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2017: Building Partnerships to Elevate Lives

The Manila Water’s (the Company) commitment to the United Nations’ Sustainable Development Goals (SDG) has fortified its efforts to align and integrate its sustainability framework into its corporate strategies. As the Company reached its biggest CAPEX in 20 years amounting to ₱10.6 billion, with a billed volume reaching close to 739 million cubic meters, serving a population of more than 17 million customers, Manila Water Foundation (MWF) remains at the core – making sure that our victory translates to compassionate programs for the benefit of the marginalized. With a heart for service and determination to fulfill our SDGs, MWF supplements the Company’s efforts with programs that do not only provide access to sustainable water and used water services, but also focus on health, livelihood, and environment for the overall well-being of each member of the Filipino community.

In 2017, like a robust bridge, the Foundation linked marginalized communities not only to the services of the company but also to other organizations that share the same vision. We are proud with the partnerships we have built. Through bridging horizons, the combined capacities of MWF and its partners, from both the private and public sectors, have led to substantial programs, fitting to the needs of the marginalized communities, enabling change, and elevating more lives far and beyond the boundaries of the Company’s service areas.

As droplets of efforts can moisten a dry land, a downpour can change a landscape. Join us in our mission of enabling change and let us demonstrate how powerful a force we can be when we support one another.

Manila Water Foundation is the social development arm of the Manila Water enterprise. It was established in 2005 as part of the sustainability initiative of the Company. After a decade of service, the Foundation has emerged as a stand-alone, nonprofit organization that champions water and sanitation access, water education, and livelihood for marginalized communities. In 2017, the Foundation has further strengthened its programs by expanding its reach, increasing its number of beneficiaries, and attaining its greatest number of partnerships to inclusively attain its vision and create more meaningful impact.
Chairman’s Message

20 years of transforming lives of every Filipino we serve - for two decades, Manila Water has made immense waves in becoming the leader in the provision of water, used water, and environmental services in the East Zone of Metro Manila. Eventually it has expanded to key provinces across the country, and now we are propelled to be reaching beyond our borders. Persistent in pursuing excellence, Manila Water has constantly moved forward to achieve its goals and deliver exceptional services to its customers and partners. In the course of growing as a business, our commitment to our thrust for national and social development has risen commensurately to meet the challenges imposed by the changing times.

Manila Water Foundation (MWF) is the heart of the Manila Water enterprise, initiating socially responsible and sustainable programs that extend our expertise and services to the welfare of marginalized communities. Our Care in Every Drop flagline has been translated as well in many high impact flagship programs we have rolled out in our beneficiary communities. The scale and significance of our impact has made MWF one of the premier corporate foundations in the country.

The MWF Board of Trustees supports the new vision of the Foundation crafted by its management team to be the premier corporate foundation focused on WASH (Water, Sanitation and Hygiene) issues for the marginalized communities. The track records of the Manila Water enterprise and MWF are solid platforms to make our Foundation the partner of choice of local and international donors of WASH programs. We are excited with this more focused and deeper engagement approach to drive more sustainable social impact outcomes. With the support of our various stakeholders and partners, we strongly believe we can solve WASH issues one community at a time.

On behalf of the MWF Board of Trustees, I would like to thank our many donors, program partners, volunteers, our hardworking Foundation employees, and community leaders who have helped improve the lives of our beneficiaries through our flagship programs.

Ferdinand M. Dela Cruz
Chairman
Manila Water Foundation
President’s Message

We go where the business cannot – this is the value of the Foundation to the company and to the nation.

The Manila Water Foundation is in a unique position where it can serve as a bridge: extending the water and sanitation expertise of the Manila Water enterprise to marginalized communities, even beyond its concession areas. We look at current problems and see how we can best help.

One of the important characteristics of any water system is that it is reliable. Over the years, we have helped communities gain access to clean water for their daily needs. But in times of calamities and disasters, more often, water supply is interrupted and potable water becomes scarce. In 2017, to ensure that water relief rapidly reached the communities in times of vulnerability, the Foundation has strengthened its Disaster Response Program, Agapay Para sa Barangay. Through valued partnerships, the Foundation stretched its means of delivering clean and safe drinking water nationwide.

Beyond potable water, the Foundation also continued to widen the campaign on sanitation by providing access to proper toilet facilities to the 19 million Filipinos with unimproved toilets and 7 million who practice open defecation (UNICEF and World Health Organization, 2015). Aside from toilet construction and septicage management, the Foundation continually spread awareness on the importance of proper disposal of used water in ways that are not harmful to the environment and beneficial to one’s health and well-being.

As I look on the role of President, I asked that we look at all the Foundation’s initiatives and find a thread that connected them all. The Foundation today wants to be an enabler of change on WASH: Water Access, Sanitation, and Hygiene. We are focused on delivering our commitment in support of the Sustainable Development Goals (SDG) of the United Nations through holistic programs that address SDG 1: No Poverty, SDG 3: Good Health and Well-being, SDG 6: Clean Water and Sanitation, SDG 14: Life Below Water.

As we flow towards a new direction, the Foundation is honored for the confidence of our partners from various prestigious organizations. Our efforts, when combined, are like droplets of water. A single drop is nothing compared to an ocean; still a drop can create ripples, enabling change one community at a time. I look forward to seeing massive waves of change through the participation of our own employees and support of our partners as we continue to bridge horizons.

Geodino V. Carpio
President
Manila Water Foundation
As we sailed towards greater heights and beyond the horizons, Manila Water Foundation (MWF) embarked on unprecedented efforts to establish strategic bridges – partnerships that would allow us to share resources and work on programs that would benefit marginalized communities all over the country.

This year alone, we have collaborated with 27 reputable organizations. We are grateful for their trust; and with their valuable contributions to our array of programs, we have made direct impact on the lives of approximately 440,546 individuals. Through our flagship programs, 41,572 individuals were provided access to clean and potable water while 244,604 learned about the benefits of proper handwashing; and 134,370 household members benefited from our interest-free loans.

**Water Supply and Sanitation**

I am happy to report that the Foundation has successfully provided pipelines to Brgy. Julo and Brgy. Baclaran in Cabuyao City, Laguna through our Tubig Para sa Barangay program. With this, a total of 152 families now have access to safe and dependable water directly from the comfort of their homes.

Like a reliable bridge, it was also through steadfast partnerships that we were able to swiftly deliver 10,867 bottles of five gallon potable water to communities afflicted by disasters. Through our Agapay Para sa Barangay program, approximately 54,335 displaced individuals were given clean and safe drinking water when they needed it most.

This year, we also strengthened our Sanitation program. The Foundation, in partnership with Boracay Island Water Company, and the Provincial Government of Aklan, inaugurated its first public restroom built in Cagban Jetty Port in Malay, Aklan. Through this initiative, approximately 1.7 million tourists every year can now enjoy a clean and decent restroom – with flowing water for proper handwashing and facilities for a sanitary toilet experience.
Water Education

As a testament of how strong partnerships can translate to a wider scope, we are proud to announce that this year, MWF’s Water Education program was able to achieve its highest target in five years. Through the complementing efforts of its primary campaign, Global Handwashing Day (GHD), and the launch of its year-round advocacy, Health in Our Hands (HIoH), MWF reached close to 12 million individuals to promote the life-saving habit of proper handwashing.

Boosting this year’s efforts were our partnerships with digital platforms. Seven million Filipinos were informed about the benefits of proper handwashing through Viber public accounts. MMDA’s electronic billboards along EDSA became a tool to reach out to approximately 230,000 motorists through an educational AVP which was played for the whole month of October. The same effort has been launched in Market! Market!, where over 20,000 moviegoers were reached. Lastly, Globe Telecom, one of MWF’s most constant partners, also helped in the dissemination of information about proper handwashing through sending text blasts to more than nine million of its subscribers.

Community Assistance and Livelihood

Lastly, the Foundation’s Kabuhayan Para sa Barangay (KPSB) program has made its full swing as it prepares to take its final bow. On its last implementation year, KPSB has empowered 112 community-based cooperatives, translating to 26,874 low-income families or 134,370 individuals, by granting them non-interest loans that could increase their capital and expand their business.

Prize for Engineering Excellence

It was also through engaging partners in the embodiment of the Department of Science and Technology and Philippine Technological Council, that we found a gem in the field of agriculture as we concluded the second run of MWF’s biennial award program, the Prize for Engineering Excellence.

These are just some of the numbers that reflect our unwavering commitment to become enablers of change. Over a decade, Manila Water Foundation has rolled out numerous projects; despite the successes, we also know that there are so much to be done, much more to be accomplished.

2017 has been a year of change for MWF and my final year as its Executive Director. As I celebrate 15 fruitful years with Manila Water, and 8 meaningful years with the Foundation, I will surely miss the heartwarming fulfillment brought by the transformations we initiated in every community we bridged. I want to express my sincerest gratitude for being part of this admirable organization and to the team who had also been my family.

New beginnings are exciting and at the same time challenging. As Manila Water Foundation continues with its journey, I am honored to have contributed to its transformation as it aspires to become the top-of-mind WASH organization in the country. It is my earnest hope that you, our partners in enabling change, will continue to pledge your support to the Foundation as it progresses towards fulfilling its mission of holistic and sustainable community development.

