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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	ASA PHILIPPINES FOUNDATION INC.
Industry Classification	FOUNDATION
Company Type	Non-stock Corporation

Document Information

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ASA Philippines Foundation, Inc.** is responsible for all information and representations contained in the financial statements for the year ended December 31, 2009. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The President and the Treasurer reviews the financial statements before such statements are approved and submitted to the Board of Trustees.

Punongbayan & Araullo, a member firm of Grant Thorton International, the independent auditors and appointed by the Board of Trustees, have examined the financial statements of the company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to Board of Trustees.

KAMRUL H. TARAFDER
President

VICTORIA A. DEE
Treasurer

EDWARD S. GO
Chairman

SUBSCRIBED AND SWORN to before me this _____ day of ______ 2010 in Pasig City affiant exhibited to me their Community Tax Certificate (CTC) No. 31121327 issued at Pasig city on February 19, 2010, CTC No. 27525562 issued at Quezon City on January 18, 2010, and CTC No. 15514731 issued at Taguig City on January 4, 2010.

Doc. No. ______
Page No. ______
Book No. ______
Series of 2010

COVER SHEET

2004-09459

S.E.C. Registration Number

ASA PHILIPPINES FOUNDATION, INC.

(Company's Full Name)

UNIT-509 PRESTIGE TOWER
F. ORTIGAS JR. ST. ORTIGAS CENTER
PASIG CITY

(Business Address : No. Street City / Town / Province)

FLORINDA M. LACANLALAY

Contact Person

(+632) 687 7668

Company Telephone Number

12 31

Month *Day*

Fiscal Year

AFS

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

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Punongbayan & Araullo

Member firm within Grant Thornton International Ltd

Financial Statements and Independent Auditors' Report

ASA Philippines Foundation, Inc.

December 31, 2009 and 2008

Punongbayan & Araullo

Report of Independent Auditors

20th Floor, Tower 1
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1200 Makati City
Philippines

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The Board of Trustees
ASA Philippines Foundation, Inc.
(A Nonstock, Nonprofit Organization)
Unit 509 Prestige Tower, F. Ortigas Jr. Street
Ortigas Center, Pasig City

We have audited the accompanying financial statements of ASA Philippines Foundation, Inc., which comprise the statements of assets, liabilities and fund balance as at December 31, 2009 and 2008, and the statements of comprehensive income, changes in fund balance and cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

BUREAU OF INTERNAL REVENUE
MAR 2 9 2010

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and fund balance of ASA Philippines Foundation, Inc. as of December 31, 2009 and 2008, and of its statements of comprehensive income and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Ramilito L. Nañola
Partner
CPA Reg. No. 0090741
TIN 109-228-427
PTR No. 2087618, January 4, 2010, Makati City
Partner's SEC Accreditation No. 0395-AR-1
BIR AN 08-002511-19-2009 (Sept. 16, 2009 to 2012)

Firm BOA/PRC Cert. of Reg. No. 0002
Firm SEC Accreditation No. 0002-FR-2

February 17, 2010

BUREAU OF INTERNAL REVENUE
RDO NO. 43A

ASA PHILIPPINES FOUNDATION, INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2009 and 2008
(Amounts in Philippine Pesos)

	Notes	2009	2008
ASSETS			
CASH AND CASH EQUIVALENTS	5	P 54,759,980	P 33,932,438
LOANS RECEIVABLE - Net	6	501,604,579	293,778,076
OTHER RECEIVABLES	6	17,943,688	12,503,942
PROPERTY AND EQUIPMENT - Net	7	12,394,440	2,580,250
OTHER ASSETS		2,334,941	1,389,400
TOTAL ASSETS		P 589,037,628	P 344,184,106
LIABILITIES AND FUND BALANCE			
LOANS PAYABLE	9	P 74,436,265	P 21,616,116
CAPITAL BUILD-UP AND LOCKED IN CAPITAL BUILD-UP	8	329,887,952	196,155,024
OTHER LIABILITIES	10	71,042,936	45,118,601
TOTAL LIABILITIES		475,367,153	262,889,741
FUND BALANCE		113,670,475	81,294,365
TOTAL LIABILITIES AND FUND BALANCE		P 589,037,628	P 344,184,106

BUREAU OF INTERNAL REVENUE
REVENUE DISTRICT NO. 43A
EAST PASIG CITY
CERTIFIED TRUE COPY
ADELAIDA L. DAVID
Chief, Document Processing Section
Doc. Loc. No.:
ROR No.:
Date:
Amount:

