

ZUELLIG FAMILY FOUNDATION
2010 ANNUAL REPORT

Every Health Leader Matters

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30 towns

20 more to go



Milestones

30 Partner-Municipalities

66 Health leaders trained

345 Frontline health workers completed training on upgrading professional skills

Health workers are composed of:

263 Barangay Health Workers, 64 Midwives, 7 RHU Staff, 6 Barangay Nutrition Scholars, 5 Nurses

10 Health Facilities built benefitting 221,798 people

Our Vision

We envision Zuellig Family Foundation to be a catalyst for the achievement of better health outcomes for the poor through sustainable healthcare programs and services, with a primary focus on health inequities in rural areas of the Philippines.

Our Mission

To enhance the quality of life of the Filipino by focusing on the achievement of targets in the country's Millennium Development Goals for health, in partnership with the government and other stakeholders in the health sector.



Seated: Dr. Stephen Zuellig
Standing (l-r): Roberto R. Romulo (Chairman),
Ernesto D. Garilao (President)

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MESSAGE FROM THE BOARD OF TRUSTEES

TWO years ago, we adopted a new development strategy and put together the Health Change Model. The Model is premised on the assumption that local leadership—chief executives, health leaders, community leaders—is the key to changing systems and innovating programs that can lead to better health outcomes. The Model also identified one big challenge: a local chief executive’s level of responsiveness to health issues. This was of utmost importance because in most cases, the poor’s only access to health services is through the municipal health system.

We pilot tested the efficacy of the Model by partnering with an initial set of nine rural municipalities—our Cohort 1. While health indicators have improved, challenges remain. These include the rise in infant mortality rate as a result of 25 infant deaths in Gen. S.K. Pendatun (Maguindanao) in 2010.

We added 21 more municipalities to our partnership program in 2010 and they comprise our Cohort 2 and Cohort 3. Though the health leadership team in these municipalities will undergo the same training programs and implement similar health innovations, changes were effected after reviews and assessments on the strategies and interventions were made by the Foundation and an independent consultant.

Since we see ourselves playing a part in helping the country attain its health Millennium Development Goals, we found it necessary to replicate the Health Change Model. Among our Cohort 1 partner-municipalities, we encourage the adoption of the Model in their inter-local health zones. We also identified the University of Makati as a major academic partner that will provide the platform to share the Model to the sister-municipalities of Makati City, especially those in priority regions. Agreements will also be signed with the League of Provinces and selected chapters of the League of Municipalities for replication of the Model by more local government units.

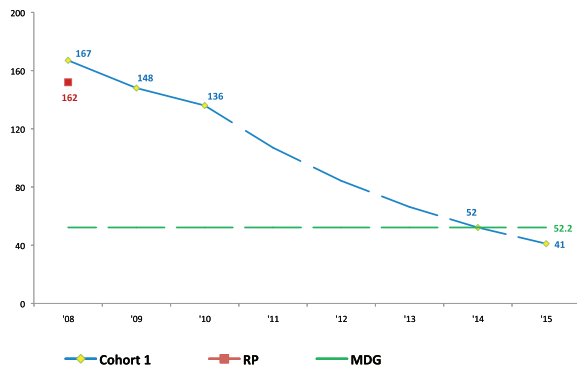
In all these partnerships, our role is to be the catalyst of effective and sustainable health systems reform. As local government units and their stakeholders plan and implement their programs, we support their focus on health inequities to facilitate the achievement of better health outcomes, especially among the poor.

We know there will be challenges to face as we extend our reach to more municipalities. The key is in adopting a cost effective and efficient approach of expansion. This means that our methodologies and knowledge management have to be institutionalized so others will be able to use the same systems implicit in our Health Change Model. As a catalyst, the Foundation has a duty to validate the Model as well as relevant development strategies that can be utilized by mainstream institutions for greater reach and coverage.

As the Foundation strives to fulfil its role in the health sector in particular, and the larger society as a whole, we would like to express our gratitude to the Zuellig family for their unwavering support, to the staff for their dedication, to our partner-municipalities for their commitment to address health inequities, and to our program and funding partners for sharing our vision of better health outcomes for the poor.

OUR 2-YEAR HEALTH SCORECARD

FOR all the programs—training, health innovations and infrastructure-building—that the Foundation implements, the underlying main objective is to help communities attain better health outcomes. To gauge the success, or failure, of our programs in attaining this goal, we used the health targets in the Millennium Development Goals as objective measurements. To arrive at meaningful data, however, we spent great effort to inculcate the importance of accurate and reliable information among our partner-municipalities.

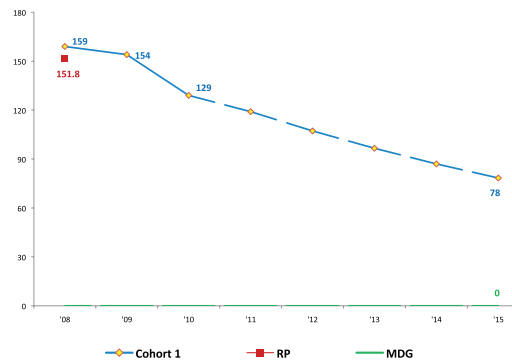
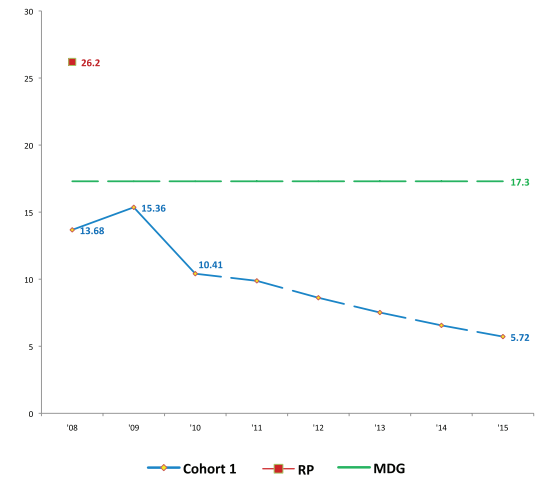


Maternal Mortality Ratio

THE PHILIPPINES will have a difficult time reaching its target of 52 deaths per 100,000 live births by 2015. Latest figures show the country is still at 162 deaths per 100,000. In an effort to address the situation, the Foundation's interventions on maternal care have included educating parents (Buntis Congress), monitoring pregnant women (data boards), and building birthing clinics. All these have helped Cohort 1 reduce their average MMR from 167 deaths per 100,000 in 2008 to 136 in 2010. The ZFF urged municipalities not just to sustain maternal health programs in place but to work on possible enhancements to their programs so that MMR can go down by an average of at least 21.3% annually so that they meet the MDG target by 2014.

Malnutrition Rate

TO COMBAT malnutrition, the Foundation encouraged its cohort of municipalities to follow the Indigenous Supplementary Mixture (INSUMIX) program of Dao, Capiz of Cohort 1. Nutrition data boards were also distributed to monitor malnutrition among children. Average malnutrition rates fell 24% between 2008 and 2010. If the trend continues, average malnutrition levels will be 11.58 percentage points lower than the MDG target of 17.3% in 2015.

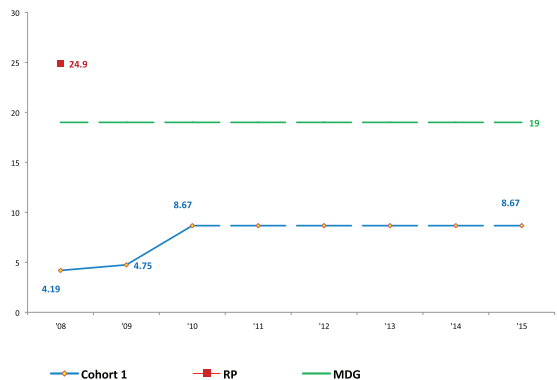


TB Prevalence Rate

AVERAGE tuberculosis prevalence rate fell by 30 percentage points between 2008 and 2010 in Cohort 1 municipalities. This improvement can be attributed to better health-seeking behaviour of the community. Holding Community Health Summits helped gather different health stakeholders to discuss issues, solve problems and plan strategic health programs. Capacity-building programs also empowered leaders to actively promote and participate in the implementation of health programs. By 2015, it is expected that TB prevalence rate will average 78% in Cohort 1 municipalities.

Infant Mortality Rate

INFANT deaths remained a challenge. Though average infant mortality rate of Cohort 1 is lower than the national average, it rose to 8.67% in 2010 from 4.19% in 2008. So the figures do not rise any further, more attention is being given to those living in hard-to-reach areas where most of the deaths occurred. The ZFF reinforced the municipalities' health interventions with a barangay health system strengthening program to encourage barangay leaders to initiate projects that will increase knowledge about post-natal care, as well as establish specific plans that will give members of the community easier access to health services.



2010 HIGHLIGHTS

WHILE 2010 marked the end of our formal partnership with Cohort 1, it was also the start of new partnerships with 21 more municipalities—our Cohort 2 and Cohort 3. Heeding the call to go where help is most needed, Cohorts 2 and 3 come from priority regions with the most serious health challenges. These municipalities will benefit from the lessons we acquired while working with Cohort 1. To keep our programs relevant and ensure their effectiveness, we constantly had our programs evaluated, implementing adjustments whenever necessary. One such finding led to the creation of the Barangay Health Systems Strengthening (BHSS) program. This aims to transform the barangay (village) leadership into one that actively promotes health programs and responds to health concerns of those at the grassroots level. The Behavior Change Communication initiatives are also being undertaken to analyze existing unhealthy behaviors of locals so that appropriate health programs can be implemented to change these.

A strengthened skills upgrading program (Continuing Professional Education) was developed in 2010. Previously tackling disaster preparedness, simple suturing and basic life support, the program used to be given to members of development NGO's and various midwife associations. Following a training needs analysis done on Cohort 1, the CPE was expanded to also include maternal and child health, first aid, intravenous insertion, and oral health and nutrition. It is now exclusively given to frontline health workers of our cohort municipalities.

Seeking to create greater impacts in areas where our cohorts belong, we decided to modify a pioneer program of the Foundation—the Health Leadership and Management for the Poor. Participants must now come from regions and provinces where our cohorts are located. Apart from the usual lectures and discussions, case studies were introduced to allow participants to carefully analyze the best practices in health contained in the cases.

In 2010, various health infrastructure projects funded by the Foundation were inaugurated in our Cohort 1 municipalities. Each infrastructure had corresponding basic medical equipment. Before the year ended, a second round of infrastructure grants was given to Cohort 1 while some of Cohort 2 municipalities received the first of two grants.

It was in 2010 when we effectively started the replication of our Health Change Model at the regional and provincial levels when we forged a partnership with the Department of Health and the Department of Social Welfare and Development to form the Zamboanga Health Alliance. Included in this alliance are Zamboanga municipalities with poor families receiving conditional cash transfers from the government through DSWD. On the other hand, the DOH regional office has access to health services and products that can be made available to the programs of the Alliance, while the Foundation has the capacity to provide the essential health leadership training.

