

ANNUAL REPORT
2019





The Peace Equity Access for Community Empowerment Foundation, Inc. (also known as Peace and Equity Foundation or PEF) aspires to drive positive change in poor Filipino households by investing in social enterprises that will provide them with viable livelihood and better access to basic services. PEF works with individuals or entities who share this vision by developing models and best practices that will build, promote and scale up social enterprises.

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CHAIRPERSON'S
message

In 2019, the agriculture sector faced challenges that have severely affected farmers across the country: the signing of Rice Tariffication Law which caused palay prices to go down due to the influx of cheaper rice imports; the steep decline of copra prices forced farmers to stop harvesting crops; and the extreme weather conditions such as intense periods of heavy rain and longer dry periods threatened farmers' livelihoods.

Despite these challenges, the Foundation with its limited resources carried on in helping communities increase their incomes and improve their access to basic needs.

Early markers of progress are starting to emerge.

Among the 6,000 households that we have assisted through investments in social enterprises, there are stories of progress worth noting. One compelling story is about a fisherfolk community in Padre Burgos, Quezon. Through a local partner, fisherfolks like Nelson Angeles, known as Mang Boy, were able to double their income by managing fishponds and fish cages that yield different varieties of fish.

In San Isidro, Davao del Norte, our coconut farmers are clustered to improve production efficiency and reduce logistics costs. While we are still in the initial stages, our program in San Isidro will eventually provide us model farms that can serve as classrooms for other farmers to replicate our gains in the town. This will create a ripple effect in the value chain, showing our partners that we are not only providing solutions to their economic woes. The social impact of our work is sometimes bigger than the outcomes we are expecting.

Our partnerships with local actors in the priority areas support the Foundation's efforts to strengthen social enterprises. Local governments, in particular, are critical partners in unifying different stakeholders toward common goals.

Through a more integrated approach, PEF intends to augment economic opportunities with access to basic services and good farming practices. Collaboration with various groups and institutions is increasingly important to achieve impact.

As we move forward towards new directions, and with the impact of Covid 19 as part of our new reality, we will continue to help farmers like Mang Boy and their families to have more opportunities even under these challenging times. With the guidance and wisdom of the Board, the efforts of our staff, and support of our partners and stakeholders, we will do our best to utilize the full potential of our resources and manage them efficiently.

And while there is more work ahead of us, the Foundation will continue to bank on the noble ideal that it is a social good to support poor Filipino households for them to be part of the progress and development of our nation. 🌱

SENEN C. BACANI



2019

highlights

In 2019, the Peace and Equity Foundation (PEF) saw markers that through its work, social and economic benefits are reaching the poor and are making a positive change in the communities it serves.

As PEF refines its strategy, its mission and vision remain focused on enabling self-sustaining households. By adopting an area-focused approach, PEF seeks to be more responsive to communities' aspirations, opportunities and challenges.

PEF interventions across the value chains of priority agricultural commodities – cacao, sugarcane, coconut and coffee, collectively known as C4 – produced more opportunities for stakeholders to support farmers in focus areas.

In 2019, PEF provided opportunities:

- For more than 6,000 households to benefit from PEF's investments in 34 social enterprises (SEs).
- By equipping social enterprise managers and key staff from eight (8) organizations with knowledge and skills on management, business planning, governance and accounting, among others.

- By equipping 90 cacao, coconut and coffee farmers with knowledge and skills on good agricultural practices and technologies.
- By enabling partnerships with local government units to support PEF programs and partners in capacity building and community organizing.
- With co-investments with international donor agencies and private institutions for basic social services such as water supply expansion and renewable energy solutions.

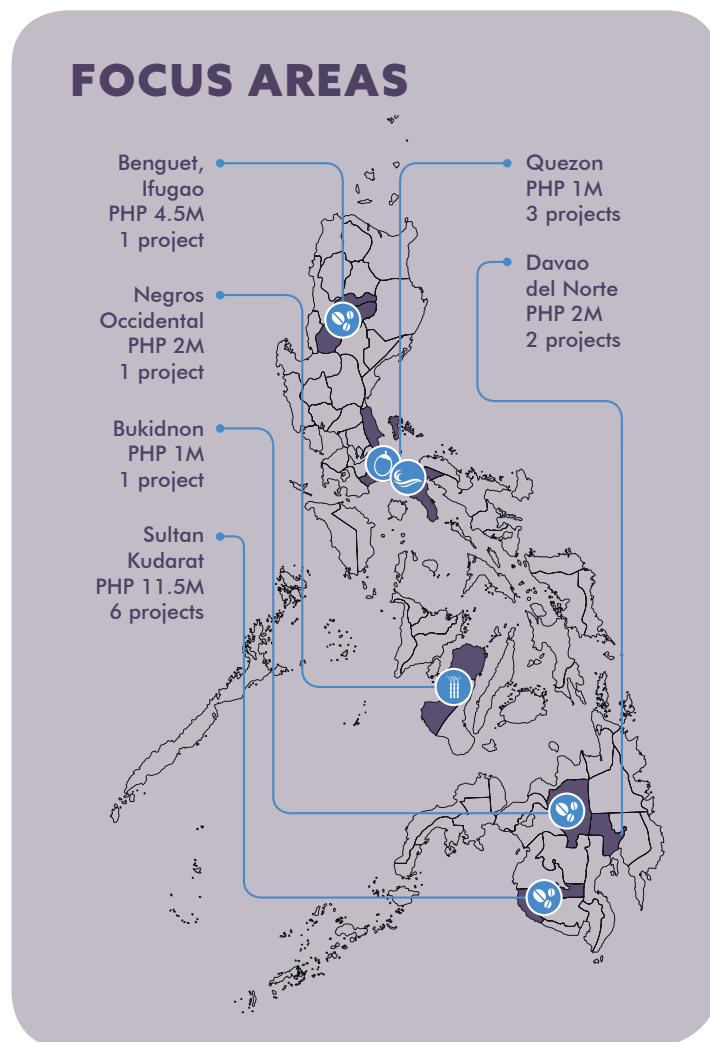
Within the organization, PEF staff further honed key competencies on results-based monitoring and evaluation, risk management, critical thinking, and judgment and decision making, among others. PEF put emphasis on building a strong learning culture through knowledge learning sessions, communities of practice, peer-to-peer exchanges and community immersion.

