

# THE DUNGGANON JOURNEY

2018 ANNUAL REPORT



The background of the entire page is a stylized illustration. It features a series of layered, jagged mountain peaks in various shades of orange and red, creating a sense of depth. In the foreground, there is a dark silhouette of a woman standing and looking towards the horizon. The overall color palette is warm, ranging from light orange to deep red.

# 2018 ANNUAL REPORT

## ABOUT THE COVER

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### The Dungganon Journey

DUNGGANON is a Hiligaynon word that means honorable, noble and dignified all at the same time.

The cover with the silhouette of a woman looking toward the vast horizon represents the boundless opportunities that is available to NWTF clients who are doing their utmost to move their families out of poverty and improve their quality of life with dignity and honest work.

The same silhouette may also be perceived to show the late Dr. Cecilia del Castillo showing the viewer the breadth and depth of the work that is still to be done.

This Annual Report is both a tribute and a celebration of her life and her selfless contribution to NWTF, the Microfinance industry and the women she empowered over the past 35 years.

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# PROJECTS



### PROJECT DUNGGANON

Project Dunganon aims to help poor women from rural communities achieve self-reliance and rise above the mire of poverty by providing them with the training and the credit to start or maintain their own small business ventures. By providing access to collateral-free credit through loans and other services, Project Dunganon helps them discover their own entrepreneurial spirit and realize their potential to effect positive change.



### PROJECT KASANAG

Kasanag means light that shines bright in Hiligaynon. Project Kasanag offers opportunities to rural and urban micro entrepreneurs by providing low-interest individual loans that will allow them to acquire business assets and capital to finance their growing business.

# SUBSIDIARIES



### DUNGGANON BANK INC.

DBI provides relevant and professional banking services to the poor including access to ATM and POS machines in the rural areas.

### NWTF INTEGRATED SYSTEMS, INC.

### NWTF INTEGRATED SYSTEMS CORPORATION, INC.

NIS provides the technology infrastructure and develops systems that support NWTF operations, including a state-of-the-art data center that caters to the needs of NWTF and DBI.



## Message from the **DIRECTOR OF ADMINISTRATION AND FINANCE**

Ms. Suzzette D. Gaston

2018 ended on a sad note at the passing of our beloved Founder, Dr. Cecilia del Castillo. The whole NWTF family and community mourns because we will miss her ever-smiling presence in our midst, but we also celebrate the journey she brought us all along, for the past 34 years, together with the highs and lows, the challenges and the victories.

The achievements in the past year presented in this Annual Report proves that under her selfless leadership, in spite of her failing health, NWTF thrived, expanding to 151 branches with over 462,000 clients with a loan portfolio that crossed the 3 Billion threshold. The NWTF team also grew to more than 3,000 employees last year.

It must be said that under her tutelage, she prepared the management team to continue the work she began. Change will be inevitable in the next few years, but it is most reassuring that the Board and Management are one in our commitment to adhere to her vision for NWTF.

As you will read in the pages that follow, we present NWTF's Social Business Agenda which Cecile so vigorously supported. She believed that if we seriously want to continue to combat poverty, we must not just provide access to microcredit but also expand our services to include other enterprises that address the major societal problems – this, is one initiative

that we are committed to pursue and fully support in the coming years.

We have also devoted a few pages to the Client Services and Client Wellness programs which include the activities we make available to clients to ensure not only their health and wellbeing, but also provide them access to skills trainings and scholarships for their children.

We also feature programs with partners that upgrade our clients' skill sets, as well as events such as the Business Summit, which we organize to encourage clients who have expanded their businesses to join the mainstream business community by obtaining the necessary permits and licenses. By inviting experts from various government agencies, these clients learn the advantages of registration and are given access and assistance in processing their applications during the conference.

You will also see in this report that NWTF ensures that both clients and employees are involved in activities that encourage health and wellness as well as environmental protection.

We may all be saddened that Cecile is no longer with us, but I remain optimistic that we, who are still here, will do our utmost to preserve, protect and advance her vision and mission for NWTF.



## Message from the **BOARD CHAIRPERSON**

Atty. Elmira P. Maglasang

At the end of my 2-year stint as Board Chairperson, I am pleased to have led the NWTF Board in putting in place a more robust structure for good governance, but I also grieve the loss of NWTF's Founder and Executive Director, Dr. Cecilia del Castillo in the last month of the year.

In spite of the loss, I am pleased to note that 2018 was another fruitful year for NWTF in its achievement of its triple bottom-line –social, environmental and financial– targets as you will read in the body of this Annual Report.

As I hand over the baton to the next Chairperson, I am glad that in my last term of office, NWTF grew exponentially, opening 23 new branches last year, increasing our clients to more than 460,000, and growing our portfolio by over 25%, while keeping PAR low at less than 2%.

I am especially proud to be a part of NWTF because we are one of the few Microfinance NGOs who provide our clients with both access to financial assistance to grow their business, and at the same time also provide access to low-

cost medical services, skills training, access to clean water, and many more social services.

At the Board level, I am happy to report that it was in my first year as Board Chairperson that we welcomed the biggest number of new members into the Foundation. This is the first step for ensuring succession in the Board: for we now have a pool of Foundation Members who have the credentials, skills and expertise to continue the work that Cecile and the other incorporators started 35 years ago.

I also feel privileged that it was in my watch that NWTF received its Microfinance NGO accreditation, ensuring that we can avail of the 2% preferential tax rate.

I am assured that management shall maintain its accreditation status so that we can continue to do the work we envisioned and committed ourselves to do: help the poor move out of poverty and journey with them as they grow their businesses and become economic catalysts in their communities.

# Her Dungganon Story: Dr. Cecilia del Castillo

Doc Cecile, as everyone at NWTF fondly called her, was already in her early 40s when she founded NWTF in 1984. By then she had lived a full life with a wide spectrum of experiences. From her early 20's she had traveled extensively, studied and worked abroad and had been exposed to a variety of cultures.

