financial asset expire or are settled; or,
- (b) the Foundation transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or,

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

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

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

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in statement of income and fund balance.

Equipment

Equipment in the statement of financial position are carried at cost, excluding day-to-day servicing, less accumulated depreciation and any impairment loss. The initial cost of equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the equipment to its working condition and location for its intended use.

Such cost includes the cost of replacing part of such equipment and borrowing cost for long-term construction project when recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Foundation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied.

Expenditures incurred after the equipment have been put into operation, such as repairs and maintenance, are normally recognized as expense in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the equipment.

Depreciation commences once the equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the assets (see Note 4).

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted as appropriate, at each financial reporting period.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and fund balance in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Foundation assesses at each end of reporting period whether there is an indication that assets (which include equipment) may be impaired. If any such indication exists, the Foundation makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded associates or other available fair value indicators. Impairment losses are recognized in the statement of income and fund balance.

An assessment is made at each end of reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and fund balance.

Fund Balance

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

Revenue Recognition

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

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

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

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

Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in fund balance, other

than those relating to distributions to fund balance participants. Cost incurred for projects and expenses are recognized when incurred.

Current Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

As discussed in Note 1, the Foundation, as a nonstock, nonprofit corporation, organized and operated exclusively for corporate social responsibility (CSR) undertakings, is exempt from income tax. Income derived from incidental taxable activities regardless of the disposition made of such income, is however, subject to tax.

The Foundation has no taxable income for the years ended December 31, 2020 and 2019.

Provisions

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

Contingencies

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

Events After the End of Reporting Period

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

3. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash in banks	₱2,069,632	₱552,420
Cash equivalents	2,037,078	2,006,649
	₱4,106,710	₱2,559,069

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation, and earn interest at the prevailing cash equivalents rates.

Interest income, net of final tax, earned from bank deposits amounted to ₱30,214 and ₱13,590 in 2020 and 2019, respectively.

4. Equipment

For the year ended December 31, 2020:

	January 1	Additions/ Depreciation	December 31
Cost	₱–	₱195,290	₱195,290
Less accumulated depreciation	–	3,255	3,255
	₱–	₱192,035	₱192,035

In 2020, the Foundation purchased an inflatable rescue boat that can be used for projects and disaster recovery activities.

The Foundation's equipment is depreciated over a period of five (5) years computed on a straight-line basis.

5. Related Party Transactions

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

Details of related party transactions and balances are as follows:

	Nature of Transaction	Terms and Conditions	Transactions for the Years Ended December 31		Outstanding Balances as at December 31	
			2020	2019	2020	2019
<u>Due from related parties</u>						
MPIC	Donation	(see Note 1)	₱14,775,886	₱7,500,000	₱–	₱–
	Noninterest-bearing advances	Unsecured, due and demandable and not impaired	–	1,171,067	–	–
<i>Other related parties*</i>						
Global Business Power Corporation	Donation	(see Note 1)	500,000	–	–	–
First Pacific Company Limited	-do-	-do-	150,000	–	–	–
Light Rail Manila Corporation	-do-	-do-	80,000	50,000	–	–
PXP Energy Corporation	-do-	-do-	–	2,000,000	–	–
Cavitex Infrastructure Corporation	-do-	-do-	–	300,000	–	–
One Meralco Foundation, Inc.	-do-	-do-	–	300,000	–	–
PLDT-Smart Foundation Inc.	-do-	-do-	–	294,000	–	–
Maynilad Water Services, Inc.	-do-	-do-	–	200,000	–	–
			₱15,505,886	₱11,815,067	₱–	₱–
<u>Due to a related party</u>						
<i>Other related party*</i>						
Cebu Cordova Link Expressway Corporation (CCLEC)	Project advances	For liquidation (see Note 6)	₱–	₱–	₱–	₱–
			₱–	₱–	₱–	₱–

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

Compensation of Key Management Personnel

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

6. Accrued Expense and Other Current Liabilities

This account consists of:

	2020	2019
Accounts payable	₱320,764	₱14,121
Accrued expenses	314,217	521,210
Payable to contractor	2,000,000	2,000,000
	₱2,634,981	₱2,535,331

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

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

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

In 2017, the Foundation, CCLEC and the Municipality of Cordova entered into a Memorandum of Agreement to put up a Mangrove Propagation and Information Center which will undertake the development of mangrove nurseries, the multiplication and planting of mangrove trees in coastal estuarine areas and the rehabilitation of degraded mangrove ecosystems (the Project). Costs for the Project are to be shared between the Foundation and CCLEC. The project was completed on October 31, 2020 and the center turned over to the Local Government of Cordova on January 27, 2021. As at February 24, 2021, the construction cost partially paid amounted to ₱4,646,543, with full settlement expected within 2021.

