Stichting BRAC International, Inc.
- Philippine Branch
(A Nonstock, Nonprofit Organization)

Supplementary Information to the
Financial Statements
December 31, 2022 and 2021
(Translated to US Dollars)

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Stichting BRAC International, Inc. - Philippine Branch
(A Nonstock, Nonprofit Organization)

Opinion

We have audited the financial statements of Stichting BRAC International, Inc. - Philippine Branch (a nonstock, nonprofit organization) (the Branch), expressed in Philippine peso, which comprise the statements of assets, liabilities and home office account as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in home office account and statements of cash flows for the years then ended, all expressed in Philippine peso, and notes to the financial statements, including a summary of significant accounting policies. We have also reviewed the translation of these financial statements into United States (US) dollars on the basis described in Note 2 to the financial statements.

In our opinion, the accompanying financial statements expressed in Philippine peso present fairly, in all material respects, the financial position of the Branch as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements are prepared solely for the information and use of the Board of Directors and management of the Branch. As a result, the financial statements may not be suitable for other purpose. Our report is intended solely for the Board of Directors and management of the Branch and should not be used by anyone other than these specified parties.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

SYCIP GORRES VELAYO & CO.

Jose Rao'ul J. Balisalisa
Partner
CPA Certificate No. 109542
Tax Identification No. 931-743-705
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109542-SEC (Group A)
Valid to cover audit of 2022 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-113-2022,
January 25, 2022, valid until January 24, 2025
PTR No. 9369776, January 3, 2023, Makati City

April 5, 2023

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS, LIABILITIES AND HOME OFFICE ACCOUNT

	December 31			
	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
ASSETS				
Current Assets				
Cash (Note 4)	**US$310,600**	**₱17,430,877**	US$193,833	₱9,841,669
Receivables (Note 5)	**84,426**	**4,738,010**	105,436	5,353,405
Other current assets (Note 11)	**11,557**	**648,521**	3,078	156,240
	406,583	**22,817,408**	302,347	15,351,314
Noncurrent Assets				
Property and equipment - net (Note 6)	**11,698**	**656,519**	5,872	298,159
TOTAL ASSETS	**US$418,281**	**₱23,473,927**	US$308,219	₱15,649,473
LIABILITIES AND HOME OFFICE ACCOUNT				
Current Liabilities				
Accounts payable and accrued expenses (Note 7)	**US$237,899**	**₱13,350,879**	US$144,698	₱7,346,881
Deferred grants (Note 8)	**209,714**	**11,769,127**	163,521	8,302,592
	447,613	**25,120,006**	308,219	15,649,473
HOME OFFICE ACCOUNT				
Home office account	**(30,110)**	**(1,646,079)**	–	–
Cumulative translation adjustment	**778**	**–**	–	–
	(29,332)	**(1,646,079)**	–	–
TOTAL LIABILITIES AND HOME OFFICE ACCOUNT	**US$418,281**	**₱23,473,927**	US$308,219	₱15,649,473

See accompanying Notes to Financial Statements.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31			
	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
INCOME				
Grants (Note 8)	**US$1,128,587**	**₱61,698,748**	US$836,548	₱41,367,278
Interest income (Note 4)	**36**	**1,977**	27	1,333
	1,128,623	**61,700,725**	836,575	41,368,611
PROJECT EXPENSES (Note 9)				
Salaries and employee benefits	**481,597**	**26,328,405**	353,159	17,463,726
Project supplies	**410,848**	**22,460,680**	297,440	14,708,393
Logistics and management expense	**93,412**	**5,106,737**	123,823	6,123,061
Transportation and travel	**74,120**	**4,052,064**	14,389	711,535
Outside services	**32,327**	**1,767,265**	7,899	390,622
Office utilities	**23,951**	**1,309,420**	12,731	629,527
Rent (Note 11)	**13,205**	**721,918**	7,451	368,440
Training and orientation	**3,666**	**200,419**	1,572	77,736
Evaluation activity	**2,620**	**143,260**	2,786	137,748
Bank charges	**901**	**49,264**	416	20,567
Miscellaneous	**20,683**	**1,130,673**	15,574	770,155
	1,157,330	**63,270,105**	837,240	41,401,510
OTHER EXPENSE (INCOME)				
Depreciation (Note 6)	**4,131**	**225,860**	2,967	146,707
Foreign exchange gain	**(2,728)**	**(149,161)**	(1,209)	(59,800)
Other income	**–**	**–**	(2,423)	(119,806)
	1,403	**76,699**	(665)	(32,899)
	1,158,733	**63,346,804**	836,575	41,368,611
NET DEFICIENCY OF INCOME OVER EXPENSES	**(30,110)**	**(1,646,079)**	–	–
OTHER COMPREHENSIVE INCOME	**778**	**–**	–	–
TOTAL COMPREHENSIVE LOSS	**(US$29,332)**	**(₱1,646,079)**	US$ –	₱ –

See accompanying Notes to Financial Statements

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CHANGES IN HOME OFFICE ACCOUNT

	Years Ended December 31			
	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
HOME OFFICE ACCOUNT				
At January 1	**US$ –**	**₱ –**	US$ –	₱ –
Net deficiency of income over expenses	**(30,110)**	**(1,646,079)**	–	–
At December 31	**(30,110)**	**(1,646,079)**	–	–
CUMULATIVE TRANSLATION ADJUSTMENT				
At January 1	**–**	**–**	–	–
Other comprehensive income	**778**	**–**	–	–
At December 31	**778**	**–**	–	–
	(US$29,332)	**(₱1,646,079)**	US$ –	₱ –

