

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2016 and 2015**  
(In Philippine Peso)

|                                     | Notes  | 2016                  | 2015<br>(As Restated) |
|-------------------------------------|--------|-----------------------|-----------------------|
| <b>A S S E T S</b>                  |        |                       |                       |
| <b>CURRENT ASSETS</b>               |        |                       |                       |
| Cash and Cash Equivalents           | 4.1/5  | 5,689,000,346         | 10,367,811,887        |
| Short-Term Investments              | 6      | 3,675,813,503         | 4,977,428,157         |
| Receivables - net                   | 4.3/7  | 1,377,009,850         | 1,232,499,818         |
| Inventories                         | 4.5/8  | 227,809,192           | 155,842,835           |
| Prepayments                         | 9      | 14,281,764            | 13,786,170            |
| Other Current Assets                | 10     | 20,030,234            | 26,263,349            |
| <b>Total Current Assets</b>         |        | <b>11,003,944,889</b> | <b>16,773,632,216</b> |
| <b>NON-CURRENT ASSETS</b>           |        |                       |                       |
| Long-term Investments               | 6      | 215,068,855           | 0                     |
| Held-to-Maturity Investments        | 11     | 2,830,616,974         | 2,577,920,979         |
| Property, Plant and Equipment - net | 4.4/12 | 1,116,870,674         | 1,119,550,209         |
| Other Assets                        | 13     | 752,334,194           | 570,568,380           |
| <b>Total Non-Current Assets</b>     |        | <b>4,914,890,697</b>  | <b>4,268,039,568</b>  |
| <b>TOTAL ASSETS</b>                 |        | <b>15,918,835,586</b> | <b>21,041,671,784</b> |
| <b>LIABILITIES AND EQUITY</b>       |        |                       |                       |
| <b>CURRENT LIABILITIES</b>          |        |                       |                       |
| Accounts Payable                    | 14     | 8,394,969,538         | 10,390,979,356        |
| Inter-Agency Payables               | 15     | 343,570,559           | 1,785,126,822         |
| Intra-Agency Payables               | 16     | 2,295,328,942         | 5,650,843,116         |
| Other Current Liabilities           | 17     | 1,241,776,511         | 1,181,836,298         |
| Deferred Credits                    | 18     | 28,888,338            | 14,505,572            |
| <b>TOTAL LIABILITIES</b>            |        | <b>12,304,533,888</b> | <b>19,023,291,164</b> |
| <b>EQUITY</b>                       |        | <b>3,614,301,698</b>  | <b>2,018,380,620</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b> |        | <b>15,918,835,586</b> | <b>21,041,671,784</b> |

The notes on pages 10 to 52 form part of these financial statements.

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**OPERATING FUND UTILIZATION STATEMENTS**  
**For the Years Ended December 31, 2016 and 2015**  
(In Philippine Peso)

|   | Notes | 2016                 | 2015<br>(As Restated) |
|---|-------|----------------------|-----------------------|
| <b>NET RECEIPTS ALLOCATION</b>                              | 19/24 | <b>5,815,938,394</b> | <b>5,498,901,669</b>  |
| Other Income  | 25    |                      |                       |
| Printing Cost   |       | 791,284,135          | 748,149,887           |
| Share from STL  |       | 6,568,061            | 0                     |
| Other Income  |       | 77,250,730           | 64,945,786            |
| Printing Cost - STL   |       | 3,309,202            | 0                     |
| Printing Cost - Peryahan                                    |       | 101,247              | 545,694               |
| Share from Bingo Milyonaryo                                 |       | 0                    | 0                     |
| Share from Peryahan   |       | 283,846              | 1,555,229             |
|   |       | 878,797,221          | 815,196,596           |
|   |       | 6,694,735,615        | 6,314,098,265         |
| <b>OPERATING FUND EXPENSES</b>                              | 27    |                      |                       |
| Personal Services   |       | 1,278,782,965        | 1,258,148,816         |
| Maintenance and Other Operating Expenses                    |       | 1,903,897,975        | 1,844,312,760         |
| Printing Expenses   |       | 470,849,328          | 281,692,057           |
|   |       | 3,653,530,268        | 3,384,153,633         |
| <b>OPERATING FUND BEFORE OTHER FINANCIAL INCOME/CHARGES</b> |       | <b>3,041,205,347</b> | <b>2,929,944,632</b>  |
| Other Financial Income/Charges                              | 26    |                      |                       |
| Interest Income   |       | 60,900,624           | 27,585,438            |
| Gain/Loss on Foreign Exchange                               |       | 0                    | 0                     |
| Financial Charges   |       | (1,183,813)          | (1,394,482)           |
|   |       | 59,716,811           | 26,190,956            |
| <b>UNUTILIZED BALANCE FOR THE YEAR</b>                      | 22    | <b>3,100,922,158</b> | <b>2,956,135,588</b>  |

