



REDEFINED

2018 Annual Report

ISA

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'Redefine' is a testament to the work of ISA in changing the way governance is viewed. During the year 2018, we have found that due to the changing of the times, redefinition of governance must find an alliance with sustainability. The fruits of our labour need to grow and adapt at the same time that the community and its ideals do. Together with our partners, we have discovered different means to sustain our progress towards a Dream Philippines.

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2019 Institute for Solidarity in Asia, Inc.

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CHAIRMAN'S MESSAGE

For over a decade now, the Institute for Solidarity in Asia (ISA) has been continuously redefining governance in the Philippines. By definition, governance has always been attributed solely to the government. Over the years, however, we have proven countless times through our work with government, business, and civil society that there is more value in governance as a shared responsibility. As we continue to redefine governance and build our Dream Philippines, we also recognize that as an institution, we must adapt accordingly to the changes and the impact brought about by our work. In the process of broadening the reach of ISA, we also took the time to re-evaluate our goals. We asked ourselves, "How can we make our work more relevant for those who are benefitting from it?" The answer lies in sustainability.

The shift to sustainability echoes the core of ISA's work. Our journey doesn't end at achieving our Dream Philippines; in fact, the journey doesn't end at all. Beyond the process of transformation, there is a greater challenge in sustaining the change we've worked hard to achieve and ensuring that we continue to only move forward. Empowering our partner institutions means providing them with platforms for continuous learning and best practice sharing through our programs and interventions—all of which aim to build the capacity of individuals to be champions and drivers of governance despite the ever-changing political landscape within and outside of their institutions. In the effort to fulfill our mission, ISA has recognized the role of partnerships and alliances in helping us develop and provide more affordable programs for our stakeholders.



In 2018, we revisited our roadmap through a strategy refresh. Our staff were heavily involved in the process as we re-evaluated our goals and set the direction we wanted to take in terms of what we wanted to achieve short term and long term. Each unit was asked to revisit its programs and interventions and analyze how they can be further aligned to the strategic objectives of ISA while remaining responsive to the needs of our stakeholders. Among the many changes in ISA's operations and strategic direction is the harmonization of the Performance Governance System (PGS) elements. Before, national agencies, hospitals, schools, and professional associations had elements that were distinct from the ones in local governments. The harmonization of the elements aimed to streamline not only the PGS framework, but also the interventions that come with being enrolled in the PGS pathway.

Furthermore, the Skills Labs have been expanded to cater to more sectors and to address the need for more technical skill building in response to new laws and policies being passed that affect the public sector. In the same year, the Governance Boot Camp Basic Class and Master Class, ISA's flagship leadership training and governance best practice sharing program, was accredited by the Career Executive Service Board (CESB). Moving forward, ISA is looking to get its training programs accredited by the Civil Service Commission (CSC) as well.

We've also rekindled our partnership with the Center for International Private Enterprise (CIPE) through the project, Innovations for Good Governance or InnovateGov. This project aims to promote innovative approaches in policy-advocacy through performance-based standards for public institutions and multi-stakeholder participation for effective good governance. At the same time, our partnership with the Philippine Heart Center continues to flourish as more and more hospitals enroll in the PGS pathway to align with the plans of the Department of Health for universal healthcare.

With these developments in ISA's programs and partnerships, we hope to bring our stakeholders one step closer to our Dream Philippines. Through cultivating partnerships with other institutions and involving civil society organizations, we do not have to reinvent the wheel. Rather, we can make use of our existing programs and networks, and develop them alongside our partners.

By expanding our reach and developing our programs to be more responsive, this ensures that we will yield the positive impact we want to see more of in our country. ISA is going beyond better in the same way that we are demanding this kind of excellence from our partners.

2018 has been a fruitful year for all of us. We have grown in many ways, not just as an institution, but as partners for governance. Our work isn't easy. So we hope that we will all continue to have grit, to fuel our passion and perseverance for the pursuit of our Dream Philippines and the courage to lead change in our own institutions and in our personal lives, no matter how difficult the journey may be. Thank you for partnering with us and for believing in our advocacy. Let's continue to transform the Philippines!



Francisco F. Del Rosario, Jr.



PRESIDENT'S REPORT



Last year was a turning point for ISA as more advocates and organizations joined our advocacy and answered the call to institutionalize governance practices and reform in the country. This called for a redefinition of our initiatives and efforts, in response to the needs of our growing stakeholders. In preparation for 2018, we revisited our roadmap through a strategy refresh. Among the updates in ISA's operations and strategic direction is the identification of ISA's three points of difference - our service, our network and advocacy, and our track record. We provide customized interventions to help public institutions become exemplars of transformation. Through our programs and events, we are also given the privilege to build a network of public servants and citizens committed to making governance a shared responsibility. Lastly, ISA has been enabling partners to create positive impact and produce globally recognized breakthrough results through the Performance Governance System.

We continued to work harder to be of service to fifty-one (51) active partners from hospitals, local government units, national government agencies, and professional associations – with twelve (12) new partners in the program – such as the Office of the Cabinet Secretary, National Kidney and Transplant Institute, and the Philippine Heart Association.

We laud the Philippine Army for their induction into the Palladium Balanced Scorecard Hall of Fame for Executing Strategy. We also take pride in the eight (8) local government units (LGUs) that have enrolled in the PGS program, namely the City of Balanga, Bataan, City of Legazpi, Albay, City of Dipolog, Zamboanga del Norte, Municipality of Orani, Bataan, Municipality of Pilar, Bataan, Municipality of Samal, Bataan, Province of Bataan, and the Province of La Union, for being awarded the 2018 Seal of Good Local Governance by the Department of Interior and Local Government (DILG). These accolades of excellence manifest the hard work and determination of our partners to let their constituents reap the benefits of good governance.

With our commitment to further capacitate our partners in the implementation of the PGS, we held various training programs and events. Our two Governance Boot Camps convened 130 delegates from thirty-six (36) organizations. Aside from modules on the PGS, our delegates also had the privilege to learn best-practices from our Boot Camp co-hosts, the City Government of Mandaue, the City Government of Legazpi, Albay, and the City Government of Sorsogon. Furthermore, the Skills Labs have been expanded to cater to more sectors and to address the need for more technical skill building in response to new laws and policies being passed. Moving forward, ISA has gotten the Boot Camps accredited by the Career Executive Service Board (CESB) and is looking to get its other training programs accredited by the Civil Service Commission (CSC) as well.

We also gathered more than 400 members of the public and private sector, civil society, youth, media, and the academe to witness the transformation journeys of our partners at two of our Public Governance Fora. Thirteen (13) of our partners underwent the Public Revalida and advanced in the PGS pathway, which included the Philippine Heart Center (Institutionalized), Bataan General Hospital and Medical Center (Initiated), and the Southern Philippines Medical Center (Compliant).

Last November, we held the Philippine Defenders: Rising Exemplars of National Pride, an event that aimed to celebrate the Philippine Army's and Philippine Navy's positive impact and breakthroughs as recognized by the Palladium Group's Hall of Fame award. It was a joint initiative with our sister organization, the Institute of Corporate Directors (ICD), and supported by OmniPay to showcase good governance triumphs in the military sector, and to inspire other organizations in both the public and private sectors to meet the highest standards of governance.

Last year was also a testament to the endless possibilities that one can accomplish through meaningful partnerships. We've rekindled our partnership with the Center for International Private Enterprise (CIPE) through the project, Innovations for Good Governance (InnovateGov). Through this project, we were able to further stir up the discussion on good governance through two (2) consultative dialogues in Palawan and Cagayan de Oro, and a national summit in Metro Manila. The project also featured a Small Grants Programme, which provided external assistance to promising governance partners and advocates with projects that promote innovative approaches in policy advocacy, performance-based standards for public institution excellence, and multi-stakeholder participation for effective governance.

At the same time, our partnership with the Philippine Heart Center continues to flourish as more and more hospitals enroll in the PGS pathway. Hospitals are first introduced to the program through their participation at the Governance in Healthcare Summit, a joint effort of the Philippine Heart Center with ISA, which helps hospitals across the country craft their own strategies in an effort to enhance public healthcare.

We also joined forces with visionary private organizations who answered our call of support to champion integrity and excellence in the public sector. Metrobank and Ayala Corporation pledged to help sustain the implementation and proliferation of PGS annually for a total of five years, encouraging more public institutions to serve the Filipino people better. Additionally, close to 1 million pesos was raised in sponsorships for the bi-annual Public Governance Forum.

We would like to thank Manila Water, PLDT, Bank of Philippine Islands, United Laboratories, Manila Electric Company, and GMA Network for their continued partnership.

By the end of 2018, we reintroduced the ISA Society of Associates - the pool of governance leaders and practitioners who contribute to nation building by strengthening institutions and enterprises in the public sector. With the revamped structure and platforms, ISA Associates are now provided with resources and opportunities that can assist them in complementing career development and advancement. As we continue to revisit and introduce innovations into the program, we hope to engage more individuals and build a network of governance advocates in the Philippines.

2018 was indeed another groundbreaking year for us. All of this would not have been possible without the hard work of our team and partners. We thank all of our partners in the public sector for their commitment to governance reform. While we anticipate challenges and changes in the year ahead of us, we shall continue to serve tirelessly with all of you to reach greater heights and to make good governance the norm.



