

# Caguiat, Abad & Co

TIN-000-911-354-000

Anita Building (Circle)  
1300 Quezon Avenue, Quezon City  
Telephone No. (632) 225-5331

## INDEPENDENT AUDITORS' REPORT

**The Board of Trustees  
Philippine Economic Society, Inc.  
UP Campus Diliman Quezon City**



We have audited the accompanying financial statements of **Philippine Economic Society, Inc.** which comprise the statements of assets and fund balances as of December 31, 2014 and 2013, and the statements of revenues and expenses, statement of fund balances and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on 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 of material misstatement.

### Scope

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.

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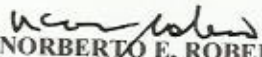
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Philippine Economic Society, Inc. as of December 31, 2014 and 2013, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SME's).

## **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional components attached therein, such as Schedule of Receipts and Disbursements is presented for the purpose of filing with the Securities and Exchange Commission (SEC) and is not part of the basic financial statements. Such information and additional component is the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NORBERTO E. ROBEL  
Partner  
CPA Certificate No. 0097934  
BOA/PRC Reg. No. 4667  
Valid Until December 31, 2015  
BIR Accreditation No. 08-005100-1-2014  
Valid Until March 31, 2017  
T.I.N. 102-989-239-000  
P.T.R. No. 4766188  
January 24, 2015  
Makati City

March 31, 2015

**PHILIPPINE ECONOMIC SOCIETY, INC.**  
**(A non-stock, non-profit organization)**  
**STATEMENT OF FINANCIAL POSITION**

			DECEMBER 31	
	Notes	2014		2013
<b>ASSETS</b>				
Cash and Cash Equivalents	2,3	P 969,051.22	P	1,141,766.95
Receivables	2,4	319,625.00		111,695.71
<b>TOTAL ASSETS</b>		<b>P 1,288,676.22</b>	<b>P</b>	<b>1,253,462.66</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accrued expenses		P 34,315.97	P	-
<b>FUND BALANCE</b>	<b>5</b>	<b>P 1,254,360.25</b>	<b>P</b>	<b>1,253,462.66</b>
<b>TOTAL FUND BALANCE</b>		<b>P 1,288,676.22</b>	<b>P</b>	<b>1,253,462.66</b>

*See accompanying Notes to Financial Statements*





PHILIPPINE ECONOMIC SOCIETY, INC.  
A non-stock, non-profit organization)

STATEMENT OF REVENUES AND EXPENSES

	Notes	YEARS ENDED DECEMBER 31	
		2014	2013
REVENUE	2,6 P	1,625,857.50 P	954,962.55
OTHER INCOME	7	1,764.68	2,760.00
ANNUAL MEETING AND CONFERENCE	8	(1,148,389.58)	(796,138.79)
GENERAL AND ADMINISTRATIVE EXPENSES	9	(478,335.01)	(374,895.10)
<b>EXCESS OF EXPENSES OVER REVENUE</b>	<b>P</b>	<b>897.59 P</b>	<b>(213,311.34)</b>

See accompanying notes to financial statements



PHILIPPINE ECONOMIC SOCIETY, INC.  
(A non-stock, non profit organization)

STATEMENT OF CHANGES IN FUND BALANCE

	Notes	YEARS ENDED DECEMBER 31	
		2014	2013
FUND BALANCE, BEGINNING OF THE YEAR	P	1,253,462.66	P 1,466,274.00
PRIOR YEAR ADJUSTMENTS		-	500.00
EXCESS OF EXPENSES OVER REVENUES		897.59	(213,311.35)
<b>FUND BALANCE, END OF YEAR</b>	<b>P</b>	<b>1,254,360.25</b>	<b>P 1,253,462.65</b>

*See accompanying Notes to Financial Statements*

**PHILIPPINE ECONOMIC SOCIETY, INC.**  
**(A non-stock, non-profit organization)**  
**STATEMENT OF CASH FLOWS**

	<i>Notes</i>	<b>YEARS ENDED DECEMBER 31</b>	
		<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess / deficit of revenues over expenses	P	897.59	P (213,311.34)
Adjustment to reconcile net income to net cash provided by operating activities			
Interest Income		(1,764.68)	(2,759.70)
Prior period adjustments		-	500.00
Changes in Assets and Liabilities			
(Increase) Decrease in receivables		(207,929.29)	301,250.29
Increase (Decrease) in accrued expenses		34,315.97	-
<b>Net Cash provided (used) in operating activities</b>		<b>(174,480.41)</b>	<b>85,679.25</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income		1,764.68	2,759.70
<b>Net cash provided from investing activities</b>		<b>1,764.68</b>	<b>2,759.70</b>
NET INCREASE IN CASH		(172,715.73)	88,438.95
CASH AT THE BEGINNING		1,141,766.95	1,053,328.00
<b>CASH AT THE END</b>	<b>P</b>	<b>969,051.22</b>	<b>P 1,141,766.95</b>

