BANTAY KITA, INC.

(A Non-stock, Non-profit Organization)

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED
DECEMBER 31, 2015
AND
AUDITOR'S REPORT

Philippine Pesos

MVerzosa, MIbañez & Co.

Certified Public Accountants

(Formerly RSantiago, PdelosSantos, MVerzosa & Co.)

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Bantay Kita, Inc.
Unit 1403 West Trade Center
#132 West Avenue, Brgy. Philam
Quezon City

We have audited the accompanying Statement of Assets, Liabilities and Fund Balances of Bantay Kita, Inc. as of December 31, 2015 and the related Statement of Income, Expenses and Changes in Fund Balance for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with Philippine Financial Reporting Standards for Small & Medium-sized Entities (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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Scope

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bantay Kita, Inc. as of December 31, 2015 and the results of its operations for the year then ended, in accordance with Philippine Financial Reporting Standards for Small & Medium-sized Entities (PFRS for SMEs).

MARILOU R. IBAÑEZ
Partner
CPA Certificate No. 0041592
BIR AN: 07-005941-2-2014
Valid until April 7, 2017
PTR No. 2354332
January 22, 2016
Quezon City

BOA Certificate of registration No. 0648
Valid until December 31, 2018
BIR AN: 07-005941-0-2014
Valid until April 7, 2017
Tax Identification No. 002116420

May 5, 2016
Quezon City, Philippines

BANTAY KITA, INC

(A Non-stock, Non-profit Organization)

Statement of Assets, Liabilities and Fund Balances

December 31, 2015

	Note	
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalent (Schedule 1)	3.1, 3.2	2,282,364.88
Advances for Operations (Schedule 2)	3.1	106,205.46
Accounts Receivable (Schedule 3)	3.1	567,886.44
Salary Loans Receivable (Schedule 4)	3.1	29,100.00
Interfund Receivable (Schedule 5)	3.1	14,715.73
Total		3,000,272.51
PROPERTY AND EQUIPMENT (net - Schedule 6)	3.1, 3.3	
Computer Equipment		110,975.67
Office Equipment, Furniture & Fixtures		72,470.72
Total		183,446.39
OTHER ASSETS		
Security Deposit		3,500.00
Total		3,500.00
TOTAL ASSETS		3,187,218.90
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts Payable (Schedule 7)	3.1	2,411,026.45
Other Payables (Schedule 7A)	3.1	10,159.56
Interfund Payable	3.1, 4	43,140.00
Fund Held in Trust	3.1, 5	100,446.46
Total Liabilities		2,564,772.47
FUND BALANCES		
Operational Fund	3.1 - 3.2, 6 - 8	439,000.04
Property & Equipment Fund	3.1, 3.3	183,446.39
Total Fund Balance		622,446.43
TOTAL LIABILITIES AND FUND BALANCES		3,187,218.90

see accompanying notes to the financial statement

BANTAY KITA, INC.

(A Non-stock, Non-profit Organization)

Statement of Income, Expenses and Changes in Fund Balance

For the year ended December 31, 2015

	Note	
INCOME		
Grants (Schedule 8)	2, 3.1 -3.2, 6	13,163,730.39
Donations/Contributions		79,457.20
Interest Income		7,209.15
Gain (Loss) on Foreign Exchange	3.1, 3.2	361,176.11
Miscellaneous Income		880.00
Total Income		13,612,452.85
EXPENSES (Schedule 9)	3.1, 7	
Core Program		
British Embassy		
New Budget		2,689,816.84
Old Budget		1,929,214.50
Christian Aid		1,725,608.35
NRGI		3,305,002.59
11.11.11		2,397,818.53
PHP		559,378.41
FPE		115,000.00
Total, Core Program		12,721,839.22
Other Projects		
Christian AId		
Video Documentation		87,885.54
PWYP		637,076.03
Total, Other Projects		724,961.57
Total, Projects		13,446,800.79
Other Expenses		57,900.20
Total Expenses		13,504,700.99
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES		107,751.86
FUND BALANCE, January 1, 2015	3.1. 6 - 8	520,046.26
Prior Period Adjustments	3.1, 8	(188,798.08)
FUND BALANCE, December 31, 2015	3.1. 6 - 8	439,000.04

see accompanying notes to the financial statement

Schedule 8

BANTAY KITA, INC.
Schedule of Grants Received
For the year ended December 31, 2015

Core Project	
British Embassy	3,567,150.57
Christian Aid	1,956,953.12
NRGI	3,570,000.00
11.11.11	2,145,222.80
PHP	559,390.00
FPE	350,000.00
Sub-total	12,148,716.49
Special Project	
Christian Aid (Vidoe Documentation)	142,170.40
11.11.11	50,680.00
PWYP	822,163.50
Sub-total	1,015,013.90
Total	13,163,730.39