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
RDO No. 43A EAST PASIG
MAR 2 9

ASA PHILIPPINES FOUNDATION, INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(Amounts in Philippine Pesos)

	Notes	2009	2008
REVENUES			
Service fees	6	P 240,331,747	P 147,524,450
Admission fees		12,244,850	6,212,650
Others	11	7,265,491	4,498,028
		259,842,088	158,235,128
OPERATING EXPENSES			
Project cost	12	206,127,527	128,064,626
General and administrative expenses	13	21,338,451	14,671,046
		227,465,978	142,735,672
EXCESS OF REVENUES OVER EXPENSES		32,376,110	15,499,456
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		P 32,376,110	P 15,499,456

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
REVENUE DISTRICT NO. 43A
EAST PASIG CITY
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ADELAIDA L. DAVID
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BUREAU OF INTERNAL REVENUE
RR7-RDO NO. 43A EAST PASIG
COLLECTION SECTION
MAR 2 9 2010

ASA PHILIPPINES FOUNDATION, INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(Amounts in Philippine Pesos)

	2009	2008
GRANTS AND CONTRIBUTIONS	P 41,360,000	P 41,360,000
RESULTS OF OPERATIONS		
Balance at beginning of year	39,934,365	24,434,909
Total comprehensive income	32,376,110	15,499,456
Balance at end of year	72,310,475	39,934,365
TOTAL FUND BALANCE	P 113,670,475	P 81,294,365

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
RR7-RDO NO. 43A EAST PASIG CITY
COLLECTION SECTION
RECEIVED
DATE
JUANILITO A.

ASA PHILIPPINES FOUNDATION, INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(Amounts in Philippine Pesos)

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		P 32,376,310	P 15,499,456
Adjustments for:			
Impairment loss	6	30,951,720	25,403,900
Fair value gains on interest free loans	11	(4,832,771)	(927,515)
Depreciation	7	3,797,543	2,097,382
Interest on borrowed funds	12	3,651,391	4,784,180
Interest income	5	(552,835)	(1,656,505)
Operating excess of revenues over expenses before working capital changes		65,391,158	45,200,898
Increase in loans receivable		(238,446,922)	(57,506,224)
Increase in other receivables		(5,439,746)	(5,991,991)
Increase in other assets		(945,541)	(392,552)
Increase in capital build-up and locked in capital build-up		133,732,928	43,369,714
Increase in other liabilities		25,731,243	18,082,742
Cash generated from (used in) operations		(19,976,880)	42,762,587
Cash paid for income taxes		(138,209)	(331,301)
Net Cash From (Used in) Operating Activities		(20,115,089)	42,431,286
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	7	(13,611,733)	(2,287,552)
Interest received		552,835	1,656,505
Net Cash Used in Investing Activities		(13,058,898)	(631,047)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments	9	72,500,000	5,000,000
Payment of loans		(16,423,960)	(49,882,864)
Interest paid		(2,074,511)	(3,247,778)
Net Cash From (Used in) Financing Activities		54,001,529	(48,130,642)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		20,827,542	(6,330,403)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		33,932,438	40,262,841
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 54,759,980	P 33,932,438

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC.
(A Nonstock, Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Foundation Information

ASA Philippines Foundation, Inc. (the Foundation or ASA) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 2004 with Registration Certificate No. CN2004-09459, and with the objectives to (a) provide efficient and affordable financial services to the poor for their income-generating activities; (b) build an effective and efficient microfinance institution for sustainable delivery of microfinance services to the entrepreneurial poor; and (c) facilitate the convergence and provision of other social services for the poor.

The ASA Program provides:

(a) Microfinance services to qualified poor, low-income women engaged in micro and small scale enterprises.

(b) Financial and other forms of assistance to its member clients in case of death and calamities and college scholarship for deserving children of member clients, as part of social services to the poor.

(c) Business development services for the member clients to improve efficiency in enterprise management.

The Foundation's registered office, which is also its principal place of business, is located at Unit 509 Prestige Tower, F. Ortigas Jr. Street, Ortigas Center, Pasig City.

1.2 Authorization for the Issuance of Financial Statements

The financial statements of the Foundation for the year ended December 31, 2009 (including the comparatives for the year ended December 31, 2008) were authorized for issue by the Foundation's Board of Trustees on February 17, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Foundation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Foundation presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position (statement of assets, liabilities and fund balance) when the Foundation applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements (see Note 2.2).

