

JONATHAN M. ABAO, CPA

B19 L8B Galatian St., Camella Classic Subd.
Brgy. Pilar, Las Piñas City

PRACTITIONER'S COMPILATION REPORT

The Board of Trustees and Members
MINDORO BIODIVERSITY CONSERVATION FOUNDATION INC.
Unit 406 Richville Corporate Centre, 1314 Commerce Ave.,
Madrigal Business Park, Ayala Alabang, Muntinlupa City

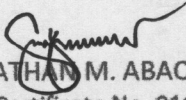
I have compiled the accompanying financial statements of MINDORO BIODIVERSITY CONSERVATION FOUNDATION INC. based on information you have provided. These financial statements comprise the statement of assets, liabilities and fund balance of MINDORO BIODIVERSITY CONSERVATION FOUNDATION INC. as at December 31, 2017, the statement of revenues and expenses, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

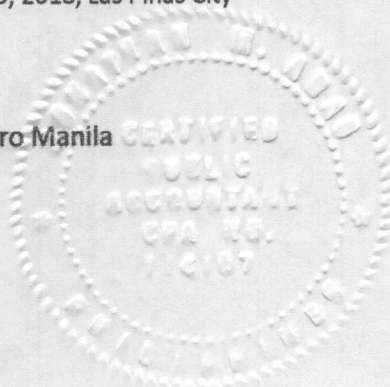
I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SME). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS for SME.


JONATHAN M. ABAO
CPA Certificate No. 0114107
Tax Identification No. 243-054-243
BOA Accreditation No. 8019; Valid until August 13, 2020
PTR No. 11436263J
Issued January 25, 2018, Las Piñas City

April 5, 2018
Las Piñas City, Metro Manila



BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City
RECEIVED

BERNADETTE M. MAGBOO
OIC, Chief Collection Section
TIN: 134-691-418-000

DATE:

APR 11 2018

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of Mindoro Biodiversity Conservation Foundation Inc. (MBCFI) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016 in accordance with the prescribed financial reporting framework indicated herein, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free 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.


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

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the Board of Trustees/Members.

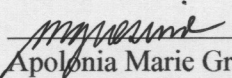
Isla Lipana & Co., the independent auditor appointed by the Board of Trustees for the years December 31, 2017 and 2016, have audited the financial statements of the Organization in accordance with Philippine Standards on Auditing, and its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.



Sabino L. Santos/BOT President



Ramon D. Del Rosario/BOT Treasurer



Apolonia Marie Grace C. Diamante/Executive Director

Signed this 5th day of April, 2018



Isla Lipana & Co.

Independent Auditor's Report

To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)
Gumamela Street, Barangay Suqui
Calapan City, Oriental Mindoro

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mindoro Biodiversity Conservation Foundation, Inc. (the "Foundation") as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs).

What we have audited

The financial statements of the Foundation comprise:

- the statements of assets, liabilities and fund balance as at December 31, 2017 and 2016;
- the statements of total comprehensive income for the years ended December 31, 2017 and 2016;
- the statements of changes in fund balance for the years ended December 31, 2017 and 2016;
- the statements of cash flows for the years ended December 31, 2017 and 2016; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report
To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)
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In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the 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.



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Trustees of
Mindoro Biodiversity Conservation Foundation, Inc.
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Page 3

- 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 Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 13 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Pochoy C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 10, 2018 at Makati City

SEC A.N. (individual) as general auditors 1567-A, Category A; effective until June 9, 2019

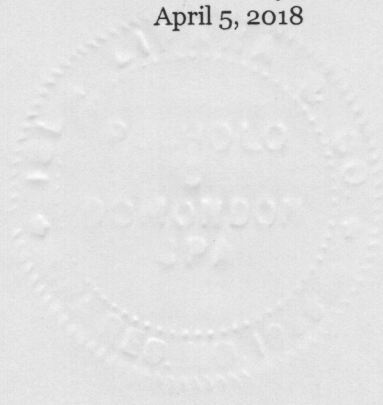
SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018

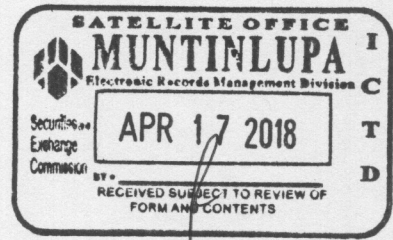
T.I.N. 213-227-235

BIR A.N. 08-000745-128-2016; issued on January 26, 2016; effective until January 25, 2019

