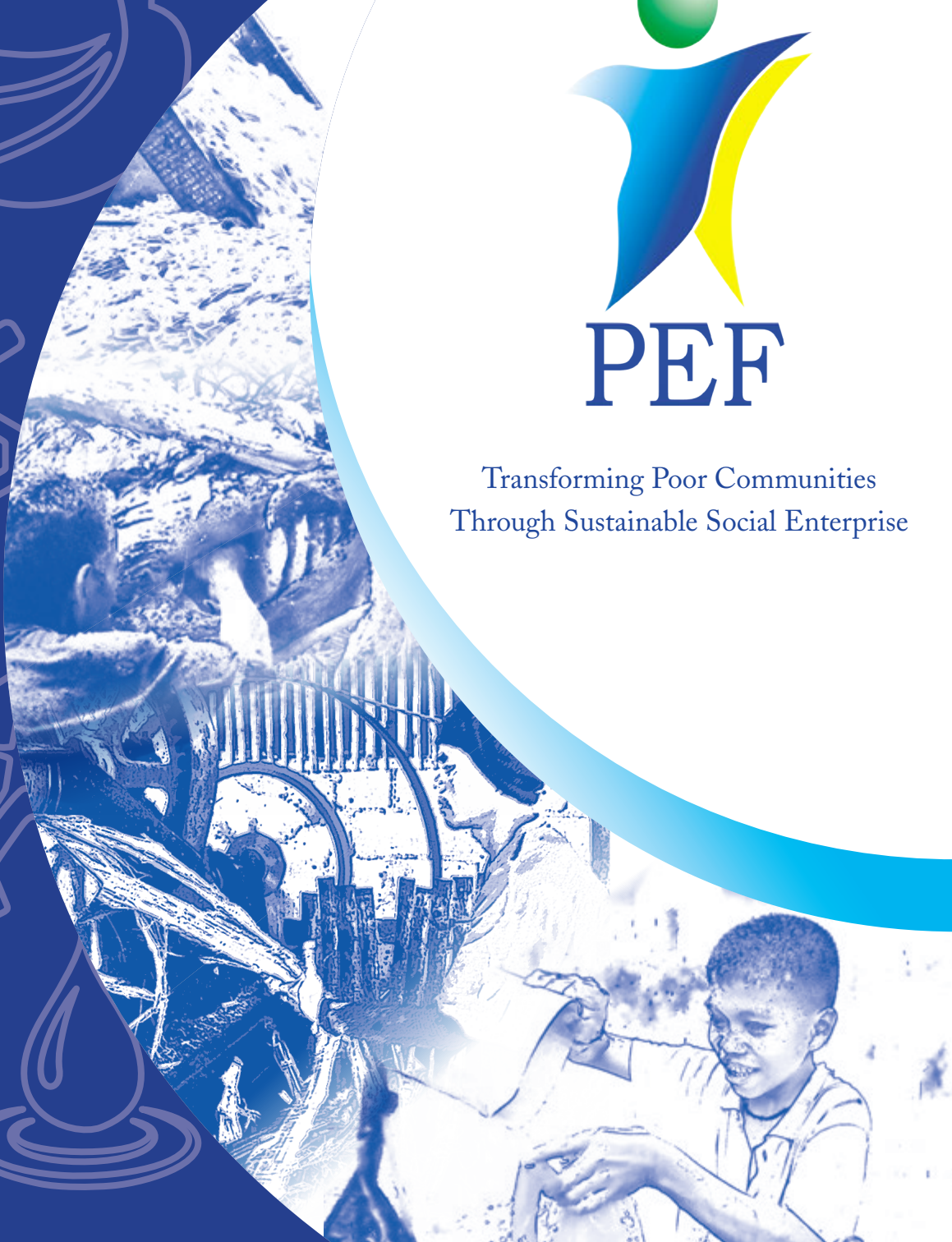


ANNUAL REPORT  
**2015**



**PEF**

Transforming Poor Communities  
Through Sustainable Social Enterprise



Since 2001, the Peace and Equity Foundation (PEF) has been the steward of an endowment fund for civil society – led efforts to reduce poverty. Today, PEF promotes social enterprises to help uplift poor Filipino communities through better household incomes, empowerment and resiliency against climate change. PEF envisions self-sustaining households providing for their basic needs of life – food, water, shelter, health, education – and contributing to the socio-cultural growth, economic development and effective governance of their sustainable communities.

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# Chairperson's Message



**F**ive years ago, our Foundation set a very noble goal: to transform poor communities by creating self-sustaining households through social enterprise. Five years after, we look back and answer the same questions we had back then: Did PEF resources truly reach the poor? Did they deliver the desired impact? Have people's lives changed significantly? Is PEF's theory of change correct? These questions are as pertinent today as they were then.

To help us examine if we have made any headway, we revisited the first enterprises and households included in our 2012 baseline survey. The midterm evaluation aimed at telling if our investments through the years have indeed produced sustainable livelihoods for the more than 2,500 target households.

It is encouraging to know that we did hit the mark in targeting the right beneficiaries. We found indicators that show how social enterprises help improve their well-being. Yet, we also discovered that SEs can create or expand both opportunities and risks for the households as they engage with the mainstream market. We share the stories of four of these communities in a special section of this report.



To complement our core program, support for non-enterprise projects like calamity assistance, advocacy and network building remains within our priority. We sustained engagement with government, donors and corporate foundations for disaster rehabilitation and basic social services. The thematic learning events and immersions we have organized with local and international partners spawned more ideas and collaboration to do our work better. The Peace & Equity Holdings, envisioned to be a platform for SEs that have high-growth potential, started developing the pipeline for scalable SEs.

The prudent use and keen movement of our funds were critical strategies to maximize resources and to reap positive returns. Moreover, a flexible cross-functional team went hand-in-hand with our effective financial management. This team is currently being primed to cater to the evolving needs and challenges of our stakeholders.

Our strategic plan for 2016-2020 shows that the mission is far from done. As we face the hurdles, we will sharpen our focus, expand our reach and continue to advocate for an enabling environment that will scale up SEs. We will reinforce and diversify our leverage to

meet the increasing investment requirements; level up entrepreneurial skills; and firm up our systems, processes, and competencies. We will pursue more innovation in our core businesses, while carrying out forward-looking actions, towards building sustainable livelihoods for poor families through social enterprises.

The potential good of social enterprises remains exciting. Early markers that social and economic benefits indeed reach the poor are inspiring. Together with our partners, we will cross more milestones that will bring us closer to our mission of creating positive change in the lives of the communities we serve – one scaled up social enterprise at a time.

**BENJAMIN D. ABADIANO**

# Performance Highlights

**2015** marks the last year of PEF's five-year strategic goal for 2011-2015 using the Social Enterprise (SE) approach to help poor households become self-sustaining. This section offers a snapshot of the Foundation's accomplishments and initiatives under its core and support programs.






