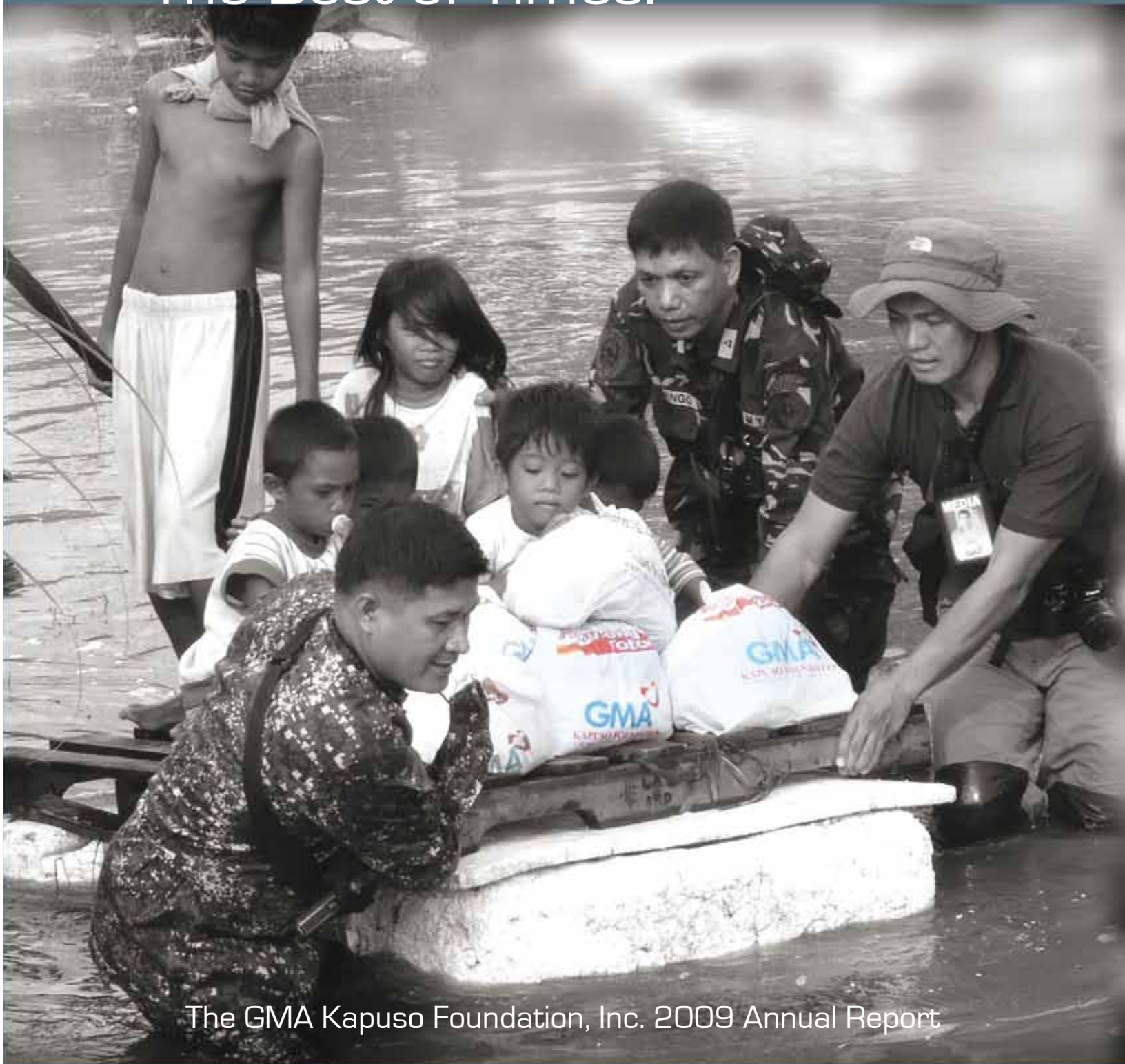


The worst of times.  
**The Best of Times.**



The GMA Kapuso Foundation, Inc. 2009 Annual Report

## Vision

We are the most accomplished, most trusted, and most credible non-government organization in the Philippines; the leader in serving and uplifting the lives of the underprivileged members of our society through Serbisyon Totoo and the responsible use of media.

## Mission

We uplift the lives of underprivileged Filipinos all over the Philippines by:

- providing quick-response relief operations to fulfill the most immediate needs in times of crises;
- undertaking health, nutrition and medical projects to promote greater equity in health;
- carrying out developmental programs designed to promote education and foster learning.

We value our relationship with local, national and international partners and recognize the impact they have in our capability to provide help to those who need it most.

We are committed in ensuring sustainable operations to enable us to continue being a "strong bridge" for our donors and beneficiaries by actively promoting the Foundation's initiatives to solicit sufficient funding.

In doing so, we effectively bridge the distance that comes between those who need help and those who extend a helping hand. As such, we recognize the power of media and its role in eliciting compassion and a sense of responsibility from our donors and in promoting volunteerism among Filipinos, and we shall continue to use it responsibly as a means to achieve our organizational goals.







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Despite a financially challenged economy in its backdrop, the GMA Kapuso Foundation (GMAKF) was able to network with partners, and even create new linkages to sustain existing projects and launch new initiatives across the spectrum of its programs on Health, Disaster Relief, Education and Values Formation.

This annual report personalizes the GMAKF's mission of uplifting the lives of our marginalized sector. The Foundation works on the grassroots level, year round, and makes our presence undoubtedly felt on all corners of the Philippines.

In the darkest hour of need, the GMAKF served as a ray of hope to the underprivileged Filipinos. The Foundation was always first in places of armed conflicts, disasters, or in the remotest islands – providing relief operations, health care, building schools or giving gifts. However, we look beyond the material support extended by the Foundation, and see the happiness, hope and the endless possibilities that these endowments bring to the communities we serve.

During the first quarter of 2009, we partnered with UNICEF to help improve health and sanitation among identified schools in the provinces through the project **Linis Lusog Kids**. The project aimed to address the two leading causes of child sickness and school absence – diarrhea and dental problems. Through Linis Lusog Kids, clean water facilities in selected schools were set up and the kids were taught the importance of healthy habits.

Just before the start of the school year, the Kapuso Foundation's **Unang Hakbang sa Kinabukasan**, distributed school bags filled with school supplies to more than 45,000 children. On its 12th year of implementation, the project once again provided that crucial, and most often overlooked first step towards a bright future for the kids, a future where they can achieve their full potential.

By the third quarter, the Foundation launched **Kapuso 20/20** – a new project that brought a “clear” perspective on life. Indigent citizens were given free eye refraction services and eyeglasses. The project was launched in partnership with the Integrated Philippine Association of Optometrists (IPAO) and in line with the Department of Health's Sight Saving Month.

And towards the end of the year when four consecutive strong typhoons hit the country and wrought havoc in Metro Manila and in North Luzon provinces, the GMA Kapuso Foundation's limits were tested. In a matter of hours after Ondoy flooded almost half of the metropolis, the Kapuso Foundation was quick to mobilize volunteer individuals and groups, and provided immediate relief assistance to various communities that desperately needed help. Even with very limited manpower working round the clock, the relief operations stretched to months and served close to a million individuals.

The Kapuso Foundation officers and staff together with GMA Network employees, talents and volunteers offered more hours and enabled **Operation Bayanihan** to carry out the most extensive outreach project for 2009. As the project's name implies, the event showed once more that the bayanihan spirit is still alive.

The outreach efforts did not deter the Kapuso Foundation in pursuing the other activities it had lined-up for the year. As if the workforce had a second wind, the GMA Kapuso Foundation still continued its tradition of spreading hope and joy to needy children and their families with the **Give A Gift: Alay sa Batang Pinoy**. For 2009, the gift giving was rightfully extended to children affected by the calamities. On the other hand, GMA Network likewise opted to forego its traditional Christmas party so that it and the Kapuso Foundation can give more.

Our work in the Kapuso Foundation never ends. Looking forward, we will continue our efforts despite the challenges and uncertainties of the future. The officers and staff of the Foundation look ahead, full of confidence, knowing that we lean on a strong strategic alliance with the government sector, non-government organizations, private companies and philanthropic individuals and volunteers. For these, we thank all of you for your unrelenting support to the Kapuso Foundation.

These accomplishments make us more proud to be **Kapuso**.

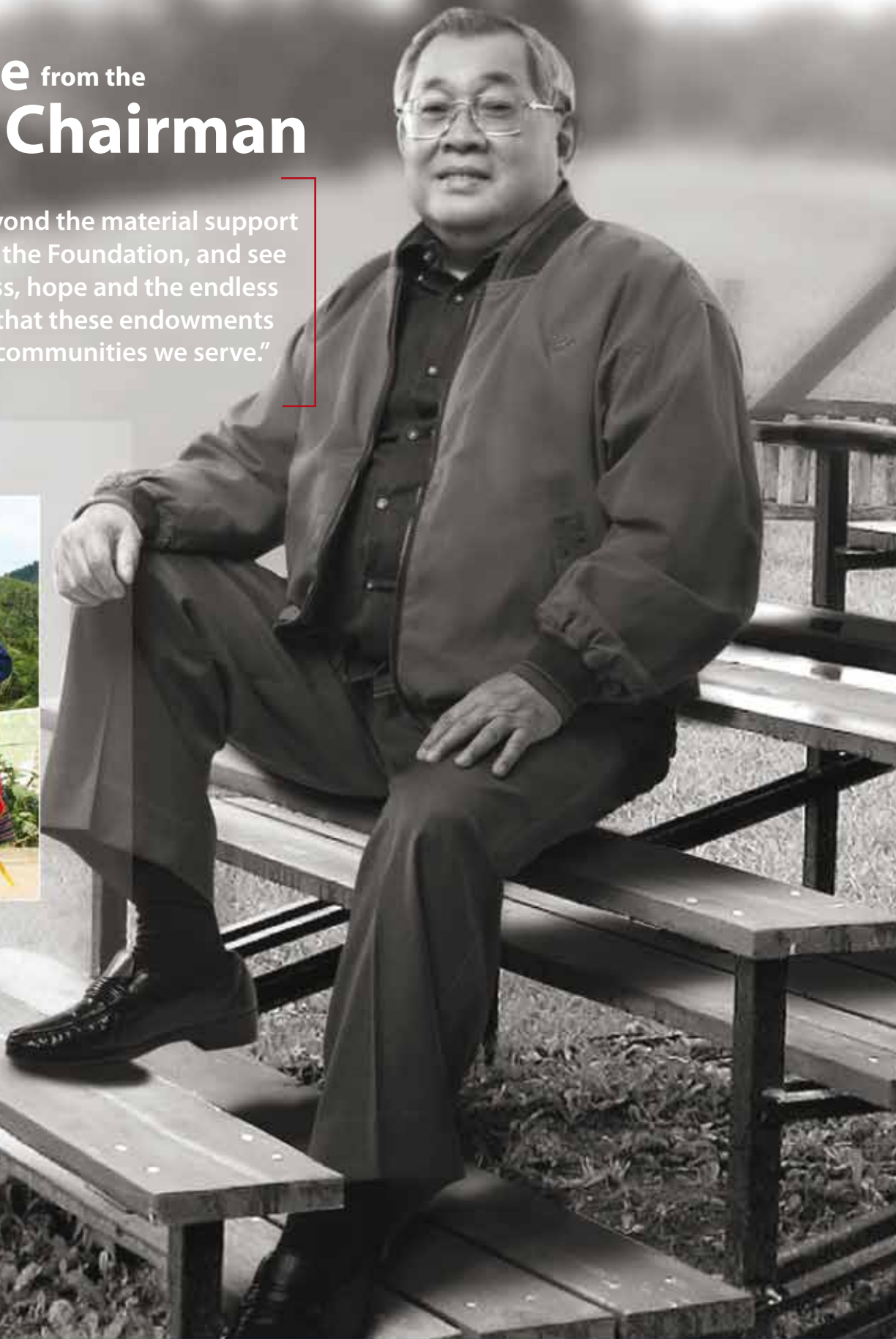
  
**FELIPE L. GOZON**  
Chairman





# Message from the Chairman

"We look beyond the material support extended by the Foundation, and see the happiness, hope and the endless possibilities that these endowments bring to the communities we serve."





In 2009, the disasters that struck our country towards the end of the year were both crippling and catastrophic. The consecutive typhoons and ensuing floods affected hundreds of thousands of our countrymen, including a number of our own employees. Amidst the despair, GMA Network was able to show that we are able to unite and work towards a common cause regardless of personal circumstance. In a matter of hours after Ondoy's wrath, GMA Network was quick to respond, extending help to victims in many of the affected areas. Everyone in the Network had their own part to play, and at the forefront of all our efforts was the GMA Kapuso Foundation.

Despite having a modest headcount of 20, the Kapuso Foundation, through its **Operation Bayanihan**, mobilized hundreds of volunteers from all walks of life and provided the much needed assistance to more than 800,000 victims in Metro Manila, Central and Northern Luzon. GMA Network employees, talents and community volunteers flocked to the repacking stations and assisted in the distribution of the relief goods. Local and international groups and organizations also poured in their support through donations in cash and in kind. Filipino communities abroad also did their share. Amid the devastation brought about by these tragedies, the bayanihan spirit lived on.

