

2007

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THE ZUELLIG FOUNDATION, INC. is a non-stock, non-profit organization that aims to make a difference in the country's health situation and, thus, contribute to raising the quality of life of the Filipino people. Established in 1997 as the Pharmaceutical Health & Family Foundation, Inc. to integrate the philanthropic efforts and civic projects of the Zuellig affiliates and subsidiaries, then renamed The Zuellig Foundation in 2001 to mark the Zuellig Group's 100th year in the Philippines, the Foundation is a leading advocate of sound and progressive public health policy, focusing its efforts and resources towards health, governance and community concerns.

Its flagship Health Leadership and Management Program (HLMP) for physician-managers in the public health sector is slowly transforming the way local government health systems are being run, promoting more effective and efficient health service delivery through the grounding of its participants in best practices of the corporate management culture. The Foundation's Health Intel journal, which aims to disseminate vital health information to the country's key players and stakeholders and thereby contribute to the shaping of effective public health and governance policy, is circulated to a select group of government policy bodies, academic institutions, corporations, embassies, multilateral organizations and special interest groups. And its Community Disaster Response Program, which provides timely and appropriate assistance to meet the basic needs of catastrophe victims, particularly those belonging to vulnerable target groups, has provided relief goods to thousands of families affected by both natural and man-made disasters (typhoons, floods, earthquakes, armed conflicts, fires).

The Foundation's work with the League of Corporate Foundations - an association of some of the country's largest and most influential Corporate Social Responsibility practitioners and organizations - as well as with the United Nations Development Programme and Philippine Business for Social Progress in their pursuit of the Millennium Development Goals, puts it in constant contact with members of the business community who are intimately involved with improving the state of healthcare in the Philippines, and solidifies its reputation as a stalwart of national development.

It provides advisory services to the Department of Health and the Philippine Health Insurance Corporation, and regularly collaborates with other national and international institutions - among them the World Health Organization, the European Commission, the University of the Philippines Manila, the Philippine Medical Association and Philippine TIPS - in the pursuit of a shared agenda of improving healthcare management and delivery nationwide.

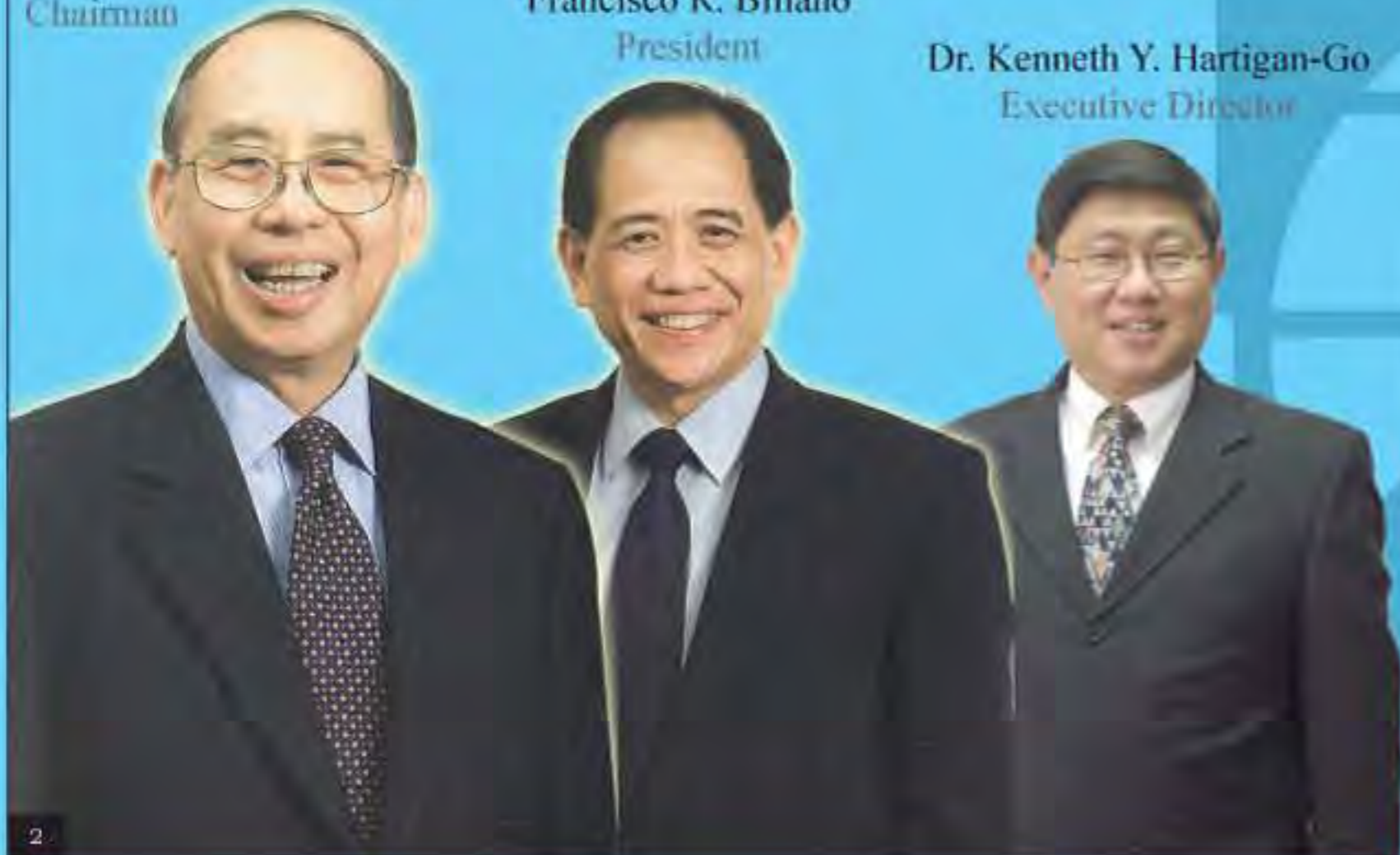
Its rich experience in health policy think-tanking, philosophy of providing and facilitating creative solutions to health sector reform issues, and demonstrated commitment to Philippine national development, has placed the Foundation in a position unique from that of any healthcare NGO working in the country today, allowing it to straddle - and exert considerable influence on - the multiple spheres of government, academe, the business sector, and civil society.