While the local and international markets remained volatile, PEF made sure its funds would be enough to deliver its mission. Funds disbursed for programs and operations totaled PHP 161.77 million for the year. Project approvals totaled PHP 86.33 million. 🌱

Grow

In 2019, more than 6,000 households were estimated to participate in and benefit through PEF's support worth PHP 79 million to 34 social enterprises.

Of these, 1,000 households were in six focus areas through 14 social enterprises with PEF's support worth PHP 22 million.



Fishing for hope

The coastal communities in Quezon are gifted with rich natural resources, both in land and sea. Quezon is a major coconut producer, and fishing thrives in Tayabas Bay. Despite these advantages, the province still has the highest poverty incidence in Region IV-A (Philippine Statistics Authority report, 2015).

The Yakap at Halik Multi-Purpose Cooperative Quezon 2, with the support from PEF, introduced coastal resource management and social enterprises in the towns of Padre Burgos, Agdangan and Unisan. The project initially provided new boats and gears and starting capital for the construction of fishpond and fish cages.

This initiative aims to increase the income of fisherfolks and rehabilitate the mangrove forests in the area.

According to PEF area officer Peter Nabong, some of the fisherfolks already earn PHP 3,000 to PHP 7,000 in one day alone through the new boats. They are expected to generate an additional income of PHP 55,000 per year.



Bukidnon's bittersweet triumph

With recognition from foreign competitions and expos, Bukidnon has developed into a certified world-class producer of quality coffee. It's no wonder why the coffee industry in the province is continuously gaining support from the local government.

PEF, in its effort to improve the lives of coffee farmers, has allotted support worth PHP 9 million to build the capacity of more than a thousand farmers and provide necessary infrastructures such as mechanical sorter and drying beds. In turn, the local government of Impasugong and Kaanib Foundation have committed to help in community organizing and information dissemination in the target barangays.

Another PEF partner, Bayanihan Millennium Multi-Purpose Cooperative also supports coffee farmers, some of them indigenous people, in Pangantucan, Bukidnon through enterprise and livelihood development and financing.

For its part, the provincial government is eyeing to double the coffee planting areas in the province by providing farmers with high-yielding coffee seedlings or plantlets.



Enhance

PEF customized capacity building initiatives to specific needs of social enterprises through consulting, mentoring, training, and learning exchanges.

- Ninety (90) coconut, coffee and cacao farmers from Bukidnon, Davao del Norte and Ifugao learned good agricultural practices to improve production yield and quality.
- Twenty-five (25) managers and officers of 11 partner organizations joined a green productivity training to ensure profitability without compromising environmental protection.
- Sixteen (16) key staff representing seven (7) social enterprises were trained on international best practices in cooperative management.
- Eight (8) partners developed their organizational policies, and learned about appropriate farming techniques and water operations technologies.
- Twenty (20) representatives from microfinance institutions participated in a Shari'a financing learning exchange with the Ramon Magsaysay Awards Foundation and Indonesia-based organization Dompot Dhuafa. This exchange included dialogues with Islamic scholars and Bangsamoro Development Agency representatives.

Converging efforts for Shari'a

PEF, in partnership with the Ramon Magsaysay Awards Foundation and Indonesia-based organization Dompot Dhuafa, organized an Islamic microfinance learning exchange in Cotabato in October to enhance the knowledge and competencies of microfinance and non-microfinance implementors on the philosophy and system of Islamic financing.

According to PEF Executive Director Roberto Calingo, the Foundation has supported the development of a good ecosystem of enablers for Islamic financing since 2012 and will continue to strengthen this program.

"We are committed to move the process further by supporting the capability building of the Islamic microfinance institutions and Islamic scholars to be effective in their work," he said.

PEF's Islamic or Shari'a-compliant microfinance initiative aims to improve access by poor Muslim Filipinos to culturally sensitive financing especially in the Bangsamoro region.



To see is to believe: Demo farms as classrooms

Having coconut farming as his main source of income, Narciso Lara of San Isidro, Davao del Norte is hoping that high productivity and good quality can offset the low price of copra which has reduced the income of farmers like him.

PEF, with local partners Cocolink, and Laak Multi-Purpose Cooperative, along with the local government, collaborated to address the issues of farmers on low production and income, and lack of market-oriented knowledge and skills.

The project established coconut and cacao demo farms where farmers like Mang Narciso can practice good agricultural practices such as mulching, nursery management, planting density, and insect and weed control.