## CUSTOMIZED INVESTMENTS

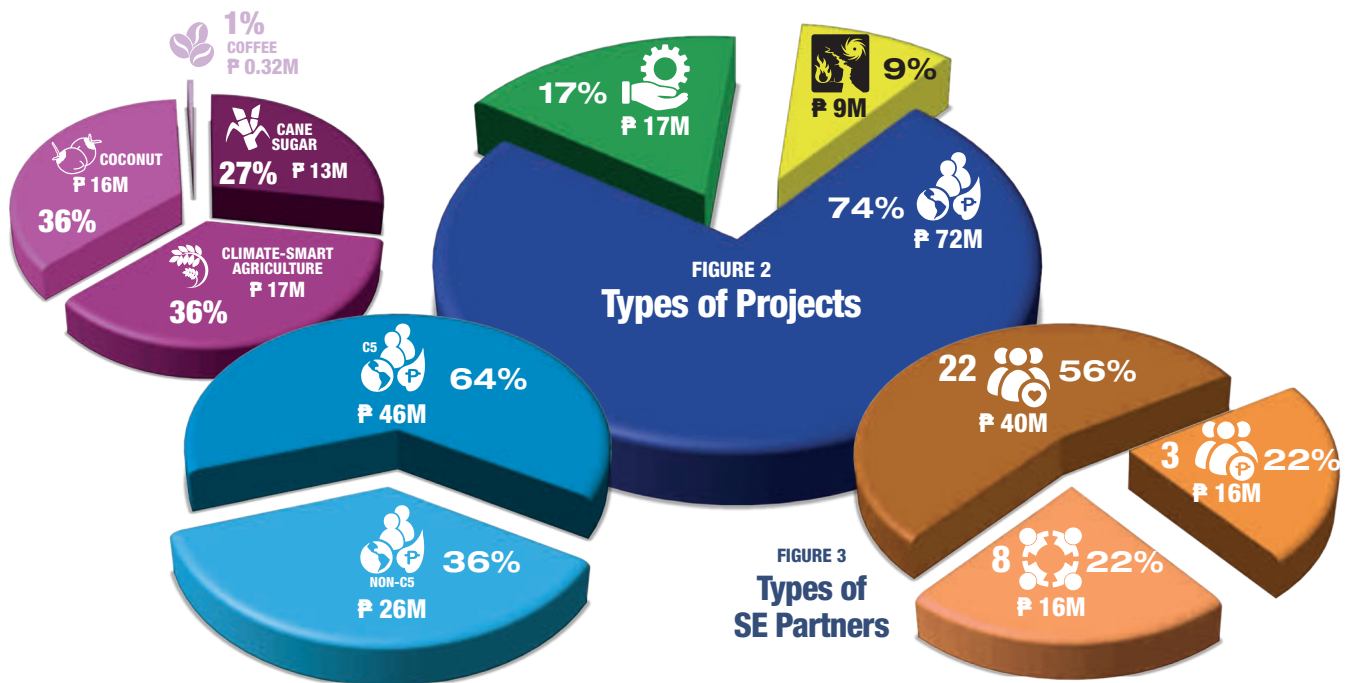
*We have long found out that the one-size-fits-all formula does not work as each SE is unique. From straight loan and bridge financing to guarantees and credit lines, financing instruments vary according to the requirements of the enterprise.*

- Social enterprises accounted for 74% of total PEF investments (₱ 72 million for 33 SE projects), including guarantees for microfinance, capacity building, and other technical assistance, followed by General Development Support (GDS), 17%; and Disaster Risk Reduction, Relief and Rehabilitation (DRRR), 9%. (Figure 2)
- Priority went to four crops – coconut, cacao, coffee, and cane sugar - as well as climate-smart agriculture, otherwise known as “C5”, at 46%, mostly in sugar cane block farming, rice trading and coconut processing. (Figure 2)
- SE implementers were predominantly non-profit entities (NPE) at 55% with an average investment of ₱ 1.79 million. (Figure 3)
- In terms of geographical spread, investment in SEs went mostly to Luzon followed by Visayas. Mindanao received support mostly for DRRR initiatives, while National level assistance focused on capacity building, advocacy, learning events and other non-revenue activities. (Table 1)

TABLE 1. 2015 PROJECT FUNDING PER REGION

(In million pesos)

					TOTAL	
<b>NATIONAL</b>		43,675,580	15,766,833	3,281,070	9,198,090	71,921,573
<b>LUZON</b>		214,500	500,000	1,220,890	14,800,000	16,735,390
<b>VISAYAS</b>		870,000	77,000	6,326,027	1,982,370	9,255,397
<b>MINDANAO</b>	<b>TOTAL</b>	44,760,080	16,343,833	10,827,987	25,980,460	97,912,360
		<b>46%</b>	<b>17%</b>	<b>11%</b>	<b>26%</b>	



-  (SE) SOCIAL ENTERPRISE
-  (GDS) GENERAL DEVELOPMENT SUPPORT
-  (DRRR) DISASTER RISK REDUCTION, RELIEF & REHABILITATION
-  (COOPs) COOPERATIVES
-  (RPEs) REGISTERED FOR-PROFIT ENTITIES
-  (NPEs) NON-PROFIT ENTITIES

# Performance Highlights



## CAPACITY BUILDING

*Growing SEs goes beyond financing. Through the Accelerating Capacities of Enterprises or ACE Program, we have structured capacity building into modules covering areas critical to scale up an enterprise such as growth planning, business management and risk analysis.*

- Of the 17 social enterprises nominated for the second batch of the ACE program, seven were selected for their growth potential and managerial talent pool. Two partners successfully completed the four-month course and acquired a combined investment of ₱ 10.2 million after pitching their proposed business to the Program Committee – Green Life Coco Products for virgin coconut oil processing in Tayabas, Quezon and Bol-anon United Sectors Working for the Advancement of Community Concerns (BUSWACC) for alternative tourism in Bohol.



## RESOURCE LEVERAGING

*PEF links up with development investors to maximize financial and non-financial resources; share and reduce risks; and strengthen collaboration.*

- A total of ₱ 11 million was leveraged from international partners - Cordaid to start-up the Shariah program in Mindanao (EUR 75,000) and study the cutflower industry in Benguet (EUR 20,000) and Philips Philippines (₱ 5M) to match PEF's investment in a healthcare enterprise in Tacloban.



## RISK MANAGEMENT

Building and growing social enterprise involve risks from external and internal sources. Risk management (RM) became an integral part of our work by conscious and periodic review of the identified risk areas such as partnership development, change readiness, human resources among others. Given its importance and impact, RM has been cascaded at the partners' level, starting off with CocoTech, JUBOKEN, and GlowCorp, three organizations that were trained and mentored on developing their risk management framework and plans.







**DR. JUSTINO "BO" R. ARBOLEDA**  
 President and CEO  
 Coco Technologies Corp. (Cocotech)

When I started this company, I didn't have any structure; neither knowledge nor idea about the gravity of risk management. After completing the sessions on Risk Management by PEF, we were able to identify, assess, and prepare for the risks that may interfere with the organization's mission. We hope that we can translate this into action and strengthen our company.



## KNOWLEDGE MANAGEMENT & ADVOCACY

As a learning organization, PEF enhances and shares knowledge from its own experience as well as from communities of practitioners.

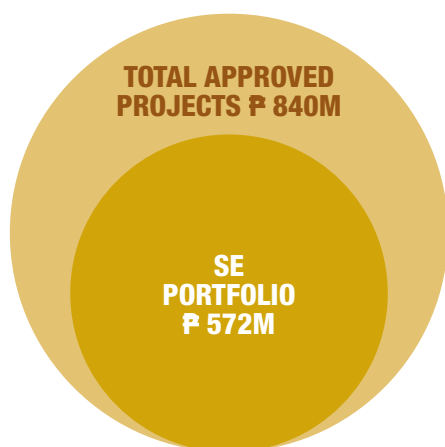
- A muscovado sugar plant in Abra and demonstration farms in Negros Occidental for sugarcane served as experiential or "learning by doing" laboratories on new methods and appropriate technologies.
- *Building a Culture of Resilience, Strengthening Disaster Preparedness* was the overarching theme of a three-day learning event in October, perfectly coinciding with the 2015 UN-led International Day for Disaster Reduction's "Knowledge for Life" awareness campaign in the same month. Co-organized with the Association of Foundations, the forum provided around 120 participants, including SE partners, with the opportunity to exchange ideas, identify challenges and enrich DRRR approaches in their own communities.
- With over 200 participants, a Conference themed *Islamic Financing in the Philippines: A Step towards the First Seven Years* was held in Davao on November 25-27, 2015. Spearheaded by PEF with Al Qalam Institute, the event surfaced the potentials of Shariah financing as an equitable and inclusive business model.
- Active promotion and awareness building on major initiatives were channeled through learning events and press conferences which generated considerable media mileage. These were complemented with social media presence and knowledge products such as primers on priority agricultural crops and marketing materials. These are available for download at the PEF website ([www.pef.ph](http://www.pef.ph)).



## ORGANIZATIONAL STRUCTURE

To carry out the fresh mandate to scale up enterprises with improved efficiency and stronger culture of service commitment, a more responsive organizational structure was put in place with new teams that will focus on capacity building, business intelligence and institutional monitoring and evaluation. As of December 2015, the staff complement required for the 2016 structure stood at 63%.

# Scaling Up in the Next Cycle



2011-2015

**840** million total portfolio  
**572** million SE portfolio  
**412** total projects  
**179** SE partners  
**111** thousand households  
**20** SE managers trained

In 2015, the Foundation began the process of putting together a re-calibrated strategic plan that is grounded on what we have learned in our first attempt of nurturing social enterprises.