7. Projects of the Foundation

Shore It Up

The Foundation funds "Shore It Up", the CSR project of MPIC. It focuses on underwater and coastal cleanup as its core activities. It also engages in various environmental rescue, restoration and revival activities such as mangrove planting, tree planting, giant clam seeding, giant clam moving and artificial reef installation. For the years ended December 31, 2020 and 2019, expenses incurred for this project amounted to ₱2,675,715 and ₱7,333,204, respectively.

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

Scholarship Assistance

The Foundation works on the broader social impacts of education through giving primary students of Mano Amiga Academy, Inc. (Mano Amiga), a high-quality primary schooling to function throughout their academic careers and within the community. Mano Amiga is a school that provides children from low-income families, access to private school education, holistic formation and other necessary support for the future. For the years ended December 31, 2020 and 2019, scholarship assistance amounted to ₱1,500,000 and ₱1,519,511, respectively. A Memorandum of Understanding is signed every year to formalize and renew the program and partnership between the Foundation and Mano Amiga.

Other CSR Activities

The Foundation also supports various advocacies and initiatives endorsed by the MPIC and its subsidiaries. For the years ended December 31, 2020 and 2019, expenses incurred for other CSR activities amounted to ₱10,349,044 and ₱3,569,506, respectively. The Foundation's activities in 2020 were substantially directed to programs in responding to the COVID-19 pandemic. The Foundation provided ₱7,533,556 in relief efforts for various hospitals, organizations, local government units, and community beneficiaries in 2020.

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

Below are the additional disclosures applicable to the Foundation under RR 15-2010 for the year ended December 31, 2020:

Taxes and Licenses

The Foundation paid taxes and licenses amounting to ₱9,283 in 2020. Details are as follows:

	Amount
Business permits	₱6,713
Others (includes annual BIR registration fee of ₱500)	2,570
	₱9,283

Withholding Tax

During the year, the Foundation paid expanded withholding taxes amounting to ₱40,185 and accrued amounting to ₱12,620.

The Foundation is not a VAT-registered entity.

Other Taxes

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

Tax Assessment and Litigation

The Foundation has no outstanding tax assessments and litigation as at December 31, 2020.

Independent Auditor's Report

The Board of Trustees
Metro Pacific Investments Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metro Pacific Investments Foundation, Inc. (a private nonstock, nonprofit corporation), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of income and fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 7 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Metro Pacific Investments Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Meynard A. Bonoan

Partner

CPA Certificate No. 0110259

SEC Accreditation No. 1739-A (Group A),

February 7, 2019, valid until February 6, 2022

Tax Identification No. 301-105-435

BIR Accreditation No. 08-001998-136-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 8125217, January 7, 2020, Makati City

February 26, 2020

METRO PACIFIC INVESTMENTS FOUNDATION, INC.

(A Private Nonstock, Nonprofit Corporation)

Statements of Financial Position

	Years Ended December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱2,559,069	₱2,399,041
Due from a related party (Note 4)	–	1,351,847
Other current assets	10,934	35,350
	₱2,570,003	₱3,786,238
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other current liabilities (Note 5)	₱2,535,331	₱2,232,647
Withholding tax payable	14,361	11,695
Due to a related party (Note 4)	–	210,068
	2,549,692	2,454,410
Fund Balance	20,311	1,331,828
	₱2,570,003	₱3,786,238

See accompanying Notes to Financial Statements.

Statements of Income and Fund Balance

	Years Ended December 31	
	2019	2018
INCOME		
Donations (Note 4)	₱11,939,762	₱7,653,800
Interest, net of final tax (Note 3)	13,590	3,182
Foreign exchange gain	—	19,705
	11,953,352	7,676,687
PROJECT COSTS (Note 6)		
Shore it up	7,333,204	3,201,694
Scholarship assistance	1,519,511	1,643,087
Calamity and other social development	3,569,506	2,011,612
	12,422,221	6,856,393
ADMINISTRATIVE EXPENSES		
Other services	562,964	247,262
Professional fees	115,400	260,800
Fees and charges	79,500	45,000
Taxes and licenses	10,695	10,195
Insurance	1,122	1,122
Miscellaneous expense	72,967	29,234
	842,648	593,613
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	(1,311,517)	226,681
FUND BALANCE AT BEGINNING OF YEAR	1,331,828	1,105,147
FUND BALANCE AT END OF YEAR	₱20,311	₱1,331,828

See accompanying Notes to Financial Statements.

