



PCNC
PHILIPPINE COUNCIL FOR NGO CERTIFICATION

ANNUAL | 20
REPORT | 20



Thriving in Crisis: The Future of NGOs in the Philippines

Our History

The proposed Comprehensive Tax Reform Program in 1995 would have eliminated donors' tax exemption and deductibility of donations to NGOs as a means of increasing revenues for the Government. Realizing that this would have an enormous detrimental effect on NGOs and Foundations that are dependent on local donation, representatives of the NGO sector lobbied with the Department of Finance (DOF) to retain the tax incentives given to local donors of Philippine NGOs. The DOF understood the predicament that the elimination of the tax incentives to donors would have brought to NGOs and challenged the NGO community to establish a peer review mechanism that would ensure that only qualified NGOs will be allowed to receive tax exempt and tax deductible contributions under the 1995 tax law.

The NGO community saw this as an opportunity and a responsibility to complement the efforts of the Government in ensuring that resources received by non-stock, non-profit organizations are used and maximized for their intended purposes.

In response to the challenge of the DOF, six (6) of the largest NGO networks in the Philippines got together and established the Philippine Council for NGO Certification, Inc. (PCNC). The six (6) NGO networks are: Association of Foundations; Bishops-Businessmen's Conference on Human Development; Caucus of Development NGOs (CODE-NGO); League of Corporate Foundations (LCF); National Commission on Social Development (NCSD); and the Philippine Business for Social Progress (PBSP). In 1997, PCNC was registered with the Securities and Exchange Commission.

In 1998, PCNC entered into a Memorandum of Agreement (MOA) with the DOF. The MOA designates PCNC as the certifying organization of NGOs seeking donee institution status from BIR. This means BIR will issue donee institution status only to those endorsed by PCNC.

PCNC continues its commitment to genuine social change. It continues to enhance the standards and evaluation mechanism it has set for NGO legitimacy, efficiency, effectiveness not only for "Donee Institution Status" but more for the seal of good housekeeping.

Vision

A community of professional, accountable and sustainable Filipino NGOs

Mission

To safeguard the integrity of the Philippine NGO sector and improve the reach, capability and effectiveness of our members



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Chairperson's Report

The theme, Thriving in Crisis: The Future of NGOs in the Philippines resonates with us all. On one hand, it invites us to celebrate our triumphs and success and how we emerged stronger amidst this crisis. On the other hand, it calls us to reflect and draw insights from our learning to build a better future for the NGO sector in the Philippines.

The PCNC mandate

The Philippine Council for NGO Certification, established on January 29, 1997 by six NGO networks, has been duly designated by the Secretary of Finance as an "Accrediting Entity" pursuant to Memorandum of Agreement on January 29, 1998, executed between then Secretary of Finance and the PCNC Interim Chairman. This mandate of PCNC as an "Accrediting Entity" is embodied in Revenue Regulations No. 13-98, issued on December 8, 1998.

In April 2008, through Executive Order No. 720, the distinct mandate of PCNC as "the government's partner in a system of accreditation to determine the qualification of domestic corporations or associations or NGOs for accreditation as donee institutions" was emphasized. This renewed mandate all the more strengthened PCNC's partnership with the Bureau of Internal Revenue and other government institutions in extending the benefits of donee institution status to qualified NGOs.

For 22 years, PCNC, in partnership with the Government, has lived up to the expectation of being a "self-regulatory organization" in ensuring the integrity, transparency, and accountability of the NGO sector. It is our collective commitment that PCNC will continue pursuing its mission for the benefit of more NGOs that are trusted, respected, and reliable partners in national development.



Ensuring continuity of PCNC operations amidst the COVID 19 pandemic

The year 2020 started with the routine conduct of face-to-face evaluation of NGOs applying for accreditation. With the declaration of Enhanced Community Quarantine due to COVID-19 pandemic, PCNC suspended operations.

To ensure the health and safety of our staff, and in conformity with the health protocols, PCNC implemented the work-from-home alternative work scheme starting on March 16, 2020. On June 1, the PCNC staff started reporting to office on a rotation basis.

With more pronounced difficulties in communications, the upgrading of the "Information and Communication Technology (ICT)" software and hardware, and retooling of personnel became urgent. Initial technical assistance was provided by Techsoup Asia and the acquisition of software and hardware was guided by the Board.

Thanks to you, our member-organizations and supporters, the upgrading of the ICT of PCNC was made possible through your donations.

Under these circumstances, PCNC had to resort to stop-gap measures and changes in its evaluation process:

- Before the end of March, 2020, PCNC immediately coordinated with the Bureau of Internal Revenue (BIR) for the issuance of temporary extension up to December 31, 2020 to those organizations whose donee status have expired between March 31, 2020 and August 31, 2020. The request of PCNC was approved by BIR in April 2020. To apply for the temporary extension, applicants were only asked to submit through email, copies of their latest certifications from BIR, concerned government agency, and PCNC, with the letter of request, and endorsed by PCNC.
- In September, 2020, another request was sent to BIR for extension of temporary donee status for those with BIR certification that ended between March 31, 2020 and March 31, 2021. BIR approved the temporary extension of COR up to June 30, 2021.
- PCNC had to accelerate the pilot testing of interim online evaluation. This was made possible with the upgraded ICT software and hardware of PCNC and related capabilities of its personnel.

Reviewing Applications for PCNC Certification

The PCNC Board conducted face-to-face meetings in January and February, 2020. We were not able to conduct board meetings from March to June, 2020 due to the pandemic. Communications were done mostly through emails. On July 7, the first online PCNC Board Meeting was conducted and monthly, thereafter.



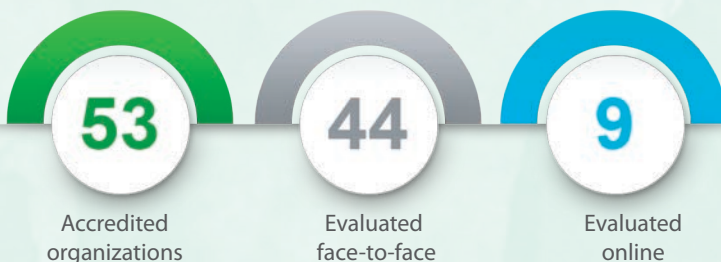


The monthly Board meeting agenda mainly included review of results of regular face-to-face evaluations of applicant-organizations conducted for the months of January, February and March, 2020. Included also were applicants evaluated in the latter

part of 2019, but were able to complete additional requirements only in 2020.

The pilot test of the interim online evaluation process was conducted in November and December 2020.

In 2020, your Board approved the accreditation of 53 organizations, of which 44 were evaluated face-to-face and nine (9) were evaluated during the pilot test of the interim online evaluation process.



Of the 53 PCNC-accredited NGOs, 51 were endorsed to the BIR for issuance of donee institution status. As of the end of the 2020, the BIR issued the Certificate of Registration as donee institution to 51 organizations as endorsed by the Council. Two organizations have yet to complete the required documents for submission to the BIR.

A total of 51 NGOs applied for the temporary extension of their donee status up to December 31, 2020. Of the 51, BIR approved the application of 49 NGOs. The three that were not approved were found to



have donee status that expired in the last quarter of 2019. For the second extension of the donee status up to June 30, 2021, 75 have submitted their application and endorsed to BIR; of which, 56 have been approved as of date. A total of 27 organizations were given both extensions. The approved regular and temporary donee status enabled the concerned NGOs to continuously receive donations and implement their programs and projects meant to alleviate the effects of the pandemic.



Leading the review of the PCNC evaluation system



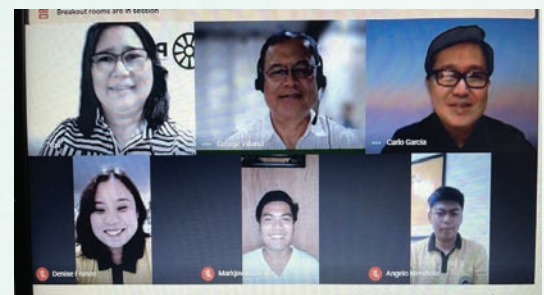
Members of the PCNC Board of Trustees come from different types and sizes of NGOs or Foundations. Their expertise ranges from governance, to program management, to finance. All of these come into play, not only in assessing the degree of compliance of applicant-NGOs with the standards of good governance and management, but also in providing recommendations for improvements in their operations. The Board persistently takes the lead in maintaining the “helping and learning” culture of PCNC.