Schedule 9

BANTAY KITA, INC.
Schedule of Expenses
For the year ended December 31, 2015

Core Program	
British Embassy 2015 (Old Budget)	
EITI Activities	
EITI Coordination Meetings	71,889.91
Subnational EITI Strategic Planning	376,977.18
Subnational EITI Capability Building	129,243.70
Logistic for MSG Meeting	132,099.42
National Conference	676,305.37
Partner's Meeting	38,207.96
Sub-total	1,424,723.54
Project Management	
Operational Cost	44,490.96
Personnel	460,000.00
Sub-total	504,490.96
Total British Embassy (Old Budget)	1,929,214.50
British Embassy 2015 (New Budget)	
EITI Activities	
EITI Coordination Meetings	214,913.47
Subnational EITI Support	
Subnational Implementation	923,173.53
Two (2) Capacity Building to Support the Subnational Transparency initiatives in four sites	375,030.14
Five (5) Capacity Building sessions targeting at least two provinces each	546,420.91
Sub-total	2,059,538.05
Project Management	
Personnel	630,278.79
Total British Embassy (New Budget)	2,689,816.84
Christian Aid 2015	
Activity Cost	
Board Meetings	159,518.45
Subnational Outreach	49,818.55
High Level Meetings	15,375.00
Networking Meetings	36,000.34
Regional Participation	111,042.22
Research Papers/Policy Note	41,032.75
Advocacy Materials	20,064.00
Support to Advocacy Work	85,049.68
Capacity Building/Module Dev't.	96,175.81
Semirara/Nueva Viscaya	42,000.00
Monitoring Tools	56,500.00
Sub-total	712,576.80
Project Management	

Operational Cost	153,393.17
Personnel	859,638.38
Sub-total	1,013,031.55
Total Christian Aid	1,725,608.35
NRGI	
Activity Cost	
Board Meetings	125,699.28
Implementation of Monitoring	219,200.00
Assessment of EITI Report	500,000.00
Research Papers	349,015.32
Advocacy Materials	451,984.68
Training of CSOs in Mining Operations	409,914.77
Semirara	449,607.55
Training of IP Communities	244,884.25
Sub-total	2,750,305.85
Project Management	
Personnel & Operations	391,200.60
Overhead	163,496.14
Sub-total	554,696.74
Tota NRGI	3,305,002.59
11.11.11	
Activity Costs	
Board Meetings	143,685.95
Subnational Outreach	48,957.20
High Level Meetings	27,475.00
Networking Meetings	38,063.99
Fora/Trainings/Seminars	365,797.18
Regional Participation	77,356.14
Research Papers/Policy Note	83,097.78
Audit	40,000.00
Advocacy Materials	27,679.08
Support to Advocacy Work	113,813.75
Capability Building/Module Dev't.	57,508.66
National Conference	235,121.68
Semiarara/Nueva Viscaya	72,000.00
Sub-total	1,330,556.41
Project Management	
Operational Cost	107,000.00
Personnel	927,912.12
Sub-total	1,034,912.12
Investment Cots	
Equipment	32,350.00
Total, 11.11.11	2,397,818.53
PHP 2015	
Activity Cost	
Conduct of Community Assessment	59,123.00
Presentation of Community Assessment	180,750.00
Policy Assessment of Sem.	25,487.12
Sub-total	265,360.12
Balance forwarded	265,360.12

Workshop on Policy Review	154,346.72
Workshop on How to Conduct Comm. Assessment	131,595.00
Miscellaneous	7,347.11
Sub-total	558,648.95
Project Management	
Operational Cost	729.46
Total PHP 2015	559,378.41
FPE 2015	
Direct Project Cost	
Research & Development	
Legal Expert	75,000.00
Scientific Expert	40,000.00
Tota FPE	115,000.00
Total Core Program	12,721,839.22
Special Projects	
PWYP	
Accommodation	89,618.00
In-Transit Expenses	977.86
Per Diem	4,000.00
Personnel & Operations	42,745.00
Training Session/Meetings/Communication	53,002.15
Travel & Transportation	399,926.25
Administrative Cost	43,140.00
Miscellaneous	3,666.77
Total PWYP	637,076.03
Christian Aid	
Video Documentation	87,885.54
Total Christian Aid	87,885.54
Total Special Projects	724,961.57
Other Expenses	
Institutional	
Taxes & Licenses	10,900.20
Equipment Expense	41,800.00
Donation	2,000.00
Miscellaneous	3,200.00
Total Other Expenses	57,900.20
Total Expenses	13,504,700.99

BANTAY KITA, INC.
(A Non-stock, Non-profit Organization)
Notes to the Financial Statements
December 31, 2015

1. ORGANIZATION

Bantay Kita, Inc. (BKI) is a domestic non-stock, non-profit corporation registered with the Securities and Exchange Commission (SEC) on April 2, 2013 per SEC Registration Certificate No. CN201306537. Its programs and projects aim to institutionalize transparency and accountability, maximize benefits from the extractive industries, build the capabilities of communities and civil society organizations in all levels of value chain, secure the law on right to public information, work for the rationalization of fiscal framework and strengthen international inititative on transparency.