Collaborate

Alliances with civil society organizations, government and private institutions created new opportunities and opened resources for PEF partner communities.

- Local governments of Padre Burgos, Quezon; T'boli, South Cotabato; San Isidro, Davao del Norte; and Impasugong, Bukidnon vowed to support PEF partners and to open local resources for projects in aquaculture development, capacity building and community organizing.
- In Davao City and South Cotabato in Mindanao, around 6,000 residents in six (6) barangays have gained access to clean and safe drinking water with the rehabilitation and expansion of water systems. PEF teamed up with Coca-Cola Foundation Philippines, Inc. and the municipal government offices of the barangays.
- Together with Cocolink and other value chain players, 20 clusters with around 10 coconut farmers each were organized in San Isidro, Davao del Norte to improve production efficiency and reduce logistical costs.
- Palawan Center for Appropriate Rural Technology with assistance from PEF, the Foundation for the Philippine Environment, the Foundation for a Sustainable Society Inc., and the Forest Foundation Philippines renovated herbal processing facilities and set up community dryers that will support 400 farmers in Roxas, Palawan.
- Yakap at Halik Multi-Purpose Cooperative Quezon 2, alongside PEF and the Coalition of Municipal Fisherfolks of Zamboanga Sibugay (COMFAZS), constructed a 29-hectare fishpond and 40 fish cages to generate extra income for the fisherfolks. COMFAZS has led different mangrove rehabilitation projects and pushed for the protection of the marine area in the town of Ipil, Kabasalan, Zamboanga Sibugay.
- Around 5,000 households in remote upland villages of Sarangani and Sultan Kudarat provinces would benefit from a PHP300-million solar power electrification project spearheaded by Mahintana Foundation and PEF, in partnership with Dole Philippines Inc., South Cotabato II Electric Cooperative and Sultan Kudarat Electric Cooperative, with support from the European Union.
- PEF remained active in other convergence initiatives, acting as the livelihood cluster leader in the Zero Extreme Poverty 2030 Coalition and convener for the development of Shari'a financing in Mindanao.

Unity in biodiversity: Saving Palawan

Recognizing poverty as a major development issue that will continue to affect Palawan's biodiversity, four funding institutions-- Foundation for a Sustainable Society, Inc., Forest Foundation Philippines, Foundation for the Philippine Environment, and PEF, or F4--banded together in an effort to protect the Northern Palawan Corridor (San Vicente-Taytay-Roxas Forest Block and Cleopatra's Needle) and provide livelihood opportunities for the people in Roxas.

With assistance from F4, local partner Palawan Center for Appropriate Rural Technology (PCART) renovated the herbal processing facilities and set up community dryers to support the livelihood of 400 farmers.

According to PCART Executive Director Laurence Padilla, earnings from herbal and organic farming provided additional income to target households.

As ways forward, F4 and PCART aim to expand their advocacy to the local communities by creating information, education and communication materials, and building the capacities of community leaders.



Clean water comes to a remote IP village

For years, the indigenous people and the migrant settlers of Brgy. Dalagdag in Davao City had been suffering from lack of access to potable water. Water-related diseases were common and farm productivity was limited. Residents had to walk for 30 minutes to find the nearest source of water.

Now, the people of Brgy. Dalagdag can breathe a sigh of relief with the installation of a new potable water system, a joint project of Kasilak Development Foundation with support from the PEF, Coca-Cola Foundation and Dole Philippines that will benefit 260 households or 1,140 individuals in the community.



Promote

PEF strengthened its learning culture toward more strategic ways of capturing and sharing stories and knowledge.

- To encourage continual learning among its staff, PEF embedded knowledge sharing through internal learning sessions, cross visits, knowledge fora, and an online community platform.
- Roots Collective, a community of young social entrepreneurs, partnered with PEF and Forest Foundation Philippines to establish the Sibol Fund. The fund will help start-ups develop and improve their enterprises, increase the income of local communities and protect the environment.
- With their shared appreciation of learning and knowledge transfer, PEF and the University of the Philippines Center for Integrative and Development Studies started a collaboration on an action research on agricultural value chains, particularly on the conditions for making value chains inclusive and competitive. The research on selected SEs aims to yield insights on how incomes of smallholder farmers that work with SEs may be improved. It also seeks to enable PEF to participate in data analysis related to the action research.
- Active promotion and awareness raising on major initiatives generated a total media value of PHP 16.4 million compared to PHP 9.1 million in previous year. PEF's Facebook page engagement likewise increased by 250%, and the #SEworks campaign posts were the most popular of all posts under the handle, @peaceandequityfoundation. The gains in traction validate PEF's earned trust and credibility in the SE space.

Young entrepreneurs gear up for social impact

With strong commitment to help in growing social enterprises, the Roots Collective, a group of young entrepreneurs, in partnership with PEF and Forest Foundation Philippines, launched the Sibol (growth) Program Fund to enable start-ups to develop and improve their enterprises and help in boosting the income of local communities while protecting the environment.

This special grant facility, which will run starting January 2020, aims to ensure sustainability of social enterprises through product development, income generation for partner communities, and environmental protection.

According to Jamir Ocampo, CEO of Roots Collective, the Sibol Fund is essential in promoting marketability of products at the same time sustaining the impact in communities they support.