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 5, 2018





Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Assets, Liabilities and Fund Balance
As at December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Notes	2017	2016
<u>ASSETS</u>			
Current assets			
Cash in bank	2	18,484,298	14,814,209
Receivables	6	850,000	49,500
Prepayments and other current assets	3, 10	497,677	585,537
Total current assets		19,831,975	15,449,246
Non-current asset			
Property and equipment, net	4	1,592,793	755,787
Total assets		21,424,768	16,205,033
<u>LIABILITIES AND FUND BALANCE</u>			
Current liabilities			
Accrued expenses and other current liabilities	5	1,373,459	468,626
Fund balance			
Prior period accumulated excess of receipts over expenses		15,736,407	12,636,822
Excess of receipts over expenses		4,314,902	3,099,585
Total fund balance		20,051,309	15,736,407
Total liabilities and fund balance		21,424,768	16,205,033

The notes on pages 1 to 9 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City
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BERNADETTE M. MAGBOO
OIC. Chief Collection Section
TIN: 134-691-418-000

DATE: APR 11 2018

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Total Comprehensive Income
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Notes	2017	2016
Receipts			
Donations	7	21,260,886	17,988,099
Interest income	2	57,706	51,218
Total receipts		21,318,592	18,039,317
Expenses			
Program expenses	8	(14,529,570)	(11,997,137)
Operating expenses	9	(2,474,120)	(2,942,595)
Total expenses		(17,003,690)	(14,939,732)
Excess of receipts over expenses		4,314,902	3,099,585
Other comprehensive income		-	-
Total comprehensive income for the year		4,314,902	3,099,585

The notes on pages 1 to 9 are integral part of these financial statements.

BUREAU OF INTERNAL REVENUE
RDO No. 63 Calapan City

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DATE: APR 11 2018

Mindoro Biodiversity Conservation Foundation, Inc.
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Statements of Changes in Fund Balance
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Total
Balance at January 1, 2016	12,636,822
Comprehensive income for the year	
Excess of receipts over expenses for the year	3,099,585
Other comprehensive income	-
Total comprehensive income for the year	3,099,585
Balance at December 31, 2016	15,736,407
Comprehensive income for the year	
Excess of receipts over expenses for the year	4,314,902
Other comprehensive income	-
Total comprehensive income for the year	4,314,902
Balance at December 31, 2017	20,051,309

The notes on pages 1 to 9 are integral part of these financial statements.

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DATE: APR 11 2018

Mindoro Biodiversity Conservation Foundation, Inc.
(A non-stock, non-profit organization)

Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Notes	2017	2016
Cash flows from operating activities			
Excess of revenue over expenses		4,314,902	3,099,585
Adjustments for:			
Depreciation and amortization	4	623,615	288,637
Interest income	2	(57,706)	(51,218)
Excess of receipts over expenses before working capital changes		4,880,811	3,337,004
Changes in:			
Receivables		(800,500)	(49,500)
Prepayments and other current assets		87,860	101,758
Accrued expenses and other current liabilities		904,833	202,849
Cash generated from operations		5,073,004	3,592,111
Interest received		57,706	51,218
Net cash provided by operating activities		5,130,710	3,643,329
Cash flows from an investing activity			
Acquisition of property and equipment	4	(1,460,621)	(687,082)
Net increase in cash in bank		3,670,089	2,956,247
Cash in bank at beginning of year		14,814,209	11,857,962
Cash in bank at end of year	2	18,484,298	14,814,209

The notes on pages 1 to 9 are integral part of these financial statements.

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Mindoro Biodiversity Conservation Foundation, Inc.

(A non-stock, non-profit organization)

Notes to the Financial Statements

As at and for the years ended December 31, 2017 and 2016

(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mindoro Biodiversity Conservation Foundation, Inc. (the "Foundation") is a non-stock and non-profit organization formed under the laws of Republic of the Philippines. It was registered with the Securities and Exchange Commission on March 19, 2008.

The purpose of the Foundation is: (1) to enable the conservation of Mindoro's unique and threatened environment, biodiversity and natural resources into perpetuity; (2) to establish an integrated and properly structured biodiversity; (3) to promote greater awareness and concern for the environment; (4) to complete and produce/publish relevant information; (5) to strengthen local expertise and capacity with a view to the improved protection, restoration and management of the island's few remaining natural resources; and (6) to recognize and integrate indigenous knowledge, systems and sustainable practices towards more effective resources management.

Its operations are funded mainly by Shell Philippines Exploration B.V., Chevron Malampaya LLC, and Philippine National Oil Company-Exploration Corporation, joint venture partners of the Malampaya Joint Venture. The Foundation also receives contributions from other organizations.

