

## **1. CORPORATE INFORMATION**

The Philippine Science High School Foundation, Inc., The (“Foundation”) is a non-stock, non-profit organization registered on May 22, 1978 with the Securities and Exchange Commission (SEC) to establish and maintain a private institutional medium with the support and assistance of which the Philippine Science High School can more effectively undertake its mission and purpose as ordained in its charter, through lawful and appropriate non-governmental means such as, but not limited to, promoting faculty incentives and underwriting faculty fellowships, studies, book writing, and research; providing or upgrading the School Library, laboratory and recreational materials, facilities and equipment; funding physical improvement; supporting school, student and parent-teacher association programs and projects; establishing and underwriting student scholarship benefits; stimulating in the gifted young and early interest in the science career; and encouraging government and public support for the school in particular, and the development of science education in general.

Its principal office is located at Science-Humanities Building, Philippine Science High School, Agham Road, Diliman, Quezon City.

The Philippine Science High School Foundation, Inc. being a non-stock, non-profit organization is exempt from taxes and duties on all its revenues and assets used actually, directly and exclusively for charitable purposes which includes customs duties and value-added tax on its importation of hospital materials and equipment. (BIR Ruling No. 009-90 dated January 31, 1990) However, it shall be subject to internal revenue taxes on its income from trade, business and other activity the conduct of which is not related to the exercise or performance by such charitable institutions. It may not be amiss to state that under Department Order No. 149-95 dated November 24, 1995 amending Department Order No. 137-87, interest income from currency bank deposits and yield deposit substitute instruments used actually, directly and exclusively in pursuance of its purpose as an educational institution, are exempt from 20% final tax and 7 ½ % tax on interest income under the expanded foreign currency deposit system imposed by Section 27(D)(1) of the Tax Code of 1997, subject to compliance with the conditions that as a tax-exempt charitable institution it shall on an annual basis submit to the Revenue District Office concerned an annual information return and duly audited financial statement.

The financial statements of the corporation as at April 30, 2023 and 2022 were approved and authorized for issue by the board of Trustees on \_\_\_\_\_. The Board of Trustees is empowered to make revisions even after the date of issuance.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of Preparation and Presentation of Financial Statement**

#### *(a) Statement of Compliance*

The financial statements of the Company for the year ended June 30, 2023 have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the “Framework”) as

approved by the Financial Reporting Standards Council, Board of Accountancy and Securities and Exchange Commission (SEC). The financial statements have been prepared on a historical cost basis, except for investment property that has been measured at fair value, and are presented rounded-off in Philippine pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The company applied Section 29, "Transition to the Framework" in preparing the financial statements with January 1, 2018 as the date of transition and January 1, 2019 as the date of conversion.

## **2.2 Financial Instruments**

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

- (a) Basic financial instruments
- (b) Complex financial instruments

The Company's basic financial instruments consist of ***cash and cash equivalents, trade and other receivables, borrowings, trade and other payables***. The Company does not have complex financial instruments.

## **2.3 Basic Financial Instruments**

### *Initial Measurement*

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

### *Subsequent Measurement*

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

### *Impairment of Financial Instruments Measured at Amortized Cost*

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately as profit or loss.

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

### *Derecognition of Financial Assets*

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

### *Derecognition of Financial Liabilities*

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

## **2.4 Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

## **2.5 Investment**

Investment mainly consists of Long-term bank money placement. Initial recognition is at the transaction price.

Interest income are recognized upon maturity of the financial instrument.

## **2.6 Property and Equipment**

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purpose, and expected to be used during more than one period.

Property and equipment are initially recognized at cost and subsequently stated at cost less accumulated depreciation and any accumulated losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewal are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Land is not depreciated. Depreciation on other classes of property, plant and equipment is charged so as to allocate cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives of the Company's depreciable assets are as follows:

Office Furniture and Fixtures and Equipment	5 -10 years
EDP Hardware and Software	3-5 years

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

## **2.7 Impairment of non-financial assets**

Assets such as property, plant and equipment, investment property are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Company.