She once admitted that becoming a leading pioneer in helping the poor move out of poverty in the country was never her ambition. In fact, she recalled that in her teens, she did not really know what she wanted to do, which is why in College, she enrolled in AB English and Philosophy.

After graduating from Maryknoll College in 1963 with a Bachelor of Arts Degree in English and Philosophy, she volunteered as a missionary at the Maryknoll Fathers' mission at Panabo, Davao where she developed new experiences with different Filipino cultures and was exposed to a wider variety of people while she taught English Literature, Grammar and composition at the Kindergarten, Elementary and College levels.

Because of this experience, she thought that she wanted teach small children, so in 1965 she went to the United States where she took Graduate Studies in Elementary Education and Child Studies at Xavier College in Chicago, Illinois.

On her return to the Philippines in 1966, she setup a Nursery and Kindergarten School called Children's Playhouse at her family's old house in San Sebastian Street - the same location where the NWTF Head Office is now located.

At the same time, she worked as a Production Manager for an Education TV Project in Bacolod which developed programs of interest that would benefit the people in the farms and rural areas.

In the early 70s she studied for her Master of Arts in Guidance and Counselling at the Ateneo de Manila University, graduating in 1974. During this time, she also worked as a consultant and conducted seminars and developed programs for various enterprises in Bacolod City, including the Bacolod City Police Department for which she was a member of the Police Advisory Council.

In 1976 she went back to the United States to study for her Doctorate in Education at the University of Indiana, in Bloomington, Indiana, completing her academic requirements in 1981.

While in Bloomington she also worked as Assistant Coordinator in a dormitory of 1400 graduate students with 300 foreign students from about 98 countries each semester.

Her duties included developing staff training and student orientation programs. She also worked closely with the Office of International Students, counseling foreign students with problems adjusting to life in the USA.

On her return to the Philippines in 1981, she joined the International Catholic Migration Commission which managed the Bataan Refugee Camp. Her first assignment was as a personnel officer and later she was assigned as the Cultural Orientation Coordinator in charge of student placement, classroom assignment of teachers and transfers.

While at the Bataan Refugee Camp, she saw how the poor Vietnamese refugees, especially the women, struggled to learn a new language so that they could move their families to a more secure and safe country. She also realized how important pro-women initiatives were in safeguarding the future of the children and sustaining their families.

After her stint at the Bataan Refugee Camp, she returned to Bacolod in 1983 to setup a private practice as a Counseling Psychologist. She also offered her services as a management consultant in personnel management and human relations for business and educational institutions.

It was around this time that the sugar crisis and the hunger

in Negros was reaching its peak. Alarmed by the growing malnutrition among very young children in the surrounding communities, Doc Cecile and her friends from Maryknoll College banded together and organized feeding stations.

Thinking of sustainability, they organized the women into small cooperatives and helped them by putting up a Bakery business. Even after establishing NWTF in 1984 and formally registering it with the SEC in 1986, for the next few years, Doc Cecile and her friends worked hard to find the best solution, trying many things by trial and error.

It was not until she met Professor Muhammad Yunus and learned about the Grameen Method that everything synced, and they never looked back.

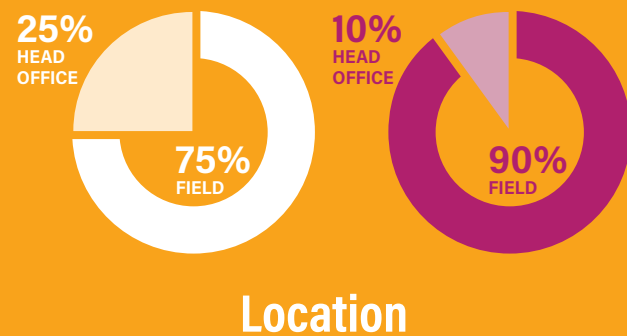
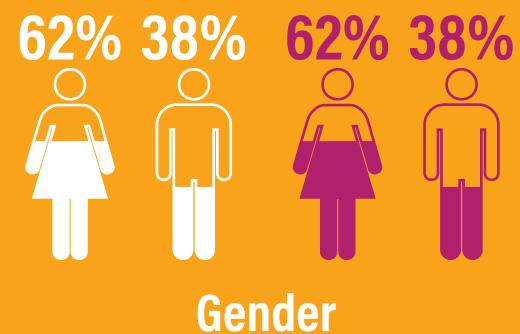
When she was asked a few years ago if she planned for poverty alleviation to be her life's achievement, she said that she sort of grew into it by natural progression because of her life experiences, and because she was open to all possibilities and learning opportunities.

Now, 35 years later, she has done a good job of training the next generation and left a legacy for NWTF to continue serving the poorest women in the most rural areas of the Philippines and helping them move out of poverty.