See accompanying Notes to Financial Statements

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CASH FLOWS

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net deficiency of income over expenses	**(US$30,110)**	**(₱1,646,079)**	US$ –	₱ –
Adjustments for:				
Depreciation (Note 6)	**4,131**	**225,860**	2,967	146,707
Foreign exchange gain	**(2,728)**	**(149,161)**	(1,209)	(59,800)
Interest income (Note 4)	**(36)**	**(1,977)**	(27)	(1,333)
Excess (deficiency) of income over expenses before working capital changes	**(28,743)**	**(1,571,357)**	1,731	85,574
Decrease (increase) in:				
Receivables	**21,010**	**615,395**	(92,801)	(4,746,462)
Other current assets	**(8,479)**	**(492,281)**	466	14,000
Increase (decrease) in:				
Accounts payable and accrued expenses	**93,201**	**6,003,998**	39,688	2,302,613
Deferred grants	**46,193**	**3,466,535**	(9,410)	(4,342)
Net cash generated from (used in) operating activities	**123,182**	**8,022,290**	(60,326)	(2,348,617)
Interest received	**36**	**1,977**	27	1,333
Net cash flows from (used in) operating activities	**123,218**	**8,024,267**	(60,299)	(2,347,284)
CASH FLOWS USED IN AN INVESTING ACTIVITY				
Additions to property and equipment (Note 6)	**(10,410)**	**(584,220)**	(5,322)	(307,952)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	**2,728**	**149,161**	1,209	59,800
NET INCREASE (DECREASE) IN CASH BEFORE EFFECT OF CURRENCY TRANSLATION	**115,536**	**7,589,208**	(64,412)	(2,595,436)
EFFECT OF CURRENCY TRANSLATION ON CASH	**1,231**	**–**	(667)	–
NET INCREASE (DECREASE) IN CASH	**116,767**	**7,589,208**	(65,079)	(2,595,436)
CASH AT BEGINNING OF YEAR	**193,833**	**9,841,669**	258,912	12,437,105
CASH AT END OF YEAR (Note 4)	**US$310,600**	**₱17,430,877**	US$193,833	₱9,841,669

See accompanying Notes to Financial Statements.

1. **Branch Information**

Stichting BRAC International, Inc. (the "Head Office"), a foundation registered under the laws of The Netherlands, was granted by the Philippine Securities and Exchange Commission (SEC) a license to transact business in the Philippines (the "Branch") on January 25, 2012, to manage the implementation of education assistance projects in Mindanao as part of the then Australian Agency for International Development (AusAID) program, which subsequently changed its name to Department of Foreign Affairs and Trade (DFAT) - Australian Aid Program. The Branch implements the "Alternative Delivery Model (ADM) Project" of the Basic Education Assistance for Mindanao in the Autonomous Region in Muslim Mindanao (BEAM-ARMM) with an objective of improving access to quality pre-school and elementary education, particularly in communities without access to or which have difficulty in accessing government schools. The project ended on June 30, 2019.

On December 6, 2017, the Branch revised its purpose, as registered with SEC, to manage the implementation of education assistance projects to Mindanao as part of the AusAid Program and to develop, implement and manage social welfare activities in education, health, livelihoods, and community resilience by creating opportunities for people to realize their potential for change and development by linking and working with associated stakeholders in the Philippines.

On June 1, 2020, the Branch entered a contract with the Palladium Global Philippines as a sub-contractor for Abot Kaalaman sa Pamilyang Bangsamoro (AKAP) Program. The AKAP Program is an Australian Government-funded education program in Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). It is designed to support the efforts of the Ministry of Basic, Higher and Technical Education (MBHTE) and other local stakeholders in improving educational performance, quality, and equity.

Palladium Global Philippines' Pathways Project is supporting the MBHTE to deliver quality education access to unserved communities through the AKAP Project. The support is intended to capacitate the access technical working group at the regional and division levels to provide, implement, manage, and sustain alternative and contextualized learning modalities in remote communities. Phase 1, Phase 2, and Phase 3 projects ended on November 30, 2020, December 31, 2021, and July 31, 2022, respectively. Phase 4 of the project will end on July 31, 2023.

On March 1, 2021, the Branch entered a memorandum of understanding with BRAC USA to implement the Expanded Social Assistance Project- Graduation from Poverty Approach in the Philippines, funded by the Asian Development Bank "ADB". The project commenced on March 1, 2021, and will end on February 28, 2023. The Sustainable Livelihood Program (SLP) is a Department of Social Welfare and Development (DSWD) program in partnership with the Asian Development Bank (ADB) and the Department of Foreign Affairs and Trade (DFAT) that integrate the Graduation approach in the current SLP process holistically address the poverty challenges of SLP participants to ensure the sustainability of its interventions. The program has 3,000 beneficiaries through a series of Graduation sites in the provinces of Iloilo, Bukidnon, and Sultan Kudarat. To support DSWD's implementation of the Graduation approach, BRAC Philippines will provide payroll, provision of health and accident insurance, financial administration for compensation of the national staff, relocation assistance for staff, quarterly financial and administrative reports to BRAC International, procurement and distribution of equipment, and provision of reimbursements for COVID-19 vaccines of staff.

On August 1, 2021, the Branch has entered a contract with BRAC USA for the implementation of the COVID-19 response in the Philippines until February 2022 by providing series of initiatives to enhance COVID-19 awareness and prevention and increase vaccination uptake in AKAP areas in BARMM and UPGI areas in Iloilo, Bukidnon and Sultan Kudarat.

On July 28, 2022, the Home Office entered a contract with BRAC UK to implement the youth and skills project of the Branch in the Philippines. This project aims to provide meaningful and sustainable livelihood opportunities for women and girls aged 16-30 from marginalized households. The duration of the project is 12 months until July 31, 2023.