Carla May B. Kim
Executive Director
Manila Water Foundation
Our vision is to be the enabler of change through sustainable water and sanitation access and hygiene education (WASH) for marginalized communities in the Philippines.
Our mission is to create and implement participatory and responsive WASH programs contributing to holistic community development.
At the onset, Manila Water Foundation carried out its vision by giving low-income communities access to clean and potable water, educating them on proper sanitation, and allowing them to have sustainable livelihood to be able to keep up with the costs of having their own water lines.

This gave birth to the three focus areas that encapsulate all the programs that the Foundation has been championing: (1) Water Supply and Sanitation, (2) Water Education, and (3) Community Assistance and Livelihood.

- **A** 122,834 families enjoy the convenience of water in their homes through Tubig Para sa Barangay program
- **B** 1,700 individuals have been provided water connection through the Ahon Pinoy program
- **C** 269,720 calamity victims were given potable water through the Agepay Para sa Barangay program
- **D** 1,300 individuals benefited from the Sanitation program
- **E** 48,735 individuals gained access to potable water through the Lingap program
- **F** 745,387 individuals participated in the Global Handwashing Day campaign
- **G** 3,481 individuals were taught about proper handwashing through Health in Our Hands
- **H** 844,710 individuals have been empowered through the Kabuhayan Para sa Barangay program

**TOTAL BENEFICIARIES AS OF DEC. 2017**

**915,185 WATER SUPPLY & SANITATION: A, B, C, D, E**

**748,868 WATER EDUCATION: F, G**

**844,710 COMMUNITY ASSISTANCE & LIVELIHOOD: H**
Community Assistance and Livelihood
Aklan
Bataan
Batangas
Bukidnon
Bulacan
Camarines Sur
Cavite
Davao Region
Ilocos Sur
Iloilo
Laguna
Marinduque
NCR
Negros Occidental
Nueva Ecija
Palawan
Quezon
Rizal
Romblon
Siquijor
Surigao del Sur
Tarlac
Zamboanga

MWF's Areas of Operation

Water Education
Aklan
Aurora
Bulacan
Laguna
NCR
Pampanga
Rizal

Water Supply
Agusan
Aklan
Batangas
Bulacan
Laguna
Lanao Del Sur
Naga
Pampanga
Taclaban City
Water Supply & Sanitation
With the assistance of the Foundation and its partners, families from Cabuyao, Laguna now have piped lines and direct access to clean and potable water inside their respective homes.

Through the eyes of Baclaran, Cabuyao City, Laguna resident and Brgy. Secretary, Mr. Francisco Del Mundo, it was saddening to digest the situation of the indigent families living within the premises of their community. According to Mr. del Mundo, they were deprived of water connection. Notable too was the distance of the community from the water source - they needed to walk miles, and go back and forth with heavily filled containers. Their situation did not get easier at night. Aside from the time consumed in fetching water due to the constant demand, one also needed to walk through the dim streets, sacrificing safety to be able to provide for the needs of their families and carry out their everyday household chores. This wearisome routine continues day after day.

Apart from this, water from the well was not safe for drinking, especially for children. They had to spend extra to purchase potable water. To add, supply from the well was not reliable; situation differed during the dry and wet season.

With the Foundation coming into the picture, Mr. del Mundo expressed hope that the cycle may end through the Tubig Para sa Barangay (TPSB) program. TPSB is the inaugural program of MWF that aims to provide direct and piped access to clean and potable water for low-income communities. Since it started, the program has helped more than 120,000 families who now enjoy uninterrupted and convenient access to this basic yet important resource.

In 2017, in partnership with Laguna AAAWater Corp., a total of 152 households from Brgy. Guled and Brgy. Baclaran, Cabuyao City, Laguna were given piped connections. They now enjoy clean, safe, and reliable water from the convenience of their own homes. With this, the image reflected on Mr. del Mundo’s eyes has changed. Families are now overjoyed and secured that potable water is within their reach any time of the day. Above all, to them, access to water signified progress – uplifting their sense of pride, motivating them to dream bigger, and fulfilling their aspirations.

“We have been truly blessed. It may seem small at the onset, but we have high hopes that in the following events, this will eventually grow. We are thankful that Brgy. Baclaran was one of the chosen beneficiaries of the Tubig Para sa Barangay project. Having clean water in our barangay is an indication of progress in our community. “

Mr. Francisco del Mundo
Secretary
Brgy. Baclaran
To make sure that clean and potable water is accessible even beyond our homes, Lingap, which literally translates to care, provides handwashing facilities and drinking fountains in public institutions and places like schools, police stations, and public markets. A total of 48,735 individuals have benefited from the program ever since it has started.

In 2017, 6,477 individuals were given access to water facilities due to our Lingap program. All of which were made possible in partnership with Manila Water Philippine Ventures.

Under the flagship program is Lingap Eskwela, where 4,765 public-school pupils, teachers and staff were given access to clean water. Monicayo Elementary School (MES) in Silito Monicayo, Mabalacat City, Pampanga was one of the project sites.

With the absence of piped water connection, for more than 10 years, pupils and school personnel of MES relied on rain water to be able to carry-out their daily activities. This situation has compelled them to travel back to their homes whenever they needed to drink water or use the toilet. The lack of access to clean water also hindered the school from implementing key projects, which could have helped in improving the health situation of their students.

Through Lingap Eskwela, the Manila Water Foundation, together with Clark Water Corporation, and Clark Development Corporation, refurbished its handwashing facilities and toilets. The Foundation has also taught the pupils to practice proper handwashing to keep them away from sickness.

Monicayo Elementary School Head Maylon Manaloto is overjoyed that the school’s “Gulayan sa Paaralan”, a school initiative that has long been tabled due to the lack of water, will finally be implemented.

MES can now look forward to a livelier learning environment for their pupils - enjoying activities where they can let their hands go dirty with the assurance that there is now available clean water to rinse them off.

Aside from Lingap Eskwela, the program also carried out Lingap Ospital and Lingap City Hall. For this year, Lingap Ospital was conducted at Ciriaco Tiral Hospital where the Foundation, in partnership with Boracay Island Water Company, installed refrigerated drinking fountain supplying potable water to 42 medical personnel and 70 patients. The installation of the drinking fountain was also implemented at Sta. Rosa, Laguna’s City Hall. A total of 1,600 municipal employees benefited from the program.

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>BENEFICIARIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refurbishment of handwashing and toilet facilities Monicayo Elementary School Mabalacat City, Pampanga</td>
<td>162 students and staff</td>
</tr>
<tr>
<td>Construction of handwashing and drinking facilities Paco Elementary School Obando, Bulacan</td>
<td>1,015 students and staff</td>
</tr>
<tr>
<td>Construction of handwashing and drinking facilities Pulong Sta. Cruz Elementary School Sta. Rosa, Laguna</td>
<td>3,588 students and staff</td>
</tr>
<tr>
<td>Installation of refrigerated drinking fountain Ciriaco Tiral Hospital Boracay, Malay, Aklan</td>
<td>112 medical personnel and patients</td>
</tr>
<tr>
<td>Installation of refrigerated drinking fountain Sta. Rosa City Hall Sta. Rosa, Laguna</td>
<td>1,600 employees</td>
</tr>
</tbody>
</table>

6,477

"Thank you to Manila Water Foundation. Now, our comfort rooms are clean and water is available to maintain its cleanliness. I am also happy that we were taught how to properly wash our hands so that we can protect ourselves from being sick."

Beloved Joshua Garcia
Grade 4 student
Monicayo Elementary School
Agapay Para sa Barangay
Water Supply and Sanitation

Water Distribution

Disasters have always placed a tremendous burden on affected families and communities, as they cope and survive from tragic catastrophes. According to “The Human Cost of Weather Related Disasters,” a study conducted by the Geneva-based United Nations Office for Disaster Risk Reduction (UNISDR) and the Belgian-based Centre on the Epidemiology of Disasters (CRED) in 2015, the Philippines ranked third as the most disaster-prone country in the world due to the frequent occurrences of typhoons. Understanding the gravity of the situation, it is in Manila Water Foundation’s urgency to support the resilience of communities during disasters. When emergencies and calamities occur, it is the Foundation’s duty to secure that affected communities have access to drinking water.

Agapay Para sa Barangay (APSB) is one of the Foundation’s programs meant to address the need for potable water during displacement brought about by natural disasters and calamities. For this year, the Foundation was able to deploy a total of 54,335 gallons of water.

During Typhoon Nina, 2,000 hard-hit families from Camarines Sur and Quezon, two of the most severely affected by the typhoon that displaced over 300,000 families, were given 20,000 gallons of drinking water. This response was made possible by University of Nueva Caceres (UNC) in Naga and Ayala Education. Another municipality that was glaringly left with compromised water supply conditions due to the damages of flooding, the Municipality of Agusan, received 1,400 units of five gallon bottled water with the help of the Office of the Vice President (OVP) of the Philippines last February 2017. Also, together with the OVP, 8,000 gallons of safe and potable water were deployed in Mabinay and Tingloy, Batangas for the benefit of 1,600 calamity-stricken families after both municipalities were hit and severely affected by a twin earthquake of 5.7 and 5.9 magnitudes.

To make sure that water assistance immediately reached the families in need, community members volunteered to load the 1,000 units of bottled water into a motorized boat which transported the assistance for the island municipality of Tingloy, Batangas after it was hit by the twin earthquake.

None from Tingloy escaped the brutality of the earthquake. This included Mr. Reynaldo Belino, Captain of Brgy. 15, Poblacion 3 in Tingloy, who shared how the recent calamities affected them. Aside from leaving the municipality with damaged infrastructures, including its port, due to landslide, the available potable water in the area was also health damaging.