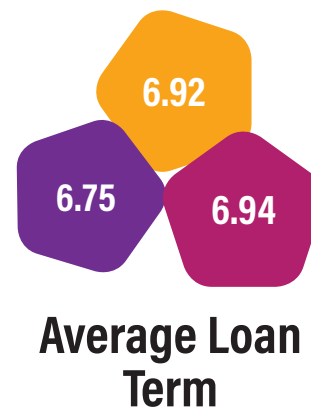
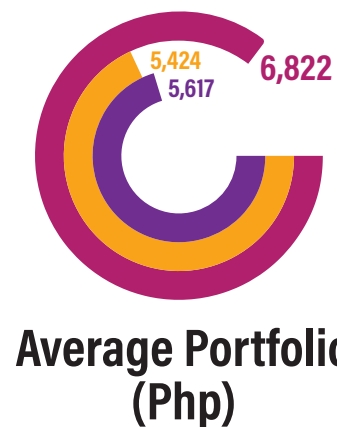
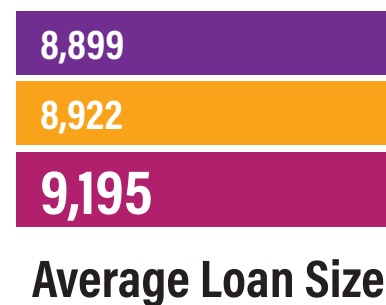
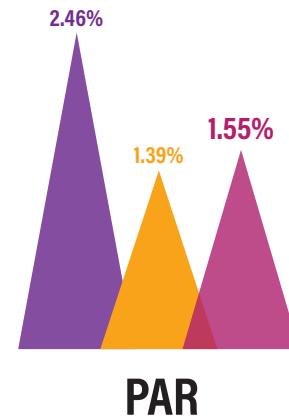
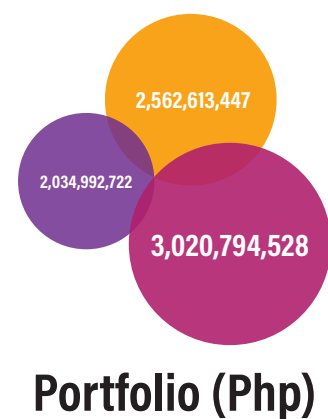
# The NWTf Team

