Dear stakeholders, Ayala Foundation’s legacy is rooted in its commitment to national progress through youth development, sustainable entrepreneurship, promotion of culture and the arts, and the protection of the environment. We at Ayala Foundation believe that before our nation can move forward and become globally competitive, Filipinos should first be able to meet their basic needs: education, a stable job or business, entrepreneurship, promotion of culture and the arts, and the protection of the environment. When these needs are met, our people become empowered and capable partners in national development. Ayala Foundation’s commitment to improve the lives of Filipinos drives it to build new partnerships and to strengthen old ones. It has collaborated with various groups from the private and public sectors, as well as from here and abroad, to set up educational programs for events that also enabled one of the (AYLC), which This yearly event young students leaders. AYLCAim to become catalysts for 2008, in partnership with four-month festival that the Ayala group’s their work. In 2008, proudly showcased fashion designers, records served as the of the country’s best artists w e r e exhibits held in Metro Manila and Cebu. In line Museum has set up several exhibitions and public Crossroads of Civilizations, which opened in May, displays precolonial gold objects, 18th and 19th century costumes, and trade wares from China and Southeast Asia dating to the 10th to 13th centuries—all proof of the country’s vibrant culture and trade relationships before the Spanish colonial period. Ayala Museum and FHL also organized special exhibitions commemorating the 25th anniversary of Ninoy Aquino’s martyrdom. The exhibit I Am Ninoy not only showed photos that honored the legacy of a modern hero, it also hoped to inspire Filipinos to live up to the values of heroism, enrich the lives of Filipinos identity through the arts, have given us the Our commitment to inspire and bring Development (CSD) the environment, youth was able to gather the success of its programs, forward in 2008 with citizenship within the Ayala Ayala Social Initiatives, AFI Social Responsibility (CSR) part of the ongoing effort to CSR programs and to establish a communicating these programs representatives from Ayala orientation on the Global internationally accepted The Ayala group is the to adopt this standard, commitment to monitor of the triple-bottom company’s profitability, obligations. The first Ayala Responsibility Report, Focus published in November 2008, of the Ayala group in 2007. The first steps have already been sustainability report, which will be released in 2009. As one of the and culture, the Ayala Museum spearheads major artistic and cultural its world-class facility. It promotes the understanding and enjoyment of a reason to be proud of their heritage. Through its collections, exhibits, a clearer picture of who Filipinos really are, and what they can accomplish and become. The Center of Excellence in Public Elementary Education (CENTEX) has transformed ordinary public schools into centers of excellence in primary education for students from poor families. For the past decade, the program’s main thrust has been to empower underprivileged but very bright children to chart their own future through the quality education and leadership skills provided by the CENTEX curriculum. CENTEX inspires students to achieve their full potential by creating a challenging learning environment. Equipped with competitive skills, the children are given better opportunities for higher education and a better

**OUR MISSION**

Our mission is to improve the quality of life of the Filipino by contributing to the eradication of poverty in all its forms.

**OUR VISION**

Our vision is to be a leading foundation committed to national development by harnessing corporate social responsibility toward:

- developing social technologies that provide a better quality of life;
- facilitating access to knowledge and learning;
- instilling pride in being a Filipino.
In partnership with Ayala Land Inc., Ayala Property Management Corporation, Ayala Center Association, Makati Commercial Estate Association, and other institutions, AFI promoted greater public awareness of environmental concerns and introduced innovative strategies that encourage public involvement in managing solid waste. As part of its campaign to educate the public on ecological solid-waste management, AFI conducted 32 waste-management seminars in the Makati Central Business District (MCBD) and Bonifacio Global City. These seminars were held in Ayala malls and Ayala properties, as well as in AFI’s partner communities in Taguig City. AFI also kept its focus on working with the buildings in the MCBD. Out of 372 buildings in the district, 319 are now managing their solid waste. As a result, approximately 1.8 million kilograms of recyclable waste—worth an estimated P11 million—was recovered from the MCBD and Ayala properties alone. To further communicate the importance of caring for the environment, AFI coordinated with recyclers for the Ayala Recyclables Fair (formerly called Waste Market). These fairs were held in different Ayala venues, and provided institutions and individuals a convenient way for the proper disposal of their recyclable waste materials and even the chance to earn money on the side. In past years, these recyclables fairs were usually held only in Ayala properties. But in 2008, several universities expressed interest in holding similar events in their campuses: special fairs were held at the University of the Philippines Manila, De La Salle University, and Ateneo de Manila University. The fairs had a total of 1,725 participants and collected 118 kilos of recyclable materials worth P1 million. The community-based solid-waste management program in two barangays in Taguig also gained support in students from five schools in barangay Ususan bring their recyclables from a result, a total of 11 tons of recyclables, worth P51,800, was collected 24,000 tons of waste (worth an estimated P13 million) has been recycled, saving about 12,000 cubic meters of implementing the solid-waste-management program recyclables, AFI continued to tap the strength of its partnerships project. In 2008, AFI invested in building relationships with and local governments to promote environmental awareness, and support in protecting our natural environment. As environmental beyond solid waste, AFI has also begun developing a program to other critical areas of environmental protection. Building on the platform management program, AFI is expanding its environmental initiative to clean water, and energy-efficiency programs. AFI brought together leaders from all over the country for the 2008 Ayala Young Leaders is an annual three-day summit of some of the most promising country. Over 400 alumni attended AYL’s 10th-anniversary grand together participants from previous congresses. The reunion initiatives of AYL alumni, and included workshop sessions and a talk. Panilio. The program’s youth-leadership-development unit, with the help of AYL alumni, as the I Am Ninoy Congress, the AYL Leadership Forum, and the AYLA-CESB Intergenerational events included the Benigno S. Aquino Foundation and the Kaya Natin Movement, among others. In 2008, the Resource and Fund Generation Project for Disaster Management of Ayala Young Leaders’ Alliance (AYLA) carried out three relief operations in Eastern Samar, Iloilo and Aklan, and North Cotabato, offering assistance to families affected by natural disasters. A total of P1,088,348 in donations was gathered to support these efforts. The AYL Secretariat, AYL Iloilo Chapter, and AYL Region XII chapter led these operations, which benefited 251 schools nationwide were invited through school caravans, listed nominees interviewed by Ayala executives, 75 participants showed various activities such as the Ayala group Leaders Dialogue. Partners for these Internet Literacy and Access for Students (GILAS) consortium, AFI innovative educational tools by connecting an additional 448 public Internet. As program manager and secretariat of GILAS, AFI seeks to technology, sustainability, of GILAS yielded Visayas, and P3.8 million for Mindanao. accounted for P20 million of the total donations received by the program, while non-amounted to P8.3 million. In 2008, GILAS raised a total of P54.4 accounted for P5.9 million for Luzon, million for Mindanao. program to connect the more than 6,300 public high schools in the Philippines to the World Wide Web. A total of 2,102 public high schools or around 2,000,000 students in the Philippines are now linked to the information superhighway. Furthermore, 9,359 teachers from 2,123 schools have undergone training on information computer maintenance, networking, and project fundraising campaign P150,000 for the program. The Ayala group private-sector Ayala donations million in cash to support the private sector, foundation to support the technology-venture ventures technological University of the Management Cebu campus (UPV) is also in UP Diliman, out of nine facilities in startups out of 10 facilities
Dear stakeholders,

Ayala Foundation’s legacy is rooted in its commitment to national progress through youth development, sustainable entrepreneurship, promotion of culture and the arts, and the protection of the environment. We at Ayala Foundation believe that before our nation can move forward and become globally competitive, Filipinos should first be able to meet their basic needs: education, health, a stable job or business, and a place to call home. When these needs are met, our people become empowered and capable partners in national development.

For Ayala Foundation to improve the lives of Filipinos at a level that will make a significant impact on the country, it has to collaborate with a critical mass of individuals and institutions who share the same vision. We therefore continue to build new partnerships and strengthen old ones—from the private and public sectors, as well as from here and abroad—to set up educational programs for underprivileged but gifted students and youth leadership programs based on the values of service to others. We continue to support cultural literacy campaigns by holding exhibits and events that celebrate Filipino creativity and artistry. Partnerships with other Ayala companies have also enabled the foundation to support micro-entrepreneurs and technology startups.

One of the foundation’s major programs is the Ayala Young Leaders Congress (AYLC), which focuses on promoting servant leadership among the youth. This yearly event mounts workshops, discussions, and lectures for student leaders who may become the country’s—and the world’s—future leaders and catalysts for positive change.

One of the foundation’s major projects in 2008, in partnership with other Ayala companies, was the staging of Bravo Filipino, a four-month festival that honored the Philippines’ finest artists. This project reinforced the Ayala group’s commitment to recognizing and celebrating homegrown talent. Bravo Filipino set the stage for concerts and fashion shows that proudly showcased the best of our photographers, visual artists, musicians, and fashion designers.

The Filipinas Heritage Library’s (FHL) Himig Collection of over 1,000 vinyl records served as the centerpiece of Bravo Filipino. Through this festival, the musical works of the country’s best artists past and present were brought to the public in the form of concerts and interactive musical exhibits held in Metro Manila and Cebu.

In line with our goal to promote Philippine history and culture through art, Ayala Museum set up several exhibitions and public programs that focus on our heritage and identity. The three-part exhibition entitled Crossroads of Civilizations, which opened in May, displays precolonial gold objects, 18th and 19th century costumes, and trade wares from China and Southeast Asia dating to the 10th to 13th centuries—all proof of the country’s vibrant culture and trade relationships before the Spanish colonial period.

Ayala Museum and FHL also organized special exhibitions commemorating the 25th anniversary of Ninoy Aquino’s martyrdom. The exhibit I Am Ninoy not only showed photos that honored the legacy of a modern hero, it also hoped to inspire Filipinos to live up to the values of heroism, leadership, and social consciousness that Ninoy upheld.

Ayala Foundation has always sought ways to enrich the lives of Filipinos through quality education or entrepreneurial programs, and has exerted efforts to explore the Filipino identity through the arts. The ties we have forged with our shareholders and partners have sustained our endeavors and have given us the opportunity to find better ways and improved technologies to serve more Filipinos. Our commitment to nation building remains steadfast. We hope that our legacy will continue to inspire and bring people together during these trying times.

Jaime Zobel de Ayala
Ayala Foundation, Inc.
The Chairman's Message
Dear stakeholders,

By strengthening its partnerships with government institutions, private organizations, the business sector, and other local and international groups, Ayala Foundation continues to implement its commitment to improving the quality of life of Filipinos and eradicating the many forms of poverty that afflict the less privileged. In 2008, Ayala Foundation expanded the reach of its programs to ensure greater positive impact in addressing the development needs of our people and communities.

The reality of Filipino migration—millions of Filipinos leaving the country to work overseas—has been an important national concern. In 2008, Ayala Foundation partnered with the Department of Foreign Affairs in hosting the Civil Society Days of the Second Global Forum on Migration and Development held in Manila. This forum gathered 270 delegates, experts, and speakers from 60 countries to discuss important migration-related issues. Recommendations were prepared on how to effectively protect the rights of workers and at the same time ensure that they reap their full share of development, even as they contribute to the development of their home country and their country of destination. These were submitted to governments, business institutions, international development organizations, and other concerned groups.

At the same time, AFI supported a multi-sectoral effort to work with our own government in preparing a long-term, strategic Philippine national plan to maximize the benefits and minimize the costs of such migration for all concerned.

Ayala Foundation also took the lead in consolidating the corporate social responsibility projects of the Ayala group of companies into one program—the Ayala Social Initiatives (ASI). ASI published its first CSR report, Focus for Greater Reach and Impact, which followed the Global Reporting Initiative (GRI), an internationally recognized CSR reporting standard. The report discusses the Ayala group’s commitment to corporate citizenship and how it is integrating its CSR programs into its core business models to make these programs more effective, strategic, and sustainable by aligning them with the

"3 Es"—education, environment, and entrepreneurship. As ASI convenor, Ayala Foundation is also preparing a report on the environmental and social performance of the entire Ayala group. The first conglomerate-wide sustainability report, which follows GRI guidelines, will be released in 2009.

Ensuring a brighter future for the Filipino youth is a priority for Ayala Foundation. In 2008 we reached several important milestones in youth development. Together with our partners, Gearing up Internet Literacy and Access for Students (GILAS) celebrated the Internet connectivity of its 2000th school. By year end, in fact, more than 2,100 of about 6,300 public high schools in the country were connected to the Internet. As a result, about two million public high school students have had computer and Internet-literacy training and easy access to improved educational tools and materials through the Web since GILAS started in 2005. In addition, GILAS has facilitated the training of 9,359 teachers on information and communication technology, computer maintenance, networking, and project sustainability.

Text2Teach, on the other hand, focuses on providing under-resourced public elementary schools with multimedia educational materials in Mathematics, English, and Science. With funding from Nokia and continued support from its partners, the program entered its second phase in 2008. Two hundred seventeen schools in Northern Luzon were identified as recipients of the program, which now uses 3G technology for the delivery of educational materials. Building on the success of GILAS, AFI has invited local government officials to offer counterpart funding to ensure Text2Teach’s sustainability in their areas.

Providing quality education to bright but underprivileged children remained the top concern of the Center of Excellence in Public Elementary Education (CENTEX). In 2008, the two CENTEX schools in Tondo and Batangas supported the education of 995 grade school students. Selected CENTEX graduates were offered scholarships in partner high schools.

AFI’s Solid Waste Management (SWM) program had another successful year. In the Makati Central Business District (MCBD) alone, the SWM program recovered 1,400 tons of recyclables, valued at about P9.2 million. Recyclables Fairs were held in different Ayala properties, as well as at the University of the Philippines, Ateneo de Manila University, and De La Salle University. About 162 tons of recyclable materials worth P1.3 million was
The Ayala Technology Business Incubator (AyalaTBI), which supports the formation of science-and-technology-based industries in the Philippines, helped 23 new businesses in such areas as chip design, software development, robotics, wireless/mobile-content application, e-learning technology, and biotechnology, among others. The TechnoHub, which was inaugurated at the University of the Philippines campus in Diliman, likewise hosts an Ayala TBI facility. As of December, AyalaTBI’s four facilities in Metro Manila and Cebu were occupied by 26 startup companies.

Ayala Foundation USA (AF USA) marked an important milestone in 2008, as it raised close to $2.3 million from more than 1,000 donors in the United States. This is the highest amount AF USA has raised since it started in 2000. Moreover, 12 Philippine organizations were added to the list of AF USA’s partners, bringing the total to 156 partner organizations.

We at Ayala Foundation are honored to have worked with all of you, our donors, partners, and stakeholders. Through your generosity and unfailing support, our programs and projects have made a difference in the lives of many Filipinos. Together we have taken steps that bring us closer to our goal of eradicating the many debilitating forms that poverty takes. Thank you very much for your continued trust and confidence. We look forward to working with you again in 2009 and in the years ahead.