HIGHLIGHT: Cohort 1 partner-municipalities have reason to be proud of their health achievements after just two years of partnership with the Zuellig Family Foundation.



Cohort 1 leaders with the Zuellig Family Foundation trustees, officers and staff celebrating the formal end of their two-year partnership by presenting their achievements to other partners and stakeholders in health.



COHORT 1 (9 municipalities)

from the provinces of Nueva Ecija, Aurora, Quezon, Capiz and Maguindanao

MAYORS (from left): Mohamad Paglas (Datu Paglas), Boniao Kali (Gen. S.K. Pendatun), Florante Gerdan (Santa Fe, 2004-10), Al-landatu Angas (Sultan Sa Barongis), Joselito Escutin (Dao), Roger Panganiban (Padre Burgos), Abdulkarim Langkuno (Paglat); not in photo are Bacolod mayor Judith Miquiabas and Dingalan mayor Zenaida Padiernos



COHORT 2 (13 municipalities)

From the provinces of Oriental Mindoro, Romblon, Camarines Sur, Sorsogon, Samar, Zamboanga del Norte, Zamboanga del Sur and Zamboanga Sibugay

MAYORS (clockwise from left): Dennis Sy-Reyes (Pilar), Joselito Miquiabas (Bacolod-Cohort 1), Teodorico Padilla (Santa Fe-Cohort 1), Daylinda Sulong (Lapuyan), Joselyn Lelis (Prieto Diaz), Lucia Astorga, MD (Daram), Randy Climaco (Tungawan), Leovegildo Basmayor Jr. (Minalabac), Dindo Rios (San Fernando), Belman Mantos (San Pablo), Mario Quijano, MD (Pinabacdao), Ernilo Villas (Bulalacao) and Rolando Tablezo (Leon Postigo)



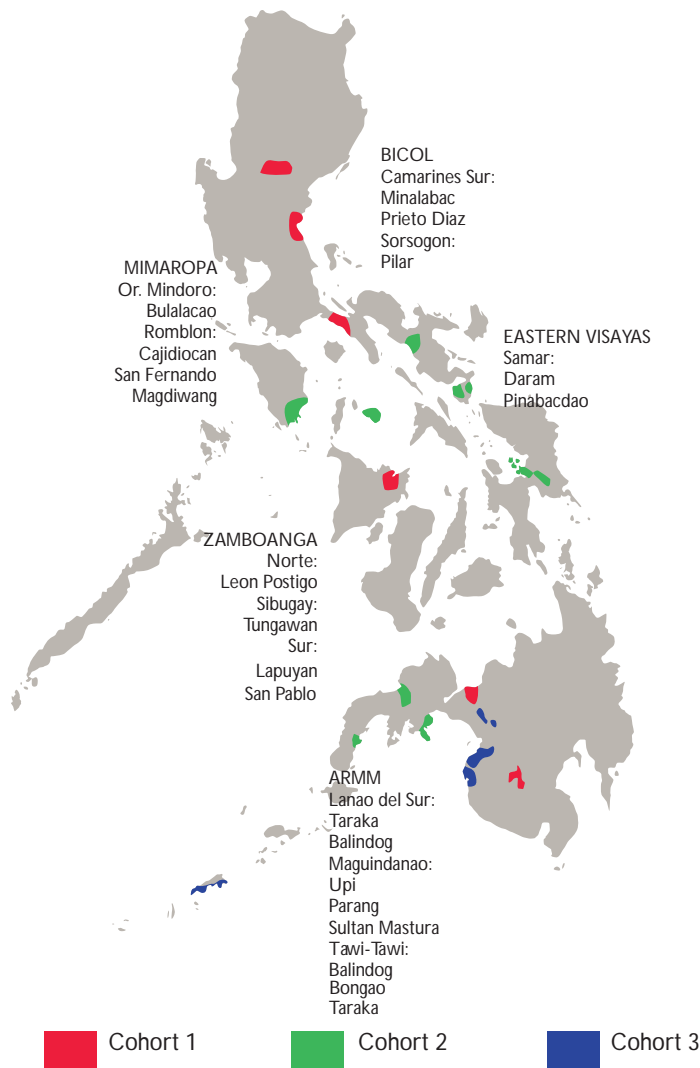
COHORT 3 (8 municipalities)

From the ARMM provinces of Lanao del Sur, Maguindanao, Sulu and Tawi Tawi

MAYORS (from left): Nazif Ahmad Abdurrahman (Simunul), Jasper Que (Bongao), Ruben Platon (Upi), Nurbert Sahali (Panglima Sugala), Ibrahim Ibay (Parang), Amenodin Sumagayan (Taraka), Ibarra Manzala (Magdiwang-Cohort 2); (center) Raysalam Mangondato (Balindong); not in photo is Datu Armando Mastura of Sultan Mastura.

HIGHLIGHT: Evaluation and learning led to adjustments in the selection of partner-municipalities and design of programs.

Additional Partner-Municipalities:
Cohorts 2 and 3



Cohorts 2 and 3 are from five priority regions with the most challenging health issues in the country.



Continuing Professional Education: Frontline health workers of our partner-municipalities underwent the strengthened skills upgrading program in 2010. Wilma Fuentes, a midwife from Bacolod, Lanao del Norte practices suturing on chicken meat (left). Midwives and barangay health workers of Padre Burgos, Quezon participate in a role playing exercise during a maternal health course.



Barangay Health System Strengthening: Barangay (village) captains and health councilors undergo an abridged Bridging Leadership workshop to get them actively involved in addressing health issues in the community. Photo shows Barangay Captain Delapaz Nisnisan of Barangay Demologan in Bacolod, Lanao del Norte (left) presenting his village's health vision, objectives and accomplishments to other community leaders.

Health Leadership & Management for the Poor (HLMP): The new HLMP employs a case study method instead of just the usual lectures. At right are some of the officials from the regions of Mimaropa, Bicol, Eastern Visayas and Caraga discussing a case.

EVERY HEALTH OUTCOME MATTERS

Our strategic approach to achieve better health outcomes ▶▶▶▶▶

1 Shifting perspectives of health leaders

2 Innovating programs for improved health services

3 Influencing policies for healthcare reforms

THE FOUNDATION used a three-pronged strategy that focused on components of the health system where we can create the biggest impact that can, in turn, generate desired influence across the entire Philippine healthcare system. The idea is to make local leaders value and own health issues of their communities. Their transformation facilitates quick implementation of various health programs that benefit the poor, whose options are usually limited to what their local governments offer. As they become model-leaders, their capacity to persuade other local leaders to follow their lead also increases. Partnerships are forged to maximize the unique strengths of various other stakeholders to collaborate on a unified approach that will address health problems. In the succeeding pages, these strategies are illustrated through the various experiences of our Cohort 1 health leaders, fellows and program partners.

1 SHIFTING PERSPECTIVES OF LEADERS

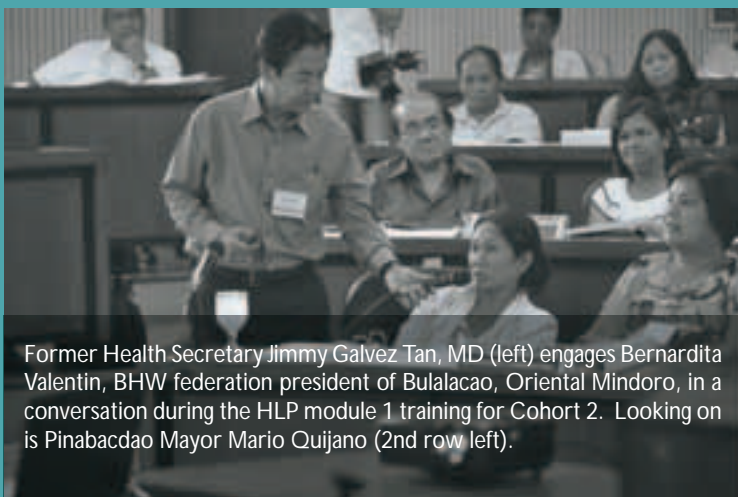
Expected Outcome:

LEADERS WHO ARE MORE RESPONSIVE TO HEALTH ISSUES AND CHALLENGES

CRITICAL to the improvement of the country's health system is the willingness of leaders to act. The Foundation identified local leadership as the starting point for systematic changes that should eventually lead to better health for the poor. Local leaders must own the health issues. They are closer to the people and are in a better position to know specific health problems in their areas. Together with their constituents, they have the advantage of designing health programs that are relevant and appropriate. This requires an understanding of the health situation by local chief executives, public health officials and other community health leaders, as well as multi-stakeholder engagement processes and the enhancement of leadership skills. As municipal leaders transform to become health champions and advocates, capacity building for provincial and regional health officials are also undertaken to encourage them to adopt reforms that could expedite the achievement of better health outcomes in their areas. Local leaders undergo the Foundation's "Health Leaders for the Poor" training program while provincial and regional health officials are trained under the "Health Leadership and Management for the Poor" program.



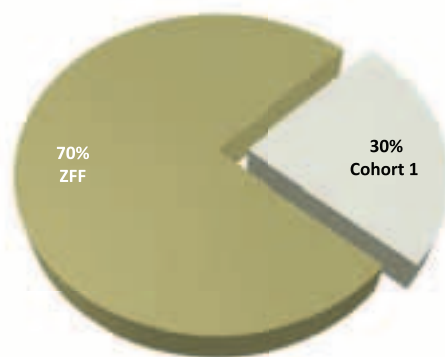
Local chief executives such as Tungawan, Zamboanga del Sur Mayor Randy Climaco, municipal health officers and community leaders from different Cohort 2 municipalities form a small discussion group during module 1 of HLP.



Former Health Secretary Jimmy Galvez Tan, MD (left) engages Bernardita Valentin, BHW federation president of Bulalacao, Oriental Mindoro, in a conversation during the HLP module 1 training for Cohort 2. Looking on is Pinabacdao Mayor Mario Quijano (2nd row left).



San Pablo Mayor Belman Mantos poses a question to former Health Secretary and ZFF trustee Dr. Alberto Romualdez following the latter's presentation on the Philippine health situation during the HLP-module 1 training for Cohort 2.



COST SHARING with COHORT 1 Leadership Development Programs

The total cost of two leadership training programs for Cohort 1 health leaders reached P1.36 million. Of the total, the partner-municipalities shouldered 30% which is composed of transportation and other miscellaneous expenses.

DATUPAGLAS, MAGUINDANAO



Datu Paglas Mayor Mohamad Paglas reiterates the advantages of facility-based deliveries and the importance of regular check-ups for pregnant women during the inauguration of the Foundation-funded birthing clinic.



Dr. Agustina Almirante (fourth from left), leads the municipality's midwives and barangay health workers in declaring, "Kalusugan ng Datu Paglas, toka ko 'to!" (Health of Datu Paglas is my responsibility!)