For the next cycle, we will

- **SHARPEN** our focus through six key actions that will scale up SEs not only on C5, but also on basic social services and culturally-inclusive financing. We will leverage with social investors to meet the increasing investment requirements; level up the business management acumen of partners; and improve our internal systems, processes, and competencies.
- **ENHANCE** our pipeline development process by tightening due diligence requirements to ensure that enterprise proposals pass the criteria that will lead to long-term impact. We will include risk assessment to understand the enterprise operations and to identify capacity gaps.
- **DIVERSIFY** our investments of the Endowment Fund to generate sustainable revenues to support our programs over a long-term horizon and manage downturns. Largely relying on investments in stocks and bonds that are subject to volatilities and uncertainties may prove to be far riskier now.

PEF has three distinct but mutually reinforcing implementing structures to achieve this goal – the Foundation itself as the primary gateway for organizations moving into SE; the PE Holdings company as investor in for-profit organizations whose SE ventures are matured to achieve scale; and the SE Institute for capacity building to make the enterprise and entrepreneurs investor-ready.



## Our First SE Communities

When we shifted our focus to developing social enterprises, we first needed to know the starting point for measuring progress over time. The baseline surveys in 2012 and midterm evaluations three years after, aimed to show whether the interventions we supported produced the desired outcomes; brought improvements in the target households; and caused “spillover” effects to the community.

All in all, we hold more than 3,000 household-level data from 12 SEs. This wealth of information will help us enhance opportunities that will spur growth and address risks.

Behind the facts and figures, we share the stories of communities in Palawan, Antique, Negros Occidental and North Cotabato. The complex interactions in a social enterprise ecosystem – from funding to business skills to market receptiveness – create a host of challenges that most enterprises confront... and the ones we feature are no different, having their share of trouble and tough times. Early markers of impact suggest that stronger capacity and an enabling environment are needed to better monitor and sustain benefits to the target households.





## Dancalan Ilog Waterworks and Agro Industrial Multi-purpose Cooperative

Potable Water

# A coastal village with no water to drink

Lack of water shouldn't have been a problem for the residents of this coastal village that takes its name after a river and lies on the shores of a great gulf. But until recently, fetching water to drink was a daily struggle for the residents of the town of Ilog in Negros Occidental.

Ilog (or *river*), with 15 barangays and over 1,400 resident families, is located along the Ilog-Hilabangan river basin and lies along the shores of Panay Gulf. Many of its residents spend much of their waking time earning a livelihood by fishing in the waters of the gulf. The irony is that, for years, they had no potable water nearby.

*"We had to pump water from a well in Crossing Bocana, half a kilometer from our house,"* shared resident Mark Villavicencio. A vendor with a cart would go around Ilog's villages, selling containers of water taken from a spring. Each container cost about three pesos. *"So we had to limit our use, even for drinking water,"* he said.

This changed in 2012 when the local cooperative launched a plan to provide safe potable water to 1,200 households within five years. The Dancalan Ilog Waterworks and Agro-Industrial Multi-Purpose Cooperative (DIWAGRIMPCO) partnered with PEF for the rehabilitation and expansion of local water systems.

The project has had remarkable results. Three out of Ilog's 15 barangays now get potable water, benefiting 485 families and households. Twenty-five members of the cooperative have also become micro-entrepreneurs, earning income by distributing water to households still to have a connection.

As the largest supplier of clean water in the area today, the cooperative is realizing its dream of providing communities access to clean water. It also hopes to continue raising the standard of living of the families who now earn additional income from this community project.

# Our First SE Communities



**PARTNER** **DANCALAN ILOG  
WATERWORKS AND AGRO  
INDUSTRIAL MULTI-  
PURPOSE COOPERATIVE  
(DIWAGRIMPCO)**

DIWAGRIMPCO is a producer, processor, and distributor of potable water since 1996. It started as a communal faucet system facility (Level II) and leveled up to providing individual house connections (Level III). From servicing 30 cooperative members initially, it is now able to cater 461 households or about 1,844 individuals in barangays Dancalan, Calubang and Bocana.

**SOCIAL ENTERPRISE** Rehabilitation and expansion of a potable water supply system

**LOCATION** Ilog, Negros Occidental

**ASSET SIZE** ₱ 10.6 million

**TYPE OF INVESTMENT**

- a. Financing
  - ₱ 2.7 million loan for rehabilitation and expansion of three-kilometer pipeline
  - ₱ 250,000 working capital for re-loan to members to pay for cost of initial service connection
- b. Capacity building
  - Technical assistance for system monitoring and installation of flow meters and testers





## Laua-an Multi-Purpose Cooperative

Muscovado Sugar

# That extra dark brown sugar sweetens lives in Antique

**F**armers in Laua-an, Antique, have long relied on muscovado sugar and other agricultural products for livelihood. Yet there was hardly enough income for a decent living. In official figures, Laua-an residents are the third poorest in the province of Antique. Five out of every 10 residents are poor in this farming municipality.

Laua-an Multi-Purpose Cooperative (LMPC) runs its local muscovado production and operates its own processing plant. But product quality was inconsistent and packaging poor. The processing plant seldom had enough volume to operate in full capacity.

So business was not at its best and the farmers stayed mostly poor.

When LMPC sought help from PEF, the first advice it got was to improve packaging. With assistance from other partners such as Department of Trade and Industry, Department of Agriculture, Food and Drug Administration,

and Southern Partners Fair Trade Center, the cooperative was able to develop the new “Pahinis” packaging, showing the uniqueness of the local muscovado.

Product quality was next. Farmers were trained to learn new techniques in harvesting and processing, eliminating impurities in their sugar that drove down the selling price. Members were further trained on how to make the processing plant more efficient.

With these efforts, sugar quality improved, resulting to a growth in market demand as farmers gained more control in setting a good price for their products.

The living conditions of the people started to improve, enough to allow them to even start sending their children to school. Today, a third of sugarcane farmers enjoy a steadier livelihood in Laua-an. Sugar, and indeed life, is now much sweeter than before.

# Our First SE Communities



**PARTNER** LAUA-AN MULTI-PURPOSE COOPERATIVE (LMPC)

Established in 1991, LMPC is a primary cooperative that provides multi-services such as provision of savings and credit, trading of handicrafts and agri-products such as palay, corn and processing of muscovado sugar. It has farmland allocated for planting sugar cane for its raw materials and it is also buying sugar cane produced from its members.

**SOCIAL ENTERPRISE** Muscovado sugar production and trading

**LOCATION** Laua-an, Antique

**ASSET SIZE** ₱ 46 million

**TYPE OF INVESTMENT**

- Financing
  - ₱ 4 million credit line for working capital
  - ₱ 400,000 loan for packaging improvement
- Capacity building
  - ₱ 345,000 mentoring and re-entry planning





## Magpet Agro-Industrial Resources Cooperative Banana Chips

# Farmers went bananas in Cotabato – and happy about it!

**W**hen the going gets tough, there's nothing else you can do but "go bananas". This is what residents of Magpet town in Cotabato did, and aren't they just thankful they did so – literally.

A few years ago, 97% of Magpet's 1,600 households showed in statistics as living below the poverty line. That was almost everyone in this town of small-scale banana producers. With most of them poor and barely able to complete grade school, people had little hope of improving their lives. Most are indigenous Manobo who maintain ancestral lands in Magpet and neighboring communities.

It was at this point that the local cooperative started to give a serious thought to making good banana chips.

In 2009, the Magpet Agro-Industrial Resources Cooperative (MAGIRCO) put up a structure for the community's banana-chips production. The banana producers now had a reliable market for their crops. New jobs were created as the cooperative started hiring banana peelers, mostly women, who now had a way to supplement the family income.

Today, the Manobo farmers harvest almost 100 kilos of bananas every 15 days. The cooperative buys more than 2,000 kilos a day, at six pesos per kilo, which is twice the price than what they got before the banana-chips project started. The bananas are processed into second-fry banana chips, consolidated in Davao del Sur, and exported to China and Korea.

In 2013, MAGIRCO has recorded more than ₱ 50 million in sales and earned ₱ 2 million in net profits.

Since the start of the project, MAGIRCO members have received further training from PEF in managing and expanding the enterprise. Plans are underway to expand its European market, and if this pushes through, an even bigger number of farmers and families hope to benefit.

Just because some time ago, they went bananas.