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Atty: Ricardo J. Romulo
Chairman

Francisco R. Billano
President

Dr. Kenneth Y. Hartigan-Go
Executive Director



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From the Chairman, the President and the Executive Director

The Zuellig Foundation has not waned in its commitment to work tirelessly for sound and progressive health policy for our countrymen through human resource development and engaging in health systems work. In 2007 and as we continued to reap what we sowed, we nurtured and continued to build new partners to improve health governance in our thirty seven (37) HLMP new Fellows.

From manpower resource training to health intelligence networks, the foundation made its bold attempts to bring to the fore health issues and policies. Through several foray, we held discussions of these issues and policies for implementation to create a dent in advancing national development that affects the Filipino today. We stood as go between, liaised and put together in the discussion table three (3) midwifery associations to work together.

Since 2001 we developed step by step our flagship program, the Health Leadership and Management Program (HLMP) and have produced a total of 87 HLMP Fellows. These men and women underwent three (3) seminar modules in three (3) years on actualizing personal potentials, managing towards organizational efficiency and the Strategic Leadership courses. The first fifty (50) Fellows has finally put in print the much awaited and first of its kind textbook entitled "Dilemmas & Choices, case studies on the difficulties inherent in the practice of good governance."

Remaining neutral, credible, and reputable, the foundation is recognized by several international and national institutions and agencies who have partnered with us through contractual projects.

In a small way this year, we captured history when we helped publish another first of its kind book, the Story of the Department of Health during the Aquino Administration 1986-1992 entitled "Program, Process, Politics, People", authored by the former Secretary of the Department of Health, Alfredo R. A. Bengzon.

Being a unique health & governance organization, we look forward to being more visible in lending assistance to community based projects in the coming years even as we endeavor to retain human resource development and to pursue health intelligence programs.


Atty: Ricardo J. Romulo
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Vision

The Foundation envisions itself as a catalyst for the achievement of timely resolutions to public health issues through multi-sectoral alliance.

Mission

The Foundation is committed to contribute to national development through programs and projects that will promote social development of the Filipino.

Goals

The Foundation

- * Advocates the shaping of effective policies in public health;
- * Collaborates with relevant agencies in undertaking scientific research on national health issues;
- * Organizes and disseminates essential health information to appropriate agencies and individuals;
- * Assists communities in planning and implementing suitable responses to medical problems and health issues;
- and
- * Supports the development of manpower resources to strengthen national advancement.

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Health Leadership and Management Program

The Health Leadership and Management Program (HLMP), the flagship program of the Zuellig Foundation in 2007 is running on its 6th year since it was pioneered in 2001. The program believes good governance in healthcare by public health practitioners is an important factor in providing efficient delivery and quality health service to the Filipino people and/or their communities.

HLMP was conceived to empower trained physician-managers in effective management by first self actualization of their personal potentials through Module 1 Seminar given in 2005. In 2006, the Module 2 Seminar focused on situational leadership, basic management skills, effective conflicts and change management, effective peer negotiations, motivating subordinates and effective organizational communications.

A substantial number of persevering and determined public physicians-managers completed its third and final Module 3 on Strategic Leadership Seminar given last year on July 31 to August 3, 2007 at the AIM Conference Center in Makati City.





