

Financial Statements and
Independent Auditors' Report

Silliman University

May 31, 2017 and 2016

(With Corresponding Figures as of June 1, 2015)



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Report of Independent Auditors

The Board of Trustees
Silliman University
(A Nonstock, Nonprofit Educational Institution)
Dumaguete City
Negros Oriental

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Silliman University (the University), which comprise the statements of financial position as at May 31, 2017 and 2016, and the statements of revenues and expenses, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

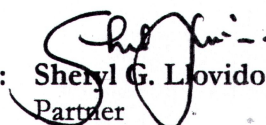
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the fiscal year ended May 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 31 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
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SEC Group A Accreditation
Partner - No. 1554-A (until Apr. 14, 2019)
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BIR AN 08-002511-36-2015 (until Nov. 1, 2018)
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August 26, 2017

SILLIMAN UNIVERSITY
(A Nonstock, Nonprofit Educational Institution)
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016
(With Corresponding Figures as of June 1, 2015)
(Amounts in Philippine Pesos)

			May 31, 2016 (As Restated - see Note 29)	June 1, 2015 (As Restated - see Note 29)
	Notes	May 31, 2017		
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	7	P 113,233,488	P 104,525,062	P 141,870,441
Receivables - net	8	61,207,198	64,594,718	59,711,685
Restricted funds	11	214,675,877	193,419,192	158,447,700
Inventories - net	10	10,184,944	11,790,404	10,587,784
Due from related parties - net	28	5,542,940	3,988,253	24,176,699
Other current assets		4,268,480	4,444,335	3,142,377
Total Current Assets		409,112,927	382,761,964	397,936,686
NON-CURRENT ASSETS				
Receivables	8	2,964,177	3,322,107	3,398,507
Available-for-sale financial assets	9	216,000,979	208,847,697	145,262,551
Restricted funds	11	426,625,373	426,477,314	412,981,398
Biological assets	12	8,976,486	11,651,732	10,514,576
Property and equipment - net	13	746,235,056	685,257,295	623,367,330
Investment property - net	14	73,140,598	92,914,799	97,921,470
Intangible asset - net	15	3,586,612	-	-
Post-employment defined benefit asset	26	59,732,953	71,450,486	86,817,169
Other non-current assets		2,891,295	2,104,644	691,295
Total Non-current Assets		1,540,153,529	1,502,026,074	1,380,954,296
TOTAL ASSETS		P 1,949,266,456	P 1,884,788,038	P 1,778,890,982

			May 31, 2016 (As Restated - see Note 29)	June 1, 2015 (As Restated - see Note 29)
	Notes	May 31, 2017		
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Obligations under finance leases	16	P 4,109,745	P 3,385,782	P 2,850,907
Interest-bearing loans	17	33,294,844	21,969,887	19,017,938
Trade and other payables	18	160,930,460	121,237,159	76,728,370
Special purpose funds	19	77,242,055	62,725,516	38,767,636
Funds held in trust	20	137,433,822	130,693,676	119,680,064
Unearned tuition and school fees	21	89,252,158	87,046,468	88,581,991
Students and other deposits		5,134,456	4,236,590	3,986,891
Total Current Liabilities		507,397,540	431,295,078	349,613,797
NON-CURRENT LIABILITIES				
Obligations under finance leases	16	4,271,677	3,189,464	1,770,890
Interest-bearing loans	17	59,013,010	92,307,854	64,277,741
Trade and other payables	18	2,210,000	2,510,000	3,500,000
Special purpose funds	19	91,142,244	84,599,948	84,195,690
Unearned project revenues	21	300,843,070	316,963,808	317,832,372
Deferred tax liabilities - net	27	7,092,882	8,153,180	9,273,450
Total Non-current Liabilities		464,572,883	507,724,254	480,850,143
Total Liabilities		971,970,423	939,019,332	830,463,940
EQUITY				
General fund	29	334,137,210	329,525,629	310,524,451
Endowment fund		112,334,163	104,921,256	105,321,869
Revaluation reserves		530,824,660	511,321,821	532,580,722
Total Equity		977,296,033	945,768,706	948,427,042
TOTAL LIABILITIES AND EQUITY		P 1,949,266,456	P 1,884,788,038	P 1,778,890,982

See Notes to Financial Statements.

SILLIMAN UNIVERSITY
(A Nonstock, Nonprofit Educational Institution)
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED MAY 31, 2017 AND 2016
(Amounts in Philippine Pesos)

			2016 (As Restated - see Note 29)
	<u>Notes</u>	<u>2017</u>	
REVENUES			
Tuition and school fees - net	2	P 456,280,586	P 479,896,985
Project revenues	19, 21	94,921,259	87,302,111
Income from auxiliary activities	22	83,478,917	88,091,023
Finance income	24	50,193,853	46,615,689
Rent	30	19,979,896	19,180,601
Donations	28	3,316,679	2,338,035
Other income	25	<u>63,596,154</u>	<u>73,991,390</u>
		<u>771,767,344</u>	<u>797,415,834</u>
EXPENSES			
Personnel costs	26	378,579,951	384,571,949
Education and general expenses	23	261,396,264	273,804,442
Auxiliary costs and expenses	22	92,026,110	88,171,078
Project expenses	19	31,106,530	28,488,398
Finance cost	16, 17	<u>5,073,362</u>	<u>4,069,553</u>
		<u>768,182,217</u>	<u>779,105,420</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE TAX		3,585,127	18,310,414
TAX INCOME	27	<u>1,026,454</u>	<u>690,764</u>
EXCESS OF REVENUES OVER EXPENSES		<u>P 4,611,581</u>	<u>P 19,001,178</u>

See Notes to Financial Statements.