*See accompanying Notes to Financial Statements.*

**PHILIPPINE ECONOMIC SOCIETY, INC.**  
**(A non-stock, non-profit organization)**  
**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the year ended December 31, 2014 and 2013**

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**1. GENERAL INFORMATION**

The Philippine Economic Society, Inc. a non-stock, non-profit Organization, organized under the laws of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on the 4th day of April 1962 with SEC Registration No. 0000021163. The primary purpose for which the Company was established are to foster and encourage professional and social relations among economist in the Philippines; and to improve the standard of economic research and instructions in the Philippines.

On September 23, 2011, the term of the Company was extended to another fifty (50) years and approved on February 21, 2012

The registered office address of the Organization is at School of Economics, University of the Philippines, Diliman, Quezon City.

The financial statements of the Organization as at December 31, 2014 were approved and authorized for issue by the Board of Trustees on March 31, 2015. The Board of Trustees is empowered to make revisions even after the date of issue.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

Basis of Preparation

The financial statements have been prepared on a historical cost basis. The Organization's financial statements are presented in Philippine Peso, which is the Organization's functional currency.

Statement of Compliance

These financial statements have been prepared in accordance with the *Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SME's)*

The preparation of financial statements requires management to make critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Organization's accounting policies.

Cash

Cash includes cash in bank in Peso and Dollar accounts. Cash in banks are deposits held at call with banks. The Company reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

Receivables

Receivables represents uncollected sponsorship and grants as of December 31, 2014. It is non-interest bearing and generally collected January of the following year in current operations.

Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenue and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.



### 3. CASH

This account consists of the following:

	2014		2013
Cash in bank - Peso	P 812,113	P	973,669
Cash in bank - Dollar	156,938		168,098
	<u>P 969,051</u>	P	<u>1,141,767</u>

Cash in bank pertains to deposit to local banks which earn interest at the respective bank deposit rates and carried in the statement of financial position at face value.

### 4. RECEIVABLES

This account consists of the following:

	2014		2013
Receivable - sponsorship and grants	P 319,625	P	111,696

The above cash investments are short term in nature with maturity of less than three months but due to management imposed restrictions in their withdrawal, it was categorized as investment and not cash equivalent.

### 5. FUND BALANCE

Fund balance is the excess of revenues over expenses of the organization accumulated over the years of its operation.

### 6. REVENUES

This account consists of the following:

	2014		2013
Sponsorship / Conference fees	P 1,100,620	P	922,963
Conference/membership fees	525,238		32,000
	<u>P 1,625,858</u>	P	<u>954,963</u>

### 7. OTHER INCOME

This account consists of the following:

	2014		2013
Interest on savings account	P 1,765	P	2,760

### 8. ANNUAL MEETING AND CONFERENCE EXPENSES

This account consists of the following:

	2014		2013
Venue and technical requirements	P 728,806	P	150,965
Food / accomodation / travel	-		375,849
Photocopy / printing / reproduction	51,345		-
Giveaways / conference kits	113,154		101,714
Secretariat	57,760		54,163
Supplies	37,487		-
Equipment and car rental	85,000		54,576
Media	35,000		
Transportation expenses	7,586		
Miscellaneous / Communication	32,253		
	<u>P 1,148,390</u>	P	<u>737,266</u>



## 9. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	2014	2013
Secretariat	P 115,200	P 86,400
Administrative expenses	158,655	10,521
International linkages / FAEA, IEA Membership	41,405	100,280
Transportation	2,270	512
Communication	255	7,429
Representation	22,450	-
Bank charges	3,000	6,591
Office supplies	4,750	29,100
Printing and publications	70,350	49,500
Donation	60,000	-
	P 478,335	P 290,333

### 7. Supplementary Information Required Under Revenue Regulations (RR) 19-2011

On December 9, 2011, the BIR has issued Revenue Regulations (RR) No., 19-2011 prescribing the new income tax forms to be used effective calendar year 2011. In the case of corporations using BIR Form 1702, the taxpayer is now required to include as part of its Notes to the Audited Financial Statements, which will be attached to the income tax return, schedules and information on taxable income and deductions taken.

Below are the additional disclosures applicable to the company, pursuant to RR 19-2011:

#### a. Exempt receipts

The association's exempt receipts consists of Grants, conference and membership fees, journal subscriptions and interest income amounting to P1,625,858 and P954,963 in 2014 and 2013 respectively.

### 8. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

#### A. Withholding taxes

There's no taxes withheld for the year 2014

#### B. The Organization has no tax investigation and tax cases.