# Our First SE Communities



**PARTNER** **MAGPET AGRO-INDUSTRIAL  
RESOURCES COOPERATIVE  
(MAGIRCO)**

MAGIRCO was founded in 1986 by farmers Eufonio Zamoras and Jesus Kionisala with the vision of consolidating their products in order to gain advantage in volume-based sales and incentives, over those provided by the buyers of copra and rubber clumps. In 2009, the cooperative ventured into first-fry banana chips production. This provided a sure market for its 1,600 marginal banana producers cultivating an estimated 500 hectares of ancestral lands.

**SOCIAL  
ENTERPRISE** Banana chips production

**LOCATION** Magpet, North Cotabato

**ASSET SIZE** ₱ 93 million

**TYPE OF  
INVESTMENT**

- a. Financing
  - ₱ 3 million credit line for working capital
- b. Capacity building
  - ₱ 30,000 plant assessment for energy use and oil use
  - ₱ 1.6 million purchase of electronic truck scale
  - ₱ 2 million research and development on second fry banana chips
  - ₱ 307,212 mentoring and skills training





## Nagkakaisang Tribu ng Palawan Wild Honey

# Palawan's other secret: liquid gold

**W**hen you're already regarded as the world's most beautiful island, what can you do next? Easy. Become the world's sweetest too.

Wild honey has long been part of Palawan's culture and many of its indigenous tribes are seasoned gatherers of this natural product. The original honey cultivators were the Tagbanua, Batak, and Pala'wan tribes.

Honey production saw a big dip in 2011 after a particularly bad rainy season. *"Bees need forests with good vegetation and blooming flowers to give them their nectar supply. When we had too much rain during the honey-gathering season, flowers didn't bloom and bees had no source of nectar; so they couldn't produce honey,"* explains a honey-gatherer.

The Nagkakaisang Tribu ng Palawan or NATRIPAL found itself producing only 670 kilos of honey compared to

11,000 kilos the previous year. Life became harder for many Tagbanua households.

With assistance from PEF, NATRIPAL facilitated training of more than 300 honey gatherers on more efficient harvesting techniques. This was augmented with finding new sources of wild honey and new markets for selling their products.

These efforts bore significant results. Gatherers now earn almost ₱ 6,000 a month, which was more than twice their previous incomes. As the island attracts even more tourists and the tourist demand for wild honey rises, more local people are soon able to enjoy the benefits of the honey industry.

Who needs gold in this naturally sweet island of Palawan -- when it has its very own natural liquid gold?



# Our First SE Communities



**PARTNER** **NAGKAKAISANG TRIBU NG PALAWAN (NATRIPAL)**

Organized in 1991, NATRIPAL works with indigenous communities of Tagbanua, Batak and Pala'wan in advocating for the recognition of indigenous peoples' rights. NATRIPAL's programs include the development of income-generating enterprises to empower and enable indigenous communities to finance the processing of their land titles.

**SOCIAL ENTERPRISE** Wild honey expansion

**LOCATION** Aborlan, Roxas, Puerto Princesa, and Quezon in Palawan

**ASSET SIZE** ₱ 1.15 million

**TYPE OF INVESTMENT**

- a. Financing: ₱ 100,000 (increased to ₱ 1 million in 2015) credit line for purchase of wild honey
- b. Capacity building: ₱ 100,000 for skills training

# Approved Partnership Projects 2015



**C5**



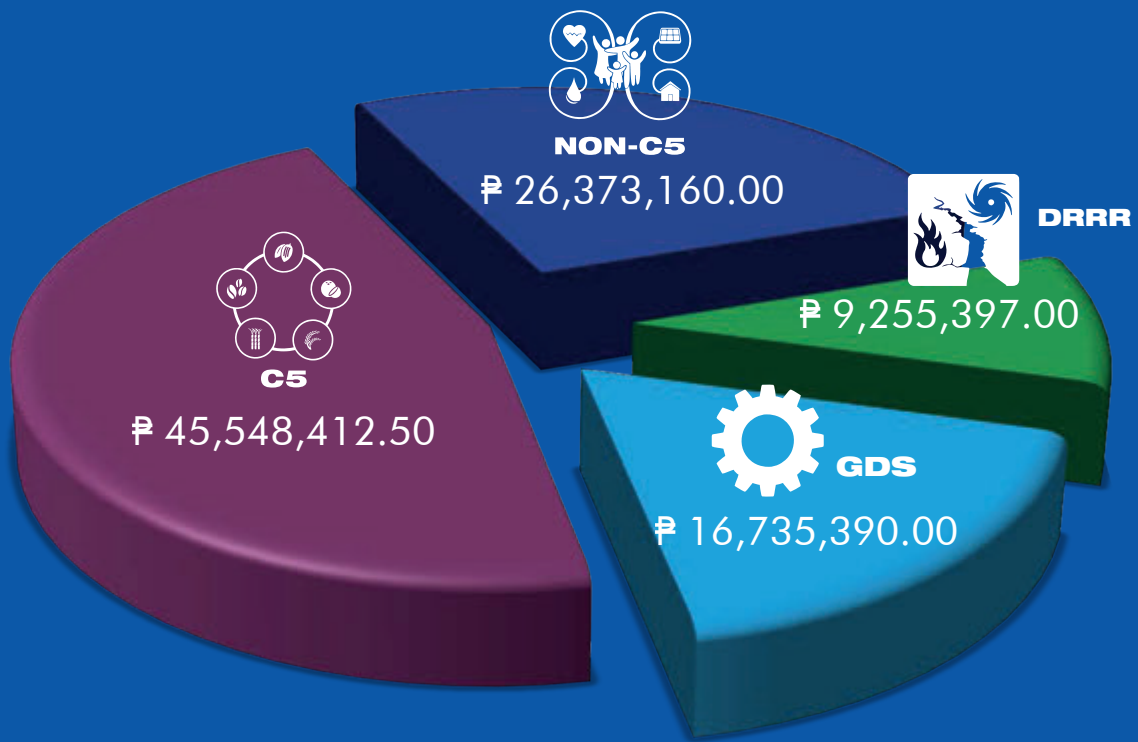
**NON-C5**



**DRRR**



**GDS**



TOTAL  
 ₱ 97,912,359.50





## SOCIAL ENTERPRISE

₱ 45,548,413

47%



\*\*\* ACE Program is a 4-module capacity development that aims to accelerate the capacities of social enterprises to be investor-ready and achieve their social mission.

PARTNER	CORE ACTIVITY	REGION	TOTAL
<b>Cane Sugar</b>			<b>12,528,413</b>
Crossing Ibos Farmers Credit Cooperative	Diversified block farming enterprise expansion and improvement	●	10,436,833
Cordillera Network of Development NGOs and POs	Learning exposure to Antique muscovado processing centers	●	145,580
	Product promotion in Panagbenga trade fair	●	100,000
Kabbinulig Para ti Panagduras-ti, Abra	Abra muscovado techno demo support	●	500,000
Kahugpungan Sang Mga Mag uuma sa New Panay ug La Esperanza Multi-Purpose Cooperative	ACE Program***	●	500,000
Multi-Sectoral Alliance for the Development of Negros, Inc.	Business development service to four (4) partner peoples' organizations	●	496,000
	Small sugarcane farmers technician course		100,000
	Technical assistance on block farming financial management		250,000
<b>Climate Smart Agriculture</b>			<b>16,400,000</b>
Caritas Diocese of Libmanan, Inc.	Agro-enterprise organizing	●	1,600,000
	Palay procurement and trading		11,000,000
Fatima Multi-Purpose Cooperative	Cassava production	●	2,800,000
Kahugpungan Sang Mga Mag uuma sa New Panay ug La Esperanza Multi-Purpose Cooperative	Organic rice trading	●	1,000,000
<b>Coconut</b>			<b>16,300,000</b>
Green Life Coco Products	ACE Program***	●	500,000
Juboken Enterprises	Mattress production from waste coconut husk	●	15,000,000
Kaagap Multi-Purpose Cooperative	ACE Program***	●	500,000
Katilingbanong Pamahandi sa Mindanao Foundation, Inc.	Market research of the macapuno industry in the Philippines	●	300,000
<b>Coffee</b>			<b>320,000</b>
Philippine Coffee Board, Inc.	8th National Coffee Summit	●	320,000