On November 18, 2022, the Branch entered a contract with BRAC International (Home Office) for the implementation of the Local Emergency Response Project funded by the Bill and Melinda Gates Foundation in the Municipalities of Bubong, Lanao del Sur, and Ampatuan, Maguindanao. The project is for 24 months that will run from October 1, 2022, until September 30, 2024.

On February 22, 2023, the Branch entered into a joint venture consortium agreement with Niras “the Lead Partner” to implement the services of the project “Strengthening the Transition of Vulnerable Communities Affected by the South Commuter Railway” funded by the Asian Development Bank in partnership with the Department of Transportation (DOTr) of the Philippines, the project will run from March 1, 2023 until February 28, 2025.

The registered office of the Branch, also its principal place of business, is at Unit 601, AIC Burgundy Empire Tower, ADB Avenue, corner Garnet Road and Sapphire Road, Ortigas, Pasig City.

The accompanying financial statements were approved and authorized for issue by the Board of Directors on April 5, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Branch's financial statements were prepared on a historical cost basis. The financial statements are presented in Philippine peso, which is the Branch’s functional and presentation currency.

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The Branch qualifies as a Small Entity (SE) based on the criteria set by the SEC. However, as provided under the Revised Securities Regulation Code Rule 68, the Branch availed of the exemption from the mandatory adoption of the PFRS for SEs on the basis that it is a branch of a foreign parent company reporting under the full IFRS. There are no significant differences between PFRS and IFRS regarding accounts used by the Branch.

The financial statements as of December 31, 2022 and 2021 were prepared solely for the information and use of the BOD and management of the Branch and is not intended to be and should not be used by anyone other than these specified parties.

Supplementary Information
The financial statements are presented in US dollars. The translation of the Philippine peso into US dollar are solely for the convenience of the readers and are based on the following approach:

- The accounts in the statements of assets, liabilities and home office account are translated using the spot exchange rate of ₱56.12:US$1 and ₱50.77:US$1 as of December 31, 2022, and 2021, respectively.
- The accounts in the statements of comprehensive income are translated using the average exchange rates each year.

The US dollar translation is not intended to purport that the US dollar is representative of the principal currency risk of the Branch.

The amounts in US dollar are presented only as supplementary information and should not be construed as representations that such amounts in Philippine peso were, or could and would in the future be**,** converted into US dollar at the exchange rate used. The supplementary information, expressed in US dollars, is not required under PFRS.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Branch has not early adopted any standard, interpretation or amendment issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not impact on the Branch's financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments had no significant impact on the Branch’s financial statements as it did not have any contingent liabilities and contingent assets.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments had no significant impact on the Branch's financial statements as it did not have any transactions for the sale of property, plant and equipment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach." The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments had no significant impact on the Branch's financial statements as it did not have any contract that is onerous or loss-making.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendments had no significant impact on the Branch's financial statements as they did not have any translation differences.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

    The amendments had no significant impact on the Branch's financial statements as it did not have any new or modified financial liability.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    The amendments had no significant impact on the Branch's financial statements as it did not engage in agricultural transactions.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Branch does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Branch intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Current versus Noncurrent Classification

The Branch presents assets and liabilities in the statement of assets, liabilities and home office account based on current or noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Branch classifies all other liabilities as noncurrent.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Branch.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Branch determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For fair value disclosures, the Branch has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Cash</u>
Cash includes cash on hand and in banks.

<u>Financial Instruments - Classification and Measurement</u>
Classification of financial assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Branch's business model for managing the financial assets. The Branch classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

Contractual cash flows characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Branch assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Branch determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model
The Branch's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Branch's business model does not depend on management's intentions for an individual instrument.

The Branch's business model refers to how it manages its financial assets to generate cash flows. The Branch's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Branch in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Branch's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by considering any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Costs and expenses" in the statement of comprehensive income.

As of December 31, 2022 and 2021, the Branch has debt financial assets consisting of cash and receivables. The Branch assessed that the contractual cash flows of these debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Branch concluded these debt financial assets were to be measured at amortized cost.

Financial assets at fair value through other comprehensive income (FVOCI)
A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Branch may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Branch may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:
- the Branch’s right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Branch; and,
- the amount of the dividend can be measured reliably.

The Branch has no financial assets at FVOCI as of December 31, 2022 and 2021.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets at FVTPL are measured as at unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the statement of comprehensive income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Branch may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis. Trading gains or losses are calculated based on the results arising from trading activities of the Branch, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from the disposal of financial investments.

The Branch has no financial assets at FVTPL as of December 31, 2022 and 2021.

Classification of financial liabilities
Financial liabilities are measured at amortized cost, except for the following:
- financial liabilities measured at fair value through profit or loss;

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Branch retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and,
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Branch’s own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Reclassifications of financial instruments
The Branch reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Branch and any previously recognized gains, losses or interest shall not be restated. The Branch does not reclassify its financial liabilities. The Branch does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

<u>Classification of Financial Instruments between Liability and Equity</u>
A financial instrument is classified as liability 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 Branch; 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 Branch 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 financial liability.

Financial instruments are classified as liabilities or equity according to the contractual arrangement's substance. Interest, dividends, gains, and losses relating to a financial instrument or a component that is a financial liability, are reported as income or expense. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument the amount separately determined as the fair value of the liability component on the date of issue.

Impairment of Financial Assets
The Branch recognizes expected credit losses (ECL) for its debt instruments measured at amortized cost.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12 months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized, and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill his contractual cash flow obligations.

The Branch considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”, or when the exposure is less than 30 days past due.