With the upgrading of our ICT capabilities, and after consultation with the evaluators and select certified organizations, the Board approved the pilot test of interim

online evaluation in November and December 2020. This allowed us to calibrate the teleconferencing applications to be used, the manner by which documents can be shared securely, and the process in conducting online interviews. In addition, we were able to establish submission and communication protocols with the BIR.

During the monthly meetings of the Board of Trustees, selected evaluation policies and procedures were reviewed as the need arises.

As we navigate these new ways of doing things—the online evaluation, and online board meetings—we continue to learn, and adjust, and improve, mindful of the capability constraints of many small NGOs that we serve.



Harnessing partnerships

PCNC will not be able to fulfil its mission without the encouraging support from its partners from the government agencies and private institutions.



Bureau of Internal Revenue (BIR)

BIR has been PCNC's main partner. It only recognizes the endorsement of PCNC in the issuance of Donee Status to NGO. BIR's support to PCNC and the NGO sector was highlighted with the approval of our requests for issuance of temporary extension of donee status given the difficulties caused by the pandemic. Despite these difficulties, BIR accommodated our request to release the certificates of donee status to qualified NGOs endorsed by PCNC.



Securities and Exchange Commission

The SEC accepted PCNC's recommendation to include in the pro-forma Articles of Incorporation and By-Laws for non-stock, non-profit corporations and foundations the provisions that the BIR expects from NGOs seeking donee institution status. This will eventually eliminate the need to amend the Articles of Incorporation and By-Laws to incorporate those provisions.



Volunteer Peer Evaluators

The Volunteer Peer Evaluators come from the senior officers of PCNC-accredited organizations and members of the Philippine Institute of Certified Public Accountants (PICPA). Without the Volunteer Peer Evaluators, PCNC would not be able to do its work. PCNC is grateful to the Volunteer Peer Evaluators and their respective organizations that generously shared their staff members to support PCNC.



PICPA & Philippine Association of Management Accountants

PICPA and the Philippine Association of Management Accountants continue to give PCNC-accredited organizations access to their respective online seminars on topics relevant to NGOs, especially on latest directives from the BIR and SEC and in financial management.



NGO Networks

PCNC cooperates with the Association of Foundations, CODE-NGO and the League of Corporate Foundations on Bills in the Senate and Congress that affect NGOs and Foundations. The three networks closely coordinate with PCNC in the application for certifications of its members. AF and LCF make their seminars for NGOs and Foundations available to PCNC-accredited organizations that are not members of their respective networks.



TechSoup Asia

TechSoup Asia is a non-profit organization that connects NGOs to charity-discounted software and hardware products. Selected software is provided as donations. In the Philippines, TechSoup is providing these services to PCNC and its accredited organizations, together with online seminars on information technology.



QNE Software

QNE Software graciously hosted our online General Assembly last year and this year. Without their assistance it would have not been possible for PCNC to successfully hold these online events.

Looking forward to 2021 and beyond



As we gradually adapt to the online evaluation process, we are able to cope with the backlog of applications. More organizations are applying for PCNC accreditation, either new or renewal of expired certifications, as they too resume their operations. From January to May, 2021, we have accredited 53 organizations, the evaluations of which were conducted online.

On February 3, 2021, the PCNC Board had a visioning exercise to begin the process of rethinking the purpose of PCNC, and creating a vision of what PCNC should be if it were to thrive in the future. Within the context of this pandemic and other calamities and disasters that we usually encounter, we reflected on our individual and collective experiences to build empathy and to draw insights on how PCNC can become more relevant and effective as a “self-regulatory organization”.

Three strategic directions come into fore.

First. Reinforce credible, transparent, and efficient NGO accreditation and certification system. It is unlikely that we will go back to the face-to-face evaluation anytime soon. And even if the situation would allow it, the future direction points to a blended evaluation system that capitalizes on the gains of online systems that we started to use. Surely, there are still a lot of works to be done, one of which is the development of **PCNC Accreditation Management System** that will make the conduct of online evaluations more efficient. This effort will be complemented by the development and implementation of a **Document Management System** to facilitate the secure storage, sharing, and retrieval of documents. On top of them, we will undertake a full review of **PCNC Accreditation Policies and Standards** to make it more robust, responsive, and coherent with the changing NGO landscape and regulatory framework.

Second. Expand NGO reach. The incentives provided for by law to qualified NGOs must be enjoyed by many. Today, there are more than 460 PCNC-accredited NGOs that are enjoying the benefits of donee institution status. There are more NGOs out there, small ones, that are doing great work for the communities, but have not been able to access PCNC certification. We want to make PCNC more accessible to them, not just for the donee institution status, but also as a partner in building their capacity as reliable, accountable, and effective development actors.

And, third. Enhance partnerships. PCNC’s strength over the years has been anchored on strong partnerships with government institutions, development agencies, and private organizations. We need to make sure that PCNC lives up to its responsibility entrusted by the government. We need to make sure that the PCNC seal of good NGO house-keeping is respected and recognized. Harnessing these partnerships in creating innovative solutions to our common challenges is key to thriving in the future. Uplifting the general public’s trust and confidence in the NGO sector, for instance, is a common duty we all need to work on. It’s a huge task, that no single organization or network can do alone.

In the coming months, we will flesh out the details of these strategies and initiatives. We hope that you will be with us in this journey.

On behalf of the Board of Trustees, the management, and staff, I thank you all for your continued trust and support to PCNC. Your enthusiasm and commitment to your good works drive us, the Board and Secretariat, to do better.

Mabuhay ang PCNC! Mabuhay tayong lahat!

Dr. Maria Cristina Lim Yuson
Dr. Maria Cristina Lim Yuson

Treasurer's Report

On behalf of the Board of Trustees, I am pleased to present the financial results of our operations for the fiscal year and the financial condition of PCNC as of December 31, 2020.

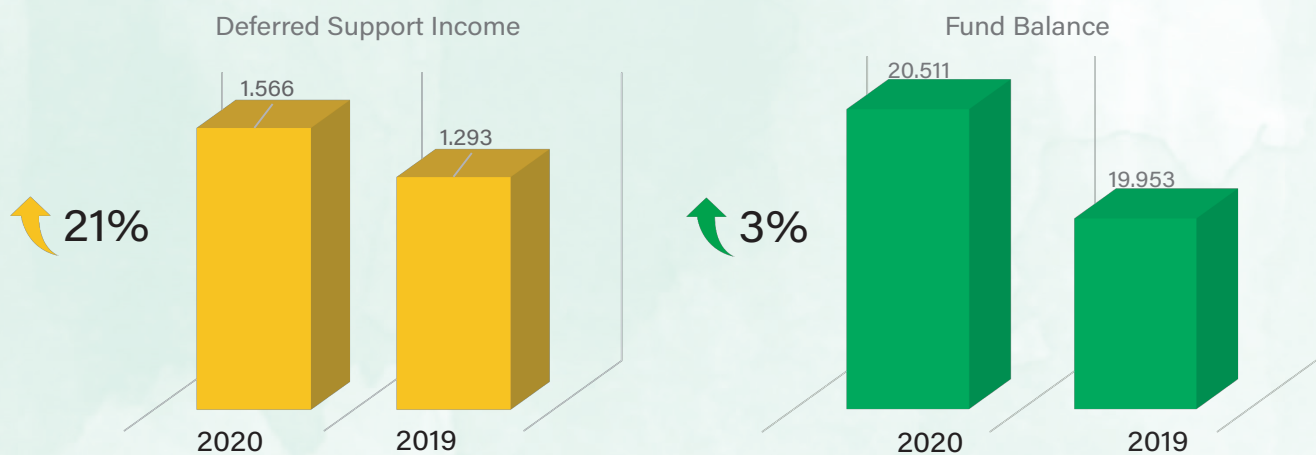
We ended 2020 in a stable financial position. Total assets increased by 4% to PhP23.3 million year-on-year. The decrease in the noncurrent assets was due to investment in bonds that matured, which was reclassified as current asset available for investment. Hence, the increase in the current assets by 60%.