Ma. Lourdes C. Fernando





PARTNERS IN THE PATHWAY

INITIATED

Five (5) institutions were off to a great start on the first stage of the journey to good governance in the PGS Pathway. Each of these organizations, represented by the local chief executive or medical center chief, presented their basic governance documents and initial strategies to a group of multi-sector panelists.

The panelists rated the institutions based on their strategic positions, breakthrough goals, and commitment to transformation, among other elements of the Initiation Stage. Organizations with scores 8.5 and above were awarded Gold or Silver Trailblazer awards.

Baguio General Hospital and Medical Center (Gold Trailblazer)

To be the premier referral center of Northern Luzon offering leading edge specialty services

Bataan General Hospital and Medical Center (Silver Trailblazer)

BGH is the leading and trusted multi-specialty medical center in Central Luzon by 2022

National Kidney and Transplant Institute (Silver Trailblazer)

To be the premier center for all patients with renal and allied diseases adhering to the highest standards of patient care, training, and research by 2030

Rizal Medical Center (Gold Trailblazer)

To be the preferred DOH multi-specialty end-referral center in eye, surgery, dermatology, neuroscience, and oncology in Eastern NCR and CALABARZON by 2022

City Government of Sorsogon (Silver Trailblazer)

Position Sorsogon as the home of high-value pili and abaca products



COMPLIANT

Five (5) hospitals were ready to present themselves to the multi-sector panel for their Compliance revalida. Their presentations focused on the establishment of an Office for Strategy Management (OSM), a Multi-Sector Governance Council (MSGC), and quick wins from initial cascading and harmonizing their Initiation Stage outputs into daily operations.

Mariano Marcos Memorial Hospital and Medical Center (Gold Trailblazer)

To become the premier center of advanced healthcare in Northern Philippines by 2022

Philippine Children's Medical Center (Gold Trailblazer)

PCMC is a globally recognized Philippine institution in pediatric and perinatal healthcare in research, training, and service by 2022

The following underwent the Initiation-Compliance Revalida:

Davao Regional Medical Center (Gold Trailblazer)

To become a globally competitive and multi-disciplinary government healthcare institution in the Philippines by 2022

Southern Philippines Medical Center (Gold Trailblazer)

To become a world-class, service-oriented medical center leading in the provision of healthcare and training in Mindanao by 2022

Tondo Medical Center (Gold Trailblazer)

To become the leading and preferred multi-specialty teaching and training hospital delivering the highest level of quality healthcare to Northern Metro Manila by 2022

PROFICIENT

These two (2) organizations showed their proficiency in the PGS and their presentations focused on the operations of the Office of Strategy Management (OSM) as it ensures advancement of strategy execution.

Association of Nursing Service Administrators of the Philippines

ANSAP is the premier organization in Nursing Practice and Development recognized worldwide

City Government of Bayawan, Negros Oriental

To be the top farm tourism city in the Philippines by 2020

INSTITUTIONALIZED

One (1) organization completed the PGS Pathway in 2018. This shows they have been achieving breakthrough results and have sustainable governance practices. Other elements present in an Institutionalized organization are the culture of governance, integration of the PGS with existing systems and processes, and plans moving forward. Once an organization is Institutionalized, they are also declared an Island of Good Governance (IGG).

Philippine Heart Center (Gold Trailblazer)

The PHC is the leader in upholding the highest standards of cardiovascular care, a self-reliant institution responsive to the health needs of the Filipino people





KEY DEVELOPMENTS:

Governance Boot Camp

BOOT CAMP 17

Mandaue, Cebu
20 to 28 February 2018

61 Delegates
18 Organizations

Co-host: City Government of Mandaue, Cebu

BOOT CAMP 18

Legazpi City, Albay
28 August to 05 September 2018

69 Delegates
18 Organizations

Co-host: City Government of Legazpi, Albay

“The boot camp is both motivating and an eye opener on change, success, strategy, and development. It is a one of a kind boot camp that is full of surprises not just with the activities but also with the lectures that were discussed during the 3-day boot camp.”

- Caryl Briones, Philippine Navy

“I came to the Boot Camp thinking that I have sufficient, if not mastery, of the PVAO strategy. But I realized that there is still much to learn. Hearing the challenges other orgs experience and their practices in overcoming those challenges gave me an extra boost of confidence that we can overcome ours too.”

- Kwin Grampon, Philippine Veterans Affairs Office

KEY DEVELOPMENTS:

Public Governance Forum

JUNE 14 PUBLIC GOVERNANCE FORUM

Unilab Bayanihan Center, Pasig City

148 Delegates
30 Organizations

NOVEMBER 18 PUBLIC GOVERNANCE FORUM

UP BGC, Taguig City

253 Delegates
34 Organizations

"The PGF brought back the time when NEA was inspiring to acquire conferment of each and every stage of the PGS. It provided me a chance to appreciate the journey that we have went through getting/reaching the Institutionalization stage."

- Rosarita Salvado, National Electrification Administration

"You can relate with the views/concerns raised. The journeys taken by each institution are an eye opener; some are amazing ideas for us."

- Neonita Benafin, Philippine Children's Medical Center



KEY DEVELOPMENTS:

Skills Lab

RISK ASSESSMENT & MANAGEMENT

10 May 2018

25 Delegates
10 Organizations

DRIVING AGRICULTURAL ECONOMIES

20 September 2018

27 Delegates
17 Organizations

BEYOND CASCADING

26 July 2018

30 Delegates
11 Organizations

"I enjoyed the training;
it improved my knowledge.
I need this kind of training to share."

- Rebecca Sabado,
Municipal Government of Bauang, La Union





Philippine Army wins global award for transformative governance

Words by Marlyn Santos

The Philippine Army was inducted into the prestigious Palladium Balanced Scorecard Hall of Fame for Executing Strategy™, a recognition given on March 14, 2018 at the Palladium Group's Reimagine Strategy: Palladium Positive Impact Summit in London, England. The Army is the 6th Philippine government institution to receive the global award which is given to organizations that demonstrate excellent strategy execution and positive impact through systems inspired by Drs. Robert Kaplan and David Norton's Balanced Scorecard.

In the past, the Army was seen as unorganized, untrustworthy, and incapable of doing its mandate and so, in 2010, its leaders decided to transform the Army. After noticing the changes in other institutions, the Army enrolled in ISA's Performance Governance System (PGS)—a strategy management tool that guides institutions to create transformative governance programs—and developed the Army Transformation Roadmap 2028.

The Philippine Army broke down its 18-year ATR into three base camps to create a sense of urgency in achieving its vision to be a world-class army that is a source of national pride. In 2016, it aimed to be a well-equipped Army that has established a respectable image in Southeast Asia. By 2022, it expects to be a modern and respected Army in Asia and by 2028, it aims to fully realize its potential as a world-class army.

In line with their strategy, the Army sought industry experts and known critics to make up its Multi-Sector

Advisory Board (MSAB), tasked to review its performance and provide unbiased advice on its initiatives implemented during and beyond the PGS. The organization also created the Army Governance and Strategy Management Office (AGSMO) to track performance and the Army Strategy Management Council (ASMC) comprised of executive officers responsible for operationalizing the strategy and are accountable to the strategic objectives.

After only a few years since the ATR's formulation, the Army's determination to transform itself had already reaped results: its net trust rating greatly improved from 52% to 75%; its operational readiness went from 67.6% to 73.0%; and soldiers' satisfaction ratings averaged 3.9 out of 4. The Army was also declared as one of ISA's first 12 Islands of Good Governance in 2015.

Despite achieving most of its goals and the prestige the Palladium Hall of Fame award holds, the Army plans on continuing on their transformation journey. At the Palladium Summit, the Philippine Army Commanding General, Lieutenant General Rolando Joselito Bautista, asked the organization to keep in mind the reason why they started the journey in the first place.

He proclaimed, "More than the award is the proof that we have a functioning and world-class strategy. And we promise to continue the journey so that we will be better of service to the Filipino people as a transformed Army they can truly be proud of."



Good governance in patient care: Strides in the Healthcare Sector

Words by Marcus Saludes

The healthcare sector has made strides in good governance with the help of the Institute for Solidarity in Asia (ISA) in 2018, through the updating of the Department of Health's (DOH) strategic plan for the healthcare sector, the Philippine Heart Center's (PHC) Institutionalization in the Performance Governance System (PGS), and through the continuation of PHC's Governance in Healthcare Summits.

DOH's "FOURmula OnePlus (F1+)" program stands upon four strategic pillars: health financing, health service delivery, health regulation, and good governance in health. Each of the pillars is a crucial area for healthcare, and when improved, will have a huge impact on the quality of care and the overall health of the Philippines. The DOH crafted their F1+ program for hospitals to adopt and commit.

The Department continues to improve the F1+ and has created three new impact statements to guide and align hospitals. Better Health Outcomes is a commitment for hospitals to provide overall better quality care to patients. Financial Risk Protection is a commitment to creating a more efficient financial and billing system while keeping the patient's financial situation in mind at all times. Finally, Responsive Health Systems is a commitment to provide all government hospitals with staff required to operate effectively and efficiently to provide excellent care and prevent the overcrowding of facilities.

The Philippine Heart Center was the first hospital to enroll in the PGS Pathway in 2012. In 2018, they passed the Institutionalization Stage with a Gold Trailblazer and flying colors. Their Institutionalization means they have achieved their breakthrough goals of improving their client satisfaction from 87% to 97% and increasing the number of patients from 7,000 to 20,000. They have also proven to have seamlessly integrated PGS mechanisms into the hospital's daily operations. It is a huge achievement in the healthcare sector and serves as an example of the impact good governance can make in an organization.