Determining the stage for impairment
At each reporting date, the Branch assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Branch considers reasonable and supportable information that is relevant and available without undue cost

or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to "Receivables". The Branch established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

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, and only when:

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

When the Branch retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Branch treats the transaction as a transfer of a financial asset if the Branch:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and,
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Branch neither transfers nor retains all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Branch's continuing involvement in the financial asset. The extent of the Branch's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Branch's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Branch continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Branch could be required to repay ("the guaranteed amount").

When the Branch's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Branch's continuing involvement is the amount of the transferred asset that the Branch may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Branch's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Branch's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Branch's continuing involvement is measured in the same way as that which results from non-cash settled options.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Branch recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Financial liabilities
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Offsetting Financial Instruments
Financial instruments are offset, and the net amount reported in the statement of assets, liabilities and home office account if, and only if, there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally recognized as expense in the period such 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. Each part of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets as follows:

Category	Number of Years
Office furniture, fixtures and equipment	3-10
Transportation equipment	5

Impairment of Nonfinancial Assets
The carrying values of property and equipment and prepaid rent (presented as part of "Other current assets") are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The estimated recoverable amount of the nonfinancial assets is the greater of fair value less costs to sell and value in use. Impairment losses, if any, are recognized in the statement of comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Recognition of Grants
Grants received are initially recognized as deferred grants and are then recognized as income to the extent of the expenses incurred for the year as set in the conditions associated with the grant. Assets acquired through the grant are also recognized as deferred grants and are recognized as income on a systematic basis over the useful life of the asset or duration of the related project whichever is shorter.

Interest Income
Interest income presented net of applicable tax withheld by the banks, is recognized when earned.

Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date these are incurred.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Leases

Branch as Lessee

Lessee may elect not to apply the recognition of right-of-use assets to either short-term leases or leases for which the underlying asset is of low value. The lessee shall recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

The Branch applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expenses on a straight-line basis over the lease term.

Foreign Currency-Denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rates of exchange at the reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign currency-denominated monetary assets and liabilities are recognized in the statement of comprehensive income.

Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted at the reporting date.

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits, and any unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and any unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions
Provisions are recognized when the Branch has a present obligation (legal or constructive) because of a past event and 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.

Contingencies
Contingent liabilities are not recognized in financial statements. These 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 Reporting Date
Post year-end events that provide additional information about the Branch's statements of assets, liabilities, and home office account at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRSs' requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. However, uncertainty about these judgments, estimates, and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the Branch's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

Functional currency
Based on the economic substance of the underlying circumstances relevant to the Branch, the functional currency of the Branch has been determined to be the Philippine Peso (₱). The Philippine Peso is the currency of the primary economic environment in which the Branch operates. It is the currency that influences the costs of producing the Branch's goods, and the currency in which receipts from operating activities are normally retained.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Branch based its assumptions and estimates on parameters available when the audited financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Branch. Such changes are reflected in the assumptions when they occur.

Measurement of expected credit losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Branch in accordance with the contract and the cash flows that the Branch expects to receive.
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

The Branch leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Branch to identify whether the credit risk of financial assets has significantly increased.

The Branch uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Branch's historical observed default rates. The Branch calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

As of December 31, 2022 and 2021, the carrying value of the Branch's cash in bank, receivables and refundable deposits (presented as part of "Other current assets") amounted to US$397,158 or ₱22.3 million and US$300,628 or ₱15.3 million, respectively (see Notes 4, 5 and 11). No provision for impairment of receivables was recognized in 2022 and 2021.

Estimated useful lives of property and equipment
The useful life of each of the Branch's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

As of December 31, 2022 and 2021, property and equipment amounted to US$11,698 or ₱0.7 million and US$5,872 or ₱0.3 million, respectively (see Note 6).

Impairment of nonfinancial assets
The Branch assesses at each reporting period whether there is an indication that property and equipment and prepaid rent (presented as part of "Other current assets") may be impaired. Determining the value of the assets, which requires the determination of future cash flows

expected to be generated from the continued use and ultimate disposition of such assets, requires the Branch to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Branch to conclude that these assets are impaired.

Any resulting impairment loss could materially impact the financial position and performance of the Branch.

The preparation of the estimated future cash flows involves judgment and estimations. While the Branch believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Branch's assessment of recoverable values and may lead to future additional impairment charges.

As of December 31, 2022 and 2021, the aggregate carrying values of property and equipment and prepaid rent (presented as part of "Other current assets") amounted to US$19,326 or ₱1.1 million and US$7,384 or ₱0.4 million, respectively (see Notes 6 and 11).

Deferred Tax Assets
The Branch's assessment of the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Branch's past results and future expectations regarding income and expenses.

As of December 31, 2022, no deferred tax assets were recognized in the statements of assets, liabilities and home office account on temporary differences resulting from net operating loss carryforward (NOLCO) amounting to US$30,146 or ₱1.6 million, since management believes that it is not probable that sufficient taxable income will be available in the future against which the deferred income tax assets can be utilized (see Note 12).

4. Cash

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
Cash on hand	**US$1,797**	**₱100,855**	US$207	₱10,517
Cash in banks	**308,803**	**17,330,022**	193,626	9,831,152
	US$310,600	**₱17,430,877**	US$193,833	₱9,841,669

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks amounted to US$36 or ₱1,977 and US$27 or ₱1,333 in 2022 and 2021, respectively.

5. Receivables

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
Grants receivable	**US$79,409**	**₱4,456,460**	US$85,477	₱4,339,989
Advances to other projects	**5,017**	**281,550**	19,959	1,013,416
	US$84,426	**₱4,738,010**	US$105,436	₱5,353,405

Grants receivables pertain to a portion of an ongoing project's fund agreed in line with the donor agreement, but funding has not been received by the Branch. The Branch has grants receivable from Palladium Global Philippines amounting to US$79,227 or ₱4,446,244 and US$85,477 or ₱4,339,989 as of December 31, 2022 and 2021, respectively, and BRAC International amounting to US$182 or ₱10,216 as of December 31, 2022.