From the Ondoy flood victims, the relief operations were extended to include those devastated by typhoons Pepeng, Ramil and Santi.

The assistance provided by the Kapuso Foundation to the victims of these calamities did not stop at relief operations. As soon as the floodwaters subsided, the Kapuso Foundation immediately assisted in the rehabilitation of identified school buildings in Rizal, Ilocos, Laguna, Benguet, and Pangasinan provinces through the **Kapuso School Rehabilitation (KSR)** project.


The Foundation's KSR project was able to rebuild schools in Romblon early in the year. However, with the typhoons that devastated Luzon in the last quarter of 2009, the KSR project needed to cover more areas. 20 schools within the areas of Rizal, Ilocos, Laguna, Benguet, and Pangasinan have been initially identified as recipients of the KSR project. Since November, 4 schools in Rizal have already started repair work.

Aside from the immense effort that the Network and our formidable partners and donors poured in the Operation Bayanihan, we were also able to accomplish a number of activities to further our mission. These calamities proved that we can respond to the "urgency of now" and still accomplish the core activities that pave the way for lasting social change.

In particular, the GMA Kapuso Foundation was able to initiate two new projects in 2009 within the Bisig Bayan umbrella. The **Wheelchair Giving** project was held in July 2009 in line with the National Disability Prevention and Rehabilitation Week. The following month, the Foundation teamed up with the Integrated Philippine Association of Optometrists (IPAO) and implemented the **Kapuso 20/20** project which provided free eye refraction services and eye glasses to 300 indigent individuals.

Existing projects within the four core programs – Health, Disaster Relief, Education and Values Formation – have also been sustained by the Kapuso Foundation. Projects such as the **Bisig Bayan Medical Assistance, Kalusugan Karavan, Unang Hakbang sa Kinabukasan, Give-A-Gift, and Sagip Dugtong Buhay** were successfully implemented. Details of each program's accomplishments form part of this annual report.

The activities that the Kapuso Foundation undertook in 2009 were overwhelming. However, these could have not been achieved without the people that fuel the Kapuso Foundation's initiatives. Our heartfelt thanks to the officers, staff and volunteers for their continuing commitment and dedication, and most especially to our partners and donors for their unwavering support to the Kapuso Foundation and its projects. Hand in hand, we shall continue to do our part in helping ease the burdens of our less fortunate countrymen.

  
**GILBERTO R. DUAVIT, JR.**  
President





# Message from the President

"These calamities proved that we can respond to the "urgency of now" and still accomplish the core activities that pave the way for lasting social change."



**“It may have been a truly challenging year for our country, but with the indomitable Filipino spirit, difficulties turned into opportunities for giving and sharing. It is true that the worst of times could also become the best of times, especially when love is shared.”**



To say that the year 2009 was a most challenging year for GMA Kapuso Foundation would be an understatement. The year started with predictions of fraught economic conditions. Even with this as a backdrop, GMAKF nonetheless continued to carry out its plans to expand its network of partners, strengthen its existing projects with the support of donors and partners, enhance its services in order to reach more individuals and communities in need, and enable them to lead more productive lives.

The month of February, the Valentine month, which is synonymous to loving and giving, was marked, for the first time, by two bloodletting events. The first event dubbed **Kapuso Day** collected more than 250 bags from GMA employees and talents, giving meaning to the “day of hearts” by donating their own blood so that others may live. The second event was the traditional **Sagip Dugtong Buhay** held at Ever Gotesco Mall in Commonwealth, Quezon City and participated in by the general public. These two events generated a total of 1,050 blood bags which were donated to the Philippine Red Cross.

The year also saw the launch of new health projects under Bisig Bayan. In July, GMAKF observed DOH’s National Disability Prevention and Rehabilitation Week by distributing wheelchairs to 54 qualified individuals from Metro Manila and as far as Ilocos Norte. The **Kapuso 20/20** provided free refraction and eye glasses to 300 indigents, in line with DOH’s Sight Saving Month in August.

GMAKF’s other projects such as **Kalusugan Karavan**, **Unang Hakbang sa Kinabukasan**, **Give-A-Gift**, among others continued unabated. Details about these projects form part of this report.

Under the **Linis Lusog Kids** project, water and toilet facilities were constructed in Sarangani and Antique that benefited pupils in these areas who now enjoy the facilities and were also taught good sanitation and proper hygiene.

In September and October, GMAKF’s true mettle was tested in the wake of the devastation wrought by tropical storms Ondoy and Pepeng in Metro Manila and North Luzon. True to its commitment of providing Serbisyon Tootoo, the Kapuso Foundation immediately launched its disaster relief operations. **Operation Bayanihan** became a 24-hour operation that involved calling for donations, repacking of relief goods, and distribution to the calamity victims not only in Metro Manila but also in the suburban cities, as well as in the affected provinces in North Luzon.

GMA Network, Inc. and the Kapuso Foundation organized a telethon that generated more than P107 million donations in cash, more than P8 million in material donation and over P700 thousand in service donations. The response of GMA viewers and the public at large was simply overwhelming. People from all walks of life came to donate cash, and goods, volunteered in the repacking of relief goods, and provided other material support such as vehicles to transport the goods to the affected areas. With the help of the donors and volunteers, Operation Bayanihan was able to simultaneously deliver relief goods such as food, water, clothes, mats, blankets and hygiene packs to the various evacuation centers and affected communities. A total of 841,528 individuals affected by calamities in 2009 became beneficiaries of GMAKF’s Operation Bayanihan.

The typhoons and the flooding destroyed many establishments, including school buildings. GMAKF saw the immediate need for the repair and rehabilitation of affected schools. With some of the donations generated by the telethon, GMAKF initiated the **Kapuso School Rehabilitation (KSR)** project. Eighty-five classrooms in twenty schools located in Rizal, Ilocos Norte, Ilocos Sur, Pangasinan, Laguna and Benguet were initially identified as prospective recipients of the KSR project. These schools will be rehabilitated in time for the school opening in June 2010. At the start of 2009, two schools in Romblon already benefited from the KSR project.





# Report <sup>on</sup> Operations

by the Executive Vice President  
and Chief Operations Officer









The destructive typhoons in the last quarter of 2009 came close to the start of the Christmas season. The Kapuso Foundation's **Give-A-Gift: Alay sa Batang Pinoy** project became more meaningful as it delivered hope for the children who were victims of the recent calamities. Give-A-Gift also benefited children who were caught in armed conflict areas in Basilan and Sultan Kudarat in Mindanao, and children of incarcerated women at the Correctional Institute for Women in Mandaluyong and in Davao del Norte.

It may have been a truly challenging year for our country, but with the indomitable Filipino spirit, difficulties turned into opportunities for giving and sharing. It is true that the worst of times could also become the best of times, especially when love is shared.

Inspired by the staunch support of our officers, the commitment and dedication of the GMAKF staff and most especially the benevolent hearts of our partners, GMAKF will forge ahead and carry out its mission no matter what the circumstance may be.

*Taos puso po kaming nagpapasalamat sa inyong lahat!*

*Hel Tiango*  
**CARMELA C. TIANGCO**  
Executive Vice President & COO





FELIPE L. GOZON  
Chairman of the Board



GILBERTO R. DUAVIT, JR.  
President



CARMELA C. TIANGCO  
Executive Vice President/COO



FELIPE S. YALONG  
Treasurer



ROBERTO R. PAREL  
Secretary



MANUEL B. DELA FUENTE  
Executive Director  
(Until November 2009)





## BOARD OF TRUSTEES

(left to right) first row: Carmela C. Tiangco • Carolina G. Jimenez • Joel Marcelo G. Jimenez • Gilberto R. Duavit, Jr. • Felipe L. Gozon  
second row: Michael John R. Duavit • Miguel C. Enriquez • Marissa L. Flores • Felipe S. Yalong • Judith D. Vazquez • Anna Teresa M. Gozon-Abrogar



# The Numbers Speak

**GMA Kapuso Foundation conducted a number of key projects in 2009:**

## JANUARY

### Cancer Awareness Month (Bisig Bayan Special Project)

- In partnership with the Philippine Cancer Society **127 women** availed of the free breast examination and papsmear.
- Sponsored by the Hi-Precision Diagnostics, **50 individuals** underwent tests for the detection of liver problems through the AFP Testing.

## FEBRUARY

### Oral Health Month (Bisig Bayan Special Project)

- Led by volunteer dentists from the Armed Forces of the Philippines and various Philippine Dental Chapters, **150 indigents** selected during the dental screening received free dentures.

### Linis Lusog Kids

- In partnership with the United Nations Children's Fund (UNICEF), construction of water and toilet facilities started for **10 schools** in Antique, Camarines Norte, Sarangani and Negros Oriental.
- 11 more schools** were eventually added to receive hygiene packages.

### Sagip Dugtong Buhay

- Two bloodletting events held at the GMA Network Studio and Ever Gotesco Mall in Commonwealth on February 12 and 17, 2009, respectively generated a total of **1,050 blood bags** or **439,000 blood CCs**.

### Kapuso School Rehabilitation (pre-ONDoy)

- Groundbreaking events were held respectively at the San Fernando Central School and Mabini Central School in San Fernando, Romblon and construction of **8 classrooms** in the **2 school buildings** followed.
- Inauguration of the 2 schools was held on July 17.

### Kapuso sa Kalikasan

- A total of **20 narra seedlings** were planted in the two KSR schools buildings to protect the area from erosions.

## MARCH

### Special Medical Mission

- 1,629 individuals** were served their medical and dental needs as GMAKF responded to the Philippine Marines' request for a medical mission for the people in Indanan, Sulu, who included evacuees from the ongoing armed conflict.

### Give-A-Gift: Feed A Child Project

- Launched feeding program for **433 malnourished children** of Barangays Fairview, Capri and Gulod in Quezon City.

### Give-A-Gift: Surgical

- The first Luzon provincial Hernia Operation was conducted at the Ilocos Training and Regional Medical Center (ITRMC) in San Fernando, La Union with **28 children** as beneficiaries.

## APRIL

### Kapuso Scholarship Initiative (KASI)

- 41 KASI scholars** completed their certificate courses on Video Graphics and 3D Animation sponsored by the Asian Academy of Business and Computers.
- The scholars were given a special session on 'Handling Job Interviews', an orientation on the work of the GMA Network's Program Support Development and a Network Tour.

### Outbreak Assistance

- GMAKF responded to the diarrhea outbreak in Sto. Tomas, Davao del Norte, by providing bottled water to **670 families (or 2,680 individuals)**.

### Operation "Tuli" (Bisig Bayan Special Project)

- In partnership with the Philippine College of Surgeons, Manila Chapter, **843 boys** were served at the GAT Andres Medical Center.

## MAY

### Unang Hakbang sa Kinabukasan (UHSK)

- Start of UHSK distribution of backpacks with complete set of school supplies to Grade 1 pupils from NCR, Luzon, Visayas and Mindanao. A grand total of **45,884 Grade 1 pupils** were served.

### Asthma Awareness Month (Bisig Bayan Special Project)

- GMAKF campaigned for donations of nebulizers and other asthma medicines for its beneficiaries.

## JUNE

### AH1N1 Outbreak Assistance

- 3,500 elementary students** of the Lagro Elementary School in Quezon City were given face masks, hygiene packs, and Clusivol vitamins after two pupils were found to be positive with Influenza AH1N1.
- A total of **537 families (or 2,148 individuals)** were also served in two nearby barangays: Putol na Daan and Hill Top.

## JULY

### National Disability Prevention and Rehabilitation Week (Bisig Bayan Special Project)

- A total of **54 selected indigents**, from Metro Manila and provinces such as Ilocos Norte, Bicol, Cebu and Davao received wheelchairs.

### Linis Lusog Kids

- Turnover ceremonies were held for the constructed toilets, sinks and water tanks for the **2 schools** in Camarines Norte.

## AUGUST

### Sight Saving Month (Bisig Bayan Special Project)

- GMAKF launched the Kapuso 20/20 eye project in partnership with the Integrated Philippine Association of Optometrists (IPAO).
- 300 indigents** received free eye refraction services and eyeglasses.

### Sagip Dugtong Buhay

- 656 bloodbags** equivalent to **283,500 blood CCs** were generated during the bloodletting event held at the Ever Gotesco Mall.

### Special Medical Assistance

- A total of **20 children** were operated on in Naga City at the Bicol Medical Center.
- 28 children** were operated for hernia at the Philippine Children's Medical Center in Quezon City.

## SEPTEMBER

### Give-A-Gift: Feed A Child Program

- 353 children** completed the 120-days of feeding with a special Graduation Program with key partners and sponsors of the project were present.

### World Heart Day (ECG)

- GMAKF provided free echocardiogram to **31 indigent patients** needing assistance to determine their heart condition. Sponsored by the Hi-Precision Diagnostics, the ECG results helped facilitate the patients' next treatment needs.

### Operation Bayanihan

- Typhoon Ondoy hit the country and GMAKF immediately launched massive relief operations.

## OCTOBER / NOVEMBER

### Linis Lusog Kids

- Toilets, water pumps and water tanks were turned over to schools in Sarangani.