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Seminar topics included: Personal Excellence; Governance; Governance and Corruption; Analytical Thinking; Analysis; Scanning the Environment; Creative Thinking; and Planning for Contingencies and Crises. Other interesting topics were Interfacing with the Stakeholders in the Public Health System: the Private Sector, the Philippine Health Insurance Commission (PHIC), the Media, International Agencies and the Out-Migration Phenomenon of Doctors and Nurses.

A total thirty seven (37) HLMP Fellows 2007 composed of trained physician-managers with newly acquired corporate management culture and style have been added to the original list of fifty (50) HLMP Fellows of 2004.

Meanwhile, the last time the HLMP Fellows of 2004 gathered together was in the Fellows' Convention on July 4-5, 2007 in Makati City. Thirty two (32) Fellows gathered to discuss current topics which included: Solutions to the Human Resource for Health (HRH) Out-Migration Crisis, Improving Access to Medicines and Preparing for the Flu Pandemic. It was an opportunity for informal dialogue and exchange of updates for some who actively participated in the program.



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An important outcome of the Health Leadership & Management Program was the publication in July 2007 of a first-of-its-kind book, entitled "Dilemmas and Choices" by the HLMP Fellows of 2004. It is a 70-page soft-bound reference discussing actual case studies on the difficulties inherent in the practice of good governance in healthcare. Government health service practitioners including HLMP Fellows have been directly and regularly exposed to these scenarios. The book is viewed as a significant step towards promoting good governance in public healthcare through awareness and may also be a reference for healthy discussion of these cases as an instrument to influence the creation of health policies to avert perpetuation of ill-practices.

The year 2008 will open with the Trainers' Training Seminar for the HLMP Fellows 2007 from whom will likely emerge new set of facilitators / resource speakers training future Fellows. Likewise, three Module 1 Training Series III Seminars are planned for 2008 in Baguio City, Bohol and Davao City.





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Health Intelligence Program: Health Intel Annual

The Health Intel Annual is a magazine and is published by the Foundation to contribute to the shaping of effective public health and governance policies, and to disseminate health information essential to various stakeholders and key players who work on a common platform for national development.

Since 2002, The Zuellig Foundation has released a total of ten (10) issues. In the third quarter of 2007, one issue went into print and five hundred (500) copies were distributed to a select group of academic institutions, government agencies, private corporations, and foreign embassies; multilateral and donor agencies, and still other special interest groups.





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Interesting articles on health were crafted into the magazine. Such topics include Population and the Millennium Development Goals (MDGs), The National Business Community Planning Initiative for Pandemic Influenza; Private Sector Involvement in Disaster Risk Management; an Evolving Role, a Challenge to Face; The Philippine Human Resource for Health Master Plan; Human Resources for Health from a Global Perspective; Ethical Standards for Pharmaceutical Marketing; Medicines and Insurance Coverage and Dangerous Doses.

The Foundation continues to address other current health sector concerns and another Health Intel Annual issue in the offing would include Improving and Enhancing the Practice and Profession of Midwifery in the Philippines; Medical Enrollment Decline: Investigating Causes; Improving Private Physician Behavior for TB Control in the Philippines; Strengthening National Avian Influenza Preparedness through Public Information and Community-Based Early Warning Systems in the Philippines; and Dilemmas and Choices in the Practice of Good Governance in Health Care.



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Collaboration with USAID

Conduct of Technical Working Group (TWG) Meetings for Midwives' Concerns and Midwives' Congress to Improve and Enhance the Practice and Profession of Midwifery

As part of the consensus reached during the "Reinventing the Midwives" Forum in May 2006, the Foundation was again engaged by the US Agency for International Development (USAID), through Chemonics International, Inc. and its local operating arm, Private Sector Mobilization for Family Planning (PRISM), to facilitate, document, and capture issues and concerns from the discussions of the Technical Working Groups to improve and enhance the practice and profession of Midwifery.

The TWGs, together with the Foundation, processed the issues tackled into a form that can inform policy makers in order to move the midwives' agenda forward and activate partner support. Four TWGs were formed: (1) TWG for the Review of Midwifery Regulatory Policies and Practices; (2) TWG for Enhancement of Philhealth Benefits; (3) TWG for the Review and Enhancement of the DOH Licensing Requirements for Midwife Clinics and Philhealth Accreditation Standards for Non-hospital Health Facility for Maternity Care, and (4) TWG for the Professionalization of Midwifery Practice.





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The final outputs of the TWGs were presented and validated in a Midwives Congress on August 16-17, 2007 in Tagaytay City. The participants of this congress came up with a next steps plan and signed a *Unity Statement* to express their commitment to a common stand in addressing the issues and concerns of midwives in the country. It is hoped that through the *Unity Statement*, all midwives associations will work together for a purposeful strategy and rally behind the assigned lead association or organization to resolve the four issues of concern identified by TWG.