The Foundation is an organization which is operated mainly for the promotion of social welfare as contemplated under Section 30 (g) of the Tax Code, and therefore, exempt from payment of tax on income received by it. However, it is subject to corresponding internal revenue taxes imposed under the Tax Code on its income derived from any of its properties, real or personal, or any activities conducted for profit regardless of the disposition.

The Foundation's registered office, which is also its principal place of business, is located at Gumamela Street Barangay Suqui, Calapan City, Oriental Mindoro. As at December 31, 2017 and 2016, the Foundation has no regular employees.

The financial statements were approved and authorized for issue on April 5, 2018 by the Board of Trustees of the Foundation.

Note 2 - Cash in bank

Cash in bank includes deposit denominated in foreign currency amounting to USD663 (2016 - USD660). Cash in bank earns interest at prevailing bank deposit rates. For the year ended December 31, 2017, interest income earned amounted to P57,706 (2016 - P51,218).

Note 3 - Prepayments and other current assets

Prepayment and other current assets as at December 31 consist of the following:

	Note	2017	2016
Staff advances		336,023	448,033
Rental deposits	10	132,420	132,420
Prepayments		29,234	-
Other receivable		-	5,084
		497,677	585,537

Note 4 - Property and equipment, net

Details of property and equipment and their movements as at and for the years ended December 31 are as follows:

	Notes	Leasehold improvement	Furniture and equipment	Computer software and accessories	Total
Cost					
At January 1, 2016		7,700	352,415	766,841	1,126,956
Additions		-	438,694	248,388	687,082
At December 31, 2016		7,700	791,109	1,015,229	1,814,038
Accumulated depreciation and amortization					
At January 1, 2016		7,700	232,536	529,378	769,614
Depreciation and amortization	8, 9	-	167,659	120,978	288,637
At December 31, 2016		7,700	400,195	650,356	1,058,251
Net book value at December 31, 2016		-	390,914	364,873	755,787
Cost					
At January 1, 2017		7,700	791,109	1,015,229	1,814,038
Additions		-	1,271,800	188,821	1,460,621
At December 31, 2017		7,700	2,062,909	1,204,050	3,274,659
Accumulated depreciation and amortization					
At January 1, 2017		7,700	400,195	650,356	1,058,251
Depreciation and amortization	8, 9	-	352,713	270,902	623,615
At December 31, 2017		7,700	752,908	921,258	1,681,866
Net book value at December 31, 2017		-	1,310,001	282,792	1,592,793

Depreciation and amortization have been charged in program expenses and operating expenses as follows:

	Notes	2017	2016
Program expenses	8	467,711	216,478
Operating expenses	9	155,904	72,159
		623,615	288,637

As at December 31, 2017 and 2016, there is no impairment charge recorded against the Foundation's property and equipment.

The cost of fully depreciated property and equipment still being used as at December 31, 2017 and 2016 amounted to P7,700.

Note 5 - Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as at December 31 consist of the following:

	2017	2016
Accounts payable	935,520	251,709
Accrued expenses	299,000	150,500
Withholding tax payable	138,939	66,417
	1,373,459	468,626

Accrued expenses pertain to various unpaid program expenses and administrative expenses.

Note 6 - Related party transactions

In the normal course of its operations, the Foundation transacts with companies considered as related parties under Section 33, *Related Party Disclosures*. Transactions with donors mainly consist of (a) funding of expenses and (b) recoveries of expenses for the Foundation's core programs.

In 2017, donations amounting to P20,410,886 (2016 - P15,224,000) were received from Shell Philippines Exploration BV. In 2016, donations amounting to P2,014,050 were received from Philippine Tropical Forest Conservation Foundation, Inc. As at December 31, 2017, there was no receivable from donors for the recovery of expenses (2016 - P49,500).

The Foundation does not pay its trustees any compensation, and has no receivable from or payable to them.