### Operation Bayanihan / UHSK / Medical Missions (Typhoons-related)

- GMAKF sets up repacking sites in Tarlac, Dagupan, Baguio and Isabela to facilitate quick response to the victims of typhoons Ondoy, Pepeng, Ramil and Santi.
- A total of **747,347 individuals** received relief assistance.
- Medical missions were organized in partnership with the Philippine Medical Association and other health groups to provide immediate medical attention to affected communities in Marikina, Pasig, Rizal, Bulacan, Pangasinan, and Benguet. **12,223 individuals** in 14 medical missions received assistance.
- 64,165 pupils** in **116 schools** in Metro Manila, Rizal, Laguna, Aurora, Bulacan, Zambales, Pangasinan, Ilocos, and Mountain Province were provided with school supplies affected by the typhoons.
- 9,323 Grade 1 pupils** in UHSK schools in Metro Manila affected by typhoon Ondoy received their second set of school supplies during replenishment in late October.
- 20 schools** in Rizal, Ilocos, Laguna, Benguet and Pangasinan were identified as KSR project recipients as part of long-term assistance after the typhoons.
- 718 individuals** in the community of Barlig, Mt. Province were served during a special medical mission conducted together with Give-A-Gift distribution.

## DECEMBER

### Give-A-Gift: Alay sa Batang Pinoy

- 31,580 children** mostly from typhoon-affected areas in Central Luzon received Noche Buena package and toys, as well as additional gifts such as school supplies, clothes, tents, mats, and blankets and other useful items to help recover from the typhoon disasters.
- Children in Mindanao and children of inmates from the Women's Correctional also continued to receive Noche Buena packages.
- 2,809 families (or 11,236 individuals)** in **10 evacuation centers** in Camalig, Guinobatan, Camalig, Ligao, and Legaspi City received relief goods, face masks, clothes, mats, blankets, water, medicines, diapers and bar soaps from the Foundation following the threat of a Level 4 Alert eruption by Mt. Mayon.



## HEALTH PROGRAM

**BISIG-BAYAN** is the Kapuso Foundation's medical assistance program that provides free medicines and medical services to indigent beneficiaries afflicted with various illnesses.

**Subject of Appeal (SOA)** patients are chosen from letter senders or from the indigent patients seeking assistance from the Kapuso Foundation's Bisig Bayan program. They are special cases who need more than just medicines and are often featured in the Kapusong Totoo segment in 24 Oras on GMA7.

Of the **2,864 beneficiaries** of the Kapuso Foundation's Bisig Bayan medical assistance in 2009, **22** were **Subject of Appeal cases**.



### Special Project: LINIS LUSOG KIDS (LLK)

In partnership with UNICEF, GMAK's Linis Lusog Kids special project aims to teach school children about proper hygiene and health habits that will help keep them safe from diseases such as diarrhea and dental caries. It also aims to provide much-needed clean water and sanitation facilities such as toilets and water sinks.

- **11 more schools were added to the original 10 school recipients** in Camarines Norte, Antique, Sarangani, and Negros Oriental.
- Instructional videos on proper hand washing and tooth brushing as well as alternative ways to practice proper hygiene were produced. The presentors were GMA talents Ella Guevara, BJ Forbes, JM Reyes, and Sandy Talag.
- **4 Hygiene training seminars** for teachers, PTA officers, and health workers of the LLK schools were conducted.
- Turnover ceremonies for the constructed toilets, sinks and water tanks in **2 schools** in Camarines Norte were held on July 1-2, 2009; newly constructed toilets, water pumps, and water tanks were turned over in schools in Sarangani on October 1, 2009.
- **7,024 elementary pupils in 21 schools** in Camarines Norte, Antique, Sarangani, and Negros Oriental received hygiene supplies.

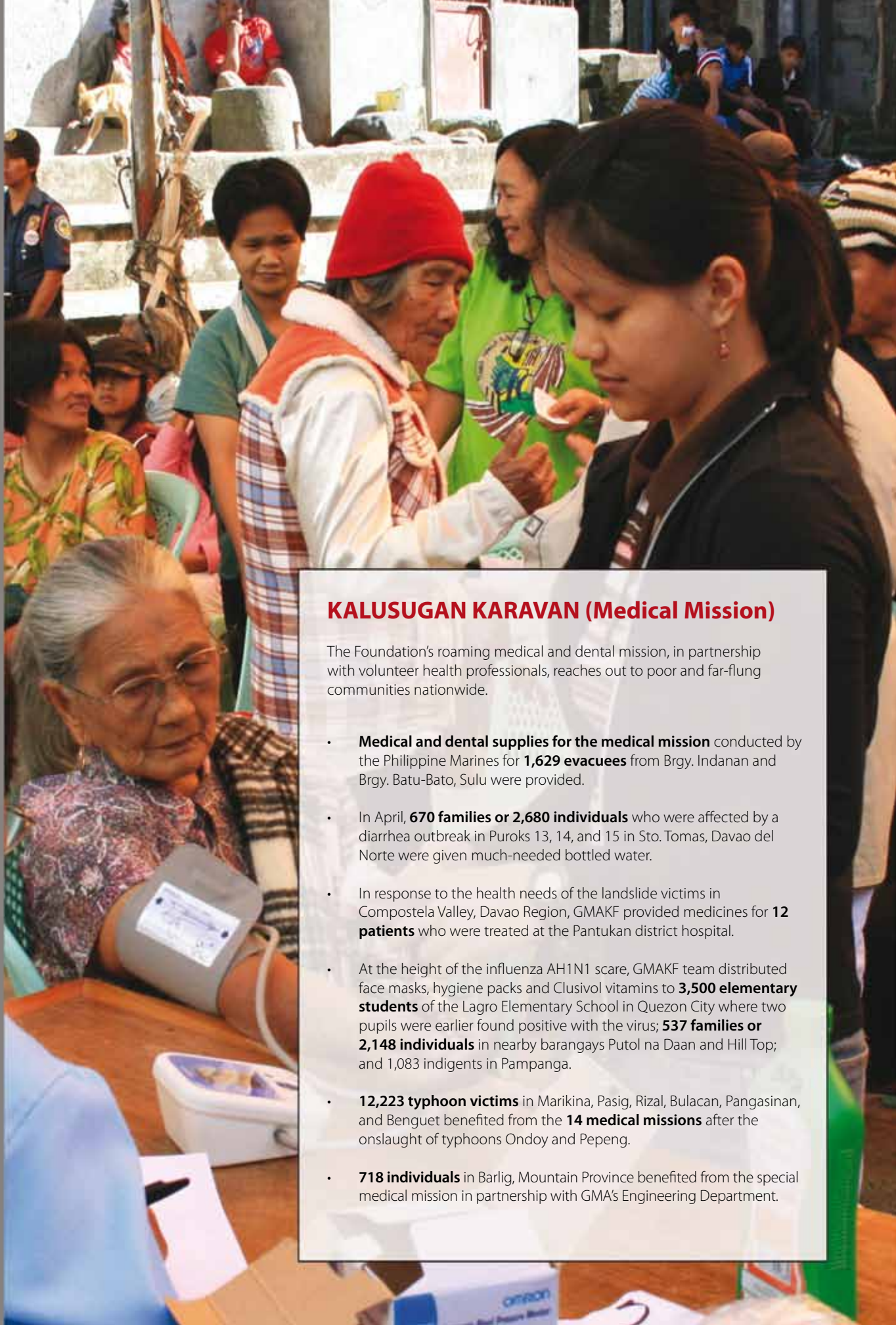


### Face Value.

Mary Jane "Gina" Merced Dealogdon had to endure a seven kilo mass hanging from one side of her face for 13 years. Through the Kapuso Foundation, Gina's case was brought to the East Avenue Medical Center where initial findings showed that her facial nerve was affected by a tumor.

It was a long and difficult search for a specialist who was willing to perform the delicate operation. Finally, no less than the president of the Philippine Association of Plastic, Reconstructive and Aesthetic Surgeons, Dr. Hector M. Santos, Jr., responded and provided his expertise for free.

In April 2009, the tumor was successfully removed completely from Gina's face. There was such a marked improvement in her appearance that her youngest child did not recognize her when she came home after spending two weeks in the hospital.



## KALUSUGAN KARA VAN (Medical Mission)

The Foundation's roaming medical and dental mission, in partnership with volunteer health professionals, reaches out to poor and far-flung communities nationwide.

- **Medical and dental supplies for the medical mission** conducted by the Philippine Marines for **1,629 evacuees** from Brgy. Indanan and Brgy. Batu-Bato, Sulu were provided.
- In April, **670 families or 2,680 individuals** who were affected by a diarrhea outbreak in Puroks 13, 14, and 15 in Sto. Tomas, Davao del Norte were given much-needed bottled water.
- In response to the health needs of the landslide victims in Compostela Valley, Davao Region, GMAKF provided medicines for **12 patients** who were treated at the Pantukan district hospital.
- At the height of the influenza AH1N1 scare, GMAKF team distributed face masks, hygiene packs and Clusivol vitamins to **3,500 elementary students** of the Lagro Elementary School in Quezon City where two pupils were earlier found positive with the virus; **537 families or 2,148 individuals** in nearby barangays Putol na Daan and Hill Top; and 1,083 indigents in Pampanga.
- **12,223 typhoon victims** in Marikina, Pasig, Rizal, Bulacan, Pangasinan, and Benguet benefited from the **14 medical missions** after the onslaught of typhoons Ondoy and Pepeng.
- **718 individuals** in Barlig, Mountain Province benefited from the special medical mission in partnership with GMA's Engineering Department.



## EDUCATION PROGRAM

### UNANG HAKBANG SA KINABUKASAN

is GMAKF's annual school opening project. Backpacks containing a complete set of school supplies are given to incoming Grade 1 pupils in public elementary schools from the poorest municipalities in the country.

- **45,884 Grade 1 pupils** in the National Capital Region, Luzon, Visayas and Mindanao received the backpacks; another set of supplies for the second semester came from Procter and Gamble, through its 3PID Advocacy Campaign.
- **64,165 pupils in 116 schools** affected by typhoons Ondoy and Pepeng, covering Manila, Bulacan, Rizal, Laguna, Aurora, Zambales, Pangasinan, Ilocos, and Mountain Province were given new sets of school supplies.



## EDUCATION PROGRAM

UNANG HAKBANG SA KINABUKASAN		
DIVISION/Municipality	Number of SCHOOLS	Number of BENEFICIARIES
<b>National Capital Region:</b>		
Malabon, Valenzuela, Caloocan, Quezon City, Pateros, Taguig, Manila, Muntinlupa, Las Pinas, Parañaque, Pasig and San Juan	24	9,232
<b>LUZON</b>		
Abra	50	958
Apayao	67	2,055
Pangasinan	15	1,464
Bataan	1	180
Quezon	12	772
Romblon	15	542
Albay	2	240
Occidental Mindoro	24	790
Oriental Mindoro	24	1,246
Camarines Norte	7	503
Catanduanes	12	431
Masbate	43	2,023
Sorsogon	7	537
<b>VISAYAS</b>		
Antique	5	336
Iloilo City	15	1,700
Cebu City	10	1,356
Negros Oriental	10	503
Northern Samar	33	2,271
Southern Leyte	47	1,225
<b>MINDANAO</b>		
Davao City	26	1,914
Surigao del Norte	61	3,170
Maguindanao	18	5,997
Sarangani	2	124
Sulu	37	3,409
Tawi-Tawi	23	2,906
<b>TOTAL</b>	<b>587</b>	<b>45,884</b>







### Climb to the top.

For two consecutive years, in 2006 and 2007, Sindangan Elementary School in Macrohon, Southern Leyte despite poverty, defied the odds and topped the National Elementary Achievement Test (NEAT).

Its success story was documented in I-Witness in 2007 and touched Terra Nova High School and Asian Club in California, who answered the call and donated more than 200 pairs of slippers to GMA Kapuso Foundation.

The GMAKF team traveled through rough roads and muddy trails to distribute the pairs of slippers as well as school supplies, through the UHSK project. "Many of them had never even heard of GMA since many families in the small community did not own a TV set," Kapuso programs development manager Marivic Filio-Calixto relates.

For their part, the teachers have taken to improvising teaching tools, due to limited resources, sometimes even using the back of calendars to make their visual aids. The challenge for this quaint rural school never ends, and with this, the benevolent can help in many ways.