MWF Program Officer Franz Nicasia (foreground) spearheaded the deployment of potable water, which was made in partnership with Ayala Education, Philippine Red Cross, and UNC.

“Although there is a chance that this could be the situation even before the earthquake happened, upon checking by the Department of Health, it was also found out that the water from our faucets are not safe for human consumption and still needs to be boiled for 15 minutes before it becomes potable. The quality of the water from the well, which is also a water source for many, was compromised because of the earthquake. This help from Manila Water Foundation really brought great joy to the people. Until now, many families in our barangay, as well as nearby barangays, still use the water from Manila Water Foundation.”

During the times of adversity brought about by the siege in Marawi City, MWF also extended assistance to the thousands of families and military personnel affected by the crisis. Coursing through the office of the Civil Relations Service (CRS) of the Armed Forces of the Philippines (AFP) and Task Force Marawi, the Foundation distributed more than 2,000 gallons of clean drinking water to families currently residing in evacuation centers in nearby cities and provinces. As a follow through, 12,300 units of 500ml bottles of potable water were also deployed for the sustenance of the members of the Special Action Force of the Philippine National Police and troops of the AFP.

By the end of the 2017, in support of our dedicated partners, the Foundation was able to cater 12 APSB responses.
Also, part of the APSB mandate is the provision of technical assistance for the planning and design of water and sanitation systems in critical establishments during disasters and calamities.

In 2017, through the P10 million donation of Ayala Corporation, MWF was able to acquire one Mobile Treatment Plant (MTP) unit, a transportable water filtration system that converts all types of water to its potable state. This was part of the continuous development of the APSB Program: a fulfillment of its commitment to immediately respond to disasters, especially when prolonged support for clean drinking water was deemed necessary. Upon acquisition in the fourth quarter of 2017, the MTP was stationed in Aklan under the care of Boracay Island Water Company (BIWC), ready for deployment should disasters strike in Visayas or Mindanao.

To efficiently use this life-saving device, MWF spearheaded MTP trainings aimed at equipping the technical teams of the Manila Water group to provide potable water for calamity-sticken communities in the Philippines. Employees from Manila Water Company Business Continuity Team and subsidiaries - Clark Water Corp., Laguna AAA Water Corp., Boracay Island Water Company, and Cebu Manila Water Development, participated in the training in Bataan in June 2017. In December 2017, another training was conducted for the employees of BIWC to ensure that they are ready for deployment should the need arises.

<table>
<thead>
<tr>
<th>Projects</th>
<th>Locations</th>
<th>No. of Beneficiaries</th>
<th>Partners</th>
<th>Dates of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Testing (Parameters of raw water)</td>
<td>Brgy. Sibul, San Miguel, Bulacan</td>
<td>50 farmers from GreenEarth Heritage Foundation Farm</td>
<td>MWC Laboratory Services Department</td>
<td>March 16, 2017</td>
</tr>
<tr>
<td>MTP Training</td>
<td>Morong, Bataan</td>
<td>26 participants from BCT, CWC, BIWC, CMWD, and LAWC</td>
<td>...</td>
<td>June 6-9, 2017</td>
</tr>
<tr>
<td>MTP Calibration and Refresher Training</td>
<td>Malay, Aklan</td>
<td>30 participants from BIWC</td>
<td>...</td>
<td>Nov. 29, 2017</td>
</tr>
</tbody>
</table>

“We are thankful for your support and it is in our hopes that you continue supporting our troops. The help may look, as if, simple. But the impact is different especially knowing that there are people supporting us. It is heartwarming to see that what we do is being appreciated and not disregarded by the people. This is truly a huge help as through this, the morale of our soldiers also increases.”

Col. Noel Dela Cruz
Chief of Staff, Civil Relations Service
Armed Forces of the Philippines
The Hardware: Construction of Public Restroom

Supplementary to its water access programs, Manila Water Foundation (MWF) expanded its horizons and ventured to providing sanitation facilities to urban poor communities.

In 2015, the Foundation spearheaded its first sanitation project which provided an eight-cubic toilet facility for 260 families in San Bueno Compound, Cainta, Rizal. In the past year, the Foundation continued its sanitation program by engaging communities in sanitation discussions and learning sessions aimed at promoting proper sanitation practices. The Foundation also completed its second sanitation facility at Cagban Jetty Port in Boracay Island, Malay, Aklan.

Being one of the busiest islands in the Philippines, with an estimated 1.7 million tourists and locals every year (Department of Tourism, 2016), Boracay Island’s demand for access to toilet facilities and proper sanitation has continually increased. In an effort to help preserve the beauty of Boracay, MWF and Boracay Island Water Company (BIWC), partnered with the Provincial Government of Aklan in building a public restroom facility, aimed at promoting proper sanitation and hygiene among locals and tourists.

Through MWF’s Sanitation Program, a clean, decent, and well-structured toilet facility – complete with handwashing amenities, bidet, and ramp for wheelchair, has been established. Aside from this effort, BIWC also recently constructed a lift station which aids the transportation of used water from low elevation sources towards sewage treatment plants. Through this facility, it is ensured that used water from the public restroom and other facilities near the Cagban Jetty Port are treated and safe once discharged to the environment.

Cagban Jetty Port serves as an important tourism and transportation facility for the conveyance of people and cargo between Boracay Island and Barangay Caticlan, Malay, Aklan, to other ports in nearby cities and municipalities.
“We would like to thank our partners from Boracay Water and Manila Water Foundation for their generosity in providing us with this facility. This is again a confirmation of the strong partnership of the local government and the private sector. We can really make a difference in the delivery of much needed services. Likewise, by investing in sophisticated water treatment facilities and sewerage systems, we are able to protect and preserve the natural beauty of Boracay.”

Hon. Esel Flores
Member
Sangguniang Panlalawigan, Aklan
“It is important that multiple stakeholders work together to create solutions tailored to the circumstances of low-income households in the Philippines. A particular attention should be paid to strike a balance between what households value most and what barriers they face in financing and constructing improved facilities.”

Toshiya Masuoka
Director of Inclusive Business
IFC
The Software: Launch of Sanitation Study Conducted with IFC

In developing a responsive and feasible program, the Foundation needed to see the wider context and listen to the real situation of low-income communities in the Philippines - to identify the technical, social, and financial opportunities and barriers to improving the sanitation systems.

In 2017, Manila Water Foundation, together with the International Finance Corporation (IFC), has completed and launched the Urban Sanitation Socio-economic Study at the 2017 International Water Association (IWA) Water and Development Congress & Exhibition held in Buenos Aires, Argentina. During the event, 2,500 individuals from various countries around the globe participated.

MWF partnered with IFC, a member of the World Bank Group, to conduct a study for the development of pro-poor sanitation solutions and healthy sanitation practices in the country. The study, which was conducted in 2016, aimed to further improve MWF's local sanitation program.

Based on the joint study, which was conducted in select urban and peri-urban communities in Metro Manila and other cities in the Philippines, 9% of the respondents without private toilets still practice open defecation and 3% use chamber pots as an alternative solution, both of which pose negative health and environmental risks.

More importantly, results revealed that although most of the respondents showed interest in improving their sanitation conditions, they were often barred to attain such due to lack of land ownership, limited space, and financial incapacities.

This initiative is aligned with the UN Sustainable Development Goal 6 which is to “achieve access to proper sanitation and hygiene for all and end open defecation.” Locally, it was also in response to the 2017-2022 Philippine Development Plan, which stated that 6.9% of the country’s total population are still in need of improved sanitation despite interventions from the government.

The Program: New Sanitation Model

Aligned with the recommendations from the Urban Sanitation Socio-economic Study, MWF has also developed a new sanitation model for its succeeding projects. The new approach aims to develop pro-poor sanitation solutions and integrate this to its community-based water projects for a holistic and sustainable engagement.

The people-centered approach focuses on sanitation as a community agenda where people are at the core of the development process, and whose participation is vital in determining its direction.

With its four core principles, Participatory, Sustainable, Inclusive, and Innovative, the new sanitation model aims at reaching its full impact through uplifting the sanitation condition of low-income families.
Water
Education
**Objectives**

- Increase awareness and importance of handwashing with soap and water.
- Encourage people to wash their hands during critical times.
- Make handwashing a priority focus for Water Education program.
- Create nationwide impact using IEC materials and social media.
- Reach at least 25,000 participants in major events all over the Philippines.