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Foundation's functional currency, and all values represent absolute amounts except when otherwise indicated (see Note 2.9).

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

(a) Effective in 2009 that is Relevant to the Foundation

In 2009, the Foundation adopted for the first time PAS 1 (Revised 2007), *Presentation of Financial Statements,* which became effective for financial statements for the annual period on or after January 1, 2009. The amendment requires entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The statement of comprehensive income shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature. Changes in the fund balance arising from transaction with owners are excluded from the statement of comprehensive income (e.g., contributions).

A statement showing an entity's financial position at the beginning of the previous period is required when the entity retrospectively applies an accounting policy or makes a retrospective restatement when it reclassifies items in its financial statements.

The Foundation's adoption of PAS 1 (Revised 2007) did not result in any material adjustments in its financial statements as the change in accounting policy only affects presentation aspects. The Foundation has elected to present single statement of comprehensive income (see Note 2.1).

(b) *Effective in 2009 but are not Relevant to the Foundation*

The following amendments, interpretations and improvements to published standards are mandatory for accounting periods beginning on or after January 1, 2009 but are not relevant to the Foundation's financial statements:

PFRS 1 and PAS 27 (Amendment)	:	PFRS 1 – First Time Adoption of PFRS and PAS 27 – Consolidated and Separate Financial Statements
PAS 32 and PAS 1 (Amendments)	:	PAS 32 – Financial Instruments: Presentation and PAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
PFRS 8	:	Operating Segments
PAS 23 (Revised 2007)	:	Borrowing Costs
PFRS 2 (Amendment)	:	Share-based Payment
Philippine Interpretations		
IFRIC 13	:	Customer Loyalty Programmes
IFRIC 16	:	Hedges of a Net Investment in a Foreign Operation
2008 Annual Improvements		
PAS 16 (Amendment)	:	Property, Plant and Equipment
PAS 19 (Amendment)	:	Employee Benefits
PAS 20 (Amendment)	:	Accounting for Government Grants and Disclosure of Government Assistance
PAS 23 (Amendment)	:	Borrowing Costs
PAS 27 (Amendment)	:	Consolidated and Separate Financial Statements
PAS 28 (Amendment)	:	Investments in Associates
PAS 29 (Amendment)	:	Financial Reporting in Hyperinflationary Economies
PAS 31 (Amendment)	:	Interest in Joint Ventures
PAS 38 (Amendment)	:	Intangible Assets
PAS 40 (Amendment)	:	Investment Property
PAS 41 (Amendment)	:	Agriculture
PFRS 5 (Amendment)	:	Non-current Assets Held-for-Sale and Discontinued Operations

(c) *Effective Subsequent to 2009*

There are new PFRS, revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2009. Among those, management has initially determined that the *Improvements to PFRS 2009* are relevant to the Foundation and which the Foundation will apply in accordance with their transitional provisions. Most of these amendments became effective in annual period beginning on or after July 1, 2009 or January 1, 2010. Among those improvements, only the following amendments were identified to be relevant to the Foundation's financial statements:

(i) PAS 1 (Amendment), *Presentation of Financial Statements*. The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled at the issue of the entity's equity instruments. The Foundation will apply the amendment in its 2010 financial statements but expects to have no material impact in the Foundation's financial statements.

(ii) PAS 7 (Amendment), *Statement of Cash Flows*. PAS 7 (Amendment) states explicitly that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities. The amendment will not have a material impact on the financial statements since only recognized assets are classified by the Foundation as cash flow from investing activities.

(iii) PAS 17 (Amendment), *Leases*. The amendment clarifies that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the general guidance on lease classification set out in PAS 17. Management has initially determined that this will not have material impact on the financial statements since the Foundation does not enter into a lease agreement that includes both land and building.

(iv) PAS 18 (Amendment), *Revenue*. The amendment provides guidance on determining whether an entity is acting as a principal or as an agent. Management will apply this amendment prospectively in its 2010 financial statements.

2.3 Financial Assets

Financial assets, which are recognized when the Foundation becomes a party to the contractual terms of the financial instruments, include cash and cash equivalents and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

The designation of financial assets is re-evaluated at every reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

All financial assets are recognized on their trade date and are initially recognized at fair value, plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Foundation's loans and receivables is presented as Cash and Cash Equivalents, Loans Receivable, Other Receivables and Other Assets in the statement of assets, liabilities and fund balance.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and other receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses except when these are due within one year, in which case, they are stated at their nominal values. Any change in their value is recognized in profit or loss.