STATEMENT OF FINANCIAL POSITION

	December 31		
	2020	2019	% Change
Current Assets	11,756,819	7,361,957	60%
Noncurrent Assets	11,574,894	14,998,885	(23%)
Total Assets	23,331,713	22,360,842	4%
Current Liabilities	1,875,160	1,600,189	17%
Noncurrent Liabilities	945,230	807,249	17%
Fund Balance	20,511,323	19,953,404	3%
Total Liabilities & Fund Balance	23,331,713	22,360,842	4%

The increase in current liabilities by 17% was driven by the increase in deferred support income mainly due to undisbursed portion of the donations last General Assembly amounting to PhP1.1 million which was allocated for our capability upgrade project this year.



Through your generous support and donations last year, we were able to acquire new computers, upgrade our internet connection, and migrate to Google Workspace as our business productivity and collaboration tool. These improvements have allowed us to resume the accreditation process while observing alternative work schemes in response to continuing quarantine status in Metro Manila.

Our capability upgrade planned for this year, particularly the Accreditation Management System, is envisioned to improve further the evaluation process workflow, establish a cloud-based database of accredited NGOs, and implement a document management system, among others.

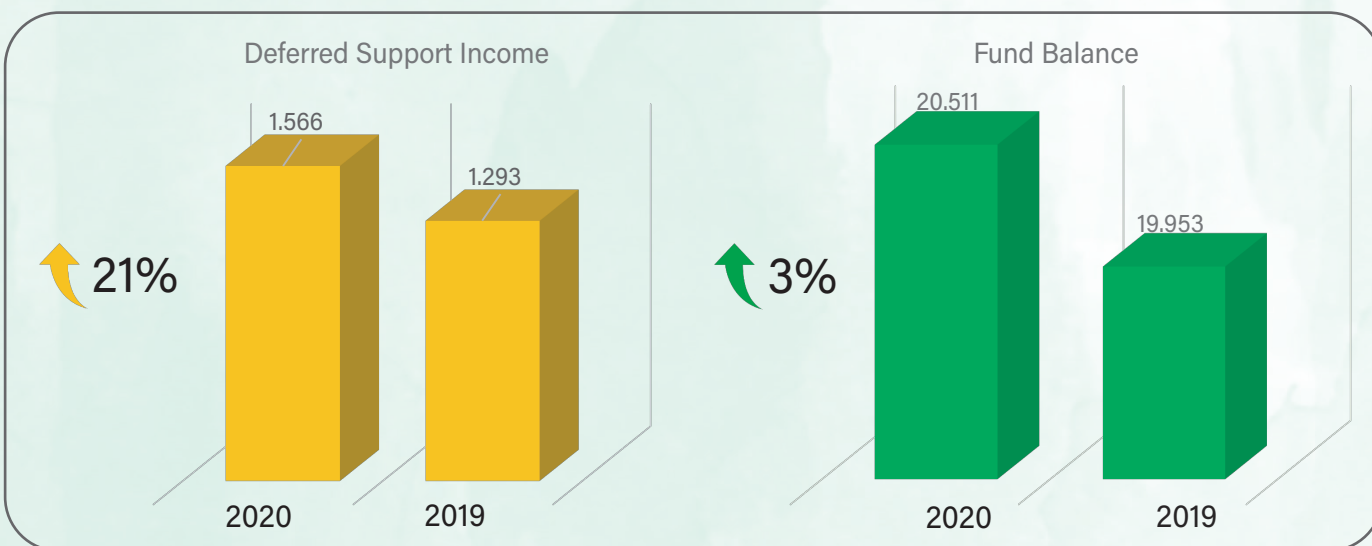
Donations received in 2020 General Assembly for PCNC Capability Upgrade and Support

PARTICULARS	2020
Total donation received	2,134,000
Disbursements	
Program disbursement, IT upgrade	383,100
Support to administrative cost, 30%	640,200
Total disbursements	1,023,300
Deferred donation for 2021	1,110,699

Objectives of Capability Upgrade Plan

- Improve evaluation process and workflow tracking
- Enhance monitoring of accredited NGOs
- Establish a cloud-based document management system
- Improve working environment

The fund balance slightly increased by 3% to PhP20.51 million from PhP19.95 million last year.

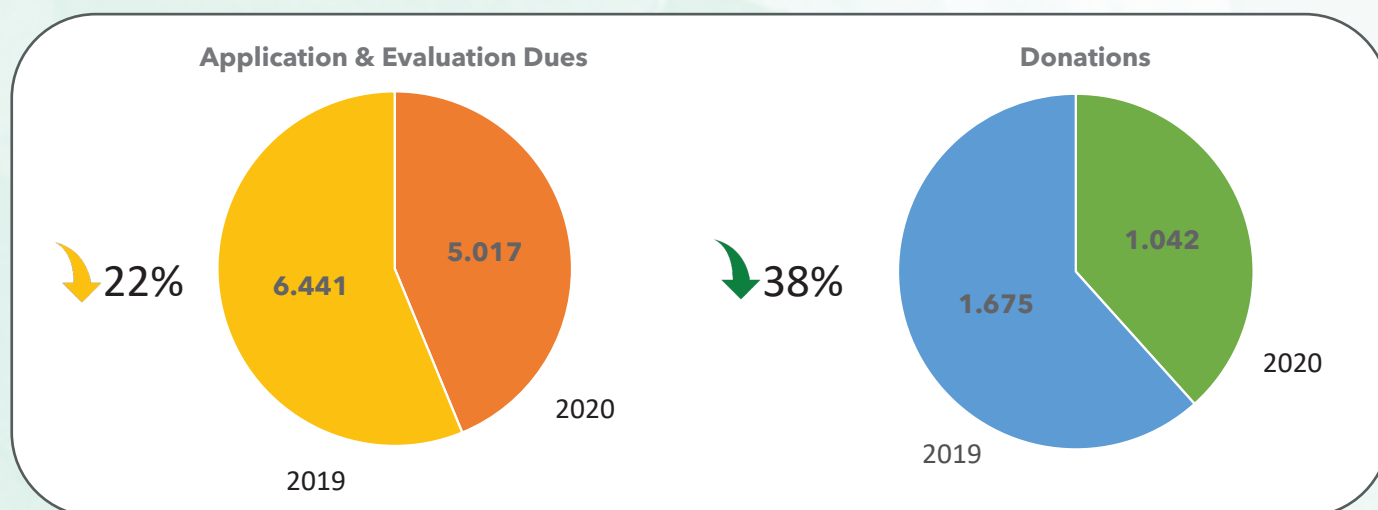


The financial results of our core operations show considerable decline in operating income, by 23%, due to suspension of evaluation activities in most part of 2020 due to Covid-19 pandemic. The decrease, however, was cushioned by modest increase in interest income and change in fair value of investment assets.