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Health Intelligence Program: The Avian Flu Project

Strengthening National Avian Influenza Preparedness through Public Information and Community-Based Early Warning Systems in the Philippines

The United States Agency for International Development (USAID), through the Development Alternatives, Incorporated (DAI) - Rural and Agricultural Incomes with a Sustainable Environment (RAISE) Task Order¹, contracted the services of the Foundation to implement a short-term project entitled, "Strengthening National Avian Influenza Preparedness through Public Information and Community-Based Early Warning Systems in the Philippines" from July to August 2007.

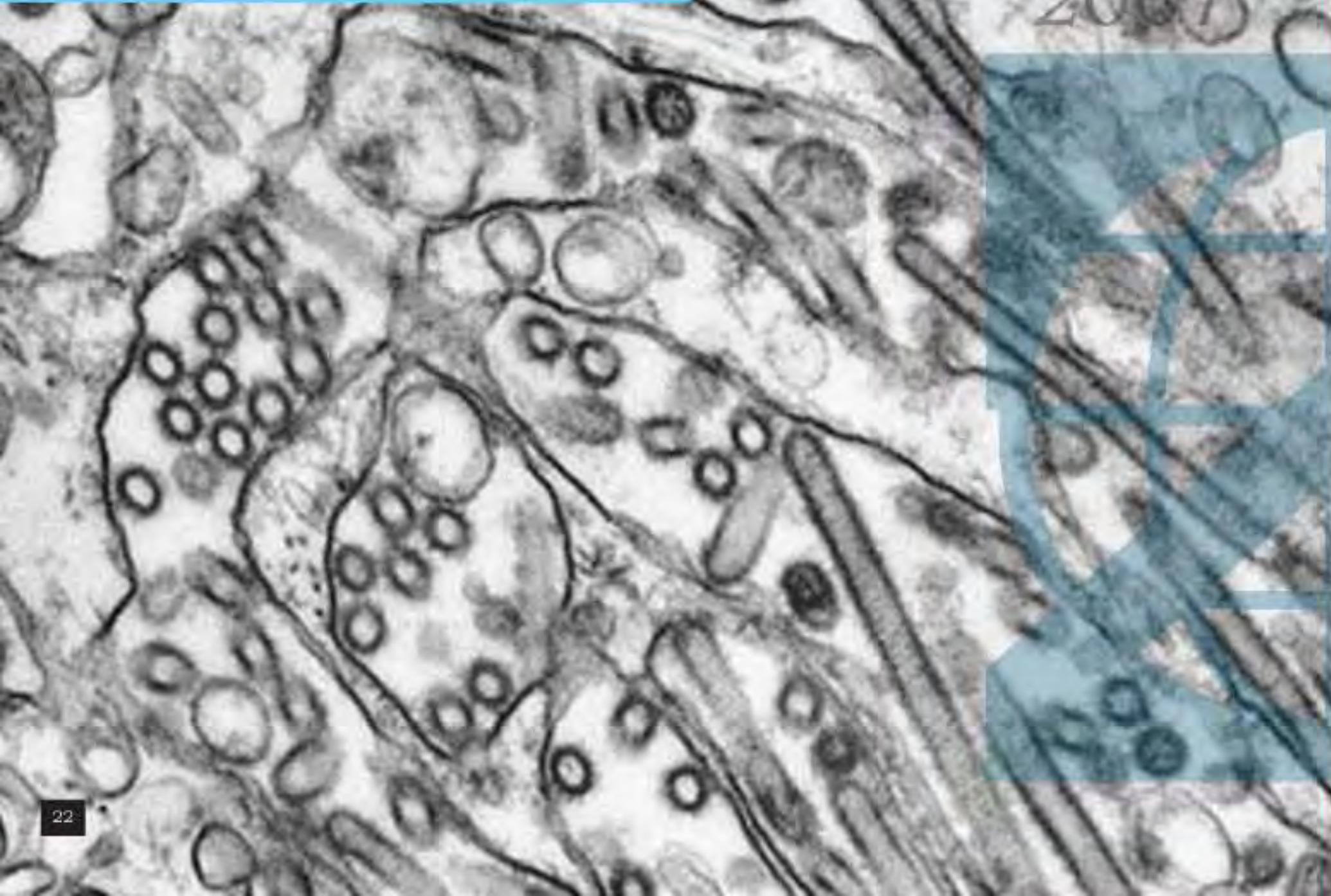


PATULOY ANG BANTA NG BIRDFLU

I-REPORTANG BIGLAAN AT MARAMIHANG PAGKAMATAY NG MGA MANOK O IBON
HOTLINE: 02 925-9999

CONTACT NO: _____

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Two (2) workshops were conducted in Clark Field, Pampanga and General Santos City that brought together forty five (45) participants from the regional, provincial and city's agriculture, veterinary, quarantine and health offices, barangay officials and the local police

Early warning tools, previously developed through USAID assistance, were reviewed and consolidated into a one-page template that served as the working document that was improved through the workshops with inputs from the field participants.