After their Institutionalization, PHC decided it was time to focus more of their efforts on their governance outreach program by continuing to spread good governance. To start, they hosted four Governance in Healthcare Summits for 20 hospitals around the Philippines. With the DOH's support, PHC continued to share its journey on the PGS pathway with other hospitals in an effort to inspire hospitals to join us in our advocacy of good governance and through the PGS to evolve and reap its benefits. The Summits allowed participating hospitals to see ISA in action and experience the PGS way of strategy formulation. ISA Facilitators helped these hospitals align their goals with the requirements of the F1+ program, as well as create deliverables and targets which their core departments will aim to achieve over the next five years.

Rekindled Affair: Bayawan, Sorsogon

Words by Stephanie Hinlo

Beknown to ISA partners, the road to good governance is never an easy path. Often times, factors outside of one's control changes the course of their journey—yet two of our LGU partners stand to prove that as long as you prevail all obstacles, you can reach your chosen destination.

The City Government of Sorsogon, one of ISA's founding partners, took a break from the PGS after Mayor Sally Lee was elected governor in 2007. Since then, the transition from one mayor to another made it challenging for the City Government to continue the pathway as they have just started working towards achieving compliance with their roadmap. Prior to returning, the City Government was challenged to find a way to better capitalize a commodity their city is abundant of—the pili nut. They wanted to make pili and its by-products a truly Sorsoganon product, as well as to maintain good demeanor and attitude within the LGU—which Mayor Lee believed that the PGS can help enable.

In 2017, the City Government decided to restart the program and shifted their strategic focus from making Sorsogon a progressive gateway to the south to positioning Sorsogon as the home of high-value pili and abaca products. Since then, they have worked hand-in-hand with local government agencies such as Department of Science and Technology (DOST) and Department of Trade and Industry (DTI), as well as with ISA, to help bring their vision to life. Today, Sorsogon is well on its way to completing the Compliance stage with a stronger vision for its city.

Another partner has recently taken the step to keeping good governance an integral part of their work—the City Government of Bayawan. This LGU started their PGS journey back in 2007 and were Initiated and Compliant in March 2008 and September 2009 respectively.

Much like other partner organizations, adapting to the PGS program can be a challenge. The City Government of Bayawan is no exception to this, yet they managed to find solutions to make the program work for them. Through the years, they have undergone several audits, cascading and clean-up sessions, and strategy refreshes to revisit their vision. Steadfast to their LGU's plan, they made the decision in 2016 to follow a more focused vision of making Bayawan the top farm tourism city in the Philippines in 2020.

Nine years after completing their Compliance stage, Bayawan made the decision to vie for Proficiency before the end of Mayor Pryde Teves' term. Since then, the City Government has focused on farm tourism as their strategy to achieve their socio-economic development goals. Despite encountering failures and roadblocks along the process, Bayawan proved that it's ready to get back up and work better to attain their goals.

They say results and success don't come overnight—rather, it manifests in the work and effort put by those who are involved in making the dream happen. Remaining our partners in good governance, it brings us hope to see them continuously strive to go beyond business as usual and bring us closer to our Dream Philippines.





Advancing the Youth Agenda in Achieving Good Governance

Building bridges among civil society for a better Philippines

Words by Jyska Kuan Ken

Bayanihan or being a part of the community is a fundamental aspect of Filipino culture. The practice is usually depicted by a bahay kubo, a traditional Filipino house, being carried on the shoulders of townspeople to help a family move into a new place. It illustrates community and cooperation to achieve a common goal; such bayanihan spirit is crucial to build our Dream Philippines where every government institution delivers and every citizen prospers and engages.

ISA, together with like-minded institutions, launched the InnovateGov Project (InnovateGov) to highlight the importance of citizen action in solving national issues and global challenges. The initiative was supported by the Center for International Private Enterprise (CIPE) in partnership with an advisory council composed by ISA, the De La Salle University Jesse M Robredo Institute of Governance (DLSU-JRIG), Philippine Chamber of Commerce and Industry (PCCI), University of the Philippines National College of Public Administration and Governance (UP-NCPAG), and the Makati Business Club (MBC).

InnovateGov opened up avenues for students, young professionals, entrepreneurs, and stakeholders, to engage in good governance by creating opportunities involving multi-stakeholder participation and public policy-making. Dr Francisco Magno, Director of DLSU-JRIG, expressed how real change needs a bottom-up approach, "We need ordinary citizens. We need participatory mechanisms. But sometimes, it starts with having a network of champions within a city or municipality. It is very important for champions to work together to improve the ecosystem."

Consultative dialogues were held in Cagayan de Oro and Palawan to gather expert insights from multi-stakeholders on various facets of governance. The dialogues enabled participants to formulate solutions to achieve the ideal governance they want to see in accordance with the TrustedGov framework, namely: institutional strengthening, economic freedom, access to social services, and environmental governance.

The InnovateGov Project culminated the year with a high-profile summit to draw public awareness on the impact citizen action and governance can deliver in nation-building. Civil society organizations such as the Kaya Natin, Naga City People's Council, Out of the Box, Dakila, Layertech Software Labs Inc., and the Institute for Leadership, Empowerment and Democracy shared their stories to promote governance through women and youth empowerment, community development, media literacy and the arts, science and technology, and inclusive business.

Mr. Abdulwahab Alkebsi, the CIPE Managing Director for Programs, shared his hope to the Filipinos on combating challenges faced by the country, "The whole world is changing around us. As you work to improve on the Philippines, [you have to] think globally because you are part of a global trend but also act locally, because nobody knows the Philippines as much as you do. Nobody can help the Philippines as much as you do."

ISA Chairman Emeritus Jesus Estanislao agreed with Mr. Alkebsi's point and added that, "We need to build bridges and work together, to reinforce all our efforts and take advantage of the manifold solidarity dividends that close coordination and effective cooperation can deliver."

The call for bayanihan is louder than ever as highlighted in the InnovateGov Project; every Filipino must work together to move our country to better heights, be it in government, business, or civil society.



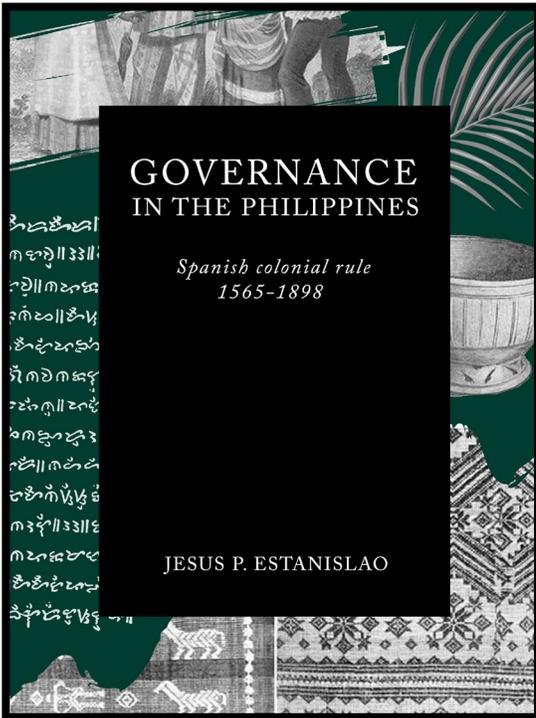
“ISA was an instrumental driving force in shaping and implementing the InnovateGov project. CIPE is always happy to work with ISA in bringing about innovative approaches in policy advocacy, multi-stakeholder participation, and performance-based standards for effective good governance in the Philippines.”

- Ryan Patrick G. Evangelista

Regional Coordinator, Southeast Asia of the Center for International Private Enterprise
and ISA Associate



2018 PUBLICATIONS



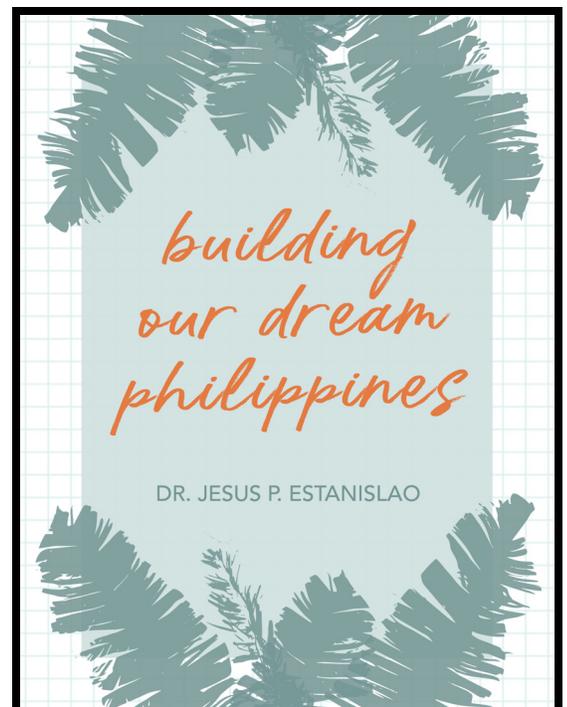
Governance in the Philippines: Spanish colonial rule 1565-1898

Filipino economist and governance thought leader Jesus P. Estanislao has returned from his scholarly travels to Barcelona, Spain to bring home an academic work that, as always, aims to benefit the country on its way to becoming the "Dream Philippines." Written at the IESE Business School, this book is the pilot volume in an ambitious series that looks at the Philippines through the minds of its conquerors to discover the roots of Philippine economy and governance. It aims to encourage a new generation of scholars to look at strategy in a historical context, and to apply pivotal learnings from the country's long years under colonial rule to national governance in the modern day.