## EDUCATION PROGRAM

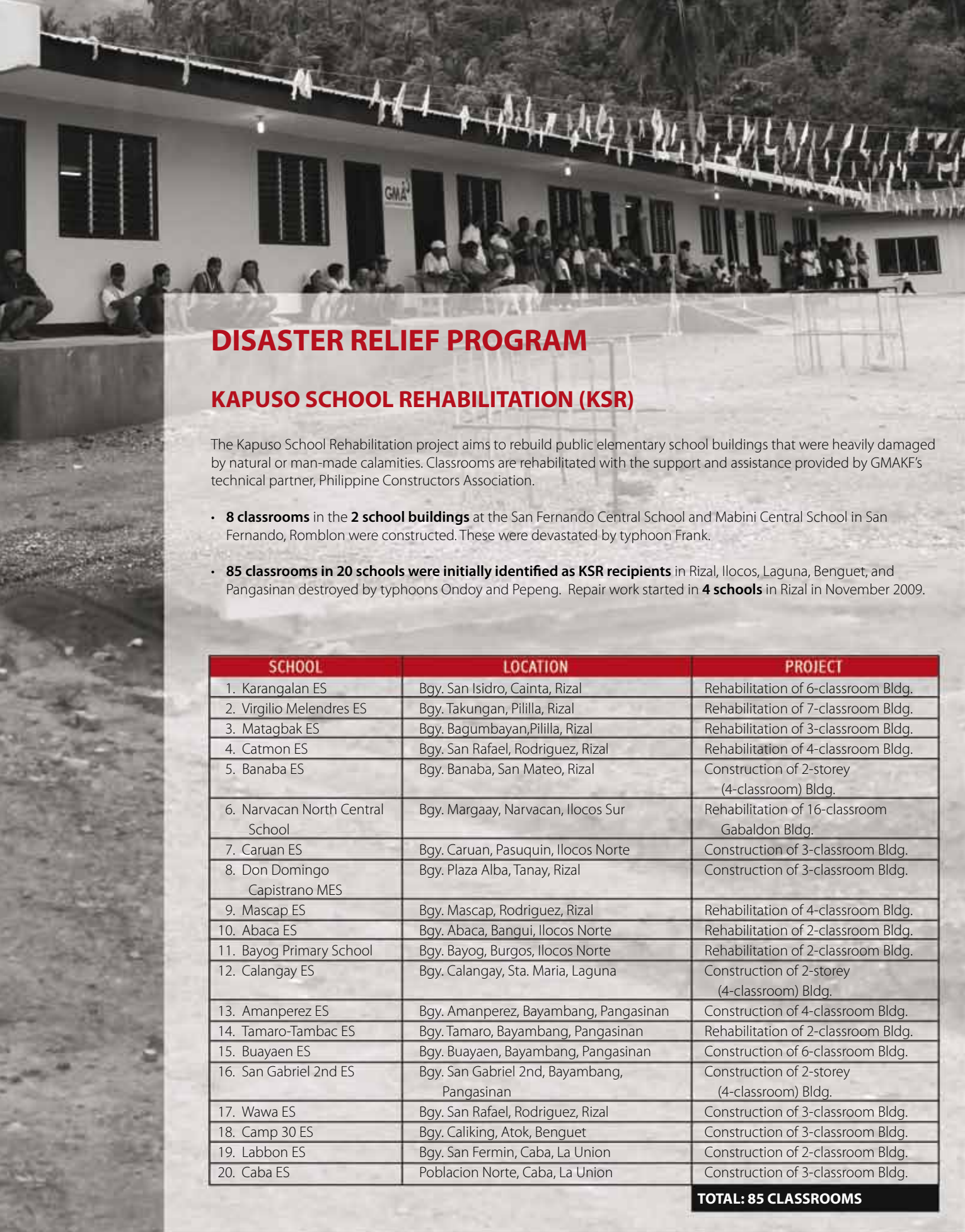
### KAPUSO-AABC SCHOLARSHIP INITIATIVE (KASI)

The Foundation, in partnership with the Asian Academy of Business and Computers (AABC), chose talented individuals interested to become scholars in a four-month TESDA-accredited certification course in video graphics and 3D animation.

- **41 scholars** completed their certificate courses in video graphics and 3D animation. Graduation rites were held on April 4, 2009 at the Broadway Centrum.
- Through the assistance of GMA Human Resource Development Department, a special session on "Handling Job Interviews" was organized for the scholars on April 14, 2009, as well as an orientation on the work of the Network's Program Support Department.







# DISASTER RELIEF PROGRAM

## KAPUSO SCHOOL REHABILITATION (KSR)

The Kapuso School Rehabilitation project aims to rebuild public elementary school buildings that were heavily damaged by natural or man-made calamities. Classrooms are rehabilitated with the support and assistance provided by GMAKF's technical partner, Philippine Constructors Association.

- **8 classrooms** in the **2 school buildings** at the San Fernando Central School and Mabini Central School in San Fernando, Romblon were constructed. These were devastated by typhoon Frank.
- **85 classrooms in 20 schools were initially identified as KSR recipients** in Rizal, Ilocos, Laguna, Benguet, and Pangasinan destroyed by typhoons Ondoy and Pepeng. Repair work started in **4 schools** in Rizal in November 2009.

SCHOOL	LOCATION	PROJECT
1. Karangalan ES	Bgy. San Isidro, Cainta, Rizal	Rehabilitation of 6-classroom Bldg.
2. Virgilio Melendres ES	Bgy. Takungan, Pililla, Rizal	Rehabilitation of 7-classroom Bldg.
3. Matagbak ES	Bgy. Bagumbayan, Pililla, Rizal	Rehabilitation of 3-classroom Bldg.
4. Catmon ES	Bgy. San Rafael, Rodriguez, Rizal	Rehabilitation of 4-classroom Bldg.
5. Banaba ES	Bgy. Banaba, San Mateo, Rizal	Construction of 2-storey (4-classroom) Bldg.
6. Narvacan North Central School	Bgy. Margaay, Narvacan, Ilocos Sur	Rehabilitation of 16-classroom Gabaldon Bldg.
7. Caruan ES	Bgy. Caruan, Pasuquin, Ilocos Norte	Construction of 3-classroom Bldg.
8. Don Domingo Capistrano MES	Bgy. Plaza Alba, Tanay, Rizal	Construction of 3-classroom Bldg.
9. Mascap ES	Bgy. Mascap, Rodriguez, Rizal	Rehabilitation of 4-classroom Bldg.
10. Abaca ES	Bgy. Abaca, Bangui, Ilocos Norte	Rehabilitation of 2-classroom Bldg.
11. Bayog Primary School	Bgy. Bayog, Burgos, Ilocos Norte	Rehabilitation of 2-classroom Bldg.
12. Calangay ES	Bgy. Calangay, Sta. Maria, Laguna	Construction of 2-storey (4-classroom) Bldg.
13. Amanperez ES	Bgy. Amanperez, Bayambang, Pangasinan	Construction of 4-classroom Bldg.
14. Tamaro-Tambac ES	Bgy. Tamaro, Bayambang, Pangasinan	Rehabilitation of 2-classroom Bldg.
15. Buayaen ES	Bgy. Buayaen, Bayambang, Pangasinan	Construction of 6-classroom Bldg.
16. San Gabriel 2nd ES	Bgy. San Gabriel 2nd, Bayambang, Pangasinan	Construction of 2-storey (4-classroom) Bldg.
17. Wawa ES	Bgy. San Rafael, Rodriguez, Rizal	Construction of 3-classroom Bldg.
18. Camp 30 ES	Bgy. Caliking, Atok, Benguet	Construction of 3-classroom Bldg.
19. Labbon ES	Bgy. San Fermin, Caba, La Union	Construction of 2-classroom Bldg.
20. Caba ES	Poblacion Norte, Caba, La Union	Construction of 3-classroom Bldg.
		<b>TOTAL: 85 CLASSROOMS</b>

# VALUES FORMATION PROGRAM

## Give-A-Gift: Alay sa Batang Pinoy

is an annual project of the Foundation that provides gift packages customized to the needs of indigent children from specific sectors: malnourished children are given a sustained 120-day feeding package; children with cancer receive chemotherapy treatments for 6 months; and children with congenital defects are gifted with a corrective surgery package. During Christmas, children from marginalized sectors such as children of incarcerated women, children in farming/fisher folk communities, children in indigenous communities, and children with special needs are given bags containing toys, food items, and hygiene packages.

### GAG: Feed-A-Child (Sustained feeding package)

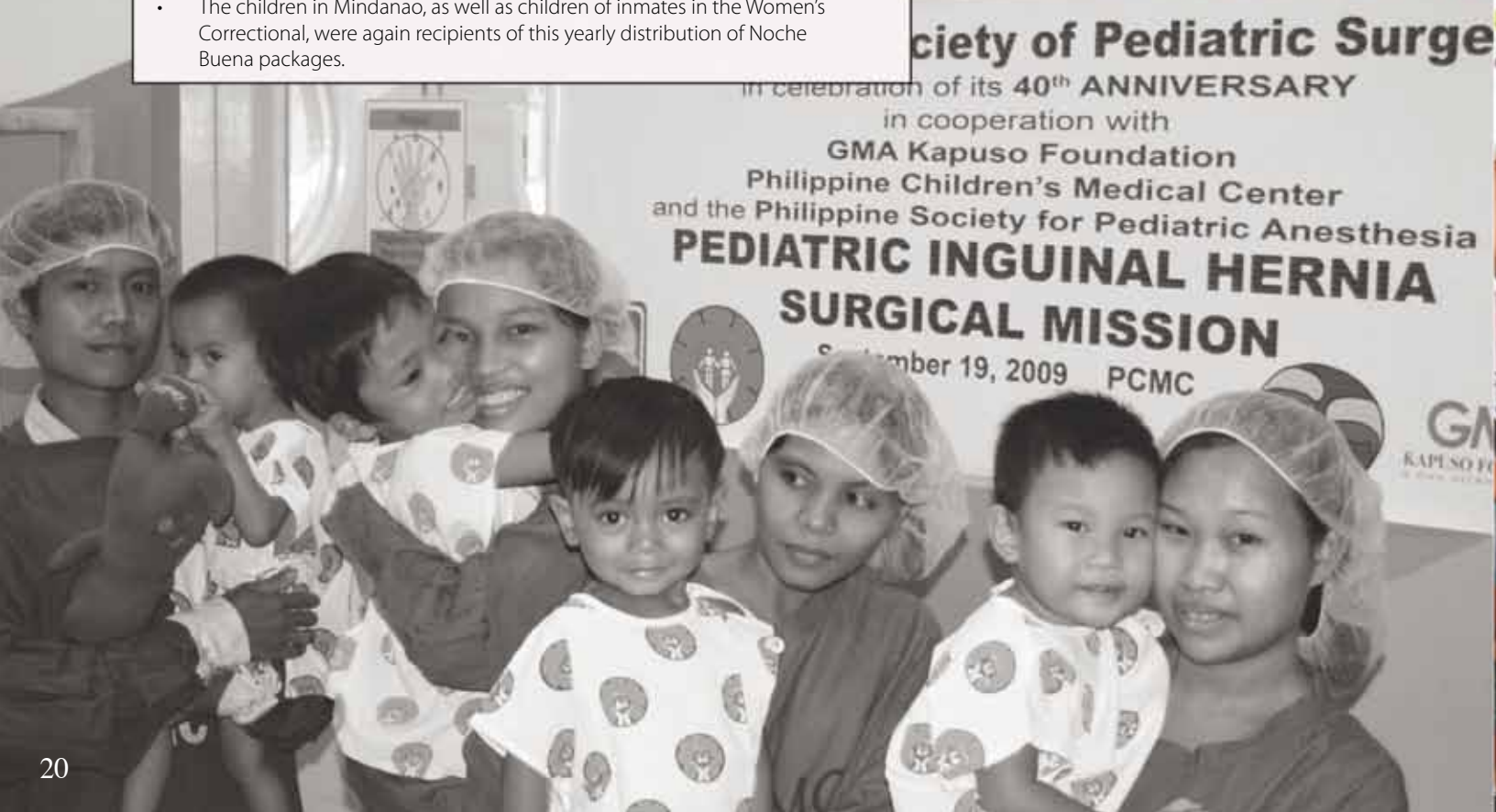
- **353 malnourished children** of Brgy. Fairview, Capri, and Gulod in Quezon City were the beneficiaries. At the end of the 120 days of feeding, 88% achieved a normal weight status.

### GAG: Surgical (Corrective surgery package)

- **76 indigent children** were beneficiaries of the Hernia operation, including **28 children** in the Ilocos region, **20 children** in the Bicol region, and **28 children** in Manila.

### GAG: Distribution (Noche Buena package)

- **31,580 children**, mostly from typhoon-affected areas in Central Luzon, were beneficiaries of Give-A-Gift: Alay sa Batang Pinoy.
- Apart from the Noche Buena package and toys, they received additional gifts such as school supplies, clothes, tents, mats, blankets and other useful items that they needed as they recovered from the typhoon disasters.
- The children in Mindanao, as well as children of inmates in the Women's Correctional, were again recipients of this yearly distribution of Noche Buena packages.







**SAGIP DUGTONG BUHAY** is the annual bloodletting project done in cooperation with the Philippine Red Cross. This project promotes volunteerism through blood donation to help save lives. Offering one's own blood so that others may live is the best manifestation of love for others.

- **2 bloodletting** events were held on February 12 and 17 at the GMA Network Studios and Ever Gotesco Mall in Commonwealth, respectively.
- **1,050 blood bags or 439,000 CCs of blood** were generated - **251 blood bags or 108,350 CCs** from GMA and **799 blood bags or 330,650 CCs** from Ever Gotesco.
- **1 bloodletting** event held on August 7 at Ever Gotesco Mall generated **656 bloodbags or 283,500 CCs**.