Victoria P. Garchitorena
Ayala Foundation, Inc.
At a Glance

The Center for Social Development (CSD) formulates and implements innovative, relevant, and sustainable social technologies that aim to improve the quality of life of Filipinos and promote greater corporate social responsibility within the Ayala group. Its core programs cover such areas as education, entrepreneurship, youth leadership development, and the environment.

Reach and Impact

CSD affirmed its commitment to building and strengthening partnerships within the country as well as overseas. Through partnerships with communities, local government units, the private sector, and individuals, CSD was able to successfully jumpstart and sustain its projects related to education, community development, entrepreneurship, environment, and others. As a result, these projects reached and served hundreds of public schools, and millions of public school students and residents of poor communities.

Highlights

Ayala Social Initiatives
• Published the first Ayala Social Initiatives Corporate Social Responsibility Report

Global Forum on Migration
• Convened the Civil Society Days of the Second Global Forum on Migration and Development, which was attended by over 270 delegates, experts, and speakers from 60 countries

AF USA
• Raised a record $2.3 million in donations from Filipinos and other groups and individuals based in the United States
• Mounted awareness campaigns, conducted workshops, and organized fundraising events for education, health, enterprise development, environment, and disaster relief

The GILAS Social Consortium
• Connected an additional 448 public high schools in the country to the Internet. As of the end of 2008, a total of 2,102 public high schools have Internet access
• Organized training courses on information and communication technology, computer maintenance, networking, and project sustainability for 9,359 teachers nationwide

Solid Waste Management
• Recovered 1,407 tons of recyclable waste, worth an estimated ₱9.3 million, from the Makati Central Business District (MCBD)
• Gained the support of 24 additional MCBD buildings in ensuring that their solid waste is properly segregated
• Held regular recyclables fairs in various Ayala properties; schools and communities also supported the program by holding their own recyclables fairs

Ayala Young Leaders Congress
• Provided training for 73 young student leaders through the Ayala Young Leaders Congress (AYLC) held in February
• Held activities in celebration of AYLC’s 10th anniversary
• Carried out disaster-relief operations in different parts of the country through the Ayala Young Leaders’ Alliance, and raised over ₱1 million in donations, which benefited over 5,000 families
Text2Teach
- Identified 217 public elementary schools to be given the Text2Teach technology

Education and Livelihood Skills Alliance (ELSA)
- Formally launched the second phase of the project, which involves generating baseline data in its identified priority areas in Mindanao; touching base with local governments, field partners, and schools; and facilitating the introduction of ELSA’s interventions in the priority areas

Ayala Technology Business Incubator (AyalaTBI)
- Operated four facilities that could accommodate 48 startup technology companies
- Served as host to 23 businesses involved in such areas as chip design, software development, robotics, wireless/mobile-content application, e-learning technology, and biotechnology, among others
- Organized two TechBootCamps, 10 Innovation Forums, and three Kape + Teknolohiya forums

Other Community Development Projects
- Continued to implement educational and feeding programs at the Buklod Bahayan Daycare Center in Cavite
- Organized training programs in entrepreneurship for Bohol residents, and helped in the preservation of some of the province’s heritage structures
- Continued to provide educational and health assistance to Iraya Mangyans in Mindoro

STRATEGIC INITIATIVES
- Produce the Ayala group’s first conglomerate-wide sustainability report
- Design and implement an expanded environmental program to include projects on energy efficiency, water conservation, and clean air
- Establish a Council of Advisers on Science and Technology, and launch a Start-Up Fund within the AyalaTBI network
- Prepare to turn over the day-to-day operations of Buklod Bahayan Daycare Center to the parent–teacher and community association in the next school year
- Step up networking and awareness campaigns among Filipino-Americans
- Encourage local government units to look for counterpart funding for Text2Teach to ensure its sustainability, and start providing the first targeted 82 schools with the necessary technology
The Center of Excellence in Public Elementary Education (CENTEX) has transformed ordinary public schools into centers of excellence in primary education for students from poor families. For the past decade, the program’s main thrust has been to empower underprivileged but very bright children to chart their own future through the quality education and leadership skills provided by the CENTEX curriculum.

CENTEX inspires its students to achieve their full potential by creating a challenging learning environment. Equipped with competitive skills, the children are given better opportunities for higher education and a better life. Ultimately, this innovative education program hopes to prepare servant leaders who are ready to take leading roles in national development.

**Reach and Impact**

CENTEX operates in two public elementary schools, one in Tondo, Manila, and another in Bauan, Batangas. CENTEX also provides opportunities for its graduates to benefit from quality education at the secondary level by placing them in private high schools that are partners of CENTEX, such as Sta. Isabel College in Manila and St. Bridget School in Batangas.

**Highlights**

- Continued to provide quality education to underprivileged but deserving grade school students, and ensured that CENTEX graduates have access to

- Had a total grade school population of 995 in its Manila and Batangas public schools

- CENTEX Manila ranked first at the division-level National Achievement Test administered by the Department of Education

- CENTEX Batangas won all awards in all grade levels at the district-level Mathematics Teachers’ Association of the Philippines Challenge

- CENTEX Batangas topped the National Schools’ Press Conferences Journalism Competitions (district level), and the Readers’ Theater Competition (district, area, and division levels)

- Supported the high school education of CENTEX graduates. This support took the form of scholarships or partnerships with Santa Isabel College, St. Bridget’s College, the University of Santo Tomas High School, Philippine Science High School, Manila Science High School, Makati Science High School, Berea Arts and Sciences High School, Fame Academy of Science and Technology, and the Sisters of Mary School

- Conducted a curriculum audit workshop for 41 teachers from both CENTEX schools
**Strategic Initiatives**

- Continue to generate funds for CENTEX's feeding programs, as well as provide transportation allowance and uniforms for its scholars
- Hold activities in celebration of CENTEX Manila's 10th anniversary
- Conduct more training courses for CENTEX teachers so they can continue to provide quality education
- Provide training on financial management for parents of CENTEX students, particularly those parents who work overseas
- Continue with the high school assistance program for qualified CENTEX graduates
- Look for funds that will support the college education of the first batch of CENTEX graduates, who will finish high school in 2009
- Intensify public awareness campaigns, so that support for CENTEX extends beyond the Ayala group of companies
- Conduct training on servant leadership for CENTEX graduates
As one of the leading private institutions promoting Philippine art and culture, Ayala Museum spearheads major artistic and cultural events for local and international audiences in its world-class facility. It promotes the understanding and enjoyment of Philippine art, culture, and history, giving Filipinos a reason to be proud of their heritage. Through its collections, exhibitions, and public programs, the museum aspires to provide a clearer picture of who Filipinos really are, and what they can accomplish and become.

**REACH AND IMPACT**

To achieve its goal of making art more accessible and relevant to the public, Ayala Museum continues to establish links with various local and international institutions to reach a wider audience and to enrich the public’s understanding of Philippine art and culture. In 2008, nearly 70,000 people visited the museum for its exhibitions, workshops, and lectures, as well as to participate in its educational programs and activities.

**HIGHLIGHTS**

- Inaugurated a special three-part exhibition entitled Crossroads of Civilization, at the museum’s newly renovated fourth-floor galleries
- Showcased rare works by Filipino artist and patriot Juan Luna in Juan Luna: Selections from the Bank of the Philippine Islands Collection
- Partnered with Filipino Heritage Festival Inc. in celebration of National Heritage Month with Kisame: Visions of Heaven on Earth, an exhibition of photographs of ceiling paintings from Spanish colonial churches in the island province of Bohol
- Celebrated French Spring with the Embassy of France and Alliance Française de Manille via the exhibition 100 x France, and the European Year for Intercultural Dialogue with the Delegation of the European Commission to the Philippines via the exhibition Europa sa Maynila
- Held Art Matters, a fundraising exhibition of works by Filipino artists for the benefit of the museum’s educational and outreach projects
- Mounted the following shows: Simon de la Rosa Flores: His Life and Works; the homecoming exhibition of Philippine works featured in the 22nd Asian International Art Exhibition; Radiance: New Works by Nestor Olarte Vinluan; the 41st Shell National Students Art Competition Exhibition; and Images in Stone: Art in Fossils from the Larry Gotuaco Collection
Commemorated the 25th anniversary of the martyrdom of Ninoy Aquino with the I Am Ninoy exhibition

Brought to the country the costume and stage designs of a Filipino scenographer in From Inspiration to Illusion: The Scenographic Works of Eduardo Sicangco

Participated in the four-month, multi-venue Amorsolo retrospective His Art, Our Heart, through the exhibition Amorsolo’s Women: Concealed and Revealed

Brought the world of art closer to the corporate community through the museum’s partnership with Accenture

Gained the support of Shell companies in the Philippines, Pacific Paint (Boysen) Philippines Inc., Northwest Airlines, Philips Electronics & Lighting Inc., and Hewlett-Packard for its various exhibitions

Developed and implemented public and educational programs to complement the museum’s exhibition lineup

Featured 12 Filipino budding artists, three groups, and one artist named as Director’s Choice in the museum’s ArtistSpace

Developed Museum Shop products featuring objects from the museum’s collections

Renewed partnerships with, as well as received continued support from, the National Museum of Ethnology, Leiden, the Netherlands; Japan Foundation (Tokyo); Roberto T. Villanueva Foundation; Alfonso T. Ongpin Foundation; Philippine Committee, Asian Artists, Inc.; the Apostolic Nuncio to the Philippines; BPI Foundation; and various private collectors

Strategic Initiatives

Develop and present exhibitions and education programs that contribute to the understanding of local art and culture while fostering a greater sense of pride in Philippine history, creativity, and artistry

Pursue partnerships with local and international institutions to strengthen the museum’s programs and diversify its publics

Maintain high standards in the display, management, conservation, and protection of its permanent collection

Continue to develop products, based on the museum’s collections and publications, that promote better understanding and appreciation of the museum’s exhibitions

Increase the number of visitors to the museum through new and exciting public programs
The Filipinas Heritage Library (FHL) is one of the leading libraries on Philippine studies in the country. It uses the latest in information and communication technology in advancing education and literacy, and in promoting Philippine history, art, and culture. Aside from making its multimedia resources available to researchers, FHL also mounts workshops, exhibits, programs, and forums to strengthen the country’s appreciation of its history, literature, traditions, and cultural heritage.

**At a Glance**

The Filipinas Heritage Library (FHL) is one of the leading libraries on Philippine studies in the country. It uses the latest in information and communication technology in advancing education and literacy, and in promoting Philippine history, art, and culture. Aside from making its multimedia resources available to researchers, FHL also mounts workshops, exhibits, programs, and forums to strengthen the country’s appreciation of its history, literature, traditions, and cultural heritage.

**Reach and Impact**

FHL uses various tools, venues, and methods to make its resources available to the public. A significant amount of its resources are available online, and can easily be accessed by researchers anywhere in the world. As manager of LibraryLink, FHL has brought together in one website the catalogues on Philippine studies of 99 learning institutions all over the country. Its Trade Roots website, meanwhile, provides teachers with materials that tackle Philippine history using a trade perspective. With Bravo Filipino, it brought some of the gems of Philippine music closer to the public in the form of concerts and exhibits held in various parts of the country.

**Highlights**

- Hosted the first LibraryLink Conference, which aimed to strengthen the ties of LibraryLink member-institutions and to update them on current trends in library and information science
- Organized Bravo Filipino, a festival that paid tribute to Philippine artistry and ingenuity, in cooperation with the Ayala group of companies. Bravo Filipino highlighted FHL’s Himig Collection, and featured concerts, traveling music exhibits, photography exhibits, and fashion shows
- In cooperation with the National Book Development Board (NBDB), held activities in celebration of National Book Development Month, such as the marathon reading of Jose Rizal’s masterpiece, *Noli Me Tángere*
- Published *Sukaran*, a book that documents the unique architecture of houses in two towns of Bohol; and *Catalogue of Award-Winning Titles and Directory of NBDB Stakeholders* in partnership with the NBDB
- Continued to provide services in corporate communications, publishing, and documentation and research for select programs and projects within the Ayala group
- Continued to serve as the editorial office of *Ayala Now* and provided the Ayala group with the latest national and business news through the FHL Daily News Service
- Conducted workshops on photography, writing, art, and other topics
STRATEGIC INITIATIVES

• Continue to organize and participate in activities that promote cultural literacy

• Strengthen existing partnerships with government and private organizations, and forge new alliances to ensure the success of its cultural and educational programs

• Continue to develop multimedia educational materials, such as the English–Filipino Dictionary for Young Adults CD-ROM

• Strengthen its position as a repository of information on the history of the Ayala group of companies by acquiring more materials and drafting historical papers on Ayala milestones

• Organize educational and cultural events that not only highlight selections from the library’s collections (such as the Himig Collection) but also raise Filipinos’ awareness and appreciation of their cultural heritage

• Make full use of information and communication technology to improve public access to FHL’s resources
Operational Highlights

The Center for Social Development (CSD) pursued initiatives in development areas related to education, the environment, youth development, technology entrepreneurship, and migration. It was able to gather the support of both old and new partners to ensure the success of its programs.

Ayala Social Initiatives

Ayala Foundation Inc. (AFI) continued to move forward in 2008 with its program for strengthening corporate citizenship within the Ayala group of companies. Through the Ayala Social Initiatives, AFI now convenes the Ayala Corporate Social Responsibility (CSR) Council.

As part of the ongoing effort to enhance Ayala’s CSR programs and to establish a strategy for effectively communicating these programs to stakeholders, key representatives from Ayala companies attended an ASI orientation on the Global Reporting Initiative (GRI), an internationally accepted standard for sustainability reporting. The Ayala group is the first business house in the Philippines to adopt this standard.

This move signals the Ayala group’s commitment to monitor and assess its performance in terms of the triple-bottom line, which not only considers a company’s profitability, but also its environmental and social obligations.

The first Ayala Social Initiatives Corporate Social Responsibility Report, Focus for Greater Reach and Impact, was published in November. The report discusses the CSR programs of the Ayala group in 2007. The first steps have already been taken to produce the conglomerate’s first sustainability report, which will be released in 2009.

GFMD 2008 Civil Society Days

With the help of its network of partners, AFI convened the Civil Society Days of the 2008 Global Forum on Migration and Development (GFMD) in Manila in October. Over 270 delegates, experts, and speakers from 60 countries attended the civil-society gathering to discuss global migration issues.

In preparation for the event, AFI conducted national consultations with civil society groups in Metro Manila/National Capital Region, Luzon, Visayas, and Mindanao. A national consultation workshop was also organized to consolidate inputs from local civil society with the event’s agenda, and to select 30 local delegates to the Global Forum.

MacArthur Foundation provided a grant of $450,000 to AFI, through Ayala Foundation USA (AF USA), for the civil society event. The total funds generated for the caucus amounted to about $800,000.
Ayala Foundation USA

The year 2008 boded well for AF USA and its Philippine-based partner organizations as the group mobilized close to $2.3 million in the US—the highest amount AF USA has raised since it started in 2000. Notably, AF USA’s volunteer group in the New York/Tri-State area exceeded the $50,000 fundraising target it had set at the start of the year.