"Advocacy for entrepreneurs is not just about the message. It's about proving that this advocacy will work with products through market acceptance. It's also our capacity to generate our own resources to take on developmental initiatives," he said.



Making conservation and development work

As part of a joint action research on agriculture value chains, study teams from PEF and the UP Center for Integrative Development Studies (CIDS), visited the fisherfolk organization Kapunungan sa Gagmay'ng Mangingisda sa Concepcion (KGMC) in Zamboanga Sibugay in November.

KGMC Chair and community leader Roberto "Ka Dodoy" Ballon shared with the team the efforts of KGMC in conserving the natural resources of the coastal areas within Sibuguey Bay while helping the communities improve their income through sustainable livelihood.

The KGMC is one of four SEs that the UP CIDS through its "Escaping the Middle-Income Trap: Chains for Change" or EMIT C4C program is studying to understand the key elements that would enable inclusive and sustainable partnerships in agricultural value chains.



Upgrade



PERFORMANCE MEASUREMENT

- PEF updated its tools for project development, monitoring and evaluation in line with the evolving area development approach. The household baseline collection and monitoring system is likewise being re-calibrated as an important tool for use not only by PEF, but by the partner as well, to track and measure change over time.
- Selected project data and important organizational records have been migrated into the project information system and performance monitoring dashboard to automate process flow, centralize data storage and eventually track key performance indicators.



GOVERNANCE AND INTERNAL CONTROL

- To define PEF's long-term strategy and action, the PEF Board led a strategy review process that started with a series of consultation dialogues to explore options for directions, principles, and means to help fulfill PEF's vision of self-sustaining households. Inputs and insights from these sessions, together with the internal performance review, will serve as basis for the strategic directions 2021 onwards.
- To ensure the data security of its partners and potential partners, PEF has adhered to the implementing rules and regulations of the Data Privacy Act of 2012. Internally, PEF implements measures to ensure protection of personal data of its board, staff and service providers on physical and digital storage. The full PEF privacy statement is posted on the PEF website.
- PEF continued to adopt risk-based project and process audits in monitoring compliance and risks consistent with the organization's goals.
- PEF Board of Trustees elected Mr. Senen C. Bacani as new Chair, while the General Assembly elected three civil society organization leaders to join the PEF Board—Ma. Regina B. Martin of Simag Foundation, Cirila M. Oyoa of Agusanong Kahugpungan sa Kababayan-an, and Ma. Aurora F. Tolentino of Aboitiz Foundation.



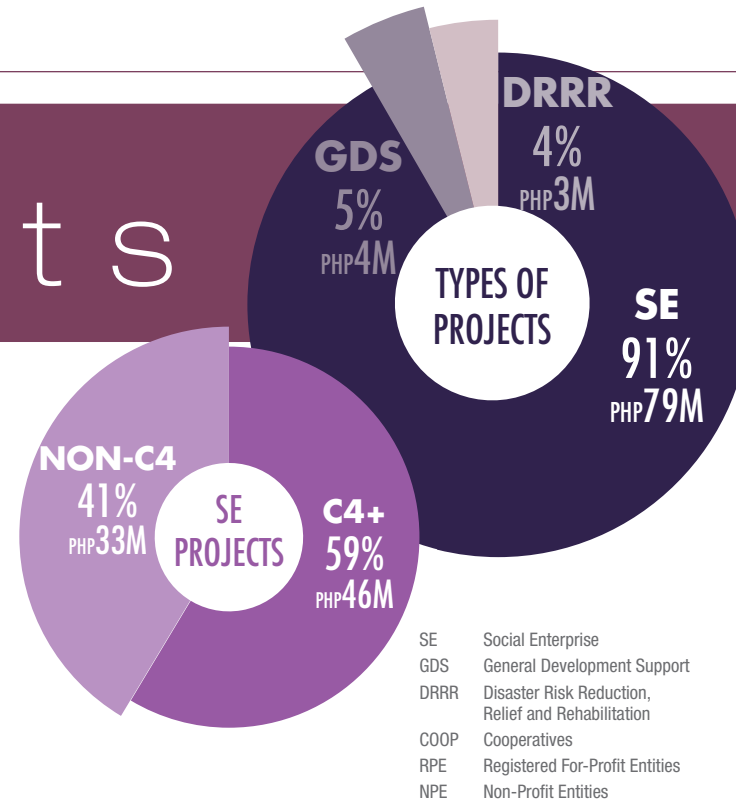
STAFF LEARNING AND COMPETENCY DEVELOPMENT

PEF staff dedicated a cumulative total of 2,566 hours (or an average of 8 days) in informal and formal development activities ranging from results-based monitoring and evaluation, bootcamp on area development, planning and execution, coaching for supervisors and community immersion.