₱ 26,373,160

27%

PARTNER	CORE ACTIVITY	REGION	TOTAL
<b>Basic Social Services</b>			<b>12,924,000</b>
Health			12,750,000
FriendlyCare Foundation, Inc.	Birthing home and family health clinic	●	10,000,000
Health Innovation Multi-Purpose Cooperative	Forum on health promotion and research	●	110,000
Health Alternatives for Total Human Development Institute, Inc. (HEALTHDEV Institute)	Health services expansion through mobile clinic	●	2,640,000
Water			174,000
Kauswagan Water and Sanitation Service Cooperative	Development plan for Barili water supply	●	174,000
<b>Financing / Relending</b>			<b>9,273,400</b>
Micro Finance			7,150,000
Bol-anon United Sectors Working for the Advancement of Community Concerns, Inc.	Post earthquake liquidity microfinancing	●	150,000
Coalition for Social Development Organizations	ACE Program***	●	500,000
PINOYME Foundation, Inc.	Capacity building and project & enterprise development	●	6,000,000
Grow Lambo Multi-Purpose Cooperative	Logistical support	●	250,000
Insol Development Foundation, Inc.	Strengthening admin & finance system	●	250,000
Culturally-inclusive Financing			2,123,400
Kadtabanga Foundation for Peace and Development Advocates, Inc.	Community internship on Islamic financing practices of Indonesia	●	999,800
Katiyakap, Inc.	1st National Ulama Consultation on Shariah financing	●	363,600
Katutubong Kamay Handicrafts, Co.	Matigsalug indigenous peoples community livelihood and development	●	760,000
<b>Others</b> (Business Development Services, Manufacturing, Consolidation and Trading, etc.)			<b>4,175,760</b>
AdvoCafe	Promotion and marketing of indigenous peoples' products	●	128,360
Global Organic and Wellness Corporation	Market scanning in Anuga Expo 2015	●	657,400
Nagakakaisang Tribu ng Palawan	ACE Program***	●	500,000
Southern Partners and Fair Trade Center, Inc.		●	500,000
Sarangani Province Empowerment and Community Transformation Forum	Learning exposure on coastal-based social enterprise to Zamboanga Sebugay	●	200,000
Bayani Brew, Inc.	New product line development	●	1,000,000
Bigay Buhay Multi-Purpose Cooperative	ACE Program***	●	500,000
Kabbinulig Para ti Panagduras-ti, Abra	Exposure visit and training of Abra wild honey processors in Palawan	●	190,000
Bol-anon United Sectors Working for the Advancement of Community Concerns, Inc.	ACE Program***	●	500,000



**DISASTER RISK  
REDUCTION,  
RELIEF &  
REHABILITATION**

**₱ 9,255,397**

**9%**

PARTNER	CORE ACTIVITY	REGION	TOTAL
Association of Foundations	Learning event on disaster risk reduction and management	●	1,982,370
Social Action Center - Archdiocese of Cagayan de Oro	Community Mortgage Program site and housing development project	●	1,440,200
A Foundation for Growth, Organizations Upliftment of People		●	642,400
Philippine Social Enterprise Network, Inc.		●	77,000
Technology Outreach and Community Help Foundation		●	809,108
Villeview Lumbia Homeowners Association, Inc.	Housing and capacity building	●	1,132,076
Virgen del Rosario Homeowners, Inc.		●	341,530
Blessedville Homeowners Association, Inc.		●	264,320
Medalla Milagrosa Village Phase 1 Homeowners, Inc.		●	847,470
Medalla Milagrosa Village Phase 2 Homeowners, Inc.		●	848,923
Gelacio Yason Foundation Family Farm School	Relief assistance for typhoon Nona survivors in Oriental Mindoro	●	395,000
Foundation for the Development of the Urban Poor, Inc.	Relief assistance for demolition survivors in Caloocan	●	400,000
Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA)	Relief assistance to first responders affected by typhoon Nona in Oriental Mindoro	●	75,000



## GENERAL DEVELOPMENT SUPPORT

₱ 16,735,390

17%

PARTNER	CORE ACTIVITY	REGION	TOTAL
Association of Foundations	Mobile apps grant fund mechanism	●	1,220,890
Baba's Foundation, Inc.	Bridge financing for Agrarian Reform Community Connectivity and Economic Support Services (ARCESS) Project	●	1,000,000
Caucus of Development NGO Networks	Social Development Celebration 2015 and CODE NGO's 19th General Assembly	●	3,000,000
	Strategic capacity building for the sustainability of member networks	●	10,000,000
Cordillera Network of Development NGOs and POs	Assessment of network members and PO members	●	150,000
Initiatives for Dialogue and Empowerment through Alternative Legal Services, Inc.	Access to benefits and claims after disaster	●	500,000
Oriental Mindoro NGO/PO Network	Annual general assembly of Oriental Mindoro networks	●	64,500
Partnership of Philippine Support Service Agencies of the Philippines, Inc.	4th Urbanization Forum	●	50,000
Technominds Easco, Inc.	SIGLO Mobile App redevelopment and migration	●	750,000



# Treasurer's Report 2015



On behalf of the Board of Trustees, I am pleased to report the financial position of the Foundation for the year 2015. The finances of the Foundation remain to be firmly rooted on solid ground.

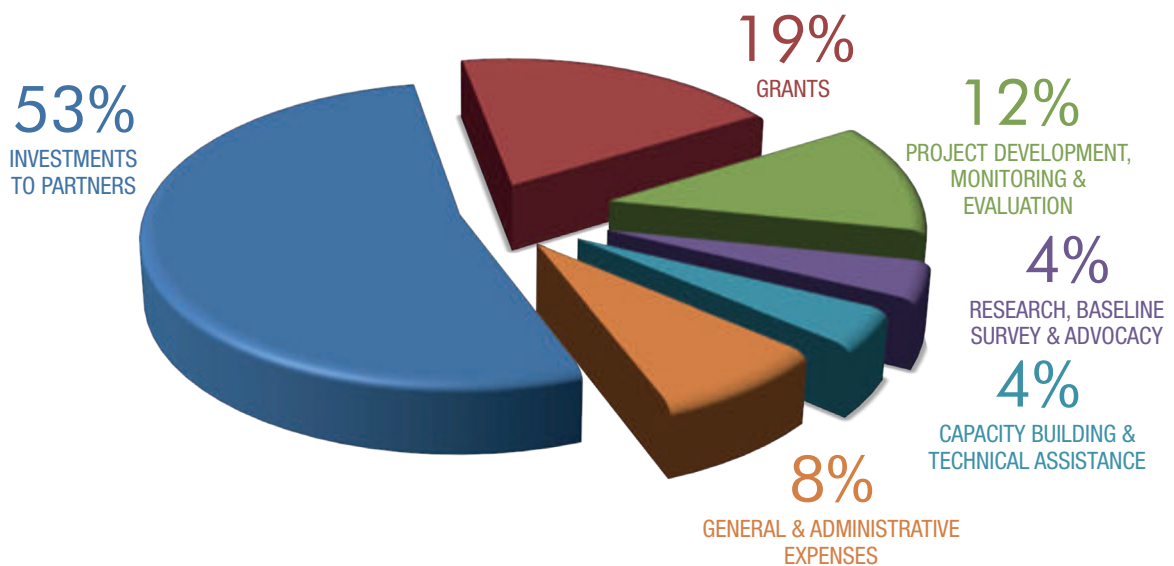
## ASSETS AND THE ENDOWMENT FUND

Total assets amounted to ₱2.12 billion. Eighty-eight percent of this amount, which is equal to ₱1.88 billion, represents investments in the financial assets such as stocks and bonds. The remaining 12% of total assets are in the form of receivables from project partners of ₱144 million and other assets such as property and equipment in the amount of ₱97 million.

The equity and liabilities side of the balance sheet shows the value of the Endowment Fund at ₱2.05 billion equal to 97% of total equity and liabilities. The remaining 3% represent donor funds held in trust, grants payable to project partners and other liabilities.

## EARNINGS OF THE ENDOWMENT FUND

Actual realized income from investments in stocks and bonds is in the amount of ₱ 213.56 million. Accounting and auditing standards require that investments in stocks and bonds are valued at market prices as of the date of audit report which is December 31, 2015. Market conditions were unfavourable to our investments at the end of 2015 such that the audit report recognized unrealized losses in the value of investments of ₱191.6 million and provision for impairment losses of ₱19 million when these investments are valued at market prices. Based on these figures, return on investment for 2015 is 1.26%.