AF USA’s other volunteer groups held awareness campaigns all over the US, conducted workshops, and organized fundraising events to benefit various social causes in the Philippines, such as education, health, enterprise development, environment, and disaster relief.

Twelve Philippine organizations were added to the AF USA family of supporters, increasing its total number of partner organizations to 156. Also, 1,013 individuals and institutions were added to the list of donors. The cumulative number of AF USA donors is 2,275.

The GILAS Social Consortium

Through the Gearing Up Internet Literacy and Access for Students (GILAS) consortium, AFI advanced its goal of providing the youth with access to innovative educational tools by connecting an additional 448 public high schools or around 224,000 students in the country to the Internet. As program manager and secretariat of GILAS, AFI seeks to connect all the 6,300 or so public high schools in the Philippines to the World Wide Web.

A total of 2,102 public high schools, or more than 2 million students, in the Philippines are now linked to the information superhighway. Furthermore, 9,359 teachers nationwide have undergone training on information and communication technology, computer maintenance, networking, and project sustainability.

The public sector fundraising campaign of GILAS yielded ₱5.9 million for Luzon, ₱150,000 for the Visayas, and ₱9.8 million for Mindanao. The Ayala group accounted for ₱20 million of the total private sector donations received by the program, while non-Ayala donations amounted to ₱8.9 million. GILAS raised a total of ₱54.4 million in cash donations, and ₱6.2 million worth of in-kind donations from the public sector, private sector, and benefactors overseas. To date, public high schools in 37 cities and provinces in the country are connected to cyberspace.
Solid Waste Management

In partnership with Ayala Land Inc., Ayala Property Management Corporation, Ayala Center Association, Makati Commercial Estate Association, and other institutions, AFI promoted greater public awareness of environmental concerns and introduced innovative strategies that encourage public involvement in managing solid waste.

As part of its campaign to educate the public on ecological solid waste management, AFI conducted 32 waste management seminars in the Makati Central Business District (MCBD) and Bonifacio Global City. These seminars were held in Ayala malls and Ayala properties, as well as in AFI’s partner communities in Taguig City.

AFI also kept its focus on working with the buildings in the MCBD. Out of 372 buildings in the district, 319 are now managing their solid waste. As a result, approximately 1,407 tons of recyclable waste—worth an estimated P9.3 million—was recovered from the MCBD alone.

To further communicate the importance of caring for the environment, AFI coordinated with recyclers for the Ayala Recyclables Fair (formerly called Waste Market). These fairs were held in different Ayala venues, and provided institutions and individuals a convenient way for the proper disposal of their recyclable waste materials and even the chance to earn money on the side.

In past years, these recyclables fairs were usually held only in Ayala properties. But in 2008, several universities expressed interest in holding similar events in their campuses: special fairs were held at the University of the Philippines Manila, De La Salle University, and Ateneo de Manila University. The fairs had a total of 1,725 participants and collected 162 tons of recyclable materials and 10,800 pieces of used lead-acid batteries and ink and toner cartridges. These items were estimated to be worth P1.3 million.

The community-based implementation of the Solid Waste Management (SWM) program in two barangays in Taguig also gained support in 2008. For instance, daycare, grade school, and high school students from five schools in barangay Ususan bring their recyclables from home to be sold to an accredited buyer every week. As a result, a total of 11 tons of recyclables, worth P51,800, was collected from July to December.

Since 2001 when the program started, 24,000 tons of waste (worth an estimated P113 million) has been recycled, saving about 12,000 cubic meters of landfill space.

Despite the challenges of implementing the SWM program because of the fall in prices of recyclables, AFI continued to tap the strength of its partnerships to sustain the project. AFI invested in building relationships with communities and local governments to promote environmental awareness, and to gain public support in protecting our natural environment.

As environmental issues go beyond solid waste, AFI has also begun developing a program that will focus on other critical areas of environmental protection. Building on the platform of its SWM program, AFI is expanding its environmental initiative to include clean air, clean water, and energy-efficiency programs.
AYALA YOUNG LEADERS CONGRESS

AFI brought together 73 young student leaders from all over the country for the 2008 Ayala Young Leaders Congress. The AYLC is an annual three-day summit of some of the most promising student leaders in the country. Over 400 alumni attended AYLC’s 10th-anniversary grand reunion, which brought together participants from previous congresses. The reunion showcased various initiatives of AYLC alumni, and included workshop sessions and a talk by Pampanga governor Ed Panlilio.

The program’s youth leadership development unit, with the help of AYLC alumni, also organized activities such as the I Am Ninoy Congress, the AYLC Leadership Forum, and the AYLA-CESB Intergenerational Leaders Dialogue. Partners for these events included the Benigno S. Aquino Foundation and the Kaya Natin Movement, among others.

The Resource and Fund Generation Project for Disaster Management of Ayala Young Leaders’ Alliance (AYLA) carried out relief operations in Eastern Samar, Iloilo, Aklan, and North Cotabato, offering assistance to families affected by natural disasters. More than P1 million in donations was gathered to support these efforts. The AYLC Secretariat, AYLA Iloilo Chapter, and AYLC Region XII chapter led these operations, which benefited over 6,000 families.

For the 2009 congress, students from 251 schools nationwide were invited through school caravans, which yielded 524 applications. From a pool of 141 short-listed nominees interviewed by Ayala executives, 75 participants to the 2009 AYLC were selected.
Text2Teach aims to provide a total of 350 public elementary schools with rich multimedia packages and videos in English, Mathematics, and Science by 2010. With the grant provided by Nokia in 2007, AFI was able to start the implementation phase of the project in 2008.

The Text2Teach package also comes with a 3G-ready mobile phone with 8 GB memory and a 29-inch television set.

In 2008, Text2Teach began its preparatory work with other partners and identified 217 under-resourced schools to be given the Text2Teach technology, in 3G-ready areas in Northern Luzon (CAR, Regions 1 and 2).

As the program’s lead organization in resource mobilization, AFI also initiated talks with government units to look for counterpart funding, ensure the program’s sustainability, and start providing the initial targeted 82 schools with the necessary technology. These schools are in Isabela; Tuguegarao City; Baguio City; La Trinidad, Benguet; and Vigan and Candon City, Ilocos Sur.

AFI was also tasked with preloading the mobile phones with rich content from Pearson and SEAMEO INNOTECH (Southeast Asian Ministers of Education Organization–Regional Center for Educational Innovation and Technology).

Globe Telecom provides a twice-a-year load allowance for downloading new or updated content. To date, 410 teachers from the initial set of 82 schools have undergone training related to the implementation of the project.
The second phase of Education and Livelihood Skills Alliance (ELSA), a project funded by the United States Agency for International Development, was formally launched in February. AFI, a key member of ELSA, is involved in community organizing, relationship building with schools and municipalities, resource mobilization training, and youth leadership training.

Activities included generating baseline data in the identified priority areas; touching base with local governments, field partners, and schools; and facilitating the introduction of ELSA’s interventions in the priority areas.

AFI assessed the capacities of 105 parent–teacher and community associations and seven local school boards. It also participated in the Department of Education’s Brigada Eskwela project and book distribution to Mindanao schools. Around 210 youth leaders participated in leadership training camps held in Bongao, Tawi-Tawi; Kidapawan, North Cotabato; Koronadal City; and Zamboanga City.
The Ayala Technology Business Incubator (AyalaTBI) supports the formation and development of technology-based businesses. AyalaTBI advanced its goal of implementing and supporting projects that help local entrepreneurs find means to set up and sustain technology-oriented business ventures.

AyalaTBI now has four facilities that can accommodate 48 technological startups. These facilities are located in the following areas: University of the Philippines Diliman campus (UP-AyalaTBI), Asian Institute of Management campus (AIM-AyalaTBI), University of the Philippines Visayas in Cebu campus (UPV Cebu-AyalaTBI), and the TechnoHub (TechnoHub-AyalaTBI), also in UP Diliman.

The occupancy profiles of these facilities are as follows: nine startups out of nine facilities in UP-AyalaTBI, three startups out of 17 facilities in AIM-AyalaTBI, two startups out of 10 facilities in UPV Cebu-AyalaTBI, and 12 startups out of 12 facilities in TechnoHub-AyalaTBI.

As of 2008, the program was hosting 23 businesses in such areas as chip design, software development, robotics, wireless/mobile-content application, e-learning technology, and biotechnology, among others. AyalaTBI also expanded its service network through technology forums that attracted about 1,000 participants. The program organized six Innovation Forums in Makati City; four Innovation Forums in Cebu, Davao, Cagayan de Oro, and Baguio; and three Kape + Teknolohiya (coffee and technology) forums at UP.

Furthermore, AyalaTBI conducted two TechBootCamps (three-day training on technology entrepreneurship) with Morph Code for 60 Software-as-a-Service (SaaS) developers, and with UP for 200 research and development teams and engineering and technology entrepreneurship students.

AyalaTBI widened the reach of its Start-Out-of-the-Box (SooB) starter package to help locators with human resource, payroll, benefits, accounting, bookkeeping, Internet protocol, and legal services. It also developed 10 case studies on technology entrepreneurship, and collaborated with the Department of Science and Technology (DOST) to develop two websites—labtechnetwork.org and philtechexperts.org—to map the supply chain for technology entrepreneurs.

AyalaTBI’s strategic initiatives for 2009 include establishing a Council of Advisers on Science and Technology, and launching a Start Up Fund within the AyalaTBI network.
AFI also implements several area-focused programs that invest in particular communities that need support for education, arts and culture, heritage preservation, and entrepreneurial development.

Much work has been done in Bohol, where 159 individuals from three communities underwent training in entrepreneurship.

To preserve Bohol’s unique culture, AFI supported the restoration of the Baclayon pipe organ, which was built in 1824 but fell into disrepair in the 1940s. AFI was also instrumental in restoring the Daulis Convent roof to preserve the trompe l’oeil paintings on the convent’s ceiling.

AFI’s links to the Mangyans in Mindoro, meanwhile, remained strong, as the Iraya Mangyan Development program continued to support the education of 66 students and the training of four Mangyan teachers. Seven Mangyan parents served as volunteers in the implementation of AFI’s projects. The program also offered medical assistance to 3,510 patients.

In Silang, Cavite, the AFI-managed daycare center, Buklod Bahayan, continued to implement holistic development programs for children from poor families. Parents also participated actively in the project. Teachers and parents rendered volunteer hours worth P135,050. Furthermore, the parent–teacher association raised funds for school activities. Preparations are ongoing to turn over the daycare’s day-to-day operations to the parent–teacher association in the next school year.
The Center of Excellence in Public Elementary Education (CENTEX) continued to provide high-quality education to less privileged but deserving elementary and high school students. It registered a total grade school student population of 995 for the school year 2008–2009.

A decade has passed since the establishment of the first CENTEX School program in Manila. Corporate partners led by Ayala Land Inc. funded the creation of CENTEX Manila. Globe Telecom Inc. helped fund the establishment of CENTEX Batangas two years later. Aside from these corporate partners, the Department of Education, local governments, individual donors, other companies, and volunteers supported both schools.

CENTEX Manila ranked 1st (Division of Manila) in the National Achievement Test administered by the Department of Education.
In 2008, CENTEX students and alumni began to realize the school's dream of producing public school students that are at par with their private school counterparts. CENTEX graduates emerged as leaders in several private high schools, while CENTEX students continued to succeed in different competitions and national achievement exams.

CENTEX Manila ranked first (Division of Manila) in the National Achievement Test administered by the Department of Education, and CENTEX Batangas won all awards from Grades 1 to 6 in the Mathematics Teachers’ Association of the Philippines Challenge held in February (district-level competition).

CENTEX Batangas was the overall winner (district level) in the National Schools’ Press Conferences Journalism Competitions and was among the top three awardees in the area-level and division-level competitions held in October. CENTEX Batangas also won first place in the Readers’ Theater competition held in November (district, area, and division levels).
Amidst today’s uncertainties and economic crisis, CENTEX has remained steadfast in its promise to provide quality education to bright children from marginalized families. CENTEX has remained strong by partnering with different entities and organizations. Through these partnerships, CENTEX has been able to support the needs of its students, alumni, and teaching staff. One of the fruits of these alliances is a donation of 21 brand new, top-of-the-line computers and two printers for the two CENTEX-supported public schools from Hewlett-Packard Foundation, USA.

Various individuals also pledged support for the program, including J. D. Estrella, a US-based donor, who provided four computers and two printers to CENTEX’s partner high schools. CENTEX also renewed its partnerships with Balikbigay Inc., Nicanor Jacinto Foundation, and other individuals who committed to support CENTEX’s continuing education program at the secondary level.

Partnerships with private high schools were established for the continuing secondary education of 423 CENTEX alumni (265 from Manila and 138 from Batangas). To date, 133 graduates of the CENTEX program have been enrolled at Sta. Isabel College, 58 at St. Bridget College, and five at the University of Santo Tomas High School. Other CENTEX graduates received scholarships from the Philippine Science High School; Manila Science High School; Makati Science High School; Berea Arts and Sciences High School, Cainta; Fame Academy of Science and Technology, Taal, Batangas; and Sisters of Mary School (Boystown and Girlstown), Silang, Cavite.
Notably, CENTEX graduate Hershey Gabi was given an overall first honor full scholarship by Stonyhurst Southville International School, Batangas, while Cyrus Bellosillo and Jenina Anos received an overall first honor full scholarship and an overall second honor partial scholarship, respectively, from Sta. Isabel College, Manila.

CENTEX also partnered with the University of the Philippines, Ateneo de Manila University, De La Salle University, Far Eastern University, Mapua Institute of Technology, Adamson University, University of the East, and University of Santo Tomas for the career orientation of its alumni.

CENTEX held a curriculum audit workshop in April to integrate the CENTEX curriculum more fully with the DepEd’s Philippine Elementary Learning Competencies, and to further strengthen the curriculum used at CENTEX. Forty-one teachers from both CENTEX-supported schools attended the workshop.
Ayala Museum, one of the leading private museums in the Philippines, affirmed the importance of partnerships in ensuring the success of its programs and in reaching a bigger audience. The museum paid homage to Filipino artists and heroes; launched an exhibition of rare objects that reflect the country's rich precolonial past; hosted a region-wide curators' conference; and conducted outreach and education programs to promote greater appreciation of Philippine art.

**Crossroads of Civilizations**

In May, Ayala Museum inaugurated Crossroads of Civilizations, an exhibition of precocious artifacts, which are on long-term display at the museum's fourth-floor galleries. The exhibition is divided into three parts—Gold of Ancestors: Precolonial Treasures in the Philippines; Embroidered Multiples: 18th- to 19th-Century Philippine Costumes; and A Millennium of Contact: Chinese and Southeast Asian Trade Ceramics in the Philippines.

Gold of Ancestors, an exhibition of 1,059 gold objects dating to the 10th through 13th centuries, celebrates the sophisticated cultures that flourished in the country before western colonization in the 16th century. Many objects in the exhibition have never been seen in public before.