Impairment loss is provided when objective evidence is received that the Foundation will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. Impairment loss is presented as part of Project Cost in the statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. 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, major improvements and renewals 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, if any, are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Office and improvements	10-25 years
Equipment and vehicles	5 years
Furniture and fixtures	3 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.10).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.5 Financial Liabilities

Financial liabilities include capital build-up (CBU) and locked in capital build-up (LCBU), loans payable, and other liabilities, which are measured at amortized cost using the effective interest method.

Financial liabilities are recognized when the Foundation becomes a party to the contractual agreements of the instrument.

Loans payable are raised for support of funding of operations. They are recognized at proceeds received, net of direct issue costs.

Other liabilities are recognized initially at their fair value and subsequently measured at amortized cost less settlement payments except when these are due within one year, in which case, they are stated at their nominal values.

Financial liabilities are derecognized from the statement of assets, liabilities and fund balance only when the obligations are extinguished either through discharge, cancellation or expiration.

2.6 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

2.7 Revenue and Expense Recognition

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

(a) *Service fees* – Revenue is recognized as service fees accrue.

(b) *Admission fees* – Revenue is recognized when admission fees are received.

(c) *Grants* – Revenue is recognized in the period of notification or actual receipt of grants, whichever is earlier, and when the amount can be measured reliably and collectibility is reasonably assured.

(d) *Interest* – Revenue is recognized as interest accrues.

Cost and expenses are recognized in the statement of comprehensive income at the date these are incurred.

2.8 Leases

Leases, which do not transfer to the Foundation substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Foundation determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.9 Functional and Presentation Currency

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

2.10 Impairment of Non-financial Assets

The Foundation's property and equipment are subject to impairment testing. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications 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.

2.11 Employee Benefits

Defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Since the Foundation has only been operating for five years, the impact of any expense or obligation required to be accrued by PAS 19, *Employee Benefits*, is immaterial to the Foundation.

2.12 Fund Balance

Fund balance is composed of grants and contributions and results of operations.

Results of operations include all current and prior period results as disclosed in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Foundation's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial estimates.

(a) Operating and Finance Leases

The Foundation has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

(b) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.6 and relevant disclosures are presented in Note 17.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of assets, liabilities, and fund balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Useful Lives of Property and Equipment

The Foundation estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analyzed in Note 7. Based on management's assessment as at December 31, 2009, there is no change in estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(b) Allowance for Impairment of Loans and Other Receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Foundation evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Foundation's relationship with the clients, the clients' current credit status based on credit reports, average age of accounts, collection experience and historical loss experience.

Impairment loss on loans receivable amounted to P31.0 million and P25.4 million in 2009 and 2008, respectively. Receivables written-off amounted to P4.3 million and P3.4 million in 2009 and 2008, respectively. Loans receivable, net of allowance for impairment, amounted to P501.6 million and P293.8 million as at December 31, 2009 and 2008, respectively (see Note 6). No impairment on other receivables was recorded both in 2009 and 2008.

(c) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Foundation's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.10. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

The Foundation did not recognize impairment loss on non-financial assets in 2009 and 2008 based on management's assessments.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation is exposed to a variety of financial risks which results from its operating activities. The Foundation's risk management is coordinated with its Board of Trustees, and focuses on actively securing the Foundation's short- to medium-term cash flows by minimizing the exposure to financial markets.

The Foundation does not engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Foundation is exposed to are described in the following paragraphs.

4.1 Credit Risk

Generally, the maximum credit exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of assets, liabilities and fund balance (or in the detailed analysis provided in the notes to the financial statements), as summarized below:

	Notes	2009	2008
Cash and cash equivalents	5	P 54,729,378	P 33,850,587
Loans receivable – gross	6	644,136,400	377,152,600
Other receivables	6	17,943,688	12,503,942
		P 716,809,466	P 423,507,129

The Foundation continuously monitors default of its clients and other counterparties, identified individually or by group, and incorporate the information into its credit risk controls. The Foundation's policy is to deal only with creditworthy counterparties.

Loans receivable and other receivables are secured by CBU and LCBU of borrowers. Deposits in bank are secured up to P500,000 starting April 29, 2009 for each depositor from previous insurance coverage of P250,000.

Past due loans amounting to P42,720 and P769,650 in 2009 and 2008, respectively, have been fully provided with allowance for impairment.