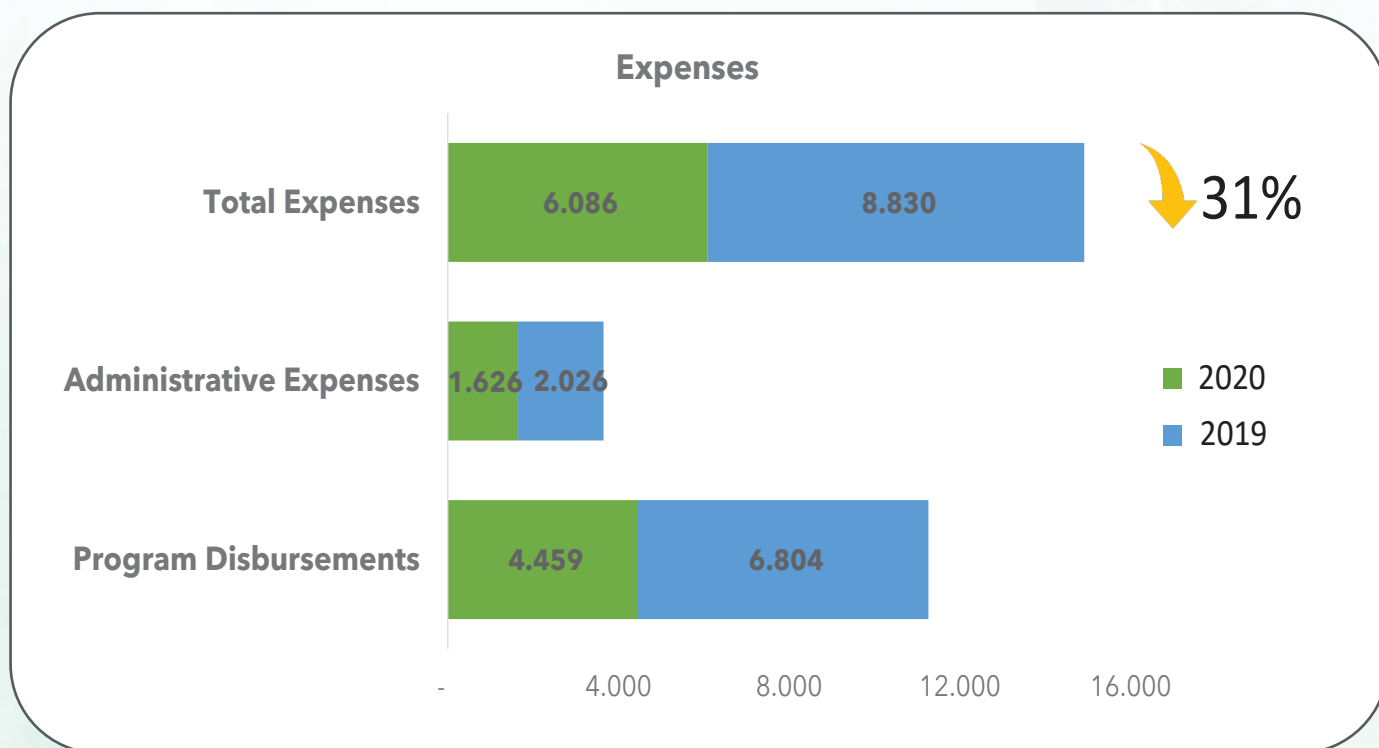
STATEMENT OF INCOME

December 31			
	2020	2019	% Change
Income	6,643,424	8,641,326	(23%)
Dues	5,016,600	6,441,492	(22%)
Grants & Donations	1,042,082	1,674,732	(38%)
Other Income	584,742	525,102	11%
Expenses	6,085,505	8,830,322	(31%)
Program Disbursements	4,459,157	6,804,079	(34%)
General & Administrative Expenses	1,626,348	2,026,243	(20%)
Excess (Deficiency) of Income Over Expenses	557,919	(188,996)	

Application dues declined by 22% as many NGOs suspended operations and implemented work-from-home arrangement to cope with the pandemic.



Operating expenses were likewise calibrated, thereby decreasing by 31% to PhP6.1 million from prior year's PhP8.8 million. Both program and general administrative expenses were reduced commensurate to the level of evaluation and accreditation activities that we were able to do at the time.



We ended 2020 with a little surplus of PhP0.5 million, and with a fund balance increasing slightly by 3% to PhP20.51 million. This would not have been possible if not for your support and donations which funded part of our operating cost.

Thriving in these times of pandemic has proven, and we will continue to prove, that the NGO sector is strong, resilient, and capable of surmounting the challenges that we encounter no matter how difficult they may be.

We learned that in order to thrive, we need to work together, support each other, and be creative and innovative in fulfilling our mission of serving the least, the last, and the lost.

On behalf of the Board of Trustees and the management and staff of PCNC, my sincerest gratitude to all of you for your continued trust and support to PCNC. Your commitment to the good works that you are doing propel us, in the Board, to be more diligent in the responsibilities that you have entrusted to us.

Rev. Fr. Antonio Cecilio T. Pascual
Treasurer

Recognizing Our Volunteer Peer Evaluators

PCNC values and recognizes the services of Volunteer Peer Evaluators (VPE) in conducting accreditation assessments of applicant-NGOs. If not for the VPEs, the Council would not have been able to fulfill its mandate as Accrediting Entity. We wish to acknowledge and thank all Volunteer Peer Evaluators who conducted evaluations in 2020 -2021. We also honored seven (7) VPEs at the 22nd PCNC Annual General Assembly last June 1, 2021. The Honorees have conducted at least 10 evaluations to assess various organizations applying for PCNC Accreditation.

Volunteer Peer Evaluators who served from November 2020 to April 2021

Jennifer Jan Y. Abella Center for Community Transformation, Inc.	Cristina S. Hangod, RSW Independent Program Consultant, Taguig City
Angela Alado-Avelino Gerry Roxas Foundation, Inc.	Natalie Christine V. Jorge Bato - Balani Foundation, Inc.
Leonor T. Amacio De La Salle University Dasmariñas	Marcos T. Lim, CPA Philippine Institute of Certified Public Accountants, Inc.
Marie A. Angeles Ronald McDonald's House Charities of the Philippines, Inc.	Nenita A. Luna, CPA San Beda College Benedictine Educational Foundation, Inc.
Ma. Lourdes G. Arroyo Caucus of Development NGO Networks, Inc. (CODE-NGO)	Dinah U. Macaranas, RSW Christian Mission Service Philippines, Inc.
Edwin T. Aspra, Ph.D. La Salle University Dasmariñas	Alma C. Mapili, CPA Winrock International
Carmen Linda M. Atayde Independent Program Consultant, Taguig City	Veronica Ester L. Mendoza SPECS Foundation, Inc.
Evelyn E. Atienza, CPA Philippine Institute of Certified Public Accountants, Inc.	Jolly A. Mider Independent Program Consultant, Bacolod City
Faye Elsa S. Avanzado, CPA Philippine Institute of Certified Public Accountants, Inc.	Rebecca C. Minodin, CPA Philippine Institute of Certified Public Accountants, Inc.
Caridad M. Basila, CPA Concordia Children's Services, Inc.	Arnolfo S. Morfe Dualtech Training Center Foundation, Inc.
Jocelyn M. Bautista, CPA British Council Philippines / PICPA	Maria Cristina Josefina B. Ocampo, CPA Philippine Institute of Certified Public Accountants, Inc.
Tita Evasco-Branzuela, Ph.D. San Beda University	Anita V. Ogena, CPA Philippine Institute of Certified Public Accountants, Inc.
Camille B. Buenaventura San Miguel Corporation, Inc.	Alfonso A. Pablo Ramon Magsaysay Foundation, Inc.
Fe G. Canta Philippine Educational Theater Association, Inc.	Bernadita R. Padolina Operation Blessing Foundation Philippines, Inc.
Allan M. Cao, CPA Isla Lipana & Co. Foundation, Inc.	Noel C. Racho, Ph.D. Miriam College Foundation, Inc.
Danilo M. Cerence Aboitiz Foundation, Inc.	Concepcion R. Racaza, CPA, MSA Philippine Institute of Certified Public Accountants, Inc.
Atty. Rosita Chua-Cham, CPA Philippine Institute of Certified Public Accountants, Inc.	Arcely A. Rodriguez, CPA Philippine Institute of Certified Public Accountants, Inc.
Jessie M. Cubijano Primary Structures Educational Foundation, Inc.	Alberto B. Roxas, M.D. College of Medicine, UP Manila
Ellen B. De Guzman, CPA Philippine Institute of Certified Public Accountants, Inc.	Sr. Maria Luisa D. Simon, SFIC St. Joseph's College of Quezon City
Michelle A. Dela Cerna, CPA Philippine Institute of Certified Public Accountants, Inc.	Maria Victoria U. Sy, Ph.D. Independent Program Consultant, Cebu City
Elizabeth V. Eduave Shining Light Foundation, Inc.	Joycelyn K. Tañada Independent Program Consultant, Makati City
Doris M. Espinosa Independent Program Consultant, Quezon City	Lolita P. Tang, CPA PICPA Foundation, Inc. Philippine Institute of Certified Public Accountants, Inc.
Lolita Go-Ganapin Bidlisiw Foundation, Inc.	Jude C. Trinidad St. Luke's Medial Center Foundation, Inc.
Carlo P. Garcia, Ph.D. Miriam College Foundation, Inc.	George V. Villaruz, CPA Philippine Institute of Certified Public Accountants, Inc.
Fe Evelyn B. Garcia Little Bamboo Foundation, Inc.	Normita L. Villaruz, CPA Philippine Institute of Certified Public Accountants, Inc.
Rina G. Gloriani, CPA Philippine Institute of Certified Public Accountants, Inc.	Bernadette N. Yap Multinational Foundation, Inc.
Florencia Santiago-Gorospe, CPA Philippine Institute of Certified Public Accountants, Inc.	