Meanwhile, Embroidered Multiples features selections from the Leiden National Museum of Ethnology's collection of 18th–19th-century Philippine costumes and the Rina Ortiz collection. The French diplomat Bréjard, who was assigned to Manila from 1881 to 1886, originally owned the costumes.

Last, A Millennium of Contact displays more than 500 ceramics on long-term loan from the Roberto Villanueva Foundation. It provides one of the most comprehensive surveys, spanning a thousand years, of Chinese and Southeast Asian trade wares found in the Philippines.
Other Exhibitions

In February, Ayala Museum presented the homecoming exhibition of Philippine works featured in the 22nd Asian International Art Exhibition held in Bandung, Indonesia, in December 2007. Featured were the works of Pandy Aviado, Bencab, Susan Fetalvero-Roces, Ramon Orlina, Sid Gomez Hildawa, Abdul Mari Imao, Amble Abano, Popo San Pascual, Sam Penaso, and Kawayan de Guia.

In March, the works of a 19th-century Filipino master were shown in the exhibition, Simon de la Rosa Flores. Flores was the first Filipino artist to receive an international award; in 1876, his work, La Música del Pueblo, won the silver medal at the Philadelphia Universal Exposition.

To celebrate French Spring in Manila, the Embassy of France, Alliance Française de Manille, and Ayala Museum opened 100 x France, an exhibition of works by famous French photographers. The museum also joined the Delegation of the European Commission in celebration of the European Year for Intercultural Dialogue with the exhibition Europa sa Maynila, which featured the works of European painters.

In May, the museum partnered with Filipino Heritage Festival Inc., the National Commission for Culture and the Arts, the Department of Tourism, and the Provincial Government of Bohol to celebrate National Heritage Month. The group presented Kisame: Visions of Heaven on Earth, an exhibition of photographs of ceiling paintings from Bohol's colonial churches. The exhibition aimed to generate greater awareness of the historical and cultural significance of Bohol's church murals and ceiling paintings.

The museum also paid tribute to a great artist and patriot by showcasing some of his rare works in an exhibition entitled Juan Luna: Selections from the Bank of the Philippine Islands (BPI) Collection. The collection was opened to the public for the first time on the occasion of BPI Foundation’s 30th anniversary.
Art Matters, a fundraiser and an exhibition of the works of 19 Filipino artists, was held in July. This special show aimed to augment funds for the museum's continuing education projects and outreach programs.

Radiance: New Works by Nestor Olarte Vinluan showcased the works of one of the leading names in contemporary Philippine art in his 20th solo exhibition and second show at Ayala Museum. Held from August to September, the exhibition consisted of large-scale paintings, spheres, and installation works.

Also in August, Ayala Museum commemorated the 25th anniversary of the martyrdom of Benigno S. Aquino Jr. with I Am Ninoy, a specially designed exhibition featuring photos and text that reflect on heroism, leadership, and social consciousness.

In September, Ayala Museum also focused on “nature’s art” with Images in Stone: Art in Fossils from the Larry Gotuaco Collection. Composed of actual fossils, the exhibition magnified the patterns found on the surfaces of these natural artifacts to give visitors a better view of the “artwork” of natural forces.

In October, the museum featured the works of the finalists and winners of the Shell National Students’ Art Competition. Now on its 41st year, the competition is known for boosting the careers of many Filipino artists.

In line with its goals of “re-collecting the past” and “re-presenting the future,” the museum brought home, for the first time, the body of work of a renowned, New York–based Filipino scenographer in From Inspiration to Illusion: The Scenographic Works of Eduardo Sicangco. The exhibition of Sicangco's drawings, scale models of stage designs and costume plates, and actual stage costumes paid tribute to a Filipino who has reached a high level of artistic excellence and recognition in the field of scenography.

Ayala Museum joined six other museums in the four-month Fernando Amorsolo retrospective entitled His Art, Our Heart. The museum's contribution to the retrospective was called Amorsolo’s Women: Concealed and Revealed, surveying the great artist’s rendering of female subjects.
**Educational Programs**

To promote a deeper understanding of and appreciation for the exhibitions, five curators’ lectures, entitled Conversations in Art, were held, with Dr. Florina Capistrano-Baker, Dr. Warren Peterson, and Dr. John Miksic on Gold of Ancestors; Fr. Milan Ted Torralba on Kisame: Visions of Heaven on Earth; Ambeth Ocampo on Juan Luna; Larry Gotuaco on Images in Stone; and Purissima Benitez-Johannot on Amorsolo’s Women.

Featured artists, including Bencab, Ramon Orlina, Nestor Olarte Vinluan, and Eduardo Sicangco also shared stories behind their works and their creative process with museum audiences. Other individuals who discussed their art were Bobby Wong Jr., who spoke about macrophotography, and a number of Juilliard students, who spoke about dance.

The museum held art-related programs for children such as the annual Summer Art Workshops. Kids were also introduced to the amazing world of nature’s art in Fun with Fossils, featuring a gallery tour and drawing activity for kids. This was held in connection with the Images in Stone exhibition.

The museum also published the following supplementary education materials—a catalogue for Kisame, as well as exhibition guides for Simon de la Rosa Flores, Juan Luna, Radiance, Amorsolo’s Women, and Images in Stone. Through the museum, the following publications were also released: *Shell Art Awards and Exhibition*, *Fernando Amorsolo: Seven-Museum Exhibition*, *Jurassic Fossils*, and *From Inspiration to Illusion.*

68,363 people visited the museum.
To reach audiences outside Metro Manila, Museum-in-a-Box, Ayala Museum’s traveling exhibition, was brought to La Consolacion College in Bacolod City and to the University of the Philippines Visayas in Iloilo City. Reproductions of select paintings from Pioneers of Philippine Art: Luna, Amorsolo, Zobel were brought to these schools. Lectures on art were also held.

Ayala Museum also brought the world of art closer to the corporate community through eight workshops for Accenture. Partnerships with corporate entities such as Shell Philippines, Pacific Paint (Boysen) Philippines Inc., Northwest Airlines, Philips Electronics & Lighting Inc., and Hewlett-Packard gave some of the employees of these companies the privilege to view select shows for free.

Almost 100 teachers and 40,000 students visited the museum in 2008, and close to 260 field trips were conducted. In addition, almost 900 attended the teachers’ tours under the auspices of the League of Corporate Foundations, over 160 participated in the regular Museo Aralan, and nearly 600 benefited from the Lakbay Aral programs.

For its international programs, the museum hosted the Third Asian Museum Curators Conference in March. A total of 14 curators from China, Korea, Singapore, Malaysia, and Japan participated in the conference.
14 curators from China, Korea, Singapore, Malaysia, and Japan participated in the Third Asian Museums Curator conference.
Operational Highlights
The year 2008 saw the Filipinas Heritage Library (FHL) strengthening its partnerships with educators and cultural workers; intensifying its promotion of Philippine history, arts, and culture; and implementing programs directed at providing improved services to researchers. All these efforts were in line with FHL’s goal of reinforcing its position as a leading resource center for Philippine studies.

Researchers and tour participants remained an important presence at the library. By yearend, a total of 964 researchers and 658 tour participants visited FHL. In addition, 47 individuals became library members.

New ways to improve its services were also explored. In August, the library, in cooperation with Globe Broadband, started offering free WiFi access to its members. Also in August, the impact of extending library hours was studied. As a result, FHL decided to open its doors to researchers and visitors from 9 a.m. to 6 p.m., Tuesdays to Saturdays.

LibraryLink, the one-stop online Filipiniana resource center managed by FHL, had a total of 99 member-institutions as of December. In keeping with its efforts to strengthen the network of member-institutions, FHL hosted the first LibraryLink Conference in August. Carrying the theme, Connect to Evolve, the conference was attended by 47 library and information professionals from as far north as Tuguegarao to as far south as Zamboanga. LibraryLink was supported in part by the National Commission for Culture and the Arts and the National Book Development Board.

FHL launched the Trade Roots website in September. The site contains comprehensive modules, lecture videos, and PowerPoint presentations on how to teach Philippine history from the perspective of commerce and trade. The site aims to serve as a resource of materials for teachers of history as they integrate the Trade Roots approach to their curriculum.

Digitizing FHL’s Himig Collection, as well as making part of the collection available in a website, was actively pursued. More than 5,000 songs make up the Himig collection. As of December, 2,394 songs were digitized, of which 215 were cleaned and edited. Meanwhile, the team working on the Himig website identified 261 “gems of Philippine music,” which will be made available online in 2009.
Bravo Filipino

The Himig Collection was a central feature of Bravo Filipino, a festival of Philippine artistry and ingenuity that took place from February to April and was mounted with the support of Ayala Land’s Ayala Malls Group. This festival paid tribute to the world-class talent of Filipinos in music, dance, fashion, and photography.

During the launch concert held on February 19 at Greenbelt in Makati City, veteran and up-and-coming musical and dance artists performed songs from the Himig Collection. Similarly, these songs were performed at pocket concerts held in Ayala malls in Metro Manila and Cebu.

The Ayala malls also served as venues for Bravo Filipino: A Traveling Exhibit on Philippine Music. From March to April, old records, music sheets, and photographs were displayed. Listening stations were also set up at the exhibit areas to give the public easy access to some of the country’s best musical pieces.

FHL and the Ayala Malls Group also hosted Shared Moods: 9 Photographers, which featured the works of nine veteran and up-and-coming Philippine photographers. The exhibit ran from March to April.

Bravo Filipino went on to win the Gold Award for Marketing Excellence in the International Council of Shopping Centers Awards in Macau, as well as the Award of Excellence for Communication Management at the Philippine Quill Awards.

261 “gems of Philippine music” were identified for the Himig website.
12th Philippine Book Development Month

FHL partnered with the National Book Development Board (NBDB) in celebration of the 12th Philippine Book Development Month in November, which carried the theme, Read Pinoy. The NBDB and FHL hosted eight lectures in Metro Manila and one in Cebu. These lectures tackled such issues as content development, translation, publication marketing, and literary appreciation. The lecture held at the University of San Carlos in Cebu attracted over 100 participants from different universities and publishing firms from Visayas and Mindanao.

FHL also hosted the marathon reading of Jose Rizal’s *Noli Me Tángere*, as translated by National Artist for Literature, Virgilio Almario, National Artist for Literature. Various actors, students, and book lovers spent over 24 hours nonstop, reading from this literary masterpiece.

A daylong food and history tour of Bulacan and Pampanga was also organized by FHL and NBDB.
Publications

In partnership with Bea Zobel Jr., FHL produced and launched the book *Sukaran: The Domestic Architecture of the Towns of Loboc and Loay in Bohol*. Written by Marianito Luspo and Ino Manalo, the book documents various examples of Bohol’s unique domestic architecture as a reference and resource material for designers, architects, and anyone interested in Philippine architecture and design.

FHL also helped produce two new titles for the NBDB—the *Catalogue of Award-Winning Titles*, which lists down the books that received awards from the Manila Critics’ Circle and other book-award-giving organizations; and the *Directory of NBDB Stakeholders*, which enumerates the names of authors, publishers, and other organizations involved in book publishing in the Philippines. The books are scheduled for release in 2009.

Also scheduled for release in the first half of 2009 is FHL’s *English–Filipino Dictionary for Young Adults* CD-ROM. A soft launch for the CD-ROM was held in August in celebration of the Buwan ng Wikang Pambansa (National Language Month).

The library continued to serve as the editorial office of *Ayala Now*, the official news publication of the Ayala group of companies. Published six times a year, *Ayala Now* is produced in cooperation with editorial consultants and correspondents from the various Ayala companies.

Aside from *Ayala Now*, the library also delivered the FHL Daily News Service. The News Service gathers news relevant to the Ayala group and makes it available to officers and staff within the group.

In May, Ayala Foundation Inc. received the Wilmer Shields Rich silver award for its 2006 annual report, which was produced by FHL. The “Wilmers” are given annually by the US-based Council of Foundations, which counts over 2,000 grant-making organizations and corporations as members.
Lectures and Workshops

FHL organized a number of lectures and workshops to promote Philippine art, culture, and history. The first phase of the League of Corporate Foundation’s ArtConnection program, which consists of lectures on music, visual arts, literature, and Philippine history, was held at the library from April to June. As many as 950 public school teachers from the National Capital Region attended the lectures. The second phase of the lecture series started in October, when FHL hosted the lectures for 19 supervisors and coordinators from the Department of Education.

FHL also organized lectures on 17 topics for the Department of Trade and Industry’s employee-training program. Among the topics discussed were Philippine trade history, technical writing, public speaking, events management, and others.

Writing workshops continued to be held at the library for many aspiring writers. The writing workshops focused on the following topics: art, “chic lit” or contemporary women’s fiction, writing, and visual storytelling.

Meanwhile, the library’s photo gallery, The Alcove, conducted a total of 30 photography workshops and four photography exhibits. It also organized photography-related workshops and exhibits held in other venues. These included lectures for corporate and government organizations and a photo trip to Chinatown, among others.
Please describe the kind of work AF USA is engaged in. How different are the tasks assigned to its Philippine and US offices? Ayala Foundation USA is engaged in the business of rallying Filipinos around the globe, but particularly in the United States, for various social development projects in the Philippines. Even though our country is beset by so many problems, there is still a considerable amount of development projects that continue to make a difference in the lives of our underprivileged brothers and sisters. Those projects need all the support they can get. We in AF USA recognize the huge, almost untapped potential of US-based Filipinos as a fresh source of funds that could support worthwhile social development initiatives. In essence, we function as an effective mechanism by which US-based Filipinos and donors can support initiatives in areas such as education, health, environment, enterprise development, and arts and culture.

Our Philippine office currently manages all dealings and transactions with our 156 partner nonprofit organizations, making sure they run as smoothly and as efficiently as possible. They also handle our communications projects and ensure that all our friends, donors, and supporters are up-to-date with our activities. On the other hand, our US office takes care of our donors and volunteer groups in the United States. There are...
Filipinos go to bed hungry and need access to education, shelter, and healthcare. We in AF USA have continuously engaged volunteers and partners to support the various development initiatives in the Philippines. We trust that our partnerships with individuals and institutions will carry us through these difficult times. They are the heart of this organization. Also, we recognize that despite the crisis, there is still a growing interest among Filipinos abroad to participate in nation-building. We appreciate individual donors who give in whatever capacity they can, whether it's $50 or $500. We have donors who give in small but frequent increments and these also help our projects tremendously. In a sense, we envision AF USA as a grassroots movement where everyone, regardless of economic status, can contribute to making the Philippines a better place.