All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

## **2.8 Trade and Other Payables**

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

## **2.9 Provisions**

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

When the effect of time value is material, provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate(s) that reflect(s) current market assessments of the time value of money and the risks specific to the obligation. Changes in the provisions due to passage of time are recognized in profit and loss.

## **2.10 Retirement Benefits**

The Company is yet to establish a formal retirement plan for its employees. Thus, the Company's retirement obligation is measured using the accrual approach based on the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as The Philippine Retirement Pay Law. Accrual approach is applied by calculating the expected liability as the reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

## **2.11 Members' Equity**

Donated capital is the amount contributed by the members upon formation of the Federation. It is recognized at cost of the consideration received at the date of contribution.

Fund balance includes all current and prior period results of operations as disclosed in the statements of activities.

## **2.12 Revenue and Expenses Recognition**

*Revenue* is measured as the fair value of the consideration received or receivable, excluding discounts, returns and value-added tax.

*Revenue* is recognized when it is probable that the future economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

The following specific recognition criteria must also be met before revenue is recognized:

### *(a) Donations*

Donations are received at the time cash or cash equivalent is received.

### *(b) Interest Income*

Revenue is recognized on a time proportion basis net of applicable final withholding tax.

*Expenses* are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income

can only be broadly or indirectly determined; or immediately when an expenditure produces no economic benefit, or when, and to the extent, that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the function of expenses method

## **2.13 Functional and Presentation Currency**

### *(a) Functional and Presentation Currency*

Items included in the financial statements of the Company 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 pesos, which is the Company's functional and presentation currency.

### *(b) Transactions and Balances*

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

## **2.14 Leases**

Lease is an agreement whereby the lessor conveys to the lessee in return for payment or series of payments the right to use an asset for an agreed period of time.

A lessor shall recognize all lease receipts as income in statement of income in the period in which they are earned.

## **2.15 Income Taxes**

Tax expense represents the sum of the current tax and deferred tax. The current tax is based on taxable profit for the year and measured using the tax rates and laws that have been enacted or substantively enacted at the end of the reporting period.

## **2.16 Related Party Transactions**

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

**2.17 Events after the Balance Sheet Date**

Post-year end events that provide additional information about the Company's position at balance sheet dates (adjusting events), if any, are recognized in the financial statements. However, post balance sheet events that are not adjusting events are disclosed in the notes to the financial statements when material.

**3. INCOME TAXES**

The reconciliation of provision for income tax computed at statutory income tax rate to the provision for income tax shown in the income statements follows:

	<b>2023</b>	<b>2022</b>
Income before Income tax	-	-
Add(Deduct)		
Non-Deductible Interest Expense		
Non-Taxable Interest Income		
Taxable Income	-	-
Tax Rate	<b>20%</b>	<b>20%</b>
Provision for Income Tax	-	-

**4. CASH**

This consists of the following

	<b>2023</b>	<b>2022</b>
Cash in bank	<b>3,962,442</b>	2,600,084
Petty cash	<b>10,000</b>	10,000
<b>TOTAL</b>	<b>3,972,442</b>	2,610,084

Cash in bank represents savings/current account in six (6) reputable local banks. Savings account deposits earn interest at the respective bank deposit rates and current accounts do not earn interest. The Foundation reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures. A reasonable amount of Petty Cash Fund is maintained to cover small payments not covered by checks, such as transportation, small amounts of supplies, and other payments as defined by management and not exceeding P500 per single payment.