10 Evaluations



Ms. Leonor T. Amacio

Faculty and Assessment Coordinator
Quality Assurance Office
De La Salle University Dasmariñas
Dasmariñas City, Cavite



Ms. Jocelyn M. Bautista, CPA

Consultant / Accountant
British Council Philippines / PICPA
Taguig City



Ms. Gilda G. Cadagat

Executive Director
Ilog Kinderhome Foundation Inc.
Ilog, Negros Occidental



Atty. Rosita Chua - Cham

Member, PICPA-
Northern Metro Manila Chapter
Vice President, IBP Manila IV
(Conrado V. Sanchez) Chapter
Mandaluyong City/Manila



Dr. Alberto B. Roxas, MD

Clinical Professor of Surgery
College of Medicine, UP Manila
Manila

30 Evaluations



Ms. Concepcion R. Racaza,
CPA, MSA

CPA Practitioner / PICPA Member
PICPA-CEBU Chapter
Cebu City

175 Evaluations



Ms. Lolita P. Tang, CPA

Executive Director / CPA Practitioner
Philippine Institute of Certified Public
Accountants Foundation, Inc.
Mandaluyong City

LIST OF PCNC ACCREDITED ORGANIZATIONS (September 2020 – May 2021)

NEWLY ACCREDITED ORGANIZATIONS

1. Capiz Development Foundation, Inc., Roxas City
2. Eliahu Cedars Foundation, Inc., Baliwag, Bulacan
3. Fellowship for Organizing Endeavors (FORGE), Inc., Cebu City
4. Lingkod Muntinlupa Foundation, Inc., Muntinlupa City
5. Mabuhay Deseret Foundation, Inc., Quezon City
6. Metro Pacific Foundation, Inc., Makati city
7. PAREF-Westbridge School, Inc., Iloilo City
8. Philippine Mental Health Association, Inc., Quezon City
9. Save Lives Save Souls Foundation, Inc., Dasmariñas City, Cavite
10. Tanglaw-Touch Care Foundation, Inc., Pasig City
11. Waves for Water Organization, Inc., Makati city
12. Young Focus for Education and Development Foundation, Inc., Manila

RE-ACCREDITED ORGANIZATIONS:

1. Ang Misyon, Inc., Pasig City
2. Angelicum Charitable Foundation, Inc., Makati City
3. Ateneo de Iloilo, Inc., Iloilo City
4. Ateneo de Zamboanga University, Inc., Zamboanga City
5. BDO Foundation, Inc., Makati City
6. Beacon International School Foundation, Inc., Taguig City
7. Bonifacio Art Foundation, Inc., Taguig City
8. Central Visayas Network of NGOs (CENVISNET), Inc., Talisay City, Cebu
9. Child Protection Network, Inc., Manila
10. Children International (Bicol), Inc., Legazpi City, Albay
11. Consuelo “Chito” Madrigal Foundation, Inc., Makati City
12. Don Bosco Technical Institute of Makati, Inc., Makati City
13. East-West Seed Foundation, Inc., San Rafael, Bulacan
14. El Observatorio de Manila, Inc., Quezon City
15. Fr. Al’s Children Foundation, Inc., Silang, Cavite
16. Friends of Verbum Dei, Inc., Pasig City
17. Gerry Roxas Foundation, Inc., Quezon City



LIST OF PCNC ACCREDITED ORGANIZATIONS (September 2020 – May 2021)

18. Habitat for Humanity Philippines Foundation, Inc., Makati City
19. ICTSI Foundation, Inc., Manila
20. Ignajo Foundation, Inc., Quezon City
21. Integrative Center for Alternative Development Foundation, Inc., San Juan City
22. International Graduate School of Leadership, Inc., Quezon City
23. Juanito I. King Foundation, Inc., Cebu City
24. Jollibee Group Foundation, Inc., Pasig City
25. Justice, Peace & Integrity of Creation-Integrated Development Center (JPIC-IDC), Inc., Cebu City
26. Ka Eliong Foundation, Inc., Baliuag, Bulacan
27. Kapampangan Development Foundation, Inc., Bacolor, Pampanga
28. Knowledge Channel Foundation, Inc., Quezon City
29. LBC Hari ng Padala Foundation, Inc., Pasay City
30. League of Corporate Foundations, Inc., Makati City
31. Little Bamboo Foundation, Inc., Cebu City
32. Madre de Amor Hospice Foundation, Inc., Los Banos, Laguna
33. Monark Foundation, Inc., Quezon City
34. National Music Competitions for Young Artists Foundation, Inc., Pasay City
35. NYK-Transnational Institute Foundation, Inc., Calamba City, Laguna
36. Odyssey Foundation, Inc., Valenzuela City
37. Operation Blessing Foundation Philippines, Inc., Makati city
38. Operation Compassion Philippines, Inc., Quezon City
39. Operation Smile Philippines Foundation, Inc., Makati City
40. Ophthalmological Foundation of the Philippines, Inc., San Juan City
41. Philippine Academy of Rehabilitation Medicine-Rehabilitation Advocacy, Research and Education (PARM-RARE) Foundation, Inc., Quezon City
42. Philippine Business for Social Progress, Inc., Mandaluyong City
43. PTC-CSJ Foundation, Inc., Makati City
44. RC Manila Foundation, Inc., Manila
45. Security Bank Foundation, Inc., Makati City
46. Shepherd's Voice Radio and Television Foundation, Inc., Quezon City
47. Simon of Cyrene Community Rehabilitation and Development Foundation, Inc., Daraga, Albay
48. SM Foundation, Inc., Pasay City
49. Sunwest Care Foundation, Inc., Legazpi City, Albay
50. Tahanang Mapagpala ng Immaculada Concepcion Foundation, Inc., Malolos City, Bulacan
51. Tan Yan Kee Foundation, Inc., Makati City
52. Tukod Foundation, Inc., Parañaque City
53. United Bayanihan Foundation, Inc., Mandaluyong City
54. World Vision Development Foundation, Inc., Quezon City



PCNC
PHILIPPINE COUNCIL FOR NGO CERTIFICATION

Audited Financial Statements



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Philippine Council for NGO Certification, Inc.
6/F SCC Bldg., CFA-MA Compound
4427 Interior Old Sta. Mesa Road
Sta. Mesa, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philippine Council for NGO Certification, Inc. (the Council), which comprise the statements of financial position as at December 31, 2020 and 2019, and statements of income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

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 Financial Statements* section of our report. We are independent of the Council 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, 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.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Council'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 Council'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 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 Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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 (RR) 34-2020 and 15-2010 in Note 18 and 19 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 Philippine Council for NGO Certification, 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.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),

July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2020,

November 27, 2020, valid until November 26, 2023

PTR No. 8534373, January 4, 2021, Makati City

April 5, 2021

PHILIPPINE COUNCIL FOR NGO CERTIFICATION, INC.**(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 3)	P7,359,580	P6,788,157
Receivables (Note 4)	397,239	573,800
Current portion of investment in bonds (Note 5)	4,000,000	–
Total Current Assets	11,756,819	7,361,957
Noncurrent Assets		
Investment in mutual fund (Note 6)	11,132,100	10,734,000
Property and equipment (Note 8)	403,499	142,188
Rental deposits (Note 16)	39,295	39,295
Investment in bonds (Note 5)	–	4,000,000
Intangible asset (Note 7)	–	83,402
Total Noncurrent Assets	11,574,894	14,998,885
	P23,331,713	P22,360,842
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts and other payables (Note 9)	P309,660	P307,243
Deferred support income (Note 10)	1,565,500	1,292,946
Total Current Liabilities	1,875,160	1,600,189
Noncurrent Liability		
Net retirement liability (Note 15)	945,230	807,249
Total Liabilities	2,820,390	2,407,438
Fund Balance		
Unrestricted funds	20,511,323	19,953,404
	P23,331,713	P22,360,842

See accompanying Notes to Financial Statements.