● 2017 ● 2018

2,472  
3,060  
Number

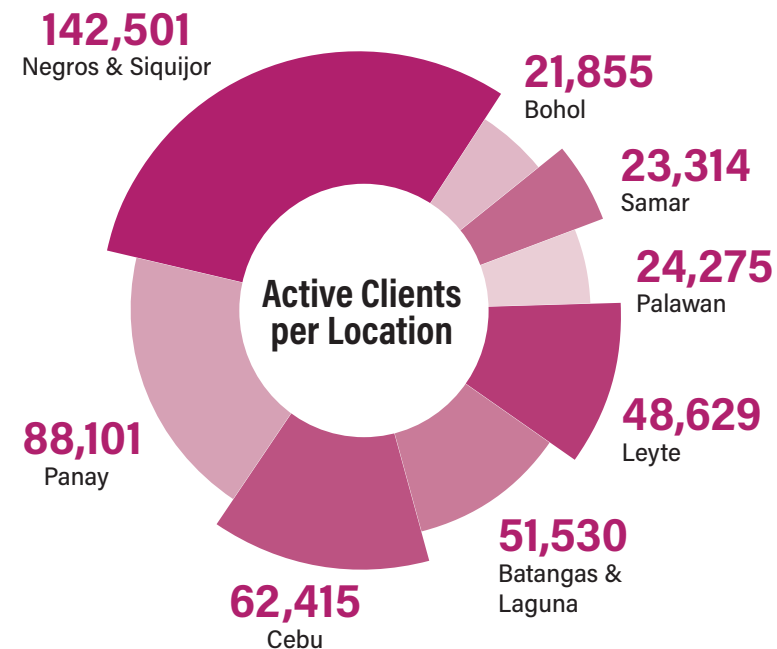


DUNGGANON  
a project of nwtf



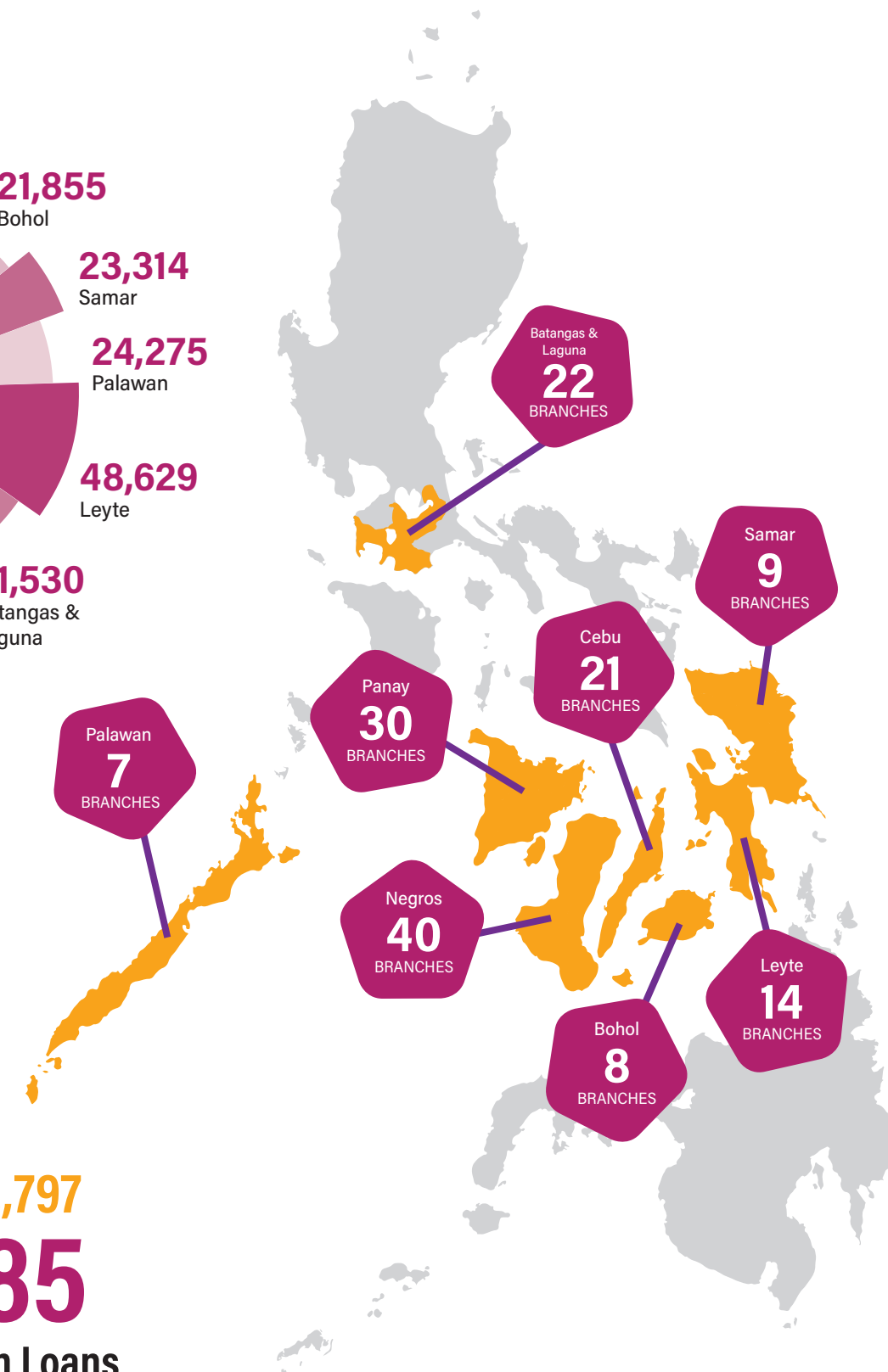
## METRICS

● 2016 ● 2017 ● 2018



312,066 387,456  
462,620  
Active Clients

297,261 372,797  
442,785  
Active Clients with Loans

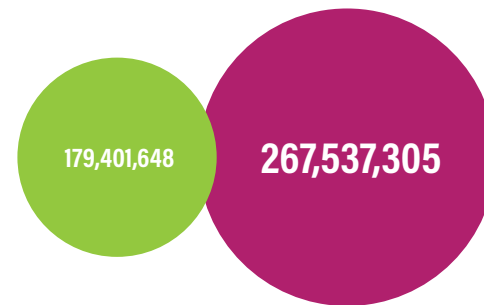


# METRICS

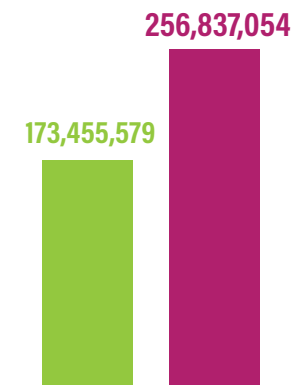
● 2017 ● 2018

5,497  
**4,260**

Active Clients with Loans



Portfolio (Php)



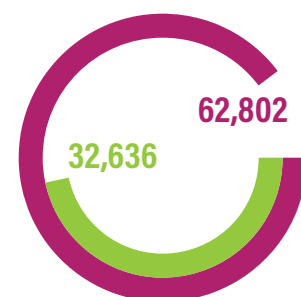
Total Assets (Php)



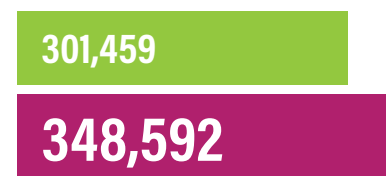
PAR



Average Loan Term



Average Portfolio (Php)



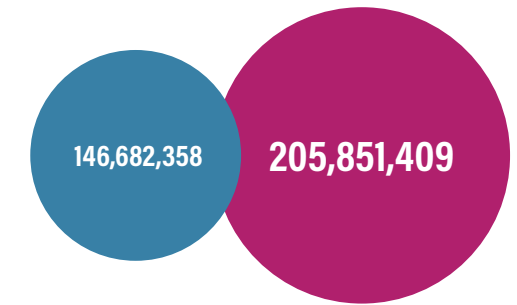
Average Loan Size

# METRICS

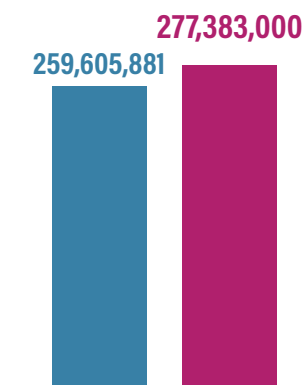
● 2017 ● 2018

8,456  
**9,546**

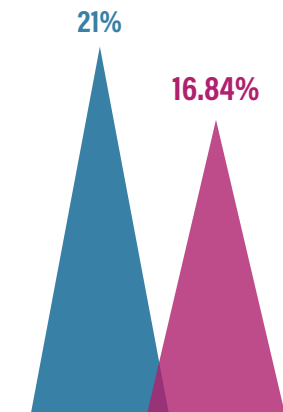
Active Clients with Loans



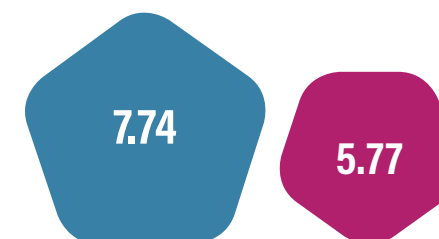
Portfolio (Php)



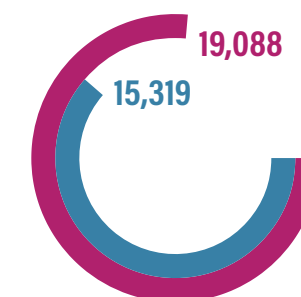
Total Assets (Php)



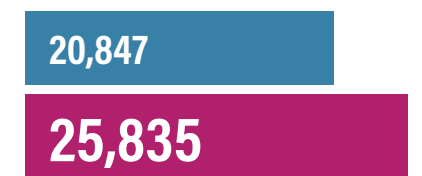
PAR



Average Loan Term



Average Portfolio (Php)



Average Loan Size

# OUR SOCIAL BUSINESS AGENDA

NWTF has long been an advocate of Professor Yunus' vision of solving the world's social issues through sustainable business models known as social businesses. To help bring in the next wave of social entrepreneurs from Negros, we have partnered with different academic institutions to raise awareness on various issues and strengthen their academic and outreach programs to to inspire students and provide them with knowledge on how to start social businesses.