"I must ensure the good health of my people"

WITH a newfound enthusiasm to bring better health to the people of Datu Paglas, Mayor Mohamad Paglas, along with his health leaders, worked to create a health program that would address the real problems of the community. The mayor knew he needed funding and cannot depend solely on the meager internal revenue allotment. While he sought partnerships, he was against dole-outs. He would always insist on providing a counterpart to show the municipality's commitment to a project. So that poor families would not worry about healthcare costs, the local government enrolled close to 8,000 indigents to the Philippine Healthcare Insurance Corp. This investment paid off as the municipality received capitation funds that were used to pay for health center operations. Despite the overall improvement in Paglas' health situation, the problem of infant mortality remained. To address this, barangay health workers intensified their efforts to educate pregnant mothers about proper pre and post natal care, ensuring they deliver healthy babies and nourish them properly.



2010 Galing Pook in ARMM Award for SLAM Health Programs



2010 Best Rural Health Unit Award given by the Integrated Provincial Health Office of Maguindanao

HEALTH ACHIEVEMENTS

- ZERO maternal death from 2008 to 2010
- Increasing facility-based deliveries: 0.51 ('09), 12.94 ('10)
- Decreasing malnutrition rates: 17.22 ('08) to 13.00 ('10)
- Decreasing TB cases: 68 ('08) to 37 ('10)
- No. of Midwives rose from 4 to 7
- No. of BHWs rose from 3 to 28
- 7,250 Philhealth enrollees
- Philhealth accredited health center: out-patient package, maternity care package, TB DOTS

GEN. S.K. PENDATUN, MAGUINDANAO



Mayor Boniao Kali holds one of many informal discussions with municipal health officer Dr. Renalyn Masukat to talk about health concerns. This photo was taken in front of the ZFF-funded health station.

HEALTH ACHIEVEMENTS

- Philhealth accredited services: out-patient benefit, TB-DOTS and maternity care package
- Increasing facility-based deliveries ('08, '10): 1.41%, 5.31%
- P500/month municipal honorarium for barangay health workers
- Ordinance enrolling up to 2,000 indigents annually
- 10 new Botika ng Barangay established

“Good Health had to start with me”

ONE impressive transformation in leadership was that of Gen. S.K. Pendatun (GSKP) Mayor Boniao Kali who candidly admitted that he used to focus only on his family and his farm. The partnership with the Zuellig Family Foundation, however, made him realize the value of health. Together with his health leaders, they started educating people about good health. When Mayor Kali took a personal stake in health issues, he also effectively made more of his constituents appreciate health. People started taking advantage of health services the municipality was providing. When the second ZFF-funded health center encountered difficulties during construction due to inundated roads leading to the site, villagers took it upon themselves to solve the logistical problems. In spite of these improvements, infant and maternal deaths remained serious problems in GSKP with 25 infant and three maternal mortalities in 2010. To keep the numbers from rising further, the municipality intensified its information campaign to encourage parents to bring their children regularly for immunization and check-up. A program to transform traditional birth attendants (hilots) into health partners or barangay health workers was started to have more personnel teaching mothers about proper natal care.



A regular scene in GSKP's health center is people queuing for consultations and immunization (below). Inside the center (left), a midwife points out to a mother about other vaccines her son still needs.



2010 Galing Pook in ARMM Award for SLAM Health Programs



“Good health, good wealth, good politics”

ONE thing made clear to Paglat Mayor Abulkarim Langkuno during the municipality’s two-year partnership with the Zuelig Family Foundation was that his constituents really needed good health services. He realized, too, that health made for good politics, so he worked to increase the budget for health and used his marketing skills to convince more organizations such as Oxfam and the Department of Social Welfare and Development to support his town’s health programs. Nowadays, the mayor talks proudly about how the locals are generally healthier and that this was brought about by the active work done by the municipality’s health workers in the different villages.

PAGLAT, MAGUINDANAO

HEALTH ACHIEVEMENTS

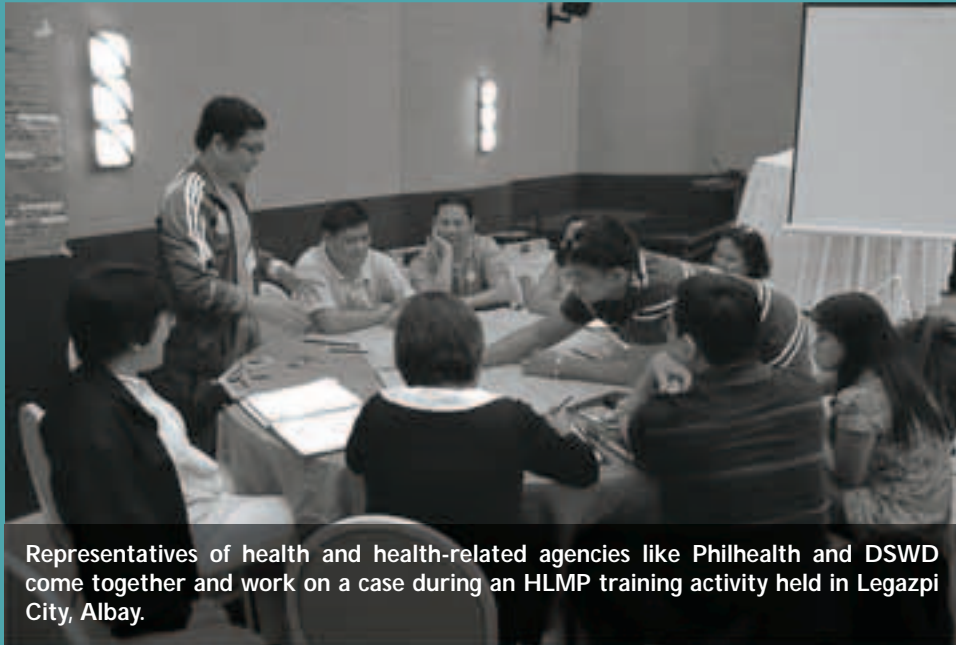
- ZERO maternal death in 2010
- Philhealth accredited RHU: out-patient benefit, maternity care package
- 2,500 indigent families enrolled in Philhealth
- 2 BHWs per barangay
- BHW municipal honorarium of P400 per month
- Travel allowances for midwives



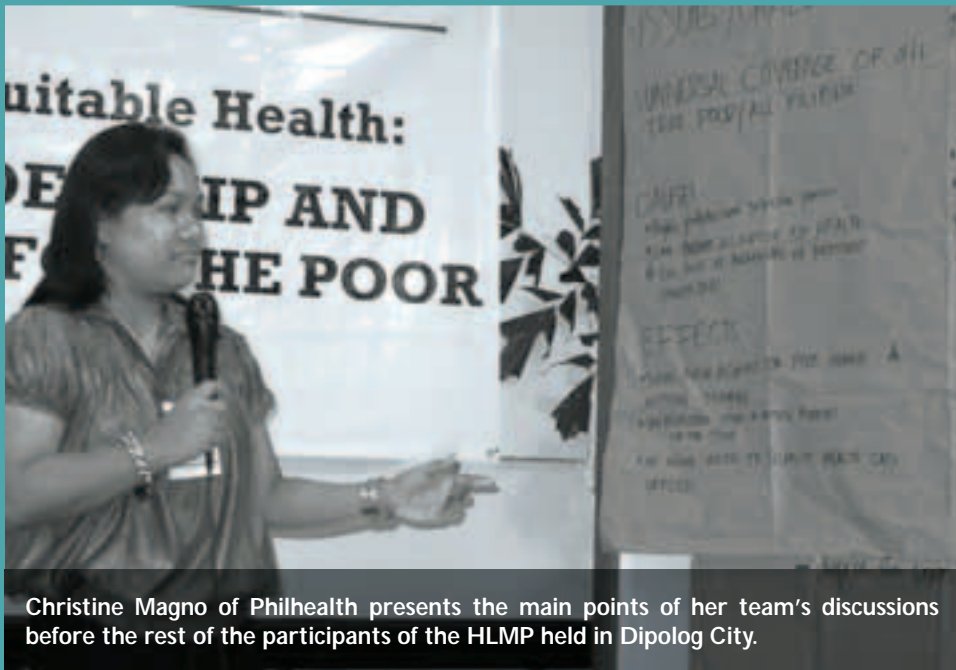
2010 GALING POOK in ARMM Award for Health Program



Mayor Abulkarim Langkuno is shown speaking to his constituents during Paglat’s Community Health Summit (left). At right, Mayor Langkuno deals directly with concerns brought by midwives to his attention. Top photo shows a woman getting water from a donated pitcher pump. The town is also a recipient of ZFF’s and Canada Fund’s Water Sanitation and Hygiene (WaSH) project.



Representatives of health and health-related agencies like Philhealth and DSWD come together and work on a case during an HLMP training activity held in Legazpi City, Albay.



Christine Magno of Philhealth presents the main points of her team's discussions before the rest of the participants of the HLMP held in Dipolog City.

HEALTH LEADERSHIP & MANAGEMENT FOR THE POOR

IN 2010, the Health Leadership and Management for the Poor program underwent significant changes, which were reflected in the selection of participants and in the new training design and curriculum. The changes were made to engage the resource-rich provincial and regional health systems.

Aside from senior and mid-level health managers of the Center for Health Development – including Regional Directors and DOH-Representatives – as well as Provincial Health Officers and Chiefs of Hospitals, participants of the HLMP now include senior officials of PhilHealth and the DSWD in regions where ZFF has cohort municipalities. This arrangement provides local health leaders with a supporting environment where integration of small health systems (barangay and municipal) with larger health systems (provincial and regional) can be strengthened.

Two training activities under the modified program were conducted in 2010 for participants coming from areas with cohort municipalities. The first had participants from the Zamboanga Peninsula, while the second involved those coming from the priority regions of MIMAROPA, Bicol, Eastern Visayas and CARAGA.

"I'm glad I attended the training because we are so used to the usual training our agency gives--improving the technical aspects of our work--that we sometimes forget to look into ourselves and reflect on our roles as leaders in health."

---Philhealth Region X Division Chief Christine Magno

2 INITIATING PROGRAMS FOR IMPROVED HEALTH SERVICES

Expected Outcome:

BETTER DELIVERY OF HEALTH SERVICES AND IMPROVED HEALTH INDICATORS

A CONSEQUENCE of a local leadership enlightened on the citizens' right to health is the ease of developing and introducing programs that can solve health problems. The Foundation facilitates the implementation of these programs by providing various resources to improve health outcomes. The range of assistance that we provide include grants for birthing clinics; equipment grants to furnish these clinics; technical assistance to secure aid from other agencies; professional training to upgrade skills of frontline health workers; and computer and information systems to improve health data gathering, monitoring and analysis. The principle of "resource counterparting" is also encouraged by the Foundation to strengthen each municipality's ownership and accountability for the health programs. The graph on the opposite page clearly illustrates that our Cohort 1 made significant contributions to complete infrastructure projects and implement different health programs.



Shown are ingredients used for making food supplements under the Indigenous Supplementary Mixture program now being implemented in various ZFF cohort-municipalities.