In respect of loans receivable and other receivables, the Foundation is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks.

4.2 Liquidity Risk

The Foundation manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Foundation maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2009, the Foundation's financial liabilities have contractual maturities which are presented below:

	Notes	Current	Non-current
CBU and LCBU	8	P 329,887,952	P -
Loans payable	9	24,193,978	54,500,000
Other liabilities	10	71,042,936	-
		P 425,124,866	P 54,500,000

This compares to the maturity of the Foundation's financial liabilities in the previous reporting period as follows:

	Notes	Current	Non-current
CBU and LCBU	8	P 196,155,024	P -
Loans payable	9	14,495,961	8,000,000
Other liabilities	10	45,118,601	-
		P 255,769,586	P 8,000,000

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

4.3 Categories and Fair Values of Financial Assets and Liabilities

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of assets, liabilities and fund balance are shown below.

	Notes	2009		2008	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Cash and cash equivalents	5	P 54,759,980	P 54,759,980	P 33,932,438	P 33,932,438
Loans receivable - net	6	501,604,579	501,604,579	293,778,076	293,778,076
Other receivables	6	17,943,688	17,943,688	12,503,942	12,503,942
		P 574,308,247	P 574,308,247	P 340,214,456	P 340,214,456
Financial Liabilities					
Financial liabilities at amortized cost:					
Current:					
CBU and LCBU	8	P 329,887,952	P 329,887,952	P 196,155,024	P 196,155,024
Loans payable	9	24,193,978	24,193,978	14,495,961	14,495,961
Other liabilities	10	71,042,936	71,042,936	45,118,601	45,118,601
Non-current -					
Loans payable	9	50,242,287	50,242,287	7,120,155	7,120,155
		P 475,367,153	P 475,367,153	P 262,889,741	P 262,889,741

See Notes 2.3 and 2.5 for a description of the accounting policies for each category of financial instruments.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

		2009		2008
Cash on hand	P	30,602	P	81,851
Cash in banks		54,729,378		23,850,587
Short-term placements		-		10,000,000
	P	54,759,980	P	33,932,438

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements in 2008 were made for varying periods of between 15 to 90 days and earn effective interest ranging from 5.2% to 6.2%. Interest earned from cash and cash equivalents amounted to P530,610 and P1,656,505 in 2009 and 2008, respectively, and is presented as part of Other Income in the statements of comprehensive income (see Note 11).

6. LOANS AND OTHER RECEIVABLES

6.1 Loans Receivable

Loans receivable at December 31 consist of:

	2009	2008
Loans receivable	P 644,136,400	P 377,152,600
Unearned service charges	(78,118,181)	(45,659,264)
Allowance for impairment	(64,413,640)	(37,715,260)
	P 501,604,579	P 293,778,076

Loans receivable represent microfinance loans to borrowers. These loans have terms of six months and are partially secured by the CBU and LCBU of the borrowers. Effective service charge on loans in 2009 and 2008 was 15% for six months. Service fees from loans net of rebates amounted to P240,331,747 and P147,524,450 in 2009 and 2008, respectively, and are shown as Service Fees in the statements of comprehensive income.

The Foundation's loans receivable have been reviewed for indicators of impairment. Certain receivables were found to be impaired and allowance for impairment has been recorded accordingly.

All of the Foundation's receivables are usually due within six months. All receivables are subject to credit risk exposure. However, the Foundation does not identify specific concentrations of credit risk with regard to these receivables as the amounts recognized resemble a large number of receivables from various customers.

A reconciliation of the allowance for impairment at beginning and end of 2009 and 2008 is shown below.

	Note	2009	2008
Balance at beginning of year		P 37,715,260	P 15,742,380
Write-off during the year		(4,253,340)	(3,431,020)
Impairment loss during the year	12	30,951,720	25,403,900
Balance at end of year		P 64,413,640	P 37,715,260

Past due loans amounted to P42,720 and P769,650 in 2009 and 2008, respectively.

Certain loans receivable of the Foundation amounting to P49.9 million in 2009 are held as security to the Foundation's loans with a local bank and other creditors (see Note 9.1).

6.2 Other Receivables

Other receivables amounted to P17,943,688 and P12,503,942 in 2009 and 2008, respectively. These consist of various receivables from employees which are charged of service fee of 10% both in 2009 and 2008.

The Foundation's other receivables have been reviewed for indicators of impairment. No other receivables were found to be impaired as of December 31, 2009 and 2008.