Advances to other projects are non-interest bearing and collected in cash within one year.

6. Property and Equipment

December 31, 2022

(In US Dollars, see Note 2)

	Office Furniture, Fixtures and Equipment	Transportation Equipment	**Total**
Cost			
At January 1	US$16,919	US$37,147	**US$54,066**
Additions	10,410	–	**10,410**
At December 31	27,329	37,147	**64,476**
Accumulated Depreciation			
At January 1	11,047	37,147	**48,194**
Depreciation	4,131	–	**4,131**
Translation adjustment	453	–	**453**
At December 31	15,631	37,147	**52,778**
Net Book Value	**US$11,698**	**US$ –**	**US$11,698**

(In Philippine Peso)

	Office Furniture, Fixtures and Equipment	Transportation Equipment	**Total**
Cost			
At January 1	₱896,455	₱1,885,000	**₱2,781,455**
Additions	584,220	–	**584,220**
At December 31	1,480,675	1,885,000	**3,365,675**
Accumulated Depreciation			
At January 1	598,296	1,885,000	**2,483,296**
Depreciation	225,860	–	**225,860**
At December 31	824,156	1,885,000	**2,709,156**
Net Book Value	**₱656,519**	**₱ –**	**₱656,519**

December 31, 2021

(In US Dollars, see Note 2)	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost			
At January 1	US$11,597	US$37,147	US$48,744
Additions	5,322	–	5,322
At December 31	16,919	37,147	54,066
Accumulated Depreciation			
At January 1	8,747	37,147	45,894
Depreciation	2,967	–	2,967
Translation adjustment	(667)	–	(667)
At December 31	11,047	37,147	48,194
Net Book Value	US$5,872	US$ –	US$5,872

(In Philippine Peso)	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost			
At January 1	₱588,503	₱1,885,000	₱2,473,503
Additions	307,952	–	307,952
At December 31	896,455	1,885,000	2,781,455
Accumulated Depreciation			
At January 1	451,589	1,885,000	2,336,589
Depreciation	146,707	–	146,707
At December 31	598,296	1,885,000	2,483,296
Net Book Value	₱298,159	₱ –	₱298,159

The cost of fully depreciated property and equipment still used by the Branch amounted to US$43,165 or ₱2.4 million and US$43,071 or ₱2.2 million as of December 31, 2022 and 2021, respectively.

7. Accounts Payable and Accrued Expenses

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
Due to related parties (Note 11)	**US$125,866**	**₱7,063,612**	US$57,570	₱2,923,067
Accrued expenses	**106,501**	**5,976,829**	84,614	4,296,160
Withholding tax payable	**3,549**	**199,150**	1,909	96,942
Payroll-related payable	**1,983**	**111,288**	605	30,712
	US$237,899	**₱13,350,879**	US$144,698	₱7,346,881

Accrued expenses pertain to the accrual of benefits of the Branch’s employees.

Due to related parties are related to reimbursements for expenses incurred in providing management and technical support to the Branch (see Note 10).

8. Grant Agreement

On June 1, 2020, the Branch entered a contract with Palladium Global Philippines as a sub-contractor. The Pathways Program is an Australian Government-funded education program in Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). It is designed to support the efforts of the Ministry of Basic, Higher and Technical Education (MBHTE) and other local stakeholders in improving educational performance, quality, and equity.

Pathways is supporting the MBHTE to deliver quality education access to unserved communities through the Abot Kaalaman sa Pamilyang Bangsamoro (AKAP) Project. The support is intended to capacitate the Access Technical Working Group (TWG) at the regional and division levels to provide, implement, manage, and sustain alternative and contextualized learning modalities in remote communities. The AKAP project has total grants amounting to US$130,431 or ₱6.5 million and US$354,455 or ₱18.0 million and US$640,217 or ₱35.0 million for Phase 1, Phase 2, and Phase 3, respectively. The Branch has received the full amount of these grants as of December 31, 2022.

On March 1, 2021, the Branch entered a memorandum of understanding with BRAC USA to implement the Expanded Social Assistance Project- Graduation from Poverty Approach in the Philippines, funded by the Asian Development Bank “ADB”. The project commenced on March 1, 2021 and will end on February 28, 2023. SLP Project has total grants of US$647,611. The Branch has received the full amount of these grants as of December 31, 2022.

On August 1, 2021, the Branch entered a contract with BRAC USA for the implementation of the COVID-19 response in the Philippines that runs until February 2022. The total grants received related to the project amounted to US$15,235 or ₱0.9 million and US$106,291 or ₱5.4 million in 2022 and 2021, respectively.

On July 28, 2022, the Home Office entered a contract with BRAC UK to implement the youth and skills project of the Branch in the Philippines. The project shall be for a period of one year ending on July 31, 2023. Total grants received related to the project amounted to $28,301 or ₱1.7 million as of December 31, 2022.

On November 18, 2022, the Branch entered a contract with BRAC International (Home Office) for the implementation of the Local Emergency Response Project funded by the Bill and Melinda Gates Foundation in the Municipalities of Bubong, Lanao del Sur and Ampatuan, Maguindanao. Total grants received related to the project amounted to $91,601 or ₱5.1 million as of December 31, 2022.

Total grants recognized in statements of comprehensive income amounted to US$1,128,587 or ₱61.7 million and US$836,548 or ₱41.4 million in 2022 and 2021, respectively. As of December 31, 2022 and 2021, deferred grants amounted to US$209,714 or ₱11.8 million and US$163,521 or ₱8.3 million, respectively.