PARTNERSHIP projects

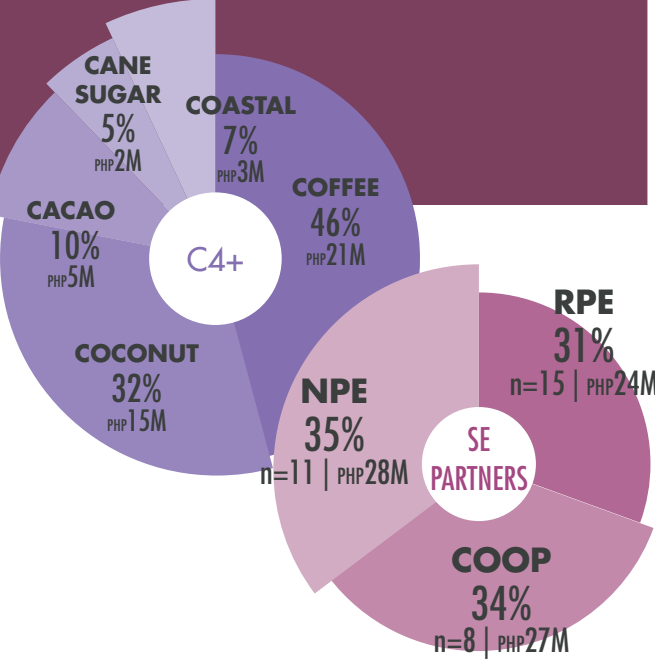
C4+ Social Enterprises PHP 46,320,000

COCONUT	COFFEE	CACAO
Twine rope production Quezon Tropical Prime Credit Cooperative PHP 200,000	Women in coffee learning exchange Kalinga and Ifugao Philippine Coffee Board PHP 75,000	Cacao consolidation and processing Davao del Norte Chokolade de San Idro PHP 1,000,000
Coco coir production Quezon Tropical Prime Coir Corporation PHP 500,000	Coffee consolidation and rejuvenation Benguet Kalsada Coffee Roasters PHP 4,528,000	Cacao trading Davao del Sur Farmers Development Cooperative PHP 1,000,000
Coconut processing and marketing Quezon GreenLife Coconut Products Philippines PHP 5,528,000	Coffee trading and marketing Sultan Kudarat Kalamansig Coffee Industry Development Council PHP 2,106,000	Cacao trading Davao del Sur Subasta Integrated Farmers Multi-Purpose Cooperative PHP 500,000
Coconut bioengineering Albay Coco Technologies PHP 10,000,000	Coffee and corn production Sultan Kudarat Bacbacan Multi-Purpose Cooperative PHP 3,000,000	Cacao processing and organic fertilizer production Davao del Norte Rehoboth Agricultural Cooperative PHP 500,000
Coconut and cacao rejuvenation Davao del Norte Laak Multi-Purpose Cooperative PHP 1,000,000	Coffee and corn trading Sultan Kudarat Keytodac Coffee Growers Association PHP 1,500,000	Cacao trading Compostela Valley Cabiuangan Small Coconut Farmers Cooperative PHP 1,500,000
Coconut sap production Davao del Sur Lao Integrated Farms PHP 4,000,000	Coffee trading Bukidnon Bayanihan Millenium Multi-Purpose Cooperative PHP 2,018,000	Cacao trading Compostela Valley Cabiuangan Small Coconut Farmers Cooperative PHP 1,500,000
CANE SUGAR Block farming pilot testing Negros Occidental Simag Foundation PHP 500,000	Coffee trading South Cotabato Joscual Trading PHP 400,000	COASTAL Fishing gears and patrol support Ipil Action Group PHP 250,000
Block farming expansion Negros Occidental Hacienda Malaga Cuenca Agrarian Reform Cooperative PHP 2,000,000	Coffee trading Bukidnon Miarayon-Lapuk Lirongan Talaandig Tribal Association PHP 1,215,000	Agri-fishery production Sarangani Sta. Cruz Multi-Purpose Cooperative PHP 3,000,000



Non-C4 Social Enterprises PHP 32,645,037

BASIC SOCIAL SERVICES	OTHERS
WATER Water system upgrading and expansion, capacity building Compostela Valley Grow Lambo Multi-Purpose Cooperative PHP 786,500	Feasibility study of and business plan for rice cooperatives business hub Agusan del Norte and Sur Philippine Family Farmers Agriculture Fishery Forestry Cooperatives Federation PHP 442,750
Water system development Maguindanao Atos Farmers Marketing Cooperative PHP 3,675,000	Microfinance for business operators Sarangani Katotohanan, Pagkakaisa at Serbisyo-Small Enterprise and Economic Development PHP 3,000,000
Water system development Zamboanga Sibugay Kapunungan sa Gagmay'ng Mangingisda sa Concepcion PHP 3,555,787	Microfinance for farmers and business operators Sarangani Kiamba Micro Entrepreneurs Multi-Purpose Cooperative PHP 3,000,000
RENEWABLE ENERGY Solar home lighting system Soccsksargen Mahintana Foundation PHP 5,000,000	Corn and abaca production Bukidnon Kauyagan Savers Multi-Purpose Cooperative PHP 1,885,000
	Crop production and off-farm livelihood Isabela Alalay sa Kaunlaran PHP 10,300,000
	Bag weaving by local artisans Multiple areas Rags2Riches PHP 1,000,000



Disaster Risk Reduction, Relief and Rehabilitation PHP 3,366,000

MINDANAO EARTHQUAKE RELIEF OPERATIONS	TYPHOON USMAN RELIEF OPERATIONS	TYPHOON TISOY RELIEF OPERATIONS
Kasilak Development Foundation PHP 250,000	Saradit na Kristyanong Komunidad Farmers Corporation PHP 155,000	Ipil Action Group PHP 6,000
Maguindanao Development Foundation PHP 350,000	Western Samar Development Foundation PHP 250,000	COFFEE INFESTATION ASSISTANCE Bugkalot Coffee Company PHP 75,000
Mount Apo Foundation PHP 350,000	TYPHOON URSULA RELIEF OPERATIONS Uswag Development Foundation PHP 250,000	
Balutakay Coffee Farmers' Cooperative PHP 280,000	Partnership of Philippine Support Service Agencies PHP 250,000	
Center for Emergency Aid and Rehabilitation PHP 300,000		
Lumad Mindanaw Peoples Federation PHP 350,000		
Pasacaday Manobo Association PHP 250,000		
Kadtabanga Foundation for Peace and Development Advocates PHP 250,000		