A nutrition databoard is displayed in the health center of Bacolod, Lanao del Norte (left). At right is the pregnancy databoard of Dao, Capiz that can be found inside the municipal health center.



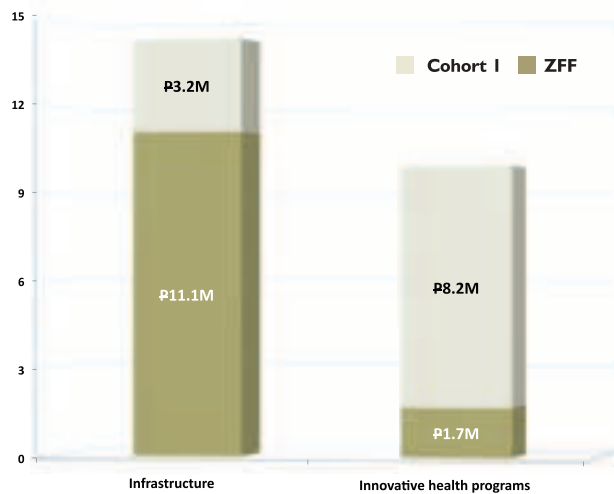
Pregnant women of Lapuyan, Zamboanga del Sur attend the first Buntis Congress of the municipality.



A Maguindanao midwife practices infant CPR during a skills upgrade training provided by the ZFF.



COST SHARING with COHORT I Infrastructure and Health Innovative programs



A municipal health office staff in Dingalan, Aurora inputs the most recent data to the health information system provided by the ZFF.



Upper photo shows residents of Padre Burgos in Quezon waiting for the opening of the newly-built birthing clinic in their municipality. Lower photo shows San Pablo, Zamboanga del Sur Mayor Belman Mantos leading the groundbreaking ceremonies for the health facility to be built in his town.

“Why did one maternal death cause much distress?”

MAYOR Joselito “Nonoy” Miquiabas remembers the time when his wife, then Mayor Judith Miquiabas, got so bothered by the case of a woman who died giving birth. After attending his first leadership training with the Zuellig Family Foundation, he finally understood why his wife felt that way. This made it easy for him to grant his wife’s request that the Buntis Congress, as well as the Community Health Summit be done annually, especially after seeing the overwhelming response of the people to these events. He also immediately reactivated and expanded the local health board and then tapped his municipal councilor for health, Effimaco Duhaylungsod, also a ZFF health leader, to regularly convene his counterparts at the barangay level. To be more efficient, the mayor asked them to solve health problems that they could at their level and elevate to him only those that require his attention and decision.

BACOLOD, LANAOS DEL NORTE

HEALTH ACHIEVEMENTS

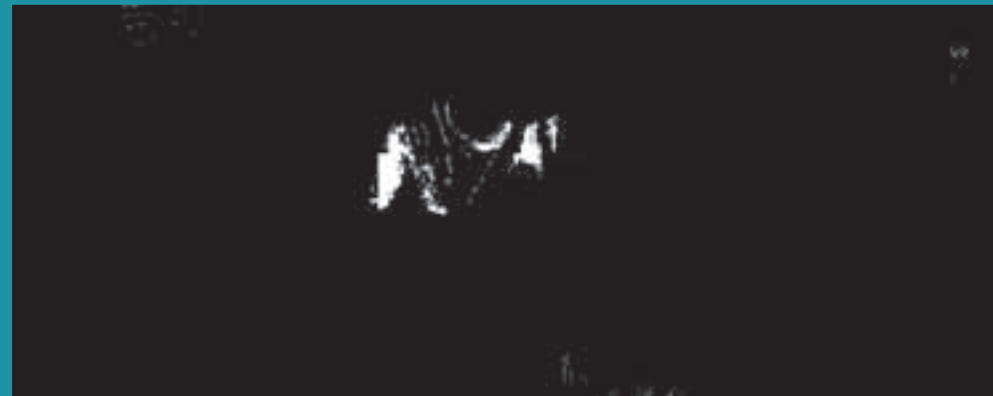
- ZERO maternal mortality ('08 to '10)
- ZERO infant mortality ('09 to '10)
- Increasing facility-based deliveries ('08 to '10): 57.2%, 91.95%, 97.93%
- Increasing births attended by skilled health personnel ('08 to '10): 97.97%, 98.43%, 99.59%
- Decreasing malnutrition rates ('09-'10): 16.48%, 11.78%
- No. of Midwives increased from 12 ('08) to 16 ('10)
- No. of BHWs increased from 92 ('08) to 108 ('10)



Pregnant women have fun during a game that was part of Bacolod’s Buntis Congress.



Mayor Joselito Miquiabas (left), with councilor Effimaco Duhaylungsod, presents his town’s health status and his plans to address priority health issues during the Bridging Leadership training for barangay health leaders in the municipality.



Former Mayor Judith Miquiabas (standing) listens to the discussions of a group of participants to Bacolod’s Health Summit.

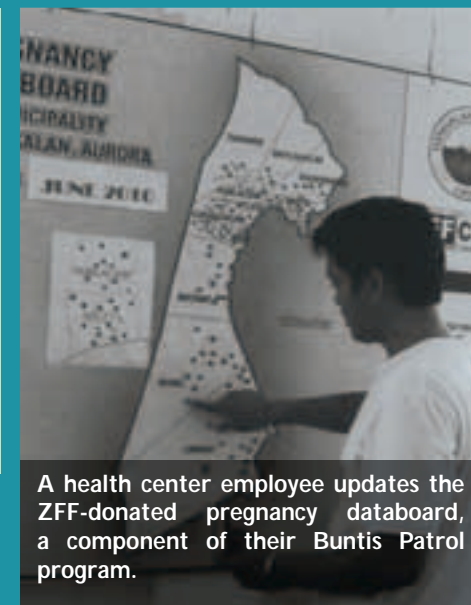
DINGALAN, AURORA



Dingalan Mayor Zenaida Padiernos holds a dialogue with her constituents to discuss health concerns of the municipality.

HEALTH ACHIEVEMENTS

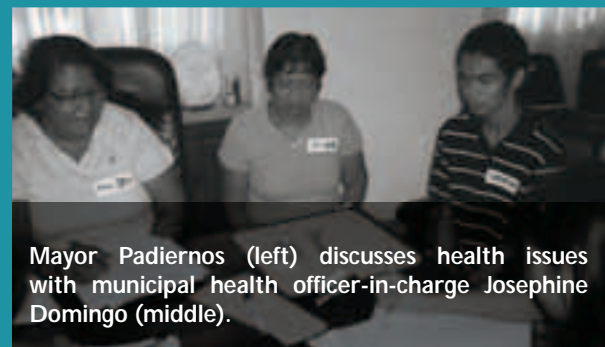
- Increasing facility-based deliveries ('08-'10): 23.95%, 59.96%, 61.24%
- Decreasing incidence of infant deaths ('08-'10): 4, 3, 1
- Decreasing malnutrition rate ('09-'10): 21.53%, 13.52%
- Decreasing Malaria prevalence rate ('08-'10): 377%, 93%, 70%
- Increasing membership in the Local Health Board: from 18 ('08) to 25 ('10)
- Increasing budget allocation for health: P4.13M ('08) to P6.13M ('10)



A health center employee updates the ZFF-donated pregnancy databoard, a component of their Buntis Patrol program.

"I had to listen to the people"

AFTER attending the first module of the Zuellig Family Foundation leadership training program, Mayor Zenaida Padiernos realized something had to change in her style of governance. She needed to listen and hear from her own people about problems besetting their communities. Opening up her lines of communication with her health leaders and her constituents enabled her government to properly plan and implement programs to address the pressing health issues in her town. They initiated an innovation that has been copied by the other cohort-municipalities—the Buntis Patrol—which calls for barangay leaders to list and monitor pregnant women in their respective villages. Despite this innovation, Dingalan had cases of maternal deaths in 2010 which were primarily due to lack of medical facilities in far-flung areas where these pregnant women lived. To overcome this problem, the municipality has been actively seeking partnerships with various agencies to fund the building of more clinics. Infant deaths have been decreasing since 2008, with one death reported in 2010. To intensify its health information campaign and improve the health seeking behaviour of locals, barangay health assemblies were conducted to educate residents about the free medical services, especially for children, that health centers provide.



Mayor Padiernos (left) discusses health issues with municipal health officer-in-charge Josephine Domingo (middle).

SANTA FE, NUEVA VIZCAYA



Mothers, with their children in tow, flock to receive medical services given by the local government of Santa Fe, a municipality whose population is mostly composed of indigenous people from the tribes of Ibaloi, Kalanguya, Kankanay and Iwak.

“Health has nothing to do with politics”

GOOD thing the Foundation's programs reignited Dr. Ernesto Robancho's passion to serve the people of Santa Fe as its municipal health officer (MHO), and brought overall health improvements in the municipality. When Mayor Teodorico Padilla succeeded Mayor Florante Gerdan in 2010, he had little knowledge about the Zuellig Family Foundation. His MHO's reassurance, coupled with improved health statistics shown to him, convinced Padilla that there was genuine value in the partnership program. Mayor Padilla would later say that he was glad Mayor Gerdan did not seek re-election for he might have lost given the positive changes the former mayor made, particularly in health. Mayor Padilla said learning about Bridging Leadership taught him that real health service goes beyond giving away medicines and building clinics. So he started campaigning to increase his constituent's knowledge about health so that they will start to demand their right to receive proper healthcare.

HEALTH ACHIEVEMENTS

- ZERO infant mortality since 2008
- Increasing facility-based deliveries ('08-'10): 24.85%, 45.76%, 72.56%
- Increasing births attended by skilled health personnel ('09-'10): 56.95%, 72.56%
- Increasing percentage of households with sanitary toilets ('08-'10): 71.0%, 78.7%, 90.93%
- Philhealth enrollees from 1,500 to 2,200 indigent families



Mayor Teodorico Padilla Jr. shares his insights during a ZFF-leadership training.

SULTAN SA BARONGIS, MAGUINDANAO



Mayor Allandatu Angas (second from left) leads his constituents in reciting his municipality's health slogan of "Better health for everyone in Sultan sa Barongis."



The number of consultations increased in the SSB as residents now regularly visit health centers for medical check-ups.



A woman harvests tomatoes from her backyard garden as part of a program to address malnutrition.

"Without teamwork, the leader will have great difficulty"

MAYOR Allandatu Angas credits his very good working relationship with the members of the municipal health leadership team--Aisha Amba (nurse) and Debualeg Utto (municipal planning and development officer)--for the success of their health programs. Inputs of each enabled them to implement programs that targeted specific health issues. They also got respected religious health leaders to speak about health. This made people listen and led to improved health-seeking behaviour. People also greatly appreciated the "Food Always in the Home program" (home gardening) since children got the nutrition they needed at lesser costs.