9. **Project Expenses**

The following are the cost centers of the Branch:

- Department of Foreign Affairs and Trade - Accessible and Contextually Appropriate Elementary Education System for children facing barriers to formal schooling (DFAT-ACCESS)
- Ultra Poor Graduation Program - Asian Development Bank Sustainable Livelihood Program (UPG-ADB)
- Health - COVID-19
- Youth Empowerment- Youth and Skills in the Philippines (Signify Foundation)
- Humanitarian- Local Emergency Preparedness Response Project (LEPR) (Bill and Melinda Gates Foundation)
- Country Office

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
DFAT - ACCESS				
Project supplies	**US$316,816**	**₱17,320,027**	US$204,631	₱10,118,989
Salaries and employee benefits	**156,448**	**8,552,877**	104,806	5,182,643
Logistics and management expense	**85,874**	**4,694,639**	101,556	5,021,951
Transportation and travel	**41,459**	**2,266,529**	1,665	82,327
Office utilities	**19,221**	**1,050,912**	6,526	322,713
Outside services	**9,313**	**509,081**	5,065	250,469
Rent	**9,309**	**508,918**	6,359	314,440
Training and orientation	**3,666**	**200,419**	1,572	77,736
Evaluation activity	**2,620**	**143,260**	2,572	127,163
UPG - ADB SLP				
Salaries and employee benefits	**296,408**	**16,204,321**	232,007	11,472,756
Project supplies	**55,756**	**3,048,103**	42,497	2,101,473
Transportation and travel	**27,962**	**1,528,646**	3,572	176,644
Outside services	**19,174**	**1,048,184**	2,834	140,153
Logistics and management expense	**7,538**	**412,098**	8,711	430,757
Office utilities	**4,705**	**257,158**	2,229	110,223
Rent	**3,896**	**213,000**	1,092	54,000
Health - COVID-19				
Project supplies	**6,834**	**373,618**	50,312	2,487,931
Salaries and employee benefits	**46**	**2,500**	16,346	808,327
Logistics and management expense	**–**	**–**	13,556	670,353
Transportation and travel	**–**	**–**	9,152	452,564
Office utilities	**–**	**–**	3,976	196,591
Evaluation activity	**–**	**–**	214	10,585
Signify Foundation				
Project supplies	**28,113**	**1,536,916**	–	–
Salaries and employee benefits	**1,118**	**61,123**	–	–
Outside services	**767**	**42,000**	–	–

(Forward)

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
LEPR				
Salaries and employee benefits	**US$6,003**	**₱328,172**	US$ −	₱ −
Project supplies	**3,329**	**182,016**	−	−
Transportation and travel	**1,820**	**99,484**	−	−
Office utilities	**25**	**1,350**	−	−
Country Office				
Salaries and employee benefits	**21,574**	**1,179,412**	−	−
Outside services	**3,073**	**168,000**	−	−
Transportation and travel	**2,879**	**157,405**	−	−
Miscellaneous				
ERP software and service charge overhead costs	**20,683**	**1,130,673**	15,574	770,155
Bank charges	**901**	**49,264**	416	20,567
	US$1,157,330	**₱63,270,105**	US$837,240	₱41,401,510

The Branch entered a contract with Palladium Global Philippines to support the Ministry of Basic Higher and Technical Education MBHTE-BARMM in providing technical assistance in establishing AKAP learning centers, including community scoping activities, development, and implementation of a Training needs Assessment with Learning Facilitators, conducting a write shop with the Access TWG and basic orientations and pre-service training in each of the seven divisions.

The Branch has agreed with BRAC USA to provide payroll assistance to 29 staff, provision of health and accident insurance, financial administration for compensation of the national staff, relocation assistance for staff, quarterly financial and administrative reports to BRAC International, procurement and distribution of equipment.

Moreover, the Branch has another contract with BRAC USA for the implementation of the COVID-19 response in the Philippines that will ended in February 2022.

The Branch has additional projects in 2022 with Home Office (BRAC International) to support the implementation of:

- Local Emergency Preparedness Response on the Municipalities of Ampatuan and Bubong Maguindanao; and
- Youth and skills project of the Branch in BARMM Philippines by providing meaningful and sustainable livelihood opportunities for women and girls aged 16-30 from marginalized households.

10. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if subject to common control. Related parties may be individuals or corporate entities.

The Branch has the following transactions with its related parties in the implementation of the AKAP, ADB and COVID-19 project, LEPR, and Youth Empowerment project:

	(In US Dollars, see Note 2)					
	Amount		**Balances**			
	2022	2021	**2022**	2021	Terms	Conditions
Due to related parties						
Head office						
Technical support	**US$86,310**	US$112,837	**US$125,866**	US$57,570	On demand, non-interest bearing	Unsecured

	(In Philippine Peso)					
	Amount		**Balances**			
	2022	2021	**2022**	2021	Terms	Conditions
Due to related parties						
Head office						
Technical support	**₱4,718,471**	₱5,579,809	**₱7,063,612**	₱2,923,067	On demand, non-interest bearing	Unsecured

Technical support pertains to reimbursements to the Head Office for expenses paid for in providing administration and financial management assistance to the Branch. It also entails sending support personnel to the Branch for the efficient and effective management and implementation of the existing projects in accordance with the provisions of the Grant Agreement.

11. Lease Agreements

In January 2022, the Branch entered into a lease agreement for the office located at 2F, Door 4, CIRPA Corporation Building, ND Avenue, Cotabato City until March 2023. In December 2022, the branch then transferred it principal office to Unit 601, AIC Burgundy Empire Tower, ADB Avenue, corner Garnet Road and Sapphire Road, Ortigas, Pasig City and entered into a new lease agreement until November 30, 2025.