For the year 2015, BKI's program on policy research, subnational transparency advocacies and capacity building has been implemented through regular funding from the British Embassy, Chistian Aid, 11.11.11, Natural Resource Governance Institute (NRGI), Foundation for the Philippine Environment (FPE) and Presbyterian Hunger Program (PHP) for its core program and Christian Aid & Pay What You Publish (PWYP) for its special projects. Said projects include research on oil and gas industry, policy notes on local autonomy on mining, EITI subnational consultations/conferences, research on mining laws and policies, access to information advocacy, development of monitoring tool and promotion of solidarity with regional and other international partners for transparency advocacies.

BKI operates in Quezon City as its Head Office but has satellite offices in Luzon, Visayas and Mindanao. The National Coordinator executes overall program implementation, supported by the Deputy Coordinator while the temporary regional offices were headed by Coordinators for Luzon, Visayas and Mindanao. Inasmuch as it has a limited number of program officers, it hires consultants and deputizes certain network partners to augment its manpower in implementing BKI's research and training needs.

2. PROJECTS IMPLEMENTED

For 2015, BKI pursued the attainment of the following objectives:

1. To popularize and mainstream transparency & social accountability at the national and local government levels;
2. To engage the Philippine Government and the mining industry on revenue & other transparency initiatives;
3. To contribute to strengthening regional & international initiatives recognized in international networks advocating transparency and addressing mining concerns;
4. To become a stable, consolidated and effective network that performs efficiently and is well coordinated in the advocacy for transparency; and
5. To build a strong and capable Secretariat to support the needs of the members and its objectives.

Said objectives were achived through these projects:

1. British Embassy – "Strengthening Transparency and Accountability in the Extractive Industry in the Philippines by Implementing the Extractive Industry Transparency Initiative (EITI)";

2. Christian Aid - "Advocate for Transparency and Accountability of the Extractives Sector", not only in terms of the fiscal regime that governs their operations but also in ensuring the protection of rights of stakeholders affected by these activities;

3. 11.11.11 - "Advocating for Transparency in the EI". Budget for the year covered the national and subnational levels;

4. NRGI – with project for the purpose of EITI reporting in the Philippines that is policy relevant, comprehensive and user-friendly, and to ensure that data informs policy debates, reform and inproved government systems in the Philippines;

5. FPE – "Advancing Civil Society Engagement in the Extractive Industry in the Philippines and Asia-Pacific"; and

6. PHP – "Improving Governance in Coal Mining Operations and Socio-Economic Development in Caluya through Capacity Building, Impact Assessments and Policy Formulation".

Term extension and new funding were granted for the British Embassy project.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

3.1 Basis of Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the organization, the accounts of the "Bantay Kita Philippines"project are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various activities are classified, for accounting and reporting, into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, funds that have similar characteristics are combined into fund groups.

The organization follows the accrual basis of accounting for its transactions; consequently, certain revenues and the related assets are recognized when earned rather than when received; and certain expenses are recognized when the obligation is incurred rather than when paid.

3.2 Foreign Currency Transactions

Transactions in foreign currency are recorded in the books at pegged conversion rates, more or less prevailing for a certain period. When an amount is exchanged from foreign currency to peso, the amount resulting from the difference between the actual conversion rate and the pegged rate is recorded as either gain or loss on foreign exchange. As of December 31, 2015; foreign currency-denominated account balanceswere restated at US$1.00 to PhP46.85 and €1 to PhP51.7411.

3.3 Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any impairment in value. Depreciation is calculated on a straight-line basis over the useful lives of the assets estimated based on the period over which the asset is expected to be available for use

4. INTERFUND PAYABLE

The account is a reclassification from Accounts Payable – BKI for purposes of proper presentation in the financial stetements.

5. FUND HELD IN TRUST

This is a reclassification and adjustment from recorded receipts for staff longevity pay sourced out of grants for the year temporarily set aside to shoulder staff retirement benefits.

6. INCOME

For 2015, grants received total PhP13,163,730.39; PhP12,148,716.49 of which is for BKI's core program/projects while PhP1,015,013.90 is for special projects (Schedule 8).

7. EXPENSES

As shown in Schedule 9, expenditure for core program and other projects/activities for the same period amounted to PhP13,504,700.99; PhP12,721,839.22 of which is for the core program while PhP724,961.57 is for special projects. Please refer to Schedule 9 for details.

8. PRIOR PERIOD ADJUSTMENTS

These pertain to returned 2014 excess funds from IKAT of PhP334,288.08 and reversion of 2014 stale checks amounting to PhP145,490.