What will be the focus of AF USA’s activities in 2009? We will position AF USA as the most trusted, most preferred, and most effective Fili-Am foundation in the US that bridges Filipinos abroad and social development initiatives in the Philippines. We also aim to expand our networks and strengthen our existing ones to help more underprivileged Filipinos. This would mean reinforcing relationships with existing donor organizations as well as tapping new donation sources. We will also focus on empowering volunteers by connecting them with partner Fili-Am organizations through strategic alliances.
**Ayala Foundation’s Use of Funds, 2008**

**Funds Raised by GILAS**

**Cash Donations**

2006: ₱45,666,572

2007: ₱48,799,530

2008: ₱54,474,401

**In-kind Donations**

2006: ₱4,388,049

2007: ₱32,750,500

2008: ₱6,195,000

**Total: ₱338,284,317**
### Internet-connected Public High Schools in the Philippines as of December 31, 2008

#### Number of Internet-connected High Schools in the Philippines

<table>
<thead>
<tr>
<th>Year</th>
<th>Connected Schools</th>
<th>Unconnected Schools</th>
</tr>
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<tbody>
<tr>
<td>2000-2005</td>
<td>679 (cumulative)</td>
<td>333</td>
</tr>
<tr>
<td>2006</td>
<td>333</td>
<td>642</td>
</tr>
<tr>
<td>2007</td>
<td>448</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>67% (4,198)</td>
<td>33% (2,102)</td>
</tr>
</tbody>
</table>

Total number of connected schools = 2,102

Connections made 2000–2004 facilitated by Youth Tech

Connections made 2005–2008 facilitated by GILAS

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**Connected Schools**

**Unconnected Schools**
Recyclables Recovered from the Makati Central Business District

<table>
<thead>
<tr>
<th>Year</th>
<th>Recyclables Recovered</th>
<th>Funds Raised by Ayala Foundation USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,199 tons</td>
<td>₱7,112,679</td>
</tr>
<tr>
<td>2007</td>
<td>1,891 tons</td>
<td>₱9,888,932</td>
</tr>
<tr>
<td>2008</td>
<td>1,407 tons</td>
<td>₱9,269,402</td>
</tr>
</tbody>
</table>

**Funds Raised by Ayala Foundation USA**

- **Cash Donations**
  - 2006: $829,829
  - 2007: $1,293,391
  - 2008: $2,266,190
- **In-kind Donations**
  - 2006: $76,060
  - 2007: $86,593
  - 2008: $242,113
Filipinas Heritage Library Visitorship

- 2006: 1,026
- 2007: 930
- 2008: 935
- Researchers: 658
- Tour Participants: 964

Ayala Museum Visitorship

- 2006: 62,061
- 2007: 59,921
- 2008: 68,363
2008 Board of Trustees

JAIME ZOBEL DE AYALA
Chairman of the Board
and Executive Committee

FERNANDO ZOBEL DE AYALA
Co-Vice Chairman of the Board
and Executive Committee

JAIME AUGUSTO ZOBEL DE AYALA II
Co-Vice Chairman of the Board
and Executive Committee

VICTORIA GARCHITORENA
President
STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ayala Foundation, Incorporated is responsible for all information and representations contained in the statements of financial position as at December 31, 2008 and 2007, and the statements of activities, and cash flows for each of the two years in the period ended December 31, 2008, and the summary of significant accounting policies and other explanatory notes. The financial statements have been prepared in accordance with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The President and Chief Financial Officer review the financial statements before such statements are approved and submitted.

SyCip Gorres Velayo & Co., the independent auditors appointed by the Board of Trustees, has audited the financial statements of the Ayala Foundation, Incorporated in accordance with Philippine Standards on Auditing and has expressed their opinion on the fairness of presentation upon completion of such audit, in the attached report.

JAIME ZOBEL DE AYALA
Chairman

VICTORIA P. GARCHITORENA
President

WILMA P. ZAPATA
Chief Financial Officer
INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Ayala Foundation, Incorporated
10th Floor, BPI Main Building
Ayala Avenue corner Paseo de Roxas
Legaspi Village, Makati City

We have audited the accompanying financial statements of Ayala Foundation, Incorporated (a nonstock, not-for-profit organization), which comprise the statements of financial position as at December 31, 2008 and 2007, and the statements of activities and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ayala Foundation, Incorporated as of December 31, 2008 and 2007, and its financial activities and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-1
Tax Identification No. 102-082-365
PTR No. 1566411, January 5, 2009, Makati City

February 20, 2009
AYALA FOUNDATION, INCORPORATED  
(A Nonstock, Not-for-Profit Organization)  

STATEMENTS OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Notes 4 and 12)</td>
<td>₱56,948,377</td>
<td>₱32,794,846</td>
</tr>
<tr>
<td>Receivables - net (Notes 5 and 12)</td>
<td>33,146,215</td>
<td>73,467,475</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>12,847,654</td>
<td>12,518,487</td>
</tr>
<tr>
<td>Other current assets (Note 6)</td>
<td>4,355,216</td>
<td>6,193,999</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>107,297,462</td>
<td>124,974,807</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment - net (Note 7)</td>
<td>183,518,169</td>
<td>172,845,910</td>
</tr>
<tr>
<td>Available-for-sale financial assets (Notes 8 and 12)</td>
<td>608,243,559</td>
<td>754,985,719</td>
</tr>
<tr>
<td>Total Noncurrent Assets</td>
<td>791,761,728</td>
<td>927,831,629</td>
</tr>
<tr>
<td></td>
<td>₱899,059,190</td>
<td>₱1,052,806,436</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

| Current Liabilities | | |
| Accounts and other payables (Notes 9 and 12) | ₱63,739,673 | ₱66,069,247 |

Noncurrent Liabilities

| Pension liabilities (Note 10) | 2,471,331 | 1,928,158 |
| Total Liabilities | 66,211,004 | 67,997,405 |

Net Assets (Notes 8 and 11)

| Unrestricted | 135,368,659 | 151,468,342 |
| Temporarily restricted | 265,911,817 | 269,331,043 |
| Permanently restricted | 525,997,763 | 522,150,995 |
| Unrealized gains (losses) on available-for-sale financial assets | (94,430,053) | 41,858,651 |
| Total Net Assets | 832,848,186 | 984,809,031 |
| | ₱899,059,190 | ₱1,052,806,436 |

See accompanying Notes to Financial Statements.
### AYALA FOUNDATION, INCORPORATED
(A Nonstock, Not-for-Profit Organization)

#### STATEMENTS OF ACTIVITIES

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>Unrestricted (Note 11)</th>
<th>Temporarily Restricted (Note 11)</th>
<th>Permanently Restricted (Note 11)</th>
<th>2008 Total</th>
<th>Unrestricted (Note 11)</th>
<th>Temporarily Restricted (Note 11)</th>
<th>Permanently Restricted (Note 8)</th>
<th>2007 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, gains and other supports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>10,527,716</td>
<td>10,527,716</td>
<td>10,527,716</td>
<td>10,527,716</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions (Note 11)</strong></td>
<td>304,315,157</td>
<td>26,235,750</td>
<td>30,550,907</td>
<td>30,550,907</td>
<td>210,001,769</td>
<td>26,235,750</td>
<td>210,001,769</td>
<td>26,235,750</td>
</tr>
<tr>
<td><strong>Expenses and losses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>14,264,303</td>
<td>10,527,716</td>
<td>10,527,716</td>
<td>10,527,716</td>
<td>10,527,716</td>
</tr>
<tr>
<td><strong>Net loss from other activities (Note 13)</strong></td>
<td>320,414,840</td>
<td>25,808,208</td>
<td>346,223,048</td>
<td>346,223,048</td>
<td>233,730,710</td>
<td>5,166,927</td>
<td>233,730,710</td>
<td>5,166,927</td>
</tr>
<tr>
<td><strong>Excess of revenue, gains and other supports over expenses and losses (expenses over revenues)</strong></td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>25,567,302</td>
<td>42,475,883</td>
<td>25,567,302</td>
<td>42,475,883</td>
</tr>
<tr>
<td><strong>Endowment fund</strong></td>
<td>(3,846,768)</td>
<td>(3,846,768)</td>
<td>(3,846,768)</td>
<td>(3,846,768)</td>
<td>(56,021,717)</td>
<td>(56,021,717)</td>
<td>(56,021,717)</td>
<td>(56,021,717)</td>
</tr>
<tr>
<td><strong>Net unrealized gains (losses) for the year recognized in net assets (Note 8)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CHANGES IN NET ASSETS</strong></td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>(16,099,683)</td>
<td>(151,960,845)</td>
<td>18,897,637</td>
<td>18,897,637</td>
<td>18,897,637</td>
</tr>
<tr>
<td><strong>NET ASSETS AT BEGINNING OF YEAR</strong></td>
<td>151,468,342</td>
<td>269,331,043</td>
<td>522,150,995</td>
<td>41,858,651</td>
<td>984,809,031</td>
<td>134,559,761</td>
<td>299,785,458</td>
<td>466,129,278</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>135,368,659</td>
<td>265,911,817</td>
<td>525,997,763</td>
<td>41,858,651</td>
<td>984,809,031</td>
<td>151,468,342</td>
<td>299,331,043</td>
<td>411,858,651</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
AYALA FOUNDATION, INCORPORATED
(A Nonstock, Not-for-Profit Organization)

STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>(₱15,672,141)</td>
<td>₱42,475,883</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization (Note 7)</td>
<td>11,973,056</td>
<td>7,152,796</td>
</tr>
<tr>
<td>Recovery of impairment losses (Note 5)</td>
<td>(1,160,273)</td>
<td>(113,261)</td>
</tr>
<tr>
<td>Provision for impairment losses (Notes 5 and 11)</td>
<td>226,008</td>
<td>-</td>
</tr>
<tr>
<td>Investment loss (income)</td>
<td>3,794,120</td>
<td>(56,423,459)</td>
</tr>
<tr>
<td>Changes in net assets before changes in working capital</td>
<td>(839,230)</td>
<td>(6,908,041)</td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>35,454,665</td>
<td>39,980,515</td>
</tr>
<tr>
<td>Merchandise inventories</td>
<td>(329,167)</td>
<td>1,870,611</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,838,783</td>
<td>1,408,110</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and other payables</td>
<td>(2,329,574)</td>
<td>(2,745,434)</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>543,173</td>
<td>2,366,338</td>
</tr>
<tr>
<td>Net cash provided by operations</td>
<td>34,338,650</td>
<td>35,972,099</td>
</tr>
<tr>
<td>Interest income received</td>
<td>2,006,740</td>
<td>51,705,325</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>36,345,390</td>
<td>87,677,424</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net disposals (additions) to available-for-sale financial assets</td>
<td>10,453,456</td>
<td>(104,551,254)</td>
</tr>
<tr>
<td>Net additions to property and equipment (Note 7)</td>
<td>(22,645,315)</td>
<td>(58,059,453)</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(12,191,859)</td>
<td>(162,610,707)</td>
</tr>
</tbody>
</table>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

|                                      | 24,153,531 | (74,933,283) |

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

|                                      | 32,794,846 | 107,728,129 |

**CASH AND CASH EQUIVALENTS AT END OF YEAR** (Note 4)

|                                      | ₱56,948,377 | ₱32,794,846 |

See accompanying Notes to Financial Statements.
1. Organization and Tax Exemption

Ayala Foundation, Incorporated (the Foundation) was registered with the Securities and Exchange Commission (SEC) on December 28, 1961 as a nonstock, not-for-profit organization primarily for the following purposes:

a. To function and operate as a private science and research foundation;

b. To provide financial support or scholarships;

c. To undertake ventures together with organized rural communities for the transfer of appropriate technologies;

d. To undertake integrated community organization and development programs;

e. To encourage the establishment of urban and rural micro, cottage and small enterprises as a means of creating employment among the poor;

f. To undertake social services; and

g. To preserve and enhance Philippine arts and culture as a means of developing national pride and patriotism.

As a nonstock, not-for-profit organization intended for scientific purposes, the Foundation’s income is exempt from payment of income tax as set forth in Section 30(e) of the National Internal Revenue Code (NIRC) as amended by Executive Order (E.O.) 273. The Foundation has been certified as an entity organized for scientific advancement and that its funds are dedicated to scientific pursuits within the meaning of Section 24 of Republic Act No. 2067, as amended.

The Foundation is registered with the Bureau of Internal Revenue (BIR) as a donee institution in accordance with the provisions of BIR-National Economic and Development Authority Regulations No. 1-81 (as amended) and is entitled to the benefits set forth in Section 29(h) of the NIRC, as amended by E.O. 273. As a registered donee, all donations and contributions to the Foundation are exempt from donor’s tax.

The Foundation’s registered office address is at 10th Floor, BPI Main Building, Ayala Avenue corner Paseo de Roxas, Legaspi Village, Makati City.

The financial statements of the Foundation for the years ended December 31, 2008 and 2007 were approved and authorized for issue by the Foundation’s President and Chief Financial Officer on February 20, 2009.
2. **Summary of Significant Accounting Policies**

**Basis of Preparation**
The financial statements of the Foundation have been prepared using the historical cost basis, except for available-for-sale (AFS) financial assets that have been measured at fair value. The Foundation’s presentation and functional currency is the Philippine Peso (₱).

Consistent with the requirement of Philippine Accounting Standard (PAS) 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Foundation applied Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. This Statement establishes standards for general-purpose external financial statements provided by a not-for-profit organization. It specifies that those statements include a statement of financial position, a statement of activities and a statement of cash flows.

**Statement of Compliance**
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

**Adoption of New and Amended Accounting Standards and Interpretations**
The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year except for the adoption of the following Philippine Interpretations which became effective on January 1, 2008, and amendments to existing standards that became effective on July 1, 2008.

- **Philippine Interpretation IFRIC 14, PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**, provides guidance on how to assess the limit on the amount of surplus in a defined benefit plan that can be recognized as an asset under PAS 19, *Employee Benefits*. Adoption of this Interpretation did not have a significant impact on the Foundation’s financial statements.

- **Amendments to Philippine Accounting Standards (PAS) 39, Financial Instruments: Recognition and Measurement, and PFRS 7, Financial Instruments: Disclosure**, are effective beginning July 1, 2008. The amendments to PAS 39 introduce the possibility of reclassification of securities out of the trading category in rare circumstances and reclassification to the loans and receivable category if there is intent and ability to hold the securities for the foreseeable future or to held-to-maturity (HTM) if there is intent and ability to hold the securities until maturity. The amendments to PFRS 7 introduce the disclosures relating to these reclassifications. Adoption of these amendments did not have any impact on the Foundation’s financial statements since the Foundation did not avail of the reclassification allowed under these amendments.

**Future Changes in Accounting Policies**
The Foundation will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Foundation does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.
• Amendment to PAS 1, *Presentation of Financial Statements*
  This Amendment will become effective January 1, 2009. It introduces a new
  statement of comprehensive income that combines all items of income and
  expenses recognized in the profit or loss together with ‘other comprehensive
  income’ (OCI). Entities may choose to present all items in one statement, or to
  present two linked statements, a separate statement of income and a statement of
  comprehensive income. This Amendment also requires additional requirements in
  the presentation of the consolidated balance sheets and equity as well as additional
  disclosures to be included in the financial statements. Adoption of this Amendment
  will not have significant impact on the Foundation except for the presentation of a
  statement of comprehensive income and additional disclosures to be included in the
  financial statements.