## KAPUSO PARA SA KALIKASAN

The Kapuso Foundation, together with GMA Network, started the Kapuso Para Sa Kalikasan project in 2005. The project aims to promote reforestation by planting trees in the same areas where the Foundation has built or rehabilitated school buildings. The project was carried out precisely in schools so that the community – the children and their parents – will have a stake in nurturing the trees and thus fully appreciate the importance of trees to the environment.

- Mabini Elementary School, **10 Narra** Tree Seedlings
- San Fernando Central School, **10 Narra** Tree Seedlings

# The Unsung Heroes of the GMA Kapuso Foundation: In the Eye of the Storm

September 2009 will long be remembered as the worst of times. The rains fell, the water swelled, and countless houses were destroyed. Still, many will remember it also as the best of times – when families opened their homes to strangers; students gave their time to help in relief operations; and celebrities braved flooded streets to extend a helping hand. Tropical storm Ondoy, and at its heels, Pepeng, brought widespread devastation. Yet, its effects managed to draw goodwill in overwhelming proportions. Ordinary citizens did extraordinary deeds. Men and women on the street unwittingly became heroes.

The date was September 26, 2009. It was a Saturday – no work for the staff of the Kapuso Foundation. The rain had been pouring all morning and by noon, flood waters had risen on the streets around the house of Mel Tiangco, the moving force behind the Kapuso Foundation. When Mel realized that this was no ordinary storm, she instantly turned her house into a virtual command post and from there, immediately mobilized her staff. In a matter of minutes, the text brigade was underway – a call for everyone to report for work.

“I received the message late in the afternoon, but there were no reports yet of the extent of the devastation,” Marivic Filio-Calixto, Kapuso Programs Development Manager, relates. There was no flooding at her place in Teacher’s Village in Quezon City, but there was no way to get out. “There were no taxis, no jeepneys, no tricycles,” she recalls. Most portions of her village were already heavily flooded.

Gerard Garcia, Institutional Marketing and Communication (IMC) staff, who lives in Sampaloc near the University of Santo Tomas, watched as the buses made waves on the flood waters as they passed outside his house. He received the call from the Kapuso Foundation at 6 p.m. “When Ma’am Mel called, I knew at once that it’s urgent,” he says. But there was no way he could get to the office.

Just like Gerard, many Foundation employees received the urgent message from Mel, but could not heed the call because they, too, were affected by the typhoon and were stranded in their own homes.

Maricel Tarrayo, Kapuso Project Staff Auxiliary, was the first to be at the office that Saturday. She had taken a bus ride from her home in Bicutan, Paranaque, and then the MRT in Magallanes. “All the phones were ringing at the office when I arrived,” Maricel relates.

As she was the only one at the office, all she could do was to give the phone numbers where callers can ask for help in their own localities. The flood waters had risen and there was no way yet for relief teams to be deployed.

When the flood waters receded, more Foundation staff arrived to assist in the much-needed relief operations, leaving behind their affected families and flooded homes.

IMC Officer Leon Defuntorum, who witnessed how her gate and fence were washed away by the flood in her Antipolo house, reported for work on Sunday. For eight hours, from 8 a.m. to 5 p.m., she waited for an officemate at the Masinag Market and the truck that fetched them for the relief operations. From there, they negotiated the flooded highways and distributed relief goods in San Mateo and Rodriguez, Rizal.

Project Staff Cristy Betonio, who lives in Laguna, also came to the office on Sunday. That night, her team was able to distribute relief goods in two public schools in Quezon City.







**“T**ropical storms Ondoy and Pepeng brought widespread devastation. Yet, its effects managed to draw goodwill in overwhelming proportions. Ordinary citizens did extraordinary deeds. Common men and women on the street unwittingly became heroes.”



## The Unsung Heroes of the GMA Kapuso Foundation: In the Eye of the Storm

The Amang Rodriguez Hospital in Marikina was flooded so that patients in oxygen tanks at the emergency room were evacuated to the second floor. They were among the first to receive relief goods from the Kapuso Foundation.

First items that were distributed to the victims were the ready-to-eat and perishable items such as doughnuts, pizza and spaghetti, generously donated by food chains Dunkin Donuts, Greenwich, Jollibee, and Gerry's Grill. Close to two hundred crates of Walter loaf bread and pan de sal were donated by Creative Bakery. Private donors also brought cooked food such as hardboiled eggs, corned beef, sardines and instant noodles, not only for the flood victims but also for the volunteers and staff at the Kapuso Foundation office.

There was so much work that needed to be done. The GMAKF staff had to keep a record of all the donors and their donations in cash and in kind and submit regular updates on donations received which were announced in GMA Network's primetime newscast **24 Oras**. Donations were accepted, recorded, repacked, and dispatched for distribution. Some of the staff were also doing the distribution of relief goods in the flooded areas.

Sorting and re-packing were no easy tasks. Ysang Rustia, Administrative Assistant, was the point person for donations at the Foundation office. Donations were overflowing and kept pouring. Storage space had become very limited so Ysang had to

prioritize donations that will readily benefit the typhoon victims. Some donations had to be declined altogether because these were not fit to be given as relief.

"Perhaps about 30% of the donated goods were discarded," Mel said. Some old clothes were already worn out to be useful while some donated pairs of shoes did not match. A box of used clothes that came from abroad emitted a foul smell when it was opened. A huge number of milk products were beyond the expiry date and had to be returned to the donor. These were promptly replaced.

Ysang said she observed three types of donors from this experience, "*Meron pure ang intention to help, 100%. Meron naman mutual benefit: they donate to help and also to lessen their stuff at home. And sad to say, there are those who just want to dispose of stuff, dino-donate maski sira na.*" There were donors who have traveled far and insisted that their donations be given to the GMA Kapuso Foundation and no other.

In this regard, Mel Tiangco said, "What we give should always be in good condition. Each piece of clothing had to be examined because we had to be sure it is still useful. We must always respect the dignity of those we help, even the very poor."

To Finance Officer Cora Ocumin, "There was no work that was easy and there was no time to rest. The first days were toxic." It was a 24/7 relief operations that sapped the energy of the staff who nonetheless were happy to have touched lives and provided assistance to those who needed it most.





"I sometimes wonder how the Foundation was able to do it," said Jiggy Manicad, TV news producer, senior reporter and TV host at GMA News and Public Affairs.

"The need was all over and all at the same time," he observed, "and yet, somehow the needs were met." There were times when the news team distributed relief goods. With the support of the network facilities, their rescue team was able to reach the most distant and isolated communities. Their priority was to go to places that were more difficult to reach. They distributed relief goods from the rooftops of houses submerged in flood waters. They crossed rivers, hiked mountains, and risked their own personal safety.

"When you have a credible and trusted organization such as the Kapuso Foundation asking for help, you can expect instant response," Jiggy observed.

**"We must always respect the dignity of those we help, even the very poor."**

**The Unsung Heroes of the  
GMA Kapuso Foundation:  
In the Eye of the Storm**



"We received many calls for help from barangay captains who set up evacuation centers in school buildings, which were packed with flood victims," Project Officer Cristina Dungca, related.

Tina also recounted an unnerving situation in the CAMANAVA area where the crowd became unruly, refusing to be organized and demanding that they unload all of the Kapuso Foundation relief goods in their barangay. After distributing as many goods as they can, the military escort started to slowly guide the Foundation team and relief vans out, before being mobbed.

*"Yung truck na pinahiram ng isang volunteer hinabol, sabay bukas at hablot ng gamit. Doon ko naramdaman ang kaba,"* Tina recalled.

Even while his own house in Tondo was flooded, Danilo Fausto, the Kapuso Foundation's cameraman was helping Maricel distribute relief goods at the Malanday Elementary School in Marikina where the flood waters had reached up to the third floor of the school building. Dani was particularly touched when he was distributing relief goods from house to house in a kayak in Pasig. The resident of one of the bigger houses that was also flooded graciously told him, *"Ibigay mo na lang yan sa mas nangangailangan."*

There were other places, however, where they encountered surly crowds. "We just had to be more patient and understanding," Dani said. "They had been without food for days. One time, a child standing in line fainted."

The Kapuso staff sent out on the field were themselves exposed to many difficult and dangerous situations. Maricel and Dani were caught in a landslide along Halsema Highway in Atok, Benguet where they were trapped for three hours in the evening. Stuck between the narrow edge of a cliff on one side and the loosened wall of the mountainside on the other threatening to bury their truck as night fell, there was nothing else left to do but pray. "To relieve the tension, we exchanged jokes," Maricel related.

In Pugis, La Trinidad, a landslide wiped away concrete houses. No trace of houses was left, as if they were never there. "In an isolated barangay in Benguet, only the top of the church steeple was left standing," Dani recalled. Baguio became a repacking site for relief operations. "Our relief operations moved from one province to the next. I did not go home for one whole month," Maricel related.

Rose Ann Lahorra, Project Staff Auxiliary, brought relief goods loaded in a dump truck to Marilao, Bulacan where the flood waters reached until one's thighs. In Pangasinan, the flood water was neck high and the relief team had to use a pump boat to distribute the relief goods from one house to another. While distributing relief goods in Cagayan Valley, they had to get down from a mountain and cross a river before night fell. When they looked back at the mountain where they had been, it was in total darkness. There was no moon to illuminate the sky and the only lighting came from the head lights of their truck.





Back at the Kapuso Foundation office in Quezon City, the work was no less demanding. Seeing how hard they worked straight for almost 24 hours, Mel Tiangco advised her staff to spare some time to rest and to take catnaps anytime within the day. The office conference room was soon converted into a sleeping quarters. The exhausted staff took turns to catch some sleep.

Mel's closest friends came to help during those hectic days. Sydney Ching Young and her group of Chinese ladies were tasked to determine the peso value of the packaged goods that were donated, by calling supermarkets to check the prices. Mel said, "We needed to be transparent so it is important that the amount is accurately reflected." Jackie Canizares, who works in Radio, answered the numerous phone calls, but with 10 phones all ringing at the same time, she does not know which one to lift first.

Another friend, Ada Dacanay de Leon helped in the repacking of goods at the GMA basement parking-turned-emergency warehouse. She led fellow volunteers in packing mountains of relief goods amidst the basement heat and cars belching smoke.

Many volunteers from all walks of life came to help. "*Pantay pantay ang tao, mahirap, mayaman, sama-sama*," remarked Buboy Escobar, Kapuso Foundation assistant cameraman. Tina said, "Many of the donors and volunteers were flood victims themselves." Some came to donate goods, and then stayed to help in the packing.

**“Our relief operations moved from one province to the next. I did not go home for one whole month.”**

In California, Island Pacific Market launched *Ahon, Pinoy! Damayan Drive* for Manila Flood Victims. With their slogan "*Karamay ng Pinoy*," the Fil-Am owned supermarket chain campaigned and collected donations in cash and in kind from the Filipino community in that State. Together with its partner Alas Cargo, Island Pacific shipped canned goods, clothes, towels, bed sheets, and medicines to Manila for free, with the assurance that all these will reach the typhoon victims in the Philippines.

From Saudi Arabia, Ray Angelo B. Satorre wrote, "*Isa pong malaking karangalan na makatulong sa ating mga kababayan thru GMA Kapuso Foundation. Aasahan po ninyong di kami magsasawang mag-abot ng tulong kung kinakailangan. Kami po'y lubos na nagpapasalamat sa inyong pag-tanggap sa naturang donasyon.*" They sent P37,083.05, collected from fellow-Filipino workers in that company.

GMA Kapuso Foundation's relief operations gained the support of Filipinos worldwide – from Canada, the USA, the Middle East, Europe, Australia, Korea, Japan, China, and the rest of Asia – who all wanted to do their share in alleviating the plight of the typhoon victims.

## The Unsung Heroes of the GMA Kapuso Foundation: In the Eye of the Storm

A shifting schedule was eventually worked out for the staff and volunteers. Much of the work took place in the warehouse where the repacking of the goods for distribution was done. Warehouse Officer Sheilana Rosary Ward had to oversee all facets of the relief goods preparation – from receiving donations, to sorting to repacking to loading to monitoring and releasing of the goods.

*"Dagsa ang donations!"* Sheilana remarked. *"Ang haba-haba ng pila sa loob at labas ng warehouse; bukas na ang gate."* Sheila worked for three straight days without sleep until some Foundation staff from the office arrived to relieve her. She just had enough time to go home, rest a bit, take a shower and change her clothes. She brought more clothes with her upon returning to her warehouse duty.

The warehouse overflowed with donated goods such that a basement parking space as well as GMA Studios 1 and 3 had to be converted as additional storage areas. *"Pumuti ako sa basement na yun,"* Gerard said. For days, he did not see the sun.

Another difficulty encountered by the staff was the lack of vehicles for transporting the relief goods. With the volumes of donated goods, 10-wheeler trucks were needed to deliver the relief goods to victims not only in Metro Manila but also in affected provinces.

The cost of transporting the goods from Manila to Ilocos Norte, for example, could be as much as P17,000 per day. But it was not with much difficulty that generous donors who volunteered the use of their trucks; among them, the San Agustin Trucking Services, Air 21, OCCL Logistics Philippines Inc., Fast Logistics, San Roque Transport, SC Holding Sales and Rental, and Asia International Auctioneers, Inc.

