

**CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT, INC.**  
**(A Nonstock, Nonprofit Organization)**

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**NOTES TO FINANCIAL STATEMENTS**

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**1. Organization**

The Association is a nonstock, nonprofit organization which was established by a group of practitioners in rural development in December 1986. It is devoted in undertaking, directly financing and assisting research and development work and/or economic evaluation for the development and improvement of the quality of life of people in underdeveloped and depressed areas.

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**2. Accounting Policy on Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives of the properties.

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**3. Loans Receivable**

This represents members outstanding current loan balance on their income generating projects and calamity and/or housing improvements.

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**4. Property and Equipment**

This account consists of:

Land	₱1,429,311
Building and improvements	2,122,071
Furniture and equipment	1,278,812
Transportation equipment	1,036,645
Work animals	40,000
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	5,906,839
Less accumulated depreciation	1,296,253
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	<b>₱4,610,586</b>

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**5. Long-Term Debt**

This account represents loans obtained from collaborating agencies which bear interest at different rates and are payable in various quarterly installments until year 2003. These loans are collateralized by non-negotiable promissory notes and memorandum of agreements.

The installments due within one year are shown under current portion of long-term debt account in the statement of assets, liabilities and fund balance.

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**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1996**

**REVENUES**

Administrative income	₱7,485,567
Grants	2,301,011
Other income	467,319
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	10,253,897

**EXPENSES**

Salaries, wages and employee benefits	6,326,202
Administrative and other expenses	4,067,586
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	10,393,788

**DEFICIENCY OF REVENUES OVER EXPENSES** 139,891

**FUND BALANCE AT BEGINNING OF YEAR** 8,447,020

**FUND BALANCE AT END OF YEAR** ₱8,307,129

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*See accompanying Notes to Financial Statements.*

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**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE**  
**DECEMBER 31, 1996**

**ASSETS**

**Current Assets**

Cash	₱6,720,305
Loans receivable (Note 3)	19,233,761
Other receivables	2,063,237
Prepaid supplies	188,483
<b>Total Current Assets</b>	<b>28,205,786</b>

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<b>Property and Equipment - net (Note 4)</b>	<b>4,610,586</b>
	<b>₱32,816,372</b>

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**LIABILITIES AND FUND BALANCE**

Accounts payable	₱905,749
Current portion of long-term debt (Note 5)	9,552,156
<b>Total Current Liabilities</b>	<b>10,457,905</b>

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<b>Due to Staffs and Members</b>	<b>7,553,168</b>
<b>Long-Term Debt - net of current portion (Note 5)</b>	<b>6,498,170</b>
<b>Fund Balance</b>	<b>8,307,129</b>

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**₱32,816,372**

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*See accompanying Notes to Financial Statements.*

# SGV & Co

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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SyCip Gorres Velayo & Co  
An Arthur Andersen Member Firm

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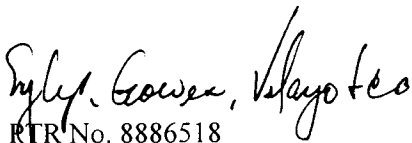
The Board of Trustees  
Center for Agriculture and Rural Development, Inc.

6760 Ayala Avenue  
1226 Makati City Philippines  
632 891 0307  
632 819 0872 Fax

We have audited the accompanying statement of assets, liabilities and fund balance of Center for Agriculture and Rural Development, Inc. (a nonstock, nonprofit organization) as of December 31, 1996, and the related statement of revenues, expenses and changes in fund balance for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of Center for Agriculture and Rural Development, Inc. as of December 31, 1996, and its revenues, expenses and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.



RTR No. 8886518  
January 9, 1997  
Makati City

April 7, 1997

SGV & Co

**CENTER FOR AGRICULTURE  
AND RURAL DEVELOPMENT, INC.**  
*(A NONSTOCK, NONPROFIT ORGANIZATION)*

**FINANCIAL STATEMENTS**  
DECEMBER 31, 1996