HEALTH ACHIEVEMENTS

- ZERO maternal mortality ('09-'10)
- Increasing births attended by skilled health personnel ('08-'10): 33.7%, 45.7%, 47.1%
- P500 monthly municipal honorarium for BHWs
- Increasing facility-based deliveries ('08-'10): 0.62%, 0.16%, 3.11%
- Decreasing TB cases ('08-'10): 39, 30, 22
- Philhealth-accredited RHU: TB-DOTS, maternity care package, out-patient benefit



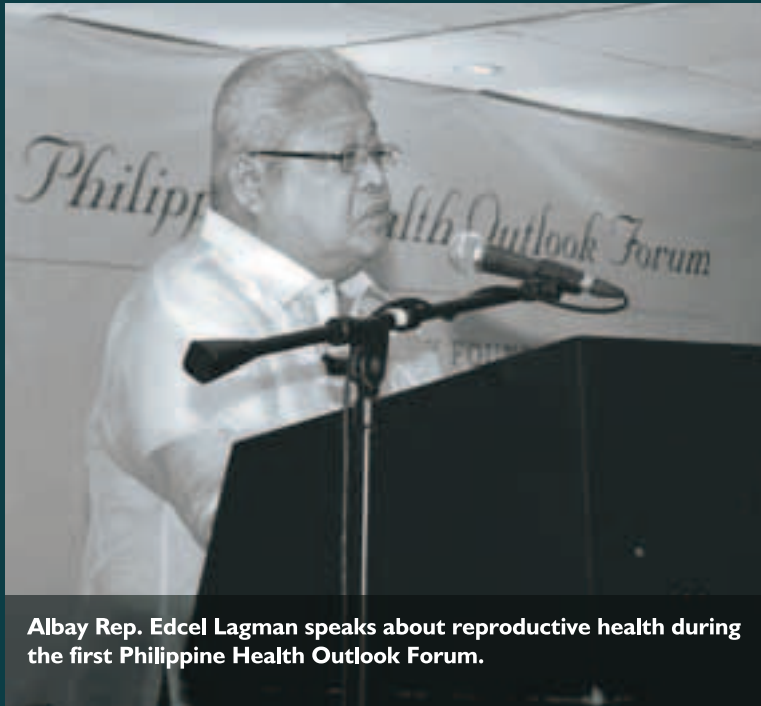
2010 GALING POOK in ARMM Award for SLAM Health Programs

3 INFLUENCING POLICIES FOR HEALTHCARE REFORMS

Expected Outcome:

PROGRAMS PLANNED & IMPLEMENTED REDUCE HEALTH INEQUITIES

THE COUNTRY needs health policies that are based on equity and human rights. Thus, the Foundation welcomes the Aquino government's quest for universal healthcare for all Filipinos because we see it as the right step towards removing inequities that have burdened poor Filipinos. Through the Health Outlook Forum in 2010, we provided a venue for the government to explain its health agenda to a diverse group of stakeholders. Moreover, we used the forums to promote the creation of multi-stakeholder partnerships or what is popularly known as public-private partnerships (PPP). Already, we have a PPP that will focus on improving the health situation of people in the Zamboanga Peninsula region. At the local level, our capability-building programs have been designed so leaders develop the critical responses necessary to formulate and sustain good health policies. These include strong political commitment, community ownership and effective leadership and stewardship. As our leaders imbibe these qualities, they become effective advocates of equitable health policies among their colleagues.



Albay Rep. Edcel Lagman speaks about reproductive health during the first Philippine Health Outlook Forum.



In 2010, Cohort 2 municipalities held their respective Community Health Summits. Shown is Pilar, Sorsogon mayor Dennis Sy-Reyes speaking before his constituents during the summit.



Health Secretary Enrique Ona shares a light moment with ZFF chairman Roberto Romulo during the second Philippine Health Outlook Forum.

“The Mayor is the key”

DAO Mayor Joselito Escutin knows that mayors hold the key to the success of any program. He gave his full support to his health leadership team and actively participated in the different health programs. He also wanted all Daonhons to be well-informed about health. To do this, he had all his barangay leaders attend a training program that introduced them to the Bridging Leadership. His barangay leaders now spearhead such health programs like blood-letting, health facilities upgrading and water systems improvement. Dao’s enviable health situation allowed Escutin to influence the Cuartero-Dao-Dumarao inter-local health zone to adopt policies such as simultaneously holding health activities in the three towns and creating an animal bite center. As chair of the most functional ILHZ in CapiZ, Escutin helped secure a European Union grant for a new hospital and an ambulance from the Philippine Charity Sweepstakes Office.

DAO, CAPIZ



Dao Mayor Joselito Escutin (middle) rallies his townmates to support the government’s various health programs during a training for the skills upgrade of barangay health workers and midwives. In photo are Dr. Humblelyn Horneja, Municipal Health Officer (third from right) and Vice Mayor Lorie Esloba (rightmost), both members of Dao’s health leadership team.



Photo shows a pregnant woman undergoing pre-natal check-up (left) in the renovated rural health unit where a baby also undergoes newborn screening (right).

HEALTH ACHIEVEMENTS

- ZERO maternal mortality in 2010
- ZERO infant death for 2 years since 2009
- Decreasing malnutrition rate ('08 to '10): 6.04%, 5.47%, 4.51%
- Decreasing TB cases: ('08 to '10): 70, 57, 44
- Increasing percentage of households with sanitary toilets ('08-'10): 67.2%, 68.4%, 77.4%
- Philhealth accredited services: maternity care package, out-patient benefit package, TB-DOTS, newborn care package

PADRE BURGOS, QUEZON



Mayor Roger Panganiban talks about his municipality's health achievements during a leadership training with other mayors in attendance.

HEALTH ACHIEVEMENTS

- ZERO maternal death in 2010
- Increasing facility-based deliveries ('08-'10): 0%, 14.35%, 38.07%
- Increasing births attended by skilled health personnel ('08-'10): 11.9%, 20.37%, 42.64%
- Decreasing malnutrition rate ('08-'10): 19.14%, 17.50%, 16.56%
- Decreasing TB cases ('08-'10): 35, 32, 30

“Prove your commitment by giving what you can to a project”

IF THERE is one thing Mayor Roger Panganiban learned to appreciate most from his town's partnership with the Zuellig Family Foundation, it is the practice of providing a local counterpart to development projects. For Panganiban, health service is a primary public service that public officials must not expect to profit from. He willingly provided the necessary resources for health programs because people need them. He also instilled the value of giving counterparts by asking his constituents to give what they can - labor, money or materials. He also wants the Agdangan-Unisan-Padre Burgos inter-local health zone to practise counterparting. According to Padre Burgos municipal health officer Dr. Rolan Mendiola, the two other towns are quite envious of their health achievements and have shown willingness to follow their example.



Nurses and residents of Padre Burgos wait for the formal start of clinic operations in the newly-built CARD Clinic. The Foundation provided the medical equipment for the clinic.



Agdangan Mayor Rhadam Aguilar (center) listens to a point raised by Unisan Municipal Health Officer Dr. Fabian Zubiri during an inter local health zone meeting held in Padre Burgos, Quezon.

“First of Few Public-Private Partnerships for Health”

IN OCTOBER 2010, the Foundation signed a Memorandum of Understanding with the Department of Social Welfare and Development and the Department of Health. This memorandum was for the formation of the Zamboanga Health Alliance, which Social Welfare Secretary Corazon “Dinky” Soliman described during the signing as “the first of few (public-private partnerships) to focus on poverty reduction and health.”

The Foundation pushed for the creation of the Alliance to improve linkages between municipal, provincial and regional systems, particularly because curative care is provided for by the provincial health system while the regional offices provide the policy, technical support and access to resources.

The Alliance is composed of 51 Zamboanga Peninsula municipalities (including four from Cohort 2), DOH-Region IX, DSWD-Region IX and Philhealth-Region IX.

The Foundation is looking forward to similar alliances being replicated by the DOH and DSWD in other provinces and regions.



DSWD Secretary Dinky Soliman, ZFF Chairman Roberto Romulo and DOH-IX Chief of Hospital Manuel Ponce sign the memorandum of understanding for the creation of the Zamboanga Health Alliance.



One of the families in Ticala Island, San Pablo, Zamboanga del Sur, which the Foundation hopes will soon enjoy better health services through the efforts of the Zamboanga Health Alliance.



Health Secretary Enrique Ona leads the presenters who explained the Aquino Health Agenda during the Second Health Outlook Forum.



Present during the 2nd HOF were (from left): ZFF chairman Roberto Romulo, former Health Sec. Francisco Duque, Health Sec. Ona, former President Fidel Ramos and former Health Sec. and ZFF trustee Alberto Romualdez.



During the First HOF, World Health Organization-Representative in the Philippines Dr. Soe Nyunt-U stresses the need to engage politicians, health professionals and communities and the creation of a common legislative agenda if meaningful system reform is to be achieved.

HEALTH OUTLOOK FORUM

IN 2010, the Foundation hosted two national Health Outlook Forums (in January and October). Both forums, which were attended by incumbent health secretaries, served as venues to discuss serious health challenges and promote relevant public-private partnerships (PPPs) to an audience composed of government officials, businessmen, and representatives of international organizations, NGOs, academe, the pharmaceutical industry, and professional organizations.

A series of roundtable discussions (RTDs) were subsequently held to concretize action plans that can be collectively undertaken by relevant stakeholders to address specific issues raised during the HOF. These RTD's focus on four specific issues—(1) information and communications technology, (2) health financing, (3) health facilities and MDGs on health, and (4) the Autonomous Region in Muslim Mindanao (ARMM).

During one particular RTD on ARMM, DOH-ARMM Secretary Kadil Sinolinding agreed on the need for PPPs, saying “We will need a very strong public-private-client partnership so that we can really come up with something that is tangible to immediately and effectively address our health challenges in the ARMM.”



During a break in the First HOF, then Health Sec. Esperanza Cabral exchanges views with ZFF Chairman Roberto Romulo and Professor Arsenio Balisacan following the latter's presentation about health and human development in the Philippines.

Community Disaster Response Program

SINCE 1997, the Foundation has been providing assistance to Filipinos affected by natural calamities and man-made disasters. In May 2010, clashes between warring factions of the Moro Islamic Liberation Front displaced 387 families in Barangay Kulambog in our partner-municipality of Sultan sa Barongis, Maguindanao. Disaster kits were given by the Foundation to each family. In October 2010, super typhoon Juan damaged P1.4 billion worth of infrastructure and agricultural products, and affected over 100,000 families in Central and Northern Luzon. The Foundation distributed 1,450 disaster kits in the provinces of Isabela, Cagayan and Pangasinan. Each disaster kit contained a sleeping mat, mosquito net, blanket, cooking pot and water container.



Top and right photos show residents of Sultan sa Barongis who were among those who had to seek temporary shelter in the houses of their relatives in neighboring villages after their houses were burned down by warring militia factions.



Victims of typhoon Juan in the province of Cagayan receive their disaster kits from the Foundation.