PROJECT FUNDING PER REGION



- LUZON** ● PHP 32,867,000
- VISAYAS** ● PHP 3,000,000
- MINDANAO** ● PHP 46,464,037
- MULTIPLE AREAS** ● PHP 4,000,000

General Development Support PHP 4,000,000

INSTITUTIONAL STRENGTHENING	RESEARCH
Lecture Series on Cooperative Governance National Cooperative Movement PHP 50,000	Escaping the Middle-Income Trap: Chains for Change University of the Philippines Foundation PHP 1,000,000
Co-op Youth Leaders Camp CODIS Federation of Cooperatives PHP 100,000	Linking young social entrepreneurs with community enterprises Kapwa Greens Lifestyle PHP 1,000,000
47th General Assembly Association of Foundations PHP 100,000	Summit on environmental protection and empowerment of indigenous peoples Save Sierra Madre Movement Network Alliance PHP 100,000
Commodity and Sectoral Fora Pambansang Kilusan ng mga Samahang Magsasaka PHP 350,000	Zero Extreme Poverty 2030 General Assembly Philippine Business for Social Progress PHP 100,000
National Agricultural Cooperatives Knowledge Forum and Trade Expo Philippine Cooperative Center PHP 200,000	Zero Extreme Poverty 2030 program operations support Philippine Business for Social Progress PHP 1,000,000



TREASURER'S report

On behalf of the Board of Trustees, I am pleased to report the financial highlights of the Foundation for the year 2019.

Status of the Endowment Fund

As of December 31, 2019, the total fund balance dipped to PHP 2.07 billion from its beginning of year balance of PHP 2.09 billion. (See Figure 1. Comparative Total Fund Balance).

The net decrease of PHP 24.67 million can be traced to the following:

- Net investment income including income from partners of PHP 113.56 million less operating expenses including grants to partners of PHP 86.49 million;
- Unrealized losses on market prices in common stocks and other securities in the amount of PHP 49.36 million;
- Net unrealized gains due to capital appreciation in real estate in the amount of PHP 3.18 million;
- Net provision for bad debts of PHP 5.56 million.

Similar to 2018, the Foundation's Board continued to defer the implementation of the provision. The provision is made to keep intact the value of the Original Endowment Fund of PHP 1.318 billion established in 2001 and as a source of fund for programs and operations during unfavorable financial conditions. The Board will revisit this policy once the funding requirements of the Foundation for the next strategy cycle are determined.

Financial Position

Total assets at yearend amounted to PHP 2.17 billion. Eighty percent (80%) of total assets amounting to PHP 1.73 billion are investments in financial securities and investment properties. The remaining 20% of the total assets are in the forms of cash of PHP 54 million; net receivables from partners of PHP 164 million; investments in Peace and Equity Holdings, Inc. of PHP 125 million; and other assets such as property and equipment in the amount of PHP 94 million.

The equity and liabilities side of the balance sheet shows the value of the restricted and unrestricted fund balance of PHP 2.07 billion equivalent to 95% of total equity and liabilities. The remaining 5% or PHP 101 million represent donor funds held in trust, grants payable to partners, and other liabilities.

Summary of Disbursements and Sources of Funds for 2019

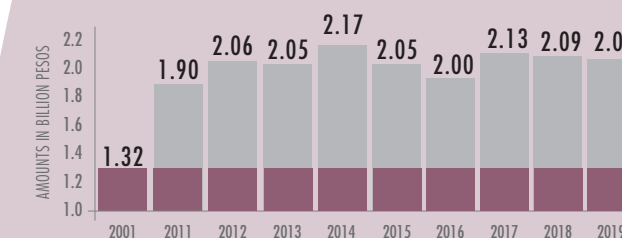
In 2019, the Foundation disbursed a total of PHP 161.84 million for the following purposes:

- Investments to partner organizations in the form of project loans totaled PHP 76.60 million;
- Grants extended to SE and other general development programs amounted to PHP 25.10 million;
- The cost incurred in project development, monitoring and evaluation totaled PHP 23.17 million;
- Expenses incurred for capacity building and technical assistance totaled PHP 5.75 million;
- Cost for knowledge management, research and advocacy amounted to PHP 9.67 million;
- An additional amount of PHP 2.31 million was spent for other institutional expenses;
- General and administrative expenses amounted to PHP 19.24 million. (See Figure 2. Summary of Disbursements for 2019)