The notes on pages 10 to 52 form part of these financial statements.

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**CHARITY FUND UTILIZATION STATEMENTS**  
For the Years Ended December 31, 2016 and 2015  
(In Philippine Peso)

|   | Note  | 2016                   | 2015<br>(As Restated)  |
|---|-------|------------------------|------------------------|
| <b>NET RECEIPTS ALLOCATION</b>                            | 19/24 | <b>11,631,876,787</b>  | <b>9,547,681,546</b>   |
| Share in Rentals and Maintenance of Equipment             |       | 1,048,756,422          | 1,028,576,155          |
| <b>NET CHARITY FUND</b>                                   |       | <b>10,583,120,365</b>  | <b>8,519,105,391</b>   |
| Other Income  | 25    |                        |                        |
| Forfeitures of Prizes                                     |       | 563,180,953            | 301,077,235            |
| Share of STL  |       | 0                      | 359,569,586            |
| Share in "Scratch and Match" Project                      |       | 134,882,382            | 98,214,286             |
| Provincial Share  |       | 0                      | 251,415                |
| Share from Bingo Milyonaryo                               |       | 0                      | 0                      |
| Share from Peryahan                                       |       | 1,005,784              | 33,923,529             |
|   |       | 699,069,119            | 793,036,051            |
|   |       | <b>11,282,189,484</b>  | <b>9,312,141,442</b>   |
| <b>CHARITY FUND EXPENSES</b>                              | 28    |                        |                        |
| Regular and Traditional Beneficiaries                     |       | 9,331,132,769          | 7,045,828,621          |
| Documentary Stamps Tax                                    |       | 3,955,205,813          | 3,242,656,188          |
| STL Shares (PNP, LGU, Provincial & Congressional)         |       | 643,882,056            | 0                      |
| Mandatory Contributions                                   |       | 1,002,233,686          | 2,905,809,078          |
| Charity Clinic Expenses                                   |       | 76,485,479             | 71,456,013             |
| Other Programs and Projects                               |       | 307,556,600            | 484,431,100            |
|   |       | 15,316,496,403         | 13,750,181,000         |
| <b>CHARITY FUND BEFORE OTHER FINANCIAL INCOME/CHARGES</b> |       | <b>(4,034,306,919)</b> | <b>(4,438,039,558)</b> |
| Other Financial Income/Charges                            | 26    |                        |                        |
| Interest Income-net                                       |       | 95,683,399             | 94,828,966             |
| Gain (Loss) on Foreign Exchange                           |       | 16,596,150             | 14,330,961             |
|   |       | 112,279,549            | 109,159,927            |
| <b>UNUTILIZED BALANCE FOR THE YEAR</b>                    |       | <b>(3,922,027,370)</b> | <b>(4,328,879,631)</b> |
| <b>FUND BALANCE, BEGINNING</b>                            |       | <b>5,132,189,819</b>   | <b>3,291,270,412</b>   |
| Adjustments   |       |                        |                        |
| Transfer from Operating Fund                              |       | 1,505,001,080          | 7,795,802,052          |
| Prior Year's Adjustment                                   |       | (2,047,100,827)        | (3,673,103,841)        |
|   |       | <b>4,590,090,072</b>   | <b>7,413,968,623</b>   |
| <b>FUND BALANCE, ENDING</b>                               | 16    | <b>668,062,702</b>     | <b>3,085,088,992</b>   |

The notes on pages 10 to 52 form part of these financial statements.

