

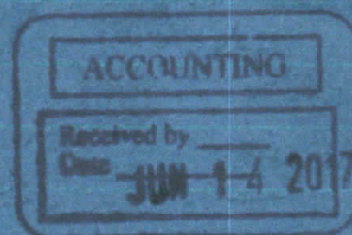


Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS



For the Year Ended December 31, 2016



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF GOVERNORS

Center for International Trade Expositions and Missions
Roxas Boulevard Cor. Sen. Gil J. Puyat Ave.
Pasay City

Report on the Financial Statements

We have audited the accompanying financial statements of the Center for International Trade Expositions and Missions (CITEM), which comprise the Statement of Financial Position as of December 31, 2016, the Statement of Comprehensive Income, 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 state accounting principles generally accepted in the Philippines, 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 Center for International Trade Expositions and Missions as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

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 discussed in Audit Observations No. 7 is presented for 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 the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


HENEDINA B. OTADOY
Supervising Auditor
Audit Group F
Trading and Promotions Audit Group
Cluster 6, Corporate Government Sector

April 5, 2017

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Center for International Trade Expositions and Missions is responsible for all information and representations contained in the accompanying Statement of Financial Position as of 31 December 2016 and the related Statement of Financial Performance and Cash Flow for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles 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.


 AURELIA O. CRUZ
 Officer-In-Charge
 Corporate Services
 Department


 ROSARIO VIRGINIA C. GAETOS
 Executive Director
 CITEM



10 February 2017

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
(With corresponding figures for 2015)
(In Philippine Peso)

	Notes	2016	2015 As restated
ASSETS			
Current Assets			
Cash and cash equivalents	3	159,888,532	160,929,767
Receivable accounts	2.2 and 4	15,219,337	20,717,951
Inventories	5	935,315	874,815
Prepaid expenses	6	14,141,369	13,098,453
Guaranty deposits	7	610,985	915,485
		190,795,538	196,536,471
Non-current Assets			
Receivable accounts, net	8	3,275,374	4,008,327
Investments	7	-	42,000
Property and equipment, net	2.4 and 9	42,779,962	43,274,766
Restricted fund	10	292,010,912	289,093,164
Other assets	7 and 11	3,116,804	3,116,804
		341,183,052	339,535,061
TOTAL ASSETS		531,978,590	536,071,532
LIABILITIES AND NET WORTH			
Current Liabilities			
Payable accounts	12	56,629,399	45,970,470
Inter-agency payables	13	5,108,508	13,986,587
Deferred credits	14	17,617,006	8,494,757
		79,354,913	68,451,814
Non-Current Liabilities	15	12,936,407	12,518,294
TOTAL LIABILITIES		92,291,320	80,970,108
NET WORTH		439,687,270	455,101,424
TOTAL LIABILITIES AND NET WORTH		531,978,590	536,071,532

The notes on pages 8 to 18 form part of these financial statements.

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2016
(With corresponding figures for 2015)
(In Philippine Peso)

	Notes	2016	2015 As restated
General Income	2.3 and 18		
Service income		44,099,325	61,592,759
Interest income		605,649	718,518
Gain on foreign exchange		1,641,568	4,392,720
Gain (loss) on sale of assets		(387,221)	0
Miscellaneous income		1,686,950	1,050,481
Gross income		47,646,271	67,754,478
Expenses	2.3 and 19		
Personal services		54,404,369	51,261,631
Maintenance and other operating expenses		209,276,781	194,433,706
Financial expenses		402,668	326,692
Total expenses		264,083,818	246,022,029
LOSS FROM OPERATIONS		(216,437,547)	(178,267,551)
SUBSIDY FROM NATIONAL GOVERNMENT	20	195,000,000	186,443,000
NET INCOME (LOSS)	21	(21,437,547)	8,175,449

The notes on pages 8 to 18 form part of these financial statements.

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF CHANGES IN NET WORTH
For the Year Ended December 31, 2016
(With corresponding figures for 2015)
(In Philippine Peso)

	Notes	2016	2015 As restated
GOVERNMENT EQUITY	16		
Balance, beginning/end of year		41,221,808	41,221,808
RESTRICTED CAPITAL	10		
Balance, beginning of year		289,093,164	286,041,917
Interest income earned from restricted fund		2,917,748	3,051,247
Foreign exchange gain/loss			0
Balance, end of year		292,010,912	289,093,164
APPRAISAL CAPITAL	2.4		
Balance, beginning/end of year		5,054,354	5,054,354
RETAINED EARNINGS	17		
Balance, beginning of year		119,732,098	91,374,621
Prior year adjustment		3,105,645	20,182,028
Net income (loss)		(21,437,547)	8,175,449
Balance, end of year		101,400,196	119,732,098
NET WORTH		439,687,270	455,101,424

The notes on pages 8 to 18 form part of these financial statements.