Our partner academic institutions include some of the top universities in both Negros Occidental and Oriental, namely, the University of St. La Salle, Technological University of the Philippines – Visayas, Carlos Hilado Memorial State College, La Consolacion College and Foundation University of Dumaguete City. We are always looking for more partners as we promote the concept of social business.

We have conducted faculty development seminars to strengthen capability of our educators, and social business forums to create interest and get various stakeholders in meaningful conversations that lead to positive action.



Participants during one of the development seminars conducted.

These activities have already led to the social business taking root in Negros, with the establishment of a Yunus Social Business Center planned in 2019, and a big contingent attending the 2019 Social Business Youth Summit in Manila.

We have also partnered with charitable organizations to help develop their income generating activities to lessen their reliance on donations and become more sustainable long term. One such partnership is with Welcome Home Foundation, Inc. a charitable institution based in Bacolod City that seeks to help the deaf community. Together, we've searched for ways to improve their Natural Garden Café, a social business that provides training and employment for the deaf, with proceeds going towards helping other activities that the foundation operates.

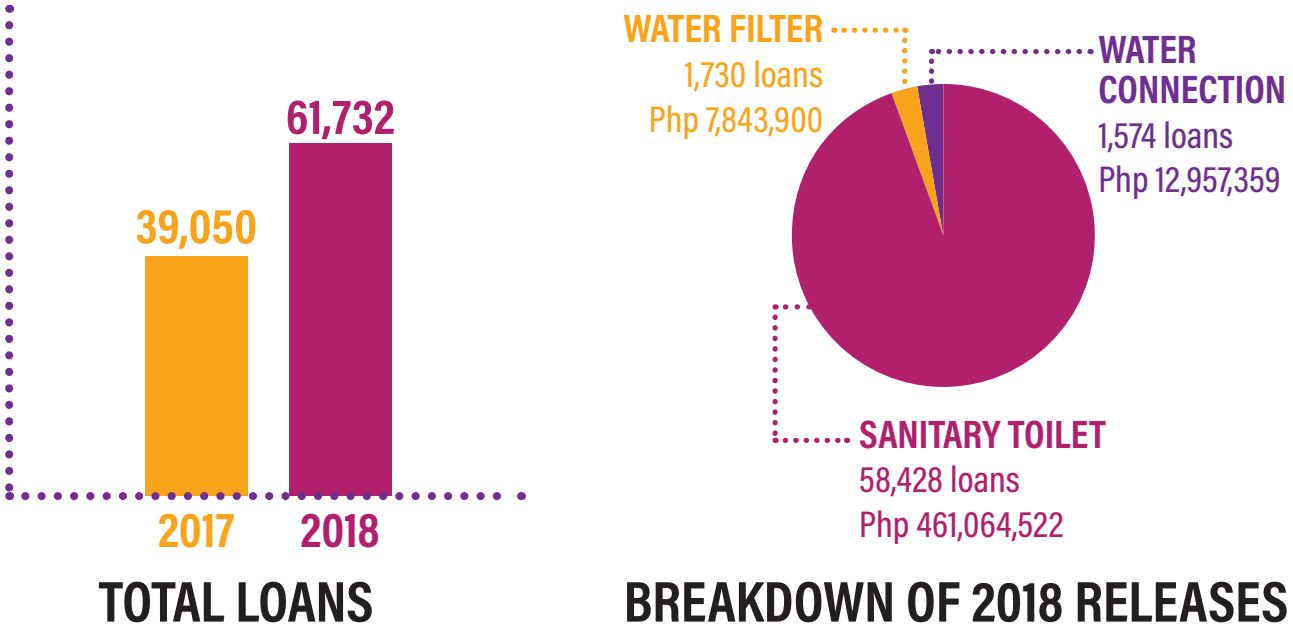


Natural Garden Café

# WASH Program Water Access, Sanitation, Hygiene

NWTF entered the 3rd phase of it's WASH program with water.org as we continue to provide more people with access to sanitary toilets, water connections and filters. These products continue to improve the lives of our clients, leading to better hygiene and health for their families.

Leveraging on the strength of our Green Products Staff, continued focus on client education and establishing more partnerships with water service providers, 2018 saw a 58% increase versus the previous year, from 39,050 to 61,732 loans. Breakdown of 2018 releases are as follows:



Access to clean water and basic sanitation remains a vital human right, and NWTF continues to make WASH products accessible to every Filipino. WASH loans were made available in 124 out of 151 branches at the end of 2018, and will be available in all those branches by 2019.



Water Connection Loan



Water Filter Loan

# Community Loans

## Hog Raising Association, Hinigaran Negros Occidental

The Merriam-Webster dictionary defines community as a unified body of individuals: such as – the people with common interest living in a particular area. Innate to being part of the community is responsibility.

NWTF's vision has always been to be a sustainable institution of change: building vibrant Dungganon Communities. This is the reason why aside from the individual financial assistance available to Project Dungganon members, NWTF encourages groups and center members to band together for community livelihood projects especially when they have a common business activity.

NWTF's Community Loans Unit is responsible for identifying qualified centers, assisting them in the formation of the association, monitoring their portfolio, performance, business activities and the timely disbursement of their loans.

Community Loans are made available to Project Dungganon Centers who qualify. The criteria being that the Center must be full capacity, have a 100% repayment rate, Tenure of at least 2 years, etc., and that they must form an association that works as a team to ensure that their chosen field of trade operates sustainably while members involved experience positive change in their lives as a whole.

