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Universal Health Care

Access to quality care

14

Nutrition

Reduction of wasting and stunting

20

Teenage Pregnancy

Prevention and governance





ZUELLIG FAMILY FOUNDATION
Annual Report 2019

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Cover story

At the foot of a hill 10 kilometers from the main road, 20-year-old Mia Callet and her husband tend a small plot of land planted with corn, tomatoes, and beans. Mia is already a mother to a four-year-old boy and a two-year-old girl. Recognizing the difficulties and responsibilities in her life, she has been practicing family planning since giving birth to her youngest.

Location: Sitio Tagumpay, Barangay Inagawan Sub-Colony, Puerto Princesa City

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Vision

Zuellig Family Foundation (ZFF) is a catalyst for the achievement of better health outcomes for all Filipinos.

Mission

Enable local health systems to effectively achieve better health outcomes for all Filipinos through leadership and governance in partnership with key stakeholders.

Goals

1. All trained local health leaders have improved Bridging Leadership competencies.
2. All trained local health leaders are able to strengthen local health systems with resilient and sustainable community-driven dispositions for better health outcomes.
3. Partnerships with government and other stakeholders are institutionalized for leadership and local health system developments.
4. Lessons learned and evidence are disseminated to advocate responsive policies and programs in public health and governance.



Ernesto D. Garilao
Chairman and President

Roberto R. Romulo
Chairman Emeritus

Austere A. Panadero
Executive Director



“Amid great uncertainty about the future, our management and staff have the unwavering confidence in ZFF’s mission as a catalyst for better health outcomes. We will dedicate our resources to ensure the relevance and immediacy of our programs.”

A Demanding Strategic Journey toward Better Health

We at the Zuellig Family Foundation need to be adept at planning and adapting to realities. While change and crisis bring anxiety, we look for opportunities to improve, adjust and scale up our programs.

Milestones of 2019

We carried out organizational changes in line with our succession plans. Our founding chairman, Roberto R. Romulo, retired, but he remains engaged as chairman emeritus. Our president, Ernesto D. Garilao, succeeds him as chairman, while day-to-day operations are now headed by Austere A. Panadero, a long-time undersecretary of the Department of Interior and Local Government.

We are honored that Ernesto Garilao was given the 2019 Xiong’An International Health Forum Impact Award in recognition of his leadership at ZFF.

By the end of 2019, the ZFF Health Change Model has been introduced to over 800 mayors and governors. Our program demands time, commitment, action and accountability from all participants. Despite the rigors of the training program, many alumni mayors have recommended it to their peers, especially to newly-elected mayors, as they recognized its effectiveness in addressing their municipality’s health problems and in creating productive relationships with stakeholders. Moreover, participants appreciate the relevance of the Health Change Model beyond the health space, as a leadership

training and a methodology to address other community issues, such as the livelihood of disadvantaged sectors of the population.

Strategic intervention for better nutrition

In 2019, ZFF prototyped a new leadership and governance program focused on nutrition. Tested in two alumni rural municipalities in partnership with the Kristian Gerhard Jebsen Foundation (KGJF), the towns’ health leaders succeeded in defining an integrated and comprehensive strategy to improve nutrition for the first 1000 days (F1KD), i.e. to ensure the health of mother and child from the time of conception and throughout the first two years of the child’s life.

We are likewise encouraged by the potential of our program in helping the country reach its targets for a sizeable reduction in stunting. The Philippines has been struggling with the persistent incidence of stunting and has been able to achieve just a 1-percentage point decline annually¹. As of 2018, 25.2% of Filipino children 0 to 23 months are stunted². Our two pilot areas achieved a 4-percentage point reduction in stunting³.

Our model for improved nutrition addresses a serious, yet often overlooked issue. Malnutrition is typically associated with images of very thin children with bulging stomachs. However, a more prevalent and irreversible effect of insufficient nutrition during the F1KD, albeit hardly visible, is poor brain and body development, which can lead to a compromised ability to fight infection and the impairment of productivity well into adulthood.

Thanks to our strong partnerships with Nutrition International, the United Nations Children’s Fund (UNICEF) and KGJF, we have been able to extend our nutrition programs to more areas. These initiatives are timely, especially in view of the signing into law in late 2018 of Republic Act No. 11148, also known as the “First 1000 Days Law”.

National social emergency

Last year, the government sounded the alarm about the increasing number of teenage pregnancies throughout the country, calling it a “national social emergency.” Over the past years, ZFF has been addressing this pressing issue in partner-municipalities whose leaders expressed concern over a growing number of pregnant teens among their constituents.

Currently, our Health Change Model is being used in a partnership with the United Nations Population Fund (UNFPA) to bring down adolescent birth rates by improving the capacities of youth builders and youth leaders in creating relevant policies and programs. There is also a prototype governance program in Puerto Princesa addressing the same. We have also been training senior officials of the Commission on Population (POPCOM) in Bridging Leadership methods and skills to help them engage local governments in implementing adolescent sexual and reproductive health programs. Our partnership continues beyond 2019. We are confident that their improved capabilities will contribute to a reversal in the incidence of teenage pregnancies.

¹ Sources of basic data: Department of Science and Technology-Food and Nutrition Research Institute’s National Nutrition Surveys

² 2018 Expanded National Nutrition Survey

³ Nutrition Center of the Philippines, Baseline and End-line Population Survey in Gamay, Northern Samar and Looc, Romblon

From maternal health to Universal Health Care

The pivot to nutrition and teenage pregnancies complements our unrelenting intent to prevent maternal deaths. Attention to the “First 1000 Days” means to ensure pregnant women are well nourished throughout their pregnancy as well as after giving birth in order to ensure the healthy growth and development of their newborn child. Preventing teenage pregnancies means preventing high risk pregnancies of girls whose bodies have not yet fully developed or who are not yet in a position to ensure a healthy family life.

In reaching these desired health outcomes, our trained health leaders transform their health systems to become responsive to the needs of their people. Specific to the 2019 Universal Health Care (UHC) Act is the creation of province-wide and city-wide health systems. Our prototype program and our partnership with United States Agency for International Development (USAID) have been extended to provincial governors and city mayors to fix the building blocks of their health systems and transition to UHC. Participating in these programs are 10 of the 33 areas under the Department of Health’s UHC Integration Sites program. These provincial and city health leaders have started preparing their systems for the necessary changes, and win the support of their mayors and village chiefs. They have expressed confidence in their ability to quickly transition despite the initial implementation challenges.

Continuing our mission as catalyst

Ever since ZFF started its programs in 2008, we have set ourselves ambitious goals. We gauge our success not just on better health outcomes and indicators but also on how quickly they improve. This is how we keep our leading edge in public health leadership and governance programs. We want to contribute significantly in making sure every Filipino has access to solid health care services and will benefit from better health outcomes.

With the support and trust of our partners, we have the confidence to accept new challenges, as has become necessary in the face of the COVID-19 pandemic that has overwhelmed our country’s healthcare systems. Thanks to our partnerships with the Department of Health, KGJF, Nutrition International, UNFPA, UNICEF, USAID and Pilipinas Shell Foundation, we have been able to expand the use and reach of the ZFF Health Change Model. And with them, we shall strive to provide municipal and provincial health leaders with skills and knowledge needed to address the challenges of COVID-19, and to reduce infections and deaths.

Amid great uncertainty about the future, our management and staff have the unwavering confidence in ZFF’s mission as a catalyst for better health outcomes. We will dedicate our resources to ensure the relevance and immediacy of our programs. We are heartened to hear ever more public health leaders and officials attest to experiencing professional and personal transformations that help them to work toward better health outcomes and equity.



ZFF’s past and present partners: Assisi Development Foundation, Ateneo de Davao University, Ateneo de Zamboanga University, B. Braun Medical Supplies, Benguet State University, CARD-MRI, Carlos P. Romulo Foundation, Cebu Normal University, Center for Community Transformation, Commission on Population, Consuelo Foundation, Davao Medical School Foundation, Department of Health, Development Academy of the Philippines, East West Seed Foundation, Foundation for Information Technology Education and Development, Jollibee Foundation, KBA-NotaSys, Kristian Gerhard Jebsen Foundation, Makati Medical Center Foundation, Manila Observatory, MSD for Mothers Global Giving Program, Medicines Transparency Alliance Philippines, Metro Drug, Nutrition International, Netsuite.org, Panasonic HQ for Solar Lantern Project, Pascal Gueissaz and Careerplus, Peace and Equity Foundation, Pfizer Philippines, PHAPCares Foundation, Philippine Nurses Association of America, Pilipinas Shell Foundation, ROK Water, Seaoil Foundation, Silliman University, Solar Energy Foundation Philippines, St. Paul University Philippines, Synergeia Foundation, Tabang Visayas, TeaM Energy Foundation, UNFPA Indonesia and Indonesian National Family Planning Coordination Board, United Nations Children’s Fund, United Nations Population Fund, United States Agency for International Development, University of California-San Francisco’s Malaria Elimination Initiative, University of Makati, University of the Philippines (UP) Manila-College of Public Health, UP Manila School of Health Sciences (Palo), UP Visayas, University of Sydney School of Public Health, US-Philippines Society, Vitamin Angels, Wireless Access for Health, 162 to 52 Coalition

Milestones in 2019

FEBRUARY

Universal Health Care (UHC) is signed into law.

MARCH

Mayors and other health leaders from 12 alumni Community Health Partnership Program towns celebrate their health gains during their colloquium.

APRIL

Governors from Agusan del Sur, Aklan, and Bataan formally sign agreements to start their UHC journey with ZFF.

MAY

UNFPA-ZFF team holds inception meetings with presidents of Sangguniang Kabataan of various towns in Mindanao for the program to address teenage pregnancies.

JULY

Chairman Roberto R. Romulo announces his retirement.
Nutrition International and ZFF launch their partnership program to improve First 1000 Days in 3 cities.

AUGUST

Rising teenage pregnancy is tagged as a national social emergency by the government.

SEPTEMBER

Two rural towns under ZFF's partnership with the Kristian Gerhard Jebsen Foundation (KGJF) present their achievements in nutrition during their colloquium.

OCTOBER

ZFF chairman and president Ernesto D. Garilao receives the 2019 Xiong'An International Health Forum Impact Award in China.

UNICEF and ZFF sign a formal partnership agreement for nutrition program. ZFF pilots its public course offering. Provincial Leadership and Management Program for UHC had health leaders from Quezon Province.

DECEMBER

KGJF commits to another round of partnership for nutrition governance.

Cases of viral pneumonia (COVID-19) in Wuhan City, China start getting reported.