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
(With corresponding figures for 2015)
(In Philippine Peso)

	Notes	2016	2015
Cash Flows from Operating Activities:			
Receipt of government subsidy	20	195,000,000	186,443,000
Cash received from exhibitors/customers		56,935,997	62,267,383
Funds received from Department of Trade and Industry and other government agencies and sponsorship from private sectors for the implementation of export promotion projects		23,344,242	82,020,386
Interest earned from savings/current accounts		700,956	142,120
Cash paid to suppliers and employees		(277,192,716)	(338,184,438)
Net cash (used in) provided by operating activities		(1,211,522)	(7,311,549)
Cash Flows from Investing Activities:			
Interest earned from investment in treasury bills/ time deposit		-	576,399
Effects of foreign exchange rate changes on cash and cash equivalents		1,641,610	4,392,720
Purchases of property, equipment and motor vehicles		(1,471,322)	(3,952,949)
Net cash (used in) provided by investing activities		170,288	1,016,170
Net increase/decrease in cash and cash equivalents		(1,041,235)	(6,295,379)
Cash and cash equivalents, beginning of year		160,929,767	167,225,146
CASH AND CASH EQUIVALENTS, END OF YEAR	3	159,888,532	160,929,767

The notes on pages 8 to 18 form part of these financial statements.

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS

NOTES TO FINANCIAL STATEMENTS

(All amounts in Philippine Pesos unless otherwise stated)

1. GENERAL INFORMATION

The Center for International Trade Expositions and Missions (CITEM), a government-owned or controlled corporation (GOCC), is an agency attached to the Department of Trade and Industry (DTI). It was created by virtue of Executive Order (EO) Nos. 989 and 133, as amended by EO No. 242, dated July 24, 1987, to institutionalize the holding of trade exhibits for the promotion of locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets and provide assistance to Philippine manufacturers in general.

The goals and objectives of CITEM are a) To professionally manage an export promotion organization; b) To plan, develop and implement trade fairs, special exhibits and trade missions and other promotional activities, both on domestic and international trade; and c) To respond to the needs of exporters and the requirements of target markets.

To attain the aforementioned objectives, CITEM is vested with the following powers and functions: a) Organize, prepare, review and approve official participation in foreign trade fairs, exhibitions and expositions in accordance with the trade promotion of DTI; b) Supervise the selection, collection and shipment of products and materials for use in such official participation; and c) Implement DTI's policies and guidelines for servicing all incoming missions and the conduct of all outgoing missions that are related to international trade fair exhibitions.

The Corporation is governed by a Board of Governors composed of a Chairman and four members. Its management is being headed by an Executive Director and assisted by two Deputy Executive Director.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The accompanying Financial Statements are prepared in accordance with generally accepted state accounting principles and standards in the Philippines.

2.2 Allowances for Doubtful Accounts

Allowance for doubtful accounts is provided and maintained at a level adequate to cover potential uncollectibility of receivables.

2.3 Income and Expenses

The Center generally adopts the accrual method of accounting for income and expenses. Advance collections of fees are recorded as deferred credits and are adjusted/recognized as income at the period they are actually earned or realized.

2.4 Property and Equipment

Property and Equipment includes cost of building and improvements which are stated at appraised values as determined in May 1995 by two independent appraisers. Subsequent additions to the improvement of the building are stated at cost. The account also includes depreciable assets with serviceable life of more than one year and high cost materials which can be re-used in similar or other related projects.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

The net appraisal increment resulting from the revaluation is recorded as appraisal capital.

Minor repairs and maintenance are expensed when incurred; significant renewals and betterments are capitalized. There is no management policy as to the ceiling costs for minor repairs and maintenance costs and the floor price of significant renewals and betterments.

When assets are retired or otherwise disposed of, the costs of the related accumulated depreciation are removed from the books; any resulting gain or loss is reflected as other income or loss for the period.

- 2.5** Transactions in foreign currencies are recorded in Philippine Peso based on the Bangko Sentral ng Pilipinas (BSP) rate of exchange prevailing at the date of transaction. At the end of the year, these are revalued based on BSP exchange rate at Balance Sheet date. Likewise, foreign currency-denominated monetary assets are also revalued based on BSP exchange rate at Balance Sheet date. For CY 2016 and 2015 the foreign exchange rates used were 49.813 and 47.166 respectively.