The Branch also leases various premises serve as Project Office. The lease period lasts one year. All these lease agreements require a refundable deposit.

The details of the Branch's other current assets related to leases are as follows:

	2022		2021	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**	(In US Dollars, see Note 2)	(In Philippine Peso)
Prepaid rent	**US$7,628**	**₱428,021**	US$1,512	₱76,740
Refundable deposits	**3,929**	**220,500**	1,566	79,500
	US$11,557	**₱648,521**	US$3,078	₱156,240

SGVFSG000623

Short-term Lease
The Branch outstanding lease is the lease of office premises for which it is considered as a short-term lease. The Branch did not recognize right-of-use assets and lease liabilities for the lease.

Rent expense recognized in statements of comprehensive income amounted to US$13,205 or ₱721,918 and US$7,451 or ₱368,440 in 2022 and 2021, respectively.

12. Income Tax

The Branch has no provision for current income tax in 2022 since it is in a gross loss and net loss position.

As of December 31, 2022, no deferred tax assets were recognized in the statements of assets, liabilities, and home office account on temporary differences resulting from net operating loss carryforward (NOLCO) amounting to US$30,146 or ₱1.6 million as of December 31, 2022, since management believes that it is not probable that sufficient taxable income will be available in the future against which the deferred income tax assets can be utilized

The Branch's NOLCO incurred in 2022 can be claimed as a deduction against future taxable income over five (3) years, which is until 2025. The extension of its validity as a deduction against future taxable income from three (3) years to five (5) years, is pursuant to the issuance of Revenue Regulation No. 25-2020, implementing Section 4 of the Bayanihan To Recover As One or Bayanihan 2 Act, as follows:

(In US Dollars, see Note 2)

Year Incurred	Expiry Date	Beginning	Additions	Expired	Ending
2022	2025	US$ –	US$30,146	US$ –	US$30,146

(In Philippine Peso)

Year Incurred	Expiry Date	Beginning	Additions	Expired	Ending
2022	2025	₱ –	₱1,648,056	₱ –	₱1,648,056

The reconciliation between the provision for current income tax at the applicable statutory tax rate and the actual provision for income tax follows:

	2022	
	(In US Dollars, see Note 2)	**(In Philippine Peso)**
Deficiency of income over expenses before income tax	**(US$30,110)**	**(₱1,646,079)**
At statutory income tax rate	**(7,528)**	**(411,520)**
Additions to (reductions in) income taxes resulting from:		
Change in unrecognized deferred tax assets	**7,537**	**412,014**
Income already subjected to final tax	**(9)**	**(494)**
	US$ −	**₱ −**

13. **Financial Instruments**

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

- *Cash, receivables, refundable deposits (presented as part of "Other current assets") and accounts payable and accrued expenses (excluding statutory payables).* The carrying values approximate fair values due to the short-term maturity of these financial instruments.

Fair Value Hierarchy
As of December 31, 2022 and 2021, the Branch has no financial instruments measured at fair value.

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

The Branch's principal financial instruments comprise of cash. The main purpose of the financial instrument is to fund the Branch's operations and capital expenditures. The Branch has other financial assets and liabilities such as receivables, refundable deposits (presented as part of "Other current assets") and accounts payable and accrued expenses (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of financial instruments are liquidity risk, credit risk, and market risk.

The Governing Body of the Head Office of the Branch has overall responsibility for the establishment and oversight of the Branch's risk management framework. The Governing Body has established the Audit Committee, which is responsible for developing and monitoring the Branch's risk management policies.

The Audit Committee identifies all issues affecting the operations of the Branch and reports regularly to the Governing Body on its activities. The Branch's risk management policies are established to identify and analyze the risks faced by the Branch, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities.

Mitigating strategies and procedures are devised to address the risks that inevitably occur so as not to affect the Branch's operations and impact forecasted results.
The Branch, through its training in and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Chief Finance and Risk Officer oversees financial management functions, specifically managing the Branch's credit, market, and other risks. The Chief Finance and Risk Officer directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Branch.

Liquidity Risk
Liquidity risk arises from the possibility that the Branch may encounter difficulties in raising funds to meet commitments from financial instruments.

The Branch’s objectives in managing its liquidity profile are; a) to ensure that adequate funding is always available; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The Branch's accounts payable and accrued expenses (excluding statutory payables) amounting to US$232,367 or ₱13.0 million and US$142,184 or ₱7.2 million as of December 31, 2022 and 2021, respectively, are on demand based on contractual undiscounted payments. The Branch's undiscounted financial assets amounting to US$397,158 or ₱22.3 million and US$300,628 or ₱15.3 million as of December 31, 2022 and 2021, respectively, are on demand and available for maturing obligations.

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Branch’s credit risks are primarily attributable to cash, collection of receivables, and realization of investments. The Country Representative reviews and institutes policies for managing each of assets as of December 31, 2022 and 2021. The Branch’s exposure to impairment loss is not significant since receivable balances are monitored on an ongoing basis.

