



*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
*Commonwealth Avenue, Quezon City, Philippines*

**INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**  
**Development Academy of the Philippines**  
DAP Building  
San Miguel Avenue, Pasig City

We have audited the accompanying financial statements of the Development Academy of the Philippines, which comprise the Statement of Financial Position as of December 31, 2014, and the Statement of Income and Expenses, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted state accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Development Academy of the Philippines as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with generally accepted state accounting principles.

*Report on Supplementary Information Required Under BIR Revenue Regulation 15-2010*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees paid or accrued during the taxable year described in Note 24 to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**COMMISSION ON AUDIT**

  
**REBECCA Y. RAGSAG**  
Supervising Auditor – Audit Group H  
Cluster 6, Corporate Government Sector

July 23, 2015

DEVELOPMENT ACADEMY OF THE PHILIPPINES

Statement of Financial Position

December 31, 2014

(With corresponding figures for 2013)

(In Philippine Peso)

	Notes	2014	2013 (As restated)
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	4.2/5	42,247,055	21,243,423
Investments	4.5/10	20,000,000	61,000,000
Trade and other receivables - net	4.3/6	222,693,683	173,893,262
Inventories - net	4.4/7	3,510,681	3,516,708
Prepaid expenses	8	44,637,595	37,436,917
Other current assets	9	1,896,647	1,914,846
<b>TOTAL CURRENT ASSETS</b>		<b>334,985,661</b>	<b>299,005,156</b>
Non-current Assets			
Investments	4.5/10	150,007,000	155,007,000
Property and equipment - net	4.6/11	181,831,693	180,993,030
Other non-current assets	12	1,840,305	665,870
<b>TOTAL NON-CURRENT ASSETS</b>		<b>333,678,998</b>	<b>336,665,900</b>
<b>TOTAL ASSETS</b>		<b>668,664,659</b>	<b>635,671,056</b>
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities			
Payables	13	113,680,154	110,762,801
Inter-agency payables	14	8,127,525	9,954,956
Other payables	15	49,061,971	44,381,816
<b>TOTAL CURRENT LIABILITIES</b>		<b>170,869,650</b>	<b>165,099,573</b>
Non-current Liabilities			
Deferred credits	16	180,530,325	161,914,283
Other long-term liabilities	17	37,173,596	34,448,317
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>217,703,921</b>	<b>196,362,600</b>
<b>TOTAL LIABILITIES</b>		<b>388,573,571</b>	<b>361,462,173</b>
<b>EQUITY</b>		<b>280,091,088</b>	<b>274,208,883</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>668,664,659</b>	<b>635,671,056</b>

The notes on pages 8 to 25 form part of these financial statements.

**DEVELOPMENT ACADEMY OF THE PHILIPPINES**  
**Statement of Profit or Loss**  
**For the Year Ended December 31, 2014**  
(With corresponding figures for 2013)  
(In Philippine Peso)

	Notes	2014	2013 (As Restated)
<b>INCOME</b>			
General income			
Consultancy/research fees		232,516,897	270,889,792
Income from operation of restaurants/canteen/eateries		31,226,972	28,668,351
Income from operation of dormitories/cottages		18,798,901	18,569,348
Rent income		12,427,383	9,375,355
Other service income		598,805	714,895
Miscellaneous income		5,175,436	2,478,499
<b>GROSS INCOME</b>		<b>300,744,394</b>	<b>330,696,240</b>
<b>EXPENSES</b>			
Personal services	21		
Salaries and wages		90,428,248	81,061,026
Other compensation		25,631,927	26,916,561
Personnel benefits contribution		12,505,305	11,061,577
Other personnel benefits		17,464,606	17,611,479
<i>Total Personal Services</i>		<i>146,030,086</i>	<i>136,650,643</i>
<i>Maintenance and other operating expenses</i>	22		
Professional services		103,429,386	101,870,131
Supplies and materials expenses		46,470,133	40,592,496
Training and scholarship expenses		39,174,517	53,473,756
Non-cash expenses		20,593,167	20,311,494
Utility expenses		20,522,247	19,789,114
Travelling expenses		18,818,598	22,247,503
Repairs and maintenance expenses		8,232,457	6,485,092
Communication expenses		6,213,180	6,297,629
Rent expenses		4,537,256	4,348,910
Taxes, insurance premiums and other fees		1,404,479	1,302,667
Advertising expenses		1,321,065	1,836,264
Extraordinary and miscellaneous expenses		418,377	469,486
Other maintenance and other operating expenses		17,366,375	14,624,548
<i>Total Maintenance and Other Operating Expenses</i>		<i>288,501,237</i>	<i>293,649,090</i>
<b>TOTAL EXPENSES</b>		<b>434,531,323</b>	<b>430,299,733</b>
<b>INCOME (LOSS) FROM OPERATION</b>		<b>(133,786,929)</b>	<b>(99,603,493)</b>
Other income (expenses)			
Interest income		2,149,512	7,306,988
Gain on forex/(Loss) on forex or sale of assets		(275,827)	353,744
Financial expenses		(71,073)	(75,975)
<b>NET INCOME (LOSS) BEFORE SUBSIDY</b>		<b>(131,984,317)</b>	<b>(92,018,736)</b>
<b>SUBSIDY FROM THE NATIONAL GOVERNMENT</b>	23	<b>137,866,522</b>	<b>97,575,176</b>
<b>NET INCOME</b>		<b>5,882,205</b>	<b>5,556,440</b>

The notes on pages 8 to 25 form part of these financial statements.