CURRENT ASSETS

3. CASH AND CASH EQUIVALENTS

This account consists of the following:

Particulars	2016	2015
Cash in bank	159,772,891	160,613,517
Cash – collecting officers	77,547	306,851
Cash – disbursing officers	18,629	4,804
Petty cash fund	19,465	4,595
Cash and Cash Equivalents	159,888,532	160,929,767

4. RECEIVABLES

Accounts receivable includes participation fees and extension charges billed to the exhibitors in connection with their participation in trade exhibits organized by CITEM. This also includes amounts collectible to government agencies who committed to shoulder cost and/or subsidized participation fees of exhibitors under a memorandum of agreement.

The account Due from NGAs consists of expenses incurred by CITEM in the implementation of various local and international projects which are covered by a Memorandum of Agreement and chargeable against funds from the Department of Trade and Industry and other government agencies.

The account Due from Officers and Employees represents personal receivables from employees, year-end tax adjustments and other obligations due to CITEM which are regularly deducted from salaries.

Other Receivables include long outstanding other personal accounts from resigned employees, rental and operational charges billed to tenants.

RECEIVABLES, CURRENT

These consist of accounts which are expected to be collected within one year:

Particulars	2016	2015
Accounts receivable	12,091,998	11,928,498
Due from National Government Agencies (NGAs)	2,814,800	8,520,590
Due from officers and employees	30,386	30,386
Advances to officers and employees	5,275	5,905
Interests receivable	0	95,307
Other receivables	276,878	137,265
Receivables, Current	15,219,337	20,717,951

5. INVENTORIES

This account consists of the following:

Particulars	2016	2015
Office supplies	669,553	724,873
Drugs and medicines inventory	32,110	0
Textbooks and instructional materials	1,950	1,950
Other supplies	231,702	147,992
Total Inventories	935,315	874,815

6. PREPAID EXPENSES

This includes the following:

Particulars	2016	2015 As restated
Prepaid rent	13,683,133	12,627,195
Other prepaid expenses	458,236	471,258
Total Prepaid Expenses	14,141,369	13,098,453

Prepaid Rent and Other Prepayments represent reservations for space/venue rental and advance payments to the booth contractors for various international trade fairs in 2017.

7. GUARANTY DEPOSITS

This includes deposits to different companies for relocation of electric meter and additional electrical load, telephone sets, cash/guaranty deposits for fuel credit line, building protection bond for venue exhibits and performance security bond for projects

in the amount of P2,884,066, P610,985 of which is current (Non-current, 2,273,081). CITEM continues its effort to reconcile accounts with SM Prime Holdings, Inc. for the building protection bond paid by CITEM for the trade shows held in SMX Convention Center.

NON-CURRENT ASSETS

8. RECEIVABLES, NON-CURRENT

These include accounts which are not expected to be received within one year:

Particulars	2016	2015
Accounts receivable	8,983,132	8,983,132
Due from National Government Agencies (NGAs)	0	732,953
Advances to officers and employees	1,378,925	1,378,925
Other receivables	2,622,630	2,622,630
Allowance for doubtful accounts	(9,709,313)	(9,709,313)
Receivables, Non-Current, Net	3,275,374	4,008,327

9. PROPERTY AND EQUIPMENT

This account consists of:

	Office Building and Other Structures	Office Equipment, Furniture & Fixtures, & IT Equipment & Software	Motor Vehicles	Library Books, Sports & Communication Equipment & Other Property & Equipment	TOTAL
Acquisition cost					
Balance, January 1, 2016	44,314,058	45,600,666	12,367,501	8,736,386	111,018,611
Additions	119,669	3,381,428	1,798,000	1,231,487	6,530,584
Disposals/Adjustments	(35,609)	(4,979,875)	(1,513,000)	(281,009)	(6,809,493)
Balance, December 31, 2016	44,398,118	44,002,219	12,652,501	9,686,864	110,739,702
Accumulated depreciation					
Balance, January 1, 2016	(26,955,584)	(28,316,292)	(8,448,288)	(4,023,681)	(67,743,845)
Depreciation	(1,889,872)	(3,643,382)	(1,367,340)	(837,544)	(7,738,138)
Disposals/Adjustments	350,191	5,571,451	1,294,507	306,094	7,522,243
Balance, December 31, 2016	(28,495,265)	(26,388,223)	(8,521,121)	(4,555,131)	(67,959,740)
Net book value					
December 31, 2016	15,902,853	17,613,996	4,131,380	5,131,733	42,779,962
December 31, 2015	17,358,474	17,284,374	3,919,213	4,712,705	43,274,766