The materials consisted of AI information posters and brochures in English and Tagalog, and were developed together with the Department of Agriculture and Department of Health under the National Avian Influenza Task Force. These materials were also translated into the major local languages.

(Footnotes)

1 a global USAID-funded project to help prepare for and mitigate against the impact of AI



Information Education Campaign (IEC) materials, developed under previous USAID-assisted projects, were reproduced and distributed to the two (2) pilot areas as well as to adjacent high-risk areas.



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Community Disaster Response Program

Being a member of the Corporate Network for Disaster Response (CNDR), The Zuellig Foundation is prepared to respond, help and lend assistance to natural calamity victims. It has in its disposal ready for dispatch non-food items contained in a kit which are stationed in its Zuellig Pharma Corporation warehouses and/or branch offices to any disaster area. Though modest, simple but certainly an immediate and priority need by a victim, a kit contains sleeping mat, blanket, cooking pot, mosquito net and a 19L plastic water container. However, The Foundation was not called upon to engage in any disaster relief in 2007 but remains ready.



TZF-PCP HEALTH FORUM

In May 2007, the Foundation signed an agreement with the Philippine College of Physicians (PCP) to co-sponsor its Weekly Health Forum. This Forum is a venue for different health stakeholders especially the media to tackle current health issues for public information and dissemination.

The Foundation saw the opportunity to help and keep the public informed of important health issues which affect the ordinary Filipino. The Foundation has interestingly been a constant source of good, up to date and relevant topics for discussion by the panel of speakers in the forum for the past three (3) years.

The Weekly Health Forum runs from 9:00 am to 11:00 am every Tuesdays of the week at Annabel's Restaurant in Tomas Morato Avenue, Quezon City.



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League of Corporate Foundations

Many corporations which have been well established and successful in its business operations in the country have set up their respective foundations as a way of giving back to the community it serves. These same foundations banded together and formed the League of Foundations (LCF), to which The Zuellig Foundation is a part and member. Sharing the challenge of championing "Corporate Social Responsibility," the Foundation saw to it that it continuously participates in the LCF's yearly activities and endeavors. The Foundation was dynamically engaged in the various Committees on Health, Communications, and Youth Development.

In celebration of the Corporate Social Responsibility (CSR) Week 2007 with the theme "Putting CSR to the test: Cultivating Shared Values for Business and Society," the Foundation joined the CSR Expo held last July 16 to 18, 2007 at the Sofitel Philippine Plaza Manila. The Foundation set-up and manned an exhibit booth and our Executive Director and Foundation staff even acted as facilitators in several symposia during the three-day activity. The CSR Expo 2007, dubbed CEOs Walk the Talk even won the 43rd Anvil Award of Merit, which is given annually by the Public Relations Society of the Philippines and we are proud to be a part of it.



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Health Intelligence Program: Publication

"Programs, Process, Politics, People: The Story of the DOH under the Aquino Administration 1986 - 1992."

The Zuellig Foundation, in partnership with the Ateneo Graduate School of Business Health Unit, published the book "Programs, Process, Politics, People: The Story of the DOH Under the Aquino Administration 1986 - 1992."

This book, authored by former Health Secretary Alfredo R.A. Bengzon, illustrates how public health institutions under the Department of Health were rebuilt, reshaped, and effectively governed during very difficult circumstances after the martial law. Moreover, it gives recognition to the countless unknown public health practitioners and managers who have been responsible for the health-care of many of our countrymen especially the less privileged.



The book was launched on December 10, 2007 at the Ateneo School of Medicine and Public Health (ASMPH) in Pasig City with Her Excellency Former President Corazon C. Aquino as guest of honor. The book is considered as a first in the history of Philippine Health, a one of a kind and a unique reading material for the future generation of health leaders.



It is through the publication and distribution of such book that the Foundation facilitates creative solutions to health sector reform issues, and demonstrates its commitment to Philippine national development.

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The Foundation introduces itself and informs its activities to the public with brochures, namely: The Zuellig Foundation and the Health Leadership & Management Program flyers/brochures. Another way is through the first published annual report, herein shown in photo and which went to press last year; then this issue, being the second time since the Foundation was established in 1997. Still another and done more regularly is the publication of Health Intel Journal.