ZFF Numbers

AREAS WITH ZFF HEALTH CHANGE MODEL, 2008-2019

774
Municipalities

27
Provinces

ZFF PROGRAMS AND NUMBER OF HEALTH LEADERS TRAINED IN 2019

Provincial Leadership and Governance Program **71**

Provincial Leadership and Management Program **35**

Youth Leadership and Governance Program (ZFF - United Nations Population Fund partnership) **121**

City Nutrition Governance Program (ZFF-Nutrition International partnership) **38**

Institutionalization of Health Leadership and Governance Program (ZFF - United States Agency for International Development partnership) **469**

ACADEMIC PARTNERSHIPS, AS OF 2019

10
Academic institutions

155
Faculty trained

Easing access to quality care



■ Bataan Governor Albert Garcia (standing third from left) wants the life expectancy in his province to improve from an average 71 years to 75 years by 2020. Since joining the ZFF Provincial Leadership and Governance Program, he has made health systems development a priority to achieve this goal and to provide a better quality of life for the people of the province.

If the Universal Health Care Act is properly implemented, then it will reduce the out-of-pocket payments made by Filipinos whenever they access healthcare services.

Universal Health Care can also rectify some of the deficiencies resulting from the devolution of health matters to the local government units (LGUs) in 1991. The law calls for clinical, managerial, and financial integrations, but the way toward the integrations remains undefined, making the task of creating province and city-wide health systems formidable.

The Zuellig Family Foundation has begun assisting its partner LGUs in fast-tracking their transition to UHC using its experience and expertise helping LGUs create local health systems responsive to the real needs of the people.

“Because of the strategic vision and intervention of the ZFF, I think we are going to be successful (at implementing Universal Health Care law). Even the DOH is relying on most of the provincial partners of ZFF to develop the proof of concept and for you (ZFF) to roll it out to the rest of the country.”

-Bataan Governor Albert S. Garcia, participant in ZFF’s Provincial Leadership and Governance Program versions 2 and 3

OUT-OF-POCKET HEALTH CARE SPENDING, AS % OF PH'S CURRENT HEALTH SPENDING¹

2018
54% → TARGET FOR 2022
<50%

AUTOMATIC PHILHEALTH MEMBERSHIP OF ALL FILIPINOS²

2018
98% → 100%

¹ Philippine Statistics Authority, National Economic and Development Authority (NEDA)
² NEDA

Strategic Steps toward Universal Health Care

The Zuellig Family Foundation (ZFF) closely monitored developments in the crafting of the implementing rules and regulations of the Universal Health Care Act, so its health leadership and governance program for provinces remains aligned with the national government’s framework and strategy.

Prior to its release, ZFF had been working with its three partner-provinces—Agusan del Sur, Aklan, and Bataan—to pinpoint critical areas in their health systems needing reforms that could bring them closer to the creation of a responsive province-wide health system. This led all three provinces to prioritize the strengthening of their primary health care systems.

Bataan developed a barangay (village)-based monetary incentive program (P50,000 per barangay) designed to reduce communicable and non-communicable diseases in communities. This effectively intensified promotion of various health programs. Bataan will thus begin to strengthen all its village health systems using this experience, plus the Samal

primary care pilot program by the University of the Philippines involving the reduction of out-of-pocket expenses by allocating P2,000 for healthcare services for every resident.

In Agusan del Sur, current provincial health officers will be designated as service delivery managers who will oversee the planned two sub-provincial health systems, which will be formed from their present four inter-local health zones and the service delivery network including private health facilities.

Aklan plans to shift to a district health system that would maximize the health resources of clustered municipalities. The province will make sure each district will have a secondary laboratory, primary care physician, nurse, and pharmacist. Hospital capacities will also be upgraded to become level 1 hospitals from their current infirmary level.

Despite the different approaches by the three provinces, all have the same goal: a responsive province-wide system that results in improved health outcomes.

	Live Births			Maternal Deaths			Infant Deaths		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Agusan del Sur	13,738	13,482	12,654	8	6	8	100	60	10
Aklan	9,439	9,287	6,724	5	11	7	101	106	47
Bataan	13,566	13,500	15,404	7	4	8	17	25	34

Source: Field Health Service Information System (2019 data-partial)

	Stunting Prevalence Rate			Wasting Prevalence Rate		
	2017	2018	2019	2017	2018	2019
Agusan del Sur	14%	11%	10%	4%	3%	3%
Aklan	8%	6%	6%	2%	3%	2%
Bataan	9%	11%	5%	3%	3%	2%

Sources: Operation Timbang, local government unit scorecards



■ Aklan Governor Florencio Miraflores (standing left) and the provincial health officer Dr. Leslie Ann Luces (standing 2nd from left) are looking to improve not only the province’s hospital system but also the overall primary health care system so overcapacity in the main referral hospital is reduced, and medical services in district hospitals and municipal health units improve.

Multi-stakeholder ownership puts Sarangani ahead in UHC implementation

As governor of Sarangani, one of the poorest provinces¹ in the country, Steve Solon relies heavily on partnerships to move health initiatives forward.

He first learned about the Bridging Leadership (BL) framework in 2012, while he was still vice governor, and again in 2018 as part of the Provincial Leadership and Governance Program (PLGP), under the partnership of the Zuellig Family Foundation (ZFF) with the United States Agency for International Development (USAID). Solon adopts a multi-stakeholder approach in fixing health systems and addressing health challenges through the Bridging Leadership (BL) principles of co-ownership and co-creation.

When malnutrition emerged as a major problem in Sarangani, affecting over 52,000 children, the provincial government hosted the Convergence Forum for Social Inclusiveness in Health. This led to complementary actions from national agencies and non-profit organizations that supported the province's nutrition campaign.

The provincial health core group on health, which Solon formed with private and public partners, helps monitor the execution and effectiveness of health programs.

When the Department of Health chose Sarangani as one of 33 provinces for the pilot implementation of the Universal Health Care (UHC) Act, Solon gathered municipal mayors, chiefs of hospitals and other stakeholders in a provincial dialogue to work together to make Sarangani an effective integration site for UHC.

Because most mayors and hospital chiefs were familiar with BL, having undergone other ZFF programs, they recognized the need to improve primary care services in their areas of responsibility and to strengthen the province's service delivery network for UHC readiness.

The municipal governments are now working on the accreditation of their birthing homes with the Philippine Health Insurance Corp. (PhilHealth), while the provincial government is upgrading its hospital facilities and hiring more health personnel so Sarangani can have more Level 1 hospitals for referred patients coming from the planned health districts.

Solon mandated the creation of 22 health districts, which will have an 8-hour laboratory, 24-hour birthing home, 8-hour consultation, a pharmacy with 26 essential medicines, an animal bite treatment center, and the capability to treat pediatric and adult tuberculosis.

The people's co-ownership of Solon's health vision has put Sarangani ahead of richer provinces in implementing the UHC Act. Empowered local leaders will be crucial for the technical, management and financial integration mandated by the UHC Act in the coming years.

Sarangani Health Indicators	2017	2018	2019
Maternal Mortality Ratio	72	72	50
Infant Mortality Rate	2	2	2
Facility-Based Delivery	87	90	92
Stunting Prevalence Rate, 0-5 years, %	16	10	9
Wasting Prevalence Rate, 0-5 years, %	6	3	3

Sources: Field Health Service Information System, Provincial Health Office



■ Sarangani Governor Steve Solon (standing) has been successful in making his trusted allies and co-leaders co-owners of the province's health challenges and co-creators of programs to overcome them. Sarangani, the first province to adopt the Indigenous People's Code, has improved nutrition indicators, and reinforced its already functional service delivery network, which is important under the Universal Health Care Law.

¹ Source: Philippine Statistics Authority

Accelerating reduction in wasting and stunting



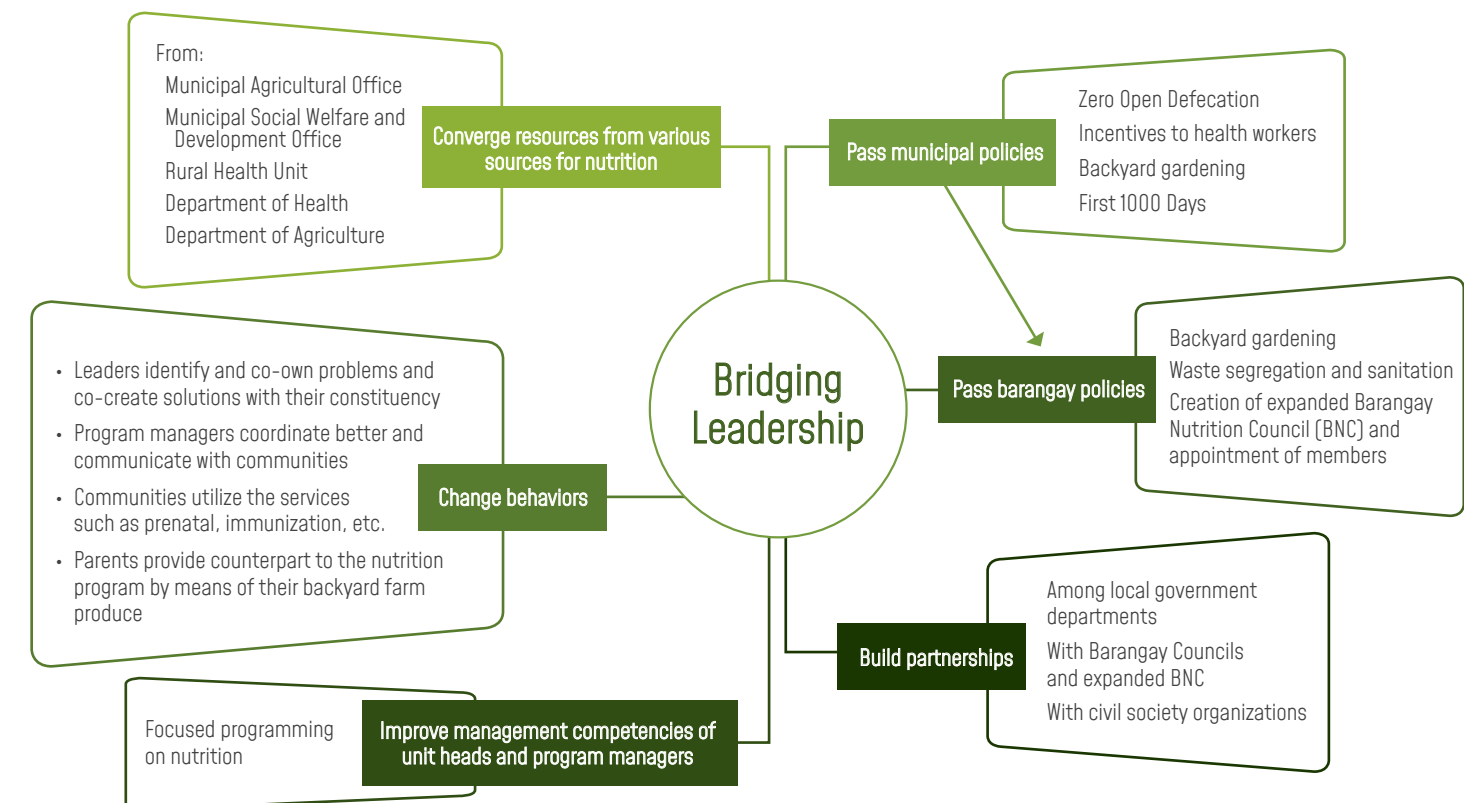
■ Improving nutrition leadership and governance allows the strategic harmonization of different national and local government programs in nutrition and the early achievement of better nutrition outcomes. With a focus on nutrition, agricultural programs should specify crops that not only provide livelihood but also serve as a source of nutritious food for locals.