10. RESTRICTED FUND/CAPITAL

This represents the Building Fund allocated by the Governing Board for the construction of CITEM's office building in the future, which was temporarily invested in High-Yield Savings Account as follows:

Particulars	2016	2015
High Yield Savings Account (formerly T-Bills):		
Land Bank of the Philippines (LBP)	290,027,219	287,109,471
Dollar Time Deposit:		
LBP Dollar Time Deposit (Portion)	1,983,693	1,983,693
Restricted Capital / Restricted Fund	292,010,912	289,093,164

11. OTHER ASSETS

This account includes unserviceable property items for disposal and assets in the custody of other government agencies.

CURRENT LIABILITIES

12. PAYABLE ACCOUNTS

These consist of payables due to officers and employees, various suppliers, contractors and other creditors which are expected to be settled within one year.

Particulars	2016	2015
Payable Accounts:		
Suppliers and contractors	42,636,808	35,323,861
Other Liabilities:		
Officers and employees	9,844,130	6,369,406
Performance bonds	1,429,751	1,290,776
Other payables	2,486,099	2,793,771
Refunds payable	232,611	192,656
Total	56,629,399	45,970,470

13. INTER-AGENCY PAYABLES

This account consists of the following:

Particulars	2016	2015
Due to Other NGAs	2,132,401	9,269,741
Due to Other Government-Owned or Controlled Corporations (GOCCs)	150,141	150,141
Due to Bureau of Internal Revenue (BIR)	2,174,690	3,903,302

Particulars	2016	2015
Due to Government Service Insurance System (GSIS)	568,741	569,026
Due to Pag-IBIG	49,356	58,735
Due to PHILHEALTH	33,179	35,642
Total Inter-Agency Payables	5,108,508	13,986,587

The account Due to Other National Government Agencies represents advances/fund transfers received from various Funding Agencies (DTI, its attached bureaus and agencies and Department of Agriculture) for the implementation of various trade missions and promotional projects.

Due to Other Government-Owned or Controlled Corporations represents employees' salary deductions for housing loans to be remitted to National Home Mortgage Finance Corporation (NHMFC).

Due to Bureau of Internal Revenue, Government Service Insurance System, Home Development Mutual Fund and Philippine Health Insurance Corporation are the mandatory deductions from employees' salaries to be remitted to the above-concerned government agencies.

14. DEFERRED CREDITS

This represents advance rental and fees paid by the exhibitors in connection with their participation in the coming trade shows, events and exhibits of CITEM in the amount of P17,617,006.

15. NON-CURRENT LIABILITIES

These consist of payables due to officers and employees, various suppliers, contractors and other creditors which are not expected to be paid within one year.

Particulars	2016	2015
Payable Accounts:		
Suppliers and contractors	7,488,690	6,959,133
Other Liabilities:		
Officers and employees	265,572	377,016
Performance bonds	206,372	206,372
Other payables – trust	1,090,921	1,090,921
Refunds payable	3,884,852	3,884,852
Total	12,936,407	12,518,294

Non-current liabilities are payables duly obligated in previous years and are outstanding for more than one year as of Balance Sheet date.

16. GOVERNMENT EQUITY

This consists of capital contribution in the form of either cash or property from the following government agencies:

Agencies	2016	2015
National Food Authority	14,745,735	14,745,735
National Government-Bureau of the Treasury	10,396,662	10,396,662
Central Bank of the Philippines	10,000,000	10,000,000
Donation from China	3,949,291	3,949,291
Government Service Insurance System	2,000,000	2,000,000
Land Bank of the Philippines	1,000,000	1,000,000
Philippine International Trading Corporation	625,000	625,000
Transfer of donated assets to the DTI and its attached agencies	(1,494,880)	(1,494,880)
Total Government Equity	41,221,808	41,221,808

The equity balances in the books of CITEM as against the confirmed account balances of the contributors are as follows:

Government Agency (Contributor)	Per Books	Per Confirmation	Variance
National Government- Bureau of Treasury (BTr)	10,396,662	12,653,662	(2,257,000)
Bangkó Sentral ng Pilipinas (BSP)	10,000,000	-	10,000,000
Land Bank of the Phils. (LBP)	1,000,000	2,000,000	(1,000,000)
	21,396,662	14,653,662	6,743,000

The variances shown above remain unresolved because of insufficient documentation. These variances cannot be reconciled and the discrepancy noted cannot be recorded in the books as equity because proofs of remittances or fund receipts by CITEM from the Bureau of the Treasury, Bangko Sentral ng Pilipinas and Land Bank of the Philippines cannot be established.