**PHILIPPINE SCIENCE HIGH SCHOOL FOUNDATION, INC.**

Notes to Financial Statements

As at and Year-ended April 30, 2023 and 2022

**5. INVESTMENTS**

This consists of the following:

	2023	2022
SMC Preferred Shares	15,000,000	15,000,000
Mutual Funds - Cocolife and United Fund Inc.	14,087,743	13,969,312
RCBC - RTB 5-14	10,000,000	10,000,000
MBTC Fixed Rate Bonds ( Reissuance )	6,117,197	6,117,197
BPI Short Term Bond USD	5,206,989	5,206,989
MBTC Fixed Rate Bonds 7.15	5,204,643	5,204,643
SM Prime Holdings Bonds - China Bank	5,000,000	5,000,000
Ayala Land, Inc. Fixed Rate Bond	5,000,000	5,000,000
BPI Short Term Fund PHP	4,545,156	4,545,156
RCBC Ayala Preferres Shares	3,000,000	3,000,000
Petron Prep Share Equity Fund	2,977,838	2,977,838
RCBC - RTB 5-16	2,500,000	-
BPI Long Term	2,000,000	2,000,000
RCBC Fixed Rate Green Bond	2,000,000	2,000,000
SM Prime Holdings Inc ( RCBC )	1,000,000	1,000,000
Ayala Land Inc ( RCBC )	1,000,000	1,000,000
Ayala Corp Bond	500,000	-
Multinational	192,250	192,250
<b>TOTAL</b>	<b>85,331,816</b>	<b>82,213,385</b>

**6. OTHER CURRENT ASSETS**

This consists of the following:

	2023	2022
Accounts Receivable	2,896,927	2,077,772
Unused supplies and inventory	380,008	377,508
Interest Receivable	237,581	-
Prepayments	10,911	10,911
<b>TOTAL</b>	<b>3,525,427</b>	<b>2,466,191</b>

**PHILIPPINE SCIENCE HIGH SCHOOL FOUNDATION, INC.**

## Notes to Financial Statements

As at and Year-ended April 30, 2023 and 2022

**7. PROPERTY AND EQUIPMENT**

This consists of the following:

	Balance 30/04/2022	Acquisition	Disposals	Reclassifications	Balance 30/04/2023
<b>COST</b>					
Office Furniture, Fixtures and Equipment	222,503	5,300	-	-	227,803
EDP Software and Hardware	1,109,452	-	-	-	1,109,452
<b>TOTAL</b>	<b>1,331,955</b>	<b>5,300</b>	<b>-</b>	<b>-</b>	<b>1,337,255</b>
<b>ACCUMULATED DEPRECIATION</b>					
Office Furniture, Fixtures and Equipment	186,945	17,157	-	-	204,102
EDP Software and Hardware	255,856	14,902	-	-	270,758
	442,801	32,059	-	-	474,860
<b>NET BOOK VALUE</b>					
<b>APRIL 30, 2022</b>	<b>889,154</b>	<b>(26,759)</b>	<b>-</b>	<b>-</b>	<b>862,395</b>

	Balance 30/04/2021	Acquisition	Disposals	Reclassifications	Balance 30/04/2022
<b>COST</b>					
Office Furniture, Fixtures and Equipment	118,325	104,178	-	-	222,503
EDP Software and Hardware	1,109,452	-	-	-	1,109,452
<b>TOTAL</b>	<b>1,227,777</b>	<b>104,178</b>	<b>-</b>	<b>-</b>	<b>1,331,955</b>
<b>ACCUMULATED DEPRECIATION</b>					
Office Furniture, Fixtures and Equipment	169,790	17,155	-	-	186,945
EDP Software and Hardware	240,955	14,901	-	-	255,856
	410,745	32,056	-	-	442,801
<b>NET BOOK VALUE</b>					
<b>APRIL 30, 2022</b>	<b>817,032</b>	<b>72,122</b>	<b>-</b>	<b>-</b>	<b>889,154</b>

Depreciation expense amounted to 32,059 and 32,056 for the years 2023 and 2022, respectively.