Malnutrition has often been raised as a major concern by the Foundation’s partner-local government units. In 2019, it identified two of its alumni-municipalities to pilot a model for governance intervention¹ to address specific nutrition deficiencies. In the municipalities of Gamay in Northern Samar and Looc in Romblon, leaders and workers for nutritional health were introduced to leadership and technical training programs that saw their nutrition indicators improve. Research was conducted to determine the results and to evaluate the interventions.

The summative evaluation² found that the leadership training component of the programs helped mayors and their fellow “nutrition leaders and nutrition workers” to take strategic action, incorporating sustainability and community-support measures into their nutrition programs.

Given the intervention’s potential to accelerate improvements in nutritional health throughout the country, ZFF appreciates the participation of additional partners to enable it to scale up the program and to thus make a meaningful contribution toward the achievement of the national nutrition targets by 2022.

LEADERSHIP ACTS FOR IMPROVED NUTRITION



¹ A partnership with the Kristian Gerhard Jebsen Foundation made the intervention possible.

² Done by Makabuhay - Maka-agham na Kawanggawa para sa Kalinangan ng Buhay <http://www.makabuhay.info/>

Better governance for improved nutrition

In 1994, the rate of undernutrition among Filipino children was 39%. By 2018, in 24 years, it decreased by merely 9 percentage points to 30%¹, despite the rollout of several nutritional programs, such as feeding, vitamin supplementation, backyard and school gardening, etc.

Based on the Zuellig Family Foundation's experience in piloting its nutrition governance program in two rural alumni-municipalities, these initiatives need to be harmonized and coordinated with different agencies if they are to become effective in quickly addressing malnutrition. Its strategic approach in accelerating the reduction of stunting and wasting is based primarily on targeting the first 1000 days (F1KD).

Targeting the first 1000 days—from conception until around two years—is also strategic in reducing stunting and wasting, which, if left unchecked, could have lasting undesirable impacts on the life of an individual.

With funds from the Kristian Gerhard Jepsen Foundation, ZFF applied its Health Change Model to improve nutrition governance in Gamay, Northern Samar and Looc, Romblon. First, the mayors and other health and nutrition leaders realized the gravity of malnutrition and its effects. Next, other stakeholders from various agencies and sectors became part of either formal or community groups that worked collaboratively

to assess and overcome the challenges. Lastly, nutrition and frontline workers' skills were updated and improved.

As a result, municipal nutrition committees became functional, and membership was expanded. Various agencies like agriculture included nutrition when drawing up plans and implementing their programs. Budgets for nutrition and F1KD were allotted. Tracking and monitoring of pregnant women and children became regular and included accurate nutritional status. Communities organized themselves to safeguard the health of mothers and their babies—pitching in their own resources to make sure mothers and babies ate nutritious food and regularly took supplements.

Wasting and stunting decreased considerably in the areas just two years after the reforms (see table). Anemia among pregnant women, which could lead to low birth weight, stunting and child deaths, decreased by 13 percentage points between 2017 and 2019. The country averaged a 1-percentage point decrease from 2014 to 2016.

The promising improvements led Nutrition International to partner with ZFF and adopt the strategy in three cities. Another partnership with KGJF begins in 2020 and will bring the application of ZFF's strategy and programs for better nutrition to the provincial level.

Nutrition indicators in Gamay, Northern Samar and Looc, Romblon	2017	2019	PH (2018)
Stunting rate (0-23 months)	19%	15%	26%
Wasting rate (0-23 months)	7%	5%	7%
Child anemia (6-23 months)	69%	48%	39%
Maternal anemia (pregnant)	38%	25%	26%

Sources: 2017, 2019 - Nutrition Center of the Philippines; 2018 National Nutrition Survey of FNRI-DOST

¹ Periodic National Nutrition Survey (2016) by the Department of Science and Technology-Food and Nutrition Research Institute



■ Early morning, this boy was spotted carrying a bag of bread in barangay Bangon in the geographically isolated and disadvantaged municipality of Gamay. Since taking part in the Foundation's partnership with Kristian Gerhard Jepsen Foundation, Gamay's leaders have been able to create an integrated approach to various nutrition-related programs—feeding, information campaign, gardening, livelihood, vaccinations, etc.—and have seen an immediate improvement in their nutrition indicators.

Location: Gamay, Northern Samar

Targeted reforms for improved nutrition

In three cities with large rural or semi-rural areas, the Foundation, through its partnership with Nutrition International (NI), is working with health and nutrition leaders to ensure the good health of pregnant women, and the proper nourishment of babies until they are two years old to ensure proper development.

The goal is an immediate decline in stunting and wasting. The critical stage to avoid these malnutrition effects is the first two years of a child.

Like its other interventions, ZFF works to improve leadership and governance using the Bridging Leadership framework. The program has given the city mayors of Puerto Princesa, Tacurong, and Tagum opportunities to do a “deep dive” and experience the problems and effects of malnutrition in their areas, moving them to act immediately.

The mayors officially ordered the expansion in the membership of their City Nutrition Committee, whose functions, if properly executed, are expected to lead to the required nutrition-specific and nutrition-sensitive programs, i.e. programs of other government agencies like agriculture that take nutritional status into consideration. Moreover, budgets have been increased for nutrition programs and the front-liners.

Since an intervention’s success relies on knowing the beneficiaries, the three cities have improved their information system to identify malnourished children and vulnerable groups, such as indigenous peoples, elderly, and pregnant mothers—a listing that is also important to the national government in relation to programs for conditional cash transfer.

Data quality checks are being done with the assistance of the DOH Centers for Health Development, which have also mobilized nurses and midwives to become part of the cities’ health and nutrition teams. The regional offices of the National Nutrition Council have provided technical training to the cities to understand the country’s action plans, program management, and nutrition emergencies, among others.

Furthermore, the technical expertise of NI provided valuable inputs to ZFF’s training modules and survey design.

ZFF engages with community leaders and partners to define programs to be led by “nutrition champions” who have the support of people and the capacity and willingness to take immediate action to address nutritional deficiencies and thus improve health outcomes.

FIKD Nutrition Indicators	PH target	Puerto Princesa		Tacurong		Tagum	
	2022	2018	2019	2018	2019	2018	2019
Stunting Prevalence Rate (0-23 months)	*	13	10%	5%	8%	1%	2%
Wasting Prevalence Rate (0-23 months)	*	7%	4%	2%	5%	0.4%	1%
Low birth weight <2500 grams upon birth	15%	6%	4%	4%	8%	0.4%	4%

Sources: Field Health Service Information System, Operation Timbang



Close targeted monitoring of the nutritional status of mothers and their babies was not systematically done in Tacurong City. That changed as a result of the Foundation’s program in partnership with the Nutrition International in mid-2019. A beneficiary of this reform is Tristhan Mallorca (in photo carried by dad, Romel Mallorca), who was tracked and found to be severely malnourished. Rehabilitation efforts followed. His parents were taught about proper nutrition and his development was checked regularly. Now, Tristhan is of normal weight and height.

Location: Barangay Rajah Muda, Tacurong City, Sultan Kudarat

Responding to a “national social emergency”

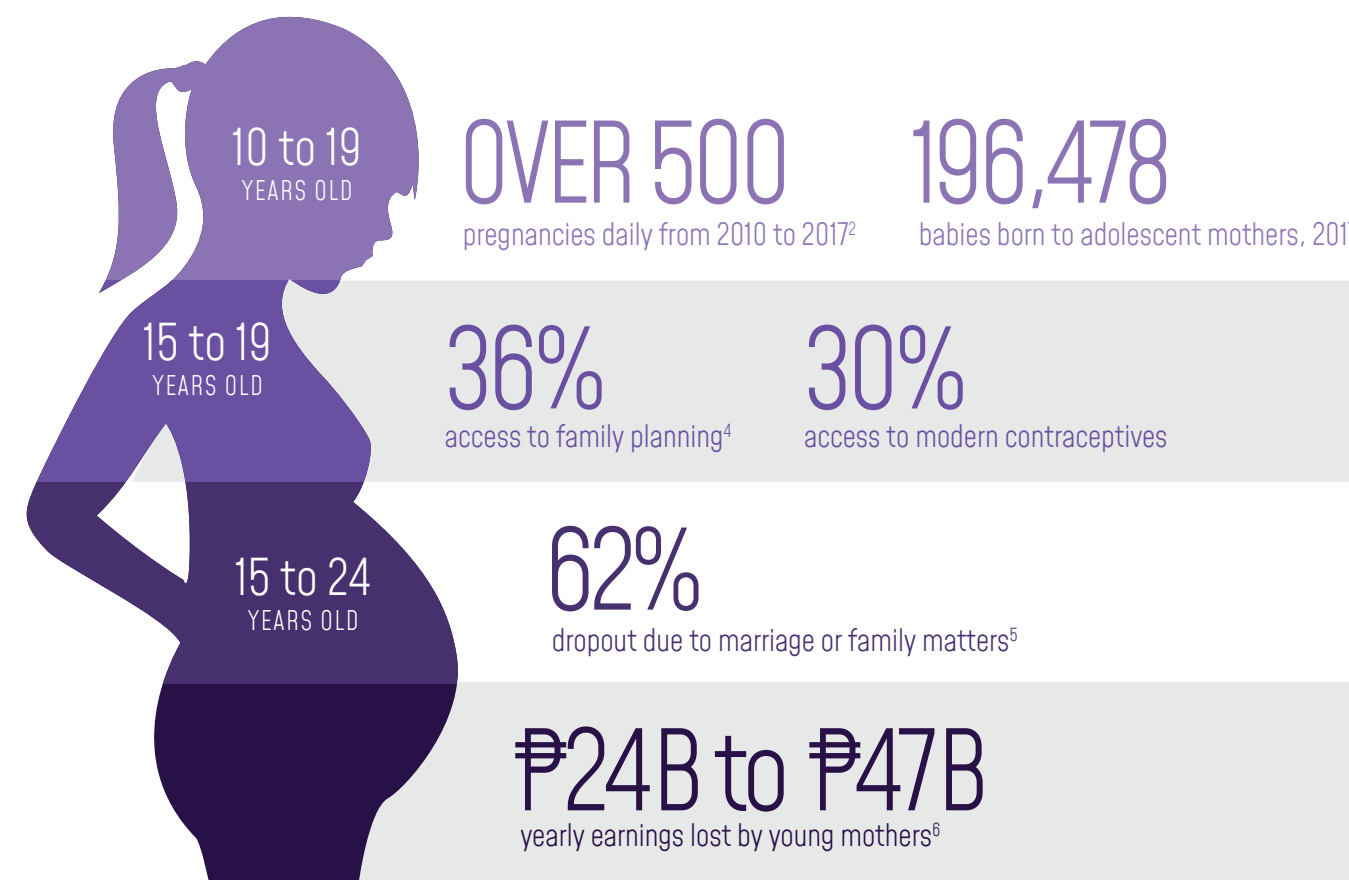


■ Nineteen-year-old Crisel Mae Valencia has resumed her studies after giving birth to her now two-year old daughter, Jilianna. Now in her senior year, Crisel wishes to pursue higher studies, but is unsure as there are days no one can look after Jiliana while she is at school.