*"In the end, we saw that Pinoys can be mobilized and depended on to help during times of disaster,"* Marivic observed. *"This gave more meaning to our work."*

It is noteworthy that GMA stars and talents were among the first to respond to the call for volunteers. Regine Velasquez and Ogie Alcasid personally delivered and donated two truck loads of relief goods and asked Mel what other goods were needed by the beneficiaries. Many young stars from the GMA Artist Center joined the relief operations and distributed goods in the evacuation centers. Pia Guanio was among the GMA talents who participated in the celebrity telethon that raised funds for the flood victims. Also, she readily volunteered to receive donations from people who lined up at the entrance of the GMAKF Office.

Because of the magnitude of the relief operations, Mel issued a policy ruling that all GMA employees and talents were allowed to undertake relief operations in their own areas. *"We wanted the relief goods delivered right away to beneficiaries. As many of the employees were also typhoon victims themselves, they knew which areas to help,"* she said. All they had to show was their company IDs to pick up the goods.

*"Masarap pala tumulong,"* Sheilana observed. *"None of us got sick, thank God. We were rewarded with the smiles and the endless expression of thanks from those we helped."*







For a single mom like Project Officer Anna Somcio, leaving her seven year old son, Luis, at home to join the Foundation's relief operations was a sacrifice worth doing. "He might be too young to understand the saving grace of selfless giving. But someday, he will remember and be grateful," Anna recalled.

Armon Lingat, Project Staff Auxiliary at the Foundation said that the desire to help can be found in the heart of most people. "It's easy to help if you have the heart for it," Triccie Kierulf, Project Staff Auxiliary added. Mavien Cablaog also with IMC of the Kapuso Foundation believes it's a calling.

The overwhelming amount and volume of donations received from donors here and abroad, and the volunteer work made by many individuals, families and communities have shown the innate goodness of the Filipino. The crisis has also put the GMAKF staff to a test and they all passed with flying colors because of their commitment to their mission as "*Kapuso ng bawat Pilipino*" in the best and worst of times.



(L-R) **1st row:** Danilo Fausto, Leon Defuntorum, Cristy Betonio  
**2nd row:** Mavien Cablaog, Gerard Garcia, Maricel Tarrayo, Marivic Filio-Calixto, Linette Berida, Rose Lahorra  
**3rd row:** Arsenio Escobar, Sheila Ward, Triccie Kierulf, Ysang Rustia, Mel Tiangco, Anna Somcio, Cora Ocumin  
**Back row:** Tina Dungca, Ed Eniego, Armon Lingat

When Agustin "Gust" Tulagan and his wife, Perla brought to the GMA Kapuso Foundation office 10 sacks of old clothes collected by their neighbors and friends, they learned that one of the things urgently needed by the Foundation at that time were vehicles for transporting the relief goods to the evacuation centers.

Gust's 25 year old son, Rainbow or Bong for short, who has a trucking business made available 10-wheeler trucks for the distribution of the relief goods.

"The drivers offered their services free-of-charge," Gust said. In one of their trips, they were stranded in Ilocos Sur, and while they were discussing how much they would need for gasoline to get back to Manila, a couple of Ilocano *balikbayans* who were seated at the next table in the restaurant where they were overheard them and gave them P1,500 to add to their kitty. "People were just too willing to help," Gust said.







**GMA Kapuso Foundation, Inc.**  
(A Nonstock, Nonprofit Organization)

## **Financial Statements**

December 31, 2009 and 2008

and

Independent Auditors' Report

**SGV&Co**  
**ERNST & YOUNG**



## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
GMA Kapuso Foundation, Inc.

We have audited the accompanying financial statements of GMA Kapuso Foundation, Inc. (a nonstock, nonprofit organization), which comprise the statements of assets, liabilities and fund balance as at December 31, 2009 and 2008, and the statements of revenue and expenses, statements of changes in fund balance 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. 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 whether the financial statements are free from material misstatement.

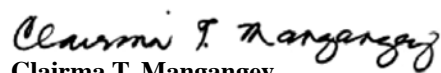
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of GMA Kapuso Foundation, Inc. as of December 31, 2009 and 2008, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

  
**Clairma T. Mangangey**

Partner

CPA Certificate No. 86898

SEC Accreditation No. 0779-A

Tax Identification No. 129-434-867

PTR No. 2087548, January 4, 2010, Makati City

March 25, 2010

**GMA KAPUSO FOUNDATION, INC.****(A Nonstock, Nonprofit Organization)****STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 5, 14 and 15)	<b>₱101,873,058</b>	₱39,464,875
Short-term investments (Notes 14 and 15)	<b>1,416,939</b>	1,443,887
Receivables (Notes 6, 14 and 15)	<b>1,785,611</b>	766,629
Total Current Assets	<b>105,075,608</b>	41,675,391
<b>Noncurrent Asset</b>		
Property and equipment - net (Note 7)	<b>1,065,760</b>	1,346,350
	<b>₱106,141,368</b>	₱43,021,741
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 8, 14 and 15)	<b>₱3,698,733</b>	₱2,611,785
Due to GMA Network, Inc. (Notes 12, 14 and 15)	<b>735,177</b>	2,145,125
Total Current Liabilities	<b>4,433,910</b>	4,756,910
<b>Noncurrent Liability</b>		
Pension liability (Note 13)	<b>555,823</b>	453,798
<b>Fund Balance</b>	<b>101,151,635</b>	37,811,033
	<b>₱106,141,368</b>	₱43,021,741

*See accompanying Notes to Financial Statements.*



**GMA KAPUSO FOUNDATION, INC.****(A Nonstock, Nonprofit Organization)****STATEMENTS OF REVENUE AND EXPENSES**

	<b>Years Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>REVENUE</b>		
Projects (Note 9)	<b>₱112,041,251</b>	₱23,471,804
Donations (Note 10)	<b>13,901,346</b>	19,871,370
Interest income from bank deposits, short-term placements and investments (Note 5)	<b>1,271,862</b>	959,370
Unrealized foreign exchange gain	<b>—</b>	862,073
	<b>127,214,459</b>	45,164,617
<b>EXPENSES</b>		
Project cost (Note 11)	<b>50,148,042</b>	24,006,395
Donations (Note 11)	<b>5,941,654</b>	9,432,934
Salaries and wages (Note 12)	<b>5,166,240</b>	4,682,306
Depreciation (Note 7)	<b>881,090</b>	1,208,806
Communications	<b>444,503</b>	196,470
Unrealized foreign exchange loss	<b>399,400</b>	—
Office supplies	<b>302,213</b>	565,891
Transportation and travel	<b>216,118</b>	89,509
Pension expense (Note 13)	<b>102,025</b>	152,802
Entertainment, amusement and recreation	<b>96,423</b>	93,689
Repairs and maintenance	<b>32,421</b>	229,306
Others	<b>143,728</b>	207,081
	<b>63,873,857</b>	40,865,189
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>₱63,340,602</b>	₱4,299,428

*See accompanying Notes to Financial Statements.*

**GMA KAPUSO FOUNDATION, INC.****(A Nonstock, Nonprofit Organization)****STATEMENTS OF CHANGES IN FUND BALANCE**

	<b>Years Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Fund balance at beginning of year	<b>₱37,811,033</b>	₱33,511,605
Excess of revenue over expenses	<b>63,340,602</b>	4,299,428
Fund balance at end of year	<b>₱101,151,635</b>	₱37,811,033

*See accompanying Notes to Financial Statements.*



**GMA KAPUSO FOUNDATION, INC.****(A Nonstock, Nonprofit Organization)****STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	<b>₱63,340,602</b>	<b>₱4,299,428</b>
Adjustments for:		
Interest income from bank deposits, short-term placements and investments (Note 5)	<b>(1,271,862)</b>	<b>(959,370)</b>
Depreciation (Note 7)	<b>881,090</b>	<b>1,208,806</b>
Unrealized foreign exchange loss (gain)	<b>399,400</b>	<b>(862,073)</b>
Provision for pension expense (Note 13)	<b>102,025</b>	<b>152,802</b>
Excess of revenue over expenses before working capital changes	<b>63,451,255</b>	<b>3,839,593</b>
Increase in receivables	<b>(944,083)</b>	<b>(55,591)</b>
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>1,086,948</b>	<b>(1,388,662)</b>
Due to GMA Network, Inc.	<b>(1,409,948)</b>	<b>648,138</b>
Cash generated from operations	<b>62,184,172</b>	<b>3,043,478</b>
Interest received	<b>1,196,963</b>	<b>940,378</b>
Net cash flow generated from operating activities	<b>63,381,135</b>	<b>3,983,856</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment (Note 7)	<b>(600,500)</b>	<b>(101,957)</b>
Increase (decrease) in short-term investments	<b>26,948</b>	<b>(205,487)</b>
Net cash used in investing activities	<b>(573,552)</b>	<b>(307,444)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(399,400)</b>	<b>862,073</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>62,408,183</b>	<b>4,538,485</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>39,464,875</b>	<b>34,926,390</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱101,873,058</b>	<b>₱39,464,875</b>

*See accompanying Notes to Financial Statements.*

# **GMA KAPUSO FOUNDATION, INC.**

**(A Nonstock, Nonprofit Organization)**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

GMA Kapuso Foundation, Inc. (the Foundation) was incorporated on November 29, 1990 as a nonstock, nonprofit organization under the laws of the Republic of the Philippines. The Foundation was organized primarily to engage in philanthropic, humanitarian and charitable activities for public welfare. The registered office address of the Foundation is GMA Complex, EDSA corner Timog Avenue, Diliman, Quezon City.

As a nonstock, nonprofit corporation, the Foundation is exempt from income tax under the conditions set forth in Section 30 (e) of the National Internal Revenue Code (NIRC). As a donee institution, the donation/s received by the Foundation shall entitle the donor to full or limited deduction and exemption from donor's tax pursuant to Section 34 (H) (2) and 101 (A) (3) of the NIRC.

The accompanying financial statements of the Foundation were authorized and approved for issue by the Board of Trustees (BOT) on March 25, 2010.

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### **2. Basis of Preparation**

The accompanying financial statements have been prepared on the historical cost basis. The financial statements are presented in Philippine peso, which is the Foundation's functional and presentation currency.

#### Statement of Compliance

The accompanying financial statements of the Foundation have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) issued by the Financial Reporting Standards Council and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC).

#### Changes Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRS and Philippine Interpretations which the Foundation has adopted during the year.

#### *New Standards and Interpretations*

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
- Philippine Interpretation IFRIC 18, *Transfer of Assets from Customers*

#### *Amendments to Standards*

- PFRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- PAS 1, *Presentation of Financial Statements*



- Improvements to PFRS (2009) with respect to the amendment to the Appendix to PAS 18, *Revenue*
- Improvements to PFRS (2008)

The standard adopted that is deemed to have an impact on the financial statements or performance of the Foundation is described below:

- PFRS 7, *Financial Instruments: Disclosures*, requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and financial assets used for liquidity management. The liquidity risk disclosures are presented in Note 14 and the fair value of the financial assets and liabilities are disclosed in Note 15.

#### Future Changes in Accounting Policies

The Foundation did not early adopt the following standards and interpretations that have been approved but are not yet effective:

#### *New Standards and Interpretations*

- PFRS 3, *Business Combinations* (Revised) and PAS 27, *Consolidated and Separate Financial Statements* (Amended), is effective for annual reporting periods beginning on or after July 1, 2009. PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss.
- Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate*, is effective for annual periods beginning on or after January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.
- Philippine Interpretation IFRIC 17, *Distributions of Non-Cash Assets to Owners*, is effective for annual periods beginning on or after July 1, 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.

### *Amendments to Standards*

- PFRS 2, *Share-based Payment – Group Cash-settled Share-based Payment Transactions*, is effective for annual periods beginning on or after January 1, 2010. It clarifies the scope and the accounting for group cash-settled share-based payment transactions.
- PAS 39, *Financial Instruments; Recognition and Measurement - Eligible Hedged Items*, is effective for annual periods beginning on or after July 1, 2009. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

The Foundation does not expect the adoption of these new and amended standards and interpretations to have a significant impact on its financial statements.

### Improvements to PFRS

The Foundation did not early adopt the following improvements to PFRS issued in 2009 that have been approved but are not yet effective. The amendments are effective for annual periods beginning on or after January 1, 2010, except when otherwise stated. The Foundation anticipates that these changes will have no material effect on its financial statements.

- PFRS 2, *Share-based Payment*, clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, *Business Combinations* (Revised). The amendment is effective for annual periods on or after July 1, 2009.
- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, clarifies that the disclosures required in respect of noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.
- PFRS 8, *Operating Segments*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- PAS 1, *Presentation of Financial Statements*, clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.
- PAS 7, *Statement of Cash Flows*, explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.
- PAS 17, *Leases*, removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.
- PAS 36, *Impairment of Assets*, clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment, as defined in PFRS 8, before aggregation for reporting purposes.



- PAS 38, *Intangible Assets*, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. The amendment is effective for annual periods beginning on or after July 1, 2009.
- PAS 39, *Financial Instruments: Recognition and Measurement*, clarifies the following:
  - i. that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
  - ii. that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.
  - iii. that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, clarifies that it does not apply to possible reassessment at the date of acquisition of embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture. The interpretation is effective for annual periods beginning on or after July 1, 2009.
- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*, states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied. The interpretation is effective for annual periods beginning on or after July 1, 2009.