The equities market experienced wild swings in 2015 to which experts attributed to a combination of global and local developments. The Finance and Investments Committee, together with the fund managers, watched closely the movements of the markets. Between late March and early April, the Foundation locked in the paper gains that it already earned in certain stocks. The proceeds were placed in new investments, namely: (a) stocks with values that are relatively cheap and have high potential for upward movement in the immediate future and (b) in preferred shares which provide higher yield compared to fixed income securities and are less volatile.

### SUMMARY OF DISBURSEMENTS FOR 2015

A total of ₱ 233.15 million was disbursed in 2015.

This amount is 20% lower than the previous year.

Disbursements were applied for the following purposes:

- Investments received by partner organizations totalled ₱ 123.78 million. These investments were

in the form of project loans, special deposits, and equity investments;

- Grants extended to SEs and other general development programs amounted to ₱ 44.9 million;
- Expenses incurred for capacity building and technical assistance totalled ₱ 9.31 million;
- Cost incurred in developing and monitoring of project performance is in the amount of ₱ 27.08 million;
- An additional amount of ₱ 9.08 million was spent for research, industry studies, baseline survey, and SE advocacy;
- General and administrative expenses amounted to ₱ 19 million.

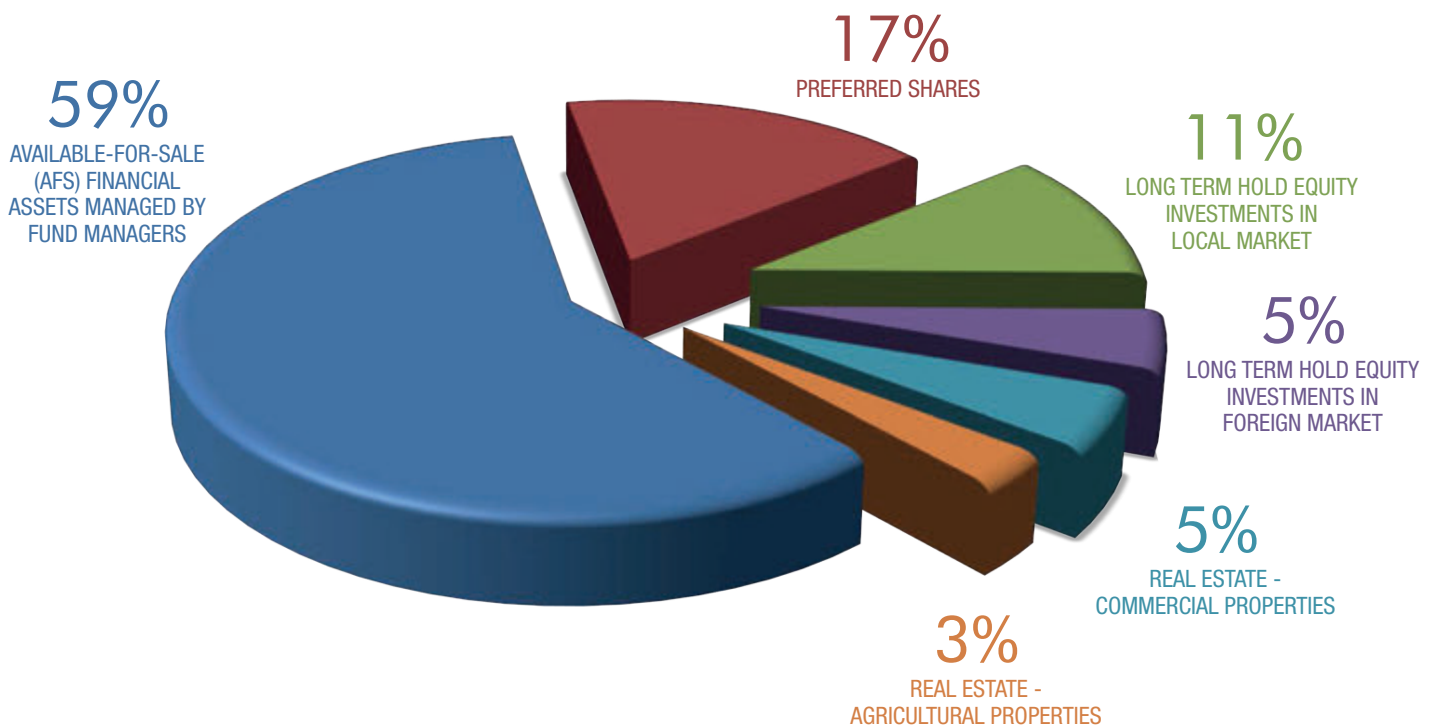
Actual disbursements were within the defined guidelines set by the Board of Trustees.

# Treasurer's Report 2015

## DIVERSIFIED PORTFOLIO MOVING FORWARD

For the past five years, the investment strategy generated sufficient earnings that sustained the work of the Foundation and further increased the value of PEF's endowment fund. Earnings from investments were more than enough to meet the program outlays and administrative expenses each year. A net surplus of approximately ₱ 250 million was recorded over the five-year period ending 2015.

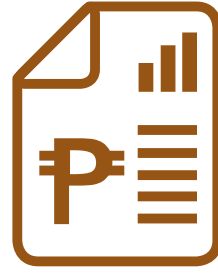
After a careful review of the performance of the portfolio and the funding requirements of the coming years, the Finance and Investments Committee, with approval by the General Assembly in March 2016, will pursue a diversified mix of investment portfolio. The portfolio hopefully will generate sustainable revenues over a long term horizon. Earnings will come from various sources as follows:



An appropriately-designed and implemented portfolio mix is foreseen to protect the value of the Endowment Fund, smooth out the volatilities in the financial markets and to generate new sources of income. With this strategy, there is a high degree of certainty that the funding requirements for

the second phase of the Social Enterprise strategy covering the period 2016 to 2020 can be met by earnings from the Endowment Fund and other internally-generated sources of income.

**VITALIANO N. NAÑAGAS II**



# Audited Financial Statements

**Peace Equity Access for  
Community  
Empowerment (PEACE) Foundation  
Inc. and Subsidiary**

Consolidated Financial Statements  
December 31, 2015 and 2014

and

Independent Auditors' Report



A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

Tel: (632) 891 0307  
Fax: (632) 819 0872  
ey.com/ph

BOA/PRC Reg. No. 0001,  
December 14, 2015, valid until December 31, 2018  
SEC Accreditation No. 0012-FR-4 (Group A),  
November 10, 2015, valid until November 9, 2018

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.

We have audited the accompanying consolidated financial statements of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc. and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, statements of changes in fund balances and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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





- 2 -

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc. and Subsidiary as at December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

*Wenda Lynn M. Loyola*

Wenda Lynn M. Loyola  
Partner

CPA Certificate No. 109952

SEC Accreditation No. 1540-A (Group A),  
March 8, 2016, valid until March 8, 2019

Tax Identification No. 242-019-387

BIR Accreditation No. 08-001998-117-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 5321650, January 4, 2016, Makati City

March 18, 2016







**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE)  
FOUNDATION INC. AND SUBSIDIARY**

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱28,235,315	₱43,225,259
Receivables - net (Note 5)	87,359,289	196,279,084
Available-for-sale (AFS) financial assets (Note 6)	1,907,742,917	1,945,403,837
Other current assets (Note 7)	3,121,502	17,570,459
<b>Total Current Assets</b>	<b>2,026,459,023</b>	<b>2,202,478,639</b>
<b>Noncurrent Assets</b>		
Receivables - net of current portion and allowance (Note 5)	56,265,689	55,146,848
Property and equipment - net (Note 8)	30,296,813	29,659,521
Investment properties (Note 9)	4,911,814	4,911,814
Other noncurrent assets (Note 17)	847,954	748,037
<b>Total Noncurrent Assets</b>	<b>92,322,270</b>	<b>90,466,220</b>
<b>TOTAL ASSETS</b>	<b>₱2,118,781,293</b>	<b>₱2,292,944,859</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 10)	₱10,566,754	₱21,269,969
Grants payable (Note 11)	32,333,657	19,074,261
Funds held in trust (Note 12)	32,217,092	83,419,633
<b>Total Current Liabilities</b>	<b>75,117,503</b>	<b>123,763,863</b>
<b>Fund Balances (Note 21)</b>		
Restricted	1,994,155,478	1,936,073,280
Unrestricted	49,508,312	233,107,716
<b>Total Fund Balances</b>	<b>2,043,663,790</b>	<b>2,169,180,996</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>₱2,118,781,293</b>	<b>₱2,292,944,859</b>