Location: Datal Batong, Malungon, Sarangani

The fast-rising number of Filipino teenagers getting pregnant is alarming. Teenage mothers face high risks. Physically, their bodies are not fully developed to ensure healthy pregnancies. Economically, the accumulated loss of income due to foregone lifetime earnings is estimated to reach billions¹ of pesos, as many adolescent mothers drop out of school and never find their way to gainful occupation. They also face discrimination and stigma because of the negative stereotypes associated with teenage pregnancy: promiscuity and irresponsibility.

The Foundation uses its health leadership and governance program to help health leaders fix their health and related systems so teenage and unintended pregnancies can be prevented.



¹ <https://philippines.unfpa.org/en/news/p33b-potential-income-lost-due-teen-pregnancy-0>

² Commission on Population; CNN interview

³ Philippine Statistics Authority's report on 2017 Registered Live Births

⁴ Department of Health, 4th Annual Responsible Parenthood and Reproductive Health (RPRH) Report

⁵ Philippine News Agency

⁶ National Economic and Development Authority

Local governance to reduce teenage pregnancies in Puerto Princesa

Endowed with diverse natural resources, Puerto Princesa City enjoys a growing economy driven by agriculture and tourism. The city attracts migrants from nearby municipalities and provinces. Its annual population growth rate of 2.6% outpaced the national population growth (1.7%) as well as the growth rate of Palawan Province (1.5%).

With development and population growth come challenges in providing health and social services to residents spread across the city's 35 urban and 31 rural villages.

Teenage pregnancy is now a serious health problem in Puerto Princesa and in several municipalities in Palawan. In 2018, the province had the highest number of cases of teenage pregnancies in Region IV-B (MiMaRoPa) at 12,275 cases, of which the city accounted for 23%.

The Zuellig Family Foundation's intervention¹ aims to help Puerto Princesa develop an integrated approach to improve adolescent sexual and reproductive health (ASRH), i.e. a governance structure that harmonizes and tracks prevention of teenage pregnancies, care for the health and nutrition of young mothers, and sufficient social support for both the young mother and the father.

Open communication about sex between adults and teenagers, and between parents and their teenage children,

is a sensitive matter, especially in cognizance of the risks of misinformation and sexual experimentation.

ZFF produced two training videos targeted at encouraging parents and children to talk about sex. These videos are now being shown to parents and teens in different schools and village health centers across the city. This has been a positive step to help minimize teenage pregnancies, but much must still be done to achieve the desired governance structure.

Puerto Princesa has several ASRH interventions, but these are done in silos. Ideally, there is a Local Youth Development Office to serve as the liaison agency harmonizing ASRH interventions, facilitating ASRH technical working groups, and providing technical inputs on ASRH-related bills to the city council.

The lack of a functional information and tracking system on teenage pregnancies compromises data integrity and thus impairs program planning and implementation.

Puerto Princesa must take major steps to curb increasing teen pregnancies. ZFF's programs have gathered momentum thanks to the full support of Mayor Lucilo Bayron, councilor Roy Ventura, and city health officer Dr. Ricardo Panganiban as well as the active engagement of population program officer Ana Herrera, and adolescent health and development nurse coordinator Jofey Francisco.



Number of Teen Pregnancies		Number of Repeat Pregnancies within Teenage Life	
2018	2019	2018	2019
830	938	116	125

Sources: Puerto Princesa City health office

■ High school students watch one of two videos produced by the Foundation using funds donated by Pascal Gueissaz. Each video has distinct audiences: one for parents and one for teenagers, but with the same goal of helping them understand each other, and thereby improving the way they communicate with each other about sex. The videos are now being used as part of Puerto Princesa's overall efforts to curb rising cases of teenage pregnancies in the city.

Location: Inagawan National High School Tagbungis Annex, Puerto Princesa

¹The intervention in the city is made possible through funds donated by Pascal Gueissaz.

Youth Leaders' Engagement in Adolescent Health

Teenage pregnancies can be prevented if adolescents take advantage of available youth-friendly health services and reproductive health commodities.

This is the theory the Zuellig Family Foundation subscribed to when it designed its interventions to help reduce the adolescent birth rate in its partner-local government units.

In partnership with the United Nations Population Fund (UNFPA), ZFF began a health leadership and governance training program for *Sangguniang Kabataan* (Youth Council) presidents and other youth leaders in 10 municipalities in the Mindanao provinces of Sarangani, Sultan Kudarat, and Lanao del Sur.

The 10 municipalities were chosen because their mayors and municipal health officers had already undergone a ZFF intervention, thus had improved health systems where there are adolescent sexual and reproductive health (ASRH) services. It is a manifest challenge to raise the willingness of teenagers to gain access to these services and commodities.

The Foundation encourages youth leaders to come up with policies and programs that are appealing, acceptable and appropriate so more teenagers will participate in them.

The Youth Leadership and Governance Program (YLG) seeks to increase young leaders' accountability for maximizing the potential of adolescents, and improve their ability to facilitate multi-stakeholder engagements and collaboratively come up with solutions to ASRH issues. Leadership training is complemented by sessions with mayors to gain their support, and technical workshops with relevant agencies to help implement youth leaders' identified programs.

The municipalities are at different stages of progress. Malungon and Taraka have functional youth councils, bringing various youth groups to work together. Malungon, Taraka, and

Piagapo have policies protecting women and girls. Malungon has a newly-enacted ordinance to stop child-marriage and forced marriage, and there is a coordinated program among the municipal health office, education department, and village officials giving information about life skills and sexual and reproductive health to youths. Columbio and Kalamansig have accredited adolescent-friendly facilities.

Capacitating youth leaders to push for ASRH-related policies and programs helps bring a more integrated and holistic local approach in empowering adolescents to look after their health. With this comes the hope that the youth will be more sensible and responsible in their attitudes toward sex.

Number of Teen Pregnancies, 15 to 19 years old		
Municipality	2018	2019
Columbio, Sultan Kudarat	151	168
Kalamansig, Sultan Kudarat	192	240
Maitum, Sarangani	127	173
Malapatan, Sarangani	323	378
Malungon, Sarangani	567	272
Balindong, Lanao del Sur	84	92
Kapatagan, Lanao del Sur	55	56
Masiu, Lanao del Sur	34	68
Piagapo, Lanao del Sur	81	102
Taraka, Lanao del Sur	43	42

Source: Field Health Service Information System; 2019 figures are partial, unaudited



■ Mona Liza Gaspar, 18 years old, receives a visit from (left to right): Local Youth Development officer Shiela Manocay, Sangguniang Kabataan (SK - Youth Council) Federation president Carmela Constantino, and SK chairperson Aurelio “Cloe” Dalama. The three check on Liza and her three-month old daughter, Myzel, and advise her to take part in the town’s teen-related programs. They hope their efforts will significantly bring down teenage pregnancies, as well as teenage marriages, and help the youth look forward to a brighter future.

Location: Datal Batong, Malungon, Sarangani

MOVING FORWARD

Effective Response to Emerging Health Challenges

Eleven years of implementing the Health Change Model has not stopped the Zuellig Family Foundation from continually modifying and adapting the designs of its interventions, an essential practice. This was especially evident after the enactment of the Universal Health Care law left a lot of questions in the minds of health leaders and implementers. The Foundation moved quickly to deliver a program that can effectively steer health leaders in the right direction. Thus, its Provincial Leadership and Governance Program had its third iteration.

Elements of this revised program are also offered to cities and provinces under the United States Agency for International Development (USAID)-ZFF partnership, which comes to a close in 2020. Similarly, a public course offering has been introduced to answer the demands from regional health offices and provincial leaders to help them transition under the UHC law.

At the Zuellig Family Foundation, programs are aligned with government strategies and designed to address both immediate and systemic challenges. For partner-LGUs like Bataan, whose provincial health officer, Dr. Rosanna Buccahan (center) is pictured with her provincial health team, ZFF encourages the formation of core groups whose members work collaboratively to quickly come up with plans and solutions that address community's specific health needs.

Responding to Needs



MOVING FORWARD

The speed by which the Foundation gets to redesign and/or create new programs and adapt to changing conditions is possible because of the organization's DNA. It has a duty to help in developing the competencies that health leaders need so they can make the right decisions given the information—albeit at times limited—in hand.

ZFF has a functional knowledge management (KM) system to help execute its duty. ZFF staff can learn fast and adjust accordingly. Though still a work-in-progress, having a KM system has instilled the discipline of regularly harvesting learnings and experiences, processing them, distilling, and then quickly acting on or sharing them. This has kept ZFF in step with, and sometimes ahead of emerging national policies or programs.

Like many other organizations, the Foundation is confronted by the sudden emergence of the COVID-19 pandemic, which has forced ZFF to revise its short-to-medium term plans at the start of 2020.

Learning has always been a two-way exchange between the Foundation and its partner local government units. It regularly reviews its programs, and is quick to assess, adjust, share, and move forward. It asks the same from partner-LGU leaders, like the Aklan health leadership team headed by Governor Florencio Miraflores (second from left), i.e., to make sure their decisions and actions are evidence-based.