PHILIPPINE COUNCIL FOR NGO CERTIFICATION, INC.**(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF INCOME**

	Years Ended December 31	
	2020	2019
INCOME		
Dues (Note 12)	₱5,016,600	₱6,441,492
Grants and donations (Note 11)	1,042,082	1,674,732
Change in fair value of investment in mutual fund (Note 6)	398,100	432,600
Interest income (Notes 3 and 5)	186,642	92,502
	6,643,424	8,641,326
EXPENSES		
Program disbursements (Note 13)	4,459,157	6,804,079
General and administrative expenses (Note 14)	1,626,348	2,026,243
	6,085,505	8,830,322
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	₱557,919	(₱188,996)

See accompanying Notes to Financial Statements.

PHILIPPINE COUNCIL FOR NGO CERTIFICATION, INC.**(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF CHANGES IN FUND BALANCE**

	Years Ended December 31	
	2020	2019
Balance at beginning of year	₱19,953,404	₱20,142,400
Excess (deficiency) of income over expenses	557,919	(188,996)
Balances at end of year	₱20,511,323	₱19,953,404

See accompanying Notes to Financial Statements.

PHILIPPINE COUNCIL FOR NGO CERTIFICATION, INC.**(A Nonstock, Not-for-Profit Organization)****STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of income over expenses	₱557,919	(₱188,996)
Adjustments for:		
Retirement expense (Notes 13, 14 and 15)	137,981	409,153
Amortization and depreciation (Notes 7, 8 and 14)	114,737	123,968
Change in fair value of investments in mutual fund (Note 6)	(398,100)	(432,600)
Interest income (Note 3 and 5)	(186,642)	(92,502)
Changes in working capital:		
Decrease receivables	176,561	129,005
Increase in:		
Deferred support income	272,554	91,946
Accounts payable and accrued expenses	2,417	40,873
Net cash generated from operations	677,427	80,847
Interest received	186,642	92,502
Net cash provided by operating activities	864,069	173,349
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of:		
Property and equipment (Note 8)	(292,646)	(154,631)
Investment in bonds (Note 5)	–	(4,000,000)
Net cash used in investing activities	(292,646)	(4,154,631)
NET INCREASE (DECREASE) IN CASH	571,423	(3,981,282)
CASH AT BEGINNING OF YEAR	6,788,157	10,769,439
CASH AT END OF YEAR (Note 3)	₱7,359,580	₱6,788,157

See accompanying Notes to Financial Statements.

PHILIPPINE COUNCIL FOR NGO CERTIFICATION, INC.

(A Nonstock, Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Council Information

Philippine Council for NGO Certification, Inc. (PCNC or the Council) was registered with the Securities and Exchange Commission (SEC) on January 29, 1997 as a private, voluntary, nonstock, not-for-profit organization, tapped by the Department of Finance to establish and operate a certification system that aims to determine the qualifications of nonstock, not-for-profit corporations/non-government organizations (NGOs) to become a donee institution.

The Bureau of Internal Revenue (BIR) issued the Certificate of Tax Exemption of the Council on July 15, 2020. The certificate indicates that as a nonstock, not-for-profit organization, the Council falls under Section 30 (E) of the Republic Act (RA) No. 8424 entitled, “An Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes”. The receipts from activities conducted in pursuit of the objectives for which the Council was established are exempt from income tax. However, any income arising from its real or personal properties, or from activities conducted for profit, regardless of the disposition made of such income, shall be subject to tax imposed under the Tax Code. The Council’s registration as a qualified donee institution is valid until December 17, 2024.

On April 11, 2008, Executive Order (EO) 720 was issued and became effective June 29, 2008. EO 720 modified EO 671 with the objective of strengthening the accreditation system for nonstock, not-for-profit organizations. The following are the significant provisions of EO 720:

- PCNC shall be the government’s partner in a system of accreditation to determine qualification of organizations as donee institutions.
- The PCNC Board of Trustees (BOT) shall include the representative of choice by the Department of Social Welfare and Development (DSWD).
- Organizations whose mandate clearly fall under government agencies (as indicated in their purpose) that already have registration procedures in place (e.g., DSWD, Department of Science and Technology, National Commission for Culture and the Arts, Commission on Higher Education) are required to submit proof of their registration/accreditation/permit with the concerned government agency before PCNC processes their application.

The Council’s registered office and principal place of business is at 6/F SCC Bldg., CFA-MA Compound, 4427 Interior Old Sta. Mesa Road, Sta. Mesa, Manila.

The accompanying financial statements of the Council were delegated for review and approval by the BOT in its meeting dated March 24, 2021 to Fr. Antonio Cecilio T. Pascual, Trustee and Treasurer, and were approved and authorized for issue on April 5, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Council have been prepared under the historical cost basis, except for investment in mutual fund, which is measured at fair value. The financial statements are presented in Philippine Peso (₱), which is also the Council’s functional currency. All amounts are rounded-off to the nearest peso unless, otherwise indicated.

Statement of Compliance

The accompanying financial statements of the Council have been prepared in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs), as approved by the Philippine Financial Reporting Standards Council, Board of Accountancy and SEC.

Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

Current versus Noncurrent Classification

The Council presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Council classifies all other liabilities as noncurrent.

Financial Instruments

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

The Council's basic financial instruments consist of cash, receivables (except advances to officers and employees and other receivables), investment in bonds, and accounts and other payables (except payable to government agencies). The Council's complex financial instrument includes investment in mutual fund.

Basic Financial Instrument

Initial Measurement

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

Subsequent Measurement

Debt instruments are subsequently measured at amortized cost using the effective interest rate (EIR).

Impairment of Financial Instruments at Amortized Cost

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

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

Derecognition of Financial Assets

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

Derecognition of Financial Liabilities

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

Cash

Cash includes cash on hand and in banks. Cash in banks earns interest at the respective bank deposit rates. Interest earned is recorded under interest income.

Receivables

Receivables, which are based on normal credit terms and do not bear interest, are recognized initially at the transaction price. These are subsequently measured at amortized costs using the EIR method. A provision for impairment of receivables are established when there is objective evidence that the amounts due according to the original terms are not recoverable.

Investment in Bonds

Investment in bonds are financial assets with fixed or determinable payments and fixed maturity that the Council has the positive intention and ability to hold to maturity.

Investment in Mutual Fund

Investment in mutual fund is recognized initially at its fair value, which is normally the transaction price. This is held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. This is subsequently measured at fair value and recognize changes in fair value in profit or loss.

Investment in mutual fund is classified as noncurrent assets, unless the intention is to dispose of such assets within twelve (12) months from reporting date.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property and equipment beyond its originally assessed standard of performance and the cost of the items can be measured reliably, the expenditures are capitalized as an additional cost.

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

	Years
Furniture and fixtures	3 - 5
Computers	2 - 5

The EUL and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Fully depreciated assets are still carried in the accounts until they are no longer in use and no further depreciation is charged against current operations.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and any impairment losses. Amortization is calculated using straight-line method over its estimated useful life of five (5) years for the Council's acquired computer software.

Impairment of Nonfinancial Assets

Assets such as the Council's property and equipment and intangible assets are assessed at each reporting date whether there is an indication that the assets are impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Council will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher than the carrying amount that would have been determined had no impairment loss been recognized in the prior years.

Accounts and Other Payables

Accounts and other payable are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of past event; (b) it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable. The Council recognizes revenue to the extent that it is probable that the future economic benefits will flow to the Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Dues

Dues include annual dues, application dues and registration fees. These are recognized when the related services have been rendered and right to receive payment is established. Annual and

application dues collected during the year from donee institutions that are yet to be evaluated and/or accredited are presented under “Deferred support income” account in the liabilities section of the statement of financial position.