The table below shows the maximum exposure to credit risk for the components of the statements of assets, liabilities, and home office account:

(In US Dollars, see Note 2)

	2022	2021
Financial assets at amortized cost:		
Cash in banks	**US$308,803**	US$193,626
Receivables		
Grants receivable	**79,409**	85,477
Advances to other projects	**5,017**	19,959
Refundable deposits*	**3,929**	1,566
	US$397,158	US$300,628

*Presented as part of “Other current assets”

(In Philippine Peso)

	2022	2021
Financial assets at amortized cost:		
Cash in banks	**₱17,330,022**	₱9,831,152
Receivables		
Grants receivable	**4,456,460**	4,339,989
Advances to other projects	**281,550**	1,013,416
Refundable deposits*	**220,500**	79,500
	₱22,288,532	₱15,264,057

*Presented as part of “Other current assets”

The Branch established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The Branch considers a financial asset in default when contractual payments are past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual cash flows in full before considering any credit enhancements held by the Branch. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash in Banks
For cash, the Branch applies low credit risk simplification. The probability of default and loss given defaults are publicly available and considered low credit risk investments. It is the Branch's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Branch uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Receivables
For receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various payor segments with similar loss patterns (i.e., by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Based on the Branch's credit risk experience, the expected credit loss rate increases as the age of receivables also increases.

No provision for impairment of receivables was recognized in 2022 and 2021.

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS, LIABILITIES AND HOME OFFICE ACCOUNT
(AS OF DECEMBER 31, 2022)

	Country Office	ADB - UPG	DOLE - UPG	DFAT-AKAP P1	DFAT-AKAP P2	ADB - SLP	BRAC-USA COVID-19	Signify Foundation	LEPR	**Total**
ASSETS										
Current Assets										
Cash	US$78,756	US$ –	US$ –	US$ –	US$1,187	US$144,264	US$177	US$7,682	US$78,534	**US$310,600**
Receivables	2,028	–	–	4,081	74,991	3,945	–	182	(801)	**84,426**
Other current assets	2,246	–	–	–	221	9,090	–	–	–	**11,557**
	83,030	–	–	4,081	76,399	157,299	177	7,864	77,733	**406,583**
Noncurrent Assets										
Property and equipment - net	1,961	–	–	–	2,809	3,758	–	–	3,170	**11,698**
TOTAL ASSETS	**US$84,991**	**US$ –**	**US$ –**	**US$4,081**	**US$79,208**	**US$161,057**	**US$177**	**US$7,864**	**US$80,903**	**US$418,281**
LIABILITIES AND HOME OFFICE ACCOUNT										
Current Liabilities										
Accounts payable and accrued expenses	US$114,384	US$ –	US$ –	US$1,073	US$76,399	US$36,624	US$ –	US$7,864	US$1,555	**US$237,899**
Deferred grants	(61)	–	–	3,008	2,809	124,433	177	–	79,348	**209,714**
	114,323	–	–	4,081	79,208	161,057	177	7,864	80,903	**447,613**
Home Office Account										
Home office account	(30,110)	–	–	–	–	–	–	–	–	**(30,110)**
Cumulative translation adjustment	778	–	–	–	–	–	–	–	–	**778**
	(29,332)	–	–	–	–	–	–	–	–	**(29,332)**
TOTAL LIABILITIES AND HOME OFFICE ACCOUNT	**US$84,991**	**US$ –**	**US$ –**	**US$4,081**	**US$79,208**	**US$161,057**	**US$177**	**US$7,864**	**US$80,903**	**US$418,281**

STICHTING BRAC INTERNATIONAL, INC. - PHILIPPINE BRANCH
(A Nonstock, Nonprofit Organization)

STATEMENTS OF COMPREHENSIVE INCOME
(AS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Country Office	ADB - UPG	DOLE - UPG	DFAT-AKAP P1	DFAT-AKAP P2	ADB - SLP	BRAC-USA COVID-19	Signify Foundation	LEPR	**Total**
INCOME										
Grants	US$688	US$467	US$ –	US$ –	US$655,588	US$422,173	US$6,880	US$30,704	US$12,087	**US$1,128,587**
PROJECT EXPENSES										
Salaries and employee benefits	21,574	–	–	–	156,448	296,408	46	1,118	6,003	**481,597**
Project supplies	–	–	–	–	316,816	55,756	6,834	28,113	3,329	**410,848**
Logistics and management expense	–	–	–	–	85,874	7,538	–	–	–	**93,412**
Transportation and travel	2,879	–	–	–	41,459	27,962	–	–	1,820	**74,120**
Outside services	3,073	–	–	–	9,313	19,174	–	767	–	**32,327**
Office utilities	–	–	–	–	19,221	4,705	–	–	25	**23,951**
Rent	–	–	–	–	9,309	3,896	–	–	–	**13,205**
Training and orientation	–	–	–	–	3,666	–	–	–	–	**3,666**
Evaluation activity	–	–	–	–	2,620	–	–	–	–	**2,620**
Bank charges	–	–	–	–	489	337	–	67	8	**901**
Miscellaneous	5,348	–	–	–	9,331	4,556	–	639	809	**20,683**
	32,874	–	–	–	654,546	420,332	6,880	30,704	11,994	**1,157,330**
OTHER EXPENSE (INCOME)										
Interest income	(36)	–	–	–	–	–	–	–	–	**(36)**
Foreign exchange gain	(2,728)	–	–	–	–	–	–	–	–	**(2,728)**
Depreciation	688	467	–	–	1,042	1,841	–	–	93	**4,131**
	(2,076)	467	–	–	1,042	1,841	–	–	93	**1,367**
	30,798	467	–	–	655,588	422,173	6,880	30,704	12,087	**1,158,697**
NET DEFICIENCY OF INCOME OVER EXPENSES	(30,110)	–	–	–	–	–	–	–	–	**(30,110)**
OTHER COMPREHENSIVE INCOME	778	–	–	–	–	–	–	–	–	**778**
TOTAL COMPREHENSIVE LOSS	**(US$29,332)**	**US$ –**	**US$ –**	**US$ –**	**US$ –**	**US$ –**	**US$ –**	**US$ –**	**US$ –**	**(US$29,332)**

SGVFSG000623