*See accompanying Notes to Consolidated Financial Statements.*



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE)  
FOUNDATION INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2015	2014
<b>REVENUES</b>		
Investment income (Note 6)	P216,449,302	P122,999,596
Interest income (Notes 4, 5 and 7)	9,007,377	4,998,101
Others (Note 16)	863,498	935,118
	<b>226,320,177</b>	<b>128,932,815</b>
<b>EXPENSES</b>		
Project expenses (Note 13)	46,160,239	46,983,847
Grant expenses (Note 11)	44,896,270	61,460,148
General and administrative (Note 14)	20,566,824	19,261,557
Provision for impairment losses on receivables - net	18,552,874	10,979,459
Provision for impairment losses on AFS (Note 6)	18,992,215	-
Depreciation and amortization (Note 8)	3,181,278	2,972,643
Foreign exchange loss - net	460,446	90,823
	<b>152,810,146</b>	<b>141,748,477</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>73,510,031</b>	<b>(12,815,662)</b>
<b>PROVISION FOR INCOME TAX</b> (Note 18)	<b>5,249,267</b>	<b>5,093,859</b>
<b>NET INCOME (LOSS)</b>	<b>68,260,764</b>	<b>(17,909,521)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Net unrealized valuation gain (loss) on AFS financial assets (Notes 6 and 7)	(193,868,387)	141,889,224
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement losses on defined benefit plan (Note 17)	90,417	(201,736)
	<b>(193,777,970)</b>	<b>141,687,488</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(P125,517,206)</b>	<b>P123,777,967</b>

*See accompanying Notes to Consolidated Financial Statements.*





**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE)  
FOUNDATION INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Unrestricted Funds				Restricted Funds			Grand Total
	Members' Contribution	Cumulative Excess of Revenues over Expenses	Revaluation Reserves over AFS (Notes 6 and 7)	Remeasurement Gains (Losses) on Defined Benefit Plan (Note 18)	Endowment Fund (Note 1)	Provision for Inflation (Note 23)	Total	
Balances at January 1, 2015	₱100,000	₱12,018,209	₱220,989,507	₱-	₱1,318,371,694	₱617,701,586	₱1,936,073,280	₱2,169,180,996
Net income	-	68,260,764	-	-	-	-	-	68,260,764
Other comprehensive income (loss)	-	-	(193,868,387)	90,417	-	-	-	(193,777,970)
Total comprehensive income (loss)	-	68,260,764	(193,868,387)	90,417	-	-	-	2,043,663,790
Provision for inflation (Note 23)	-	(58,082,198)	-	-	-	58,082,198	58,082,198	-
<b>Balances at December 31, 2015</b>	<b>₱100,000</b>	<b>₱22,196,775</b>	<b>₱27,121,120</b>	<b>₱90,417</b>	<b>₱1,318,371,694</b>	<b>₱675,783,784</b>	<b>₱1,994,155,478</b>	<b>₱2,043,663,790</b>
Balances at January 1, 2014	₱100,000	₱86,318,214	₱79,100,283	₱201,736	₱1,318,371,694	₱561,311,102	₱1,879,682,796	₱2,045,403,029
Net income	-	(17,909,521)	-	-	-	-	-	(17,909,521)
Other comprehensive income (loss)	-	-	141,889,224	(201,736)	-	-	-	141,687,488
Total comprehensive income (loss)	-	(17,909,521)	141,889,224	(201,736)	-	-	-	123,777,967
Provision for inflation (Note 23)	-	(56,390,484)	-	-	-	56,390,484	56,390,484	-
Balances at December 31, 2014	₱100,000	₱12,018,209	₱220,989,507	₱-	₱1,318,371,694	₱617,701,586	₱1,936,073,280	₱2,169,180,996

See accompanying Notes to Consolidated Financial Statements.



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE)  
FOUNDATION INC. AND SUBSIDIARY**

---

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	<b>₱73,510,031</b>	(₱12,815,662)
Adjustments for:		
Provision for impairment losses on AFS (Note 6)	<b>18,992,215</b>	–
Provision for impairment losses on receivables (Note 5)	<b>18,552,874</b>	10,979,459
Depreciation and amortization (Note 8)	<b>3,181,278</b>	2,972,643
Unrealized foreign exchange loss	<b>460,446</b>	90,823
Gain on sale of property and equipment	<b>(477,334)</b>	–
Interest income (Notes 4, 5 and 7)	<b>(9,007,377)</b>	(4,998,101)
Investment income (Note 6)	<b>(216,449,302)</b>	(122,999,596)
Operating loss before working capital changes	<b>(111,237,169)</b>	(126,770,434)
Decrease (increase) in:		
Receivables	<b>88,186,335</b>	(127,893,215)
Other current assets	<b>14,448,957</b>	8,157,837
Movement in net retirement asset	<b>(9,500)</b>	(342,235)
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>(10,730,001)</b>	4,428,989
Grants payable	<b>13,259,396</b>	10,252,832
Funds held in trust	<b>(51,191,195)</b>	(69,875,091)
Net cash used in operations	<b>(57,273,177)</b>	(302,041,317)
Interest received	<b>10,069,121</b>	6,908,874
Income taxes paid	<b>(5,249,267)</b>	(5,093,859)
Net cash flows used in operating activities	<b>(52,453,323)</b>	(300,226,302)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in AFS financial assets	<b>(175,199,681)</b>	149,287,810
Investment income received	<b>216,449,302</b>	122,999,596
Proceeds from sale of property and equipment	<b>504,120</b>	–
Additions to property and equipment	<b>(3,829,916)</b>	(1,114,253)
Net cash flows provided by investing activities	<b>37,923,825</b>	271,173,153
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH</b>		
	<b>(460,446)</b>	(90,823)
<b>NET DECREASE IN CASH</b>	<b>(14,989,944)</b>	(29,143,972)
<b>CASH AT BEGINNING OF YEAR</b>	<b>43,225,259</b>	72,369,231
<b>CASH AT END OF YEAR (Note 4)</b>	<b>₱28,235,315</b>	₱43,225,259

*See accompanying Notes to Consolidated Financial Statements.*







**Peace and Equity Holdings Inc.**  
*(A Wholly-owned Subsidiary of Peace  
Equity Access for Community  
Empowerment (PEACE) Foundation Inc.)*

Financial Statements  
December 31, 2015 and 2014

and

Independent Auditors' Report



A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

Tel: (632) 891 0307  
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BOA/PRC Reg. No. 0001,  
December 14, 2015, valid until December 31, 2018  
SEC Accreditation No. 0012-FR-4 (Group A),  
November 10, 2015, valid until November 9, 2018

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Peace and Equity Holdings Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Peace and Equity Holdings Inc. (a wholly-owned subsidiary of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### *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, 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

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.





- 2 -

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Peace and Equity Holdings Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 10 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Peace and Equity Holdings Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO &amp; CO.

Wenda Lynn M. Loyola  
Partner

CPA Certificate No. 109952  
SEC Accreditation No. 1540-A (Group A),  
March 8, 2016, valid until March 8, 2019  
Tax Identification No. 242-019-387  
BIR Accreditation No. 08-001998-117-2016,  
February 15, 2016, valid until February 14, 2019  
PTR No. 5321650, January 4, 2016, Makati City

March 18, 2016



**PEACE AND EQUITY HOLDINGS INC.**  
(A Wholly-owned Subsidiary of Peace Equity Access for Community  
Empowerment (PEACE) Foundation Inc.)