Statements of Cash Flows

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of income over expenses	(₱1,311,517)	₱226,681
Adjustments for:		
Interest, net of final tax (Note 3)	(13,590)	(3,182)
Foreign exchange gain	—	(19,705)
Operating income (loss) before working capital changes	(1,325,107)	203,794
Decrease (increase) in:		
Due from a related party (Note 4)	1,351,847	(1,351,847)
Other current assets	27,750	(18,550)
Increase (decrease) in:		
Due to a related party (Note 4)	(210,068)	210,068
Accrued expenses and other current liabilities (Note 5)	302,684	2,116,047
Withholding tax payable	2,666	11,695
Interest received, net of final tax	10,256	3,182
Net cash from operating activities	160,028	1,174,389
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH IN BANKS	—	19,705
CASH IN BANKS AT BEGINNING OF YEAR	2,399,041	1,204,947
CASH IN BANKS AT END OF YEAR (Note 3)	₱2,559,069	₱2,399,041

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Corporate Information

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

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

The Foundation is in the process of securing the Philippine Council for NGO Certification (PCNC) accreditation.

In 2019, the Foundation obtained its certificate for income tax exemption from Bureau of Internal Revenue (BIR) which shall be valid for three years from date of issuance on September 27, 2019 and may be renewed subsequently. As a non-stock, non-profit corporation, the Foundation falls under Section 30 (E) of the Republic Act No. 8424 entitled, “An Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes”. The receipts from activities conducted in pursuit of the objectives for which the Foundation was established are exempt from income tax. However, any income arising from its real or personal properties, or from activities conducted for profit, regardless of the disposition made of such income, is subject to income tax.

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

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

The Board of Trustees authorized the issuance of the financial statements of the Foundation on February 26, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

The financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRS) for Small Entities (the “Framework”). Previously, the Foundation prepared financial statements in accordance with PFRS for Small and Medium-sized Entities (PFRS for SMEs).

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

By reducing choices for accounting treatment, eliminating topics that are generally not relevant to small entities, simplifying methods for recognition and measurement, and reducing disclosure requirements, the Framework allows small entities to comply with the financial reporting requirements without undue cost or burden. Some of the key simplifications introduced by the Framework are as follows:

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

The Foundation adopted the Framework starting January 1, 2019. The Foundation elected to not recognize deferred taxes in the financial statements. The other changes for the simplifications did not have an impact on the Foundation's financial statements.

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

Current Versus Non-current Classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or,

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Foundation classifies all other liabilities as non-current.

Cash and Cash Equivalents

Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

The Foundation accounts for its financial instruments as basic financial instruments.

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

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

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

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

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

As at December 31, 2019, the Foundation's basic financial instruments include cash and cash equivalents, accrued expenses and other current liabilities. As at December 31, 2018, the Foundation's basic financial instruments include cash and cash equivalents, due from/to a related party, accrued expenses and other current liabilities.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability

simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Impairment of Financial Assets

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

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in statement of income and fund balance.

The Foundation assesses the following financial assets individually for impairment:

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

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

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

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in statement of income and fund balance.

Fund Balance

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

Revenue Recognition

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

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

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

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

Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost incurred for projects and expenses are recognized when incurred.

Current Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

As discussed in Note 1, the Foundation, as a non-stock, non-profit corporation, organized and operated exclusively for corporate social responsibility (CSR) undertakings, is exempt from income tax. Income derived from incidental taxable activities regardless of the disposition made of such income, is however, subject to tax.

The Foundation has no taxable income for the years ended December 31, 2019 and 2018.

Provisions

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

Contingencies

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

Events After the End of Reporting Period

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

3. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash in banks	₱552,420	₱2,399,041
Cash equivalents	2,006,649	—
	₱2,559,069	₱2,399,041

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation, and earn interest at the prevailing cash equivalents rates.

Interest income, net of final tax, earned from bank deposits amounted to ₱13,590 and ₱3,182 in 2019 and 2018, respectively.