Learning from Data and Experiences

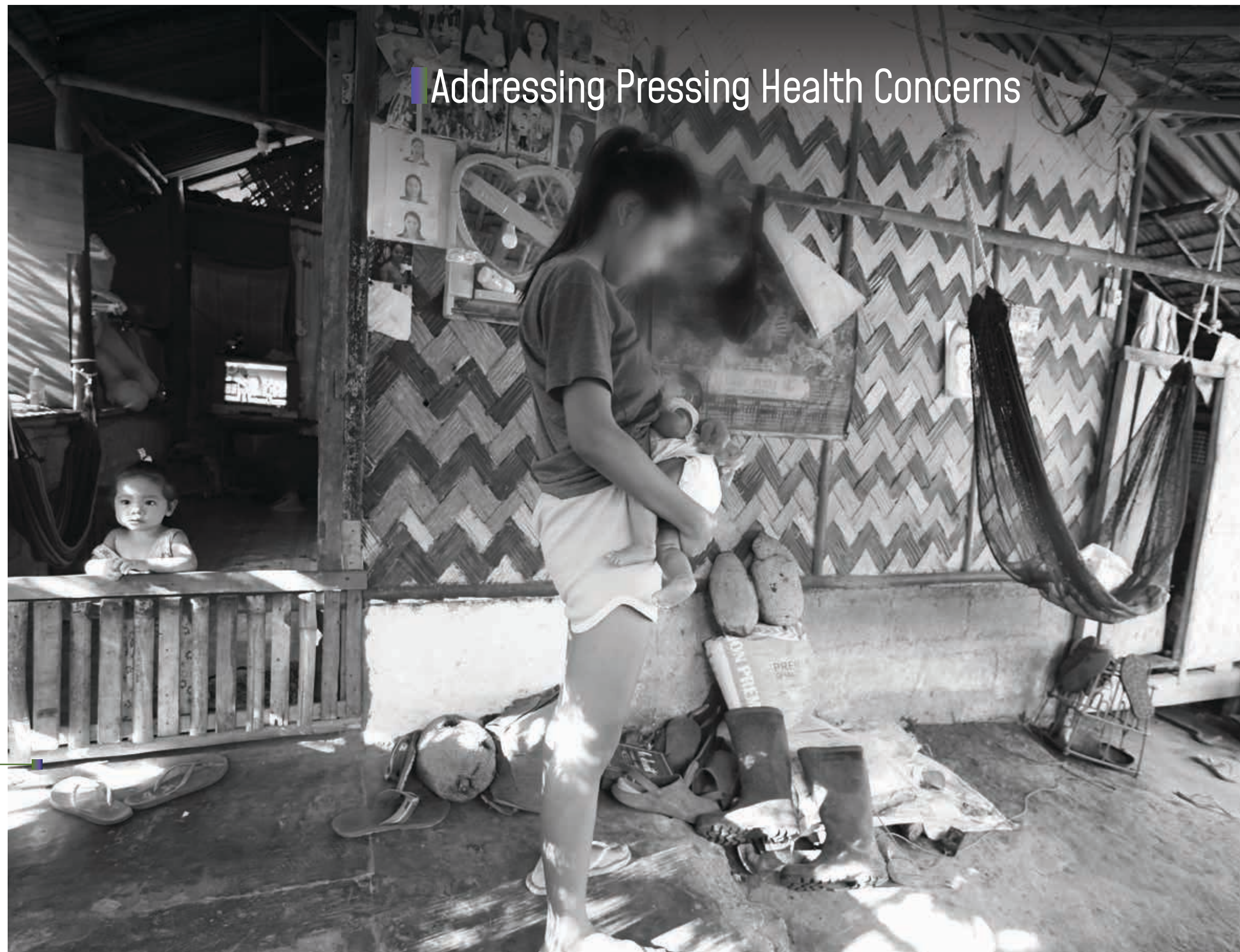


MOVING FORWARD

The year 2020 will be a year of crisis management and transition. Notwithstanding the impact of COVID-19 and related adjustments, ZFF's focus on maternal health and child care, nutrition and teenage pregnancy remains undiminished. ZFF has ongoing commitments to its partners. In fact, the new realities brought about by the pandemic amplify the urgent need to improve primary healthcare services in disadvantaged communities. The Foundation seeks better promotive and preventive care through data collection, communication, and involvement at the grassroots. Leaders must have the skills, the information and the toolkits to understand and tackle the issues, prepare for contingencies and communicate their action plans to their people. Constituents will be more willing to follow directives, if they have the trust that their leaders know what must be done.

The Foundation's initial focus was on the reduction of maternal and infant mortality. Eventually, ZFF was cooperating with partner-LGUs regarding other pressing health and social concerns, such as nutrition and family planning. In 2019, the call grew louder to address the increasing incidence of teenage pregnancy. The anonymized photo shows an 18-year-old Palaweña with her infant child. After giving birth, she had to stop going to school.

Addressing Pressing Health Concerns



MOVING FORWARD

Leaders must ensure continued public investment in government hospitals, community health centers and the upgrading of curative capabilities, in order to prevent facilities from being overwhelmed by disease outbreaks and pandemics. COVID-19 has exposed the fragile state of the Philippines' health systems.

Specific knowledge and skills are needed to manage a pandemic. Consequently, ZFF is preparing anew to work out strategies and interventions for the development of specific leadership competencies to mitigate infections and minimize disease-induced socio-economic disruptions.

The Foundation has witnessed the strong performance of many ZFF-trained leaders despite the crisis and constraints they face. The purpose of ZFF's programs is to support health leaders in the task of instituting reforms that will make their health systems effective and more resilient to withstand disasters and pandemics.

The Zuellig Family Foundation will pursue its vision of better health outcomes for Filipinos in disadvantaged communities. In this time of crisis, it is imperative that ZFF succeeds in its mission to strengthen health leadership throughout the country.

Agusan del Sur Governor Santiago Cane Jr. (third from left), with provincial health officer Dr. Jacqueline Momville (second from left), inspects the province's isolation building for those with suspected COVID-19. Early and strict adherence to health and community quarantine protocols helped contain the disease in the province.

Leading Through a Pandemic



Our People

Office of the Chairman Emeritus

Roberto R. Romulo
Chairman Emeritus

Melanie Reyes
Executive Manager

Office of the Chairman and President

Ernesto D. Garilao
Chairman and President

Austere A. Panadero
Executive Director

Ramon R. Derige
Deputy Executive Director

Anthony Faraon, M.D.
Deputy Executive Director

Jessie Pascua
Executive Assistant

Operations

Dorie Lyn Balanoba, M.D.
Director

Catherine Chung, M.D.
Director

Armando Lee, M.D.
Director

Janet Clemente
Expert

Jeromeo Jose
Expert

Charisse Malbacias, M.D.
Expert

Jennifer Nandu, R.N.
Expert

Jocelyn Toledo
Expert

Jasmin Ahmad, R.N.
Manager

Angeli Comia, M.D.
Manager

Jescir Cresencio
Manager

Jenilyn Ann Dabu, M.D.
Manager

Nerissa Dimapilis
Manager

Maria Melissa Domingo
Manager

Kathrinna Dhay Legaspi, R.N.
Manager

Jenny Christy Macaraan
Manager

Angelica Joy Nacnac, M.D.
Manager

Joyce Ann Viar, M.D.
Manager

Muamir Alingan, R.N.
Associate

Kristine Angelie Montilla, R.N.
Associate

Ray Anthony Banglos, R.N.
Associate

Lou Ann Buenaventura, R.N.
Associate

Pearl Joy Catingub, R.N.
Associate

Lera Jo Duldoco, R.N.
Associate

Ma. Jerry Elope, R.N.
Associate

Ma. Romina Feliciano
Associate

Cindy Grace Guerbo
Associate

Julie Ann Llavore, R.N.
Associate

Ma. Donna Renee Medina, R.N.
Associate

Eusebeia Joy Mendoza, R.N.D.
Associate

Fiona Rose Norada
Associate

Rachel Paradiang
Associate

Michael Salise, R.N.D.
Associate

Angelique Santos, R.N.D.
Associate

Kristian Paul Soliven, R.N.
Associate

Yetzer Tamparong, R.N.D.
Associate

Aimee Valenzuela
Associate

ZFF Institute for Health Leadership

Heidee Buenaventura, M.D.
Director

Maria Ellen Licup-Medina, M.D.
Associate Director

John Ruzel Abadiano, R.N.
Manager

Philip Jerome Flores, R.N.
Manager

Pamela Bianca Mangilin
Manager

Faith Narvasa, R.N.
Manager

Rosarie Gabuya, R.N.
Associate

Katrina Faye Magloyo-an
Associate

Partnerships, Policies and Coalition Building

Sealdi Gonzales
Associate Director

Ma. Rosa Rica Encelan
Associate

Dominique Monido, R.N.
Associate

Knowledge Management Group

Johanna Banzon, R.N.
Director

Anne Leslie Garcia
Expert

Mary Rose Poa
Manager

Lee Thunder Bernasor
Associate

Ilaw Rosimo
Assistant

Support Group

Wesley Villanueva
Director

Mark Anthony Mariano
Human Resource Manager

Maricar Tolosa
Corporate Communications Manager

Alfred Jerald Apura
Human Resource Associate

Reynan Balisacan, C.P.A.
Finance Associate

Jannela Krishna Galias, C.P.A.
Finance Associate

Barbara Jamili
Finance Associate

Patricia Angeline Nable, C.P.A.
Finance Associate

Leovina Ramirez
Corporate Communications Associate

Danielle Anne Cada
Human Resource Assistant

Gilmer Cariaga
Admin Assistant

Ma. Vanessa Ecube
Finance Assistant

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Zuellig Family Foundation, Inc.
Km. 14, West Service Road corner Edison Avenue
Brgy. Sun Valley, Parañaque City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Zuellig Family Foundation, Inc. (a nonstock, nonprofit corporation) (the "Foundation"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2019 and 2018, and the statements of revenues and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019 and 2018, and financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 required under Revenue Regulations 15-2010 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. The 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 Pilar B. Hernandez Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
BIR Accreditation No. 08-001998-116-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8125244, January 7, 2020, Makati City

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

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

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash (Note 4)	₱32,015,754	₱38,713,479
Receivables (Note 5)	128,142	211,712
Prepayments and other current assets	810,848	796,013
Total Current Assets	32,954,744	39,721,204
Noncurrent Assets		
Property and equipment (Note 6)	4,286,049	4,534,173
Retirement asset (Note 10)	6,141,241	7,605,379
Refundable deposit	37,500	37,500
Total Noncurrent Assets	10,464,790	12,177,052
TOTAL ASSETS	₱43,419,534	₱51,898,256
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	₱14,180,051	₱23,453,285
Deferred donations	1,861,800	-
Due to a related party (Note 8)	262,420	-
Total Current Liabilities	16,304,271	23,453,285
Noncurrent Liability		
Deferred donations	1,730,889	-
Total Liabilities	18,035,160	23,453,285
Fund Balance	25,384,374	28,444,971
TOTAL LIABILITIES AND FUND BALANCE	₱43,419,534	₱51,898,256

See accompanying Notes to Financial Statements.