*Improvements to PFRS*

In May 2008, the International Accounting Standards Board issued its first omnibus of
amendments to certain standards, primarily with a view to removing inconsistencies and
clarifying wordings. These are the separate transitional provisions for each standard,
which become effective January 1, 2009:

• PAS 16, *Property, Plant and Equipment*
  This amendment replaces the term ‘net selling price’ with ‘fair value less costs to
  sell’, to be consistent with PFRS 5, *Noncurrent Assets Held for Sale and
  Discontinued Operations* and PAS 36, *Impairment of Asset*.

  Items of property and equipment held for rental that are routinely sold in the ordinary
  course of business after rental, are transferred to inventory when rental ceases and
  they are held for sale. Proceeds of such sales are subsequently shown as revenue.
  Cash payments on initial recognition of such items, the cash receipts from rents,
  and subsequent sales are all shown as cash flows from operating activities.

• PAS 19, *Employee Benefits*
  This revises the definition of ‘past service cost’ to include reduction in benefits
  related to past services (‘negative past service cost’) and to exclude reduction in
  benefits related to future services that arise from plan amendments. Amendments to
  plans that results in a reduction in benefits related to future services are accounted
  for as a curtailment.

  It revises the definition of ‘return on plan assets’ to exclude plan administration costs
  if they have already been included in the actuarial assumptions used to measure the
  defined benefit obligation.

  It also revises the definition of ‘short-term’ and ‘other long-term’ employee benefits
  to focus on the point in time at which the liability is due to be settled and it deletes
  the reference to the recognition of contingent liabilities to ensure consistency with
• PAS 36, Impairment of Assets
When discounted cash flows are used to estimate ‘fair value less costs to sell’, additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate ‘value in use’.

• PAS 38, Intangible Assets
Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for intangible assets with finite lives that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit-of-production method.

• PAS 39, Financial Instruments: Recognition and Measurement
Changes in circumstances relating to derivatives, specifically derivatives designated or de-designated as hedging instruments after initial recognition, are not reclassifications.

When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, Insurance Contracts, this is a change in circumstance, not a reclassification.

It removes the reference to a ‘segment’ when determining whether an instrument qualifies as a hedge.

Requires use of the revised effective interest rate (rather than the original effective interest rate) when re-measuring a debt instrument on the cessation of fair value hedge accounting.

• PAS 41, Agriculture
It removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.

It removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Instead, cash flows that are expected to be generated in the ‘most relevant market’ are taken into account.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months from dates of acquisitions or less and that are subject to an insignificant risk of changes in value.
Financial Instruments

Date of recognition
The Foundation recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets are initially recognized at fair value. Except for securities at fair value through profit and loss (FVPL), the initial measurement of financial assets includes transaction costs. The Foundation classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Foundation recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of activities under the “Investment income” account. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of activities when the inputs become observable or when the instrument is derecognized. For each transaction, the Foundation determines the appropriate method of recognizing the ‘Day 1’ profit amount.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the statement of financial position captions “Cash and cash equivalents” and “Receivables”.

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After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the “Interest income” account in the statement of activities. The losses arising from impairment of such loans and receivables are recognized in the statement of activities.

**AFS financial assets**

AFS financial assets are those which are designated as such or do not qualify to be classified as designated as securities at FVPL, HTM investments, or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity investments.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as “Unrealized gains (losses) on available-for-sale financial assets” in the statement of activities.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the reported income. Where the Foundation holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in the statement of activities when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the statement of activities.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment losses.

The Foundation has no financial assets designated as at FVPL and HTM investments as of December 31, 2008 and 2007.

**Other financial liabilities**

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Foundation’s accounts and other payables and other obligations that meet the above definition.
Impairment of Financial Assets
The Foundation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors’ ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of activities. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in statement of activities, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Foundation to reduce any differences between loss estimates and actual loss experience.
**AFS financial assets**
For AFS financial assets, the Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of activities - is removed from the “Unrealized gain (loss) and available-for-sale financial assets” account and recognized in the statement of activities. Impairment losses on equity investments are not reversed through income. Increases in fair value after impairment are recognized directly under “Unrealized gain (loss) on available-for-sale financial assets” account in the statement of activities.

**Derecognition of Financial Assets and Liabilities**

**Financial asset**
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a. the rights to receive cash flows from the asset have expired;

b. the Foundation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or

c. the Foundation has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Foundation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Foundation’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Foundation could be required to repay.

**Financial liability**
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of activities.
Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Merchandise Inventories
Merchandise inventories consist of books and other items held for sale. Merchandise inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using the first-in,first-out method. NRV is the estimated selling price in the ordinary course of business less marketing costs.

Property and Equipment
Property and equipment except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and is computed using the straight-line method over the following estimated useful lives of the property and equipment:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>5-25 years</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>3-5 years</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>5 years</td>
</tr>
</tbody>
</table>

Leasehold improvements are amortized over the estimated useful life of the improvements or the terms of the lease, whichever is shorter.

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

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.
Impairment of Non-financial Assets
The Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Foundation makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognized in the statement of activities in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of activities unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) 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. Provisions, if any, are reviewed at each reporting date and adjusted to reflect the current best estimate.

Restricted Net Assets
The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts consisting of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.
Revenue Recognition

Revenue is recognized on the following bases:

- Public support revenue represents contributions received by the Foundation. Unconditional contributions received, including unconditional promises to give cash or other assets, are recognized as revenue in the period received at their fair value. Conditional promises to give are recognized when the conditions are met. Assets received subject to conditions are accounted for as refundable advances until the conditions are met.

- Investment income represents interest income earned on AFS financial assets. Income is recognized on a time proportion basis computed on the outstanding principal using the applicable rate.

Project

Project revenue account represents income generated from the sale of books and catalogues, paper products, and other shop items such as home decors and giftwares, and desk accessories. The account consists of revenues arising from space rentals from various events held at the Ayala Museum and Filipinas Heritage Library.

Museum Collections

Artworks, ethnographic, archeological and rare book collections purchased for or donated to the museum are not included in the accompanying financial statements. Gifts of cash or property used for the purchase of the museum collections are classified as public support revenue when acquisitions are made in accordance with the terms of the gifts. The cost of objects purchased or donated is reported as a project expense.

Pension Cost

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses and the effect of any curtailment or settlement.

The liability recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at reporting date. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses is recognized as income or expense if the cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of defined benefit obligation or 10% of the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.
Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of activities on a straight-line basis.

Foreign Currency Transactions
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transactions. Outstanding foreign currency-denominated monetary assets and liabilities at year-end are translated to Philippine peso at prevailing Philippine Dealing System rate at reporting dates. Exchange gains or losses arising from foreign currency transactions are credited to or charged against changes in net assets.

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 disclosed when an inflow of economic benefits is probable (see Note 14).

Subsequent Events
Post year-end events that provide additional information about the Foundation’s position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Management’s Accounting Judgments and Use of Estimates

The preparation of the accompanying financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Foundation’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments - Foundation as Lessee
The Foundation has entered into commercial property leases. All significant risks and rewards of ownership of the leased property remain to the lessor since the leased property, together with the buildings thereon and all permanent fixtures, will be returned to the lessor upon termination of the lease.

Impairment of AFS financial assets
The Foundation treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is ‘significant’ or ‘prolonged’ requires judgment. The Foundation treats ‘significant’ generally as 20% or more and ‘prolonged’ as greater than 6 months for quoted equity securities. In addition, the Foundation evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.
Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant impact to the carrying amounts of assets and liabilities are discussed below.

Estimating allowance for impairment losses
The Foundation maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Foundation is required to obtain the present value of estimated cash flows using the receivable’s original effective interest rate. Impairment loss is determined as the difference between the receivables’ carrying balance and the computed present value. The collective assessment would require the Foundation to group its receivables based on the credit risk characteristics (industry, customer type, customer location, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management’s judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. The carrying values of receivables amounted to P=33.1 million and P=73.5 million as of December 31, 2008 and 2007, respectively (see Note 5).

Estimating useful lives of property and equipment
The Foundation estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. As of December 31, 2008 and 2007, the carrying values of property and equipment amounted to P=183.5 million and P=172.8 million, respectively (see Note 7).

Evaluation of asset impairment
The Foundation reviews property and equipment and other noncurrent assets for impairment. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets’ market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Foundation estimates the recoverable amount as the higher of the net selling price and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Foundation is required to make estimates and assumptions that may affect property and equipment and other noncurrent assets. The Foundation believes that the carrying amounts of its assets approximate the recoverable amounts and, as such, no impairment loss was recognized for the years ended December 31, 2008 and 2007.
Estimating pension obligation and other retirement benefits

The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 10 and include, among others, discount rates and salary increase rates. Actual results that differ from assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Foundation believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations. Net pension liability as of December 31, 2008 and 2007 are ₱2.5 million and ₱1.9 million, respectively (see Note 10).

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. See Note 12 for the related balances.

4. Cash and Cash Equivalents

This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and in banks</td>
<td>₱23,247,591</td>
<td>₱23,594,846</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>33,700,786</td>
<td>9,200,000</td>
</tr>
<tr>
<td></td>
<td>₱56,948,377</td>
<td>₱32,794,846</td>
</tr>
</tbody>
</table>

Cash in banks earn interests at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation and earn interests at the respective short-term investment rates.
5. **Receivables**

This account consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Services</td>
<td>₱8,487,763</td>
<td>₱12,439,008</td>
</tr>
<tr>
<td>Products</td>
<td>2,379,356</td>
<td>2,255,058</td>
</tr>
<tr>
<td>Advances</td>
<td>4,434,860</td>
<td>6,376,926</td>
</tr>
<tr>
<td>Advances to officers and employees</td>
<td>1,897,576</td>
<td>2,172,867</td>
</tr>
<tr>
<td>Others</td>
<td>21,608,261</td>
<td>56,819,482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,807,816</td>
<td>80,063,341</td>
</tr>
<tr>
<td>Less allowance for impairment losses</td>
<td>₱5,661,601</td>
<td>₱6,595,866</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₱33,146,215</td>
<td>₱73,467,475</td>
</tr>
</tbody>
</table>

Trade receivables are collectibles from various entities arising from their availment of program services provided by the Foundation and are collectible within one year.

Movements in the allowance for impairment losses are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>₱6,595,866</td>
<td>₱6,709,127</td>
</tr>
<tr>
<td>Provisions during the period (Note 11)</td>
<td>226,008</td>
<td>-</td>
</tr>
<tr>
<td>Reversals</td>
<td>(1,160,273)</td>
<td>(113,261)</td>
</tr>
<tr>
<td><strong>Balance at December 31</strong></td>
<td>₱5,661,601</td>
<td>₱6,595,866</td>
</tr>
</tbody>
</table>

6. **Other Current Assets**

This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input tax</td>
<td>₱2,206,452</td>
<td>₱3,331,960</td>
</tr>
<tr>
<td>Deposits to suppliers</td>
<td>1,863,257</td>
<td>2,517,572</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>285,507</td>
<td>344,467</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₱4,355,216</td>
<td>₱6,193,999</td>
</tr>
</tbody>
</table>
7. Property and Equipment

The rollforward analysis of this account follows:

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Leasehold Improvements</th>
<th>Office Furniture and Equipment</th>
<th>Transportation Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td><strong>2008</strong></td>
<td><strong>2008</strong></td>
<td><strong>2008</strong></td>
<td><strong>2008</strong></td>
<td><strong>2008</strong></td>
</tr>
<tr>
<td>At January 1</td>
<td>93,858,560</td>
<td>99,972,594</td>
<td>29,695,118</td>
<td>2,626,873</td>
<td>216,153,145</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>14,493,919</td>
<td>6,292,756</td>
<td>-</td>
<td>22,786,675</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>(34,544,176)</td>
<td>(34,544,176)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(141,360)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(141,360)</td>
</tr>
<tr>
<td>At December 31</td>
<td>93,717,200</td>
<td>69,922,337</td>
<td>72,532,050</td>
<td>2,626,873</td>
<td>238,798,460</td>
</tr>
</tbody>
</table>

Accumulated Depreciation and Amortization

<table>
<thead>
<tr>
<th></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>At January 1</td>
<td>-</td>
<td>18,356,407</td>
<td>22,893,704</td>
<td>2,057,124</td>
<td>43,307,235</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>2,742,268</td>
<td>9,071,789</td>
<td>158,999</td>
<td>11,973,056</td>
</tr>
<tr>
<td>At December 31</td>
<td>-</td>
<td>21,098,675</td>
<td>31,965,493</td>
<td>2,216,123</td>
<td>55,290,291</td>
</tr>
</tbody>
</table>

Net Book Value at December 31

<table>
<thead>
<tr>
<th></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>At January 1</td>
<td>93,858,560</td>
<td>35,780,526</td>
<td>28,447,454</td>
<td>2,966,873</td>
<td>161,053,413</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>56,140,717</td>
<td>4,060,627</td>
<td>-</td>
<td>60,204,344</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(1,948,649)</td>
<td>(2,815,963)</td>
<td>(340,000)</td>
<td>(5,104,612)</td>
</tr>
<tr>
<td>At December 31</td>
<td>93,858,560</td>
<td>89,972,594</td>
<td>29,695,118</td>
<td>2,626,873</td>
<td>216,153,145</td>
</tr>
</tbody>
</table>

Accumulated Depreciation and Amortization

<table>
<thead>
<tr>
<th></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>At January 1</td>
<td>-</td>
<td>15,893,830</td>
<td>21,066,686</td>
<td>2,153,644</td>
<td>39,114,160</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>2,462,577</td>
<td>4,446,739</td>
<td>243,480</td>
<td>7,152,796</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(2,619,721)</td>
<td>(340,000)</td>
<td>(2,959,721)</td>
<td>(5,929,442)</td>
</tr>
<tr>
<td>December 31</td>
<td>-</td>
<td>18,356,407</td>
<td>22,893,704</td>
<td>2,057,124</td>
<td>43,307,235</td>
</tr>
</tbody>
</table>

Net Book Value at December 31

<table>
<thead>
<tr>
<th></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>At January 1</td>
<td>93,858,560</td>
<td>71,616,167</td>
<td>66,801,414</td>
<td>569,749</td>
<td>172,845,910</td>
</tr>
</tbody>
</table>

Depreciation and amortization charged against unrestricted net assets amounted to P=12.0 million and P=7.2 million in 2008 and 2007, respectively.