**Locations**

- The Mind Museum, Taguig City: 21,000 individuals
- Pulang Sta., Cruz Elementary School, Sta. Rosa, Laguna: 3,000 students and staff
- Northville 16 Elementary School, Mabalacat, Pampanga: 2,500 students and staff
- Pinyahan Elementary School, Quezon City: 3,000 students, parents, and school staff
- Barangay Ampid 1, San Mateo, Rizal: 500 students and community
- Enchanted Kingdom, Sta. Rosa, Laguna: 3,000 theme park goers
- Ati Community, Boracay, Aklan: 750 students and community members
- Market Market, Taguig City: 3,000 mall goers
- Lugam Elementary School, Malolos, Bulacan: 500 students
- Anaclota V. Mijares Elementary School, Baler, Aurora: 1,000 students
- Barangay Loyola Heights, Quezon City: 1,000 students

**NO. OF BENEFICIARIES**

- Green Cross
- Cleanex
- Rhea Generics
- Pilot
- Globe Telecom
- Eagle Broadcasting Corp.
- Wish 107.5 FM
- BusinessWorld
- Manila Standard
- Rakuten Viber
- Rappler
- Mind Museum
- Enchanted Kingdom
- Market Market
- Nescafe
- Toy Kingdom
- Manila Water Company
- Boracay Island Water Company
- Clark Water Corp.
- Laguna AAA Water Corporation
- Bulacan MWFP Dev't. Corp.
- Clark Development Corp.
- Quezon City Health Office
Following this year’s theme, “Our Hands, Our Future,” MWF organized eight events in key locations in the country which were participated by more than 36,000 individuals. MWF has launched the campaign at The Mind Museum that was followed by several more events held in Laguna, Pampanga, Quezon City, Rizal, and Taguig. All of which engaged the participants through interactive learning sessions and games, which imparted the seven handwashing steps, its importance, and the critical times when proper handwashing should be practiced. Up to this date, GHD is the most successful hygiene campaign in the world and has significantly reduced respiratory infection, malnutrition, diarrhea and other deadly diseases among public school children in the Philippines by 30 to 50 percent.

Manila Water Foundation launched its month-long celebration of the 2017 Global Handwashing Day at The Mind Museum together with the kids being supported by the Educational Research and Development Assistance Foundation.

<table>
<thead>
<tr>
<th>TYPE/PLATFORM</th>
<th>REACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVENTS</td>
<td>36,750</td>
</tr>
<tr>
<td>FACEBOOK</td>
<td>204,892</td>
</tr>
<tr>
<td>VIBER PUBLIC ACCOUNT</td>
<td>1,692,907</td>
</tr>
<tr>
<td>RAPPLER’S BRANDRAT</td>
<td>121,800</td>
</tr>
<tr>
<td>MMDA BILLBOARDS</td>
<td>236,000</td>
</tr>
<tr>
<td>MARKET! MARKET! CINEMAS</td>
<td>20,233</td>
</tr>
<tr>
<td>GLOBE TEXTBLAST</td>
<td>9,468,265</td>
</tr>
<tr>
<td>PRINT ADS</td>
<td>136,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11,916,847 INDIVIDUALS</strong></td>
</tr>
</tbody>
</table>

With the support of its partners, Green Cross, Pilot, and Philusa Corporation, and sponsors, Nescafe and Toy Kingdom, the month-long campaign was made more fun and exciting for the participants. Venue partners of the campaign were The Mind Museum, Enchanted Kingdom, and Market! Market! in Taguig, while helping promote the month-long activities and events were Globe, Rappler, Viber, BusinessWorld and Manila Standard, Wish FM and Eagle Broadcasting Company.

Through these collective efforts, we have directly engaged a total of 748,868 individuals since the advocacy started in 2013. MWF hopes in achieving its commitment to educate Filipinos of all ages on water, sanitation, and hygiene. In as simple as practicing proper hygiene, we allow people to feel safe, protected, and comfortable in our hands.

For five years, MWF has brought the GHD celebration to different parts of the country where thousands of individuals were made aware about the importance of proper handwashing.
“I support this advocacy because it’s actually the small and simple things that many people do not know that have big effects, such as proper handwashing. This can actually prevent children from having diarrhea and other diseases. As a parent, I am very intentional in teaching this small habit to my child because it will really affect her future.”

Bettinna Carlos
MWF GHD Celebrity Advocate
“We are thankful to Manila Water Foundation for organizing Global Handwashing Day celebration here in Pinyahan Elementary School since this is one of the most important activities when it comes to the Water, Sanitation, and Hygiene (WASH) program under the DepEd Order No. 10 S. 2016. It is nice that the celebration is being brought in schools because the children, parents, school heads, and teachers are here to see the importance of commemorating this event.”

Ronnie Santos
WASH Officer
UNICEF Philippines
Values are best taught and practiced while we are young. Thus, it has always been part of Manila Water Foundation’s (MWF) advocacy to educate children on how proper hygiene should start from the human hands. Strengthening the commitment to advance handwashing and hygiene education to Filipino children and those involved in shaping their lifestyle, MWF recently pioneered a program called “Health in Our Hands” (HIoH). Under the Water Education focus area, this new program aims to stress the importance of proper hygiene in keeping one’s health in year-round campaigns in schools and communities.

On its pilot year, HIoH was able to educate 3,481 students and teachers. On March 17, the program was formally introduced at the Quirino Elementary School in Anonas, Quezon City, which was attended by more than 300 pupils and teachers. Through interactive learning sessions, participants were educated about the seven steps of proper handwashing and the key moments when these should be practiced.

Moreover, following this year’s theme “Healthy Diet, Gowing Habit for Life” for Nutrition Month, MWF, through its HIoH program, conducted series of events reaching out to public schools and institutions. With these initiatives, it allowed MWF to tap and educate over 700 schoolchildren. Aside from the pupils, teachers and community stakeholders also joined in the interactive lectures conducted during the school visits. Together with the school teachers, everyone shared the role on being ambassadors of proper handwashing.

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>LOCATIONS</th>
<th>NO. OF BENEFICIARIES</th>
<th>PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health in Our Hands</td>
<td>Malaya Elementary School, Q.C.</td>
<td>100 kinder to grade 5 students</td>
<td>Quezon City BA</td>
</tr>
<tr>
<td></td>
<td>Project 6 Elementary School, Q.C.</td>
<td>500 grades 3 and 5 students with school staff</td>
<td>Quezon City BA</td>
</tr>
<tr>
<td></td>
<td>Makati Sanitation Day, Bgy. South Calbo, Makati City</td>
<td>128 grade 1 students</td>
<td>Makati City Hl / Task Force Makati Waterway / MW Advocacy and Research Dept.</td>
</tr>
<tr>
<td></td>
<td>Juan Sumulong Elementary School, Antipolo City</td>
<td>150 grade 3 students with school staff</td>
<td>Rizal BA</td>
</tr>
<tr>
<td></td>
<td>Nazareth Home Orphanage, Manila</td>
<td>27 participants</td>
<td>Bulacan Water</td>
</tr>
<tr>
<td></td>
<td>San Isidro Elementary School, Taytay, Rizal</td>
<td>250 grades 3 to 6 students</td>
<td>Pasig BA</td>
</tr>
<tr>
<td></td>
<td>Bagong Nayan 1 Elementary School, Antipolo, Rizal</td>
<td>135 grades 3 to 5 students</td>
<td>Rizal BA</td>
</tr>
<tr>
<td></td>
<td>Pendiano A. Bernardo High School, Quezon City</td>
<td>100 grade 7 students</td>
<td>Quezon City BA</td>
</tr>
<tr>
<td></td>
<td>Barangay Kristong Hari, Quezon City</td>
<td>36 daycare students</td>
<td>Rotary Club of Old Manila Quezon City BA</td>
</tr>
<tr>
<td></td>
<td>Kapitan Eddie T. Reyes Integrated School, Taguig City</td>
<td>150 grades 3 to 5 students</td>
<td>Rotary Club of Makati Ayala Triangle</td>
</tr>
<tr>
<td></td>
<td>West Rombo Elementary School, Makati City</td>
<td>120 grades 5 and 6 students</td>
<td>Taguig Business Areas</td>
</tr>
</tbody>
</table>

We are one of the fortunate people in this world. Even though the school year is about to end, we were able to still receive this gift from Manila Water Foundation and Soroptimist International for our school. The handwashing facility, together with the books and hygiene education, will be a constant reminder for us to be clean and keep ourselves from being sick.

**Maricris Santos**
Principal
Quirino Elementary School
Community Assistance & Livelihood
A livelihood program, Kabuhayan Para sa Barangay (KPSB), was established to assist communities being helped by the Foundation, attain holistic development. With this, more opportunities for growth were opened for community-based cooperatives via the provision of non-interest-bearing loans as additional capital and capacity building mechanisms to help them improve their skills in managing their cooperatives.

In 2017, 112 cooperatives were assisted with zero-interest loans, which benefited 26,874 families. A total of P11.2 million was released in 2017 alone. Also, eight capacity-building sessions were conducted in partnership with local government units and agencies which benefited 426 individuals.
KPSB provides financial support to cooperatives accredited by the Cooperative Development Authority (CDA), operating in grassroots communities throughout the country. Through this non-interest-bearing loan, community-based cooperatives can now expand or open new businesses.

Sailing Forward

MWF has extended its program towards community-development by providing several capacity-building trainings. This year, with the support of various Provincial and City Cooperative Offices, over 175 KPSB partner cooperatives composed of close to 426 members were invited to attend the Entrepreneurship and Business Management and Resiliency seminars in the mentioned provinces. Led by a CDA accredited trainer, these seminars were conducted to improve the participants’ marketing and management skills to enable them to develop business resiliency abilities and rise above the challenges they face as an organization.

KPSB partner cooperatives in Laguna and Batan were made ready for possible ventures to new businesses.

As KPSB transitioned to a more focused and sustainable program that can provide livelihood and financial assistance to our WASH communities, the Foundation commends the program for being one of its most successful roll outs. Since it started in 2005, KPSB has served a total of 168,942 families including 844,710 individuals. This initiative is a reminder that when we support our local enterprises, we also empower our people.

We can definitely feel the changes. Now, there is a salary allotted to the workers of pineapple products. In the past, a member’s problem is usually to look for income so that he/she can provide for his/her family. Rather than work here, they would prioritize some other work that would allow them to earn cash in an instant. Now, knowing that they can finally earn for a living here, we can do more.