**8. TRADE AND OTHER PAYABLES**

This consists of the following:

	2023	2022
Funds held in trust	4,005,110	3,479,639
Others	385,485	764,781
<b>TOTAL</b>	<b>4,390,595</b>	<b>4,244,420</b>



**PHILIPPINE SCIENCE HIGH SCHOOL FOUNDATION, INC.**

Notes to Financial Statements

As at and Year-ended April 30, 2023 and 2022

**9. FUND BALANCE**

This consists of the following:

	2023	2022
Endowment Gift Giving Donation	32,396,983	28,938,234
Teaching Research Chairs Fund	14,673,131	14,527,131
Batch 75 Teaching Chair	5,274,406	5,274,406
Direct Grant	5,166,885	5,983,414
Batch '84 Fund for Research and Professional	4,237,696	4,140,386
CMB Natatanging Guro Fund	4,130,809	2,877,581
Infrastructure Fund	4,000,000	3,000,000
General Fund	3,681,251	3,991,200
Godparent Program Fund	3,500,000	3,117,412
Membership	3,493,511	2,959,007
CMB Servant Leadership Endowment Fund	1,941,002	1,941,002
Students Assistance Chair	1,612,340	1,576,283
Del Rosario Infrastructure Fund	1,319,396	1,208,729
Godchildren Care Fund	1,087,586	1,624,856
CMB Teaching Chair	637,040	637,040
Agnes B. Vea Teacher Student Wellness Fund	630,188	800,188
CMB Natatanging Guro Grant	528,996	450,772
Batch 79 CMB Servant Leader	422,900	368,618
VEA Grant	328,510	328,510
Godparent Program Grant	192,085	189,625
Pisay Society Grants	46,770	-
<b>TOTAL</b>	<b>89,301,485</b>	<b>83,934,394</b>

**10. REVENUE**

This mainly represents interest income from trust funds, donations from various benefactors and membership fees.

**PHILIPPINE SCIENCE HIGH SCHOOL FOUNDATION, INC.**

Notes to Financial Statements

As at and Year-ended April 30, 2023 and 2022

**11. SCIENTIFIC AND TECHNOLOGICAL LINKAGES AND SERVICES**

This consists of the following:

	2023	2022
Godparent Program	3,546,771	3,794,600
Faculty Merit Award	1,370,000	1,644,500
Other expense - EGG	528,382	917,171
Godchildren Care Fund	390,789	120,450
Project Cost - EGG	187,000	-
Financial Assistance	180,249	75,000
Teacher Student Wellness Expense	180,000	-
Other Project Cost	120,000	120,000
Pisay ED Channel	110,000	-
Natatanging Guro expense	-	399,228
Other Grants Expense	-	100,940
Teacher Devt Fund Expense	-	12,000
<b>TOTAL</b>	<b>6,613,191</b>	<b>7,183,889</b>

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

This consists of the following:

	2023	2022
Salaries and wages	334,726	769,549
Professional expense	282,400	191,920
Allowances and Bonuses	88,945	110,875
Dues and assessments	35,388	10,000
Depreciation expense	32,057	32,056
Communication expense	25,363	41,246
SSS Premium expense	22,295	60,342
Transportation expense	18,615	95,885
Supplies expense	15,574	17,378
PhilHealth premium expense	5,735	9,068
Pagibig premium expense	2,100	47,050
Meeting Expenses	1,594	70,447
Other expense	92,772	189,944
<b>TOTAL</b>	<b>957,564</b>	<b>1,645,760</b>

**13. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the previous financial statement were reclassified to conform to the current financial statement presentation.

**14. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER RR 15-2010**

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued RR 15-2010, which requires certain information on taxes, duties and license fee paid or accrued during the taxable year to be disclosed for BIR purposes and not integral part of the basic financial statements.

The Foundation is exempt from the payment of value-added tax, percentage tax and income taxes and other tax. Section 2 Paragraphs 1, 2, 3, and 4 of the said revenue regulation are therefore not applicable to the Foundation.

There are no final taxes withheld from interest on deposits of members and interest on capital as these are exempt transactions as provided in (Section 11 Paragraph A of the Joint and Regulations implementing Article 60 and 61 of Cooperative Code of 2008).

There are no deficiency tax assessments as of balance sheet date. Likewise there are no tax cases, under preliminary investigation, litigation and or prosecution in courts or bodies outside the BIR.

**15. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER RR 19-2011**

Revenue Regulation No. 19-2011 was issued to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with December 31, 2011 and to modify Revenue Memorandum Circular No. 57-2011 dated November 25, 2011.