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

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

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2019	2018
REVENUES		
Donations (Note 8)	₱150,717,607	₱114,596,066
Gain from sale of asset (Note 6)	230,984	-
Interest (Note 4)	95,004	160,541
Others	63,375	24
	151,106,970	114,756,631
EXPENSES (INCOME) (Note 9)		
Salaries, wages and other benefits	66,750,905	28,116,788
Trainings and seminars	27,604,482	24,302,170
Transportation and travel	18,237,373	20,916,639
Professional fees	16,089,215	54,929,539
Utilities (Note 8)	13,890,889	11,757,331
Materials and supplies	3,337,947	3,172,279
Representation and entertainment	2,363,716	2,338,427
Depreciation and amortization	1,746,218	2,176,447
Retirement cost (income) (Note 10)	1,249,572	(4,079,242)
Donations and contributions	1,022,823	684
Unrealized foreign loss (gain) - net	427,883	(316,871)
Taxes and licenses	57,376	92,733
Other expenses	1,174,602	1,728,020
	153,953,001	145,134,944
DEFICIENCY OF REVENUES OVER EXPENSES	₱2,846,031	₱30,378,313

See accompanying Notes to Financial Statements.

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

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

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(P2,846,031)	(P30,378,313)
Adjustments for:		
Depreciation and amortization (Notes 6 and 9)	1,746,218	2,176,447
Unrealized foreign exchange loss (gain) - net	427,883	(316,871)
Interest income (Note 4)	(95,004)	(160,541)
from sale of asset (Note 6)	(230,984)	-
Movements in retirement asset (Note 10)	1,249,572	(4,917,023)
Revenues (expenses) before working capital changes:		
Decrease (increase) in:		
Receivables	83,570	9,851
Prepayments and other current assets	(14,835)	53,090
Increase (decrease) in:		
Accrued expenses and other payables	(9,273,234)	275,003
Deferred donations	3,592,689	-
Due to a related party	262,420	-
Net cash used in operations	(5,097,736)	(33,258,357)
Interest received	95,004	160,541
Net cash used in operating activities	(5,002,732)	(33,097,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	(1,537,939)	(1,446,479)
Proceeds from sale of transportation equipment (Note 6)	270,829	-
Net cash used in investing activities	(1,267,110)	(1,446,479)
NET DECREASE IN CASH	(6,269,842)	(34,544,295)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(427,883)	316,871
CASH AT BEGINNING OF YEAR	38,713,479	72,940,903
CASH AT END OF YEAR (Note 4)	P32,015,754	P38,713,479

See accompanying Notes to Financial Statements.

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

2019 ZUELLIG FAMILY FOUNDATION ANNUAL REPORT
Corporate Communications - Zuellig Family Foundation
Concept and Design: Studio 5 Designs Inc.
Writers: ZFF Corporate Communications Unit
Blanche Fernandez - page 12

Photographers: Revoli Cortez - cover page, 8, 13, 17, 19, 20, 23, 25, 26, 27, 28
Chito Vecina - 14
Agusan del Sur provincial government - 33
Sarangani provincial government - 13



This Annual Report was printed on Forest Stewardship Council (FSC)-certified paper. In order to reduce consumption of resources from printing and distributing hard copies, an electronic copy of this report with complete 2019 audited financial statements may be downloaded from <https://zuelligfoundation.org/our-performance/annual-reports/>.



ZUELLIG FAMILY
FOUNDATION

Annual Report 2019

Audited Financial Statements





ZUELLIG FAMILY FOUNDATION
Annual Report 2019

8 Universal Health Care

Access to quality care

14 Nutrition

Reduction of wasting and stunting

20 Teenage Pregnancy

Prevention and governance

Cover story

At the foot of a hill 10 kilometers from the main road, 20-year-old Mia Callet and her husband tend a small plot of land planted with corn, tomatoes, and beans. Mia is already a mother to a four-year-old boy and a two-year-old girl. Recognizing the difficulties and responsibilities in her life, she has been practicing family planning since giving birth to her youngest.

Location: Sitio Tagumpay, Barangay Inagawan Sub-Colony, Puerto Princesa City

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- 05** Statements of Assets, Liabilities and Fund Balance
- 06** Statements of Revenues, Expenses and Fund Balance
- 08** Statements of Cash Flows
- 09** Notes to Financial Statements

Vision

Zuellig Family Foundation (ZFF) is a catalyst for the achievement of better health outcomes for all Filipinos.

Mission

Enable local health systems to effectively achieve better health outcomes for all Filipinos through leadership and governance in partnership with key stakeholders.

Goals

1. All trained local health leaders have improved Bridging Leadership competencies.
2. All trained local health leaders are able to strengthen local health systems with resilient and sustainable community-driven dispositions for better health outcomes.
3. Partnerships with government and other stakeholders are institutionalized for leadership and local health system developments.
4. Lessons learned and evidence are disseminated to advocate responsive policies and programs in public health and governance.



Ernesto D. Garilao
Chairman and President

Roberto R. Romulo
Chairman Emeritus

Austere A. Panadero
Executive Director

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

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Zuellig Family Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Zuellig Family Foundation, Inc. (a nonstock, nonprofit corporation) (the "Foundation"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2019 and 2018, and the statements of revenues and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019 and 2018, and financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

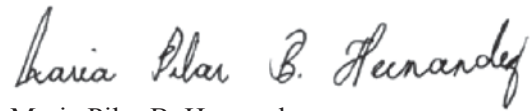
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 required under Revenue Regulations 15-2010 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. The 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 Pilar B. Hernandez

Partner

CPA Certificate No. 105007

SEC Accreditation No. 1558-AR-1 (Group A),

February 26, 2019, valid until February 25, 2022

Tax Identification No. 214-318-972

BIR Accreditation No. 08-001998-116-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 8125244, January 7, 2020, Makati City

June 10, 2020

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

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash (Note 4)	₱32,015,754	₱38,713,479
Receivables (Note 5)	128,142	211,712
Prepayments and other current assets	810,848	796,013
Total Current Assets	32,954,744	39,721,204
Noncurrent Assets		
Property and equipment (Note 6)	4,286,049	4,534,173
Retirement asset (Note 10)	6,141,241	7,605,379
Refundable deposit	37,500	37,500
Total Noncurrent Assets	10,464,790	12,177,052
TOTAL ASSETS	₱43,419,534	₱51,898,256
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	₱14,180,051	₱23,453,285
Deferred donations	1,861,800	–
Due to a related party (Note 8)	262,420	–
Total Current Liabilities	16,304,271	23,453,285
Noncurrent Liability		
Deferred donations	1,730,889	–
Total Liabilities	18,035,160	23,453,285
Fund Balance	25,384,374	28,444,971
TOTAL LIABILITIES AND FUND BALANCE	₱43,419,534	₱51,898,256

See accompanying Notes to Financial Statements.

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

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2019	2018
REVENUES		
Donations (Note 8)	₱150,717,607	₱114,596,066
Gain from sale of asset (Note 6)	230,984	–
Interest (Note 4)	95,004	160,541
Others	63,375	24
	151,106,970	114,756,631
EXPENSES (INCOME) (Note 9)		
Salaries, wages and other benefits	66,750,905	28,116,788
Trainings and seminars	27,604,482	24,302,170
Transportation and travel	18,237,373	20,916,639
Professional fees	16,089,215	54,929,539
Utilities (Note 8)	13,890,889	11,757,331
Materials and supplies	3,337,947	3,172,279
Representation and entertainment	2,363,716	2,338,427
Depreciation and amortization	1,746,218	2,176,447
Retirement cost (income) (Note 10)	1,249,572	(4,079,242)
Donations and contributions	1,022,823	684
Unrealized foreign loss (gain) - net	427,883	(316,871)
Taxes and licenses	57,376	92,733
Other expenses	1,174,602	1,728,020
	153,953,001	145,134,944
DEFICIENCY OF REVENUES OVER EXPENSES	₱2,846,031	₱30,378,313

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN FUND BALANCE

	Years Ended December 31	
	2019	2018
Balance at beginning of year, as previously reported	₱28,444,971	₱58,823,284
Transition adjustment (Note 2)	(214,566)	–
Balance at beginning of year, as restated	28,230,405	58,823,284
Deficiency of revenues over expenses	(2,846,031)	(30,378,313)
	₱25,384,374	₱28,444,971

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(₱2,846,031)	(₱30,378,313)
Adjustments for:		
Depreciation and amortization (Notes 6 and 9)	1,746,218	2,176,447
Unrealized foreign exchange loss (gain) - net	427,883	(316,871)
Interest income (Note 4)	(95,004)	(160,541)
Gain from sale of asset (Note 6)	(230,984)	—
Movements in retirement asset (Note 10)	1,249,572	(4,917,023)
Revenues (expenses) before working capital changes:		
Decrease (increase) in:		
Receivables	83,570	9,851
Prepayments and other current assets	(14,835)	53,090
Increase (decrease) in:		
Accrued expenses and other payables	(9,273,234)	275,003
Deferred donations	3,592,689	—
Due to a related party	262,420	—
Net cash used in operations	(5,097,736)	(33,258,357)
Interest received	95,004	160,541
Net cash used in operating activities	(5,002,732)	(33,097,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	(1,537,939)	(1,446,479)
Proceeds from sale of transportation equipment (Note 6)	270,829	—
Net cash used in investing activities	(1,267,110)	(1,446,479)
NET DECREASE IN CASH	(6,269,842)	(34,544,295)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(427,883)	316,871
CASH AT BEGINNING OF YEAR	38,713,479	72,940,903
CASH AT END OF YEAR (Note 4)	₱32,015,754	₱38,713,479

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”) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC). Its registered office address is Km. 14, West Service Road cor Edison Ave., 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 21 regular employees in 2019 and 15 in 2018.

The Philippine Council for Non-Government Organization Certification (PCNC), on October 26, 2015 issued a certification for good governance and accountability for a period of five (5) years.

The Bureau of Internal Revenue (BIR) issued the Certificate of Registration for donee institution status that is valid until October 28, 2020. In accordance to the provision of Revenue Regulations (RR) No. 13-98 dated January 1, 1999, the donations received shall entitle the donor/s to full or limited deduction pursuant to Section 34(H)(I) or (2), and exemption from donor’s tax pursuant to Section 101(A)(3) of the National Internal Revenue Code of 1997.

The BIR has issued a certificate of tax exemption on November 5, 2019 which is valid for three (3) years. Being a nonstock, nonprofit corporation, it is not subject to income tax under Section 30 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.

The financial statements were authorized for issuance by the Board of Trustees (BOT) on June 10, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standard for Small Entities (PFRS for SEs) issued by the Financial Reporting Standards Council (FRSC).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso which is the Foundation’s functional and presentation currency and all values are recorded to the nearest peso, except when otherwise indicated.