Note 7 - Donations

Donations for the years ended December 31 consist of the following:

	Note	2017	2016
Shell Philippines Exploration BV	6	20,410,886	15,224,000
Department of Environment and Natural Resources		850,000	160,000
Philippine Tropical Forest Conservation Foundation, Inc.	6	-	2,014,050
Deutsche Gessellschaft fur Internationale Zusammenarbeit		-	566,690
Haribon Foundation Inc.		-	23,359
		21,260,886	17,988,099

Note 8 - Program expenses

The components of program expenses for the years ended December 31 consist of the following:

	2017	2016
Core programs		
MISSION	5,759,006	5,493,571
CARE	5,472,001	3,785,020
RESEARCH	3,114,720	2,718,546
	14,345,727	11,997,137
Special project		
MBCC	183,843	-
	14,529,570	11,997,137

(a) Mindoro Island Symbolic Species Icons of Nature (MISSION)

The purpose of this project is to facilitate the formation of community-based biodiversity protection groups who shall take the lead in protecting the different ecosystems, habitats, and threatened endemic species which are symbolic icons of Mindoro Island. This involves development and implementation of intensive biodiversity protection and law enforcement to curtail illegal and destructive activities in conservation priority sites especially in protected areas.

(b) Conservation Awareness Raising and Education (CARE)

This program aims to popularize the biodiversity and cultural significance of Mindoro to gain broader support for its protection and conservation from the general public. Various information, education and communication strategies shall be developed and implemented to increase the conservation awareness of the Mangyans, non-Indigenous People communities and other stakeholders.

Program strategies include communication material development, interpersonal approach of communication, conservation events, flagship species campaign, and providing access to information.

(c) Resources, Environment, Species and Ecological Assessment for Responsible Change (RESEARCH)

This program involves project site profiling, habitat and/or species focused research, studies on ecological services and functions and regular biodiversity monitoring. The Foundation explores the possibility of engaging partnership with research and academic institutions and/or other interested and competent organizations in the implementation of this program.

Program strategies entail conservation research and monitoring, species and/or habitat-focused researches, perception survey, project sites profiling, studies on ecological services and function, and regular biodiversity monitoring.

(d) Mindoro Biodiversity Conservation Center (MBCC)

On June 8, 2017, the Board of Trustees authorized the establishment of MBCC. This special project aims to conserve and educate local and the general public of Mindoro's "unspoiled natural beauty" and the importance of Mindoro's unique biodiversity and its impact on society and climate change. The establishment of this iconic center will benefit the present and future generations to remember the symbiotic relationship between the people and the natural resources. The center will hold several components such as conservation education center, forest restoration and demonstration areas, wildlife and rescue center for endemic species, cultural heritage center (particularly of Mangyan culture) and ecotourism areas.

The Foundation intends to design and implement culturally appropriate and sustainable livelihood that would reduce pressure on natural resources and mitigate threats to Mindoro's biodiversity.

Note 9 - Operating expenses

Operating expenses for the years ended December 31 consist of the following:

	Notes	2017	2016
Rental	10	594,223	364,527
Supplies and materials		301,459	524,021
Staff benefits		258,495	226,350
Staff fees		257,561	436,716
Staff meeting/workshop		201,626	419,770
Communication, light and water		188,300	54,994
Professional fees		164,186	183,332
Depreciation and amortization	4	155,904	72,159
Transportation and travel		126,849	261,333
Board meetings and planning		76,081	106,975
Membership dues		36,188	-
Taxes and licenses		13,305	31,458
Miscellaneous		99,943	260,960
		2,474,120	2,942,595

Note 10 - Leases

The Foundation has the following lease agreements with the option to renew, subject to the negotiation of both parties:

- (a) A one-year lease agreement starting January 1, 2015 until December 31, 2015 for San Jose, Occidental Mindoro office. As at reporting date, the lease agreement was renewed and extended until December 31, 2018. Total rent expense amounted to P54,000 in 2017 and 2016 and is shown as part of program expenses.
- (b) Lease agreement entered on March 1, 2016 until February 28, 2017 for its office space in Muntinlupa City. As at reporting date, the lease agreement was renewed and extended until February 28, 2019. Total rent expense and building dues amounted to P366,783 (2016 - P364,527), which is shown as part of operating expenses.
- (c) A one-year lease agreement starting January 1, 2016 until December 31, 2016 for City of Calapan, Oriental Mindoro office and staff house. As at reporting date, the lease agreement was renewed and extended until December 31, 2018. Total rent expense amounted to P90,000 and P112,500 in 2017 and 2016, respectively, and is shown as part of program expenses.

The minimum lease payments, gross of withholding tax, on the above leases within 12 months after December 31, 2017 totaled to P62,710 (2016 - P62,720).

Rental deposits pertaining to the above leases are shown as part of prepayments and other current assets in the statement of assets, liabilities and fund balance.

Note 11 - Information about key sources of estimation, uncertainty and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical estimates and significant judgment applied in the preparation of the 2017 and 2016 financial statements.

Note 12 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

12.1 Basis of preparation

The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 11.