4. Related Party Transactions

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

Details of related party transactions and balances are as follows:

	Nature of Transaction	Terms and Conditions	Transactions for the Years		Outstanding Balances	
			Ended December 31		as at December 31	
			2019	2018	2018	2018
<u>Due from related parties</u>						
MPIC	Noninterest-bearing advances	Unsecured, due and demandable and not impaired	₱1,171,067	₱1,351,847	₱–	₱1,351,847
	Donation	Contributions for the expenses incurred by the Foundation	7,500,000	7,600,000	–	–
<i>Other related parties*</i>						
PXP Energy Corporation	-do-	-do-	2,000,000	–	–	–
Cavitex Infrastructure Corporation	-do-	-do-	300,000	–	–	–
One Meralco Foundation, Inc.	-do-	-do-	300,000	–	–	–
PLDT-Smart Foundation Inc.	-do-	-do-	294,000	–	–	–
Maynilad Water Services, Inc.	-do-	-do-	200,000	–	–	–
Light Rail Manila Corporation	-do-	-do-	50,000	–	–	–
			₱11,815,067	₱8,951,847	₱–	₱1,351,847
<u>Due to a related party</u>						
MPIC	Noninterest-bearing advances	Unsecured, due and demandable and not impaired	₱–	₱210,068	₱–	₱210,068
<i>Other related party*</i>						
Cebu Cordova Link Expressway Corporation (CCLEC)	Project advances	For liquidation (see Note 5)	–	2,000,000	–	–
			₱–	₱2,210,068	₱–	₱210,068

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

The amounts due to/from MPIC pertains to amounts payable in relation to operating expenses paid for and in behalf of the Foundation which were fully paid in 2019.

Compensation of Key Management Personnel

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

5. Accrued Expense and Other Current Liabilities

This account consists of:

	2019	2018
Accounts payable	₱14,121	₱14,000
Accrued expenses	521,210	218,647
Payables to contractor	2,000,000	2,000,000
	₱2,535,331	₱2,232,647

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

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

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

In 2017, the Foundation, CCLEC and the Municipality of Cordova entered into a Memorandum of Agreement to put up a Mangrove Propagation and Information Center which will undertake the development of mangrove nurseries, the multiplication and planting of mangrove trees in coastal estuarine areas and the rehabilitation of degraded mangrove ecosystems (the Project). As at February 26, 2020, construction cost is estimated at ₱4,900,000 based on the estimates of a contractor engaged to undertake the Project. Costs for the Project are to be shared between the Foundation and CCLEC.

6. Projects of the Foundation

Shore It Up

The Foundation funds “Shore It Up”, the CSR project of MPIC. It focuses on underwater and coastal cleanup as its core activities. It also engages in various environmental rescue, restoration and revival activities such as mangrove planting, tree planting, giant clam seeding, giant clam moving and artificial reef installation. For the years ended December 31, 2019 and 2018, expenses incurred for this project amounted to ₱7,333,204 and ₱3,201,694, respectively.

Shore It Up’s current project sites include: (i) Alaminos, Pangasinan, (ii) Mabini, Batangas, (iii) Del Carmen, Surigao Del Norte, (iv) Medina, Misamis Oriental (v) Cordova, Cebu and (vi) Puerto Galera, Oriental Mindoro (starting 2019).

Scholarship Assistance

The Foundation works on the broader social impacts of education through giving primary students of Mano Amiga Academy, Inc. (Mano Amiga), a high-quality primary schooling to function throughout their academic careers and within the community. Mano Amiga is a school that provides children from low-income families, access to private school education, holistic formation and other necessary support for the future. For the years ended December 31, 2019 and 2018, scholarship assistance amounted to ₱1,519,511 and ₱1,643,087, respectively. A Memorandum of Understanding is signed every year to formalize and renew the program and partnership between the Foundation and Mano Amiga.

Other CSR Activities

The Foundation also supports various advocacies and initiatives endorsed by the MPIC and its subsidiaries. For the years ended December 31, 2019 and 2018, expenses incurred for other CSR activities amounted to ₱3,569,506 and ₱2,011,612, respectively.

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

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

Taxes and Licenses

The Foundation paid taxes and licenses amounting to ₱10,695 in 2019. Details are as follows:

	Amount
Business permits	₱6,425
Others (includes annual BIR registration fee of ₱500)	4,270
	<u>₱10,695</u>



Withholding Tax

During the year, the Foundation paid expanded withholding taxes amounting to ₱115,706 and accrued amounting to ₱14,361.

The Foundation is not a VAT-registered entity.

Other Taxes

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

Tax Assessment and Litigation

The Foundation has no outstanding tax assessments and litigation as at December 31, 2019.



*Reaching Out
to Change Lives*

Metro Pacific Investments Corporation
10/F MGO Building
Legaspi cor Dela Rosa Streets
Makati City, 0721 Philippines
(632) 8888-0888

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f [fb.com/mpicfoundation](https://www.facebook.com/mpicfoundation)
@mpicfoundation