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### 3. Summary of Significant Accounting and Financial Reporting Policies

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of change in value.

#### Short-term Investments

Short-term investments include highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than three months but less than one year from dates of acquisition and subject to an insignificant risk of change in value.

#### Financial Assets and Liabilities

*Date of Recognition.* The Foundation recognizes a financial asset or a financial liability in the statement of assets, liabilities and fund balance when it becomes a party to the contractual

provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition of Financial Instruments.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Subsequent to initial recognition, the Foundation classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. The Foundation's management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

*Determination of Fair Value.* The fair value of financial instruments traded in active markets at the date of the statement of assets, liabilities and fund balance is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

*Day 1 Profit.* Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Foundation recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of revenue and expenses unless it qualifies for recognition as some other type of asset. In cases where data used are not observable, the difference between the transaction price and model value is only recognized in the statements of revenue and expenses when the inputs become observable or when the instrument is derecognized. For each transaction, the Foundation determines the appropriate method of recognizing the Day 1 profit amount.

### Financial Assets

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in the statements of revenue and expenses.

Financial assets may be designated by management at initial recognition as at FVPL when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or



- the assets are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

The Foundation has no financial assets classified as at FVPL as of December 31, 2009 and 2008.

*Loans and Receivables.* Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. Loans and receivables are carried at cost or amortized cost, less any impairment in value. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within 12 months from the date of statement of assets, liabilities and fund balance. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the Foundation's cash and cash equivalents, short-term investments and receivables (see Note 15).

*HTM Investments.* HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Foundation's management has the positive intention and ability to hold to maturity. Where the Foundation sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of revenue and expenses when the HTM investments are derecognized or impaired, as well as through the amortization process. Assets under this category are classified as current assets if maturity is within 12 months from the date of statement of assets, liabilities and fund balance and as noncurrent assets if maturity date is more than a year from the date of statements of assets, liabilities and fund balance.

The Foundation has no investments classified as HTM as of December 31, 2009 and 2008.

*AFS Financial Assets.* AFS financial assets are nonderivative financial assets that are designated in this category or are not classified in any of the other categories. Subsequent to initial recognition, AFS financial assets are carried at fair value in the statement of assets, liabilities and fund balance. Changes in the fair value of such assets are reported as revaluation reserve for AFS financial assets in the fund balance section of the statement of assets, liabilities and fund balance until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in the statements of changes in fund balance is transferred to the statement of revenue and expenses. Interest earned on holding AFS financial assets is recognized in the statement of revenue and expenses using the effective interest rate. Assets under this category are classified as current assets if expected to be realized within 12 months from the date of statements of assets, liabilities and fund balance and as noncurrent assets if maturity date is more than a year from date of the statements of assets, liabilities and fund balance.

The Foundation has no AFS financial assets as of December 31, 2009 and 2008.

## Financial Liabilities

*Financial Liabilities at FVPL.* Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or when the Foundation elects to designate a financial liability under this category. Liabilities under this category are classified as current liabilities if expected to be settled within 12 months from the date of statement of assets, liabilities and fund balance and as noncurrent liabilities if maturity date is more than a year from date of statement of assets, liabilities and fund balance.

The Foundation has no financial liabilities classified under this category as of December 31, 2009 and 2008.

*Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes accounts payable and other current liabilities, excluding payable to government agencies, and due to GMA Network, Inc. (GMA) (see Note 15).

## Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Foundation; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Foundation does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

## Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Foundation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or



- the Foundation has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Foundation has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset, the asset is recognized to the extent of the Foundation's continuing involvement in the asset.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of revenue and expenses.

#### Impairment of Financial Assets

The Foundation assesses at the date of each statement of assets, liabilities and fund balance whether a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Assets Carried at Amortized Cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of the loss shall be recognized in the statement of revenue and expenses.

The Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance amount. The amount of the reversal is recognized in the statement of revenue and expenses. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of

future recovery and all collateral, if any, has been realized or has been transferred to the Foundation. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statement of revenue and expenses. Any subsequent reversal of an impairment loss is recognized in the statements of revenue and expenses to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

*Assets Carried at Cost.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

*AFS Financial Assets.* The Foundation assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investment classified as AFS investments, an objective evidence of impairment would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the Foundation's statements of revenue and expenses - is removed from statement of changes in fund balance and recognized in the Foundation's statements of revenue and expenses; increases in fair value after impairment are recognized directly in statements of changes in fund balance.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statements of revenue and expenses.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of assets, liabilities and fund balance if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of assets, liabilities and fund balance.

#### 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 consists of its purchase price, including import duties, borrowing costs and other costs directly attributable in bringing the asset 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 to operations in the year 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 an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Office equipment	2–3 years
Transportation equipment	4 years
Communication equipment	3 years
Office furniture and fixtures	3 years

The remaining useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts; any resulting gain or loss is credited or charged to current operations.

#### Impairment of Nonfinancial Assets

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any indication exists, and if the carrying value exceeds the estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in the statement of revenue and expenses in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of revenue and expenses. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Revenue

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

*Projects and Donations.* Revenue is recognized when it is probable that the economic benefits associated with the donation will flow to the Foundation, which in most cases is upon receipt of the donation from the donors.

*Interest.* Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

#### Expense Recognition

Expenses are recognized in the statement of revenue and expenses when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Project costs and donations are recognized in the statement of revenue and expenses on the basis of a direct association between the costs incurred and revenue recognized by the Foundation.

#### Pension Costs

The Foundation has an unfunded, noncontributory retirement plan covering its permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The past service cost, if any, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, pension plans, past service cost is recognized immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized, reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

#### Foreign Currency Transactions

The financial statements are presented in Philippine peso, which is the Foundation's functional and presentation currency. Transactions in foreign currencies are recorded using the exchange rate at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing rate of exchange at the date of the statement of assets, liabilities and fund balance. All differences are taken to the statement of revenue and expenses. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### Provisions

Provisions are recognized when the Foundation 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Foundation expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.



### 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 are disclosed when an inflow of economic benefits is probable.

### Events after the Date of Statements of Assets, Liabilities and Fund Balance

Post year-end events that provide additional information about the Foundation's position at the date of statements of assets, liabilities and fund balance (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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## **4. Significant Accounting Judgment, Estimates and Assumptions**

The preparation of the Foundation's financial statements requires management to make judgment, estimates and assumptions that affect the amounts reported in the financial statements and related notes. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

### Judgment

*Functional Currency.* In the process of applying the Foundation's accounting policies, management has determined that its functional currency is the Philippine peso. It is the currency of the primary economic environment in which the Foundation operates.

### Estimates and Assumptions

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Foundation's financial statements. Actual results could differ from such estimates.

*Estimating Useful Lives of Property and Equipment.* The Foundation estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease noncurrent asset.

Property and equipment, net of accumulated depreciation, amounted to ₱1,065,760 and ₱1,346,350 as of December 31, 2009 and 2008, respectively (see Note 7).

*Impairment of Property and Equipment.* For property and equipment, impairment testing is performed whenever there is an indication that the assets are impaired. Determining the net recoverable value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions

used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the statement of revenue and expenses.

No impairment loss was recognized in 2009 and 2008. The net book value of property and equipment amounted to ₱1,065,760 and ₱1,346,350 as of December 31, 2009 and 2008, respectively (see Note 7).

*Pension.* The determination of the Foundation's obligation and cost for pension is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 13 and include, among others, discount rate and expected rate of salary increase. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods.

Net pension liability amounted to ₱555,823 and ₱453,798 as of December 31, 2009 and 2008, respectively. Unrecognized actuarial gain amounted to ₱298,113 as of December 31, 2009 and unrecognized actuarial loss amounted to ₱160,245 as of December 31, 2008 (see Note 13).

*Fair Value of Financial Assets and Liabilities.* The Foundation carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). However, the amount of changes in fair value would differ if the Foundation utilized different valuation methodologies and assumptions. Any change in fair value of these financial assets and liabilities would affect the statements of revenue and expenses and fund balance.

The fair values of financial assets and liabilities are presented in Note 15.

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## 5. Cash and Cash Equivalents

This account consists of:

	2009	2008
Cash on hand and in banks	<b>₱52,182,718</b>	₱18,819,666
Short-term placements	<b>49,690,340</b>	20,645,209
	<b>₱101,873,058</b>	₱39,464,875

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation, and earn interest at the respective short-term placement rates.

Interest income from bank deposits, short-term placements and investments amounted to ₱1,271,862 and ₱959,370 in 2009 and 2008, respectively.



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## 6. Receivables

This account consists of:

	2009	2008
Advances to officers and employees	<b>₱1,637,625</b>	₱693,542
Interest receivable	<b>147,986</b>	73,087
	<b>₱1,785,611</b>	₱766,629

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Advances to officers and employees and interest receivable are noninterest-bearing and are normally collected throughout the financial year.

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## 7. Property and Equipment

The details of property and equipment are as follows:

2009					
	Office Equipment	Transportation Equipment	Communication Equipment	Office Furniture and Fixtures	Total
<b>Cost</b>					
Balance at beginning of year	<b>₱2,078,474</b>	<b>₱2,436,429</b>	<b>₱231,247</b>	<b>₱110,736</b>	<b>₱4,856,886</b>
Additions	<b>49,900</b>	<b>550,600</b>	<b>—</b>	<b>—</b>	<b>600,500</b>
Balance at end of year	<b>2,128,374</b>	<b>2,987,029</b>	<b>231,247</b>	<b>110,736</b>	<b>5,457,386</b>
<b>Accumulated Depreciation</b>					
Balance at beginning of year	<b>1,637,235</b>	<b>1,627,232</b>	<b>178,981</b>	<b>67,088</b>	<b>3,510,536</b>
Depreciation	<b>360,025</b>	<b>434,075</b>	<b>52,266</b>	<b>34,724</b>	<b>881,090</b>
Balance at end of year	<b>1,997,260</b>	<b>2,061,307</b>	<b>231,247</b>	<b>101,812</b>	<b>4,391,626</b>
<b>Net Book Value</b>	<b>₱131,114</b>	<b>₱925,722</b>	<b>₱—</b>	<b>₱8,924</b>	<b>₱1,065,760</b>

2008					
	Office Equipment	Transportation Equipment	Communication Equipment	Office Furniture and Fixtures	Total
<b>Cost</b>					
Balance at beginning of year	<b>₱1,981,938</b>	<b>₱2,436,429</b>	<b>₱225,826</b>	<b>₱110,736</b>	<b>₱4,754,929</b>
Additions	<b>96,536</b>	<b>—</b>	<b>5,421</b>	<b>—</b>	<b>101,957</b>
Balance at end of year	<b>2,078,474</b>	<b>2,436,429</b>	<b>231,247</b>	<b>110,736</b>	<b>4,856,886</b>
<b>Accumulated Depreciation</b>					
Balance at beginning of year	<b>1,101,489</b>	<b>1,063,750</b>	<b>106,315</b>	<b>30,176</b>	<b>2,301,730</b>
Depreciation	<b>535,746</b>	<b>563,482</b>	<b>72,666</b>	<b>36,912</b>	<b>1,208,806</b>
Balance at end of year	<b>1,637,235</b>	<b>1,627,232</b>	<b>178,981</b>	<b>67,088</b>	<b>3,510,536</b>
<b>Net Book Value</b>	<b>₱441,239</b>	<b>₱809,197</b>	<b>₱52,266</b>	<b>₱43,648</b>	<b>₱1,346,350</b>

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Property and equipment amounting to ₱3,482,548 and ₱1,473,769 are fully depreciated but are still used by the Foundation as of December 31, 2009 and 2008, respectively.

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## 8. Accounts Payable and Other Current Liabilities

This account consists of:

	2009	2008
Accounts payable	<b>₱872,810</b>	₱1,217,096
Accrued expenses	<b>2,647,274</b>	1,360,962
Payable to government agencies	<b>178,649</b>	33,727
	<b>₱3,698,733</b>	₱2,611,785

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Accounts payable are noninterest-bearing and are normally settled within a 45-day term.

Accrued expenses are noninterest-bearing and are generally settled throughout the financial year.

Payable to government agencies is remitted within 30 days after reporting date.

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## 9. Projects

This account consists of donations received for the following projects:

	2009	2008
Operation Bayanihan	₱103,515,951	₱1,689,586
Unang Hakbang Sa Kinabukasan	5,070,000	5,614,724
Give a Gift	1,993,300	2,386,468
Kapuso School Rehabilitation	1,442,000	—
Kalusugan Karavan	20,000	—
Adopt A School	—	13,781,026
	₱112,041,251	₱23,471,804

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## 10. Donations

This account consists of donations to:

	2009	2008
General fund	₱13,492,751	₱18,394,353
Patients	408,595	1,477,017
	₱13,901,346	₱19,871,370

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## 11. Project Cost and Donations Expense

Project cost consists of costs and expenses incurred for the following projects:

	2009	2008
Operation Bayanihan	₱27,809,963	₱5,263,953
Give a Gift	7,477,918	857,857
Kapuso School Rehabilitation	6,459,424	—
Unang Hakbang Sa Kinabukasan	6,094,430	3,202,200
Linis Lusog Kids	2,047,016	188,248
Kalusugan Karavan	197,033	523,711
Bisig Bayan Special Projects	55,361	—
Sagip Dugtong Buhay	6,897	13,774
Adopt A School	—	13,956,652
	₱50,148,042	₱24,006,395

Donations amounting to ₱5,941,654 and ₱9,432,934 in 2009 and 2008, respectively, pertains to expenses incurred in providing free medicines, medical services and equipment to indigent patients through Bisig Bayan.