Partner Municipalities



COHORT 1

Dingalan, Aurora

Zenaida Padiernos-Mayor
Josephine Domingo, R.N.
Mercy Bolanos-Civic leader

Santa Fe, Nueva Vizcaya

Florante Gerdan-Mayor (2004-10)
Teodorico Padilla-Mayor (2010-present)
Ernesto Rabancho Jr., MD-MHO
Allan Paclit-Civic leader

Padre Burgos, Quezon

Dominador Villena-Mayor (2004-2010)
Roger Panganiban-Mayor (2010-present)
Rolan Mendiola, MD-MHO
Carmencita Mengua-Civic leader
Teresita Verano, R.N.

Dao, Capiz

Joselito Escutin-Mayor
Mary Humbelyn Horneja, MD-MHO
Loreto Eslaban-Civic leader,
Vice Mayor (2010-present)

Bacolod, Lanao del Norte

Judith Miquiabas-Mayor (2007-2010)
Joselito Miquiabas-Mayor (2010-present)
Jaime Magat, MD-MHO
Effimaco Duhaylungsod-Civic leader,
Councilor (2010-present)
Milma Gedo-Cruz, R.N.

Datu Paglas, Maguindanao

Mohamad Paglas-Mayor
Agustina Almirante, MD-MHO
Danny Dondoy-Civic leader
Arcadio Duruin

Gen. S. K. Pendatun

Boniao Kali-Mayor
Renalyn Masukat, MD-MHO
Abraham Masukat-Civic leader

Paglat, Maguindanao

Abdulkarim Langkuno-Mayor
Farah Salik, R.N.
Mangoda Hadji Usop-Civic leader

Sultan sa Barongis, Maguindanao

Allandatu Angas-Mayor
Aisha Amba, R.N.
Debualleg Utto-Civic leader



COHORT 2

Cajidiocan, Romblon

Festo Galang-Mayor
Heidee Exconde, MD-MHO
Erlinda Pomarejos- Barangay Health
Worker (BHW) President

Magdiwang, Romblon

Ibarra Manzala-Mayor
Rowena Dianco, MD-Mayor
Margie Rosas-BHW President

San Fernando, Romblon

Dindo Rios-Mayor
Nolmer Ruallo, MD-MHO
Heide Rodino-BHW President

Bulalacao, Oriental Mindoro

Ernilo Villas-Mayor
Imelda Ramos, MD-MHO
Bernardita Valentin-BHW President

Minalabac, Camarines Sur

Leovegildo Basmayor Jr.-Mayor
Renabeth Vera, MD-MHO
Judith Ramoso-BHW President

Pilar, Sorsogon

Dennis Sy-Reyes-Mayor
David Daza, MD-Mayor
Romelias Robles-BHW President

Prieto Diaz, Sorsogon

Jocelyn Lelis-Mayor
Wilma Lustestica, MD-MHO
Bernardo Domasig-BHW President

Daram, Sorsogon

Lucia Astorga-Mayor
Khrystina Cielo Mabutin, MD-MHO
Milagros Gatil-BHW President

Pinabacdao, Samar

Mario Quijano, MD-Mayor
Rosario Achazo-BHW President
Cornelio Solis, MD-MHO

Leon Postigo, Zamboanga del Norte

Rolando Tablezo-Mayor
Jane Jaug, MD-MHO
Elizabeth Antipolo-BHW President

Lapuyan, Zamboanga del Sur

Daylinda Sulong-Mayor
Janet Macni, MD-MHO
Salina Lumpinas-BHW President

San Pablo, Zamboanga del Norte

Belman Mantos-Mayor
Hermelado Catubig Jr., MD-MHO
Irenea Gupong-BHW President

Tungawan, Zamboanga Sibugay

Randy Climaco-Mayor
Corazon Peligrino, MD-MHO
Enriqueta Pusodo-BHW President

Partner-Municipalities and HLMP Fellows



COHORT 3

Balindong, Lanao del Sur

Raysalam Bagul Mangondato-Mayor
Aida Abaton, MD-MHO
Salic Ali-Barangay Councillor

Taraka, Lanao del Sur

Amenodin Sumagayan-Mayor
Bolawan Delawi, MD-MHO
Mangawan Sarigidan-Municipal Councillor

Parang, Maguindanao

Ibrahim Pendet Ibay-Mayor
Abdul Rahman Biruar, MD-MHO
Abdulrakman Ganduan-Municipal Councillor

Sultan Mastura, Maguindanao

Datu Armando Mastura-Mayor
Raul Delosa, MD-MHO
Safrah Pandarat

Upi, Maguindanao

Ruben Platon-Mayor
Carmelo Esberto, MD-MHO
Myrna Lou De Vera-Municipal Councillor

Bongao, Tawi-Tawi

Jasper Que-Mayor
Sangkula Laja, MD-MHO
Talib Ibbo, Jr. -Municipal Councillor

Panglima Sugala, Tawi-Tawi

Nurbert Sahali-Mayor
Fatima Jahama, R.N.-Public Health Nurse
William Jamasali-Municipal Councillor

Simunul, Tawi-Tawi

Nazif Ahmad Abdurrahman-Mayor
Fauzuddin Sarani, R.N.-Public Health Nurse
Al-Trekee Dayan

HLMP FELLOWS, Batch 6

Mimaropa Region

Dr. Faith Alberto-Assistant Regional Director
Haydee R. Abao-Philhealth Member Services Officer II
Dr. Elsa S. Alberto-Provincial Health Team Leader
Dr. Ruth R. Cervo-DOH Representative
Dr. Anthony K. Cruzado-Chief of Hospital
Dr. Benito Daite-DOH Representative
Ralph Falculan-DOH Representative
Dr. Cynthia B. Mayor-DOH Representative
Juan Montaña Jr.-Philhealth Chief Social Insurance Officer
Dr. Paolo Johann C. Perez-Philhealth Regional Vice President

Bicol Region

Ma. Lucila S. Agripa-OIC-Provincial Health Team Leader
Dr. Napoleon L. Arevalo-Medical Specialist IV
Dr. Joseph Chavez-OIC-COH
Clarita B. Formento-DOH Representative
Dr. Edgar F. Garcia, Jr.-Provincial Health Officer II
Marlyn T. Marbella-DOH Representative
Dr. Rey Millena-Medical Specialist II
Filipinas Nena Pasilaban-DOH Representative
Dr. Raoul Emmanuel O. Zantua-Medical Specialist III

Eastern Visayas

Jocelyn D. Nabong-DOH Representative
Annalisa Babon-DOH Representative
Deogenes O. Daradal-DOH Representative

HLMP FELLOWS, Batch 6

Caraga Region

Dr. Cesar C. Cassion-OIC-Asst. Regional Director
Ms. Ma. Jazmin M. Sarce-Nurse IV
Dr. Sandria C. Yu-Medical Specialist IV
Mr. Epifanio P. Carbonilla-Nurse V
Mr. Erwin Pingal-Medical Technologist II
Ms. Herodina T. Preston-Nurse V
Dr. Teodofreda Sarabosing-Medical Officer VII
Ms. Grace M. Lim-Medical Officer IV

Ateneo de Zamboanga University

Dr. Jerald Ramos-Community Coordinator
Dr. Christian Roy Sarmiento-Community Coordinator

Center for Health Development

(Zamboanga Peninsula)
Dr. Joshua Brillantes-CHD Personnel, LHSD Chief
Dr. Manuel A. Isagan-CHD Dentist IV

Philhealth (Zamboanga and Lanao del Norte)

Marlon Arrabaca-Regional Membership & Marketing Head
Arnyl Corpuz-Social Insurance Officer III
Lyndon Cudal-Social Insurance Officer III
Katherine H. Eustaquio-Social Insurance Assitant
Christine Magno-Philhealth Service Office Chief
Rachel M. Pinsoy-Social Insurance Officer III

Zamboanga del Norte

Dr. Marcelito Lacaya-Chief of Hospital of Sindangan District
Dr. Eduardo Luayon-Provincial Health Officer
Patria K. Luna-Provincial Health Team Leader
Natividad P. Opeña-DOH Representative
Christie A. Vesagas-DOH Representative
Fe L. Yasa-DOH Representative

Zamboanga del Sur

Engr. Wilfredo D. Casas-Provincial Health Team Leader
Floro Fabe-DOH Representative
June Christine Mantos-DOH Representative
Mary Jane Bernabe-Mohammad Sali-DOH Representative
Saturnino Paciencia-DOH Representative

Zamboanga Sibugay

Dr. Pamela Abellana-OIC, Chief of Hospital
Dr. Ulysses Chiong-CEO, Alicia Inter-local Health Zone
Ms. Mary Libertine Cañeda-DOH Representative
Ms. Maria Agnes P. Ortega-DOH Representative
Mr. Wilmer Ranario-Executive Assistant III, Provincial Hospital
Ms. Vivian Villamor-DOH Representative

Lanao del Norte

Anita Meca-DOH Representative
Dailina Perang-Chief Nurse

PROGRAM & FUNDING PARTNERS

Canadian International Development Agency-
Canada Fund for Local Initiatives

Caucus of Development NGO Networks

Center for Agriculture and Rural Development
Mutually Reinforcing Institutions

Center for Community Transformation

Department of Health

Department of Health-ARMM

Department of Social Welfare & Development

Foundation for Information Technology Education
and Development

Jollibee Foundation

Kapit Bisig Laban sa Kahirapan-Comprehensive and
Integrated Delivery of Social Services

Naga City People's Council

Salus Healthcare Informatics, Inc.

Management & Staff



OFFICE OF THE CHAIRMAN

Roberto R. Romulo - Chairman (*not in photo*)
 Melanie B. Reyes - Executive Assistant (7)

OFFICE OF THE PRESIDENT

Ernesto D. Garilao - President (*not in photo*)
 Wesley T. Villanueva - Executive Assistant (1)

INSTITUTE:

Juan A. Villamor - Director (18)
 Ramir T. Blanco, M.D. - Project Associate (2)
 Ana Katrina A. Go - Program Assistant (6)
 Rocio Isabel R. Paloma - Program Assistant (11)

COMMUNITY HEALTH PARTNERSHIP PROGRAM

Anthony G. Faraon, M.D., M.P.H. - Director (4)
 Mike U. Juan - Project Manager (*not in photo*)
 Sherwin D. Pontanilla, R.N., M.D. - Program Associate (15)
 Jerry Jose - Project Associate (*not in photo*)
 Jenny R. Macaraan - Program Assistant (13)
 Ching G. Araneta - Program Assistant (5)
 Cash C. Maghirang - Program Assistant (17)
 Vito M. Dy - Project Associate (10)
 Karen A. Lipio - Project Associate (9)

SUPPORT GROUP

Cesar B. Yu, LI.B., CPA - Group Head (3)
 Baby Theress D. Castanos - HR Manager (8)
 Eileen P. Leus - Administrative Manager (12)
 Maricar D. Tolosa - Corp. Comm. Associate (14)
 Minda M. Remoto - Finance & Admin Assistant (*not in photo*)
 Gilmer D. Cariaga - Admin Assistant (16)

Independent Auditor's Report

The Board of Trustees
The Zuellig Family Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Zuellig Family Foundation, Inc. (a nonstock, nonprofit corporation), which comprise the statements of assets, liabilities and fund balance as at December 31, 2010 and 2009, and the statements of revenues, expenses and fund balance and statements of cash flows for the years 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 Philippine Financial Reporting Standard for Small and Medium-sized Entities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine 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 Zuellig Family Foundation, Inc. as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities.

