aboitiz Foundation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ABOITIZ FOUNDATION, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended **December 31, 2023 and 2022,** 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 but to do so.

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

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

Luis Cañete & Company, Certified Public Accountants, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

SABIN M. ABOITIZ
Chairman of the Board

ANA MARGARITA N. HONTIVEROS
President

JOSE EMMANUEL U. HILADO
Treasurer

Signed this 24TH day of **April 2024.**

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CEO1778

Company Name

ABOITIZ FOUNDATION, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

32ND STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(032) 411-1800	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
		December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number

Contact Person's Address

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
32[nd] Street, Bonifacio Global City
Taguig City

Opinion

We have audited the accompanying financial statements of ABOITIZ FOUNDATION, INC. (the Foundation), which comprise the balance sheets as at December 31, 2023 and 2022, and the statements of operations, statements of other comprehensive income, 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 Foundation as at December 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

3F Oftana Building, Jasmin Corner Don Mariano Cui Streets, Cebu City, Philippines
Telephone (6332) 255 2491 (6332) 255 3428 **Fax** (6332) 254 3591
Email lucanete@lcccpas.com.ph lucanete@pldtdsl.net

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

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 Tax Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary tax information in Note 24 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 management. 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.

LUIS CAÑETE & COMPANY
BOA/PRC Reg. No. 0127 (Until January 15, 2025)
SEC Accreditation No. 0127-SEC (Group A) (Until October 25, 2027)
BIR AN 13-390712-003-2021 (Until August 4, 2024)

For the Firm:

NOEL PETER F. CAÑETE
Partner
CPA Certificate No. 89801
SEC Accreditation No. 89801-SEC (Group A) (Until March 22, 2026)
BIR AN 13-430723-003-2021 (Until August 4, 2024)
TIN 174-291-007, PTR No. 2505067 – January 3, 2024, Cebu City

Cebu City
April 23, 2024

EXHIBIT "A"

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
BALANCE SHEETS
December 31, 2023 and 2022
(Amounts Expressed in Whole Philippine Pesos)

	Note	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	P278,926,295	P241,420,353
Accounts receivable	5	18,105,537	4,486,363
Total Current Assets		297,031,832	245,906,716
NON-CURRENT ASSETS			
Financial assets at FVTPL	6	297,206,632	297,206,632
Financial assets at FVOCI	7	152,107,074	149,093,815
Property and equipment - net	8	53,198,796	57,741,524
Trust funds	9	259,020,464	304,275,708
Other non-current assets	10	4,599,280	6,319,460
Total Non-Current Assets		766,132,246	814,637,139
TOTAL ASSETS		P1,063,164,078	P1,060,543,855
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	11	P7,388,511	P3,630,202
NON-CURRENT LIABILITIES			
Non-current portion of lease liability	11	-	-
Deferred credits	9	304,275,708	304,275,708
Accrued retirement payable	17	27,139,165	21,236,462
Total Non-Current Liabilities		331,414,873	325,512,170
TOTAL LIABILITIES		338,803,384	329,142,372
FUND BALANCE (Exhibit "D")		724,360,694	731,401,483
TOTAL LIABILITIES AND FUND BALANCE		P1,063,164,078	P1,060,543,855

(See accompanying notes to financial statements)

EXHIBIT "B"

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Whole Philippine Pesos)

	Note	2023	2022
SUPPORTS AND OTHER GAINS			
Donations	12	P363,628,033	P319,654,838
Interest income	4 and 7	17,585,110	6,300,027
Dividend income	6	12,492,577	6,652,513
		393,705,720	332,607,378
PROGRAM COSTS AND EXPENSES	13	(316,784,306)	(282,893,342)
OTHER INCOME (LOSSES)	14	(29)	14,925,440
ADMINISTRATIVE EXPENSES	15	(47,477,837)	(44,862,496)
EXCESS OF SUPPORTS AND OTHER GAINS OVER EXPENSES BEFORE INCOME TAX		29,443,548	19,776,980
INCOME TAX EXPENSE	16	(2,739,454)	(1,260,005)
EXCESS OF SUPPORTS AND OTHER GAINS OVER EXPENSES		P26,704,094	P18,516,975
		0.03	0.03

(See accompanying notes to financial statements)

EXHIBIT "C"

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Whole Philippine Pesos)

	Note	2023	2022
EXCESS OF			
SUPPORTS AND OTHER GAINS OVER EXPENSES		P26,704,094	P18,516,975
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not subsequently reclassified to profit or loss			
Fair value changes of financial assets at FVOCI	7	2,227	(31,771)
Actuarial loss on retirement benefits	17	(33,747,110)	(20,578,570)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(P7,040,789)	(P2,093,366)

(See accompanying notes to financial statements)

EXHIBIT "D"

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Whole Philippine Pesos)

	Revaluation reserve on fair value changes of financial assets at FVOCI (Note 6)	Cumulative actuarial gain (loss) on retirement benefits (Note 16)	Cumulative results of supports and other gains over expenses	Total fund balance
Balance at December 31, 2021	P3,300	(P1,056,536)	P734,472,904	P733,419,668
Excess of supports and other gains over expenses	-	-	18,516,975	18,516,975
Other comprehensive income (loss)				
Fair value changes of financial assets at FVOCI	43,410	-	-	43,410
Actuarial loss on retirement benefits	-	(20,578,570)	-	(20,578,570)
Total other comprehensive income for the year	43,410	(20,578,570)	-	(20,535,160)
Balance at December 31, 2022	46,710	(21,635,106)	752,989,879	731,401,483
Excess of supports and other gains over expenses		-	26,704,094	26,704,094
Other comprehensive income (loss)				
Fair value changes of financial assets at FVOCI	2,227	-	-	2,227
Actuarial loss on retirement benefits	-	(33,747,110)	-	(33,747,110)
Total other comprehensive income for the year	2,227	(33,747,110)	-	(33,744,883)
Balance at December 31, 2023	P48,936	(P55,382,216)	P779,693,973	P724,360,694