Building Our Dream Philippines

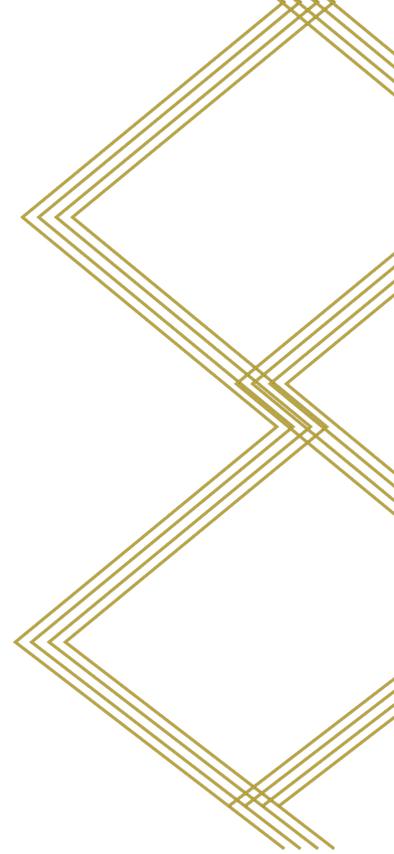
This book is about the future that we - as responsible citizens - can shape together, so that many of our dreams and aspirations as a people can be realized within the lifetimes of those finishing their studies today.

It brings together the country's most reputable good governance advocates - economist Jesus Estanislao, civil society leader Alexander Lacson, historian Paul Dumol, business leader Francis Estrada, educator Celerino Tiongco, and lawyer Teodoro Kalaw IV - who offer six essays that propose the values we as Filipinos need to practice the most in order to realize our shared vision of a Dream Philippines.





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Marlyn Santos
Program Coordinator

Oli Dela Cruz
Program Coordinator

Resource Mobilization

Jyska Kuan Ken
Program Coordinator

Finance & Accounting

Rennica Torres
Accountant

Esperanza Solivar
Admin & Accounting Assistant/
Administrative Staff

Luisa General
Accounting Assistant

HR & Administrative Services

Claire Alfon
HR & Administrative Coordinator

Roger Marcelo
EA to the Chairman Emeritus

Jesus Sultan
Administrative Staff

Nelvi Lucero
HR & Administrative Coordinator

Kristine Gonio
HR & Administrative Assistant

Miguel Alcantara
HR & Administrative Coordinator

Jomar Renono
Administrative Staff

Ryan Ruado
Administrative Staff



SOCIETY OF FELLOWS

VADM JOSE LUIS M ALANO (RET)
Former Flag Officer in Command
Philippine Navy

Madeline Alfelgor-Gazmen
Former Mayor
City Government of Iriga

Eric S. Canoy
Chairman and President
Radio Mindanao Network

Mario Rogelio P. Antalan
Former Mayor
City Government of Samal

Sally Ante-Lee
Mayor
City Government of Sorsogon

LTGEN CRISTOLITO P BALAOING (RET)
Former Superintendent
Philippine Military Academy

Atty. Fe B. Barin
Executive Vice President
Manila Bulletin Publishing Co.

PDG NICANOR A BARTOLOME (RET)
Former Director General
Philippine National Police

Cesar B. Bautista (+)
Former Trustee and Fellow
Institute for Solidarity in Asia

LTGEN JEFFREY F DELGADO (RET)
Former Commanding General
Philippine Air Force

Rafael M. Alunan III
Former Secretary
Department of the Interior and Local Government

Dr. Edilberto C. De Jesus
President
Asian Institute of Management

Melinda Q. De Jesus
Executive Director
Center for Media Freedom and Responsibility

Rex C. Drilon II
Trustee
Institute for Solidarity in Asia

Dr. Francisco T. Duque III
Secretary
Department of Health

Dr. Pericles P. Dakay
Director
Mactan-Cebu International Airport Authority

Alexander L. Lacson
Former Chief Executive Officer
Institute for Solidarity in Asia

PCSUPT REX MILTON A DOLINO (RET)
Former Director
Center for Police Strategy Management
Philippine National Police

GEN EMMANUEL T BAUTISTA (RET)
Undersecretary
Office of the President

Francisco C. Eizmendi, Jr.
Former President
Institute for Solidarity in Asia

Baltzar N. Endriga
Managing Partner
Endriga, Manangu & Associates

Dr. Jesus P. Estanislao
Chairman Emeritus
Institute for Solidarity in Asia

Francis G. Estrada
Chairman
Institute of Corporate Directors

Maria Lourdes C. Fernando
Chairperson
Galing Pook Foundation

Atty. Richard N. Ferrer
Former President
Institute of Corporate Directors

Oliver B. Butalid
Former Governor
Board of Investments

Dr. Paul A. Dumol
Associate Professor
University of Asia and the Pacific

SOCIETY OF FELLOWS

Aniceto B. Fontanilla
President and CEO
Asia-Pacific Centre for Research, Inc.

Jose Enrique S. Garcia III
Congressman
Second District of Bataan

Linda P. Gonzalez
Former Mayor
City Government of Ligao

Antonieta F. Ibe
Commissioner
Securities and Exchange Commission

GEN HERNANDO DCA IRIBERRI (RET)
Former Chief-of-Staff
Armed Forces of the Philippines

Dan Neri Lim
Former Mayor
City Government of Tagbilaran

Anneli R. Lontoc
Undersecretary
Department of Transportation and Communications

Guillermo M. Luz
Private Sector Co-Chair
National Competitiveness Council

GEN LEOPOLDO L MALIGALIG (RET)
Consultant
First Philippine Holdings Corporation

Dr. Gerardo S. Manzo
Assistant Director for Medical Services
Philippine Heart Center

VADM JESUS C MILLAN (RET)
Former Flag Officer in Command
Philippine Navy

Gregorio S. Navarro (+)
Managing Partner and CEO
Deloitte Philippines

Mary Jane C. Ortega
MSGC Chairperson
City of San Fernando La Union
Multi-sector Governance Council

Atty. Adelita A. Vergel de Dios
President
Center for Family Advancement

Dr. Cayetano W. Paderanga (+)
Former Director General
National Economic and Development Authority

Oscar S. Rodriguez
Former Congressman
Third District of Pampanga

Dr. Cesar G. Saldaña
Principal
PSR Consulting, Inc.

Mel Senen S. Sarmiento
Former Secretary
Department of the Interior and Local Government

Evelyn R. Singson
Chairperson
Shareholders' Association of the Philippines

Abraham N. Tolentino
Congressman
Seventh District of Cavite

Jerry P. Treñas
Congressman
Lone District of Iloilo

Atty. James M. Abadia
Vice President for Social Services
Ramon Aboitiz Foundation, Inc.

Tomas C. Aguilar, Jr.
Marikina City Development
Authority Planning Head
City Government of Marikina

BGEN GERRY P AMANTE (RET)
Former Munitions Control Center Chief
Armed Forces of the Philippines

CAPT ARMIL M ANGELES (PN)
Director
Center for Naval Leadership and Excellence
Philippine Navy

COMMO GIOVANNI J BACORDO
Former Naval Forces Southern
Luzon Commander
Philippine Navy

Dr. Juliet J. Balderas
Officer-in-Charge
Office for Strategy Management
Philippine Heart Center

Atty. Jamaal James C. Calipayan
Chief-of-Staff
Office of Congressman Jonas Cortes

Engr. Ferdinand Z. Caylao
Former City Administrator
City Government of San Fernando Pampanga

Francisco A. Caymo
Department Manager
Corporate Planning Office
National Electrification Administration

Maria Gracia A. Chua
Former Officer
Development Project Management
City Government of Iloilo

LTC ROMMEL CORDOVA
Executive Officer
Office of the Strategic Studies
and Strategy Management
Armed Forces of the Philippines

SOCIETY OF ASSOCIATES



LCDR EDWIN GERMAN A CORDOVA (PN)
Assistant Director
Center for Naval Leadership and Excellence
Philippine Navy

COL ARTHUR M CORDURA (PAF)
Chief, AFSMO
Philippine Air Force

BGEN FERMIN R DE LEON (RET)
Former President
National Defense College of the Philippines

Ferdinand Joseph T. Escobal (+)
Director and Facilitator
True North Strategic

Ma. Socorro L. Escueta
Consultant
EDUCHILD Foundation

Ryan G. Evangelista
Regional Coordinator - Southeast Asia
Center for International Private Enterprise

Francisco E. Gentoral
Executive Director
Iloilo Local Economic Development Foundation

CAPT OPINIANO M JAYME JR
Assistant Chief-of-Staff of Plans (O-N5)
Philippine Navy

Benito T. Jimena
Former City Tourism Officer
City Government of Iloilo

Hon. Lucille Y. Lagunay
Former City Councilor
City Government of Tagbilaran

Engr. Fernando A. Limbitco
City Planning and Development Officer
City Government of San Fernando Pampanga

Ms. Betty F. Merritt
Former Member
Board of Nursing

Mr. Jonathan Juan DC. Moreno
Chief Strategy and Governance Officer
Metro Retail Stores Group, Inc. (MRSGI)