8. Available-for-Sale Financial Assets

This account consists of investments in:

<table>
<thead>
<tr>
<th></th>
<th><strong>2008</strong></th>
<th><strong>2008</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common trust fund</td>
<td>P=500,535,329</td>
<td>P=537,172,377</td>
</tr>
<tr>
<td>Shares of stock</td>
<td>P=608,243,559</td>
<td>P=754,985,719</td>
</tr>
<tr>
<td>Quoted securities</td>
<td>105,360,814</td>
<td>215,004,008</td>
</tr>
<tr>
<td>Unquoted securities</td>
<td>2,347,416</td>
<td>2,809,334</td>
</tr>
</tbody>
</table>

AFS financial assets consist of shares in various listed and unlisted companies held under a trust fund are carried at market value and cost, respectively.
The rollforward of unrealized gains (losses) on AFS financial assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning</td>
<td>P=41,858,651</td>
<td>P=23,097,678</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>(136,288,704)</td>
<td>18,760,973</td>
</tr>
<tr>
<td>Balance at end of</td>
<td>(P=94,430,053)</td>
<td>P=41,858,651</td>
</tr>
</tbody>
</table>

9. Accounts and Other Payables

This account consists of:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>P=32,439,158</td>
<td>P=34,497,716</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>26,001,954</td>
<td>27,918,052</td>
</tr>
<tr>
<td>Advances</td>
<td>4,357,205</td>
<td>2,814,392</td>
</tr>
<tr>
<td>Others</td>
<td>941,356</td>
<td>839,087</td>
</tr>
<tr>
<td></td>
<td>P=63,739,673</td>
<td>P=66,069,247</td>
</tr>
</tbody>
</table>

Accounts payable and accrued expenses include payables to consignors and suppliers that are noninterest-bearing and are normally settled on 30 to 60 day terms.

10. Retirement Plan

The Foundation has funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The benefits are generally based on defined contribution formula with minimum lump-sum guarantee of 1.5 months’ basic salary per year of service.

The Foundation’s annual contributions to the plan consist principally of payments covering the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable.

The components of pension expense included in employee benefits and welfare under “General and administrative expenses” in the statements of activities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>P=3,553,764</td>
<td>P=2,631,015</td>
</tr>
<tr>
<td>Interest cost on benefit</td>
<td>1,514,271</td>
<td>1,232,842</td>
</tr>
<tr>
<td>obligation</td>
<td>(1,252,545)</td>
<td>(1,450,971)</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>–</td>
<td>(46,548)</td>
</tr>
<tr>
<td>Net actuarial gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total pension expense</td>
<td>P=3,815,490</td>
<td>P=2,366,338</td>
</tr>
</tbody>
</table>
The funded status and amounts recognized under pension liability in the statements of financial position for the pension plan as of December 31, 2008 and 2007 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligations</td>
<td>₱20,877,668</td>
<td>₱21,632,439</td>
</tr>
<tr>
<td>Plan assets</td>
<td>16,867,990</td>
<td>17,893,499</td>
</tr>
<tr>
<td></td>
<td>4,009,678</td>
<td>3,738,940</td>
</tr>
<tr>
<td>Unrecognized actuarial losses</td>
<td>(1,538,347)</td>
<td>(1,810,782)</td>
</tr>
<tr>
<td>Liability recognized in the statements of financial position</td>
<td>₱2,471,331</td>
<td>₱1,928,158</td>
</tr>
</tbody>
</table>

Changes in the present value of the defined benefit obligation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>₱21,632,439</td>
<td>₱17,612,029</td>
</tr>
<tr>
<td>Current service cost</td>
<td>3,553,764</td>
<td>2,631,015</td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>1,514,271</td>
<td>1,232,842</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(3,272,317)</td>
<td>–</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>(2,550,489)</td>
<td>156,553</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>₱20,877,668</td>
<td>₱21,632,439</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>₱17,893,499</td>
<td>₱20,728,153</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>1,252,545</td>
<td>1,450,971</td>
</tr>
<tr>
<td>Contributions</td>
<td>3,272,317</td>
<td>–</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(3,272,317)</td>
<td>–</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>(2,278,054)</td>
<td>(4,285,625)</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>₱16,867,990</td>
<td>₱17,893,499</td>
</tr>
</tbody>
</table>

The components of the Foundation’s plan assets consist mainly of investments in government securities.

The assumptions used to determine pension benefits for the Foundation for the years ended December 31, 2008 and 2007 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>8.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Expected rate of return on plan assets</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Experience adjustments on plan assets amounted to ₱2.3 million loss in 2008 and ₱4.3 million loss in 2007.
11. Net Assets

Permanently restricted net assets are those assets that the donor stipulates must be maintained by the Foundation in perpetuity. Permanently restricted net assets increase when Foundation receives contributions for which donor-imposed restrictions limiting the Foundation’s use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Foundation’s meeting certain requirements. Permanently restricted net assets generally come from: (1) contributions, with donor-imposed permanent restrictions; (2) increase or decrease in existing assets that are subject to permanent restrictions by donor or by law (such as unrealized gains, interest income); and (3) reclassification from another net asset class as a result of donor stipulation or by law.

Temporarily restricted net assets refer to those net assets whose use by the Foundation is limited by donors to later periods of time or after specified dates or specified purposes.

Unrestricted net assets are those net assets that are neither temporarily restricted nor permanently restricted. It includes all net assets with uses not restricted by donors, by Board of Trustees or by law.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Details of the Foundation’s expenses as of December 31, 2008 and 2007 follow:

Project expenses

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special projects</td>
<td>₱95,418,584</td>
<td>₱35,725,209</td>
</tr>
<tr>
<td>Education</td>
<td>75,578,778</td>
<td>76,041,224</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>11,023,687</td>
<td>4,334,961</td>
</tr>
<tr>
<td>Environment</td>
<td>828,586</td>
<td>1,396,175</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>30,370,583</td>
<td>28,380,716</td>
</tr>
<tr>
<td>Employee benefits and welfare</td>
<td>9,342,446</td>
<td>7,015,179</td>
</tr>
<tr>
<td>Monitoring and administrative</td>
<td>32,084,751</td>
<td>25,301,213</td>
</tr>
<tr>
<td>Building overhead</td>
<td>26,181,336</td>
<td>23,146,719</td>
</tr>
<tr>
<td></td>
<td>₱280,828,751</td>
<td>₱201,341,396</td>
</tr>
</tbody>
</table>

**General and administrative expenses**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>P10,376,609</td>
<td>P9,618,180</td>
</tr>
<tr>
<td>Premises, utilities and other equipment-related cost</td>
<td>5,626,828</td>
<td>6,152,703</td>
</tr>
<tr>
<td>Employee benefits and welfare (see Note 10)</td>
<td>3,818,168</td>
<td>2,592,440</td>
</tr>
<tr>
<td>Professional and service fees</td>
<td>1,173,725</td>
<td>1,173,181</td>
</tr>
<tr>
<td>Advocacy and public information services</td>
<td>1,091,263</td>
<td>1,024,718</td>
</tr>
<tr>
<td>Communication and postage</td>
<td>722,464</td>
<td>776,980</td>
</tr>
<tr>
<td>Office supplies</td>
<td>707,482</td>
<td>862,918</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>255,066</td>
<td>280,415</td>
</tr>
<tr>
<td>Transportation and travel</td>
<td>243,169</td>
<td>305,220</td>
</tr>
<tr>
<td>Membership dues and fees</td>
<td>156,923</td>
<td>177,803</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>155,980</td>
<td>206,941</td>
</tr>
<tr>
<td>Provisions for impairment losses</td>
<td>226,008</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>768,101</td>
<td>2,843,840</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>P25,321,786</strong></td>
<td><strong>P26,015,339</strong></td>
</tr>
</tbody>
</table>

**Capital management**

The primary objectives of the Foundation’s capital management policies are to devote its funds to charitable projects, scholarship grants and cultural activities, to afford the financial flexibility to support its operations and to maximize the funds available.

The Foundation’s source of capital is its total net assets, which is composed of unrestricted, temporarily restricted and permanently restricted net assets, less net unrealized gains (losses) on AFS financial assets.

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>P135,368,659</td>
<td>P151,468,342</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>265,911,817</td>
<td>269,331,043</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>525,997,763</td>
<td>522,150,995</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on available-for-sale financial assets (Note 8)</td>
<td>(94,430,053)</td>
<td>41,858,651</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>P832,848,186</strong></td>
<td><strong>P984,809,031</strong></td>
</tr>
</tbody>
</table>
12. Financial Instruments

Fair value information
The table below set forth the carrying values and estimated fair values of the Foundation’s financial assets and liabilities as of December 31, 2008 and 2007:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (see Note 4)</td>
<td>56,948,377</td>
<td>56,948,377</td>
<td>32,794,846</td>
<td>32,794,846</td>
</tr>
<tr>
<td>Receivables (see Note 5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>10,867,119</td>
<td>10,867,119</td>
<td>14,694,066</td>
<td>14,694,066</td>
</tr>
<tr>
<td>Advances</td>
<td>4,434,860</td>
<td>4,434,860</td>
<td>6,376,926</td>
<td>6,376,926</td>
</tr>
<tr>
<td>Advances to officers and employees</td>
<td>1,897,576</td>
<td>1,897,576</td>
<td>2,172,867</td>
<td>2,172,867</td>
</tr>
<tr>
<td>Others</td>
<td>21,608,261</td>
<td>21,608,261</td>
<td>56,819,482</td>
<td>56,819,482</td>
</tr>
<tr>
<td>Total loans and receivables</td>
<td>95,756,193</td>
<td>95,756,193</td>
<td>112,858,187</td>
<td>112,858,187</td>
</tr>
</tbody>
</table>

AFS financial assets (Note 8)

| Common trust fund            | 500,535,329         | 500,535,329     | 537,172,377         | 537,172,377     |
| Shares of stock              |                     |                 |                     |                 |
| Quoted securities            | 105,360,814         | 105,360,814     | 215,004,008         | 215,004,008     |
| Unquoted securities          | 2,347,416           | 2,347,416       | 2,809,334           | 2,809,334       |
| Total AFS financial assets    | 608,243,559         | 608,243,559     | 754,985,719         | 754,985,719     |

Total financial assets

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>703,999,752</td>
<td>703,999,752</td>
</tr>
<tr>
<td>867,843,906</td>
<td>867,843,906</td>
</tr>
</tbody>
</table>

Other financial liabilities

<table>
<thead>
<tr>
<th>Accounts and other payables (see Note 9)</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>32,439,158</td>
<td>32,439,158</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>26,001,954</td>
<td>26,001,954</td>
</tr>
<tr>
<td>Advances</td>
<td>4,357,205</td>
<td>4,357,205</td>
</tr>
<tr>
<td>Others</td>
<td>941,356</td>
<td>941,356</td>
</tr>
<tr>
<td>Total other financial liabilities</td>
<td>63,739,673</td>
<td>63,739,673</td>
</tr>
</tbody>
</table>

The methods and assumptions used by the Foundation in estimating the fair value of each class of financial instruments are as follows:

Loans and receivables and other financial liabilities - Carrying amounts approximate fair values due to the relative short-term maturities of these investments and liabilities.

AFS quoted financial assets - Fair values are based on quoted prices published in markets.

AFS unquoted financial assets - Carrying amounts (cost less allowance for impairment losses) approximate fair value due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

Financial Risk Management Objectives and Policies
The Foundation has various financial instruments such as cash and cash equivalents, receivables, AFS financial assets, accounts and other payables which arise directly from its operations.
The main purpose of the Foundation’s financial instruments is to fund its operational and capital expenditures. The main risks arising from the use of financial instruments are liquidity risk, credit risk and foreign exchange risk.

The Foundation’s risk management policies are summarized below:

**Liquidity risk**
The Foundation maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Foundation regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include investments in quoted and unquoted securities.

As of December 31, 2008 and 2007 the carrying amounts of accounts and other payables will be settled within one year.

**Credit risk**
The Foundation’s holding of cash and cash equivalents exposes the Foundation to credit risk of the counterparty. Credit risk management involves dealing only with institutions for which credit limits have been established. The treasury policy sets credit limits for each counterparty. Given the Foundation’s diverse base of counterparties, it is not exposed to large concentrations of credit risk.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position.

<table>
<thead>
<tr>
<th>Component</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (see Note 4)</td>
<td>₱56,948,377</td>
<td>₱32,794,846</td>
</tr>
<tr>
<td>Receivables (see Note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>10,867,119</td>
<td>14,694,066</td>
</tr>
<tr>
<td>Advances</td>
<td>4,434,860</td>
<td>6,376,926</td>
</tr>
<tr>
<td>Advances to officers and employees</td>
<td>1,897,576</td>
<td>2,172,867</td>
</tr>
<tr>
<td>Others</td>
<td>21,608,261</td>
<td>56,819,482</td>
</tr>
<tr>
<td>AFS financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common trust fund</td>
<td>500,535,329</td>
<td>537,172,377</td>
</tr>
<tr>
<td>Shares of stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted securities</td>
<td>105,360,814</td>
<td>215,004,008</td>
</tr>
<tr>
<td>Unquoted securities</td>
<td>2,347,416</td>
<td>2,809,334</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₱703,999,752</td>
<td>₱867,843,906</td>
</tr>
</tbody>
</table>
As of December 31, 2008 and 2007, the aging analysis of past due but not impaired trade receivables presented per class, are as follows:

### 2008

<table>
<thead>
<tr>
<th></th>
<th>Neither Past Due nor</th>
<th>Past Due but not Impaired</th>
<th>Individually Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;30 days</td>
<td>30-60</td>
<td>61-90</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>231,665</td>
<td>231,665</td>
<td>337,110</td>
</tr>
<tr>
<td>Services</td>
<td>2,504,688</td>
<td>2,504,688</td>
<td>544,042</td>
</tr>
<tr>
<td>Advances</td>
<td>4,434,860</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advances to officers and employees</td>
<td>1,711,030</td>
<td>95,808</td>
<td>22,073</td>
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<tr>
<td>Others</td>
<td>18,426,441</td>
<td>23,500</td>
<td>72,296</td>
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<tr>
<td><strong>Total</strong></td>
<td>27,308,684</td>
<td>1,000,460</td>
<td>913,641</td>
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</tbody>
</table>

### 2007

<table>
<thead>
<tr>
<th></th>
<th>Neither Past Due nor</th>
<th>Past Due but not Impaired</th>
<th>Individually Total</th>
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<tbody>
<tr>
<td></td>
<td>&lt;30 days</td>
<td>30-60</td>
<td>61-90</td>
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<td><strong>Trade</strong></td>
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<td>Products</td>
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<td>3,525,577</td>
<td>2,386,551</td>
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<tr>
<td>Advances</td>
<td>66,674</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Advances to officers and employees</td>
<td>1,559,483</td>
<td>30,000</td>
<td>10,200</td>
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<td>Others</td>
<td>52,211,585</td>
<td>178,056</td>
<td>4,562</td>
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<tr>
<td><strong>Total</strong></td>
<td>58,030,380</td>
<td>2,696,258</td>
<td>114,058</td>
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</table>
The table below shows the credit quality of the Foundation’s financial assets as of December 31, 2008 and 2007.