(See accompanying notes to financial statements)

EXHIBIT "E"

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Whole Philippine Pesos)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of supports and other gains over expenses before income tax		P29,443,548	P19,776,980
Adjustments for:			
Interest income	3 and 6	(17,585,110)	(6,300,027)
Dividend income	5	(12,492,578)	(6,652,513)
Loss on retirement of property and equipment	7	689	689
Interest expense on lease liability	21	-	77,733
Depreciation and amortization	7 and 9	5,895,023	4,711,681
Retirement expense	16	210,313	743,972
Fair value changes of financial assets at FVTPL	5	-	(14,494,435)
Provision for (reversal of) expected credit losses		-	23,651
Operating cash flow before working capital changes		5,471,885	(2,112,269)
Decrease (increase) in:			
Accounts receivable		(13,619,177)	902,545
Trust funds		45,255,244	(20,407,476)
Other non-current assets		760,353	3,182,542
Increase (decrease) in:			
Accounts payable and accrued expenses		(16,921,692)	(15,624,018)
Deferred credits		-	20,407,476
Cash generated from (used for) operations		20,946,613	(13,651,200)
Interest received		17,585,110	6,300,027
Contribution to retirement fund	16	(501,697)	(501,697)
Retirement benefits paid from operating funds	16	(67,277)	(67,277)
Income tax paid		(2,739,454)	(1,271,205)
Net cash provided by (used in) operating activities		35,223,295	(9,191,352)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	7	(7,198,899)	(7,198,899)
Additions to financial assets at FVOCI		(3,011,031)	(1,827,880)
Cash dividends received	5	12,492,578	6,652,513
Net cash provided by (used in) investing activities		2,282,648	(2,374,266)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		37,505,943	(11,565,618)
CASH AND CASH EQUIVALENTS BALANCE AT BEGINNING OF YEAR	3	241,420,352	252,985,970
CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR	3	P278,926,295	P241,420,352

ABOITIZ FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023
(Amounts Expressed in Whole Philippine Pesos)

1. CORPORATE INFORMATION

The Aboitiz Foundation, Inc., (the "Foundation") is a non-stock, non-profit foundation organized under Philippine laws in 1988 with corporate name ACO Foundation, Inc. Its articles of incorporation was amended changing its name to Aboitiz Group Foundation, Inc. and on May 7, 2008 to Aboitiz Foundation, Inc. The office of the Foundation is located at the 32nd Street, Bonifacio Global City, Taguig City.

The Foundation is primarily a socio-economic assistance body. It operates exclusively for charitable, social welfare, religious, scientific, cultural, non-formal educational, and youth and sports development purposes.

The projects and programs of the Foundation include among others construction of school buildings and classrooms in calamity stricken areas, developing of special service elementary schools and technical vocational high schools, support to government agencies and LGU's and environmental projects. It also operates the "Cleanergy Center" in Makban, Laguna which is an educational facility that showcase power generation, renewable energy, and different types of energy sources to increase the Filipino awareness on the importance of renewable energy and encourage Filipinos to adopt a more sustainable lifestyle. (see Notes 7 and 21)

2. BASIS OF PREPARATION

Basis of Preparation.

The financial statements of the Foundation have been prepared under historical cost basis except for financial assets at FVTPL, financial assets at FVOCI, and trust funds which are measured at fair value. The financial statements are presented in Philippine peso, which is the Foundation's presentation and functional currency.

Statement of Compliance.

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs).

Accounting Changes
Adoption of new and revised standards

- Amendments to PAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a

requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

In some circumstances standardized accounting policy information may be needed for users to understand the other material information in the financial statements. In those situations, standardized accounting policy information is material and should be disclosed.

The amendments have an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the financial statements.

Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Year Ended December 31, 2023
The following new or amended standards have been issued which are not yet effective for the year ended December 31, 2023 and which have not been adopted in the financial statements. The Company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far management has concluded that the adoption of these amendments, which might be relevant to the Company, is unlikely to have a significant impact on the financial statements.

Effective January 1, 2024

- Amendments to PAS 1 – Classification of liabilities as current or non current
- Amendments to PAS 7 and PFRS 7-supplier finance arrangements

Effective January 1, 2025

- PFRS 17 – Insurance contracts

3. MATERIAL ACCOUNTING POLICY INFORMATION

Summary of Significant Accounting Policies

a. Financial instruments.

The Company recognizes financial assets and financial liabilities in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets
Financial assets are classified based on an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. All recognized financial assets are subsequently measured in their entirety at either amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

The financial assets of the Company consists of cash and in banks and receivable from related party. The Company measures these financial assets at amortized cost as the company has assessed that these assets are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for credit and impairment losses' in profit or loss.

All regular way purchases and sales of financial assets are recognized on trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales of financial assets are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Impairment of financial assets.
The Company recognizes a loss allowance for expected credit losses ('ECL') on receivables and other debt instruments that are measured at amortized cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability- weighted estimate of the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

De-recognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities
The Company's financial liabilities, which consists of trade and other payables and borrowings, are measured at amortized cost. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortized cost using the effective interest method.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Capital stock issued by the Company are recognized at par value of the shares issued.
When shares are issued in excess of par, the difference between the proceeds and par value is credited to additional paid in capital. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at fair value of the shares issued or fair value of the liability settled, whichever is more reliably determined

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments..

The Company's capital stock information and capital management are disclosed in Note 11.

b. Cash and cash equivalents.

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

c. Prepaid expenses.

Prepaid expenses are carried at the amounts paid and are amortized as they are used in operations or as they expire with the passage of time.

d. Property and equipment.

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses.