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**PRIZE FUND UTILIZATION STATEMENTS**  
For the Years Ended December 31, 2016 and 2015  
(In Philippine Peso)

|   | Notes | 2016                  | 2015<br>(As Restated) |
|---|-------|-----------------------|-----------------------|
| <b>NET RECEIPTS ALLOCATION</b>                          | 19/24 | <b>21,325,107,444</b> | <b>17,504,082,835</b> |
| Share in Rentals and Maintenance of Equipment           |       | 1,922,617,467         | 1,885,203,730         |
| Share in Commission Expenses                            | 29    | 2,607,248,918         | 1,949,826,072         |
|   |       | 4,529,866,385         | 3,835,029,802         |
| <b>NET PRIZE FUND</b>                                   |       | <b>16,795,241,059</b> | <b>13,669,053,033</b> |
| Other Income  | 25    |                       |                       |
| Share from Peryahan                                     |       | 0                     | 175,606               |
|   |       | 0                     | 175,606               |
|   |       | 16,795,241,059        | 13,669,228,639        |
| <b>PRIZE FUND EXPENSE</b>                               | 29    |                       |                       |
| Jackpot Prizes  |       | 2,500,465,372         | 2,638,937,586         |
| Low Tier Prizes   |       | 11,144,943,373        | 7,523,988,972         |
| Keno Prizes   |       | 2,439,953,905         | 1,793,713,155         |
| Winning Tickets Sweepstakes                             |       | 20,580,944            | 11,583,431            |
| 5% Prize Fund Tax                                       |       | 1,066,255,140         | 875,379,748           |
| Sellers Prize   |       | 792,254               | 1,165,837             |
| Sellers Share/Commission-Sweepstakes                    |       | 3,125,000             | 14,374,875            |
|   |       | 17,176,115,988        | 12,859,143,604        |
| <b>PRIZE FUND BEFORE OTHER FINANCIAL INCOME/CHARGES</b> |       | <b>(380,874,929)</b>  | <b>810,085,035</b>    |
| Other Financial Income/Charges                          | 26    |                       |                       |
| Share on Peryahan ( for payment of 5% Prize Fund tax)   |       | 0                     | 0                     |
| Interest Income-net                                     |       | 5,567,998             | 46,799,562            |
| Gain (Loss) on Foreign Exchange                         |       | 0                     | 0                     |
|   |       | 5,567,998             | 46,799,562            |
| <b>UNUTILIZED BALANCE FOR THE YEAR</b>                  |       | <b>(375,306,931)</b>  | <b>856,884,597</b>    |
| <b>FUND BALANCE, BEGINNING</b>                          |       | <b>1,637,165,026</b>  | <b>2,004,024,401</b>  |
| Adjustments   |       |                       |                       |
| Prior Year's Adjustment                                 |       | 928,589,098           | 5,922,361             |
| Forfeitures of Prizes for the Year 2011                 |       | 0                     | 0                     |
| Forfeitures of Prizes for the Year 2012                 |       | 0                     | 0                     |
| Forfeitures of Prizes for the Year 2013                 |       | 0                     | 0                     |
| Forfeitures of Prizes for the Year 2014                 |       | 0                     | (301,077,235)         |
| Forfeitures of Prizes for the Year 2015                 |       | (563,180,953)         | 0                     |
|   |       | <b>2,002,573,171</b>  | <b>1,708,869,527</b>  |
| <b>FUND BALANCE, ENDING</b>                             | 16    | <b>1,627,266,240</b>  | <b>2,565,754,124</b>  |

The notes on pages 10 to 52 form part of these financial statements.

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**STATEMENTS OF ACCUMULATED SURPLUS/(DEFICIT)**  
**For the Years Ended December 31, 2016 and 2015**  
(In Philippine Peso)