Marieta G. Agapito
Production Manager
Samahan ng Magsasaka sa Kaybanban Multi-Purpose Cooperative
Laguna Provincial Administrator Atty. Dulce Rebanal (fourth from left) thanked MWF for its continuous support for the cooperatives of Laguna.

One of the beneficiaries of this program is Marieta G. Agapito of Samahan ng Magsasaka sa Kaybanban Mult-Purpose Cooperative. She shared how they struggled on their daily operation and in keeping their staff due to lack of funding.

Laguna Provincial Administrator Atty. Dulce Rebanal applauds MWF’s initiative. Together with Marieta, Atty. Rebanal is just one of the beneficiaries who can strongly attest how the program made impact to their lives.

“\textit{I would like to commend Manila Water Foundation for being our partner sa atin pong mga programa [sa] Cooperative Development Office. They are always there to support us, lalo na [sa ating] mga kooperatiba.}”

“I would like to commend Manila Water Foundation for being our partner in our programs at Cooperative Development Office. They are always there to support us, most especially to those belonging in the Cooperatives.”

\textbf{Atty. Dulce Rebanal}  
Laguna Provincial Administrator
Background Investigation
As part of the qualifications, the finalists were subjected to thorough investigation. Part of which were the projects’ survey and inspections, beneficiaries’ interviews, and legal and administrative verification.

Regional Caravans
The Foundation visited different cities and municipalities for the promotion of the 2017 run of the Prize.

- Albay
- Cebu
- Cavite
- Bulacan
- Bataan
- Bohol
- Nueva Ecija
- Leyte
- Cebu

Call for Nominations
Nomination period ran from March to August 2017. During the said period, complete requirements of the nominees should have been provided.

Paper Screening
Submitted nominations were thoroughly screened based on the set of criteria.
The Scientist for the Filipino Rice Farmers awarded as the winner of the 2017 MWF Prize for Engineering Excellence

Dr. Ricardo F. Orge of PhilRice was named as the sole awardee of the 2017 Manila Water Foundation Prize for Engineering Excellence. He received a trophy entitled “The Last Light” which was designed by Ayala Corporation Chairman Emeritus Jaime Zobel de Ayala, PhP500,000, and a medal during the awarding ceremony held at Seda Vertis North in Quezon City.

Panel Presentation and Initial Interview
The 13 semi-finalists showcased their works and were interviewed by the panel of judges.

Final Interview
Out of the 13 semi-finalists, only 6 moved on to the final deliberations.

Courtesy Call and Senate Resolution
Dr. Ricardo F. Orge was recognized by the Senate of the Philippines through a resolution which was authored by Senator Bam Aquino, Chairman of the Senate Committee on Science and Technology.
2017 marked the second run of the Manila Water Foundation Prize for Engineering Excellence, the only recognition program for professional Filipino engineers and scientists in the Philippines.

After a rigorous screening process, only 13 individuals were shortlisted for a panel interview, which carefully recognized who among the nominees manifested excellent engineering and scientific competence, inspiring passion to make a difference, and outstanding commitment to the development of communities.

At the same time, reducing their dependency on fossil fuel.

Among the beneficiaries of the said technology are rice farmer cooperatives in Nueva Ecija and Bulacan who use the machine in growing mushrooms, which serves as a source of additional income during the months before the harvest season.

Recognizing this outstanding invention and his heart for the Filipino farmers, Dr. Orge received a trophy entitled “The Last Light,” which was designed by Ayala Corporation Chairman Emeritus Jaime Zobel de Ayala; PHP500,000, and a medal during the awarding ceremony held at Seda Vertis North in Quezon City.

Present during the awarding ceremony were DOST Secretary Fortunato de la Peña and PTC President Engr. Federico Monsada who also shared about their programs for the Philippine scientists and engineers.

As part of the Prize’s activities, Dr. Orge will be sharing his inventions with fellow professionals, innovators, and students in the science and engineering fields through scheduled events and discussions.

Through this biennial search, the organizers hope to inspire and empower all Filipino engineers to serve the country better through engineering solutions resulting in positive social impacts.
“My deepest gratitude to Manila Water Foundation and its partners, the DOST and PTC. I would like to emphasize that by giving me this award, you are honoring the millions of Filipino rice farmers who we are serving. This award is a constant reminder for me to continue giving my best for our farmers. My achievements are not something which I should boast, but something that I can use and will use to encourage and inspire others. This award comes with a renewed commitment to give and continue giving my best because it is expected of me as a public servant and as a Christian.”

Dr. Ricardo F. Orge

“Scientist for Filipino Rice Farmers”
Events and Special Projects

Agos Disaster Preparedness Summit

In July 2017, the Foundation participated in Rappler’s Agos Disaster Preparedness Summit where they promoted the APSB program of the Foundation.

A small fund-raising activity was also launched to help Filipino soldiers who were deployed to the siege in Marawi.

Agos Disaster Preparedness Summit aims to bring together key stakeholders, tackle pressing issues, and learn from good practices that mitigated risks or achieved zero casualty.

MWC’s 20th Anniversary

In line with the 20th anniversary of Manila Water, its employees mobilized a fund-raising campaign to help displaced families in Marawi gain access to proper sanitation kits and supplies. Manila Water Foundation was chosen as the beneficiary of the campaign. The Foundation partnered with the Philippine Red Cross for the implementation of the project.

MWC, through its Employee Engagement, was able to raise a total of Php 215,000 for the benefit of the distressed families in Marawi.

Damayan Ngayon Christmas Gift Giving Activity

The Foundation participated in a gift-giving activity which benefited the Aeta community in Bambam, Tarlac. Through this project, we were able to extend our efforts in promoting the value of proper handwashing especially to the children who are most vulnerable to communicable diseases.

This initiative was in partnership with Damayan Ngayon, a Philippine public service talk show and is one of the longest-running public service programs in the country, which airs in PTV 4.

100 Christmas Wishes at Glorietta

Manila Water Foundation participates in this year’s 100 Christmas Wishes at Glorietta. Through this effort the Foundation was able to solicit funds from the public which granted our partner community’s Christmas wish for better water, sanitation, and hygiene access.

MWF celebrated the joy of giving by granting Christmas wishes from its partner communities.
# New Partners

## Agapay Para sa Barangay
- Office of the Vice President via Angat Buhay
- World Vision Philippines
- Good Neighbors Philippines
- Adventist and Relief Development Agency
- De La Salle University – Center for Social Concern and Action
  - De La Salle-College of Saint Benilde
- Philippine Red Cross
  - Soroptimist International of the Philippines Region

## Global Handwashing Day
- Philipusa Corporation
- Green Cross Philippines
- Toy Kingdom (International Toyworld, Inc.)
- Nescafe
  - Market! Market!

## Kabuhayan Para sa Barangay
- Philippine Bobbin Corporation

## Administration
- NetSuite

## Communications
- Viber Rakuten
- Eagle Broadcasting Corp.
- BusinessMirror
- Manila Standard
- PTV 4
- Rappler

## Various Projects
- STORM Technologies
- Globe Telecom
- AyalaLand Malls, Inc.
The Manila Water Foundation (MWF) has continually demonstrated excellence in its programs, but also a strong philanthropic culture and community engagement. The Foundation is in sincere gratitude to have received high marks for overall organizational volunteer culture, including collaborative work with different partner organizations in the community; corporate and non-traditional or in-kind support it provides; and the role its leadership plays in promoting a culture of synergy.

In the first quarter of the year, the Office of the Vice President (OVP) of the Philippines commended the Foundation’s effort in making an impact to the lives of those in the fringes of society. Hosted by the OVP, MWF was recognized by the administration on April 28, 2017, during the Partners’ Night event. OVP is in collaboration with MWF in rallying against poverty, reaching those living in the far-flung underserved communities. The Angat Buhay program of the administration is a project that links the private sector to local government units who themselves identified their greatest needs. Together with the Foundation, the project has helped more than 83,000 families nationwide during its first year.

The main core of being a kababayan is to be present especially during adversities. The Civil Relations Service of the Armed Forces of the Philippines and World Vision Philippines (WVP) has cited the Foundation for its disaster response efforts for Marawi. Through its program, Agapay Para Sa Barangay (APSB), MWF was among the first organizations to send help to the Philippine troops and families afflicted by the conflict which started on May 23, 2017. MWF was able to send aid through 24,000 gallons of clean and safe drinking water.

Lastly, before the year ended, the Foundation received recognition from the Department of Education (DepEd) because of its valuable contribution and continuous support to promote quality basic education.

In creating a healthier future through the prevention of communicable diseases, it is in the Foundation’s role to educate the public on the importance of proper hand washing. This mission is highlighted on its various programs such as the Health in Our Hands (HIoH) and through its annual campaign, the Global Handwashing Day. To date, more than 12 million individuals have been informed on proper hand washing with more than 36,000 individuals in participation this year.
Means to Get Involved

Be an enabler of change and partner with us to uplift lives of marginalized communities in the Philippines.

Donations can be deposited to:
Account Name: Manila Water Foundation, Inc.
Account No.: 3081-1182-39
Bank of the Philippine Islands (Loyola Branch)
On our 13th year, we, at Manila Water Foundation, aim to explore more meaningful engagements with our partner communities.