Cost of property and equipment comprises its net purchase price and directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent expenditures related to property and equipment for maintenance or repairs are expensed. Improvements are capitalized and depreciated over expected useful life.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows:

	Annual rates (%)
Building	4.00%
Computer equipment	33.33%
Transportation equipment	20.00%
Furniture and fixtures	20.00%
Leasehold improvements	10.00%
Right of use asset	20.00%

The useful lives of the assets and depreciation method used are reviewed periodically for any significant change in utility of the assets and in the expected pattern of economic benefits to ensure that current and future depreciation charges are adjusted accordingly.

Gain or loss on disposal or retirement of property and equipment are generally reflected in the statement of operations.

At each reporting date, property and equipment are assessed for any indication of impairment in value based on internal and external sources. If any indication exists, recoverable amount of the asset is estimated and impairment is recognized in the statement of operations.

e. Deferred credits.

Funds received that are restricted by the donors for specific purposes are recognized as deferred credits upon receipt. These are deemed donated and reported as revenue only upon the occurrence of the events specified by donors.

f. Fund balance.

Fund balance includes the following:

- Revaluation reserve includes the current and prior period unrealized gains and losses due to revaluation of financial assets at FVOCI reported as other comprehensive income in the statement of other comprehensive income.

- Cumulative effect of remeasurements of defined benefit obligation, which consists of actuarial gains and losses on the defined benefit obligation arising from differences between the previous actuarial assumptions and what has actually occurred and from the effects of changes in actuarial valuations, the return on plan assets and changes in the effect of the asset ceiling.

- Cumulative excess of revenues over expenses includes the current and prior period results reported in the statement of operations.

- Prior period adjustments from restrospective application of new accounting standards when required.

g. Revenue and expense recognition.

Donations are recognized when no significant uncertainty to its collection exists.

Grants and sub-grants are recognized as revenue over periods to match them with the related costs which they are intended to compensate. Grants related to depreciable assets are recognized as revenue over the periods and in proportion in which depreciation on those assets is charged.

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

Dividends are recognized as income when the right to receive payment is established.

Other revenues are recognized when earned.

Expenses are recognized when incurred.

h. Leases.

The Foundation assesses whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For leases, where the Foundation acts as the lessee, the Foundation recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability with certain adjustments, and subsequently depreciated using the straight line method, with depreciation expense recognized in profit or loss. The lease liability is initially measured at the present value of lease payments over the term of the lease using a discount rate that is based on the prevailing borrowing rate. The discount rate is specific to each lease and is determined by various factors, such as the lease term and currency. The lease term includes the non-cancellable period and the optional period where it is reasonably certain we will exercise or not exercise an extension or termination option, considering various factors that create an economic incentive to do so. Subsequently, the lease liability is measured at amortized cost using the effective interest method, with interest charged to interest expense in profit or loss. Lease liabilities and right-of-use assets are measured upon lease modifications.

Leases of low value assets or with relatively short terms are expensed when incurred.

i. Retirement benefits.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Foundation, nor can they be paid directly to the Foundation. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

j. Related party transactions and relationship.

Related party relationships 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 relationships also exist between and/ or among entities which are under common control with the reporting enterprises, or between and/ or among the reporting enterprises and its key management personnel, directors or its stockholders. Transactions between related parties are accounted for based on negotiated prices and terms.

k. Provisions.

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of operations.

l. 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.

m. Events after reporting date.

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

Judgments and Accounting Estimates.

In the process of applying the accounting policies of the Foundation, management has made following judgments and estimates which have the most significant effect on the amounts recognized in the financial statements:

Judgments.

Provisions and contingencies.

The Foundation applies judgment on when to recognize provisions or contingent liabilities. Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Estimates and Assumptions.

Allowance for expected credit losses.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Foundation in accordance with the contract and the cash flows that the Foundation expects to receive.
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Foundation if the commitment is drawn down and the cash flows that the Foundation expects to receive.
- *Financial guarantee contracts:* as the expected payments to reimburse the holder less any amounts that the Foundation expects to recover.

The Foundation leverages existing risk management indicators (e.g. internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Foundation to identify whether the credit risk of financial assets has significantly increased.

The Foundation has not provided an allowance for expected credit losses on its receivables. Carrying value of receivables amounted to P4,486,363 and P5,388,908 as of December 31, 2022 and 2021, respectively.

Useful lives of property and equipment.

The Foundation estimates the useful lives of depreciable assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is probable that the results of future operations could be materially affected by changes in the estimates due to changes in aforementioned factors. Reduction in estimated useful lives of depreciable assets would increase depreciation expense and decrease non-current assets.

Carrying value of depreciable assets amounted to P46,224,524 and P43,675,324 as of December 31, 2022 and 2021, respectively.

Impairment of non-financial assets.

The Foundation assesses the impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The impairment review requires an estimation of the present value of the expected future cash flows from continued use of the assets and selection of an appropriate discount rate that can materially affect the financial statements.

Carrying value of non-financial assets were as follows:

	December 31 2023	December 31 2022
Property and equipment – net	P53,198,796	P57,741,524
Other non-current assets	4,599,280	6,319,404

Retirement benefits.

The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Accrued retirement payable as of December 31, 2023 and 2022 amounted to P27,139,165 and P21,236,461, respectively.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 16.

Fair values of financial instruments.

PFRSs requires that certain assets and liabilities be carried at fair value which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence, the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in fair value of these financial assets and liabilities would directly affect net profit or loss or equity. As of December 31, 2023 and 2022, fair value of financial assets amounted to P1,005,366,002 and P996,482,871, respectively, and fair value of financial liabilities amounted to P311,664,219 and P307,905,910, respectively. (see Note 19)

4. CASH AND CASH EQUIVALENTS

This account consists of:

	December 31 2023	December 31 2022
Petty cash	P30,000	P30,000
Cash in bank	19,518,668	46,152,682
Cash equivalents	259,377,627	195,237,727
	P278,926,295	P241,420,409

Cash equivalents with terms of 30 to 120 days earn interest ranging from 6.25 to 6.30% in 2023 and 4.48% to 5.38% in 2022. Interest income from cash in bank and cash equivalents amounted to P17,585,110 and P4,015,177 in 2023 and 2022, respectively.