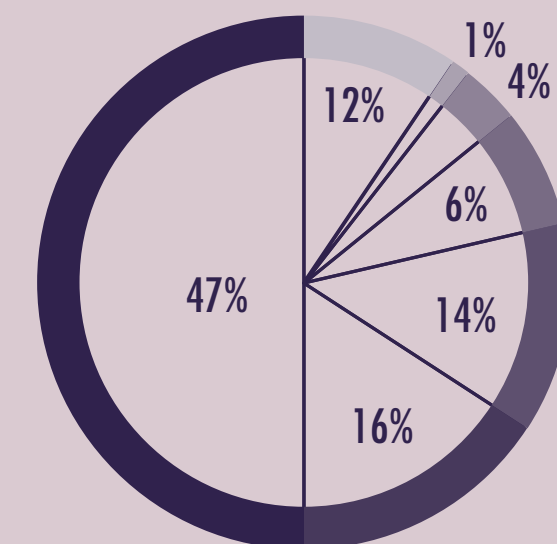
To fund the programs and operations of the Foundation as indicated above, sources were generated from the following:

- Net realized income from dividends, interest, and trading gains from investments in marketable securities such as stocks and bonds, amounted to PHP 105.21 million;
- Project reflows in the form of principal payments and interest on loans received from partner organizations totalled PHP 93.40 million;
- Income from partners of PHP 8.06 million.

**Figure 1:
Comparative Total Fund Balance
For years 2011-2019
(in billion pesos)**



**Figure 2:
Disbursements for the year 2019**



- Investments to partners
- Grants
- Project development, monitoring and evaluation
- Research, baseline survey and communication
- Capacity building and technical assistance
- Other institutional expenses
- General and administrative expenses

AUDITED

financial statements

**Peace Equity Access for
Community Empowerment
(PEACE) Foundation, Inc.**
(A Nonstock, Not-for-profit Corporation)

Parent Company Financial Statements
December 31, 2019 and 2018

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc. (a nonstock, not-for-profit corporation) (the Parent Company), which comprise the parent company statements of assets, liabilities and fund balances as at December 31, 2019 and 2018, and the parent company statements of comprehensive income, parent company statements of changes in fund balances and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 28 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Peace Equity Access for Community Empowerment (PEACE) Foundation, 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 & CO.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola

Partner

CPA Certificate No. 109952

SEC Accreditation No. 1540-AR-1 (Group A),

January 10, 2019, valid until January 9, 2022

Tax Identification No. 242-019-387

BIR Accreditation No. 08-001998-117-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 8125250, January 7, 2020, Makati City

March 31, 2020

**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION, INC.**
(A Nonstock, Not-for-profit Corporation)

**PARENT COMPANY STATEMENTS OF ASSETS, LIABILITIES
AND FUND BALANCES**

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 25)	P54,282,256	P75,556,135
Receivables (Notes 7 and 25)	127,498,388	135,116,975
Financial assets at fair value through profit or loss (FVTPL; Notes 8 and 25)	683,117,576	893,713,145
Investments - current portion (Notes 10 and 25)	71,087,760	-
Other current assets (Note 9)	2,699,364	2,200,827
Total Current Assets	938,685,344	1,106,587,082
Noncurrent Assets		
Receivables - net of current portion (Notes 7 and 25)	36,489,065	65,829,121
Investments - net of current portion (Notes 10 and 25)	939,815,368	824,176,266
Property and equipment (Note 11)	83,462,094	83,578,425
Investment properties (Note 12)	39,070,000	37,014,706
Investment in a subsidiary (Note 13)	125,000,000	125,000,000
Other noncurrent assets (Note 21)	5,232,569	4,409,253
Total Noncurrent Assets	1,229,069,096	1,140,007,771
	P2,167,754,440	P2,246,594,853
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14 and 25)	P43,322,586	P25,023,691
Grants payable (Notes 15 and 25)	19,092,284	11,055,113
Funds held in trust (Notes 16 and 25)	19,643,423	100,048,490
Total Current Liabilities	82,058,293	136,127,294
Noncurrent Liability		
Deferred tax liability (Notes 11, 12 and 23)	19,761,706	19,773,886
Total Liabilities	101,819,999	155,901,180
Fund Balances		
Restricted		
Endowment fund (Note 1)	1,318,371,694	1,318,371,694
Provision for inflation (Note 4)	797,227,853	797,227,853
	2,115,599,547	2,115,599,547
Unrestricted		
	(49,665,106)	(24,905,874)
Total Fund Balances	2,065,934,441	2,090,693,673
	P2,167,754,440	P2,246,594,853

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.

**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION, INC.**
(A Nonstock, Not-for-profit Corporation)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
REVENUE		
Trading gains (Note 10)	P50,050,217	P2,858,494
Interest income (Notes 6, 7 and 10)	48,039,991	32,696,835
Dividends (Note 10)	33,633,514	33,422,637
Fair value gains on investment property (Note 12)	3,358,149	2,719,000
Foreign exchange gains - net	-	9,500,657
Recovery of doubtful accounts (Note 7)	-	4,703,467
Other income (Note 20)	1,557,095	419,292
	136,638,966	86,320,382
EXPENSES		
Loss on investment at fair value through profit or loss (Note 8)	48,219,251	98,781,787
Project expenses (Note 17)	40,892,198	39,230,666
Grant expenses (Note 15)	25,104,035	20,021,027
General and administrative (Note 18)	19,246,509	18,496,368
Foreign exchange loss - net	10,540,186	-
Provision for impairment losses on receivables (Note 7)	5,635,191	-
Depreciation and amortization (Note 11)	1,706,615	10,278,966
Trustee fees (Note 10)	3,205,863	4,285,653
Other expenses (Note 10)	1,603,028	1,401,673
	156,152,876	192,496,140
LOSS BEFORE TAXES	(19,513,910)	(106,175,758)
PROVISION FOR TAXES (Note 23)		
Final tax	4,368,919	4,104,528
Deferred tax	123,318	629,976
	4,492,237	4,734,504
NET LOSS	(24,006,147)	(110,910,262)
OTHER COMPREHENSIVE LOSS		
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net movement in revaluation increment on land and building and improvements (Note 11)	-	163,795
Tax effect	135,498	2,266,649
Remeasurement gain (loss) on defined benefit plan (Note 21)	257,354	(44,249)
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of financial assets at FVOCI (Note 10)	(1,145,937)	(7,198,095)
	(753,085)	(4,811,900)
TOTAL COMPREHENSIVE LOSS	(P24,759,232)	(P115,722,162)

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.

PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE) FOUNDATION INC.
(A Nonstock, Not-for-profit Corporation)
PARENT COMPANY STATEMENTS OF CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Unrestricted Funds				Restricted Funds	
	Members' Contribution	Cumulative Excess of Revenue over Expenses	Fair Value Reserve for Fluctuation on Financial Assets at FVOCI	Reserve for Land and Building Improvement	Revaluation Increment on Land and Building	Revaluation Increment on Land and Building
At January 1, 2019	P100,000	(P58,274,022)	(P16,705,732)	P-	P48,676,297	P1,297,583
Net loss	-	(24,006,147)	-	-	(451,659)	-
Amortization of revaluation increment	-	451,659	-	-	135,498	-
Tax effect of amortization of revaluation increment	-	-	-	-	-	-
Remeasurement gain on defined benefit plan	-	-	-	-	257,354	-
Change in fair value of financial assets at FVOCI	-	-	(1,145,937)	-	-	(1,145,937)
At December 31, 2019	P100,000	(P81,828,510)	(P17,851,669)	P-	P48,360,136	P1,554,937
At January 1, 2018, as previously reported	P100,000	(P121,725,728)	P-	P-	P1,341,832	P17,793,203
Effect of change in accounting policy on land and building and improvements (Note 11)	-	19,221,737	-	-	46,245,853	-
Effect of the adoption of PFRS 9, <i>Financial Instruments</i>	-	147,584,736	(9,507,637)	(138,077,099)	-	-
At January 1, 2018, as restated	100,000	45,080,745	(9,507,637)	-	46,245,853	1,341,832
Net loss	-	(110,910,262)	-	-	-	(110,910,262)
Amortization of revaluation increment	-	7,555,495	-	-	(7,555,495)	-
Tax effect of amortization of revaluation increment	-	-	-	-	2,266,649	-
Transfer of property and equipment to investment property (Notes 11 and 12)	-	-	-	-	-	2,266,649
Remeasurement loss on defined benefit plan	-	-	-	-	7,719,290	-
Change in fair value of financial assets at FVOCI	-	-	(7,198,095)	-	-	(44,249)
At December 31, 2018	P100,000	(P58,274,022)	(P16,705,732)	P-	P48,676,297	P1,297,583

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.

PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE) FOUNDATION, INC.
(A Nonstock, Not-for-profit Corporation)
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before final tax	(P19,513,910)	(P106,175,758)
Adjustments for:		
Unrealized changes in prices - FVTPL (Note 8)	48,219,251	98,781,787
Unrealized foreign exchange loss (gain)	10,540,186	(9,500,657)
Provision (recovery) for impairment losses on receivables (Note 7)	5,635,191	(4,703,467)
Depreciation and amortization (Note 11)	1,706,615	10,278,966
Reversal on impairment losses on investment property (Note 12)	-	(241,301)
Gain on sale of investment property (Notes 12 and 20)	(105,000)	(30,000)
Gain on sale of property and equipment (Notes 11 and 20)	(289,619)	(1,396)
Changes in fair value gains on investment property (Note 12)	(3,358,149)	(2,719,000)
Interest income (Notes 6, 7 and 20)	(8,058,815)	(8,060,614)
Investment income (Note 10)	(118,856,019)	(55,230,027)
Operating loss before working capital changes	(84,080,269)	(77,601,467)
Decrease (increase) in:		
Receivables	35,331,847	650,009
Other current assets	(498,537)	(1,034,815)
Increase (decrease) in:		
Accounts payable and accrued expenses	18,298,895	(722,038)
Grants payable	8,037,171	(11,245,431)
Funds held in trust	(80,405,067)	(18,177,664)
Net cash used in operations	(103,315,960)	(108,131,406)
Interest income received	4,408,275	8,371,116
Final taxes paid	(4,368,919)	(4,104,528)
Net cash flows used in operating activities	(103,276,604)	(103,864,818)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investments	93,359,538	43,767,906
Proceeds from sale of property and equipment	400,300	1,400
Additions to property and equipment (Note 11)	(1,700,965)	(1,598,816)
Increase in investment property (Notes 11 and 12)	-	(7,719,290)
Proceeds from sale of investment property	1,050,000	209,993
Net movement in other noncurrent assets	(565,962)	(1,952,482)
Net cash flows provided by investing activities	92,542,911	32,708,711
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(10,540,186)	9,500,657
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,273,879)	(61,655,450)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	75,556,135	137,211,585
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P54,282,256	P75,556,135

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.

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A CALL TO
scale up



PEF seeks to partner with 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 in building sustainable communities.

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