

VERAFILES INCORPORATED

Rm. 1402B West Trade Center
132 West Center, Brgy. Philam, Quezon City

COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCES

			December 31	
	Notes		2019	2018
Fund Balances (Deficit)				
At the Beginning of the Year	2,3	P	3,596,295	P 1,384,216
Deferred Project Fund				2,055,078
Excess of Revenue Over Costs and Expenses	2,3		(41,097)	157,000
Fund Balances (Deficit) At the End of the Year		P	3,555,198	P 3,596,295

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COMPARATIVE STATEMENTS OF CASH FLOWS**Years Ended December 31**

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Revenues Over Costs and Expenses	P	(41,097)	P 157,000
Adjustments for:			
Depreciation		78,322	48,068
Operating Income (Deficit) before working fund changes		37,225	205,068
Decrease (Increase) in			
Receivables	2,3,6	0	(10,000)
Other Current Assets	2,3,6		
Increase (Decrease) in			
Accounts Payable	2,3,7	(126,585)	93,938
Increase in Deferred Project Fund Adjustments		(22,601)	609,669
Cash Provided by operations		(111,961)	898,676*
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest Received		0	0
Net Cash from (used in) financing activities		0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of Security Deposit			
Acquisition of Property & Equipment		(302,546)	(32,400)
Net cash used in investing activities		(302,546)	(32,400)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,3,4	(414,507)	866,276
CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF THE YEAR	2,3,4,5	3,734,693	2,868,419
CASH AND CASH EQUIVALENTS AT THE END			
OF THE YEAR	2,3,4,5 P	3,320,186 P	3,734,693



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Notes to Financial Statements

As of and for the Year Ended, December 31, 2019

1 - General Information

The VERARAFILES INCORPORATED was registered with the Philippine Securities and Exchange Commission (SEC) under SEC Registration Certificate No. CN 200808072 on May 26, 2008 and amended on October 30, 2013, as a non-stock, non-profit organization primarily engaged in research, writing, production and distribution of news and other media products and related services in multiple formats, including but not limited to print, broadcast and online and to advance excellence in journalism. It also aims to provide venue for the training of education, students and journalists in the practice of excellent journalism.

The Company's registered address is located at Rm. 1402B West Trade Center., 132 West Center, Brgy. Philam, Quezon City

The financial statements of the company for the year ended December 31, 2019 and 2018 were authorized for issue by the Board of Trustees on April 15, 2020.

2 – Summary of Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) for Small and Medium-sized Entities issued by Philippine Financial Reporting Standards Council.

Basis of Measurement

The financial statements have been prepared on historical cost basis.

Functional and Presentation Currency

The financial statements are presented in Philippines peso, which is the Company's functional currency.

Use of Judgements and Estimates

The preparation of the financial statements in Philippine Financial Reporting Standards for SMEs requires the management of the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Revenue

Revenue from grants, donations and interest income on deposits is recognized to the extent that it is probable that the economic benefits will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and services-related taxes collected on behalf of the government of the Philippines.

Other income is recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability.

Cash and Cash Equivalents

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

Receivables

Receivables are advances of officers/employees for projects. 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 profit loss.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such repairs and maintenance costs are normally recognized in the statement of revenues and expenses in the period these are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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

	<u>Number of Years</u>
Furniture and Fixtures	5
Office Equipment	5

Depreciation and amortization of property and equipment begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization of property and equipment ceases when the property and equipment are derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

If there is an indication that there has been a significant change in the estimated useful lives and method of depreciation and amortization, the depreciation and amortization of that asset is revised prospectively to reflect the new expectations.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is reflected in the statement of revenues and expenses.

Impairment of Assets

At each reporting date, plant, and equipment, and intangible assets 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 affected asset (or group of related assets) is estimated and compared with its carrying amount is reduced to its estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss recognized immediately in profit or loss.

Accounts Payable

Accounts payable are obligations arising from operations on the basis of normal credit terms and do not bear interest.

Employee Benefits

The liability for employee benefit obligations relates to government-mandated long service payments. All full-time staff, excluding directors, are covered by the program. A payment is made 5 percent salary (as determined for the twelve months before the payment) at the end of five years employment. The payment is made as part of the December payroll in the fifth year. The group does not fund this obligation in advance.