Asec. Mary Jean T. Pacheco
Assistant Secretary
Department of Trade and Industry

COL JOEL M PALOMA (GSC)
Head, AGSMO
Philippine Army

Mr. Ramon T. Peralta
Chief of Staff
Office of Congressman Pablo Ortega

COL Ruel G Rombaoa (Ret)
Sales and Marketing Manager
Alpha Aviation Group (AAG) Philippines

Ms. Myrna B. Roman
City Accountant
and PGS Core Team Chairperson
City of Balanga, Bataan

Ms. Sonia P. Soto
President and General Manager
CLTV36

Ms. Normita L. Villaruz
PGS Committee Chair
Accountancy Profession

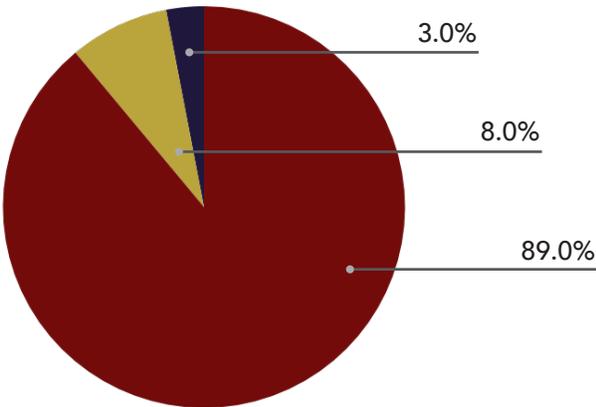
FINANCIAL PERFORMANCE

Sustainability continues to be the main thrust of ISA as transforming the public sector requires sustained effort, deep commitment, and the creativity to think out of the box. ISA as an institution needed to adapt and weather the changes brought about the continuously changing political climate. We are happy to announce that in 2018, we were able to improve our financial performance by 4% through increased partnerships, streamlined processes, and clearer targets.

Assets
Php 26,188,245

Liabilities
Php 33,325,684

Net Assets
Php (7,137,439)

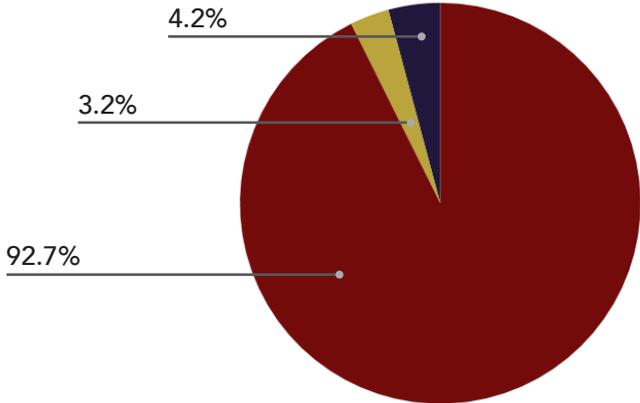


2018 Revenue
Php 21,434,515

Programs: Php 19,067,305
Grants & Sponsorships: Php 1,718,507
Other Income: Php 648,703

2017 Revenue
Php 20,845,998

Programs: Php 19,314,361
Grants & Sponsorships: Php 660,000
Other Income: Php 871,637

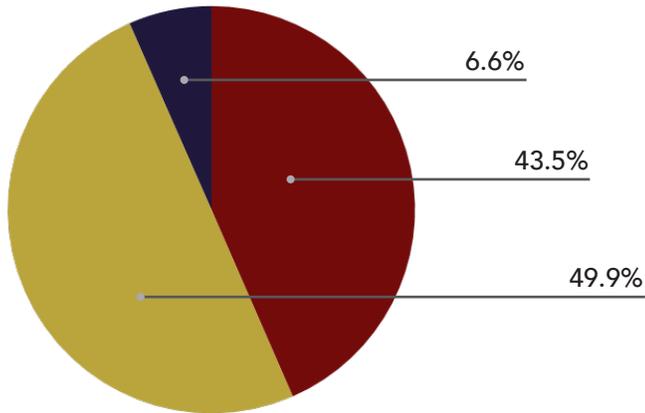
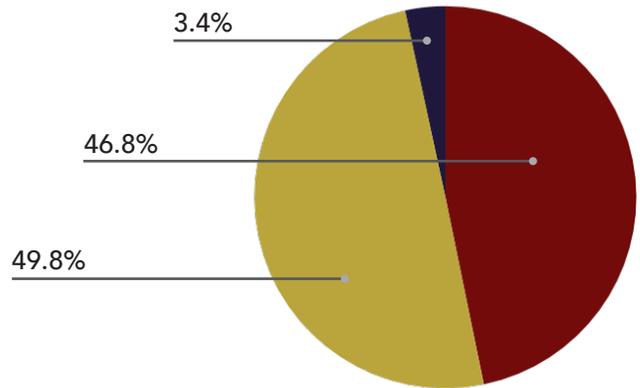


Legend:

■ Programs ■ Grants & Sponsorships ■ Other Income

2018 Expenses Php 19,980,763

Programs: Php 9,345,908
General Administrative Cost: Php 9,955,859
Interest Expense: Php 678,996



2017 Expenses Php 19,122,968

Programs: Php 8,310,528
General Administrative Cost: Php 9,551,127
Other Income: Php 871,637

Legend:

■ Programs ■ General Administrative Cost ■ Interest Expense





CORPORATE PARTNERSHIPS



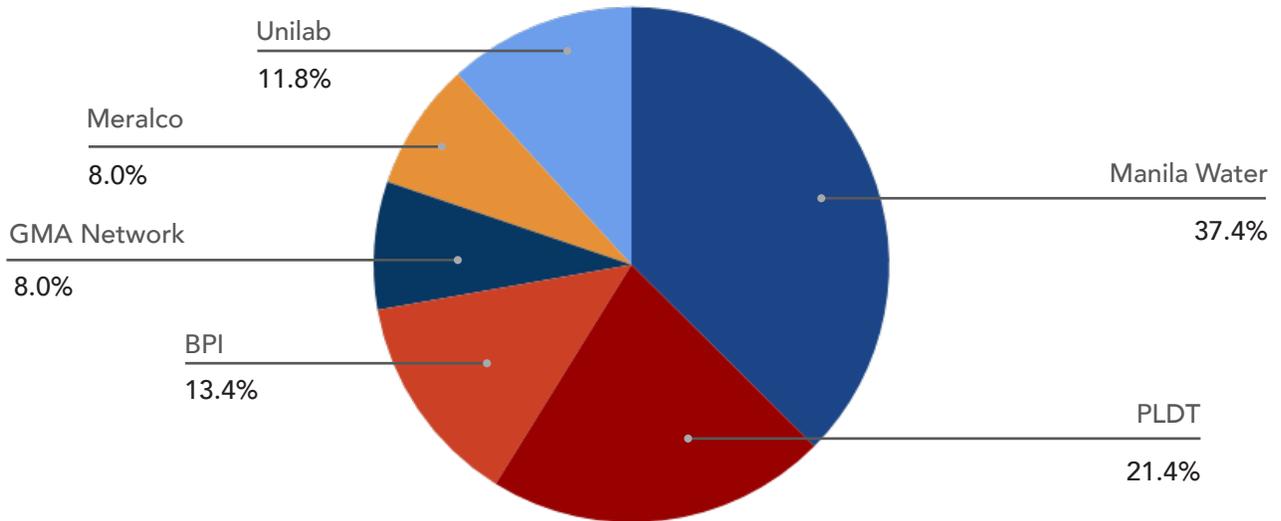
Committed a total of Php 1.25 million by 2022 to help expand the implementation of the PGS to encourage more public institutions in increasing their standards of service



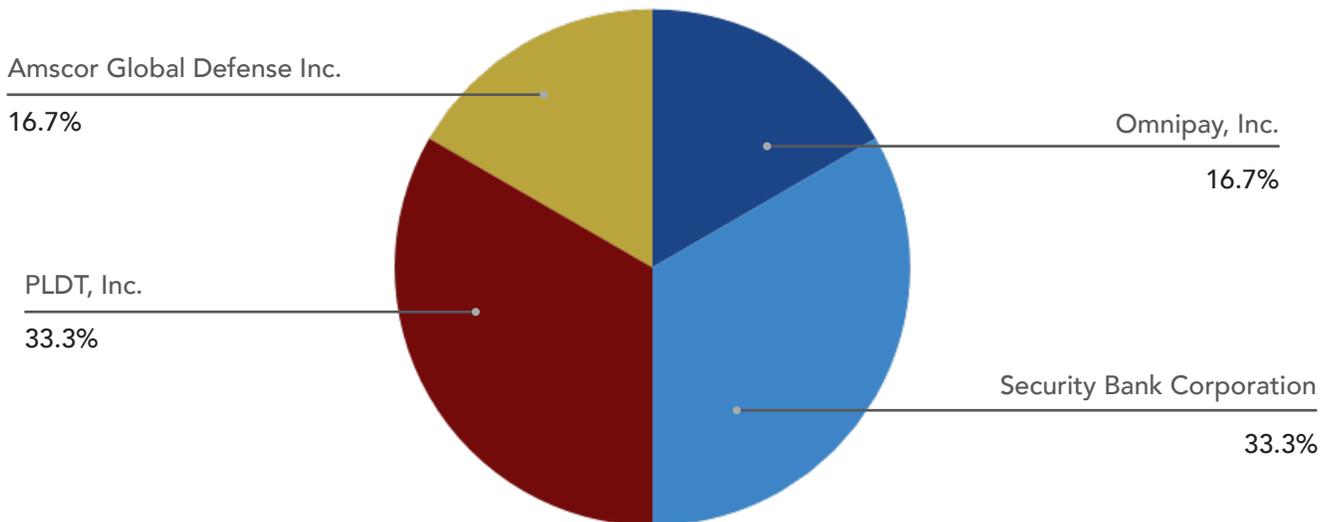
Pledged Php 500,000 to sustain the governance efforts of the organization in advocating for transformative governance in the public sector