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2009 and 2008 are shown below.

	Office and Improvements	Furniture and Fixtures	Equipment and Vehicles	Total
December 31, 2009				
Cost	P 7,474,494	P 10,313,551	P 3,268,669	P 21,056,714
Accumulated depreciation	(407,694)	(6,747,431)	(1,507,149)	(8,662,274)
Net carrying amount	P 7,066,800	P 3,566,120	P 1,761,520	P 12,394,440
December 31, 2008				
Cost	P -	P 6,034,654	P 1,410,327	P 7,444,981
Accumulated depreciation	-	(3,863,254)	(1,001,477)	(4,864,731)
Net carrying amount	P -	P 2,171,400	P 408,850	P 2,580,250
January 1, 2008				
Cost	P -	P 4,523,875	P 1,160,844	P 5,684,719
Accumulated depreciation	-	(2,203,185)	(717,264)	(2,920,449)
Net carrying amount	P -	P 2,320,690	P 443,580	P 2,764,270

A reconciliation of the carrying amounts at the beginning and end of 2009 and 2008 of property and equipment is shown below:

	Office and Improvements	Furniture and Fixtures	Equipment and Vehicles	Total
Balance at January 1, 2009, net of accumulated depreciation	P -	P 2,171,400	P 408,850	P 2,580,250
Additions	7,474,494	4,278,897	1,858,342	13,611,733
Depreciation charges for the year	(407,694)	(2,884,177)	(505,672)	(3,797,543)
Balance at December 31, 2009, net of accumulated depreciation	P 7,066,800	P 3,566,120	P 1,761,520	P 12,394,440
Balance at January 1, 2008, net of accumulated depreciation	P -	P 2,320,690	P 443,580	P 2,764,270
Additions	-	2,038,069	249,483	2,287,552
Disposals	-	(374,190)	-	(374,190)
Depreciation charges for the year	-	(1,813,169)	(284,213)	(2,097,382)
	P -	P 2,171,400	P 408,850	P 2,580,250

The amount of depreciation is allocated as follows:

	Notes	2009	2008
Project cost	12	P 2,838,090	P 1,664,347
General and administrative	13	959,453	433,035
		P 3,797,543	P 2,097,382

8. CBU AND LCBU

This account includes the following:

	2009	2008
CBU	P 278,857,042	P 165,147,290
LCBU	47,891,720	28,262,170
Staff CBU	3,139,190	2,745,564
	P 329,887,952	P 196,155,024

CBU represents contributions made by borrowers for capital build-up purposes. Also, in cases of default in loan payments by borrowers, the Foundation can offset the amount of CBU balance against the outstanding loan balance. Borrowers earn rebates equivalent to 7% per annum of their CBU. These rebates can be deducted from future loan payments. Rebates amounted to P9,206,786 and P6,167,085 in 2009 and 2008, respectively.

LCBU are non-interest earning compulsory savings made by borrowers as safeguard to their family's risk. In case of death, the accumulated LCBU amount will be given to the nominated member of the family together with other benefits from the Foundation.

Staff CBU refers to mandatory savings of the staff that entitles them accrued cash benefits computed at 7% per annum.

9. LOANS PAYABLE

This account includes the following:

	2009	2008
Interest-bearing loans:		
National Livelihood Development Corporation (NLDC)	P 22,600,000	P 5,219,942
Bank of the Philippine Islands (BPI)	14,100,000	-
Oikocredit, Ecumenical Development Cooperative Society (EDCS), U.A.	2,500,000	10,000,000
People's Credit and Finance Corporation (PCFC)	-	276,019
	39,200,000	15,495,961
Noninterest-bearing loans:		
Assisi Development Foundation	16,000,000	-
Benigno S. Aquino, Jr. Foundation, Inc.	15,000,000	-
PLDT-SMART Foundation, Inc. (PSF)	5,000,000	5,000,000
Archdiocese of Lingayen-Dagupan	2,000,000	-
Pro-Life Philippines Foundation, Inc.	1,000,000	1,500,000
Team Ateneo, Inc.	500,000	500,000
	39,500,000	7,000,000
Unamortized discount	(4,263,735)	(879,845)
	35,236,265	6,120,155
	P 74,436,265	P 21,616,116

9.1 Interest-bearing Loans

On February 7, 2007, the Foundation obtained a loan from Oikocredit (EDCS) U.A., an ecumenical development cooperative society. The loan is for P30.0 million, payable in three years from the date of disbursal and has an interest rate of 10.8% on the first quarter, with such interest adjusted quarterly based on the spot rate paid by 91-day Philippine Treasury Bills plus 5.0% but at no point be lower than 10.0%. The main condition for this loan is that the proceeds be used to make capital available to projects promoting self-reliance of the poor, especially the developing countries. In 2008, the Foundation made an advance payment amounting to P20.0 million.