With this, we are strengthening our programs by focusing on the provision of WASH or Water and Sanitation access, and Hygiene education by following a more participatory, responsive, and holistic approach.
organization in the country

In the years to come, the Foundation hopes to enable change by providing infrastructures that will make water more accessible and promote proper sanitation and hygiene in marginalized communities. To make the engagement more holistic and sustainable, we also aim to provide or enrich the livelihood of the communities we will be helping. The Foundation will also continue to promptly respond to disasters through the provision of clean and safe drinking water for displaced communities while also looking after their sanitation needs.
Board of Trustees

Ferdinand M. Dela Cruz
Chairman

Luis Juan B. Oreta
Treasurer

Janine T. Carreon
Trustee
Management Team

Carla May B. Kim
Executive Director

Janie Rose Ilustre-Alfonso
Program Manager for Water Supply and Education

Carmela Clare B. Rosal
Program Manager for Sanitation and Livelihood

Gaudencio S. Salonga, Jr.
Finance and Administration Manager

Samantha V. Coronado
Resources Mobilization Manager

Maxine Ilyana V. Montenegro
Communications Manager

In 2018, Mr. Reginald M. Andal is designated as the new Executive Director of Manila Water Foundation. A reorganization of the structural chart is also introduced.
Program Teams

**Water Supply and Sanitation**

- Nikko P. Lacsina
  Program Officer for Water Supply
- Manuel Chase M. Castaño
  Program Officer for Sanitation

**Water Education and Community Assistance and Livelihood**

- Vivian G. Pernito
  Program Officer for Water Education
- Ivy Jill D. De Leon
  Program Officer for Livelihood
- Krishna Tessa B. Absin
  Program Officer for Livelihood
- Shane Frances L. Pareja
  Collections Officer

**Communications and Resource Mobilization**

- Floracoelli M. Masajo
  Communications Officer
- John Paul Edward S. Antonio
  Creative and Technical Services Officer
- Rhinnon M. Pamintuan
  Resource Mobilization Officer

**Finance and Administration**

- Princess Leony M. Bugay
  Finance and Administration Officer
- Llenalyn C. Filoteo
  Accounting Officer
Accreditation

Manila Water Foundation is a duly registered non-stock, nonprofit organization recognized, accredited, and authorized by the following institutions:

- BIR Certification No. 156-2017
- Registration No. 3RC0000794366
- Registration No. DSWD - SB R-000143-2014
- Registration No. CN200502171

The Foundation is a member of:

League of Corporate Foundations
Financial Report
Manila Water Foundation, Inc.  
(A Nonstock, Not-for-Profit Organization)  

Financial Statements  
December 31, 2017 and 2016  

and  

Independent Auditor’s Report
INDEPENDENT AUDITOR’S REPORT

The Members and the Board of Trustees
Manila Water Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Manila Water Foundation, Inc. (The Foundation), a nonstock, not-for-profit organization, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of activities, statements of changes in net assets and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, 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 Foundation’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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation’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 Foundation’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 Foundation’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 Foundation to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 11 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Manila Water Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Phonabée B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-1 (Group A),
   June 30, 2015, valid until June 29, 2018
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
   February 2, 2018, valid until February 1, 2021
PTR No. 6621331, January 9, 2018, Makati City

April 10, 2018
MANILA WATER FOUNDATION, INC.  
(A Nonstock, Not-for-Profit Organization)  

STATEMENTS OF FINANCIAL POSITION  

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Current Assets</td>
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<td>Cash and cash equivalents (Note 4)</td>
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<td>₱14,117,262</td>
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<td>Receivables (Note 5)</td>
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<td>37,788,880</td>
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<td>Other current asset (Note 3)</td>
<td>306,535</td>
<td>294,458</td>
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<td>Total Current Assets</td>
<td>48,830,916</td>
<td>52,200,600</td>
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<tr>
<td>Noncurrent Assets</td>
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<td></td>
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<tr>
<td>Property and equipment (Note 6)</td>
<td>588,995</td>
<td>1,253,033</td>
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<tr>
<td>Software (Note 7)</td>
<td>35,191</td>
<td>70,809</td>
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<td>Total Noncurrent Assets</td>
<td>624,186</td>
<td>1,323,842</td>
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<td>₱53,524,442</td>
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<td><strong>LIABILITIES AND NET ASSETS</strong></td>
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<tr>
<td>Current Liability</td>
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<td>Accounts payable and accrued expenses (Note 8)</td>
<td>₱7,159,632</td>
<td>₱4,994,744</td>
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<td>Noncurrent Liability</td>
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<td>Retirement liability (Note 10)</td>
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<td>-</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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<td>Net Assets (Note 9)</td>
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<tr>
<td>Unrestricted</td>
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<td>46,682,447</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>2,495,554</td>
<td>1,947,251</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>41,826,170</td>
<td>48,629,698</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₱49,455,102</td>
<td>₱53,524,442</td>
</tr>
</tbody>
</table>

*See accompanying Notes to Financial Statements.*
MANILA WATER FOUNDATION, INC.  
(A Nonstock, Not-for-Profit Organization)  

STATEMENTS OF ACTIVITIES  

<table>
<thead>
<tr>
<th>REVENUE AND INCOME</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation income (Note 9)</td>
<td>₱30,479,349</td>
<td>₱39,154,982</td>
</tr>
<tr>
<td>Interest income (Note 4)</td>
<td>69,205</td>
<td>106,637</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>30,548,554</strong></td>
<td><strong>39,261,619</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROGRAM EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project expenses</td>
<td>18,064,886</td>
<td>11,971,812</td>
</tr>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>8,036,524</td>
<td>4,951,829</td>
</tr>
<tr>
<td>Advertising</td>
<td>2,657,210</td>
<td>2,238,572</td>
</tr>
<tr>
<td>Transportation and travel</td>
<td>1,641,798</td>
<td>2,371,819</td>
</tr>
<tr>
<td>Provision for doubtful accounts (Note 5)</td>
<td>1,279,465</td>
<td>1,083,348</td>
</tr>
<tr>
<td>Insurance</td>
<td>592,746</td>
<td>292,316</td>
</tr>
<tr>
<td>Depreciation (Note 6)</td>
<td>278,522</td>
<td>40,000</td>
</tr>
<tr>
<td>Contractual services</td>
<td>219,627</td>
<td>1,056,480</td>
</tr>
<tr>
<td>Supplies</td>
<td>214,783</td>
<td>235,253</td>
</tr>
<tr>
<td>Representation and public relations</td>
<td>212,600</td>
<td>622,107</td>
</tr>
<tr>
<td>Donation</td>
<td>200,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Trainings and seminars</td>
<td>113,840</td>
<td>92,973</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>173,548</td>
<td>199,856</td>
</tr>
<tr>
<td><strong>Total Program Expenses</strong></td>
<td><strong>33,675,149</strong></td>
<td><strong>25,456,385</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GENERAL AND ADMINISTRATIVE EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>1,072,840</td>
<td>830,418</td>
</tr>
<tr>
<td>Rent</td>
<td>714,852</td>
<td>375,697</td>
</tr>
<tr>
<td>Depreciation and amortization (Notes 6 and 7)</td>
<td>659,494</td>
<td>697,369</td>
</tr>
<tr>
<td>Software expense</td>
<td>249,038</td>
<td>912,529</td>
</tr>
<tr>
<td>Business meeting and conferences</td>
<td>236,418</td>
<td>252,364</td>
</tr>
<tr>
<td>Transportation and travel</td>
<td>159,533</td>
<td>332,283</td>
</tr>
<tr>
<td>Professional fee</td>
<td>154,467</td>
<td>100,901</td>
</tr>
<tr>
<td>Insurance</td>
<td>100,715</td>
<td>72,306</td>
</tr>
<tr>
<td>Supplies</td>
<td>83,722</td>
<td>123,255</td>
</tr>
<tr>
<td>Membership fees</td>
<td>74,000</td>
<td>32,000</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>16,646</td>
<td>11,060</td>
</tr>
<tr>
<td>Communication</td>
<td>12,100</td>
<td>80,349</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>29,264</td>
<td>150,793</td>
</tr>
<tr>
<td><strong>Total General and Administrative Expenses</strong></td>
<td><strong>3,563,092</strong></td>
<td><strong>3,971,324</strong></td>
</tr>
</tbody>
</table>

| TOTAL EXPENSES                          | 37,238,241   | 29,427,689   |

| EXCESS (DEFICIT) OF REVENUE OVER EXPENSES | (₱6,703,528) | ₱9,813,538   |

See accompanying Notes to Financial Statements.
### MANILA WATER FOUNDATION, INC.
(A Nonstock, Not-for-Profit Organization)

#### STATEMENTS OF CHANGES IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances as of December 31, 2016</td>
<td>₱46,682,447</td>
<td>₱1,847,251</td>
<td>₱48,529,698</td>
</tr>
<tr>
<td>Excess (deficit) of revenue over expenses</td>
<td>(₱6,703,528)</td>
<td>–</td>
<td>(₱6,703,528)</td>
</tr>
<tr>
<td>Transferred to restrictions (Note 9)</td>
<td>(₱648,303)</td>
<td>₱648,303</td>
<td>–</td>
</tr>
<tr>
<td>Balances as of December 31, 2017</td>
<td>₱39,330,616</td>
<td>₱2,495,554</td>
<td>₱41,826,170</td>
</tr>
<tr>
<td>Balances as of December 31, 2015</td>
<td>₱38,716,160</td>
<td>–</td>
<td>₱38,716,160</td>
</tr>
<tr>
<td>Excess (deficit) of revenue over expenses</td>
<td>₱9,813,538</td>
<td>–</td>
<td>₱9,813,538</td>
</tr>
<tr>
<td>Transferred to restrictions (Note 9)</td>
<td>(₱1,847,251)</td>
<td>₱1,847,251</td>
<td>–</td>
</tr>
<tr>
<td>Balances as of December 31, 2016</td>
<td>₱46,682,447</td>
<td>₱1,847,251</td>
<td>₱48,529,698</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
## MANILA WATER FOUNDATION, INC.
(A Nonstock, Not-for-profit Organization)

### STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>₱6,689,687</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization (Notes 6 and 7)</td>
<td>938,016</td>
</tr>
<tr>
<td>Retirement expense (Note 10)</td>
<td>469,300</td>
</tr>
<tr>
<td>Interest income (Note 4)</td>
<td>(69,205)</td>
</tr>
<tr>
<td>Changes in unrestricted net assets before working capital changes</td>
<td>(5,351,576)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(1,225,645)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(12,077)</td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>2,164,888</td>
</tr>
<tr>
<td>Net cash used in operations</td>
<td>(4,424,410)</td>
</tr>
<tr>
<td>Interest received</td>
<td>69,205</td>
</tr>
<tr>
<td>Final taxes paid</td>
<td>(13,841)</td>
</tr>
<tr>
<td>Net cash generated from (used in) operating activities</td>
<td>(4,369,046)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITY**

| Additions to property and equipment (Note 6) | (238,360)               | (322,337)               |

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

|                                | (4,607,406)             | 13,536,759              |

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

|                                | 14,117,262              | 580,503                 |

**CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)**

|                                | ₱9,509,856              | ₱14,117,262             |

*See accompanying Notes to Financial Statements.*
MANILA WATER FOUNDATION, INC.
(A Nonstock, Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Organization and Operation

Manila Water Foundation, Inc. (the Foundation) is a nonstock, not-for-profit organization registered with the Philippine Securities and Exchange Commission (SEC) on February 11, 2005. Its primary purpose is to establish and operate a private institution and foundation for social and community development, as well as for environmental protection; to undertake community development and livelihood programs and ventures that will transfer appropriate technology to urban and rural groups; and to promote, carry on, conduct and encourage the advancement of environmental protection and other sustainable development programs.

The Foundation will make use of the grants, gifts, legacies, donations, contributions and financial aids from all sources in operating enterprises, activities and business as necessary to carry out its objectives. As a nonstock, not-for-profit organization organized and operated exclusively for charitable purposes, the Foundation’s income is exempt from tax pursuant to Section 30 (E) of the Tax Code of 1997 (as amended).

On June 29, 2017, the Foundation was granted a five (5)-year certification for donee institution status by the Philippine Council for NGO Certification (PCNC) and is registered with the Bureau of Internal Revenue (BIR) as a donee institution in accordance with the provisions of Revenue Regulations (RR) No. 13-1998 dated December 8, 1998. This registration entitles the donors of the Foundation full or limited deduction and exemption from donor’s tax.

In accordance with Revenue Memorandum Order (RMO) No. 20-2013 of the BIR, the Foundation obtained a letter of exemption from the BIR on April 8, 2013.

The principal office of the Foundation is at the Ground Floor, Seameo Innotech Building, Commonwealth Avenue, UP Campus, Diliman, Quezon City.

Approval of the Financial Statements
The financial statements of the Foundation were approved and authorized for issue by the Board of Trustees on April 10, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost basis and are presented in Philippine Peso (Peso or ₱), which is the Foundation’s functional currency. All values are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance
The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Adoption of New and Amended Accounting Standards and Interpretations
2015 Amendments to the PFRS for SMEs
In August 2016, the SEC resolved to adopt the 2015 Amendments to the PFRS for SMEs as part of its rules and regulations on financial reporting.
Most of the amendments clarify existing requirements and add supporting guidance to the existing standard rather than change the underlying requirements. Among the most significant amendments to the standard are:

- Permitting SMEs to use the revaluation model to measure items of property, plant and equipment
- Aligning the recognition and measurement requirements for deferred income tax with full PFRs
- Allowing SMEs to use the equity method to account for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2017 and which have no impact on the Foundation’s financial statements.

**Significant Accounting Policies**

**Cash and Cash Equivalents**
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

**Receivables**
Receivables, which are based on normal credit terms and do not bear interest, are recognized and carried at original invoice amounts. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of activities.

Receivables that are recoverable within one year are classified as current. Otherwise, they are classified as noncurrent receivables. For receivables carried at amortized cost, the Foundation first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, or collectively for receivables that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for individually assessed receivables, whether significant or not, it includes the receivables in a group of similar credit risk characteristics and collectively assesses for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the receivable’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the receivable shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of activities.

**Other Assets**
Other current assets pertain to other assets held by the Foundation for consumption within its normal operating cycle. It also includes payment for services that are yet to be received. These assets are expensed as consumed or when the related services are incurred. Other assets not expected to be consumed or realized within the twelve (12) month period are classified as noncurrent assets.

**Property and Equipment**
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard
of performance, the expenditures are capitalized as additional cost of the related property and equipment.

Depreciation commences once an item of property and equipment is available for use and is calculated on a straight-line basis over the estimated useful life (EUL) of the property and equipment as follows:

<table>
<thead>
<tr>
<th>Equipment</th>
<th>EUL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water treatment equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Machinery</td>
<td>3 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Leasehold improvement</td>
<td>3 years or over the lease term, whichever is shorter</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3 years</td>
</tr>
</tbody>
</table>

If there is an indication that there has been a significant change in the EUL and depreciation method, the depreciation of that item of property and equipment is revised prospectively to reflect the new expectations.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated impairment, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Fully depreciated assets are still carried in the accounts until they are no longer in use.

**Software**

Software is an intangible asset and is measured on initial recognition at cost. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss. Costs associated with maintaining the software are recognized as expense in the statement of activities as incurred.

Software costs are amortized on straight-line basis over the estimated useful lives of three (3) years as the lives of these intangible assets are considered finite.

The amortization period and amortization method is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense of software cost with finite lives is recognized in the statement of activities in the expense category consistent with its function.

**Impairment of Nonfinancial Assets**

At each reporting date, other current assets, property and equipment and software are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of activities.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the statement of activities.
Accounts Payable and Accrued Expenses
Accounts payable and accrued expenses are obligations based on normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods or services are received, when a legally enforceable claim against the Foundation is established, or when the corresponding assets or expenses are recognized.

Net Assets
Unrestricted Net Assets
Unrestricted net assets generally result from revenue that is derived from the Foundation’s regular operations, unless the receipts are limited by donor-imposed restrictions. Foundation expenses, such as program and support expenses, are reported as decreases in unrestricted net assets.

Restricted Net Assets
Permanently restricted net assets are those assets that the donor stipulates must be maintained by the Foundation in perpetuity. Permanently restricted net assets increase when Foundation receives contributions for which donor-imposed restrictions limiting the Foundation’s use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Foundation’s meeting certain requirements. Permanently restricted net assets generally come from: (1) contributions, with donor-imposed permanent restrictions, (2) increase or decrease in existing assets that are subject to permanent restrictions by donor or by law (such as unrealized gains, interest income); and (3) reclassification from another net asset class as a result of donor stipulation or by law.

Donations consisting of long-lived assets with explicit restrictions that specify how the assets are to be used and cash gifts or donations in kind that must be used to acquire long-lived assets are reported as permanently restricted net assets.

Temporarily Restricted Net Assets
Temporarily restricted net assets refer to those net assets whose use by the Foundation is limited by donors to later periods of time or after specified dates or specified purposes. The Foundation may also designate a portion of its unrestricted net assets for a specific purpose as appropriations to temporarily restricted net assets. These appropriations are supported by board resolutions.

Revenue Recognition
Revenue is recognized to the extent that is probable that economic benefits will flow to the Foundation and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received excluding discounts and taxes, if any. The following specific recognition criteria must also be met before revenue is recognized:

Donation income
Donation income is recognized as revenue when the right to receive, whether in money or in kind, is established.

Interest income
Interest income on cash in banks is recognized as it accrues.

Expenses
Program and general and administrative expenses are recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are generally measured at the amount paid or payable.

Retirement Benefits Cost
The cost of providing retirement benefits is determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees’ projected salaries.
Leases

*Foundation as lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the statement of revenue and expenses on a straight-line basis over the lease term.

**Provisions**

Provisions are recognized only when the following conditions are met: (1) there exists a present obligation (legal or constructive) as a result of a past event; (2) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligations; and (3) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where the Foundation expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**Contingencies**

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

**Events After the Reporting Period**

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

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3. **Significant Accounting Estimates**

The preparation of the financial statements in compliance with PFRS for SMEs requires the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which will cause the assumptions used in arriving the estimates to change. The effects of changes in estimates are reflected in the financial statements as these become reasonably determinable.

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 discussed below.

**Estimating allowance for impairment losses**

Allowance for impairment losses is maintained at a level adequate to provide for potentially uncollectible receivables. The level of allowance is based on the aging of the accounts receivable, past collection experience and other factors that may affect their collectibility. The allowance is established through charges to income in the form of provision for impairment losses. In addition, accounts that are specifically identified to be potentially uncollectible are also provided with allowance.