5. ACCOUNTS RECEIVABLE

This consists substantially of advances to corporate social responsibility officers for the implementation of the projects of the Foundation which are subject to liquidation.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

These are investments in traded equity instruments and unit investment trust funds (UITF) as follows:

	December 31 2023	December 31 2022
Cost	P114,026,035	P114,026,035
Cumulative changes in fair value	183,180,597	183,180,597
	P297,206,632	P297,206,632

Movements in cumulative changes in fair value of financial assets at FVTPL are as follows:

	2023	2022
Balance, January 1	P183,180,597	P168,686,162
Fair value change during the year	—	14,494,435
Balance, December 31	P183,180,597	P183,180,597

Income earned on financial assets at FVTPL, other than fair value changes, are as follows:

	2023	2022
Dividend income	P12,492,578	P6,652,513
Realized gain on withdrawal of financial assets at FVTPL (Note 13)	—	—
	P12,492,578	P6,652,513

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

This represents portfolio investments managed by BDO trust as follows:

	December 31 2023	December 31 2022
Cost	P152,058,138	P149,047,105
Cumulative changes in fair value	48,936	46,710
Balance	P152,107,074	P149,093,815

Movements in cumulative changes in fair value of financial assets at FVOCI in fund balance are as follows:

	2023	2022
Balance, January 1	P46,710	P3,300
Fair value change during the year	2,226	43,410
Balance, December 31	P48,936	P46,710

Interest income earned on financial assets at FVOCI received during the year amounted to nil and P2,284,850 in 2023 and 2022, respectively.

8. PROPERTY AND EQUIPMENT

The classes of property and equipment are as follows:

December 31, 2023

	Land	Building	Computer equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Right of use (ROU) assets (Note 21)	Total
Cost								
Balance, beginning	P11,517,000	P58,535,112	P487,599	P9,539,000	—	P800,000	P6,083,802	P86,962,513
Additions	—	—	472,467	—	—	—	—	472,467
Retirement	—	—	—	—	—	—	—	—
Balance, end	11,517,000	58,535,112	P960,066	9,539,000	—	800,000	6,083,802	87,434,981
Accumulated depreciation								
Balance, beginning	—	21,072,638	71,840	2,279,984	—	286,667	5,509,860	29,220,989
Depreciation	—	2,341,404	318,847	1,701,000	—	80,000	573,944	5,015,195
Retirement	—	—	—	—	—	—	—	—
Balance, end		23,414,045	390,687	3,980,983	—	366,667	6,083,802	53,198,796
Net book value	P11,517,000	P35,121,067	P569,379	P5,558,017	—	P433,333	—	P53,198,796

December 31, 2021

	Land	Building	Computer equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Right of use (ROU) assets (Note 21)	Total
Cost								
Balance, beginning	P11,517,000	P58,535,112	P1,198,754	P2,772,000	—	P800,000	P6,083,802	P80,906,668
Additions	—	—	431,899	6,767,000	—	—	—	7,198,899
Retirement	—	—	(1,143,054)	—	—	—	—	(1,143,054)
Balance, end	11,517,000	58,535,112	487,599	9,539,000	—	800,000	6,083,802	86,962,513
Accumulated depreciation								
Balance, beginning	—	18,731,234	1,075,448	1,568,600	—	206,667	4,132,395	25,714,344
Depreciation	—	2,341,404	138,756	711,384	—	80,000	1,377,465	4,649,009
Retirement	—	—	(1,142,364)	—	—	—	—	(1,142,364)
Balance, end	—	21,072,638	71,840	2,279,984	—	286,667	5,509,860	29,220,989
Net book value	P11,517,000	P37,462,474	P415,759	P7,259,016	—	P513,333	P573,942	P57,741,524

Building represents the “Cleanergy Center”, an educational facility in Makban, Laguna. (see Notes 1 and 22)

Depreciation charged to operations amounted to P4,935,195 and P4,649,009 in 2023 and 2022, respectively. (see Note 15)

Certain property and equipment were retired and resulted to losses amounting to nil and P689 in 2023 and 2022, respectively. (see Note 14)

The Foundation has no idle property and equipment as of reporting date.

9. TRUST FUNDS

These are funds entrusted/conditionally donated to the Foundation to ensure continuous support to certain charitable programs of the Foundation. In accordance with the terms and conditions of the trust funds, the funds are disbursed only for the intended purpose for which each trust fund was created.

Trust fund principal are credited to deferred credits upon receipt and are recognized in operations by the Foundation upon occurrence of a specified event.

The following is summary of transactions for deferred credits during the year.

	2023	2022
Deferred grant, beginning of year	P304,275,708	P283,868,232
Deferred grants received	—	16,522,383
Grants earnings		
Interest income	633,073	731,438
Dividend income	6,412,407	5,107,268
Grant expenses	(9,137,288)	(11,503,948)
Donations made	—	(2,400,000)
Change in fair values of trust fund investments	(43,163,536)	11,950,335
Deferred grant, end of year	P259,020,464	P304,275,708

Trust funds are invested in the following:

	December 31 2023	December 31 2022
Cash in banks	3,177,589	P2,230,426
Short-term investments	116,656,540	162,858,947
Financial assets at fair value	139,186,335	139,186,335
	P259,020,464	P304,275,708

10. OTHER NON-CURRENT ASSETS

This account consists of:

	December 31 2023	December 31 2022
Prepaid rent (Note 22)	—	P434,803
Refundable deposit and others	P1,651,434	1,303,362
Income tax refundable (Note 16)	11,200	11,200
Deferred charges – MCIT (Note 16)	11,200	11,200
Computer software - net	2,765,332	1,557,038
Materials and supplies	160,144	3,001,857
	P4,599,280	P6,319,460

Refundable deposits are refundable to the Foundation upon termination of contract with utility companies and a lessor.