EVENT PARTNERSHIPS

Public Governance Forum



Philippine Defenders: Rising Exemplars of National Pride



STATEMENT OF RESPONSIBILITY

The management of Institute for Solidarity in Asia Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip,Gorres,Velayo & Co. (SGV), the independent auditor appointed by stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit



Francisco F. Del Rosario, Jr.
Chairman



Christian P. Zaens
Executive Director

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Members
Institute for Solidarity in Asia, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Institute for Solidarity in Asia, Inc. (a nonstock, nonprofit organization) (the Organization), which comprise the statements of assets, liabilities and fund balance as at December 31, 2018 and 2017, and the statements of revenues, costs and expenses, statements of changes in 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 Organization as at December 31, 2018 and 2017, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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 No. 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 No. 15-2010 in Note 17 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 Institute for Solidarity in Asia, 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.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola

Partner

CPA Certificate No. 109952

SEC Accreditation No. 1540-AR-1 (Group A),
January 10, 2019, valid until January 9, 2022

Tax Identification No. 242-019-387

BIR Accreditation No. 08-001998-117-2019,
January 28, 2019, valid until January 27, 2022

PTR No. 7332565, January 3, 2019, Makati City

April 30, 2019



INSTITUTE FOR SOLIDARITY IN ASIA, INC.**(A Nonstock, Nonprofit Organization)****STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash (Note 4)	₱1,441,169	₱1,466,624
Receivables (Note 5)	6,540,348	4,442,054
Prepayments and other current assets (Note 6)	1,720,409	1,369,539
Total Current Assets	9,701,926	7,278,217
Noncurrent Asset		
Property and equipment (Note 7)	16,486,319	17,283,523
TOTAL ASSETS	₱26,188,245	₱24,561,740
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts payable and accrued expenses (Note 8)	₱11,433,794	₱9,858,498
Due to related parties (Note 9)	14,600,759	14,438,571
Current portion of installment payable (Note 10)	1,434,559	2,572,940
Total Current Liabilities	27,469,112	26,870,009
Noncurrent Liabilities		
Retirement benefit obligation (Note 15)	476,250	661,051
Installment payable - net of current portion (Note 10)	5,380,322	5,380,322
Total Noncurrent Liabilities	5,856,572	6,041,373
Total Liabilities	33,325,684	32,911,382
Fund Balance	(7,137,439)	(8,349,642)
TOTAL LIABILITIES AND FUND BALANCE	₱26,188,245	₱24,561,740

See accompanying Notes to Financial Statements.

INSTITUTE FOR SOLIDARITY IN ASIA, INC.**(A Nonstock, Nonprofit Organization)****STATEMENTS OF REVENUES, COSTS AND EXPENSES**

	Years Ended December 31	
	2018	2017
REVENUES		
Programs, donations and contributions (Note 11)	₱20,785,812	₱19,974,361
Interest and other income (Note 12)	648,703	871,637
	21,434,515	20,845,998
COSTS AND EXPENSES		
General and administrative expenses (Note 13)	9,955,859	9,551,127
Program costs (Note 11)	9,345,908	8,310,528
Interest expense (Notes 9 and 10)	678,996	1,261,313
	19,980,763	19,122,968
EXCESS OF REVENUE OVER COSTS AND EXPENSES BEFORE INCOME TAX	1,453,752	1,723,030
PROVISION FOR INCOME TAX (Note 14)	241,549	199,727
EXCESS OF REVENUE OVER COSTS AND EXPENSES	₱1,212,203	₱1,523,303

See accompanying Notes to Financial Statements.

INSTITUTE FOR SOLIDARITY IN ASIA, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Fund balance at January 1, 2017, as previously reported	(₱9,708,323)
Transition adjustment (Note 16)	(164,622)
Fund balance at January 1, 2017, as adjusted	(9,872,945)
Excess of revenue over costs and expenses	1,523,303
Fund balance at December 31, 2017	(8,349,642)
Excess of revenue over costs and expenses	1,212,203
Fund balance at December 31, 2018	(₱7,137,439)

See accompanying Notes to Financial Statements.

INSTITUTE FOR SOLIDARITY IN ASIA, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over costs and expenses before income tax	₱1,453,752	₱1,723,030
Adjustments for:		
Depreciation (Notes 7 and 13)	1,030,953	1,170,673
Interest expense (Notes 9 and 10)	678,996	1,261,313
Retirement income (Note 15)	(184,801)	(143,445)
Interest income (Note 4)	(11,179)	(1,364)
Unrealized foreign exchange loss (gain)	(2,780)	92,323
Provision for doubtful accounts (Note 13)	–	970,096
Operating income before working capital changes	2,964,941	5,072,626
Increase in:		
Receivables	(2,098,294)	(3,538,730)
Prepayments and other current assets	(341,728)	(169,338)
Accounts payable and accrued expenses	1,575,295	521,039
Due to related parties	162,188	508,689
Net cash generated from operations	2,262,402	2,394,286
Interest received	11,179	1,364
Income tax paid	(250,690)	(199,727)
Interest paid	(678,996)	(734,326)
Net cash flows provided by operating activities	1,343,895	1,461,597
CASH FLOW USED IN AN INVESTING ACTIVITY		
Acquisition of property and equipment (Note 7)	(233,749)	(69,989)
CASH FLOW USED IN A FINANCING ACTIVITY		
Payment of installment payable (Note 10)	(1,138,381)	(1,134,156)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND IN BANKS		
	2,780	(92,323)
NET INCREASE (DECREASE) IN CASH	(25,455)	165,129
CASH AT BEGINNING OF YEAR	1,466,624	1,301,495
CASH AT END OF YEAR (Note 4)	₱1,441,169	₱1,466,624

See accompanying Notes to Financial Statements.

INSTITUTE FOR SOLIDARITY IN ASIA, INC.
(A Nonstock, Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Institute for Solidarity in Asia, Inc. (the Organization) was registered with the Philippine Securities and Exchange Commission (SEC) as a nonstock, nonprofit organization on September 20, 1999. It is organized primarily to promote good governance, good citizenship, democracy, and strategic thinking in the practice of transformative and sustainable public sector governance, with the ultimate objectives of improving public service delivery, sparking local economic growth for Filipino citizens and communities, and promoting social welfare and the common good.

The Organization's registered office address is 14th Floor, Trident Tower Condominium, H.V. Dela Costa Street, Salcedo Village, Makati City.

On July 22, 2013, the BIR issued Revenue Memorandum Order (RMO) No. 20-2013 which prescribes that corporations and associations under Section 30 of the NIRC, including those which have been issued tax exemption rulings or certificates prior to June 30, 2012, shall file their respective Applications for Tax Exemption/Revalidation with the Revenue District Office where they are registered. Only corporations or associations that are duly qualified under Section 30 of the NIRC shall be issued Tax Exemption Rulings. A Tax Exemption Ruling issued under this RMO shall be valid for a period of three years from the date of effectivity specified in the Ruling, unless sooner revoked or cancelled. However, it may be renewed upon filing of a subsequent application under the same requirements and procedures provided in this RMO. The new Ruling shall be valid for another period of three years, unless sooner revoked or cancelled. Tax exemption rulings issued prior to June 30, 2012 shall be valid until December 31, 2013.

As of April 30, 2019, the application of the Organization with BIR for tax exemption is still in progress.

Status of Operations

The Organization's negative fund balance amounted to ₱7,137,439 and ₱8,349,642 as at December 31, 2018 and 2017, respectively, and as of these dates, the Organization's current liabilities exceeded its total assets by ₱17,767,186 and ₱19,591,792, respectively. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. To address these indicators, the Organization plans to seek new partners, like the health sector, minimize its cost and improve its budgeting process. Also, the Trustees have committed to provide financial support to the Organization as and when the need arises.

Authorization for Issuance

The financial statements of the Organization as at and for the years ended December 31, 2018 and 2017 were approved and authorized for issuance by the Board of Trustees (BOT) of the Organization on April 30, 2019.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The financial statements as at and for the year ended December 31, 2018 are the first that the Organization has prepared in accordance with Philippine Financial Reporting Standards for Small

Entities (the “Framework”, “PFRS for SEs”) as approved by the Financial Reporting Standard Council (FRSC), Board of Accountancy (BOA) and SEC.

The financial statements have been prepared under the historical cost basis and are presented in Philippine peso (₱), which is the Organization’s functional and presentation currency.

Statement of Compliance

The financial statements of the Organization as at December 31, 2018 have been prepared in accordance with PFRS for SEs.

In March 2018, the 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 Small and Medium-sized Entities (PFRS for SMEs) is too complex to apply. 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. The Framework is effective for annual periods beginning on or after January 1, 2019 with early application permitted.

The Organization has opted to adopt the Framework earlier than its mandatory effective date. Note 16 to the financial statements indicates the adjustments made by the Organization in restating its previous financial statements prepared in accordance with PFRS for SMEs, including the statements of assets, liabilities and fund balance as at January 1, 2017 and financial statements as at and for the year ended December 31, 2017.