The amount and timing of the recorded provision for impairment losses for any period would differ if the Foundation made different assumptions or utilized different estimates. As of December 31, 2017 and 2016, the allowance for doubtful accounts on receivables amounted to ₱2,051,413 and ₱1,067,782, respectively. The carrying value of receivables amounted to ₱39,014,525 and ₱37,788,880 as of December 31, 2017 and 2016, respectively (see Note 5).
Impairment of nonfinancial assets
The Foundation assesses the impairment of assets (i.e., property and equipment, software and other current assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Foundation considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results and significant changes in the manner of use of the acquired assets.

Management has determined that there are no events or changes in circumstances in 2017 and 2016 that may indicate that the carrying value of nonfinancial assets may not be recoverable. The carrying value of property and equipment as of December 31, 2017 and 2016 amounted to ₱588,995 and ₱1,253,033, respectively (see Note 6). The carrying value of software as of December 31, 2017 and 2016 amounted to ₱35,191 and ₱70,809 (see Note 7).

Estimating retirement liability
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. While the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Foundation’s retirement benefit cost and liability. Retirement liability amounted to ₱469,300 as of December 31, 2017 (see Note 10).

4. Cash and Cash Equivalents
This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and in banks</td>
<td>₱5,497,373</td>
<td>₱4,048,025</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>4,012,483</td>
<td>10,069,237</td>
</tr>
<tr>
<td></td>
<td>₱9,509,856</td>
<td>₱14,117,262</td>
</tr>
</tbody>
</table>

Cash in banks earns quarterly interest at the prevailing bank deposit rates. Cash equivalents earns interest at 0.75% and 0.88% every 35 days in 2017 and 2016, respectively. Total interest income earned from cash in banks and cash equivalents amounted to ₱69,205 and ₱106,637 in 2017 and 2016, respectively.

5. Receivables
This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manila Water Company, Inc. (Manila Water)</td>
<td>₱28,739,162</td>
<td>₱20,379,759</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>12,233,956</td>
<td>17,903,818</td>
</tr>
<tr>
<td>Employees</td>
<td>43,921</td>
<td>527,498</td>
</tr>
<tr>
<td>Receivable - Others</td>
<td>48,899</td>
<td>16,567</td>
</tr>
<tr>
<td>Boracay Island Water Company, Inc. (Boracay Water)</td>
<td>–</td>
<td>29,000</td>
</tr>
<tr>
<td></td>
<td>41,065,938</td>
<td>38,856,662</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>(2,081,413)</td>
<td>(1,067,782)</td>
</tr>
<tr>
<td></td>
<td>₱39,014,525</td>
<td>₱37,788,880</td>
</tr>
</tbody>
</table>

Receivables from Manila Water pertain to donations receivable.
Receivable from cooperatives pertain to amounts granted by the Foundation as loans to chosen cooperatives which the latter shall use as funds or additional funds in their proposed businesses.
This is done through the Foundation’s Kabuhayan Para sa Barangay (KPSB) Capacity Building and Livelihood Program.

The amounts granted are noninterest-bearing and are normally settled in 12 equal monthly installments. Failure on the part of the cooperative to pay any installment due shall give the Foundation the right to declare all outstanding and unpaid amounts as due and demandable.

Receivable from employees are due and demandable and are collected through salary deductions or expense liquidations.

Receivable from Boracay Water, a subsidiary of Manila Water, pertains to the project expenses of participants from Boracay Water to the Mobile Treatment Plant technical training initially shouldered by the Foundation, and already collected in 2017.

The rollforward analysis of the allowance for doubtful accounts follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>₱1,067,782</td>
<td>₱459,566</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>1,279,465</td>
<td>1,083,348</td>
</tr>
<tr>
<td>Write-off</td>
<td>(295,834)</td>
<td>(475,132)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>₱2,051,413</td>
<td>₱1,067,782</td>
</tr>
</tbody>
</table>

6. Property and Equipment

The rollforward analysis of this account follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water</td>
<td>Machinery</td>
</tr>
<tr>
<td></td>
<td>treatment</td>
<td>equipment</td>
</tr>
<tr>
<td>Cost</td>
<td>equipment</td>
<td></td>
</tr>
<tr>
<td>At January 1</td>
<td>₱1,026,400</td>
<td>₱220,000</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>1,026,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Accumulated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At January 1</td>
<td>₱986,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>40,000</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>1,026,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Net book value</td>
<td>₱—</td>
<td>₱—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water</td>
<td>Machinery</td>
</tr>
<tr>
<td></td>
<td>treatment</td>
<td>equipment</td>
</tr>
<tr>
<td>Cost</td>
<td>equipment</td>
<td></td>
</tr>
<tr>
<td>At January 1</td>
<td>₱1,026,400</td>
<td>₱220,000</td>
</tr>
<tr>
<td>Additions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>1,026,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Accumulated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At January 1</td>
<td>₱946,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>40,000</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>986,400</td>
<td>220,000</td>
</tr>
<tr>
<td>Net book value</td>
<td>₱40,000</td>
<td>₱—</td>
</tr>
</tbody>
</table>

As of December 31, 2017 and 2016, the cost of fully depreciated property and equipment still in use amounted to ₱1,246,400 and ₱1,046,400, respectively.
7. Software

The rollforward analysis of this account follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning and end of year</td>
<td>P106,852</td>
<td>P106,852</td>
</tr>
<tr>
<td><strong>Accumulated amortization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>36,043</td>
<td>639</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,618</td>
<td>35,404</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>71,661</td>
<td>36,043</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>P35,191</td>
<td>P70,809</td>
</tr>
</tbody>
</table>

8. Accounts Payable and Accrued Expenses

This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses</td>
<td>P6,185,012</td>
<td>P3,950,536</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>974,620</td>
<td>1,044,208</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>P7,159,632</td>
<td>P4,994,744</td>
</tr>
</tbody>
</table>

Accrued expenses pertain to the accrual for audit fees, transportation expense and contractual services. These are non-interest bearing and are normally settled within one year.

Accounts payable pertain to unpaid purchases of the Foundation. These noninterest-bearing and are normally settled within thirty (30) days.

9. Net Assets

The unrestricted net assets of the Foundation arose from the initial contributions of Manila Water and its six officers amounting to P1,000,000 and P6,000, respectively, on February 8, 2005. Total unrestricted net assets amounted to P39,330,616 and P46,682,447 as of December 31, 2017 and 2016, respectively.

Temporarily restricted net assets are funds received from a donee specifically restricted for the funding of the Foundation’s Kabuhayan Para sa Barangay (KPSB) Capacity Building and Livelihood Program. The net assets transferred to temporarily restricted net assets for specific purposes amounted to P648,303 and P1,847,251 on 2017 and 2016, respectively.

Donations received by the Foundation amounted to P30,479,349 and P39,154,982 in 2017 and 2016, respectively.

10. Retirement Liability

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

As of December 31, 2017, the Foundation does not have an existing retirement plan and is currently subject to the minimum mandated retirement benefit under Republic Act 7641, the Foundation provided estimated retirement benefits covering all of its employees.
The Manila Water Foundation Employees' Retirement Plan (the Plan) will take effect on January 1, 2018 and covers all full-time employees of the Foundation. The plan has a defined benefit format and is financed solely by the Foundation.

The Plan provides lump sum benefits upon normal retirement at age sixty (60) with at least five (5) years of service, early retirement at age fifty (50) with at least ten (10) years of service, late retirement up to age sixty-five (65), death, total and permanent disability, involuntary separation (except for just cause) or voluntary separation after completion of five (5) years of service.

The benefits are based on the member's final average monthly basic salary and years of service with the Foundation. The benefit payable upon normal retirement is 100% of final monthly basic salary per year of service. The death or total and permanent disability benefit under the Plan is the accrued normal retirement benefit.

A reduce amount is payable upon voluntary separation with at least five (5) years of service.

Any employee who may be involuntary separated from service by the Foundation shall receive separation pay as provided for by the Labor Code.

The estimated retirement liability amounted to ₱469,300 as of December 31, 2017. The estimate used by Foundation is based on third party actuarial funding valuation performed on January 1, 2018.

11. Supplementary Information Required under RR 15-2010

The Foundation reported/accrued and paid the following taxes for the year:

Value-added tax (VAT)
The Foundation is a non-VAT registered entity.

Other Taxes and Licenses
This includes all other taxes and licenses, local and national, including business permits and license fees lodged under the 'Taxes and Licenses' account under the 'General and Administrative Expenses' section in the Foundation's statement of activities. Details of taxes and licenses in 2017 follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>License and permits fees</td>
<td>₱14,153</td>
</tr>
<tr>
<td>Documentary stamp tax</td>
<td>1,993</td>
</tr>
<tr>
<td>BIR annual registration</td>
<td>500</td>
</tr>
<tr>
<td>Total</td>
<td>₱16,646</td>
</tr>
</tbody>
</table>

Withholding Taxes
The amount of withholding taxes paid or accrued for the year amounted to:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withholding tax on compensation and benefits</td>
<td>₱1,018,088</td>
</tr>
<tr>
<td>Expanded withholding taxes</td>
<td>291,849</td>
</tr>
<tr>
<td>Final withholding taxes</td>
<td>125,000</td>
</tr>
<tr>
<td>Total</td>
<td>₱1,434,937</td>
</tr>
</tbody>
</table>

As of December 31, 2017, the outstanding balance amounting to ₱147,192 is presented as part of accounts payable and accrued expenses in the Foundation's statement of financial position.