One such association is the Hog-Raising Association located

in Hinigaran, Negros Occidental. It's members claim that Project Dungganon's Community Loan was truly a big help for them because it offered them so many benefits and advantages such as gaining additional capital and income for their households, being able to send their children to school, earning additional income even while they stay at home, but most of all they all agreed that it strengthened the bonds among the association members and the neighborhood.

They said that by having common activities which led to better relationships with their neighbors, they also started helping each other even in their daily chores like going to market for their basic household needs, and they were also assured that they could count on their neighbors in times of emergency.

One additional benefit for the association members was that they were able to sell their products more quickly because of the connections of other members. And they also appreciated that the friendships and companionships that grew among them so that they have even started having community gatherings for Christmas, clean-up drives, birthday celebrations, etc.

Overall, they say that the Community Loan is a great help to them not only in addressing their financial needs, but also for their personal, individual, and communal needs.

# Micro-Agri



During super typhoon Yolanda, our house was damaged and so were our crops. Only 30% of the total harvest was saved from our 2-hectare land. We needed to borrow capital from lenders to be able to replant our crops and start anew. When we heard that Project Dungganon was offering MICRO AGRICULTURE loans we immediately applied. The Micro-Agri loan is a big help to us as it provides additional capital for our rice plantation and offers low interest rates. This is why I have stayed on as an active member and I am now on my 5th loan cycle. —**ANNALIE IBAÑEZ, Binongtoan Alangalang, Leyte**



All of our rice crops was washed out because of the heavy rain and strong winds. I joined Project Dungganon after I heard that they were offering MICRO AGRICULTURE Loans at low interest rates. It was only after we received our Micro Agri loan that we were able to go back to farming and it has been a great help since the interest is lower compared to other lenders. I hope that Project Dungganon would be able to help and give more opportunities to farmers. —**SATURNINA PETILLA, San Juan, Sta. Fe, Leyte**



Our house was partially damaged by super typhoon Yolanda and so our crops were wiped out. We tried to find ways and means to be able to replant our fields, even borrowing from lenders who charged very high interest. Then one day, we met with a Project Dungganon Loan Officer who informed us that they were offering MICRO AGRICULTURE loans at lower interest rates. I and my companions immediately joined the Project and applied for the loan and it was a big help for all of us. —**IDA LINDE, Hinapolon, Alangalang, Leyte**

# MAF 8 & 12

## Memorial Packages for Client's Spouse



For many years now, NWTF has offered Life Insurance and Memorial packages only to its clients. The families have been most appreciative of the benefit this afforded them, but the clients themselves have been clamoring for insurance coverage for their spouses and qualified partners.

The request for insurance coverage for the husbands have consistently come up in many of the Focused-Group discussions conducted by the Product Development Team with the clients is most branches. The clients' point being that their families were protected when the clients themselves died, because their family would not only receive the Life

Insurance proceeds, they did not have to worry about the memorial and funeral services, while the clients did not have the same protection or benefit when their partner died.

NWTF worked with its provider, The Mercantile Insurance Co., to develop insurance products that are specifically designed for the clients' spouses. The 2 packages, MAF 8 — Mutual Aid Fund 8, or the Life Insurance Coverage and MAF 12 – Mutual Aid Fund 12, or the Memorial Plan designed for the men were implemented in 2018 and clients now have the option of taking out Life Insurance coverage [MAF 8] or the Memorial Package [MAF 12] or both for their husband.



# SOCIAL PERFORMANCE MANAGEMENT

## Implementation at the Branch Level

The Social Performance Management (SPM) Team is a unit within the Operations Department that ensures that NWTF's social goals are being met.

At the Branch level, NWTF wants to ensure that clients are treated responsibly as well as make sure that the appropriate products, services and delivery channels are designed to meet clients' needs and preferences.

Using the various internal operating manuals as guide, the criteria and processes have been put in place to monitor the performance of the Project Dungganon branches as to the manner and quality of the services that are provided to the clients by the branch personnel.

During each quarterly branch visit, the SPM staff answer two sets of checklists: one for clients and another for loan officers.

To fill-up the client checklist, the SPM staff accompanies the Loan Officer to the Center Meetings to observe the meeting and interview the selected clients.

In the Clients' checklist, SPM monitors Center meeting activities - with questions such as—does the Center Meeting start on time? Is it within the 1.5 hours timeframe? Are you advised to bring your passbook to the center meetings?

SPM also checks on the quality of service provided by the Loan Officers by asking the clients if their loans are released on time and if the details of the Promissory Note is thoroughly explained to them, including the loan amount, loan term, interest amount, etc.

The SPM staff also check if the PPI – Progress Out of Poverty, IGSS— Income Generating Survival Skills and LSV— Loan Supervision Verification questionnaires are conducted at the client's house.

Compliance to Internal control procedures are tested by asking clients questions such as whether they personally sign their Alkasiya Fund deposit slip and if a Loan Utilization Check was conducted by the Loan Officer, was it done at their business location, etc.

Clients are also asked for feedback about the products and services as well as any suggestions or recommendations.

At the Branch Office, the SPM staff reviews the filed documents by checking that all forms of the randomly selected clients have been properly and completely filled up by the Loan Officer, and also monitors whether logs and poverty maps are kept updated. The SPM staff also observes and reports on how the Loan Officer prepares and conducts the center meetings, including the completeness of the charts and visual aids exhibited in the center house.

At the end of each branch visit, the SPM staff conducts feedback session with the whole branch to discuss the consolidated branch report and findings, including items that the branch needs to comply with. Once the report is consolidated at the Head Office, an SPM rating or grade is sent to the Branch Head including the list of particular areas that need urgent action, improvement or compliance.