The Company's cost and obligation to make long service to employees are recognized during the employees' period of service. The cost and obligation are measured using the projected unit credit method, assuming a 4 percent average annual salary increase, with an employee turnover based on the Company's recent experience, discounted using the current market yield for high quality corporate bonds.

Fund Balances

Fund balances represent the cumulative balance of excess of revenues over expenses, prior period adjustments, effects of changes in accounting policy and other capital adjustments. **General fund** is available for general use. **Special funds** are funds restricted by the respective donors for specific use or project. Fund balances include all current and prior period results as disclosed in the statement of operations.

3 – Management Provisions and Contingencies

Provisions and Contingencies

A provision is liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; and it is probable that an outflow of economic benefits will be required to settle the obligations, and a reliable estimate of the obligation can be made.

When it is not probable that an outflow of economic benefits will be required, or an amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

Contingent Liabilities

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of the business. However, the Company's management and legal counsel believe that the eventual liabilities under these lawsuits or claims will not have a material effect on the Company's financial position and/or performance. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the Company's financial statements at December 31, 2019 and 2018.

4 – Events after the Reporting Period

Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

10 . *Program/Activity Costs*

		<u>2019</u>		<u>2018</u>
Fact-Checking	P	2,482,978	P	1,399,293
Road Safety Project		1,326,004		2,081,032
Earth Journalism Project		1,118,076		189,737
Journalism and Multi-media Reporting		194,425		0
Writing/Research		156,000		290,793
Depreciation Expense		78,322		48,068
	P	<u>5,355,805</u>	P	<u>4,008,922</u>

11 *Operating Expenses*

		<u>2019</u>		<u>2018</u>
Salaries/Professional Fees	P	2,091,133	P	1,994,718
Benefits		395,455		356,496
Office Rent/Utilities		425,557		162,938
Communication Expense		206,056		103,800
Legal fees and licenses		83,778		39,340
Office Supplies		45,842		25,645
Meetings & Conferences		77,477		8,922
Transportation		75,852		6,808
	P	<u>3,401,151</u>	P	<u>2,698,667</u>

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**Statement Required by Rule 68, Section 3.c
Securities Regulation Code (SRC),
As amended on October 25, 2005**

The Board of Directors
VERAFILES INCORPORATED
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Quezon City

The supplemental written statement being required by the Securities & Exchange commission with respect to the number of shareholders owning one hundred or more shares each is not applicable because the SRC rules on the subject matter apply only to stock corporations. VERAFILES INCORPORATED is a non-stock, non-profit organization, which does not issue shares of stocks. A stock corporation is one which has capital stock divided into shares and is authorized to distribute dividends or allotments of retained earnings on the basis of shares held.

Ma. Eloisa S. Gayamat
MA. ELOISA S. GAYAMAT
Certified Public Accountant
CPA Cert. No. 42258, 10/05/2023
BOA No. 2704, 10/05/2022
BIR # AN:07-000007-004-2017
TIN: 151-368-291-000
PTR No. 8794027, 01/06/2020, Quezon City



April 18, 2020

5 . *Cash*

		<u>2019</u>		<u>2018</u>
Cash in Bank - Peso	P	1,698,010	P	2,453,567
Cash in Bank - \$		1,622,176		1,281,127
Total	P	3,320,186	P	3,734,693

6 . *Other Current Assets*

		<u>2019</u>		<u>2018</u>
Rental Deposits	P	30,000	P	30,000
	P	30,000	P	30,000

7 . *Property and Equipment*

		<u>2019</u>		<u>2018</u>
Cost				
Beginning Balance	P	586,377	P	553,977
Additions		302,546		32,400
Disposals				
Ending Balance		888,923		586,377
Accumulated Depreciation				
Beginning Balance		371,180		323,112
Depreciation and Amortization		78,322		48,068
Disposals				
Ending Balance		449,501		371,180
Net Book Value	P	439,422	P	215,197

8 . *Accounts Payable*

		<u>2019</u>		<u>2018</u>
Accounts Payable - O/E	P	234,409	P	360,994
	P	234,409	P	360,994

9 . *Revenues*

		<u>2019</u>		<u>2018</u>
Grants	P	8,622,479	P	6,832,190
Donations & Interest		61,496		32,400
Other Sources		31,884		
	P	8,715,859	P	6,864,590