Health Intelligence Program: World Health Day 2007

Mindful of continuous and increasing global threats to health, the Foundation observed World Health Day with the theme "International Health Security". To mark this occasion and in partnership with the Corporate Network for Disaster Response (CNDR), the Foundation organized a workshop entitled "Private-Public Pandemic Response Plan Harmonization". The workshop was held on April 24-25, 2007 at the Ateneo Graduate School of Business in Makati City.

The focus of discussion was on Avian Flu and the workshop had the following objectives:

1. To develop a pandemic response plan in case of an outbreak of Avian Flu.
2. To define the work of the Philippine government particularly the Department of Health and the Department of Agriculture to ensure adequate preparedness.
3. To identify areas by which the private sector, in particular the business sector, can prepare and lend its essential services to the society.
4. To delineate the public and the private sector's role in the delivery of such health service in times of emergency.

The Foundation presented to the participants a matrix of the Philippine Government's, i.e. Department of Health and Department of Agriculture plans, in terms of the pandemic response plan. Gaps in plans versus implementation were identified and addressed by redefining expectations of the government and the private sector from each other.

The participants gave valuable recommendations to bridge the different gaps and weaknesses of the pandemic response plan. Likewise, the roles of both the government and the private or business sector were articulated.

It is hoped that this endeavor will drive the public sector to ensure closer stakeholder consultations with the private or business sector as it will provide a synergistic relationship with all stakeholders to make pandemic plans more realistic.



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Collaboration with other Institutions

Philippine Council for Health Research and Development-Department of Science and Technology

As part of the Philippine Council for Health Research and Development (PCHRD) – Department of Science and Technology (DOST)'s aims, which are to improve the flow and exchange of health research and health-related information in the country, and to witness an improvement in business investment or climate, they contracted the Zuellig Foundation to establish a Philippine Page into the US NIH World Library of Toxicology, Chemical Safety and Environmental Health. This showcases a repository of electronic links to credible sources of scientific and consumer information on toxicology, chemical safety, and environmental health.

This collaboration is an example of PCHRD-DOST and Zuellig Foundation's drive to help health research institutions to build their capacities and share information resources. Moreover, it recognized the importance of online access in the internet to increasing productivity in research and healthcare delivery and better transparency in governance.

The project was started and completed in the last quarter of 2007 and the Philippine page links are now available and accessible on the web. The second phase of the project is anticipated in 2008. It will include updating, maintaining the content and expert's comments on the Philippine web-page.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Zuellig Foundation as of December 31, 2007 and 2006, and its financial performance and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Philippines.

SY CIP GORRES VELAYO & CO.

Betty C. Siy - Yap
Betty C. Siy - Yap
Partner

CPA Certificate No. 57794
SEC Accreditation No. 0098-AR-1
Tax Identification No. 102-100-627
PTR No. 0017640, January 3, 2008, Makati City
April 14, 2008



THE ZUELLIG FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2007	2006
ASSETS		
Cash and cash equivalents (Note 3)	P 7,533,865	P 12,330,025
Receivables	28,500	-
Prepaid rent	35,952	33,600
Property and equipment - net (Note 4)	623,849	1,004,582
Deposits	160,000	160,000
	P 8,382,166	P 13,528,207
LIABILITIES AND FUND BALANCE		
Accrued expenses and other payables (Note 5)	P 3,612,887	P 3,039,192
Fund Balance	4,769,279	10,489,015
	P 8,382,166	P 13,528,207

See accompanying Notes to Financial Statements.

THE ZUELLIG FOUNDATION, INC.

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THE ZUELLIG FOUNDATION, INC.
(A Nonstock, Nonprofit Corporation)
STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2007	2006
REVENUES		
Donations received (Note 1)	P 2,005,648	P 11,005,000
Seminars	5,800,397	851,627
Interest	329,794	330,420
Others	42,497	31,077
	<u>8,178,336</u>	<u>12,218,124</u>
EXPENSES		
Trainings and seminars	4,603,004	658,250
Salaries, wages and other benefits	4,028,538	3,237,232
Rent (Note 6)	827,568	974,650
Professional fees	661,329	79,506
Depreciation (Note 4)	603,999	216,160
Stationery and supplies	524,321	75,582
Donations and contributions	509,000	1,277,685
Communication, light and water	470,363	544,718
Foreign exchange loss	239,223	-
Transportation and travel	183,052	277,936
Repairs and maintenance	127,302	6,940
Outside services	110,712	279,268
Business representation	56,149	15,328
Dues and subscriptions	39,000	36,000
Insurance	32,299	51,445
Miscellaneous	882,213	459,071
	<u>13,898,072</u>	<u>8,189,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(P 5,719,736)	P 4,028,353

See accompanying Notes to Financial Statements.