# CLIENT SERVICES

○ 2017  
● 2018

Clients attending training workshops



222,330

492,860

Center Based Training	485,408
Livelihood Skills Training	6,264
Business Training	756
Business Development Service Workshops	432

Scholars



979

1,821

Senior High School	1,012
Technical Vocation	100
Client Scholars (Technical Vocation)	95
4-year course	614



SCHOLARSHIPS



TRAINING WORKSHOPS





# WALK TO PLANT

TREE PLANTING • MS. KALIKASAN • CHEERING CONTEST

**2,000**  
trees planted

**500+**  
participants  
Dungganon clients, employees  
and partner institutions



# BUSINESS SUMMIT



**1,017**  
participants

**567**  
Bacolod

**450**  
Cebu





# STAR PROGRAM

Sari-sari Store Training and Access to Resources  
with Coca-Cola Foundation and TESDA

9,095 participants

# LEARNING TO LIVELIHOOD PROGRAM

with New Pathways

267 participants



# CELLPHONE BASED TRAINING PROGRAM

with Ideas 42

4,014 participants

# CLIENT WELLNESS

**261,273**  
clients served at  
**MEDICAL CAMPS**

**500**  
clients married at  
**MASS WEDDINGS**

**1,087**  
clients joined the  
**FUNROBICS**



## DUNGGANON MEDICAL PARTNERS

**136**  
Clinics

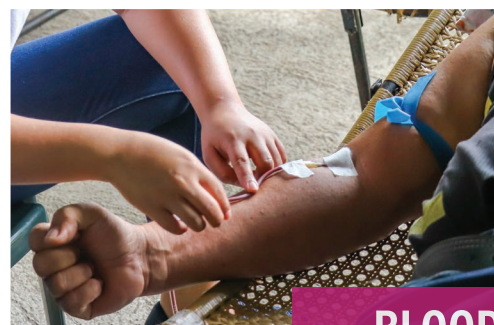
**105**  
Laboratories

**119**  
Pharmacies

**855**  
clients participated in  
**BACKYARD FARMING**



**MASS WEDDING**



**BLOOD LETTING**



**FUNROBICS**



**MEDICAL CAMPS**



# NWTF TEAM ACTIVITIES



SPORTSFEST

SUMMER SPLASH



TRAVEL INCENTIVES

SERVICE AWARDS

TEAM BUILDING





R.G. Manabat & Co.  
The KPMG Center, 9/F  
6787 Ayala Avenue  
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000  
Fax +63 (2) 894 1985  
Internet www.kpmg.com.ph  
E-Mail ph-inquiry@kpmg.com.ph

## REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members  
Negros Women for Tomorrow Foundation, Inc. (a Microfinance NGO) and Subsidiaries  
102 San Sebastian-Verbena Streets  
Bacolod City

### *Opinion*

We have audited the consolidated financial statements of Negros Women for Tomorrow Foundation, Inc. (a Microfinance NGO) and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of revenues and expenses and other comprehensive income, changes in fund balance and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

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

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

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

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

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Issued January 3, 2019 at Makati City

March 18, 2019  
Makati City, Metro Manila

NEGROS WOMEN FOR TOMORROW FOUNDATION, INC. (A MICROFINANCE NGO) AND SUBSIDIARIES					
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
			December 31		
			2018		2017
ASSETS					
Current Assets					
Cash and cash equivalents			P383,875,045		P470,723,126
Short-term investments			27,290,000		55,240,503
Receivables - net			3,841,056,175		2,988,413,487
Other current assets			86,060,419		63,691,420
Total Current Assets			4,338,281,639		3,578,068,536
Noncurrent Assets					
Financial assets at fair value through other comprehensive income			13,873,016		22,956,545
Property and equipment - net			279,415,638		223,510,918
Computer software - net			870,125		-
Real and other properties acquired - net			3,300,169		3,404,293
Deferred tax assets - net			8,049,658		6,601,308
Long-term time deposit			18,907,000		17,475,500
Total Noncurrent Assets			324,415,606		273,948,564
			P4,662,697,245		P3,852,017,100
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable and other current liabilities			P505,911,079		P510,272,217
Income tax payable			856,638		1,832,878
Deposit liabilities			68,399,037		80,326,945
Due to members			2,132,573,183		1,721,368,283
Current portion of loans payable			48,977,267		31,969,700
Total Current Liabilities			2,756,717,204		2,345,770,023
Noncurrent Liabilities					
Retirement liability			17,701,708		24,944,594
Loans payable - net of current portion			52,580,000		58,900,267
Total Noncurrent Liabilities			70,281,708		83,844,861
Total Liabilities			2,826,998,912		2,429,614,884
Fund Balance			1,835,698,333		1,422,402,216
			P4,662,697,245		P3,852,017,100

CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES AND OTHER COMPREHENSIVE INCOME						
Years Ended December 31						
			2018	2017		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
REVENUES						
Interest Income	P1,216,082,091	P -	P1,216,082,091	P911,718,052	P -	P911,718,052
Service Fees	213,549,247	-	213,549,247	175,510,341	-	175,510,341
Insurance commission	98,309,787	-	98,309,787	30,972,631	-	30,972,631
Development fund	-	56,614,589	56,614,589	-	89,476,982	89,476,982
Income from green products	27,136,111	-	27,136,111	27,544,742	-	27,544,742
	1,555,077,236	56,614,589	1,611,691,825	1,145,745,766	89,476,982	1,235,222,748
COST AND EXPENSES						
Impairment losses	49,764,321	-	49,764,321	31,443,103	-	31,443,103
Due to members	44,496,326	-	44,496,326	32,747,215	-	32,747,215
Loans payable	6,417,220	-	6,417,220	4,009,520	-	4,009,520
Deposit liabilities	1,745,248	-	1,745,248	1,957,816	-	1,957,816
Other expenses	1,121,404,375	-	1,121,404,375	820,400,788	-	820,400,788
	1,223,827,490	-	1,223,827,490	890,558,442	-	890,558,442
OTHER REVENUES						
Bad debts recovery	2,651,167	-	2,651,167	15,487,803	-	15,487,803
Miscellaneous	19,331,557	-	19,331,557	13,675,999	-	13,675,999
	21,982,724	-	21,982,724	29,163,802	-	29,163,802
INCOME BEFORE INCOME TAX	353,232,470	56,614,589	409,847,059	284,351,126	89,476,982	373,828,108
INCOME TAX EXPENSE	5,567,019	-	5,567,019	4,763,795	-	4,763,795
NET INCOME	347,665,451	56,614,589	404,280,040	279,587,331	89,476,982	369,064,313
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to the statement of revenues and expenses						
Remeasurement of net retirement liability	P2,441,496	P -	P2,441,496	P2,919,362	P -	P2,919,362
Deferred tax	(70,987)	-	(70,987)	(115,979)	-	(115,979)
	2,370,509	-	2,370,509	2,803,383	-	2,803,383
Item that may be reclassified to the statement of revenues and expenses						
Net change in fair value of financial assets at fair value through other comprehensive income	(221,826)	-	(221,826)	260,977	-	260,977
	2,148,683	-	2,148,683	3,064,360	-	3,064,360
TOTAL COMPREHENSIVE INCOME	P349,814,134	P56,614,589	P406,428,723	P282,651,691	P 89,476,982	P372,128,673

NEGROS WOMEN FOR TOMORROW FOUNDATION, INC. (A MICROFINANCE NGO) AND SUBSIDIARIES					
CONSOLIDATED STATEMENTS OF CHANGES IN FUND BALANCES					
	Years Ended December 31				
	Remeasurement				
	General Fund	Restricted Fund	Employee Benefits Reserve	Net Change in Fair Value of Financial Asset at FVOCI	Total
Balance at December 31, 2017	P871,969,789	P558,260,880	(P6,949,386)	(P879,067)	P1,422,402,216
Grants received for operations	6,867,394	-	-	-	6,867,394
Total comprehensive income for the year:					
Net income for the year	347,665,451	56,614,589	-	-	404,280,040
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(221,826)	(221,826)
Remeasurement of net retirement liability, net of tax	-	-	2,370,509	-	2,370,509
	347,665,451	56,614,589	2,370,509	(221,826)	406,428,723
<b>Balance at December 31, 2018</b>	<b>P1,226,502,634</b>	<b>P614,875,469</b>	<b>(P4,578,877)</b>	<b>(P1,100,893)</b>	<b>P1,835,698,333</b>
Balance at December 31, 2016	P594,649,816	P468,783,898	(P9,752,769)	(P1,140,044)	P1,052,540,901
Usage of grants received for operations	(2,267,358)	-	-	-	(2,267,358)
Total comprehensive income for the year:					
Net income for the year	279,587,331	89,476,982	-	-	369,064,313
Net change in fair value of financial asset at fair value through other comprehensive income	-	-	-	260,977	260,977
Remeasurement of net retirement liability, net of tax	-	-	2,803,383	-	2,803,383
	279,587,331	89,476,982	2,803,383	260,977	372,128,673
<b>Balance at December 31, 2017</b>	<b>P871,969,789</b>	<b>P558,260,880</b>	<b>(P6,949,386)</b>	<b>(P879,067)</b>	<b>P1,422,402,216</b>

CONSOLIDATED STATEMENTS OF CASH FLOWS		
	Years Ended December 31	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	P409,847,059	P373,828,108
Adjustments for:		
Interest expense	52,658,794	38,714,551
Impairment losses	49,764,321	31,443,103
Depreciation	48,548,369	31,909,775
Unrealized foreign exchange losses	16,801,178	2,512,281
Retirement cost	9,901,550	10,505,768
Fair value loss (gain) on financial assets at fair value through other comprehensive income	221,826	(260,977)
Reversal of allowance for impairment losses on real and other properties acquired	-	(1,414,296)
Gain on disposal of property and equipment	(69,558)	(204,210)
Gain on disposal of real and other properties acquired	(755,755)	-
Interest income	(5,977,239)	(4,681,348)
	580,940,545	482,352,755
Changes in:		
Receivables	(902,407,009)	(651,356,031)
Other current assets	(22,368,999)	2,451,116
Accounts payable and other current liabilities	(4,361,138)	63,526,154
Deposit liabilities	(11,927,908)	10,916,677
	(360,124,509)	(92,109,329)
Grants received (used) for operation	6,867,394	(2,267,358)
Interest received	5,977,239	4,681,348
Income tax paid	(8,062,596)	(5,270,295)
Contributions to the retirement fund	(14,702,940)	(4,344,748)
Interest paid	(52,658,794)	(38,714,551)
Net cash used in operating activities	(422,704,206)	(138,024,933)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property and other properties acquired	1,039,966	-
Proceeds from disposal of property and equipment	69,558	204,210
Acquisitions of computer software	(870,125)	-
Additions to property and equipment	(104,196,136)	(80,658,586)
Changes in:		
Short-term investments	27,950,503	(10,380,503)
Financial asset at fair value through other comprehensive income	8,639,877	2,730,378
Real and other properties acquired	(437,040)	(66,400)
Long-term time deposit	(1,431,500)	(14,589,500)
Net cash used in investing activities	(69,234,897)	(102,760,401)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to members	P411,204,900	P344,666,266
Proceeds from loans	40,000,000	84,923,000
Payment to loans	(29,312,700)	(40,636,366)
Net cash provided by financing activities	421,892,200	388,952,900
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(70,046,903)</b>	<b>148,167,566</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>470,723,126</b>	<b>325,067,841</b>
<b>MOVEMENTS IN EXCHANGE RATES ON CASH HELD</b>	<b>(16,801,178)</b>	<b>(2,512,281)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>P383,875,045</b>	<b>P470,723,126</b>