|   | Notes | 2016                 | 2015<br>(As Restated) |
|---|-------|----------------------|-----------------------|
| <b>APPRAISAL CAPITAL</b>                | 21    | 708,617,561          | 708,617,561           |
| <b>RESTRICTED CAPITAL</b>               |       | 2,400,000,000        | 2,000,000,000         |
| <b>CONTINGENT SURPLUS</b>               |       | 5,678,727            | 5,678,727             |
| <b>GOVERNMENT EQUITY</b>                |       | 5,410                | 5,410                 |
| <b>RETAINED EARNINGS(DEFICIT)</b>       |       |                      |                       |
| Beginning Balance, January 1            |       | (695,921,078)        | 4,746,078,802         |
| Add: Unutilized Operating Fund          | 22    | 3,100,922,158        | 2,956,135,588         |
| Total Retained Earnings                 |       | 2,405,001,080        | 7,702,214,390         |
| Add (Less):                             |       |                      |                       |
| Appropriation for Building Construction |       | (400,000,000)        | 0                     |
| Transfer to Charity Fund                |       | (1,505,001,080)      | (7,795,802,052)       |
| Prior Year Charges                      |       | 0                    | (602,333,416)         |
| Ending Balance, December 31             |       | 500,000,000          | (695,921,078)         |
| <b>EQUITY</b>                           |       | <b>3,614,301,698</b> | <b>2,018,380,620</b>  |

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**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2016 and 2015**  
(In Philippine Peso)

|   | Notes | 2016                   | 2015                   |
|---|-------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |                        |                        |
| Sales of Lotto, Keno and Sweepstakes tickets  |       | 24,198,668,186         | 24,099,154,322         |
| Remittance of STL Agents  |       | 2,096,476,363          | 1,193,479,001          |
| Remittance of share on Sweepstakes Instant Tickets  |       | 134,882,382            | 116,433,179            |
| Interest Income   |       | 79,122,782             | 169,841,443            |
| Miscellaneous Income  |       | 20,656,645             | 21,126,956             |
| Income from Franchise Tax   |       | 511,305                | 1,492,965              |
| Other Service Income  |       | 35,746,762             | 34,021,979             |
| Fines and Penalties   |       | 3,778,787              | 1,632,081              |
| Inspection/Installation/Application/Processing fees   |       | 16,815,430             | 5,490,862              |
| Rent Income   |       | 5,600                  | 2,581,138              |
| Guaranty Deposits   |       | 7,446,408              | 120,168                |
| Miscellaneous Receivables/Cash Collections/Cash Bonds/Refunds   |       | 4,680,702              | 3,563,756              |
| Prize Fund Seed from PGMC/POSC  |       | 45,225,322             | 17,278,930             |
| Collection of Accounts Receivable   |       | 237,215                | 0                      |
| Collection for payment of Employees' Loans and Contributions  |       | 30,332,189             | 32,355,667             |
| Cash Bond/Performance Bond/Bidder's Bond  |       | 20,107,866             | 0                      |
| Payment to Winners, Beneficiaries, Employees, Suppliers,<br>Non-Gov't. Organizations and National Gov't. Agencies | 30    | (32,211,287,296)       | (24,675,844,320)       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |       | <b>(5,516,593,352)</b> | <b>1,022,728,127</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |       |                        |                        |
| Termination of Short-Term Investments   |       | 1,934,657,435          | 0                      |
| Short-Term Investments placements   |       | (794,638,074)          | (4,676,724,894)        |
| Other Investments and Marketable Securities   |       | (400,000,000)          | 0                      |
| Disposal of Assets  |       | 270                    | 0                      |
| Purchase of Equipment   |       | (40,601,189)           | (39,373,089)           |
| Purchase of IT Equipment  |       | (49,658,774)           | (54,172,479)           |
| Purchase of Motor Vehicles  |       | (5,621,802)            | (8,171,657)            |
| Purchase of Furniture and Fixtures  |       | (3,073,393)            | (4,788,281)            |
| Purchase of Library Books   |       | (60,571)               | 0                      |
| Leasehold Improvements/Renovations  |       | (2,871,478)            | (7,630,163)            |
| Construction of Office Building   |       | (338,751)              | (4,947,396)            |
| Other Assets  |       | (11,862)               | 2,108,499              |
| Investment in Bonds   |       | 200,000,000            | 752,625,000            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  |       | <b>837,781,811</b>     | <b>(4,041,074,460)</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  |       | <b>(4,678,811,541)</b> | <b>(3,018,346,333)</b> |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>   |       | <b>10,367,811,887</b>  | <b>13,386,158,220</b>  |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>  |       | <b>5,689,000,346</b>   | <b>10,367,811,887</b>  |

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