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THE ZUELLIG FOUNDATION, INC.
(A Nonstock, Nonprofit Corporation)
STATEMENTS OF CHANGES IN FUND BALANCE

	Years Ended December 31	
	2007	2006
FUND BALANCE		
Balance at beginning of year	P 10,489,015	P 6,460,662
Excess (deficiency) of revenue over expenses	(5,719,736)	4,028,353
Balance at end of year	P 4,769,279	P 10,489,015

See accompanying Notes to Financial Statements.

THE ZUELLIG FOUNDATION, INC.
 (A Nonstock, Nonprofit Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(P 5,719,736)	P 4,028,353
Adjustments for:		
Depreciation (Note 4)	603,999	216,160
Interest income	(329,794)	(330,420)
Foreign exchange loss	239,223	-
Operating revenues (expenses) before working capital changes	(5,206,308)	3,914,093
Decrease (increase) in:		
Receivables	(19,000)	-
Prepaid rent	(2,352)	(33,600)
Deposits	-	53,250
Increase (decrease) in accrued expenses and other payables	573,695	(1,634,475)
Net cash generated from (used in) operations	(4,653,965)	2,299,268
Interest received	320,294	330,420
Net cash provided by (used in) operating activities	(4,333,671)	2,629,688
CASH FLOWS FROM INVESTING ACTIVITY		
Additions to property and equipment (Note 4)	(223,266)	(1,098,721)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(239,223)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,796,160)	1,530,967
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	P 12,330,025	P 10,799,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 7,533,865	P 12,330,025

38 See accompanying Notes to Financial Statements.

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THE ZUELLIG FOUNDATION, INC.
 (A Nonstock, Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
1. General

The Zuellig Foundation (the Foundation) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC). Its registered office address is at 18-A Trafalgar Plaza, 105 H.V. Dela Costa Street, Salcedo Village, Makati City. The Foundation has an average of four employees for 2007. The primary purpose of the Foundation is to act as a modernizing force in shaping sound and effective policies in public health and nutrition in the Philippines.

On April 12, 2005, Philippine Council for Non-Government Organization Certification (PCNC) granted the Foundation a five-year certification for donee institution status in accordance with provision of Revenue Regulations No. 13-98 dated January 1, 1999. Accordingly, donations received shall entitle the donor to deductions subject to the provisions of Section 3 of Republic Act No. 8424. The accreditation shall be valid for a period of five years from the date of certification until 2010, unless sooner revoked by the Bureau of Internal Revenue.

The Foundation, being a nonstock, nonprofit corporation, is not subject to income tax under Section 30 (e) of the National Internal Revenue Code with respect to income received such as from donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to regular corporate income tax.

The accompanying financial statements were authorized for issuance by the Board of Trustees on April 14, 2008.

2. Summary of Significant Accounting PoliciesBasis of Preparation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines using the historical cost basis. The financial statements are presented in Philippine pesos and all values are rounded to the nearest peso, unless otherwise stated.

Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the Philippines, applicable to a non-publicly accountable entity (NPAAE). The foundation qualifies as an NPAAE under PAS 101, "Financial Reporting Standards for Non-publicly Accountable Entities" and, as permitted under that Standard, prepared its financial statements on the basis of Statements of Financial Accounting Standards (SFAS) and Statements of Financial Accounting Standards/International Accounting Standards (SFAS/IAS) effective as of December 31, 2004.

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 that are subject to an insignificant risk of change in value.

Receivables

Receivables are stated at fair value less allowance for any uncollectible amount. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

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 other directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operational use, such as repairs and maintenance, are normally charged to operations in the year 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 costs of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Estimated Useful Lives in Years
Transportation equipment	4 years
Office equipment	3 years
Leasehold improvements	2 years or term of lease, whichever is shorter
Furniture and fixtures	3 years

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of revenue and expenses in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to the irrecoverable amounts. The recoverable amount of property and equipment is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss, if any, is recognized in the statement of revenues and expenses.

Impairment loss should be reversed only to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset (net of depreciation) had no impairment loss been recognized. A reversal of an impairment loss should be recognized in the statement of revenues and expenses.

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Revenue Recognition

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Foundation and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Donation, seminar and other income are recognized when received.

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Operating Lease

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 when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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 interest expense. When the Foundation expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

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. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent Events

Post year-end events that provide additional information about the Foundation's financial position at the balance sheet 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.

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3. Cash and Cash Equivalents

	2007	2006
Cash on hand and in banks	P 2,439,215	P 2,256,546
Short-term placements	5,094,650	10,073,479
	<u>7,533,865</u>	<u>P 12,330,025</u>

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation, and earn interest at the prevailing short-term placement rates.