### 2008

<table>
<thead>
<tr>
<th></th>
<th>Neither Past Due nor Impaired</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>Total</th>
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<tr>
<td></td>
<td>High Grade</td>
<td>Medium Grade</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>¥ 0</td>
<td>¥56,948,377</td>
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<td>Trade</td>
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<td>Advances</td>
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<td>¥ 0</td>
<td>4,434,860</td>
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<tr>
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<td>78,127</td>
<td>284,365</td>
<td>1,711,030</td>
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<td>Others</td>
<td>16,842,251</td>
<td>672,202</td>
<td>911,988</td>
<td>18,426,441</td>
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<td>AFS financial assets</td>
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<tr>
<td>Common trust fund</td>
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<td>¥ 500,535,329</td>
<td>¥ 0</td>
<td>¥500,535,329</td>
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<tr>
<td>Shares of stock</td>
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<tr>
<td>Quoted securities</td>
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<td>¥ 0</td>
<td>¥105,360,814</td>
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<tr>
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<tr>
<td></td>
<td>¥80,192,052</td>
<td>¥610,244,852</td>
<td>¥2,063,716</td>
<td>¥692,500,620</td>
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</table>

### 2007

<table>
<thead>
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<th>Neither Past Due nor Impaired</th>
<th>Past due but not impaired</th>
<th>Individually impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Grade</td>
<td>Medium Grade</td>
<td>Low Grade</td>
<td>Total</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
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<td>¥ 0</td>
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<td>Trade</td>
<td>1,110,893</td>
<td>3,091,745</td>
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<td>4,202,638</td>
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<td>Advances</td>
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<td>¥ 0</td>
<td>56,674</td>
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<tr>
<td>Advances to officers and employees</td>
<td>1,559,483</td>
<td>¥ 0</td>
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<td>1,559,483</td>
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<td>Others</td>
<td>51,376,408</td>
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<tr>
<td>Unquoted securities</td>
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<td>¥ 0</td>
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<tr>
<td></td>
<td>¥86,898,304</td>
<td>¥758,117,057</td>
<td>¥795,584</td>
<td>¥845,810,945</td>
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</tbody>
</table>
The credit quality of the financial assets was determined as follows:

Cash and cash equivalents - based on the nature of the counterparty and the Foundation’s internal rating system.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

AFS financial assets - the quoted and unquoted financial assets are unrated.

**Foreign exchange risk**
The Foundation’s foreign exchange risk results primarily from movements of the Philippine Peso against the United States Dollar.

The Foundation’s foreign currency-denominated financial instruments are included in cash and cash equivalents amounting to US$0.23 million in 2008 and US$0.19 million in 2007. The Philippine peso values of these instruments amounted to ₱9.6 million and ₱8.9 million in 2008 and 2007, respectively.

In translating the foreign currency-denominated monetary assets into peso amounts, the exchange rate used was ₱47.52:$1 and ₱41.28:$1, based on the Philippine Peso - U.S. dollar exchange rate as of December 31, 2008 and 2007, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar rate, with all variables held constant, of the Foundation’s net assets (due to changes in the fair value of monetary assets) as of December 31, 2008 and 2007.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>US$ depreciates</td>
<td>Effect on Net assets</td>
<td>Effect on Net assets</td>
</tr>
<tr>
<td>(appreciates)</td>
<td>(₱1.0)</td>
<td>(₱1.0)</td>
</tr>
<tr>
<td>₱1.0</td>
<td>₱187,245</td>
<td>(₱187,245)</td>
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<tr>
<td>(₱1.0)</td>
<td>(₱231,527)</td>
<td>₱231,527</td>
</tr>
</tbody>
</table>
13. **Other Activities**

Statements of revenue and expenses on the Foundation’s museum and library operations for the years ended December 31, 2008 and 2007 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>₱25,649,383</td>
<td>₱23,937,669</td>
</tr>
<tr>
<td>Expenses</td>
<td>30,636,125</td>
<td>24,950,855</td>
</tr>
<tr>
<td>Net loss</td>
<td>₱4,986,742</td>
<td>₱1,013,186</td>
</tr>
</tbody>
</table>

14. **Contingencies**

The Foundation has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Company’s financial position and results of operations. No provisions were made during the year. The information usually required by PAS 37/IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.
Ayala Foundation Inc. would like to gratefully acknowledge the partners, donors, benefactors, and supporters who helped ensure the success of its undertakings in 2008.

21st West Trading
Abbey Church of St.-Foy, Commune de Conques, France
Actimed Distribution
Adarna House, Inc.
Adelbert Legasto
Adison Gitones
Ahmad Mashadi
Aki Hoashi
Al Cosio
Alabang Commercial Corporation
Alba International, Inc.
Alfredo M. Velayo
Alger L. Angcla
Alitaptap group of storytellers
Alliance Française de Manille
Alonso Halffter
Alveo Land, Inc.
Alvin Uy
Amado Tetangco Jr.
Ambeth Ocampo
Amelou Benitez-Reyes
American Chamber of Commerce of the Philippines, Inc.
Amy Samson-Tanyag
Ana Maria Harper
Andrea Pasion-Flores
Aniano P. Antalan
Anita Tejada
Anna Tungol
Annabella Wisniewski
Annie Sarthou
Antoinette Valdez
Antonio Daria
Antonio Jao
Antonio Martino
Apostolic Nuncio, Embassy of the Holy See
Apple South Asia Pte. Ltd.
Aquino Center
Ariston Estrada Jr.
Arman Dagsa
Armita Rufino
Arnie Batac
Arnold E. Goder
ArtPostAsia
Arturo Luz
Asia Society Philippines
Asia-Europe Foundation
Asia-Europe Museum Network
Asian Art Museum
Asian Civilisations Museum, Singapore
Ateneo Art Gallery
Aurelio D. Luzon Jr.
Aurelio Montinola III
Aurora Rubin
Avelia Lipata
Avellana Art Gallery
Ayala Business Club-Cebu
Ayala Center Association
Ayala Corporate Social Responsibility Council Members
Ayala Corporation
Ayala Land, Inc.
Ayala Land, Corporate Communications
Ayala Life Insurance, Inc.
Ayala Malls Group
Ayala Property Management Corp.
Baclayon Municipal Council
Bahay Tsinoy
Balikbigay, Inc.
Bambi Diaz
Bangko Sentral ng Pilipinas
Bank of the Philippine Islands
Barangay Bel-Air
Barangay Dasmarinas
Barangay Forbes
Barangay Magallanes
Barangay San Lorenzo
Barangay Urdaneta
Bato Balani Foundation, Inc
Bayan Telecommunications, Inc.
BBDC Parents’ Committee
Beatriz Susana Zobel de Ayala II
Beatriz Zobel de Ayala
Ben Bronson
Ben Suzuki
Bencab
Benigno S. Aquino Jr. Foundation
Benito Legarda Jr.
Bettina Araneta-Aboitiz
Bienvenido A. Tan Jr.
Bienvenido R. Tantoco Sr.
Board for Librarians, Professional Regulation Commission
Acknowledgements

Bobby Wong
Bonifacio Estate Services Corporation

Booma Cruz
BPI Doña Isabel Garcia Trust Fund

BPI Foundation
BPI-Total Quality Office
Brotherhood of Medical Scholars, Pamantasan ng Lungsod ng Maynila
Buklod Bahayan Homeowners’ Association
Butch and Vicky Sales
Butuan Regional Museum
Camera Club of the Philippines
Caral Investment & Realty Corp.
Carlito S. Marquez
Carlos Cordeiro Foundation
Carol Atacador
Catherine Ungtalan
Cathy Uichico
Cecile Sicangco
Cecilia Lazaro
Celia Samson
CEMTA Junkshop
Cesar G. Gabaldon
Charities Aid Foundation
Charmaine Bauzon
Chi-Chi Salas
Chickie Custodio
Children’s Hour
Christine Sicangco-Gonzaga
Christopher de la Cruz
Chua Junkshop
City Government of Alaminos, Pangasinan
City Government of Cagayan De Oro
City Government of Cotabato
City Government of Davao
City Government of Panabo
City Government of Tagum
Clarto Poblete
Claude Tayag
CLSA
Commission on Information and Communications Technology
Concepcion Carmelo-Pascal
Conchita Caluag
Conrado and Ladislawa Alcantara Foundation, Inc.
Constantino G. Jaraula
Consuelo Foundation, Inc.
Contemporary Art Center, Art Tower Mito, Japan
Cooperative Development Authority, Bohol Provincial Office
Corazon C. Aquino
Corazon G. Villanueva
Corazon S. Alvina
Corullon Holdings, Inc.
Create Responsive Infants By Sharing Foundation (CRIBS)
Criselle Capistrano-Cuidamat
Cristina Estrada
Cristóbal Halfter
Cultural Center of the Philippines
Dale Del Rosario Duallo
Danilo R. Maniwan
Danilo Villas
Dannie Alvarez
Dapitdilim Fellowship of Writers
Dauis Municipal Council
David Balanguie
David Henkel
Deanna Ongpin-Recto
Deo Butawan
Deogracias Victor Savellano
Department of Education
Department of Education, Region 12
Department of Environment and Natural Resources
Department of Science and Technology
Department of Science and Technology, Bohol Provincial Office
Department of Tourism
Department of Trade and Industry
Department of Trade and Industry, Bohol Provincial Office
Department of Trade and Industry, Region 1
Department of Trade and Industry, Region 8
Diego Cera Organbuilders
Digital Telecommunications Philippines, Inc.
Diocese of Tagbilaran, Bohol
<table>
<thead>
<tr>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>Diocese of Talibon, Bohol</td>
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<tr>
<td>Dîwa C. Gunigundo</td>
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<td>Growth with Equity in Mindanao</td>
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<td>GSIS Museum</td>
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<td>Hannah Cunanan</td>
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<td>Heirs of Vicente, Gabriel, and Rafael Asuncion</td>
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<td>Helena Z. Benitez</td>
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<td>International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM-Italy) International Youth Foundation</td>
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</table>
Irving Guerrero
Island Garden City of Samal
Isuzu Automotive
J. P. de Jesus
Jaime Ayala
Jaime Matias
Jaime Veneracion
Jaime Zobel de Ayala
Japan Foundation, Manila
Japan Foundation, Tokyo
JARAM Hauling Services
Jarunee Incherdchai
Jay Jie Yu
Jay Sala
Jeannie Javelosa
Jed Sicangco
Jerome Thiery Corpus
Jerrice Barrios
Jessie Mendez Salon
Jesus Tambunting
Jo Labanyi
Jocelyn Hernandez
Joel Uichico
John Miksic
Johnny Pimentel
Jonathan Pacudan
Jorge B. Vargas Museum and Filipiniana Research Center, University of the Philippines Diliman
Jorge Marco
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Jose and Ollie Campos
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Jose L. Silvosa
Jose Ma. Rubin R. Zubiri
Jose Mari Chan
Jose Maria Carinio
Josephine Jimenez
Josie Natori
Johon Teves Jr.
Joyce Toh
Juan Edgardo M. Angara
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Juliet Mallari
Jun Cruz
Justo and Rina Ortiz
Juvenal Sansó
K2 Interactive
Kasigod Jamias
Kenjiro Hosaka
Kenson Kwok
Kim Yoon Soo
King Juan Carlos I of Spain Center, New York University
Kwok Kian Chow
Laguna Technopark
Larry Gotuaco
Larry Ligunas
Laura Turégano
League of Corporate Foundation
Leandro V. and Cecilia Y. Locsin and family
Leonarda Camacho
Leonardo Y. Medroso
Letty Sala
Lilia Sesperes
Lilia Tantoco
Lilly Library, Indiana University
Lim Dae-geun
Linangan ng Imahen, Retorika, at Anyo
Lisa Ammann-Irminger
Lisa Antonio
Lisa Ongpin-Periquet
Lizette Cardenas
Local Government of Esperanza, Sultan Kudarat
Local Government of Lambayong, Sultan Kudarat
Local Government of Malapat, Sarangani
Local Government of Pigcawayan, North Cotabato
Local Government of Sto. Nino, South Cotabato
Local Government of Tantangan, South Cotabato
Locsin Foundation
Lopez Group Foundation
Lopez Memorial Museum
Lourdes Baua
Lui Lava
Lulu Tan Gan
Ma. Celitas Jacob
Maita Alido
Makati Business Club
Makati City Department of Environmental Services
Makati Commercial Estate Association
Mangyan Mission
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In partnership with Ayala Land Inc., Ayala Property Management Corporation, Ayala Center Association, Makati Commercial Estate Association, and other institutions, AFI promoted greater public awareness of environmental concerns and introduced innovative strategies that encourage public involvement in managing solid waste. As part of its campaign to educate the public on ecological solid-waste management, AFI conducted 32 waste-management seminars in the Ayala malls and Ayala properties, as well as in AFI's partner communities in Taguig City. AFI also kept its focus on working with the local governments to promote environmental awareness, protecting our natural issues go beyond solid waste, that will focus on other critical areas of environmental protection. Building on the platform of its solid-waste-management program, AFI is expanding its environmental initiative to include clean air, clean water, and energy-efficiency programs. AFI brought together 73 young student leaders from all over the country for the 2008 Ayala Young Leaders Congress. The AYLC is an annual three-day summit of some of the most promising student leaders in the country. Over 400 alumni attended AYL’s 10th-anniversary grand reunion, which brought together participants from previous congresses. The reunion showcased various initiatives of AYLC alumni, and included workshop sessions and a talk by Pampanga governor Ed Panlilio. The program’s youth-leadership-development unit, with the help of AYLC alumni, also organized activities such as the I Am Ninoy Congress, the AYLC Leadership Forum, and the AYLA-CESB Intergenerational Leaders Dialogue. Partners for these events included the Benigno S. Aquino Foundation and the Kaya Natin Movement, among others. In 2008, the Resource and Fund Generation Project for Disaster Management of Ayala Young Leaders’ Alliance (AYLA) carried out three relief operations in Eastern Samar, Iloilo and Aklan, and North Cotabato, offering assistance to families affected by natural disasters. A total of P1,088,348 in donations was gathered to support these efforts. The AYLC Secretariat, AYLA Iloilo Chapter, and AYLC Region XII chapter led these operations, which benefited over 5,599 families. For the 2009 congress, students from 251 schools nationwide were invited through school caravans, which yielded 524 applications. From a pool of 141 short-listed nominees interviewed by Ayala executives, 75 participants to the 2009 AYLC were selected. Through the Gearing Up Internet Literacy and Access for Students (GILAS) consortium, AFI advanced its goal of providing the youth with access to innovative educational tools by connecting an additional 448 public high schools or around 224,000 students in the country to the Internet. As program manager and secretariat of GILAS, AFI seeks to connect the more than 6,300 public high schools in the Philippines to the World Wide Web. A total of 2,102 public high schools or around 2,000,000 students in the Philippines are now linked to the Internet.
Braving the Future  A young boy, on his way to school, stands among adults who are in a rush to reach their destinations. The experience can be overwhelming: all those people dashing past him and getting in the way. However, he remains confident that he will find his way out of the confusion and reach his school.

Ayala Foundation works hard to guard the future of this boy, as well as the future of many other Filipino children and their families. With its commitment to eradicating the many forms of poverty afflicting the nation, Ayala Foundation, together with its partners, develops and sustains programs on education, entrepreneurship, the environment, and arts and culture. These programs seek to address the development needs of Filipinos, so that even in the midst of uncertainty, they can stay brave to face the future.