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 on taxes, duties and license fees in Note 12 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 The Zuellig Family Foundation, Inc. This 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.

Maria Vivian C. Ruiz
Partner
CPA Certificate No. 83687
SEC Accreditation No. 0073-AR-2
Tax Identification No. 102-084-744
BIR Accreditation No. 08-001998-47-2009,
June 1, 2009, Valid until May 31, 2012
April 13, 2011

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2010	2009 (As restated - Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	49,874,854	25,478,314
Receivables (Note 5)	628,498	45,894
Prepaid and other current assets	342,003	153,112
Total Current Assets	50,845,355	25,677,320
Noncurrent Asset		
Property and equipment (Note 6)	4,671,816	3,918,914
	55,517,171	29,596,234
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	8,777,108	3,828,922
Advances from a related party (Note 8)	222,496	96,434
Total Current Liabilities	8,999,604	3,925,356
Noncurrent Liability		
Retirement liability (Note 11)	7,865,872	4,650,615
Fund Balance (Note 2)	38,651,695	21,020,263
	55,517,171	29,596,234

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF REVENUES, EXPENSES AND FUND BALANCE

	Years Ended December 31	
	2010	2009 (As restated -Note 2)
REVENUES		
Donations (Note 8)	72,142,976	53,377,180
Interest (Note 4)	1,048,858	1,166,396
Others	1,411	7,625
	73,193,245	54,551,201
EXPENSES (Note 10)		
Salaries, wages and other benefits	13,472,168	8,253,870
Infrastructure projects	9,064,183	3,169,056
Professional fees	7,823,799	8,280,351
Materials and supplies	6,823,319	8,916,654
Trainings and seminars	6,298,462	3,894,782
Transportation and travel	3,568,434	1,760,550
Retirement costs (Note 11)	3,215,257	4,650,615
Depreciation (Note 6)	2,095,086	981,449
Communication, light and water (Note 8)	2,039,793	1,199,445
Insurance	173,148	188,349
Unrealized foreign exchange losses	160,159	70,077
Meetings and conferences	96,123	191,647
Donations and contributions	21,000	257,500
Rent (Notes 8 and 9)	–	1,045,530
Others	710,882	540,630
	55,561,813	43,400,505
EXCESS OF REVENUES OVER EXPENSES	17,631,432	11,150,696
FUND BALANCE AT BEGINNING OF YEAR (Note 2)	21,020,263	9,869,567
FUND BALANCE AT END OF YEAR	38,651,695	21,020,263

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2010	2009 (As restated -Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	17,631,432	11,150,696
Adjustments for:		
Retirement costs (Note 11)	3,215,257	4,650,615
Depreciation (Note 6)	2,095,086	981,449
Interest income (Note 4)	(1,048,858)	(1,166,396)
Unrealized foreign exchange losses	160,159	70,077
Loss on disposal of equipment	–	14,757
Operating revenues before working capital changes	22,053,076	15,701,198
Decrease (increase) in:		
Receivables	(588,075)	(23,125)
Prepaid and other current assets	(188,891)	88,997
Increase (decrease) in:		
Accrued expenses and other payables	4,948,186	(2,007,276)
Advances from a related party (Note 8)	126,062	(36,148,972)
Net cash generated from (used for) operations	26,350,358	(22,389,178)
Interest received	1,054,329	1,331,751
Net cash provided by (used in) operating activities	27,404,687	(21,057,427)
CASH FLOW FROM AN INVESTING ACTIVITY		
Additions to property and equipment (Note 6)	(2,847,988)	(3,025,194)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,556,699	(24,082,621)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(160,159)	(70,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,478,314	49,631,012
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	49,874,854	25,478,314

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

1. General Information

The Zuellig Family Foundation, Inc. (the Foundation, formerly The Zuellig Foundation, Inc.) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC). Its new registered office address is 5F Zuellig Pharma Bldg., Km. 14, West Service Road, South Super Highway, Sun Valley, Parañaque City. 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. The Foundation has 15 and 11 regular employees in 2010 and 2009, respectively.

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 the provision of Revenue Regulations (RR) 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, "An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes." The accreditation shall be valid for a period of five years from the date of certification unless sooner revoked by the Bureau of Internal Revenue. The grant was renewed on November 15, 2010 and shall be valid until August 25, 2015.

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 donations, gifts or charitable contributions. However, income from any of its properties, real or personal, or from any of its activities conducted for profit shall be subject to regular corporate income tax.

On March 9, 2009, the SEC approved the change in name of the Foundation from The Zuellig Foundation, Inc. to The Zuellig Family Foundation, Inc.

The financial statements were authorized for issuance by the Board of Trustees (BOT) on April 13, 2011.

2. Summary of Significant Accounting PoliciesBasis of Preparation

The financial statements have been prepared using the historical cost basis. The financial statements are presented in Philippine peso and all values are rounded to the nearest peso, unless otherwise stated.

Statement of Compliance

The financial statements of the Foundation which were prepared for submission to the SEC and the Bureau of Internal Revenue, have been prepared in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Transition to the PFRS for SMEs

The financial statements for the year ended December 31, 2010 are the Foundation's first financial statements prepared in accordance with PFRS for SMEs. The Foundation's date of transition to the PFRS for SMEs is January 1, 2009. For all periods up to and including December 31, 2008, the Foundation prepared its financial statements in accordance with generally accepted accounting principles applicable to non-publicly accountable entities (previous GAAP). This note explains the principal adjustments made by the Foundation in restating its previous GAAP financial statements.

Reconciliations

The following reconciliations show the effect of the transition on the Foundation's fund balance from the previous GAAP to the PFRS for SMEs at December 31, 2009, and on the Foundation's revenues over expenses for the year ended December 31, 2009.

	December 31, 2009 (End of last period presented under previous GAAP)
Total fund balance under previous GAAP	25,670,878
Restatement of employee benefits	4,650,615
<u>Total fund balance under the PFRS for SMEs</u>	<u>21,020,263</u>

Reconciliation of revenues over expenses

	2009
Revenues over expenses for the year under previous GAAP	15,801,311
Restatement of employee benefits	4,650,615
<u>Total revenues over expenses under the PFRS for SMEs</u>	<u>11,150,696</u>

Note to reconciliations from previous GAAP to PFRS for SMEs

Employee Benefits – Defined Benefit Plans. Under the previous GAAP, the Foundation does not recognize retirement costs. Under the PFRS for SMEs, the Foundation used the projected unit credit method in measuring retirement benefit expense and has elected to recognize all actuarial gains (losses) as part of profit or loss in the statement of revenues, expenses and fund balance.

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, which are based on normal credit terms and do not bear interest, are recognized and carried at original invoice amounts. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. 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 or loss.

If there is any objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e., the effective interest

rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. The initial cost of property and equipment comprises its purchase price, and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. It excludes the costs of day-to-day servicing.

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

Transportation equipment	4 years
Office equipment	3 years
Furniture and fixtures	3 years

If there is any indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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 revenues, expenses and fund balance in the year the asset is derecognized.

Impairment of Property and Equipment

At each reporting date, property and equipment is 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. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

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 profit or loss.

Accrued Expenses and Other Payables

Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when legally enforceable claim against the Foundation is established or when the corresponding assets or expenses are recognized.

Revenue

Revenue is recognized to the extent that 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. Revenue is measured at fair value of the consideration received.

The following specific recognition criteria must also be met before revenue is recognized:

Donation and Other Income. Revenue is recognized when earned.

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

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in fund balance. Expenses are recognized in the statement of revenues, expenses and fund balance in the year these are incurred.

Leases

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

Retirement Costs

The Foundation follows the minimum requirements set forth by Republic Act (RA) No. 7641, "An Act amending Article 287 of Presidential Decree no. 442,

as amended, otherwise known as the Labor Code of the Philippines", covering all regular employees based on current monthly basic salaries. The retirement cost is determined using the projected unit credit method. Projected credit unit method reflects services rendered by employees to the date of the valuation and incorporates assumptions concerning employees' projected salaries. The present value of an entity's obligations reflects the discounted estimated amount of benefit that employees have earned in return for their service in the current and prior periods. This requires the entity to determine how much benefit is attributable to the current and prior periods based on the plan's benefit formula and to make actuarial assumptions about demographic and financial variables.

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.

Contingencies

Contingent liabilities are not recognized in the financial statements. These 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.

Events after the Financial Reporting Date

Post year-end events that provide additional information about the Foundation's financial position as of 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.

3. Significant Accounting Judgments and Estimates

Judgment

Management makes judgments in the process of applying the Foundation's accounting policies. Judgments that have the most significant effect on the reported amounts in the financial statements are discussed below.

Operating Lease Commitments - Foundation as Lessee. In 2009, the Foundation leased its office space under a non-cancellable operating lease as a lessee. As a lessee, the Foundation has determined that it does not retain all the significant risks and rewards of ownership of the office.

Total rent expense in 2009 amounted to 1.0 million (see Notes 8, 9 and 10).

Classification of Expenses. The Foundation classifies and allocates its expenses between project and general and administrative expenses according to their nature. Project expenses are expenses which are directly incurred for the completion of the Foundation's activities relating to community health partnership programs, training and capability programs and other projects. General and administrative expenses are expenses which are not directly related to project expenses.

Project expenses in 2010 and 2009 amounted to 43.2 million and 28.4 million, respectively, while general and administrative expenses in 2010 and 2009 amounted to 17.0 million and 10.3 million, respectively (see Note 10).

Estimates

The key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets within the next financial year is discussed below.

Estimating Useful Lives of Property and Equipment. The useful life of each item of the Foundation's property and equipment is estimated based on the period over which the asset is expected to be available for use. The estimation of the useful lives of property and equipment is also based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed if there is any indication that expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in these factors and circumstances. A reduction in the estimated useful life of any property and equipment would increase the recorded expenses and decrease noncurrent assets.

There were no changes in estimated useful lives of property and equipment for the years ended December 31, 2010 and 2009.

The carrying value of property and equipment amounted to 4.7 million and 3.9 million as of December 31, 2010 and 2009, respectively (see Note 6).

Impairment of Property and Equipment. The Foundation assesses impairment on its property and equipment whenever events or changes in circumstances indicate that 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.

No impairment losses were recognized for the years ended December 31, 2010 and 2009. The carrying value of property and equipment amounted to 4.7 million and 3.9 million as of December 31, 2010 and 2009, respectively (see Note 6).

Valuation of Retirement Liability. The Foundation follows the minimum requirements set forth by RA No. 7641 covering all regular employees. The Foundation's cost and obligation to make payments to employees are recognized during the employees' period of service. The cost and obligation are measured using the projected unit credit method, assuming 10 percent average salary increase using the current market yield for government securities. While it is believed that the Foundation's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Foundation's retirement liability.