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## 12. Related Party Disclosures

- a. Noninterest-bearing advances received from GMA, an affiliate, amounted to ₱735,177 and ₱2,145,125 in 2009 and 2008, respectively.
- b. The compensation of key management personnel of the Foundation consists of salaries and wages amounting to ₱498,333 and ₱613,000 for the years ended December 31, 2009 and 2008, respectively.

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## 13. Pension Benefits

The following tables summarize the components of net pension expense recognized in the statements of revenue and expenses and the unfunded status and amounts recognized in the statements of assets, liabilities and fund balance for the Foundation's plan:

Pension expense consists of:

	2009	2008
Interest cost	<b>₱51,027</b>	₱38,758
Current service cost	<b>46,701</b>	108,880
Actuarial loss recognized	<b>4,297</b>	5,164
	<b>₱102,025</b>	₱152,802

The details of pension liability are as follows:

	2009	2008
Present value of defined benefit obligation	<b>₱257,710</b>	₱614,043
Unrecognized actuarial gain (loss)	<b>298,113</b>	(160,245)
	<b>₱555,823</b>	₱453,798

The changes in the present value of the defined benefit obligation are as follows:

	2009	2008
Balance at beginning of year	<b>₱614,043</b>	₱466,405
Interest cost	<b>51,027</b>	38,758
Current service cost	<b>46,701</b>	108,880
Actuarial gain	<b>(454,061)</b>	—
Balance at end of year	<b>₱257,710</b>	₱614,043

The principal assumptions used in determining pension liability for the Foundation's plans are shown below:

	2009	2008
Discount rates	<b>11.21%</b>	8.31%
Expected rates of salary increase	<b>6.00</b>	6.00

Amounts for the current and previous four annual periods are as follows:

	2009	2008	2007	2006	2005
Present value of defined benefit obligation	<b>₱257,710</b>	₱614,043	₱300,996	₱111,696	₱80,598
Gain on experience adjustments on pension obligation	<b>(454,061)</b>	–	14,225	31,924	–

#### 14. Financial Risk Management Objectives and Policies

The Foundation's principal financial instruments include nonderivative instruments such as cash and cash equivalents, short-term investments, receivables, accounts payable and other current liabilities and due to GMA. The main purpose of these financial instruments includes raising funds for the Foundation's operations. These financial assets and liabilities arise directly from the Foundation's operations. The main risks arising from the use of financial instruments are liquidity risk, foreign exchange risk, interest rate risk and credit risk.

The BOT reviews and approves the Foundation's objectives and policies.

*Liquidity Risk.* The Foundation is exposed to the possibility that adverse changes in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Foundation manages liquidity risk by maintaining sufficient cash and cash equivalents to finance its activities; any excess cash is invested in short-term investments. These placements are maintained until the Foundation is required to disburse funds for its projects.

The Foundation's financial asset, which has a maturity of less than 12 months and used to meet its short-term liquidity needs are cash and cash equivalents and short-term investments amounting to ₱103,289,997 as of December 31, 2009.

The table below summarizes the maturity profile of the Foundation's financial liabilities based on contractual undiscounted payments as of December 31:

2009			
	On Demand	1 to 12 Months	Total
Accounts payable and other current liabilities*	<b>₱872,810</b>	<b>₱2,647,274</b>	<b>₱3,520,084</b>
Due to GMA	–	735,177	735,177
	<b>₱872,810</b>	<b>₱3,382,451</b>	<b>₱4,255,261</b>
2008			
	On Demand	1 to 12 Months	Total
Accounts payable and other current liabilities*	₱1,217,096	₱1,360,962	₱2,578,058
Due to GMA	–	2,145,125	2,145,125
	<b>₱1,217,096</b>	<b>₱3,506,087</b>	<b>₱4,723,183</b>

\*Excluding payable to government agencies amounting to ₱178,649 and ₱33,727 as of December 31, 2009 and 2008, respectively.



*Foreign Exchange Risk.* The Foundation's exposure to foreign exchange risk results from its transactions denominated in foreign currencies. It is the Foundation's policy to ensure that capabilities exist for active but conservative management of its foreign exchange risk.

The Foundation's foreign currency-denominated monetary assets amounted to ₱20,010,745 (US\$433,133) and ₱6,930,079 (US\$145,835) as of December 31, 2009 and 2008, respectively.

In translating foreign currency-denominated monetary assets into peso amounts, the exchange rate used was ₱46.20 to US\$1.00 and ₱47.52 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as of December 31, 2009 and 2008, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US\$ exchange rate, with all other variables held constant, of the Foundation's revenue over expenses from the date of statements of assets, liabilities and fund balance up to next reporting date (due to changes in the fair value of monetary assets). There is no impact on the Foundation's fund balance other than those already affecting statements of revenue and expenses.

	Increase (Decrease) in ₱ to US\$ rate	Effect on Statements of Revenue and Expenses
<b>2009</b>	<b>0.50</b>	<b>(₱216,567)</b>
	<b>(0.50)</b>	<b>216,567</b>
2008	0.50	(72,917)
	(0.50)	72,917

The increase in peso to U.S. dollar rate means stronger peso against the U.S. dollar while a decrease in peso to U.S. dollar means stronger U.S. dollar against the peso.

*Interest Rate Risk.* The Foundation's exposure to changes in interest rates is minimal and is attributed to cash and cash equivalents.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Foundation's revenue over expenses from the date of statements of assets, liabilities and fund balance up to next reporting date. There is no impact on the Foundation's fund balance other than those already affecting statements of revenue and expenses.

	Increase (Decrease) in Basis Points	Effect on Statements of Revenue and Expenses
<b>2009</b>	<b>0.50</b>	<b>₱509,365</b>
	<b>(0.50)</b>	<b>(509,365)</b>
2008	0.50	197,324
	(0.50)	(197,324)

*Credit Risk.* Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. The Foundation has an internal mechanism to monitor the granting of credit and management of credit exposures. The Foundation has made provisions, where necessary, for potential losses on credits extended.

The credit quality of financial assets is managed by the Foundation using high grade and standard grade as internal credit ratings.

*High Grade.* Pertains to counterparty who is not expected by the Foundation to default in settling its obligations, thus credit risk exposure is minimal. This counterparty normally includes prime financial institutions and related parties.

*Standard Grade.* Pertains to counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Foundation. The delays may be due to cut-off differences. This consists of advances to officers and employees and others.

As of December 31, 2009 and 2008, the credit quality of the Foundation's financial assets is as follows:

2009				
	Neither Past Due Nor Impaired		Past Due But	Total
	High Grade	Standard Grade	Not Impaired	
Cash and cash equivalents	P101,873,058	P—	P—	P101,873,058
Short-term investments	1,416,939	—	—	1,416,939
Receivables	147,986	1,637,625	—	1,785,611
	P103,437,983	P1,637,625	P—	P105,075,608

2008				
	Neither Past Due Nor Impaired		Past Due But	Total
	High Grade	Standard Grade	Not Impaired	
Cash and cash equivalents	P39,464,875	P—	P—	P39,464,875
Short-term investments	1,443,887	—	—	1,443,887
Receivables	73,087	693,542	—	766,629
	P40,981,849	P693,542	P—	P41,675,391

Counterparties to the above financial assets consist of prime financial institutions and companies. The Foundation does not expect any counterparty to default in its obligations, given the high credit ratings. The Foundation has no significant concentration of credit risk with any counterparty.

The Foundation's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying amounts of the above financial assets.

## 15. Financial Assets and Liabilities

The table below presents the carrying values and fair values of the Foundation's financial instruments by category and by class as of December 31:

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Loans and receivables:				
Cash and cash equivalents	P101,873,058	P101,873,058	P39,464,875	P39,464,875
Short-term investments	1,416,939	1,416,939	1,443,887	1,443,887
Receivables	1,785,611	1,785,611	766,629	766,629
	P105,075,608	P105,075,608	P41,675,391	P41,675,391



	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Liabilities</b>				
Other financial liabilities:				
Accounts payable and other current liabilities*	<b>₱3,520,084</b>	<b>₱3,520,084</b>	<b>₱2,578,058</b>	<b>₱2,578,058</b>
Due to GMA	<b>735,177</b>	<b>735,177</b>	<b>2,145,125</b>	<b>2,145,125</b>
	<b>₱4,255,261</b>	<b>₱4,255,261</b>	<b>₱4,723,183</b>	<b>₱4,723,183</b>

\* Excluding payable to government agencies amounting to ₱178,649 and ₱33,727 as of December 31, 2009 and 2008, respectively.

#### Fair Value of Financial Instruments

The carrying values of the above financial assets and liabilities approximate fair values primarily due to the relatively short-term maturity of these financial instruments.



**MAJOR SPONSORS:**

GMA Network, Inc.  
CUT Unlimited / Bantayog Foundation, Inc. (Noel Bazaar)  
Ever Gotesco Malls  
Go Tong Foundation  
MoneyGram International  
Pharex HealthCorp.

**DONORS:**

Cebu Pacific Air  
San Agustin Trucking Services (SATS)  
Walter Bread  
Figaro Foundation, Inc.  
NKD International Trading Corporation  
Lorenzo Shipping Corporation  
Sulpicio Lines Incorporated  
Solid Shipping Lines Corporation  
Mcbride Logistics  
Negros Navigation  
Foster Foods, Inc.  
CDO-Odyssey Foundation, Inc.  
United Laboratories, Inc.  
Epson Philippines  
Stavellan International  
Mead Johnson Philippines  
Jollibee Foundation, Inc.  
Goto King  
Jollibee Foods Corporation  
Thunderbird Resort  
Toyota Motor Philippines  
Lamoian Corporation  
Universal Robina Corporation (URC)  
Montenegro Shipping Lines, Inc.  
Mead Johnson Philippines  
Philippine Seven Corporation (7-Eleven)  
Moreta Shipping Lines, Inc.  
Waffle Time  
Agua Vida  
Tinapayan Festival  
Food Corner  
Krispy Kreme  
Aling Mahsya Seafood Paluto Restaurant  
Julie's Bakeshop

**PROJECTS PARTNERS:**

Armed Forces of the Philippines  
Bicol Medical Center  
Civil Military Operations Group, Philippine Army (CMOG)  
Department of Education  
Department of Education,  
Bureau of Elementary Education  
Department of Social Welfare and Development  
East Avenue Medical Center  
Ever Gotesco Malls  
GAT Andres Medical Center  
GMA Artist Center  
GMA Expansion and Production Services,  
News and Public Affairs  
GMA Regional TV  
Go Tong Foundation, Inc.  
Habitat for Humanity Philippines  
Ilocos Training and Regional Medical Center (ITRMC)  
Hi-Precision Diagnostics  
Integrated Philippine Association of Optometrists (IPAO)  
I-Scan Diagnostic Center  
National Disaster Coordinating Council  
National Nutrition Council  
Philippine Air Force  
Philippine College of Surgeons, Metro Manila Chapter  
Philippine Children's Medical Center  
Philippine Cancer Society  
Philippine Dental Association  
Philippine Marine Corps  
Philippine Medical Association  
Philippine Red Cross  
Philippine Society of Pediatric Surgeons  
Procter & Gamble Philippines  
United Nations Children's Fund (UNICEF)

**Total Worth of Material Donations: P74, 587,046.53**  
**(This amount includes Ondoy-Pepeng Material Donations)**



## GMA KAPUSO FOUNDATION, INC.

2<sup>nd</sup> Floor GMA Kapuso Center  
GMA Network Drive cor. Samar Streets  
Diliman, Quezon City 1103  
Philippines

Telephone Nos: (632) 982.7777 loc. 9901 / 9904 / 9905  
Telefax: (632) 928.9351 / 928.4299

E-mail: [gmaf@gmanetwork.com](mailto:gmaf@gmanetwork.com)  
Website: [www.kapusofoundation.com](http://www.kapusofoundation.com)

### METROPOLITAN BANK & TRUST COMPANY

#### Peso Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 3-098-51034-7

#### Dollar Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 2-098-00244-2  
Code : MBTC PH MM

### UNITED COCONUT PLANTERS BANK (UCPB)

#### Peso Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 115-184777-2  
160-111277-7

#### Dollar Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 01-115-301177-9  
01-160-300427-6  
Code : UCPB PH MM

### PHILIPPINE NATIONAL BANK (PNB)

#### Peso Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 121-003200017

#### Dollar Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 121-003200025  
Code : PNB MPH MM

### BANCO DE ORO (BDO)

#### Peso Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 469-0022189

#### Dollar Savings

Account Name : GMA Kapuso Foundation, Inc.  
Account Number : 469-0072135  
Code : BNOR PH MM