Grants and donations

Revenue from unrestricted grants and donations are recognized upon receipt of the grants and donations. Revenue from restricted grants and donations are recognized upon fulfillment of the donor-imposed conditions attached to the grants and donations and/or to the extent that expenses are incurred. Restricted support for which restrictions and conditions have not yet been met, are classified as deferred support income. At project completion date, any excess funds in deferred support are to be returned to the donors unless otherwise agreed by both parties to be retained by the Council and therefore credited to unrestricted support.

Interest income

Interest income are recognized as they accrue, taking into account the effective yield on the asset.

Expense Recognition

Expense is recognized when a decrease in future economic benefits related to a decrease in asset or an increase in liability has arisen that can be measured reliably. Expenses and other charges are recognized when incurred and measured at the amount paid or payable.

Retirement Costs

The Council has a funded, non-contributory defined benefit retirement plan, administered by a trustee, covering their regular and permanent employees. Retirement benefit obligation is measured using the accrual approach based on the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as The Philippine Retirement Pay Law. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees’ years of service, without consideration of future changes in salary rates and service periods.

Retirement liabilities or assets is the net of the following amounts;

- The accrued amount of the retirement benefits at the reporting date; less
- The fair value of plan assets at the reporting date out of which the obligations are to be settled directly.

Fund Accounting

The accounts of the Council are maintained in accordance with the principle of fund accounting to ensure observance of limitations and restrictions placed on the use of resources available to the Council. This is the procedure by which resources for various purposes are classified for accounting and financial reporting purposes into funds that are in accordance with specified activities and objectives. Separate accounts are maintained for each fund. However, in the Council’s financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group, if applicable.

Leases

Lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Some arrangements do not take the legal form of a lease but convey rights to use assets in return for payments. Such arrangements are in substance leases of assets, and they should be accounted for as a lease.

A lessee shall recognize all lease payments as expense in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognized only when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Council expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period

Events after the reporting period that provide additional information about the Council's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. **Cash**

This account consists of:

	2020	2019
Cash on hand	₱15,000	₱15,000
Cash in banks	7,344,580	6,773,157
	₱7,359,580	₱6,788,157

Cash in bank earns interest at the prevailing bank deposit rate. Interest income earned from cash in banks amounted to ₱8,242 and ₱18,103 in 2020 and 2019, respectively.

4. **Receivables**

This account consists of:

	2020	2019
Dues receivables	₱41,593	₱2,000
Advances to officers and employees	11,000	10,000
Other receivables	344,646	561,800
	₱397,239	₱573,800

Dues receivables pertain to unpaid annual and application dues from members or applicants that are expected to be collected within one year.

Advances to officers and employees pertain to the cash advances for the estimated expenses that will be incurred by all Council employees during training, workshop and seminar for the evaluation visit and business permit renewal, that are settled through expense liquidation.

Other receivables pertain to non-interest-bearing salary and emergency loans to employees. An emergency loan can also be availed by employees for medical treatment of that employee or any of its immediate family members and in cases of calamity. These loans are collected through payroll deductions and normally have terms of one year. In case of employee resignation, outstanding balance of loans are settled against the employee retirement benefit.

In 2019, receivables amounting to ₱69,140 were written off since these are receivable from inactive members who are also not in the process of renewing their certification (see Note 14).

5. Investment in Bonds

On June 27, 2019, the BOT approved the acquisition of an investment in bonds from China Banking Corporation with a term of 1.5 years amounting to ₱4.00 million and has a fixed interest rate of 5.70% per annum. Interest income earned from investment in bonds amounted to ₱178,400 and ₱74,399 in 2020 and 2019, respectively.

6. Investment in Mutual Fund

This account consists of investment in Ayala Life Mutual Fund acquired in 2008 with original acquisition cost amounting to ₱5.15 million. The fair value of investment in mutual fund was determined based on quoted market prices in active markets at reporting dates.

The rollforward analysis of this account carried at fair value follows:

	2020	2019
Balance at beginning of year	₱10,734,000	₱10,301,400
Market valuation gain	398,100	432,600
Balance at end of year	₱11,132,100	₱10,734,000

7. Intangible Assets

Intangible assets pertain to computer software donated to the Council used to upgrade the data banking and accounting system. Donated software expires in September 2020 and the management decided not to renew the software license because it is not suitable for the data banking and accounting system of the Council.

Rollforward analysis of this account follows:

	2020	2019
Cost		
Balance at beginning and end of year	P1,013,231	P1,013,231
Accumulated amortization		
Balance at beginning of year	929,829	818,553
Amortization (Note 14)	83,402	111,276
Balance at end of the year	1,013,231	929,829
Net Book Value	P–	P83,402

8. Property and Equipment

The rollforward analysis of this account carried at fair value follows:

	2020		
	Furniture and Fixtures	Computers	Total
Cost			
Balance at beginning of year	P256,970	P1,553,272	P1,810,242
Additions	23,960	268,686	292,646
Balance at end of year	280,930	1,821,958	2,102,888
Accumulated depreciation			
Balance at beginning of year	256,970	1,411,084	1,668,054
Depreciation (Note 14)	400	30,935	31,335
Balance at end of year	257,370	1,442,019	1,699,389
Net book value	P23,560	P379,939	P403,499

	2019		
	Furniture and Fixtures	Computers	Total
Cost			
Balance at beginning of year	P256,970	P1,398,641	P1,655,611
Additions	–	154,631	154,631
Balance at end of year	256,970	1,553,272	1,810,242
Accumulated depreciation			
Balance at beginning of year	256,970	1,398,392	1,655,362
Depreciation (Note 14)	–	12,692	12,692
Balance at end of year	256,970	1,411,084	1,668,054
Net book value	P–	P142,188	P142,188

No property and equipment were pledged as security to the Council's obligation in 2020 and 2019.

9. Accounts and Other Payables

This account consists of:

	2020	2019
Accrued expenses	P188,806	P202,991
Accounts payable	60,501	10,427
Payable to government agencies	60,353	93,825
	P309,660	P307,243

Accrued expense pertains mainly to the accruals of professional fees and utilities. These are noninterest-bearing and are normally settled within one year.

Accounts payable pertains mainly to unpaid purchases and billings for contracted services. These are noninterest-bearing and are normally settled within 30 to 60 days.

Payable to government agencies includes contribution dues to Social Security Services (SSS), PhilHealth, Pag-ibig and withholding taxes which are to be paid within 30 days from the end of financial reporting date.

10. Deferred Support Income

This account consists of:

	2020	2019
Restricted donations	P1,110,700	P–
Deferred revenue	454,800	1,292,946
	P1,565,500	P1,292,946

Deferred revenue includes advance payments of annual dues received from NGOs, application dues received from donee institutions that are yet to be evaluated and/or accredited as of year-end and unidentified deposits.

In 2020, the Council received restricted donations/grants amounting to P2.13 million which are intended to fund the technological update capability of the Council to digitize its processes and enable evaluation team to conduct online evaluations of applicant organizations. Utilized portion of these restricted grants amounted P1.02 million are recognized as part of “Grants and donations” in the statement of income (see Note 11).

11. Grants and Donations

Cash grants and donations amounting to P1.02 million and P1.65 million were received from member organizations in 2020 and 2019, respectively. In addition, NetSuite granted the software license renewal to the Council for nine months amounting to P0.02 million and P0.03 million as donation in kind in 2020 and 2019, respectively. Such cost was charged to “Program development” under program disbursements in the statement of income in 2020 and 2019 (see Note 13).

12. Dues

This account consists of:

	2020	2019
Application dues	₱1,709,000	₱2,773,000
Annual dues	3,307,600	2,983,800
Registration fees	–	684,692
	₱5,016,600	₱6,441,492

Application dues pertain to fees earned by the Council for the application of NGOs for donee institution status after evaluation.

Annual dues pertain to yearly fees from members whom have been certified to have the donee institution status.

Registration fees pertain to collections by the Council for the annual general assembly.