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	<b>₱615,053</b>	₱1,712,877
Receivables	<b>20,455</b>	11,259
Available-for-sale (AFS) financial assets (Note 4)	<b>28,505,673</b>	29,333,200
Other current assets	<b>145,153</b>	41,467
<b>Total Current Assets</b>	<b>29,286,334</b>	31,098,803
<b>Noncurrent Asset</b>		
Property and equipment (Note 5)	<b>79,555</b>	58,254
<b>TOTAL ASSETS</b>	<b>₱29,365,889</b>	₱31,157,057
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Due to Parent Company (Note 6)	<b>₱120,653</b>	₱178,968
Accrued expenses	<b>103,057</b>	27,570
Other payables	<b>17,465</b>	11,752
<b>Total Current Liabilities</b>	<b>241,175</b>	218,290
<b>Equity</b>		
Capital stock - ₱100 par value		
Authorized - 5,000,000 shares		
Issued and subscribed - 1,250,000 shares		
(net of subscriptions receivable amounting to ₱93,750,000)	<b>31,250,000</b>	31,250,000
Unrealized valuation gains (losses) on AFS financial assets	<b>(533,523)</b>	1,735,450
Deficit	<b>(1,591,763)</b>	(2,046,683)
<b>Total Equity</b>	<b>29,124,714</b>	30,938,767
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱29,365,889</b>	₱31,157,057

*See accompanying Notes to Financial Statements.*







**PEACE AND EQUITY HOLDINGS INC.**  
 (A Wholly-owned Subsidiary of Peace Equity Access for Community  
 Empowerment (PEACE) Foundation Inc.)

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	2015	2014
<b>REVENUES</b>		
Investment income (Note 4)	₱2,888,252	₱1,844,731
Interest income	2,389	97,038
Others	–	18,114
	<b>2,890,641</b>	<b>1,959,883</b>
<b>EXPENSES</b>		
Personnel	1,028,712	644,202
Project appraisal	328,916	204,883
Trainings and seminars	261,333	86,423
Legal services	208,231	178,933
Meeting costs	146,416	297,480
Professional fee	109,327	55,000
Insurance	36,628	–
Depreciation	30,017	11,892
Taxes and licenses	12,148	83,927
Others	126,709	53,732
	<b>2,288,437</b>	<b>1,616,472</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>602,204</b>	<b>343,411</b>
<b>PROVISION FOR INCOME TAX</b> (Note 7)	<b>(147,284)</b>	<b>(266,389)</b>
<b>NET INCOME</b>	<b>454,920</b>	<b>77,022</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Net unrealized valuation gain (loss) on AFS financial assets (Note 4)	(2,268,973)	1,735,450
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱1,814,053)</b>	<b>₱1,812,472</b>

*See accompanying Notes to Financial Statements.*



**PEACE AND EQUITY HOLDINGS INC.**  
**(A Wholly-owned Subsidiary of Peace Equity Access for Community  
Empowerment (PEACE) Foundation Inc.)**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Capital Stock	Other Comprehensive Income	Retained Earnings		Subtotal	Total
			Appropriated	Unappropriated		
As at January 1, 2015	₱31,250,000	₱1,735,450	₱-	(₱2,046,683)	(₱2,046,683)	₱30,938,767
Net income	-	-	-	454,920	454,920	454,920
Unrealized valuation loss of AFS	-	(2,268,973)	-	-	-	(2,268,973)
As at December 31, 2015	₱31,250,000	(₱533,523)	₱-	(₱1,591,763)	(₱1,591,763)	₱29,124,714
As at January 1, 2014	₱31,250,000	₱-	₱-	(₱2,123,705)	(₱2,123,705)	₱29,126,295
Net income	-	-	-	77,022	77,022	77,022
Unrealized valuation gain of AFS	-	1,735,450	-	-	-	1,735,450
As at December 31, 2014	₱31,250,000	₱1,735,450	₱-	(₱2,046,683)	(₱2,046,683)	₱30,938,767

*See accompanying Notes to Financial Statements.*





**PEACE AND EQUITY HOLDINGS INC.**  
**(A Wholly-owned Subsidiary of Peace Equity Access for Community  
 Empowerment (PEACE) Foundation Inc.)**

**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱602,204</b>	₱343,411
Adjustments for:		
Investment income (Note 4)	<b>(2,888,252)</b>	(1,844,731)
Interest income	<b>(2,389)</b>	(97,038)
Depreciation (Note 5)	<b>30,017</b>	11,892
Operating loss before working capital changes	<b>(2,258,420)</b>	(1,586,466)
Increase in:		
Receivables	<b>(9,196)</b>	(11,259)
Other current assets	<b>(103,686)</b>	(41,467)
Increase (decrease) in:		
Due to Parent Company	<b>(58,315)</b>	(1,934,172)
Accrued expenses	<b>75,487</b>	17,005
Other payables	<b>5,713</b>	11,752
Net cash used in operations	<b>(2,348,417)</b>	(3,544,607)
Interest received	<b>2,389</b>	97,038
Income taxes paid	<b>(147,284)</b>	(266,389)
Net cash flows used in operating activities	<b>(2,493,312)</b>	(3,713,958)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income received	<b>2,888,252</b>	1,844,731
Increase in AFS financial assets	<b>(1,441,446)</b>	(27,597,750)
Additions to property and equipment (Note 5)	<b>(51,318)</b>	(70,146)
Net cash provided by investing activities	<b>1,395,488</b>	(25,823,165)
<b>DECREASE IN CASH</b>	<b>(1,097,824)</b>	(29,537,123)
<b>CASH AT BEGINNING OF YEAR</b>	<b>1,712,877</b>	31,250,000
<b>CASH AT END OF YEAR</b>	<b>₱615,053</b>	₱1,712,877

*See accompanying Notes to Financial Statements.*





# Board of Trustees 2015



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- FINANCE AND INVESTMENTS
- KNOWLEDGE MANAGEMENT AND COMMUNICATION
- HUMAN RESOURCE AND ORGANIZATIONAL DEVELOPMENT
- AUDIT

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*Ex-Officio Member*

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Executive Director

**Ricardo E. Torres, Jr.**  
Partnerships & Programs Manager

**Cauchie C. Garcia**  
Management Services Manager

**Mutya DR. Mejia**  
Knowledge Management & Communication Manager  
*\* until April 2015*

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Internal Audit & Control Manager

**Maria Pia V. Villapando**  
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Evaluation & Technical Assistance Specialist

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**Christopher F. Pasco**  
**Alberto P. Roslinda, Jr.**  
**Ricardo D. Soto, Jr.**  
Portfolio Officers

**Joan Cris DG. Lazaro**  
Operations Assistant

**Ma. Lucita P. Satiembre**  
Senior Finance Specialist

**Laurinette Alice A. Gonzalez\***  
**Peter F. Nabong**  
Portfolio Specialists  
*\* under General Development Support*

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Knowledge Management Officer

**Cleaufe Linda F. Bautista**  
Finance Specialist

**Astrid C. Villanueva**  
Communication Officer

**Veneracion Verona Q. Viajar**  
Human Resources & Administrative Officer

**Ferdinand G. Fuellos**  
Evaluation & Technical Assistance Officer

**Mariane Genelou S. Reyes\***  
**Danica Marra M. Soliman**  
Knowledge Management Specialists  
*\* until April 2015*

**Eleanor G. Peralta**  
Human Resources Specialist

**Pia Fleur Khristine N. Labastilla**  
Capability Development Officer

**Aleth A. Gayosa\***  
Communication Specialist  
*\* until February 2015*

**Joan Quennie B. Baldoz**  
**Liezl T. Gonzales\***  
**Margeaux M. Martinez**  
Administrative Assistants  
*\* February-August 2015*



#### PEF Main Office

69 Esteban Abada St., Loyola Heights, 1108 Quezon City  
T: (+632) 426 8402 / 426 9785 to 86  
F: Trunkline local 102

#### PEF Mindanao Office

No. 37, 3rd St., Ecoland Subd.,  
Quimpo Boulevard, Matina, Davao City 8000  
T/F: (+6382) 299 3588

 [ask@pef.ph](mailto:ask@pef.ph)

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**PEACE & EQUITY FOUNDATION**  
Transforming Poor Communities Through Sustainable Social Enterprise



A CALL TO

PEF seeks to partner and invest in social entrepreneurs and organizations with working business models; mentors who are eager to share their expertise; and impact investors who are keen to work with us in building sustainable communities.

Scale up

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69 Esteban Abada St., Loyola Heights, 1108 Quezon City  
T: (+632) 426 8402 / 426 9785 to 86  
F: Trunkline local 102

#### PEF Mindanao Office

No. 37, 3rd St., Ecoland Subd.,  
Quimpo Boulevard, Matina, Davao City 8000  
T/F: (+6382) 299 3588



ask@pef.ph



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