The financial statements as at and for the year ended December 31, 2019 are the Foundation’s first financial statements prepared in accordance with PFRS for SEs. The Foundation’s date of transition to PFRS for SEs is January 1, 2019. For all periods up to and including December 31, 2018, the Foundation prepared its financial statements in accordance with PFRS for Small and Medium-sized Entities (PFRS for SMEs).

Transition to PFRS for Small Entities

As at January 1, 2019, the Foundation qualifies as a small entity based on the criteria set under the Revised Securities Regulation Code 68. Entities qualifying as small entities are required to use PFRS for SEs as their financial reporting framework in their annual financial statements for periods beginning on or after January 1, 2019, unless the exemptions provided by the SEC for mandatory adoption of PFRS for SEs are available to such entities. As such, the Foundation transitioned to PFRS for SEs effective January 1, 2019. Management has assessed that the adoption of PFRS for SEs would only significantly affect the following accounting policy prepared in accordance with its current financial reporting framework:

- *Employee Benefits* - Under PFRS for SEs, the measurement of a post-employment benefit plan shall use the accrual approach in accordance with the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as The Philippine Retirement Pay Law, or company policy if superior than that provided by RA 7641. As of December 31, 2019, the Foundation has recognized post-employment benefits using accrual approach in accordance with the Foundation’s retirement benefits policy.

The following reconciliation shows the effect of the transition from PFRS for SMEs to PFRS for SEs on the Foundation’s fund balance as at January 1, 2019:

	January 1, 2019
Total fund balance under PFRS for SMEs	₱28,444,971
Increase in provisions for retirement benefit obligation- Previously charged to profit or loss	(214,566)
<u>Total fund balance under PFRS for SEs</u>	<u>₱28,230,405</u>

There are no material differences in the statement of cash flows prepared under the PFRS for SEs from that prepared under the PFRS for SMEs.

- Under the transition provisions of PFRS for SEs, the entity shall not retrospectively change the accounting that it followed under its previous financial reporting framework for transactions involving accounting estimates (e.g. retirement cost).

Current versus Noncurrent Classification

The Foundation presents assets and liabilities in the statements of assets, liabilities and fund balance based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Cash

Cash includes cash on hand and in banks. No restriction is attached to cash account.

Receivables

Receivables, which are based on normal credit terms and do not bear interest, are recognized and carried at transaction price. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method less provision for impairment. 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 the statement of revenues and expenses.

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 statement of revenues and expenses for the period.

Prepayments and other current assets

Prepayments and other current assets are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, amortization 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 and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Asset Type	Number of Years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	3-5 years
Office improvements	3 years

The useful lives, depreciation and amortization method are reviewed periodically to ensure the period and method of depreciation and amortization are consistent with the expected pattern of economics benefits from items of property and equipment. 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.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

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 and expenses in the year the asset is derecognized.

Impairment of Property and Equipment

At each reporting date, the Foundation assesses whether there is any indication that any of its assets that are subject to depreciation or amortization may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in the statement of revenues and expenses for the period.

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.

Accrued expenses and other payable are recognized initially at the transaction price.

It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Fund Balance

Fund balance includes all current and prior period results of operation as disclosed in the statement of revenues and expenses. The amount is partially restricted for retirement obligations.

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:

Donations. The Foundation recognizes donations, including unconditional promises to give, as revenue in the period received. Donations which are restricted and deferred for future projects are shown separately in the statement of assets, liabilities and fund balance as “Deferred donations”.

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

Other Income. Revenue is recognized when earned.

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 and expenses in the year these are incurred on the basis of:

- a. a direct association between the costs incurred and the earning of specific items of income
- b. systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
- c. immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance

Retirement Costs

The Foundation has a funded, non-contributory defined benefit plan covering all regular employees. Prior to January 1, 2019, retirement costs are actuarially determined using the projected unit credit method and incorporates assumptions concerning employees’ projected salaries. The retirement cost is recognized during the employees’ period of service and discounted using market yields on government bonds. Actuarial gains and losses are recognized as part of profit or loss in the statement of revenues and expenses for the period.

Effective January 1, 2019, upon transition to PFRS for SEs, the Foundation recognized post-employment benefits using the accrual approach in accordance with the Foundation’s retirement benefits policy or the minimum retirement benefits required under RA No. 7641, whichever is higher.

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. When the Foundation expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the statement of assets, liabilities and fund balance date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Impairment of Financial Assets

An assessment is made at each financial reporting date to determine whether there is objective evidence of possible impairment of any financial asset that is measured at amortized cost.

Impairment loss for financial instruments measured at amortized cost is measured as the difference between the carrying value and the revised cash flows discounted at the original effective interest rate. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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.

Foreign Currency Transactions

Items included in the financial statements of the Foundations are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of revenues and expenses.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with the related parties are recognized and carried at transaction price. Outstanding payable to related parties are recognized in the period in which the services are received or when legally enforceable claim against the Foundation is established or when the corresponding assets or expenses are recognized.

Events after the Financial Reporting Period

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

The Foundation's financial statements prepared in accordance with PFRS for SEs require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgment

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

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 2019 and 2018 amounted to ₱122.6 million and ₱122.0 million, respectively, while general and administrative expenses in 2019 and 2018 amounted to ₱31.4 million and ₱23.1 million, respectively (see Note 9).

Estimate

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.

Valuation of Retirement Liability (Asset) as at December 31, 2018. The determination of the liability (asset) and cost (income) of retirement benefits is dependent on the selection of certain assumptions used by the Foundation's management. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. While the Foundation believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumption may materially affect the pension and other retirement obligations.

As at December 31, 2018, present value of retirement liability amounted to ₱9.6 million (see Note 10).

4. Cash

This account consists of:

	2019	2018
Cash on hand	₱100,000	₱100,000
Cash in banks	31,915,754	38,613,479
	₱32,015,754	₱38,713,479

Cash in banks earn interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to ₱95,004 and ₱160,541 in 2019 and 2018, respectively.

5. Receivables

This account consists of:

	2019	2018
Loans and advances to officers and employees	₱73,577	₱60,432
Other receivables	54,565	151,280
	₱128,142	₱211,712

Loans and advances to officers and employees pertain to loans due for settlement within the following year and cash advances which are subject to liquidation.

Other receivables pertain to reimbursement from a donor, receivables from suppliers and statutory deductions from employees which will be deducted from their payroll in the succeeding year.

6. Property and Equipment

	2019				Total
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	
Cost					
Balance at beginning of year	₱6,857,140	₱16,023,224	₱3,332,102	₱8,667,118	₱34,879,584
Additions	–	1,537,939	–	–	1,537,939
Disposal	(900,000)	(296,649)	–	–	(1,196,649)
Balance at end of year	5,957,140	17,264,514	3,332,102	8,667,118	35,220,874
Accumulated Depreciation and Amortization					
Balance at beginning of year	4,363,608	14,172,340	3,142,416	8,667,047	30,345,411
Depreciation and amortization (see Note 9)	708,860	913,965	123,393	–	1,746,218
Disposal	(899,998)	(256,806)	–	–	(1,156,804)
Balance at end of year	4,172,470	14,829,499	3,265,809	8,667,047	30,934,825
Net Book Value	₱1,784,670	₱2,435,015	₱66,293	₱71	₱4,286,049
	2018				
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	Total
Cost					
Balance at beginning of year	₱6,615,140	₱14,947,287	₱3,320,463	₱8,667,118	₱33,550,008
Additions	242,000	1,192,840	11,639	–	1,446,479
Disposal	–	(116,903)	–	–	(116,903)
Balance at end of year	6,857,140	16,023,224	3,332,102	8,667,118	34,879,584
Accumulated Depreciation and Amortization					
Balance at beginning of year	3,477,754	13,314,488	3,010,946	8,482,679	28,285,867
Depreciation and amortization (see Note 9)	885,854	974,755	131,470	184,368	2,176,447
Disposal	–	(116,903)	–	–	(116,903)
Balance at end of year	4,363,608	14,172,340	3,142,416	8,667,047	30,345,411
Net Book Value	₱2,493,532	₱1,850,884	₱189,686	₱71	₱4,534,173

7. Accrued Expenses and Other Payables

	2019	2018
Accrued expenses:		
Professional fee	₱4,623,847	₱10,041,807
Transportation	1,956,394	10,827
Payable to contractors	1,884,231	5,343,573
Trainings and seminars	1,866,841	4,611,187
Donation and contribution	964,042	–
Salaries, wages and other benefits	419,071	704,616
Others	1,253,187	443,614
Due to government agencies	1,210,550	2,029,340
Other payables	1,888	268,321
	₱14,180,051	₱23,453,285

Accrued expenses, due to government agencies and other payables are normally settled within one (1) year. Other accrued expenses consist of accruals of communication, representation expenses, among others which are to be reimbursed to employees via petty cash fund.

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. Related party transactions are normally settled in cash.

In the ordinary course of operations, the Foundation is engaged in the following transactions with entities that are considered related parties.

Related Party	Nature of Transaction	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
<i>(Amount in millions)</i>						
The Zuellig Group, Inc.	Donations (a)	2019 2018	₱80.1 79.4	₱– –	None None	Unrestricted Unrestricted
Roberto R. Romulo	Donations (b)	2019 2018	– 0.01	– –	None None	– Restricted
Zuellig Pharma Corporation (ZPC)	Share in utilities (c)	2019 2018	0.7 0.8	0.3 –	90 days upon receipt of billings; noninterest-bearing	Unsecured

- 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 and expenses.
- These donations were restricted and earmarked for relief and recovery operations.
- The Foundation occupies an office space in ZPC’s head office building, free of any rental charges. ZPC bills the Foundation for its share in utilities. ZPC’s charges to the Foundation were recorded as part of “Utilities” account in the statements of revenues and expenses. Unpaid utilities as of December 31, 2019 were recorded under “Due to a related party” account in the statements of assets, liabilities and fund balance.

Total compensation to key management personnel amounted to ₱13.3 million and ₱16.5 million in 2019 and 2018, respectively.

9. Expenses

	2019		
	Project Expenses	General and Administrative Expenses	Total
Salaries, wages and other benefits	₱51,106,446	₱15,644,459	₱66,750,905
Trainings and seminars	26,647,289	957,193	27,604,482
Transportation and travel	17,165,987	1,071,386	18,237,373
Professional fees	14,760,327	1,328,888	16,089,215
Utilities (Note 8)	8,465,717	5,425,172	13,890,889
Materials and supplies	1,634,924	1,703,023	3,337,947
Representation and entertainment	1,528,723	834,993	2,363,716
Depreciation and amortization (Note 6)	–	1,746,218	1,746,218
Retirement cost (Note 10)	–	1,249,572	1,249,572
Donations and contributions	1,022,823	–	1,022,823
Taxes and licenses	–	57,376	57,376
Others	248,012	1,354,473	1,602,485
	₱122,580,248	₱31,372,753	₱153,953,001

	2018		
	Project Expenses	General and Administrative Expenses	Total
Professional fees	₱53,231,474	₱1,698,065	₱54,929,539
Salaries, wages and other benefits	15,024,738	13,092,050	28,116,788
Trainings and seminars	23,342,039	960,131	24,302,170
Transportation and travel	19,453,719	1,462,920	20,916,639
Utilities (Note 8)	6,932,457	4,824,874	11,757,331
Retirement income (Note 10)	–	(4,079,242)	(4,079,242)
Materials and supplies	1,767,863	1,404,416	3,172,279
Representation and entertainment	1,564,785	773,642	2,338,427
Depreciation and amortization (Note 6)	–	2,176,447	2,176,447
Taxes and licenses	–	92,733	92,733
Donations and contributions	684	–	684
Others	701,644	709,505	1,411,149
	₱122,019,403	₱23,115,541	₱145,134,944

General and administrative expenses is 20% and 16% of the total expenses in 2019 and 2018, respectively.

