

Republic of the Philippines COMMISSION ON AUDIT

Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Development Academy of the Philippines

DAP Building

San Miguel Avenue, Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Academy of the Philippines, which comprise the statement of financial position as at December 31, 2016, statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines, 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 Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Development Academy of the Philippines as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

Report on Supplementary Information Required Under BIR Revenue Regulation No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees paid or accrued during the taxable year described in Note 24 to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to 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.

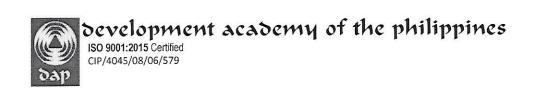
COMMISSION ON AUDIT

REBECCA Y. RAGSAG

Supervising Auditor

Audit Group H - Development, Media and Other Agencies Group Cluster 6, Corporate Government Sector

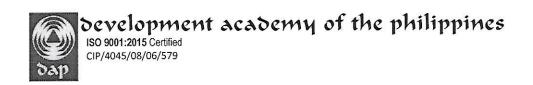
June 8, 2017



STATEMENT OF PROFIT OR LOSS (Audited)

For the Year ended December 31, 2016

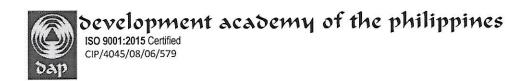
| INCOME | |
|---|--------------|
| 01. General Income | 325,020,522 |
| 01.1. Consultancy/Research Fees | 43,293,947 |
| 01.2. Income From Operation of Restaurant & Cafeteria | |
| 01.3. Income From Operation of Dormitories/Cottages | 35,597,361 |
| 01.4. Rent Income | 15,098,879 |
| 01.5. Other Service Income | 1,112,891 |
| 01.6. Miscellaneous Income | 1,969,874 |
| GROSS INCOME | 422,093,474 |
| EXPENSES | |
| 02. Personal Services | |
| 02.1. Salaries and Wages | 114,825,369 |
| 02.2. Other Compensation | 38,345,121 |
| 02.3. Personnel Benefits Contribution | 15,778,851 |
| 02.4. Other Personnel Benefits | 26,076,860 |
| Total Personal Services | 195,026,201 |
| 03. Maintenance and Other Operating Expenses | |
| 03.1. Professional Services | 189,334,598 |
| 03.2. Supplies and Materials Expenses | 53,665,111 |
| 03.3. Utility Expenses | 18,202,317 |
| 03.4. Training and Scholarship Expenses | 78,164,843 |
| 03.5. Travelling Expenses | 20,609,397 |
| 03.6. Repairs and Maintenance Expenses | 16,648,609 |
| 03.7. Communication Expenses | 9,586,17 |
| 03.8. Rent Expenses | 4,483,19 |
| 03.9. Advertising Expenses | 2,462,489 |
| 03.10. Taxes, Insurance Premiums and Other Fees | 1,901,78 |
| 03.11. Extraordinary and Miscellaneous Expenses | 461,67 |
| 03.12. Other Maintenance & Other Operating Expenses | 22,960,83 |
| Total Maintenance & Other Operating Expenses | 418,481,02 |
| 03.13. Non-Cash Expenses | 23,006,260 |
| TOTAL EXPENSES | 636,513,49 |
| INCOME (LOSS) FROM OPERATION | (214,420,016 |
| 04. Other Income (Expenses) | |
| 04.1.Interest Income | 4,079,96 |
| 04.2. Gain on Forex (Loss on Forex/Assets) | 85,11 |
| 04.3. Financial Expenses | (43,272 |
| NET INCOME (LOSS) BEFORE SUBSIDY | (210,298,206 |
| Subsidy from the National Government | 220,409,10 |
| NET INCOME | 10,110,90 |



STATEMENT OF FINANCIAL POSITION (Audited)

December 31, 2016

| ASSETS | |
|---|-------------|
| 01. CURRENT ASSETS | |
| 01.1. Cash and Cash Equivalents | 91,536,194 |
| 01.2. Investments | 150,288,000 |
| 01.3. Trade and Other Receivables - Net | 185,988,920 |
| 01.4. Inventories - Net | 4,278,105 |
| 01.5. Prepaid Expenses | 44,655,442 |
| 01.6. Other Current Assets | 1,171,330 |
| TOTAL CURRENT ASSETS | 477,917,991 |
| 02. NON-CURRENT ASSETS | |
| 02.1. Investments | 140,007,000 |
| 02.2. Property, Plant and Equipment - Net | 179,002,830 |
| 02.3. Research & Development | 129,973 |
| 02.4. Other Non-Current Assets | 400,478 |
| TOTAL NON-CURRENT ASSETS | 319,540,281 |
| TOTAL ASSETS | 797,458,272 |
| LIABILITIES AND EQUITY | |
| 03. CURRENT LIABILITIES | |
| 03.1. Payables | 184,650,469 |
| 03.2. Inter-Agency Payables | 13,200,827 |
| os.s. Other Payables | 48,830,749 |
| TOTAL CURRENT LIABILITIES | 246,682,045 |
| 04. NON-CURRENT LIABILITIES | |
| 04.1. Deferred Credits | 207,671,334 |
| 04.2. Other Long-Term Liabilities | 51,633,960 |
| TOTAL NON-CURRENT LIABILITIES | 259,305,294 |
| TOTAL LIABILITIES | 505,987,339 |
| | 291,470,933 |
| 05. EQUITY | |



STATEMENT OF CASH FLOW (Audited)For the Year Ended December 31, 2016

| CASH AND CASH EQUIVALENTS, END OF YEAR | 91,536,194 |
|--|----------------|
| 05. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 85,396,521 |
| 04. NET DECREASE IN CASH AND CASH EQUIVALENTS | 6,139,673 |
| 03. UNREALIZED FOREIGN EXCHANGE GAIN (LOSS) | 466,354 |
| NET CASH USED IN INVESTING ACTIVITIES | (116,014,861) |
| 02.5. Interest Income | 4,079,968 |
| 02.4. Acquisition of Property, Plant And Equipment | (34,602,649 |
| 02.3. Proceeds of Matured/Placements In Treasury Bonds | 581,865 |
| 02.2. Placements In Short-Term Investments | (1,291,389,000 |
| 02.1. Net Proceeds From Investment Maturities | 1,205,314,955 |
| 02. CASH FLOWS FROM INVESTING ACTIVITIES | |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 121,688,180 |
| 01.2. Cash Paid to Suppliers And Employees | (1,018,657,261 |
| 01.1. Cash Receipts From Customers | 1,140,345,441 |
| 01. CASH FLOWS FROM OPERATING ACTIVITIES | |