13. Program Disbursements

This account consists of:

	2020	2019
Evaluation costs (Note 15)	₱4,366,624	₱4,770,574
Program development (Note 11)	65,488	120,297
General assembly	27,045	1,673,244
Training and seminars	–	239,964
	₱4,459,157	₱6,804,079

Evaluation costs pertain to expenses incurred for the program initiation and evaluation of various nonstock, not-for-profit organizations and NGOs aiming to become an accredited donee institution.

General assembly costs pertain to expenses incurred directly attributable to the Council's annual general assembly.

Program development expenses pertain to system maintenance and webpage development costs incurred.

Training and seminar expenses pertain to expenses incurred for trainings and seminars held by the Council for its members during the year.

14. General and Administrative Expenses

This account consists of:

	2020	2019
Salaries, wages, and other short-term employee benefits	P990,384	P1,285,557
Professional fees	184,925	147,688
Amortization and depreciation (Notes 7 and 8)	114,737	123,968
Rent expense (Note 16)	94,143	94,143
Retirement benefit costs (Note 15)	41,394	122,746
Light and water	28,771	49,511
Transportation	20,638	34,411
Taxes and licenses	13,941	12,722
Repairs and maintenance	7,600	12,142
Bad debts expense (Note 4)	—	69,140
Miscellaneous expense	129,815	74,215
	P1,626,348	P2,026,243

15. Retirement Benefit Obligations

The Council has a funded, non-contributory, defined benefit retirement plan covering substantially all of its regular employees.

The Council measures its retirement benefit obligation using the accrual approach based on the minimum retirement benefits required under Republic Act (R.A.) No. 7641, otherwise known as The Philippine Retirement Pay Law.

Under the existing regulatory framework, R.A. No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Components of retirement benefit costs recognized in the statements of income are as follows:

	2020	2019
Program disbursements - evaluation costs (Note 13)	P95,587	P286,407
General administrative expenses (Note 14)	41,394	122,746
	P137,981	P409,153

The net retirement liability recognized in the statements of financial position as of December 31 follow:

	2020	2019
Fair value of plan assets	P2,494,670	P2,341,651
Accrued retirement benefit obligation	(3,439,900)	(3,148,900)
Net retirement liability	(P945,230)	(P807,249)

The Council's plan assets represent investment in common trust fund with BDO Unibank, Inc.

Compensation of Key Management Personnel

The compensation of key management personnel of the Council by benefit type follows:

	2020	2019
Short-term employee benefits	₱1,208,500	₱1,208,500
Post-employment benefits	919,600	836,000
	₱2,128,100	₱2,044,500

The Council have outstanding receivables from its key management personnel amounting to ₱0.11 million and ₱0.29 million as of December 31, 2020 and 2019, respectively. There are no additional loans in 2020 and 2019. These are collected through payroll deductions and in case of employee resignation, outstanding balance of loans are settled against the employee retirement benefit (Note 4).

16. Lease Agreement

The Council entered into a one-year lease agreement with Communication Foundation for ASIA-Media Apostolate (CFA-MA), renewable at the option of both parties pertaining to the office space of the Council presently occupies since July 1, 2007. Deposits and advance rent related to the leased property are presented under "Rental deposits" account in the statements of financial position amounting to ₱0.04 million as of December 31, 2020 and 2019.

Rent expense in 2020 and 2019 amounted to ₱0.31 million of which ₱0.22 million have been reported in "evaluation costs" account in program disbursements and ₱0.09 million in general and administrative expenses in the statements of income (see Notes 13 and 14).

17. Coronavirus Disease (COVID-19)

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. This was further extended until May 15, 2020 for NCR and certain areas. Effective May 16, 2020, NCR shifted to modified enhanced community quarantine (MECQ) until May 31, 2020. Effective June 1, 2020, NCR and certain areas shifted to general community quarantine (GCQ) until August 3, 2020. Effective August 4, 2020, NCR and certain areas shifted back to MECQ until August 18, 2020. Effective August 19, 2020, quarantine measures to NCR and certain areas were downgraded to GCQ until September 30, 2020. On September 28, 2020, the President announced that the GCQ in NCR and certain areas will be extended to October 31, 2020. NCR remained under GCQ until February 28, 2021 as announced by the President of the Philippines. On March 29, 2021, the Presidential Spokesperson has announced that ECQ will be implemented in the NCR + "bubble" covering areas of NCR, Bulacan, Rizal, Cavite and Laguna until April 4, 2021. On April 5, 2021, the NCR+ "bubble" remained under enhanced community quarantine (ECQ) until April 11, 2021.

The COVID-19 and the measures taken have caused disruptions to businesses and economic activities. With respect to the Council's operations, restrictions implemented resulted to many NGOs/organizations not able to apply for PCNC accreditation, resulting to lower generated revenue from application dues in 2020. PCNC also suspends its operations during ECQ and MECQ periods and implemented 50% work capacity during the GCQ status.

In 2020, the Council received restricted donations/grants from its members to support the Council's transition of assessment/evaluation processes and working arrangement into a remote set up to cope up with the impact of Covid-19 pandemic (Note 10).

18. Supplementary Information Required under Revenue Regulations 34-2020

The Company does not meet the criteria of Section 2 of Revenue Regulation 34-2020 to file and submit the new related party form (RPT Form) together with the annual income tax returns. Thus, the Company is not covered by the requirements and procedures for related party transactions provided under the RR 34-2020. The criteria are as follows:

- a. Large taxpayer
- b. Taxpayers enjoying tax incentives, i.e., Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate.
- c. Taxpayer reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years
- d. A related party, as defined under Section 3 of RR 19-2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transactions between KMP and the reporting entity/parent company of the latter in the RPT Form.

19. Supplementary Information Required under Revenue Regulations 15-2010

In compliance with the requirements set forth by Revenue Regulations (RR) 15-2010, the following is the information on the Council's taxes accrued and/ or paid in 2020:

VAT

The Council is a non-VAT registered entity and has no output and input tax declaration during the period.

Taxes and Licenses

The Council reported and paid license and permit fees amounting ₱13,941 in 2020 under the caption taxes and licenses, under the general and administrative expenses section in the statements of income.

Withholding Taxes

Details of withholding taxes during the year follow:

Withholding taxes on compensation and benefits	₱309,091
Expanded withholding taxes	16,634
	<u>₱325,725</u>

The outstanding balances of withholding taxes are included as part of payable government agencies under “Accounts and other payables” in the Council’s statement of financial position.

Tax Contingencies

The Council neither received any final tax assessments in 2020, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.

DIAMOND SUPPORTERS



PLATINUM SUPPORTERS



GOLD SUPPORTERS

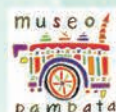


SILVER SUPPORTERS



BRONZE SUPPORTERS

IN-KIND SUPPORTERS





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Vice Chair
BDO Foundation, Inc.



DR. MARIA CRISTINA LIM-YUSON
Chair
Museo Pambata Foundation, Inc.



REV. FR. ANTONIO CECILIO T. PASCUAL
Treasurer (Sept. 24, 2020 – June 1, 2021)
Caritas Manila, Inc.



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MR. FELIX A. TONOG*
Treasurer (June 2019 - November 2020)
Philippine Business for Social Progress, Inc.



ATTY. GRACE A. SUMALPONG
Legal Adviser

*Mr. Tonog resigned as PCNC Board in November, 2020
**Ms. Almario served the remaining 5 months of Mr. Felix A. Tonog.

The PCNC Team



MR. LUIS P. MORALES

Executive Director
October 2010 – January 2021



MR. FELIX A. TONOG

Executive Director
February 2021 -present



May C. Bayta
Certification Officer



Michelle P. Tuazon
Admin/Finance Officer



Ann Eloida G. Gabasan
Certification Associate



Kathrin Joy M. Tayao
Certification Associate



Jovy C. Cera
Accountant



Rowena S. Dizon
Certification Assistant



Jhon Marvin D. Ausan
Office Assistant

➤ DIAMOND SUPPORTERS ➤



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A Foundation of the Lucio C. Tan Group of Companies

WS FAMILY
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