On October 5, 2007, the Foundation secured a loan from National Livelihood Support Fund (now NLDC). The original loan is for P10.0 million payable in two years from the date of disbursal at semi-annual amortization for a fixed interest rate of 9%. This loan was fully settled in 2009.

Additional loans were obtained from NLDC, totaling P25.0 million in 2009. The loans carry interest rate of 9% and are payable within two years at semi-annual amortization from the date of availment. These loans are secured by the continuing assignment of all Sub-loans or Sub-borrowers' promissory notes by and under the terms of the Deed of Assignment dated March 17, 2009 between the Foundation and NLDC.

The loans from BPI represent medium term loan and revolving promissory note line with principal amount of P4.5 million and P10.0 million, respectively. The medium term loan was used to finance the purchase of a condominium unit and is subject to monthly principal payments within five years. The loan bears interest rate at prevailing market rate payable every month and is secured by a real estate mortgage on said property and assignment of receivables amounting to P2.24 million. The promissory note line was fully availed of in 2009. This loan bears interest at prevailing market rate and is payable within one year. The loan is covered by assignment of receivables with loan to collateral ratio of 50%.

Loans from PCFC represent unsecured loans with interest rates fixed at 4% on institutional loans and 13% on lending loans.

Interest expense on interest-bearing loans amounted to P2,074,511 and P3,247,778 in 2009 and 2008, respectively, and is presented as part of Interest on Borrowed Funds under Project Cost in the statements of comprehensive income (see Note 12).

9.2 Noninterest-bearing Loans

The loan from Team Ateneo, Inc., which was granted on May 17, 2007, is to be repaid in three years. The proceeds of the loan are to be used to establish a microfinance program for the Payatas 13 Gawad Kalinga (GK) Village and possibly for other Ateneo de Manila GK Villages in Payatas, Quezon City beginning with the Lower Molave GK Village in case funds are still available.

On August 2, 2007, the Foundation availed a loan from Pro-Life Philippines Foundation, Inc. This loan is renewable every year and shall be used exclusively for implementing the microfinance program of the Foundation. The loan was renewed for another year on August 2, 2008 and August 2, 2009.

On September 16, 2008, the Foundation obtained a loan from PSF, a nonstock, nonprofit corporation. The loan is for P5.0 million, payable in three years from the date of disbursal. The proceeds of the loan shall be used exclusively for expanding the Foundation's microfinance program.

On February 23, 2009, Assisi Development Foundation granted the Foundation an unsecured loan amounting to P15.0 million to help finance the Foundation's expansion of its branches. The loan is to be repaid within three years. Additional loan amounting to P1.0 million, bearing the same terms as the original, was obtained by the Foundation on July 6, 2009.

Unsecured loans from Benigno S. Aquino, Jr. Foundation, Inc. totaling P15.0 million were availed of by the Foundation in 2009 to cover the fund requirements for expansion of the Foundation's branches in certain areas. These loans are to be repaid within three years from the date availed.

Interest-free loans are carried at amortized cost using various effective rates ranging from 3.36% to 9.10% at the loan release dates. Fair value gains from discounting of interest-free loans amounted to P4,832,771 and P927,515 in 2009 and 2008, respectively, and is presented as part of Other Income in the statements of comprehensive income (see Note 11). Interest expense on interest-free loans amounted to P1,448,880 in 2009 and P1,536,402 in 2008, and is presented as part of Interest on Borrowed Funds under Project Cost in the statements of comprehensive income (see Note 12).

The maturity profile of these loans is presented below.

	2009	2008
Less than one year	P 13,993,972	P 14,495,961
One year to two years	28,884,858	2,965,954
Over two years	31,557,435	4,154,201
	P 74,436,265	P 21,616,116

10. OTHER LIABILITIES

This account includes the following:

	2009	2008
Beneficiary program and support trust fund (BPSTF)	P 33,354,200	P 23,937,460
Staff cash bond	14,007,100	8,904,600
Staff benevolent fund	19,209,500	11,805,800
Accounts payable	4,472,136	470,741
	P 71,042,936	P 45,118,601

BPSTF represents 1% of the principal amount of loans approved. This is used to cover the loan in case of the death of the borrower, provide assistance in cases of fire, and cover losses in case of robbery and hold-up.