Computer software is amortized over a period of three years. Amortization on computer software amounted to P 897,157 and P62,672 in 2023 and 2022, respectively. (see Note 15)

Materials and supplies are the non-cash donations received by the Foundation but not yet distributed to the beneficiaries.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of:

	December 31 2023	December 31 2022
Accounts payable	6,577,787	P1,473,961
Lease liability (Note 22)	690,166	690,166
Other payables	819,377	1,466,075
	8,087,330	3,630,202
Non-current portion of lease liability	(698,817)	—
	P7,388,513	P3,630,202

Accounts payable consists mainly of suppliers' credits and accruals.

Other payables include payables to government entities for payroll related deductions.

12. DONATIONS

This account consists of donations from private companies, individuals and LGU counterparts.

13. PROGRAM COSTS AND EXPENSES

This account represents the cost of various projects as follows:

	2023	2022
Education	P240,576,209	P58,134,497
Special projects	76,208,097	195,914,116
Enterprise development	—	18,842,780
Conservation, research and development	—	6,159,200
Health, wellness and childcare	—	3,842,749
	P316,784,306	P282,893,342

Special projects

The Foundation's initiatives for special projects are focused on building the resilience of the communities as it trains Filipinos from barangays and schools nationwide on disaster risk reduction and management. These community-based disaster risk reduction and management (CBDRRM) training-workshops help community members and disaster resilience coordinators identify local risks and hazards and develop their action plans to mitigate risks.

In the last three years, the Foundation is focused in providing immediate support to the COVID-19 response, especially in providing the frontliners with personal protective equipment and families needing assistance with relief goods. The Foundation also made a P100 million donation through the Philippine Disaster Resilience Foundation's Project Ugnayan, which aims to provide assistance by distributing grocery vouchers. Total funds provided by the Foundation alone for COVID-19 response reached P227 million since the onset of the pandemic. Aside from COVID-19, natural disasters have also impacted the Philippines.

Education

Since the inception of the Foundation in 1988, it has been investing heavily in projects designed to provide access to quality education in the Philippines.

Working with various schools, training institutions, the Department of Education, and various organizations, the Foundation executes strategic and purposive education programs to ensure that the Foundation produces deserving graduates and guide them to become productive members of the workforce.

To contribute to the United Nations Sustainable Development Goals for quality education, the Foundation provides quality technical, vocational, and tertiary education, and offer financial assistance and scholarships. The Foundation also continuously work with its partners to build and improve learning facilities, provide advanced training programs for assisted teachers, and conduct in-school feeding programs.

The Foundation believes that education is an essential sector that must continue amidst the pandemic. The disruption of the pandemic on access to education has encouraged the innovation of digital solutions, leading to the development of online platforms and activities to keep the Foundation's scholars engaged and informed. These innovations enhanced the existing education programs, and more importantly, ensured continued access to education in the time of COVID-19.

Enterprise development

Enterprise development approach is focused on providing end-to-end and cost-efficient interventions for community-based enterprises. As part of the Foundation's One Coop One Product (OCOP) strategy, its projects ensure that relevant support is provided from production to marketing, by orchestrating support from various actors. These include leveraging resources for the capacity building, infrastructure, financing, and market linkage needs of community enterprises. The Foundation also worked with Environment team in rolling out Business Continuity Planning sessions that aim to manage the vulnerabilities of its partner cooperatives and promote enterprise sustainability.

The Foundation aims to support its partner cooperatives and MSMEs nationwide to restart their operation and recover from the economic loss and failure brought about by the pandemic. Supporting cooperatives and MSMEs is vital for preserving jobs and productivity. This also includes helping them take advantage of the use of digital tools to continue operating their businesses and providing services to cooperative members.

Conservation, research and development

This program ensures that projects undertaken directly or through partnerships will maintain and enhance the benefits of ecosystem services, build resilient communities, and promote an environment friendly transport system.

The Foundation has transcended its target to plant 9-million trees by 2020. As of December 31, 2023, there were 11.44-million trees planted, in partnership with the tree growing project of Ramon Aboitiz Foundation, Inc., the Philippine Business for Social Progress, and the Carbon Sink Management Program of Therma South, Inc. and Therma Visayas, Inc.

The Foundation also maintains the Aboitiz Cleanergy Park, an eight-hectare park, which showcases a mangrove reforestation site, nursery, and botanical garden for the propagation of native tree species and home to hundred species of birds.

The Foundation also collaborated with the Department of Environment and Natural Resources, even with the onset of the pandemic, on its continued rehabilitation efforts for the Balabag Wetland Park in Boracay, Aklan

Health, wellness and childcare

The Foundation's healthcare projects include medical, optical and dental missions and circumcision drives, and the construction of water systems, health centers, and day care centers in areas where they are most needed.

14. OTHER INCOME (LOSSES)

This account consists of:

	2023	2022
Fair value changes of financial assets at FVTPL (Note 6)	—	P14,494,435
Unrealized foreign exchange gain	P29	455,345
Loss on retirement of property and equipment (Note 8)	—	(689)
Reversal of (provision for) expected credit losses	—	(23,651)
	P29	P14,925,440

15. ADMINISTRATIVE EXPENSE

This accounts consists of:

	2023	2022
Salaries and benefits	P28,033,306	P25,749,591
Contracted services	5,994,317	2,559,856
Depreciation (Note 8)	4,935,195	4,649,009
Repairs and maintenance	1,576,243	493,361
Medical and hospitalization	1,541,732	773,275
Communications, light and water	1,453,578	1,462,295
Transportation and travel	1,228,146	1,333,209
Amortization (Note 10)	959,828	62,672
Taxes and licenses	555,980	26,634
Professional fees	258,920	1,152,177
Training and seminars	161,497	285,907
Supplies and materials	150,534	175,736
Rent (Note 22)	112,820	810,498
Freight and handling	79,218	62,700
Interest expense on lease liability (Note 22)	—	77,733
Miscellaneous	436,523	5,187,843
	P47,477,837	P44,862,496

Salaries and benefits consists of:

	2023	2022
Salaries and wages	P20,568,484	P19,243,271
Employee benefits	6,752,063	5,416,301
SSS, PHIC, and Pag-ibig contributions	502,446	346,047
Retirement benefits (Note 17)	210,313	743,972
	P28,033,306	P25,749,591

16. INCOME TAX

The Foundation is a non-stock, non-profit foundation organized and operated exclusively to provide financial aid and technical aid to pre-qualified deserving service agencies or communities. It is exempt from income tax pursuant to Section 30 of the Tax Reform Act of 1997 (R.A. 8424). However, income derived from its properties, real or personal, or from any of its activities conducted for profit regardless of the disposition made of such income, is subject to tax. On December 13, 2018, the Philippine Council for NGO Certification (PCNC) issued a certificate of accreditation to the Foundation after impartial scrutiny and verification with the PCNC standards of good governance, management and accountability. The PCNC certification is valid for a period of five (5) years from the date of issuance. Furthermore, the Bureau of Internal Revenue (BIR) granted on November 29, 2022 an extension of the Foundation’s tax exemption certificate which is now valid until December 10, 2025.

On March 26, 2021, President Rodrigo R. Duterte signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises Act (CREATE). The provisions of the law that are relevant to the Foundation are as follows:

- Reduction of the corporate income tax (CIT) from 30% to 20% for domestic corporations with total assets not exceeding P100 million, excluding land, and total net taxable income of not more than P5 million and to 25% for all other domestic and resident foreign corporations starting July 1, 2020 and to 25% for non-resident foreign corporations starting January 1, 2021.
- Lower the minimum corporate income tax (MCIT) from 2% to 1% effective July 1, 2020 until June 30, 2023.

Income tax expense amounting to P2,739,454 and P1,260,005 in 2023 and 2022, respectively, consists of income tax currently due on net receipts subject to normal income tax at rate of 25% in 2022 and 2021 and final income tax on interest at rates of 20% and 15%.

Minimum corporate income tax (MCIT) included in other non-current assets (Note 9) and computed at one percent tax on gross income, is creditable against normal income tax as follows:

Taxable year	Normal income tax	MCIT	Excess MCIT over normal income tax	Excess MCIT applied in previous years	Excess MCIT applied currently	Balance of MCIT allowable as tax credit for succeeding years
2021	—	P5,600	P5,600	—	—	P5,600
2022	—	5,600	5,600	—	—	5,600
		P11,200	P11,200	—	—	P11,200

Income tax refundable, included in other non-current assets and amounting to P11,200 and P11,200 as of December 31, 2023 and 2022, respectively, represents the excess of income tax credits over current tax due which can be applied against future income taxes. (see Note 10)

17. RETIREMENT BENEFITS

Under the existing regulatory framework, Republic Act 7641, otherwise known as The Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. It further states that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Foundation has a funded, noncontributory, defined benefit pension plan ("Plan") covering all regular and full-time employees and requiring contributions to be made to separately administered fund. This retirement benefit fund ("Fund") is in the form of a trust being maintained and managed by AEV, under the supervision of the Board of Trustees (BOT) of the Plan. The BOT is responsible for the investment of the Fund assets. Taking into account the Plans' objectives, benefit obligations and risk capacity, the BOT periodically defines the investment strategy in the form of a long-term target structure.

The following tables summarize the components of net benefit expense recognized in the Foundation's statements of operations and other comprehensive income and the funded status and amounts recognized in the Foundation's balance sheets for the Plan.

	2023	2022
Retirement expense recognized in the statement of operations:		
Current service cost	P1,221,982	P718,813
Net interest cost	(1,011,669)	25,159
Retirement benefits (Note 15)	P210,313	P743,972
Remeasurement effects recognized in other comprehensive income		
Actuarial gain (loss) on defined benefit obligation	P1,257,522	(P24,585,390)
Actuarial gain (loss) on plan assets	4,006,820	4,006,820
	P5,264,342	(P20,578,570)

Accrued retirement payable

	December 31 2023	December 31 2022
Present value of obligation	P47,234,169	P47,401,521
Fair value of plan assets	(20,095,004)	(26,165,060)
	P27,139,165	P21,236,461

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Balance at January 1	P6,747,236	P7,384,125
Net benefit costs in statement of operations		
Current service costs	1,221,982	718,813
Interest cost	351,531	384,713
	1,573,513	1,103,526
Net acquired obligation due to employee transfers	14,395,757	14,395,757
Retirement benefits paid from operating funds	(67,277)	(67,277)
Remeasurements in other comprehensive income		
Actuarial loss (gain) due to experience adjustments	38,799,243	25,630,703
Actuarial gain due to changes in financial assumptions	(1,045,313)	(1,045,313)
	37,753,930	24,585,390
Balance at December 31	P60,403,159	P47,401,521

Changes in the fair value of plan assets are as follows:

	2023	2022
Balance, January 1	P26,165,060	P6,901,232
Interest income included in net interest cost	1,363,200	359,554
Gain (loss) on return on plan assets	4,006,820	4,006,820
Actual contributions	501,697	501,697
Net acquired assets due to employee transfers	1,226,767	14,395,757
Balance, December 31	P33,263,544	P26,165,060

The fair value of plan assets by each class are as follows:

	December 31 2023	December 31 2022
Financial assets at amortized cost	P17,470,759	P15,882,508
Financial assets at FVTPL	6,055,885	5,879,500
Financial assets at FVOCI	4,454,871	4,410,763
	27,981,514	26,172,771
Less: Accounts payable and accrued expenses	(7,886,510)	(7,711)
Fair value of plan assets	20,095,004	P26,165,060

Movements in cumulative actuarial loss were as follows:

	2023	2022
Cumulative actuarial loss, beginning	P21,635,106	P1,056,536
Actuarial loss (gain) recognized in other comprehensive income	33,747,110	20,578,570
Cumulative actuarial loss, end	P55,382,216	P21,635,106

The Foundation's defined benefit pension plan is funded by the Foundation. The Foundation expects to make a contribution to the defined benefit pension plan in 2023.