17. RETAINED EARNINGS, NET

The breakdown of the account is as follows:

Particulars	2016	2015 As restated
Retained earnings, December 31	119,732,098	91,374,621
Net increase (prior years' adjustments)	3,105,645	20,182,028
Net income (loss)	(21,437,547)	8,175,449
Retained Earnings, NET	101,400,196	119,732,098

The net decrease in Retained Earnings is primarily due to the net loss incurred for the year.

18. GENERAL INCOME

Particulars	2016	2015
Service income	44,099,325	61,592,759
Interest income	605,649	718,518
Net gain on foreign exchange	1,641,568	4,392,720
Loss on sale of assets	(387,221)	-
Miscellaneous income	1,686,950	1,050,481
Total	47,646,271	67,754,478

Service Income includes trade fair participation fees and other related fees (e.g. management fee, enrollment fee in Design for Export Coaching Programs, booth construction fee, advertising fee) collected from exhibitors participating in various trade fairs and signature events. The decrease in amount is attributable to the project International Food Exhibition (IFEX), a biennial event.

Miscellaneous Income includes entrance tickets to events, HallOne venue rentals and disposal of unserviceable properties, among others.

19. EXPENSES

Particulars	2016	2015 As restated
Personal Services		
Salaries and wages	32,992,543	32,818,397
Other personnel benefits	2,280,145	7,463,810
Personnel benefits contributions	4,575,967	4,496,036
Other compensation	14,555,714	6,483,388
	54,404,369	51,261,631
Maintenance and Other Operating Expenses		
Rent expenses	50,921,279	37,638,374
Professional services	45,066,195	42,276,108
Advertising expenses	19,508,592	16,967,109
Non-cash expenses	7,624,182	6,020,185
Traveling expenses	7,342,721	6,998,689
Other services	6,572,407	7,010,435
Communication expenses	5,467,311	6,200,259
Representation expenses	4,973,295	6,177,980
Printing and binding expenses	4,589,473	4,918,310

Particulars	2016	2015 As restated
Maintenance and Other Operating Expenses		
Utility expenses	4,049,309	5,142,108
Supplies and materials expenses	3,910,584	3,446,684
Subscription expenses	2,812,971	1,545,131
Taxes, insurance premiums & other fees	1,589,877	1,522,251
Training and scholarship expenses	1,437,888	507,703
Transportation and delivery expenses	1,234,080	1,721,274
Repairs and maintenance	944,491	779,252
Extraordinary and miscellaneous expenses	94,650	18,840
Membership dues and contributions to organizations	18,792	26,500
Donations	1,000	2,000
Other maintenance and operating expenses – Booth construction	41,117,684	45,514,514
	209,276,781	194,433,706
Financial Expenses		
Bank charges	402,668	326,692
Total, Cash and Non-Cash Expenses	264,083,818	246,022,029

Breakdown of Professional Services

Particulars	2016	2015
Auditing services	1,904,450	1,753,843
Other professional services (Interpreters/Designers/Craftsmen)	23,703,383	19,513,440
Legal services	23,850	29,990
General services (Service Providers)	19,434,512	20,978,835
Total	45,066,195	42,276,108

Breakdown of Other Services

Particulars	2016	2015
Janitorial services	2,207,206	2,533,254
Security services	4,365,201	4,477,181
Total	6,572,407	7,010,435

20. SUBSIDY FROM NATIONAL GOVERNMENT

For this year, the Program Subsidy received by CITEM from the Department of Budget and Management (DBM) to support the implementation of its export promotion programs was P195,000,000, a slight increase from last year's P186,443,000.00.

21. NET LOSS

Particulars	2016
General Income	
Service income	44,099,325
Interest income	605,649
Net gain on foreign exchange	1,641,568
Miscellaneous income	1,686,950
Loss on asset disposal	(387,221)
Total	47,646,271
Less: Expenses	
Personal services	54,404,369
Maintenance and operating expenses	209,276,781
Financial expenses	402,668
Total	264,083,818
Loss from Operations	(216,437,547)
Program Subsidy from National Government	195,000,000
Net Loss	(21,437,547)

The resulting Net Loss in the amount of P21,437,547 can be attributed to the decrease in Service Income due to the biennial event IFEX which was not held this year. However, expenses for projects held were almost equivalent to recorded expenses when IFEX was held. These expenses are non-commensurate to an increase in revenues.