Staff benevolent fund includes amounts set aside for employee hospitalization, employee death aid, and employee welfare and benefits.

Staff cash bond represents refundable security deposits made by employees and which entitles them to accrued cash benefit computed at 7% per annum.

11. OTHER INCOME

This account includes the following:

	Notes	2009	2008
Fair value gains on interest-free loans	9	P 4,832,771	P 927,515
Interest income	5	530,610	1,656,505
Miscellaneous income		1,902,110	1,914,008
		P 7,265,491	P 4,498,028

12. PROJECT COST

This account includes the following:

	Notes	2009	2008
Employee benefits	14	P 111,112,703	P 63,902,463
Impairment loss	6	30,951,720	25,403,900
Travel and transportation		15,054,048	7,842,522
Office rental	17	10,002,702	6,044,200
Repairs and maintenance		6,469,075	3,013,100
LCBU benefit		6,332,000	3,602,600
Security and janitorial		4,733,091	2,584,969
Office supplies and reproduction		4,496,072	2,717,031
Interest on borrowed funds	9	3,651,391	4,784,180
Depreciation	7	2,838,090	1,664,347
Miscellaneous		10,486,635	6,505,314
		P 206,127,527	P 128,064,626

13. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are shown below:

	Notes	2009	2008
Employee benefits	14	P 10,987,548	P 7,398,302
Travel and transportation		1,830,848	1,245,329
License, insurance and professional fees		2,172,083	1,999,084
Grants and donations		2,103,300	825,300
Depreciation	7	959,453	433,035
Office rental	17	633,474	623,274
Entertainment, amusement and recreation		550,434	370,770
Miscellaneous		2,101,311	1,775,952
		P 21,338,451	P 14,671,046

14. EMPLOYEE BENEFITS

Expenses recognized for salaries, employee benefits and retirement benefit are presented below:

	2009	2008
Salaries and wages	P 107,210,342	P 60,847,961
Employer's contribution	7,730,109	4,342,704
Staff benevolent fund	7,159,800	6,110,100
	P 122,100,251	P 71,300,765

The amounts of employee benefits are allocated as follows:

	Notes	2009	2008
Project cost	12	P 111,112,703	P 63,902,463
General and administrative	13	10,987,548	7,398,302
		P 122,100,251	P 71,300,765

15. RELATED PARTY TRANSACTIONS

The Foundation's related party is its key management personnel. Compensation of key management personnel amounted to P18,496,500 in 2009 and P16,291,451 in 2008.

16. INCOME TAX

The Foundation is a nonstock, nonprofit corporation, the primary purpose of which is one of those enumerated in Section 30 of the Tax Code of 1997. No part of the excess of revenues over expenses of the Foundation inures to the benefit of any of its members. The trustees do not receive any compensation. In case of dissolution, the assets of the Foundation shall be transferred to a similar institution or to the government. Hence, the Foundation is exempt from income taxes.

17. COMMITMENT AND CONTINGENCIES

17.1 Leases

The Foundation has lease agreements covering the space occupied by the Foundation and its branches for a period of six months to one year. The lease agreements require the Foundation to pay rental deposits which are included under Other Assets account in the statements of assets, liabilities and fund balance.

Rent expense amounted to P10,636,176 in 2009 and P6,667,474 in 2008 (see Notes 12 and 13).

17.2 Others

There are commitments and contingencies that arise in the normal course of the Foundation's operations which are not reflected in the accompanying financial statements. As of December 31, 2009, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Foundation's financial statements.

18. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Foundation's capital management objectives are to ensure the Foundation's ability to continue as a going concern and to generate enough funds to expand its microfinance operations by pricing services commensurately with the level of risk.

The Foundation monitors capital on the basis of the carrying amount of the fund balance as presented on the face of the statements of assets, liabilities, and fund balance.

The Foundation sets the amount of capital in proportion to its overall financing structure, i.e., fund balance and loans from third parties. The Foundation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2009	2008
Total loans from third parties	P 74,436,265	P 21,616,116
Total fund	113,670,475	81,294,365
Debt-to-fund ratio	0.65 : 1	0.27 : 1

The Foundation has complied with its covenant obligations under interest-bearing and non-interest bearing loans.