The plan assets have diverse investments and do not have any concentration risk. All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The principal assumptions used as of reporting date in determining retirement benefits for the Foundation's Plan are shown below:

	2023	2022
Discount rate	7.83%	7.83%
Investment yield	7.00%	7.00%
Salary increase rate	7.00%	7.00%
Average expected future service years	10 years	10 years

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the accrued retirement payable as of December 31, 2023, assuming all other assumptions were held constant:

	Effect on 2023 accrued retirement payable
Changes in discount rate	
1% increase	(P2,124,997)
1% decrease	2,124,997
Changes in salary rate increase	
1% increase	P1,899742
1% decrease	(1,899742)

18. RELATED PARTY DISCLOSURES

The Foundation is run by its' members and trustees.

The Foundation has transaction with a related party as follows:

Related party	Relationship
Aboitiz Equity Ventures, Inc. (AEV)	Affiliate

The Foundation's statements of operations include technical fees arising from transaction with AEV amounting to P1,839,828 and P5,996,125 in 2023 and 2022, respectively.

The members of the Board of Trustees do not receive compensation for services rendered to the Foundation.

19. CAPITAL MANAGEMENT

The primary objective of the Foundation in managing capital is to ensure the Foundation's ability to continue as a going concern so that it can continue to support its projects and programs and thus achieve the purpose for which it was created.

The Foundation manages its capital structure and makes adjustments to it in the light of changes in economic condition. To maintain or adjust its fund balance or reduce its debt, if any, the Foundation may assess its members or sell its assets. No changes were made in the objective, policy or processes in 2023 and 2022.

The Foundation considers its fund balance as capital. The Foundation's fund balance amounted to P724,360,694 and 731,401,484 as of December 31, 2023 and 2022, respectively.

No gearing ratios were computed as of the end of 2023 and 2022 since the Foundation was in a net cash position.

20. FINANCIAL INSTRUMENTS

The financial instruments of the Foundation comprise principally of cash and cash equivalents, receivables, financial assets at FVTPL, financial assets at FVOCI, trust funds, accrued interest receivable, accounts payable and accrued expenses and deferred credits.

	December 31, 2023		December 31, 2022	
Financial assets	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortized cost				
Cash and cash equivalents	P278,926,295	P278,926,295	P241,420,353	P241,420,353
Accounts receivable	18,105,537	18,105,537	4,486,363	4,486,363
Financial assets at FVTPL	297,206,632	297,206,632	297,206,632	297,206,632
Financial assets at FVOCI	152,107,074	152,107,074	149,093,815	149,093,815
Trust funds	259,020,464	259,020,464	304,275,708	304,275,708
	P1,005,366,002	P1,005,366,002	P996,482,871	P996,482,871

	December 31, 2023		December 31, 2022	
Financial liabilities	Carrying value	Fair value	Carrying value	Fair value
Other financial liabilities				
Accounts payable and accrued expenses	P7,388,511	P7,388,511	P3,630,202	P3,630,202
Deferred credits	304,275,708	304,275,708	304,275,708	304,275,708
	P311,554,219	P311,554,219	P307,905,910	P307,905,910

The fair values of all of the Foundation's financial instruments are the same as their carrying values. The carrying amounts of the majority of these instruments approximate fair value due to their relatively short term maturity.

As of reporting date, the Foundation's financial assets at FVTPL, financial assets at FVOCI and trust funds are the only financial instruments that are periodically re-measured at fair value based on quoted market prices.

December 31, 2023

	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL	297,206,632	297,206,632	—	—
Financial assets at FVOCI	152,107,074	152,107,074	—	—
Trust funds	259,020,464	259,020,464	—	—
	P708,334,170	P708,334,170	—	—

December 31, 2022

	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL	P297,206,632	P297,206,632	—	—
Financial assets at FVOCI	149,093,815	149,093,815	—	—
Trust funds	304,275,708	304,275,708	—	—
	P750,576,155	P750,576,155	—	—

During the reporting period ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

21. FINANCIAL RISKS MANAGEMENT POLICIES AND OBJECTIVES

The main risks arising from the Foundation's financial instruments are credit risk, equity price risk and liquidity risk. The Board of Trustees has reviewed and set up policies to manage these risks. It continuously upgrades these policies and procedures to ensure that the management of risk exposures is both progressive and reflective of the Foundation's financial outlook.

Credit risk.

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risks arising from debtors are mitigated by subjecting debtors to credit verification and setting of credit limits. Furthermore, the Foundation monitors receivables continuously.

Credit risk from other financial assets, which comprise mainly of cash and cash equivalents, is mitigated by maintaining depository accounts and cash investments with financial institutions of high credit rating. Furthermore, the Board of Trustees sets limits on deposits that could be placed with a single institution.

The Foundation has no significant concentration risk to a counterparty or company of counterparties

As of December 31, 2023 and 2022, the Foundation's financial assets are neither past due nor impaired and the credit quality is considered to be of high grade as these are expected to be collectible without incurring any credit losses.

Equity price risk.

Equity price risk is the risk that the fair value of traded equity instruments decreases as the result of the changes in the levels of equity indices and the value of the individual stocks.

The Foundation is exposed to equity price risk on its investments carried at fair value classified under financial assets at FVTPL. It manages this risk by constantly monitoring the changes of the market price of its investments.

The volatility rates of the fair value of the Foundation's investments held at fair value and their impact on the fund balance were as follows:

	Volatility rate		Effect on fund balance	
	Increase	Decrease	Increase	Decrease
Equity securities listed in the Philippines				
2023				
2022	10%	5%	P20,426,538	(P10,213,269)

Liquidity risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

To manage this risk, the Foundation regularly monitors its projected and actual cash flows information. Any excess cash is invested in short-term placements.