There are no standards, amendments or interpretations that are effective beginning on or after January 1, 2017 that would be expected to have material impact on the Foundation.

12.2 Cash in bank

Cash pertains to deposits held at call with banks. These are carried in the statement of assets, liabilities and fund balance at face amount or at nominal amount.

12.3 Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of total comprehensive income within operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of total comprehensive income.

Receivables are derecognized when collected or when the rights to receive cash flows have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership.

12.4 Prepayments and other current assets

Prepayments, which are carried at cost, are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Other current assets are recorded at cost and include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period. Otherwise, these are presented as non-current assets.

12.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives (in years), as follows:

Computer software and accessories	3 years
Furniture and equipment	3 years
Leasehold improvements	Shorter of 3 years or lease term

The estimated useful lives and depreciation method are reviewed annually based on expected asset utilization to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the receipts section of the statement of total comprehensive income. Fully depreciated assets are retained in the account until these are no longer in use.

12.6 Impairment of non-financial assets

Property and equipment and other non-financial assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

12.7 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Foundation is established. These are measured at amortized cost, normally equal to its nominal amount and subsequently measured at amortized cost using effective interest method.

Accrued expenses and other current liabilities are derecognized from the statement of assets, liabilities and fund balance when the obligation is paid or cancelled or expired.

12.8 Accumulated excess of receipts over expenses

Accumulated excess of receipts over expenses includes current and prior period's surplus of receipts/donations over actual expenses incurred.

12.9 Donations and interest income

(i) Donations

Donations are recognized as receipts in the period received and measured at fair market value.

(ii) Interest income

Interest income is recognized on a time proportion basis, taking account of principal outstanding and effective rate over the period to maturity when it is determined that such income will accrue to the Foundation.

12.10 Foundation expenses

Foundation expenses are expensed when incurred and measured at the amount paid or payable. Such are classified as program or operating expenses.

12.11 Foundation is the lessee

Leases of field and administrative offices are classified as operating leases where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to operations in the statement of total comprehensive income on a straight-line basis over the period of the lease.

12.12 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets denominated in foreign currencies are recognized in the statement of total comprehensive income through excess of receipts over expenses.

12.13 Related party relationships and transactions

Related party relationships exist 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 relationships also exist between and/or among donors with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

12.14 Events after the reporting date

Post year-end events that provide additional information about the Foundation's 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 the financial statements when material.

Note 13 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following information is presented for purposes of filing with the BIR as required by Revenue Regulation (RR) No. 15-2010 and is not a required part of the basic financial statements.

(a) Other local and national taxes

All other local and national taxes paid for the year ended December 31, 2017 and presented under operating expenses consist of:

Business permit and registration fees	11,348
Barangay clearance	1,452
Community tax	505
	<u>13,305</u>

(b) Withholding taxes

Withholding taxes paid and accrued as at and for the year ended December 31, 2017 are as follow:

Paid	472,396
Accrued	104,839
	<u>577,235</u>

(c) Tax assessments and cases

The Foundation is neither a party to any tax assessments nor involved in tax cases under preliminary litigation and/or prosecution in court or bodies outside the BIR as at December 31, 2017.

All other requirements of RR No. 15-2010 are not applicable because the Foundation is a non-profit organization.

SCHEDULE OF CONTRIBUTIONS/DONATIONS

Name of Foundation/Organization: MINDORO BIODIVERSITY CONSERVATION FOUNDATION INC. (MBCFI)		SEC Registration No. : CN200803432		
For The Calendar Year Ended: DECEMBER 31, 2017				
Part I Contributors/Donors				
(a) No.	(b) Name and address	(c) Nationality	(d) Total Contributions	(e) Type of Contribution
1	Shell Pilipinas Exploration B.V. 19F Asian Star Building, ASEAN Drive Filinvest Corporate City Muntinlupa MNLA 1780, Philippines	Filipino	P 20,410,886.20	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	Department of Environment and Natural Resources	Filipino	P 850,000.00	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
3			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
4			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
5			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
6			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
7			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
8			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
9			P	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
10				Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
11	Others (aggregate of all contributions which are individually below (P100,000.00 - by nationality -			Cash <input type="checkbox"/> Noncash <input type="checkbox"/>

A contributor or donor includes individuals, partnerships, corporations, associations, trusts and organizations.
if supranational organization, indicate place of principal office or domicile.

Contributions or donations reportable on the Schedule are contributions, donations, grants, bequests, devises, and gifts of
money or property, amounting to P100,000.00 or more from each contributor or donor.