4. Property and Equipment

	December 31, 2006	Additions	December 31, 2007
Cost:			
Transportation equipment	P 1,340,909	P	P 1,340,909
Office equipment	786,217	223,266	1,009,483
Leasehold improvements	1,525,160	-	1,525,160
Furniture and fixtures	297,702	-	297,702
	<u>3,949,988</u>	<u>223,266</u>	<u>4,173,254</u>
Less accumulated depreciation:			
Transportation equipment	1,340,908	-	1,340,908
Office equipment	678,865	93,103	771,968
Leasehold improvements	629,377	509,450	1,138,827
Furniture and fixtures	296,256	1,446	297,702
	<u>2,945,406</u>	<u>603,999</u>	<u>3,549,405</u>
	<u>P 1,004,582</u>	<u>(P 380,733)</u>	<u>P 623,849</u>

	December 31, 2005	Additions	December 31, 2006
Cost:			
Transportation equipment	P 1,340,909	-	P 1,340,909
Office equipment	706,396	79,821	786,217
Leasehold improvements	506,260	1,018,900	1,525,160
Furniture and fixtures	297,702	-	297,702
	<u>2,851,267</u>	<u>1,098,721</u>	<u>3,949,988</u>
Less accumulated depreciation:			
Transportation equipment	1,340,908	-	1,340,908
Office equipment	617,329	61,336	678,665
Leasehold improvements	506,260	123,117	629,377
Furniture and fixtures	264,749	31,507	296,256
	<u>2,729,246</u>	<u>216,160</u>	<u>2,945,406</u>
	<u>P 122,021</u>	<u>P 882,561</u>	<u>P 1,004,582</u>

2007

5. Accrued Expenses and Other Payables

	2007	2006
Accrued expenses	P 2,844,662	P 2,559,090
Advances from Zuellig Pharma Corporation (ZPC)	740,574	447,304
Withholding taxes and other payables	27,651	32,798
	P 3,612,887	P 3,039,192

The Foundation, in the normal course of activities, obtains advances from ZPC, a principal donor.

6. Lease Commitment

In August 15, 2006, the Foundation entered into a new lease agreement for the lease space it currently occupies. The lease is for a three year period up to August 14, 2009, renewable upon mutual agreement of both parties.

The original lease with another lessor expired on March 31, 2006.

Rent expense amounted to P 0.8 million and P 1.0 million in 2007 and 2006, respectively. The Company's minimum lease payments are:

As of December 31	Amount
2008	790,623
2009	515,205
	P 1,305,828

2007

**The Zuellig Foundation's
2007 Institution Partners**

- * American Chamber of Commerce of the Philippines (AmCham)
- * Ateneo Graduate School of Business Health Unit
 - * Ateneo School of Medicine and Public Health
- * Business Continuity Manager's Association of the Philippines
- * Corporate Coalition Against Bird Flu
- * Corporate Network for Disaster Response (CNDR)
- * Development Alternatives, Inc. (DAI)
- * Department of Agriculture (DA)
 - * Bureau of Animal Industry
- * Department of Health (DOH)
 - * Office of the Secretary
 - * Bureau of Food and Drugs
 - * Health Human Resource Development Bureau
 - * Health Policy Development and Planning Bureau
 - * National Center for Disease Prevention and Control
 - * Bureau of International Health Cooperation
- * Department of Science and Technology (DOST)
 - * Philippine Council for Health Research and Development (PCHRD)
- * Globe Telecom
- * Integrated Midwives Association of the Philippines (IMAP)
- * League of Corporate Foundations (LCF)
- * Local Government Units of the HLMP's Participants
- * Metro Drug Inc.
- * Midwives Foundation of the Philippines, Inc. (MFPI)
- * National Avian Influenza Task Force

The Zuellig Foundation's
2007 Institution Partners

- * Philippine Business for Social Progress (PBSP)
- * Philippine Coalition against Tuberculosis (Philcat)
- * Philippine College of Physicians (PCP)
- * Philippine League of Government and Private Midwives, Inc. (PLGPMI)
- * Philippine Health Insurance Corporation (PHIC)
- * Philippine Council for NGO Certification (PCNC)
- * Private Sector Mobilization for Family Health (PRISM)
- * Professional Regulation Commission, Board of Midwifery
- * Ramos Peace and Development Foundation (RP Dev)
- * University of the Philippines Manila
 - * Office of the Chancellor
 - * UP College of Medicine
 - * Department of Clinical Epidemiology
 - * Foundation for Advance Clinical Epidemiology (FACE)
 - * UP National Institutes for Health
 - * UP College of Dentistry
 - * UP School of Economics
 - * UPecon Foundation, Inc.
 - * Health Policy Development Program (HPDP)
- * United Nations Development Programme (UNDP)
- * US Agency for International Development (USAID)
- * World Health Organization (WHO)
 - * World Health Organization Western Pacific Region (WPRO)
- * Zuellig Pharma Corporation (ZPC)

2007



2007

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2007

2007