3. Summary of Significant Accounting and Financial Reporting Policies

Current versus Noncurrent Classification

The Organization presents assets and liabilities in the statement of assets, liabilities and fund balance based on current or noncurrent classification.

An asset is current when it is:

1. Expected to be realized or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realized within 12 months after the reporting period; or
4. Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within 12 months after the reporting period; or
4. There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Organization classifies all other liabilities as noncurrent.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Organization classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Organization's basic financial instruments consist of cash, receivables, excluding advances to officers and employees, and accounts payable and accrued expenses. The Organization does not have complex financial instruments.

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Organization's debt financial instruments are subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Organization assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in the statements of revenues, costs and expenses.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate (EIR).

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

Cash

Cash includes cash on hand and cash in banks. Cash in banks earns interest at the prevailing bank deposit rates.

Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original term of the receivables.

Prepayments and Other Current Assets

Prepayments and other current assets are assets held by the Organization, which are expected to be realized and consumed within twelve (12) months after the reporting date.

Creditable Withholding Taxes (CWT)

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs are utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statements of assets, liabilities and fund balance to the extent of the recoverable amount.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation commences once the property and equipment are available for use and is computed using the straight-line method, net of estimated residual value, over the estimated useful lives (EUL) of the assets, as follows:

<u>Category</u>	<u>EUL (in years)</u>
Condominium unit	25
Office improvements	15
Furniture and fixtures	3-5
Office equipment	5

The EUL, residual values and depreciation method are reviewed periodically and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Impairment of Nonfinancial Assets

Nonfinancial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Organization estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Organization

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Organization will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

Liabilities

Liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

This accounting policy relates to "Accounts payable and accrued expenses", "Due to related parties", "Current portion of installment payable" and "Installment payable – net of current portion".

Retirement Benefit Obligation

The Organization's retirement benefit obligation is measured using the accrual approach based on the minimum retirement benefits required under RA 7641, otherwise known as The Philippine Retirement Pay Law. Accrual approach is applied by calculating the expected liability as at 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.

Fund Balance

Fund balance represents accumulated excess of revenues over expenses from the Organization's activities. This account relates to the general funds and special funds in the statement of assets, liabilities and fund balance. The fund balance may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

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

Programs

Proceeds from programs are recognized as revenue when participants enroll in the related activities.

Donations and Contributions

Donations and contributions are recorded when received.

Grants

Grants are recognized when the scope of work and the purpose of the grants stipulated in the agreements are performed and the donor's imposed conditions are substantially complied.

Interest Income

Interest is recognized as it accrues using the effective interest method.

Costs and Expenses 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 decreases in fund balances. Expenses are generally recognized when the services are used or the expenses arise.

Borrowing Costs

Borrowing costs are interest and other costs that the Organization incurs in connection with the borrowing of funds. Borrowing costs include interest expense calculated using the effective interest method and are recognize as an expense in profit or loss in the period in which they are incurred.

Leases

The Organization recognizes all lease payments as expense in statements of revenues, costs and expenses in the period in which they are incurred.

Income Taxes

The Organization uses the taxes payable method to account for income taxes. Under this method, the Organization recognizes income tax expense and liability based on the taxable income for the year using tax rates that have been enacted or substantively enacted at the reporting date.

Foreign Currency Transactions

Foreign currency transactions are recorded in Philippine peso using the exchange rate prevailing at the date of transactions. Foreign currency-denominated monetary assets and liabilities are translated using the closing exchange rate prevailing at the reporting date. Foreign exchange difference between the rates at transaction date and settlement date or reporting date are recognized in the statement of excess (deficiency) of revenue over costs and expenses.

Provisions

Provisions are recognized when: the Organization has an obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

When the effect of time value is material, provisions are measure at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in the provisions due to passage of time are recognized in statements of revenues, costs and expenses.

Contingencies

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

Events after the Financial Reporting Date

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

4. **Cash**

	2018	2017
Cash on hand	₱30,000	₱30,000
Cash in banks	1,411,169	1,436,624
	₱1,441,169	₱1,466,624

Cash in banks earns interest at the prevailing bank deposit rates. Cash in banks are unrestricted and immediately available for use.

Interest income earned from cash in banks amounted to ₱11,179 and ₱1,364 in 2018 and 2017, respectively.

5. **Receivables**

	2018	2017
Receivables	₱7,283,334	₱4,975,993
Advances to officers and employees	227,110	378,924
Others	–	57,233
	7,510,444	5,412,150
Allowance for doubtful accounts	(970,096)	(970,096)
	₱6,540,348	₱4,442,054

Receivables pertain to noninterest-bearing receivables from public institutions and sectoral groups who enrolled in the programs and services of the Organization. The Organization has not written off receivables both in 2018 and 2017, respectively.

Advances to officers and employees represent cash advances made by officers and employees for their out-of-town assignments which remained unliquidated and outstanding as of December 31, 2018 and 2017 and are deducted from salaries of officers and employees after a month from the completion of intended purpose of the advances.

In 2017, the Organization recognized provision for doubtful accounts amounting to ₱0.97 million, which includes impaired receivables from the City Government of Talisay (Note 13). No additional provisions were recognized in 2018.

6. **Prepayments and Other Current Assets**

	2018	2017
Creditable withholding taxes	₱1,025,536	₱787,356
Performance bond	591,681	356,130
Input value-added tax (VAT)	9,460	158,747
Others	93,732	67,306
	₱1,720,409	₱1,369,539

Performance bond refers to the amount paid to the local government units (LGUs) and national government agencies (NGAs) as a security for the completion of the services to be rendered by the Organization.

Others pertains to rent deposit and other prepaid expenses of the Organization.

7. Property and Equipment

	2018				
	Condominium Unit	Office Improvements	Furniture and Fixtures	Office Equipment	Total
Cost:					
Balances at January 1	₱18,500,000	₱3,843,954	₱1,841,438	₱1,447,351	₱25,632,743
Additions	–	–	–	233,749	233,749
Balances at December 31	18,500,000	3,843,954	1,841,438	1,681,100	25,866,492
Accumulated depreciation:					
Balances at January 1	3,823,333	1,324,157	1,841,438	1,360,292	8,349,220
Depreciation (Note 13)	740,000	256,392	–	34,561	1,030,953
Balances at December 31	4,563,333	1,580,549	1,841,438	1,394,853	9,380,173
Net book values	₱13,936,667	₱2,263,405	₱–	₱286,247	₱16,486,319

	2017				
	Condominium Unit	Office Improvements	Furniture and Fixtures	Office Equipment	Total
Cost:					
Balances at January 1	₱18,500,000	₱3,843,954	₱1,841,438	₱1,377,362	₱25,562,754
Additions	–	–	–	69,989	69,989
Balances at December 31	18,500,000	3,843,954	1,841,438	1,447,351	25,632,743
Accumulated depreciation:					
Balances at January 1	3,083,333	1,067,765	1,708,580	1,318,869	7,178,547
Depreciation (Note 13)	740,000	256,392	132,858	41,423	1,170,673
Balances at December 31	3,823,333	1,324,157	1,841,438	1,360,292	8,349,220
Net book values	₱14,676,667	₱2,519,797	₱–	₱87,059	₱17,283,523

8. Accounts Payable and Accrued Expenses

	2018	2017
Trade payables	₱10,658,092	₱8,739,409
Accrued expenses	165,034	40,377
Payable to government	109,015	255,349
Deferred output VAT	–	480,708
Others	501,653	342,655
	₱11,433,794	₱9,858,498

Trade payables are unsecured, non-interest bearing and normally settled within 30- to 90-day terms.

Government payables consist of withholding taxes, social security, Philhealth and Pag-ibig contributions.

Other payables pertain to collections on behalf of a chapel.

9. Related Party Transactions

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

The Organization has entered into transactions with Chairman Emeritus and affiliates in the normal course of business.

Category	Year	Amount/Volume	Due to related parties	Terms	Conditions
Chairman Emeritus					
Advances	2018	(₱60,308)	₱10,697,897	On demand, noninterest-bearing	Unsecured
	2017	479,724	10,758,205		
Professional fees	2018	–	2,943,455	On demand, noninterest-bearing	Unsecured
	2017	(5,985)	2,943,455		
Affiliates:					
Institute of Corporate Directors, Inc. (ICD)					
Advances	2018	222,496	342,051	On demand, noninterest-bearing	Unsecured
	2017	55,419	119,555		
Center for Excellence in Governance (CEG)					
Advances	2018	–	617,356	On demand, noninterest-bearing	Unsecured
	2017	617,356	617,356		
	2018	₱162,188	₱14,600,759		
	2017	₱1,035,676	₱14,438,571		

- a. In 2013, the Organization obtained advances from the Chairman Emeritus to support the design, organization and delivery and administration of the programs of the Organization prior to receipt of financial commitment from the funding agencies and professional fees as speaker, trainor and facilitator on various Performance Governance System (PGS) forums, bootcamps and interventions with the Organization's partners. The Organization has accrued interest on the outstanding advances at a rate of 4.00% per annum. Interest expense recognized on the statements of revenues, costs and expenses amounted to ₱0.53 million in 2017. In 2018, the annual interest was waived.
- b. Advances from ICD represent expenses paid by ICD on behalf of the Organization including loan settlement.
- c. Advances from CEG pertain to professional fees paid to one of the key officers of CEG upon rendering of management and administrative functions.