The following table presents the Foundation's assets and liabilities by contractual maturities and settlement dates:

As of December 31, 2023

	Contractual undiscounted collections				Total carrying
Financial assets	Less than 1 year	1 to 5 years	>5 years	Total	value
Cash and cash equivalents	P278,926,295	—	—	P278,926,295	P278,926,295
Accounts receivable	18,105,537	—	—	18,105,537	18,105,537
Financial assets at FVTPL	297,206,632	—	—	297,206,632	297,206,632
Financial assets at FVOCI	152,107,074	—	—	152,107,074	152,107,074
Trust funds	259,020,464	—	—	259,020,464	259,020,464
	P1,005,366,002	—	—	P1,005,366,002	P1,005,366,002

	Contractual undiscounted payments				Total carrying
Financial assets	Less than 1 year	1 to 5 years	>5 years	Total	value
Operating					
Accounts payable and accrued expenses	P7,388,511	—	—	P7,388,511	P7,388,511
Deferred credits	304,275,708	—	—	304,275,708	304,275,708
	P311,554,219	—	—	P311,554,219	P311,554,219

As of December 31, 2022

	Contractual undiscounted collections				Total carrying
Financial assets	Less than 1 year	1 to 5 years	>5 years	Total	value
Cash and cash equivalents	P241,420,353	—	—	P241,420,353	P241,420,353
Accounts receivable	4,486,363	—	—	4,486,363	4,486,363
Financial assets at FVTPL	297,206,632	—	—	297,206,632	297,206,632
Financial assets at FVOCI	149,093,815	—	—	149,093,815	149,093,815
Trust funds	304,275,708	—	—	304,275,708	304,275,708
	P996,482,871	—	—	P996,482,871	P996,482,871

Financial assets	Contractual undiscounted payments Less than 1 year	1 to 5 years	>5 years	Total	Total carrying value
Operating					
Accounts payable and accrued expenses	P3,630,202	—	—	P3,630,202	P3,630,202
Deferred credits	304,275,708	—	—	304,275,708	304,275,708
	P307,905,910	—	—	P307,905,910	P307,905,910

22. AGREEMENTS AND LEASE COMMITMENTS

Memorandum of Agreement on Corporate Social Responsibility Project

On May 8, 2019, the Foundation and AIM Scientific Research Foundation, Inc. (the "Beneficiary") and Asian Institute of Management (AIM) entered into an agreement wherein the Foundation commit to donate an aggregate amount of US $10 million (the "Funds"), as one of the corporate social responsibility projects determined by the Foundation to celebrate the 100th anniversary of the Aboitiz group. The Funds shall be used exclusively for support of data science professorial chairs of AIM, student loan program for AIM site students and improvement of AIM site and facilities.

The Funds shall be allocated and released as follows:

	Support for professorial chairs	Student loan program	Improvement of site and facilities	Total
May, 2019	US $1,250,000	US $1,000,000	US $250,000	US $2,500,000
April, 2020	625,000	500,000	125,000	1,250,000
April, 2021	625,000	500,000	125,000	1,250,000
April, 2022	625,000	500,000	125,000	1,250,000
April, 2023	625,000	500,000	125,000	1,250,000
April, 2024	625,000	500,000	125,000	1,250,000
April, 2025	625,000	500,000	125,000	1,250,000
	US $5,000,000	US $4,000,000	US $1,000,000	US $10,000,000

Furthermore, the Foundation recognizes AIM's academic freedom, hence, the latter can implement alternative use of the Funds provided AIM seek for prior written consent from the Foundation.

Memorandum of Agreement on Usufruct

On February 13, 2014, The Foundation and AP Renewables Inc. (APRI) entered into an agreement wherein APRI granted by way of usufruct to the Foundation the non-exclusive right to possess and use a portion of a lot leased by APRI from PSALM for the limited purpose of establishing, operating and maintaining the Cleanergy Center, an educational facility. The maintenance of the site and any and all expenses relative to the use and possession of the site and the maintenance and operations thereof shall be for the account of the Foundation without the benefit of reimbursement and indemnification.

Lease

The Foundation entered into a contract of lease for the use of its offices. This non-cancellable lease has a term ten years and is renewable at the option of the Foundation under new terms and conditions.

Set out below are the carrying amounts of the Foundation's right-of-use asset and lease liability and the movements during the year:

Right-of-use asset (Note 8)

	2023	2022
As at January 1	P573,942	P1,951,407
Depreciation	573,942	(1,377,465)
As at December 31	—	P573,942

Lease liability (Note 11)

	2023	2022
As at January 1	P690,166	P2,256,315
Interest	—	77,733
Payments	(698,817)	(1,643,882)
As at December 31	(P8,651)	P690,166

The carrying amounts of the Foundation's right-of-use asset as of December 31, 2023 and 2022 are presented as part of property and equipment. (see Note 8)

Set out below are the amounts recognized in the statements of comprehensive income:

	2023	2022
Depreciation expense of right-of-use asset (Note 8)	573,944	P1,377,465
Rent expense – short-term leases (Note 15)	112,820	810,498
Interest expense on lease liability (Note 15)	—	77,733
	P686,764	P2,265,696

The Foundation has paid in advance a portion of its lease commitments amounting to P434,803 as of December 31, 2023 and 2022. (see Note 10)

Future minimum rental payable under this non-cancellable operating lease is as follows:

	December 31 2023	December 31 2022
Within one year	—	P698,817
Beyond one year but not more than 5 years	—	—

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Foundation as of and for the year ended December 31, 2023 (including the comparatives for the year ended December 31, 2022) were authorized for issue by the Board of Trustees on April 23, 2024.

24. SUPPLEMENTARY TAX INFORMATION

Revenue Regulation No. 15-2010.

The Foundation reported the following tax types:

Withholding taxes.

	Amount
Compensation	P5, 068,080
Expanded	2,510,635
	P7,578715

Payments of other taxes and licenses charged to operations are as follows:

	Amount
Business permits and other fees	P21,670
Documentary stamp tax	7,324
BIR annual registration fee	500
	P29,494

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