The Foundation's retirement liability amounted to 7.9 million and 4.7 million as of December 31, 2010 and 2009, respectively (see Note 11).

4. Cash and Cash Equivalents

This account consists of:

	2010	2009
Cash on hand and in banks	6,763,306	9,307,286
Short-term placements	43,111,548	16,171,028
	49,874,854	25,478,314

Cash in banks earn interest at the respective 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.

Interest income earned from cash in banks and short-term placements amounted to 1.0 million and 1.2 million in 2010 and 2009, respectively.

5. Receivables

In August 2010, the Foundation and the Embassy of Canada entered into a Memorandum of Agreement where the Embassy of Canada agreed to donate 1.2 million to be specifically used for the Southwestern Ligawasan Alliance of Municipalities (SLAM) Water Sanitation and Hygiene Project of the Foundation (see Note 10).

The donation is to be made in three tranches. As of December 31, 2010, the Foundation already received the first tranche amounting to 0.6 million (of this amount, 0.2 million has been used for the SLAM Water Sanitation and Hygiene Project). The remaining balance of 0.6 million is shown as part of "Receivables" in the 2010 statement of assets, liabilities and fund balance. In February and April 2011, the Foundation received the last two tranches amounting to 0.5 million and 0.1 million, respectively.

6. Property and Equipment

This account consists of:

	2010			
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Total
Cost				
Balance at beginning of year	2,236,530	1,637,192	1,594,397	5,468,119
Additions	1,631,000	1,053,595	163,393	2,847,988
Balance at end of year	3,867,530	2,690,787	1,757,790	8,316,107
Accumulated Depreciation				
Balance at beginning of year	578,526	752,533	218,146	1,549,205
Depreciation (see Note 10)	729,029	624,712	741,345	2,095,086
Balance at end of year	1,307,555	1,377,245	959,491	3,644,291
Net Book Value	2,559,975	1,313,542	798,299	4,671,816

2009

	Transportation Equipment	Office Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost					
Balance at beginning of year	2,751,909	1,049,289	58,529	1,445,160	5,304,887
Additions	825,530	663,796	1,535,868	–	3,025,194
Disposals/write-off	(1,340,909)	(75,893)	–	(1,445,160)	(2,861,962)
Balance at end of year	2,236,530	1,637,192	1,594,397	–	5,468,119
Accumulated Depreciation and Amortization					
Balance at beginning of year	1,429,096	482,176	58,529	1,445,160	3,414,961
Depreciation (see Note 10)	490,339	331,493	159,617	–	981,449
Disposals/write-off	(1,340,909)	(61,136)	–	(1,445,160)	(2,847,205)
Balance at end of year	578,526	752,533	218,146	–	1,549,205
Net Book Value	1,658,004	884,659	1,376,251	–	3,918,914

7. Accrued Expenses and Other Payables

This account consists of:

	2010	2009
Accrued expenses	8,456,027	3,511,604
Withholding taxes and other payables	321,081	317,318
	8,777,108	3,828,922

Accrued expenses pertain to payable to contractors, unpaid utilities, materials and supplies and professional fees. Accrued expenses and other payables are due for settlement within the following year.

8. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes entities that are under common control with the Foundation, its donors, the BOT and their close family members.

In the ordinary course of operations, the Foundation is engaged in the following transactions with entities that are considered related parties. Advances from a related party are regularly settled within one year.

- Donations amounting to 70.2 million and 36.2 million in 2010 and 2009, respectively, were received from the Zuellig Group, Inc. and its subsidiaries. Two of the Foundation's BOT also donated a total amount of 0.3 million in 2010. These donations were not restricted for use to specific projects of the Foundation. These

were recorded as part of "Donations" account in the statements of revenues, expenses and fund balance.

b. The Foundation entered into operating lease agreement with Philippine Foundation for Global Concerns for a period of six months, from January 9, 2009 to June 30, 2009. Total rent expense amounted to 1.0 million in 2009. Beginning July 1, 2009, the Foundation occupied an office space in Zuellig Pharma Corporation's (ZPC) head office building, which is also the new registered office address of the Foundation, free of any rental charges. However, ZPC bills the Foundation for its share in utilities. ZPC's total charges to the Foundation amounted to 1.4 million and 0.6 million in 2010 and 2009, respectively. These were recorded as part of "Communications, light and water" account in the statements of revenues, expenses and fund balance. As of December 31, 2010 and 2009, the Foundation has unpaid utilities amounting to 0.2 million and 0.1 million, respectively, which were recorded under "Advances from a related party" account in the statements of assets, liabilities and fund balance.

9. Lease Commitment

The Foundation entered into operating lease agreements with one of its related parties for a period of six months, from January 9, 2009 to June 30, 2009 (see Note 8). The Foundation also had a lease agreement with Dayle Holdings Corporation for a period of three years, from August 14, 2006 to August 14, 2009. However, on January 8, 2009, the Foundation pre-terminated the said lease agreement without any penalty charges.

Total rental expense amounted to 1.0 million in 2009.

10. Expenses

The Foundation's expenses consist of the following for the year ended December 31:

	2010		
	Project Expenses	General and Administrative Expenses	Total
Salaries, wages and other benefits	5,590,372	7,881,796	13,472,168
Infrastructure projects	9,064,183	–	9,064,183
Professional fees	7,136,800	686,999	7,823,799
Materials and supplies	6,477,424	345,895	6,823,319
Trainings and seminars	6,216,467	81,995	6,298,462
Transportation and travel	3,277,119	291,315	3,568,434
Retirement costs (see Note 11)	2,409,551	805,706	3,215,257
Depreciation (see Note 6)	–	2,095,086	2,095,086
Communication, light and water (see Note 8)	–	2,039,793	2,039,793
Insurance	–	173,148	173,148
Unrealized foreign exchange losses	–	160,159	160,159
Meetings and conferences	56,310	39,813	96,123
Donations and contributions	–	21,000	21,000
Others	97,416	613,466	710,882
	40,325,642	15,236,171	55,561,813

	2009		Total
	Project Expenses	General and Administrative Expenses	
Salaries, wages and other benefits	5,181,358	3,072,512	8,253,870
Infrastructure projects	3,169,056	–	3,169,056
Professional fees	5,360,369	2,919,982	8,280,351
Materials and supplies	8,736,596	180,058	8,916,654
Trainings and seminars	3,817,486	77,296	3,894,782
Transportation and travel	1,603,012	157,538	1,760,550
Retirement costs (see Note 11)	2,909,830	1,740,785	4,650,615
Depreciation (see Note 6)	–	981,449	981,449
Communication, light and water (see Note 8)	12,467	1,186,978	1,199,445
Insurance	96,002	92,347	188,349
Unrealized foreign exchange losses	–	70,077	70,077
Meetings and conferences	96,749	94,898	191,647
Donations and contributions	257,500	–	257,500
Rent (see Notes 8 and 9)	–	1,045,530	1,045,530
Others	109,524	431,106	540,630
	31,349,949	12,050,556	43,400,505

Project expenses were incurred due to the following activities:

a. Community Health Partnership Program

Municipal Health Systems Strengthening and Other Health Programs. To increase community awareness and participation on health programs and planning, the Foundation encouraged local leaders to form Core Groups and to hold Community Health Summits and “Buntis” Congresses.

Infrastructure grants. So that more people can avail of health services, the Foundation provided infrastructure and small equipment grants to chosen municipalities.

Barangay Health Systems Strengthening Program. The program involved Barangay Captains and Councilors on Health learning about bridging leadership and creating their own barangay plans on health.

Health Information System (HIS). To improve the data gathering and consolidation capabilities of the municipalities, the Foundation developed the HIS. The system allows the generation of a more complete and accurate health statistics and report. Nine municipalities received the hardware and software for the HIS.

SLAM Water Sanitation and Hygiene Project. The project involved the installation of appropriate low-cost communal water systems to help chosen Maguindanao municipalities to have access to potable water and sanitary toilets.

Behavior Change Communication. To establish a baseline of key health indicators and know where to start towards improving people’s health behaviors, the Foundation conducted focus group discussions and in-depth interviews which aim to know the locals’ current behaviors and practices on health in relation to pregnancy and delivery, tuberculosis and child health.

b. Training and Capability Programs

Continuing Professional Education (CPE). The CPE program is one of the core programs of the Foundation aimed at improving the delivery of healthcare services at the community level. The Foundation introduced this program to upgrade the health skills and knowledge of public health workers and professionals, especially those in local health systems.

Health Leadership and Management for the Poor. The program involved various lecture discussions, learning exercises and case studies concerning the best practices and innovations in health.

Health Youth Leaders Congress. The Congress introduced chosen student leaders to health inequities as well as to public health practitioners who have been addressing these inequities.

Action Research and Policy Studies. The Foundation conducted action research on policy environments to determine and address factors that would contribute to the success and sustainability of the health programs of the Foundation.

National Forums. The Foundation aimed to bring together government and private-sector stakeholders to form partnerships in addressing inequities in the health system of the country. The Health Outlook Forum served as a venue for stakeholders across the country to have an understanding of health problems and their corresponding solutions.

c. Other Projects

Community Disaster Relief Program. The Foundation gave disaster kits to families affected by the clash between two separate factions of Moro Islamic Liberation Front (MILF) in Barongis, Maguindanao last May 2010. In October 2010, kits were also given to those affected by the Typhoon Juan.

Access to Affordable Medicines-Zuellig Family Foundation Center for Agricultural and Rural Development-Mutually Reinforcing Institutions (CARD-MRI) Project. A partnership program was entered by the Foundation and CARD-MRI to give CARD members access to quality and low cost medicines.

11. Retirement Costs

The Foundation has an unfunded, noncontributory defined benefit retirement plan covering all permanent employees. The benefits are based on employees' projected salaries and length of service.

The Foundation provided for the estimated retirement cost (based on current monthly basic salaries) required under RA No. 7641.

The Foundation's retirement liability as of December 31, 2010 based on the minimum requirements of RA No. 7641 is as follows:

	2010	2009 (As restated - Note 2)
Liability at beginning of year	4,650,615	-
Retirement costs (see Note 10)	3,215,257	4,650,615
Liability at end of year	7,865,872	4,650,615

12. Supplementary Information Required Under Revenue Regulations 15-2010

On December 28, 2010, Revenue Regulation (RR) 15-2010 became effective and amended certain provision of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS. This information is presented for purposes of filing with the BIR and is not required part of the basic financial statements.

The Foundation reported and/or paid the following types of taxes in 2010:

Taxes and Licenses

Taxes and licenses, local and national, include licenses and permit fees under "Others" in the statements of revenues, expenses and fund balance.

License and permits fees	27,931
Others	500
	28,431

Withholding Taxes

Withholding taxes on compensation and benefits	1,158,635
Expanded withholding taxes	978,629
	2,137,264

ZUELLIG FAMILY FOUNDATION

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