Project expenses were incurred due to the following activities:

- a. *Integrated Provincial Health System Development Program*
(also the Provincial Leadership and Governance Program ver. 3)

The third version of the Provincial Leadership and Governance Program (PLGP-3) continues its purpose of helping provinces fix their health systems. The main difference with the previous version is that work now involves helping provinces fulfill the requirements under the Universal Healthcare law.

- b. *Institutionalization of Health Leadership and Governance Program*
(partner: United States Agency for International Development-USAID)

The Institutionalization of Health Leadership and Governance Program (IHLGP) is a three-year (July 2017 to July 2020) cooperative agreement between the United States Agency for International Development (USAID) and the Foundation covering 5 regions, 10 provinces and 6 cities. Its primary aim is to contribute to the achievement of better health outcomes and Sustainable Development Goals through health systems strengthening. Its project commitment is to improve rates of facility-based deliveries and skilled birth attendant deliveries, contraceptive prevalence rate, teenage pregnancies, and tuberculosis (TB) indicators. The Health Leadership and Governance Program should also be institutionalized at the central and regional DOH offices.

- c. *Provincial Leadership and Management Program*

After the passage of the UHC law, there was a clamor from DOH regional offices and previously-engaged local governments to assist them in the transition. The Foundation responded by offering the Provincial Leadership and Management Program (PLMP). Under the three-year program, ZFF provides training, and the DOH regional offices provide coaching and monitoring, but ZFF can be tapped to also source coaches. The PLMP was designed based on ZFF's past and existing programs including the PLGP and IHLGP.

- d. *Leadership and Governance in Nutrition for First 1000 Days*
(partner: Kristian Gerhard Jebsen Foundation-KGJF)

Undernutrition within the first 1000 days of life can affect motor and cognitive development of children. The prevalence of undernutrition among young Filipino children did not drastically change within a 25-year period: from 38.8 in 1994 to 30.3 percent in 2018. Through a partnership with the Kristian Gerhard Jebsen Foundation (KGJF), ZFF piloted an approach that helped build the local leaders' capability to establish a harmonized and responsive governance system in nutrition.

- e. *City Nutrition Governance Program*
(partner: Nutrition International-NI)

Before the KGJF pilot project ended in 2019, Nutrition International partnered with ZFF to improve nutrition governance in three cities. The NI project adopted the KGJF interventions but tweaked them to fit the needs of cities and incorporate lessons learned from the pilot project.

The NI project has three goals: (1) increase high level integration of non-health sectors into health and nutrition; (2) increase the competencies of LGU officials on nutrition governance; and (3) build competencies of health and nutrition frontline

*f. Integrated Provincial FIKD Leadership Governance Program
(partner: United Nations Children's Fund-UNICEF)*

The Foundation collaborates with UNICEF to improve service delivery and access to services in the first 1000 days in the provinces of Northern Samar, Samar, and Zamboanga del Norte. These provinces were previously enrolled in ZFF's Provincial Leadership and Governance Program. ZFF works closely with DOH Centers for Health Development of Eastern Visayas and Zamboanga Peninsula, and the regional offices of the National Nutrition Council in developing regional coaching and mentoring capacities.

*g. Strengthening Puerto Princesa's ASRH interventions
(partner: Pascal Gueissaz)*

Videos that highlighted issues on ASRH were developed using donations from Pascal Gueissaz in 2018. To ensure full utilization of the videos, ZFF developed facilitators' guides that were subsequently included by the city government in their Teenage Pregnancy Symposium held in schools and communities beginning 2019. The videos highlighted the importance of open and safe communication between parents and their adolescent children. This highlights the key role of parents and communities in preventing unintended teenage pregnancies. Part of Gueissaz's donations was used to also develop a technical roadmap for ASRH systems in cities and provinces.

*h. Youth Leadership and Governance Program
(partner: United Nations Population Fund –UNFPA)*

The partnership program with the United Nations Population Fund is called the Youth Leadership and Governance Program (YLGP). It involves 10 target municipalities from Sarangani, Sultan Kudarat and Lanao del Sur. Engaged participants are Sanggunian Kabataan (SK) Federation presidents and their identified core group namely: mayor, municipal health officer (MHO), local youth development officers (LYDO), and youth leaders from organized local youth organizations.

The YLGP is focused on increasing demand for ASRH services among adolescent and youth. It is assumed that target municipalities have already increased access to services through strengthened and improved health system since all had leaders who had undergone either the Municipal Leadership and Governance Program (MLGP) or the Community Health Partnership Program (CHPP)

i. University of California- San Francisco Malaria Provincial Technical Roadmap

The University of California San Francisco Global Health Group's Malaria Elimination Initiative collaborated with ZFF to develop the technical roadmap toward malaria elimination. The intention was to strengthen local ownership, leadership, governance and stewardship of the health systems. This will be measured by the improvement on the performance on the malaria elimination technical roadmap indicators and policy commitment for a sustainable financing of malaria elimination activities.

j. Knowledge Management

The Zuellig Family Foundation documents its learnings and experiences in program implementation and funds research studies on program innovations, effectiveness, and its effects on local government units (LGUs). ZFF creates public health advocacy activities to share information, promote health programs and policies, and learn about upcoming health developments.

k. ZFF Institute

The core of Zuellig Family Foundation's health leadership training for public health officers is to foster the understanding of the complexities of the healthcare system to enable health officers to realize their roles in addressing existing challenges, and to collaborate with others to address them. The programs underscore the importance of health leadership and governance in establishing and sustaining pro-poor healthcare systems and policies. The programs are for mayors, municipal health officers, governors, provincial health officers, and Department of Health officials to promote a systemic mindset for overcoming challenges and redress inequities in community healthcare.

10. Retirement Costs

The Foundation has a funded, noncontributory defined benefit plan covering all permanent employees. The latest actuarial valuation date is as at December 31, 2018.

The amounts included in the statements of assets, liabilities and fund balance are as follows:

	2019	2018
Fair value of plan assets	₱12,569,230	₱17,368,772
Retirement liability	(6,427,989)	(9,763,393)
Net retirement asset	₱6,141,241	₱7,605,379

Changes in the fair value of plan assets in 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	₱17,368,772	₱18,009,121
Return on plan assets	741,449	332,226
Benefits paid from the plan assets	(5,540,991)	(972,575)
Balance at end of year	₱12,569,230	₱17,368,772

Changes in the retirement liability are as follows:

	2019	2018
Balance at beginning of year, as previously reported	₱9,763,393	₱15,320,765
Transition adjustment (Note 2)	214,566	–
Balance at beginning of year, as adjusted	9,977,959	15,320,765
Retirement expense (income)	1,991,021	(3,874,506)
Benefits paid	(5,540,991)	(1,682,866)
Balance at end of year	₱6,427,989	₱9,763,393

The allocation of the plan assets is shown below:

	2019	2018
Cash and cash equivalents	19.2%	53.5%
Investment in:		
Unit Investment Trust Fund (UITF)	0.1%	21.8%
Government securities	80.5%	24.4%
Receivables	0.3%	0.4%
Trust fee payable	(0.1%)	(0.1%)

The plan assets of the Foundation are maintained by a trustee bank.

The plan assets are composed of cash in banks, receivables - net of payables and investments in debt securities. Descriptions of each category are as follows:

- Cash and cash equivalents consist of savings deposits and special savings deposits.
- Investments in debt securities consist of investments in government bonds.
- Receivables - net of payables consist of interest receivables.

11. Subsequent Event – COVID-19 Outbreak

In the first quarter of 2020, the Philippine government has implemented measures in a move to contain the COVID-19 outbreak.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. On March 13, 2020, the Office of the President of the Philippines issued a directive imposing stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout Luzon until April 12, 2020, unless earlier lifted or extended. The Office of the President of the Philippines issued a memorandum extending the ECQ until April 30, 2020 which was further extended to May 15, 2020. On May 14, 2020, the government relaxed the implementation of ECQ and has placed certain areas under either the Modified ECQ or general community quarantine (GCQ) until May 31, 2020 and on May 28, 2020, the government further eased the implementation of community quarantine and placed most of areas in the Philippines under GCQ until June 15, 2020. These measures are expected to result to disruptions to businesses and economic activities.

The Foundation considers the measure taken by the government as a non-adjusting subsequent event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Foundation cannot determine at this time the impact to its financial position, performance and cash flows. The Foundation will continue to monitor the situation.

On April 7, 2020, in response to the COVID-19 pandemic, the Foundation has pledged a special donation amounting to ₱100.0 million to its local government unit partners which will be used to provide medical equipment and personal protective equipment to hospitals and frontline health workers.

12. Supplementary Information Required Under Revenue Regulations No. 15-2010

Exempt from Tax on Corporations

The Foundation being a nonstock and nonprofit charitable institution is exempted from taxation of corporation.

Below is the additional information required by RR No. 15-2010:

- The National Internal Revenue Code of 1997 also provided for the imposition of VAT on sales of goods and services. Accordingly, the Foundation's sales are exempt from output VAT while its importation and purchases from other VAT-registered individuals or corporations are exempt from input VAT.

- Taxes and Licenses

Taxes and licenses, local and national, include licenses and permit fees which were recorded under "Taxes and licenses" in the statements of revenues and expenses.

	Amount
Business permit	₱27,277
Community tax certificate	500
Others	29,599
	₱57,376

- Withholding Taxes

	Paid	Accrued	Total
Expanded withholding taxes	₱1,918,326	₱551,196	₱2,469,522
Withholding taxes on compensation and benefits	9,321,108	390,711	9,711,819
	₱11,239,434	₱941,907	₱12,181,341

- Tax Assessments

The Foundation has no outstanding tax assessments with the Bureau of Internal Revenue (BIR) as at December 31, 2019.

- Tax Cases

The Foundation has no tax cases in any courts or bodies outside the BIR as at December 31, 2019.

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Sarangani provincial government - 13



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