Terms and conditions of transactions with related parties

Outstanding balances as at year end are unsecured, non-interest bearing, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Organization has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2018 and 2017. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

10. Installment Payable

	2018	2017
Current portion	₱1,434,559	₱2,572,940
Noncurrent portion	5,380,322	5,380,322
	₱6,814,881	₱7,953,262

In 2012, the Organization and ICD obtained a loan from Union Bank of the Philippines (UBP) for the acquisition of a condominium unit in Trident Tower worth ₱37.00 million. The loan will be settled on a 50-50 basis between the Organization and ICD through joint efforts to undertake fund-raising activities to generate the necessary cash to complete the payment of the obligation. The 10.00% of the loan is payable over five (5) equal monthly installments and the remaining balance is payable in equal monthly installments of ₱0.38 million over fifteen (15) years with an interest rate of 11.00% per annum.

On October 11, 2013, amendments to the contract were made. The outstanding balance of the loan of the Organization and ICD as of July 16, 2013 totaling ₱25.29 million (₱12.65 million share of the Organization) shall be paid until May 16, 2027 with an interest thereon at the new rate equivalent to the average of 10-year and 20-year Philippine Dealing System Treasury - Fixing (PDST-F) plus 2.50% with re-pricing every six (6) months in equal and successive monthly installments of ₱0.30 million (₱0.15 million share of the Organization).

Interest expense on loans amounted to ₱0.68 million and ₱0.73 million in 2018 and 2017, respectively.

11. Programs, Donations and Contributions, and Program Costs

The Organization received donations and contributions which were used to finance project costs. The Organization also hold programs, forums and bootcamps for the local government units and public sector agencies in exchange for payment of registration fees.

These revenue-generating programs are presented under “Programs, donations and contributions” in the statements of revenues, costs and expenses.

	2018	2017
Programs, donations and contributions		
Programs, bootcamp and conference fees	₱19,067,305	₱19,314,361
Sponsorship and donation	1,718,507	660,000
	₱20,785,812	₱19,974,361
Program costs		
Seminars, conference and exhibits	₱8,106,070	₱7,811,551
Travel and transportation expenses	1,126,309	498,977
Printing and publication	113,529	-
	₱9,345,908	₱8,310,528

Programs, donations and contributions

The Organization works with institutions and individuals who believe and act upon the mission to deliver real government performance. To promote the public governance advocacy, the Organization uses the PGS, a strategic management tool that enables an entire community to channel its energies, abilities and knowledge to pursuing one path towards long-term development. Those who sign up to

undergo PGS process become the Organization's PGS partners. Each year, the Organization organizes bi-annual boot camps that provide its PGS partners with intensive values and management training which are held every year during February and September. The Organization also convenes a semi-annual Public Governance Forum where PGS partners deliver performance reports using their governance scorecards. These are various seminars, conferences, and exhibits organized and held by the Organization throughout the year to promote and deliver its advocacy held during May and November.

In organizing the above activities, the Organization collects membership and registration fees for funding purposes. The said activities also served as an avenue for the Organization to solicit funds from various sponsors and donors.

12. Interest and other income

	2018	2017
Sale of books	₱634,744	₱870,273
Interest income	11,179	1,364
Other income	2,780	–
	₱648,703	₱871,637

13. General and Administrative Expenses

	2018	2017
Professional fees	₱2,753,699	₱2,520,625
Salaries, allowances and employee benefits	2,302,119	2,422,547
Depreciation (Note 7)	1,030,953	1,170,673
Office supplies	588,281	391,541
Utilities	653,469	443,038
Contracted services	621,788	324,346
Printing and publication	536,595	196,811
Transportation	473,276	197,888
Association dues	396,957	435,240
Rent	77,893	107,368
Taxes and licenses	500	34,653
Provision for doubtful accounts (Note 5)	–	970,096
Others	520,329	336,301
	₱9,955,859	₱9,551,127

14. Income Taxes

The Organization's provision for current income tax in 2018 and 2017 pertains to MCIT amounting to ₱241,549 and ₱199,727.

a. Details of unexpired NOLCO and excess MCIT as at December 31, 2018 are as follows:

Year Incurred	Expiry Year	NOLCO	MCIT
2018	2021	₱–	₱241,549
2017	2020	–	199,727
2016	2019	1,650,264	89,304
		₱1,650,264	₱530,580

b. Movement in NOLCO are as follows:

	2018	2017
Balance at beginning of year	₱5,597,588	₱9,928,579
Applied	(1,554,054)	–
Expired	(2,393,270)	(4,330,991)
	₱1,650,264	₱5,597,588

c. Movement in MCIT are as follows:

	2018	2017
Balance at beginning of year	₱377,060	₱242,792
Additions	241,549	199,727
Expired	(88,029)	(65,459)
	₱530,580	₱377,060

Republic Act (RA) No.10963

On December 19, 2017, the RA No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

15. Retirement Benefit Obligation

The Organization recognized the amount of retirement benefits for its qualified employees following the minimum requirement benefit required by RA No. 7641 – Retirement Pay Law, using the accrual approach.

Movement in retirement benefit obligation recognized in the statements of assets, liabilities and fund balance follows:

	2018	2017
At January 1	₱661,051	₱804,496
Retirement income	(184,801)	(143,445)
At December 31	₱476,250	₱661,051

16. Transition to PFRS for Small Entities

Under PFRS for SMEs, the Organization is required to recognize the current and future tax consequences of transactions and other events that have been recognized in the financial statements. These recognized tax amounts comprise current tax and deferred tax. Under PFRS for SE, the Organization has adopted the taxes payable method that requires the Organization to recognize a current tax liability for tax payable on taxable profit for the current and past periods only.

Also, under PFRS for SMEs, the Organization's retirement obligations were calculated based on the projected credit method. Under PFRS for SEs, the Organization is required to use the accrual approach to calculate the retirement benefit obligations.

The following reconciliations show the effect of the transition from PFRS for SMEs to PFRS for SEs on the Organization's fund balance as at January 1, 2017 and December 31, 2017, and the Organization's income for the year ended December 31, 2017.

(a) *Equity*

	December 31, 2017	January 1, 2017
Total fund balance under PFRS for SMEs	₱8,037,436	₱9,708,323
Restatement of provisions for retirement benefit obligation	21,177	164,622
Derecognition of deferred tax asset pertaining to allowance for doubtful accounts	291,029	—
	312,206	164,622
Total equity under PFRS for SEs	₱8,349,642	₱9,872,945

(b) *Income for the year ended December 31, 2017*

	2017
Excess of revenue over costs and expenses for the year under PFRS for SMEs	₱1,670,887
Restatement of provisions for retirement benefit obligation	143,445
Derecognition of deferred tax asset pertaining to allowance for doubtful accounts	(291,029)
Excess of revenue over costs and expenses for the year under PFRS for SEs	₱1,523,303

17. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 issued on November 25, 2010 are as follows:

Value Added Taxes (VAT)

Details of the Organization's net sales/receipts, output VAT and input VAT accounts are as follows:

- a. Net sales/receipts and output VAT declared in the Organization's VAT returns filed for the period:

	Net Sales/Receipts	Output VAT
Taxable sales of goods/services:		
Sale of goods and services	₱947,754	₱113,731
Sales to government	17,161,560	2,059,387
Total	₱18,109,314	₱2,173,118

- b. Input VAT

Balance at January 1	₱158,747
Current year's domestic purchases/payments for:	
Purchases of goods other than capital goods	481,155
Claims for tax credit/refund and other adjustments:	
Input tax on sales to government closed to expense	1,052,256
VAT withheld on sales to government	490,420
Output tax credited against input tax	(2,173,118)
Balance at December 31	₱9,460

The Organization's sales of services are based on actual collections received, hence, may not be the same as amounts in the statement of revenues, costs and expenses.

Other Taxes and Licenses

Other taxes and licenses include BIR registration fee amounting to ₱500.

Withholding Taxes

Expanded withholding taxes	₱330,117
Withholding taxes on compensation	105,555
	₱435,672

Tax Assessments and Cases

As of December 31, 2018, the Organization has no outstanding deficiency tax assessments, whether protested or not. The Organization has no pending tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the BIR.

INSTITUTE FOR SOLIDARITY IN ASIA, INC.

(A Nonstock, Nonprofit Organization)

**SUPPLEMENTARY SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Receipts

Programs, bootcamps and conference fees	₱19,251,049
Sponsorship and donations	1,718,507
Interest and other income	648,703
	₱21,618,259

Disbursements

Program costs	₱10,110,988
General and administrative expenses	9,481,600
Payment of loans payable	1,138,381
Payment of interest	678,996
Purchase of property and equipment	233,749
	₱21,643,714

NATIONAL SOLIDARITY COVENANT



Philippine society is in transition from its traditional political culture to a genuine democratic culture.

We seek to hasten that transition.

Philippine society labors under the weight of illegal, unethical, and immoral practices of both rich and poor in government, business, and civil society.

We seek to end these practices.

More than one out of three Filipinos are mired in poverty. We seek to eliminate poverty through honest and competent work.

We are unfazed by the bleak picture many paint of the present. We trust in the creative energies of the human person.

We trust in the common sense of the Filipino.
We trust in the inherent power of goodness.

We are ready to lead change, beginning with ourselves.
We are ready to help others to change, one by one.

And we pledge to keep these commitments
while urging people to change –
however long it may take here in the Philippines.