TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.
Formerly: SRCDC Mutual Benefit Association Inc
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda
City of Malolos, Bulacan

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC..** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Zamudio & Ogena, CPAs the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under Oath by the following:

CRISTINA L. TAMAYO
President

Carmencita C. Lopez
CARMENCITA C. LOPEZ
Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME, this ________ day of JUL 02 2020 2020, Affiants exhibited their Government IDs as follows:

Names	Govt. ID	Date Issued	Place Issued
CRISTINA L. TAMAYO	Senior Citizen ID21551	05/16/2014	Malolos,Bulacan
CARMENCITA C. LOPEZ	Senior Citizen ID008856	01/12/2010	Malolos,Bulacan

Doc. No.: 33
Page No.: 8
Book No.: 11
Series of 2020

MA. THERESA S. CRUZ-DAGUNA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 8203717/MALOLOS CITY BULACAN/01-02-20
IBP OR NO. 103712/01-02-2020/BULACAN
MCLE COMPLIANCE NO. II-20013144
TANJECO ST., SAN VICENTE, CITY OF MALOLOS, BULACAN
ROLL NO. 40038

RDO NO. 25A - PLARIDEL, BULACAN
RECEIVED
JUL 03 2020
MARIANNE R. DAVID
COLLECTION SECTION

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.
Formerly: SRCDC Mutual Benefit Association Inc
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda
City of Malolos, Bulacan

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.**, is for all information and representation contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representation contained in the financial statements accompanying the annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and / or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.**, complete and correct in all material respect, Management likewise affirms that:

a) The Annual Income Tax Returns has been prepared in accordance with the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and record in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.**, has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

CRISTINA L. TAMAYO	Carmencita C. Lopez **CARMENCITA C. LOPEZ**
President	Treasurer

RDO NO. 25A - PLARIDEL, BULACAN
RECEIVED
JUL 03 2020
MARIANNE R. DAVID
COLLECTION SECTION

ZAMUDIO & OGENA, CPAS
#417 Garnet St., Country Homes Subdivision
Naga Road, Pulanglupa 2, Las Pinas city
TIN 007-207-081-000

BOA AN: 4657, November 29, 2021
BIR AN:08-001225-000-2020 until May 25 2023
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20,2020

"REPORT OF AN INDEPENDENT AUDITOR"

THE BOARD OF DIRECTORS
TULUNGAN MUTUAL BENEFIT
ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
#1199 Arbe Compound., McArthur Highway
Sumapang Matanda, City of Malolos
Bulacan

Opinion

We have audited the financial statements of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.** (the Company) which comprise the statements of financial position as at December 31, 2019, and the statement of income, statement of changes in equity, statement of cash flows, 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 Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year 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 Company 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 audit of the financial statements in the Philippines, 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.

Other Information

Management is responsible for the other information. The other information comprises what has been included and discussed in Annex A, but does not include the financial statements and my auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 PFRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assesses 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 in the notes to the financial statements 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 audits 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.

ZAMUDIO & OGENA, CPAS

ANITA V. OGENA
Partner
CPA No. 38099, valid until June 26, 2021
BIR AN: 00-001225-001-2020, until May 30, 2023
IC AN: SP-2017-005-R, until April 17, 2020
TIN 113-820-520-000
PTR No. 11107595, January 23, 2020/Cal. City

June 19, 2020
Cel No. 0178410377

RDO NO. 25A - PLARIDEL, BULACAN
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TIN 007-207-081-000

BOA AN: 4657, November 29, 2021
BIR AN:08-001225-000-2020 until May 25 2023
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20,2020

SUPPLEMENTAL STATEMENT
(In Compliance Under Rule 68)

THE BOARD OF DIRECTORS
TULUNGAN MUTUAL BENEFIT
ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
#1199 Arbe Compound, McArthur Highway
Sumapang Matanda, City of Malolos
Bulacan

We have audited the accompanying financial statements of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.** *(A Non-Stock, Non-Profit Organization)* which comprise the statement of financial condition as of December 31, 2019 and 2018 and the Statement of Comprehensive Income, Statement of Changes in Fund Balance and Statement of Cash Flows for the years ended on which we have rendered the attached report dated June 19, 2020.

In compliance with Securities Regulation Code Rule 68, we are stating that the said Organization has no listed stockholders being a Non-stock, Non-profit Organization.

ZAMUDIO & OGENA, CPAS

ANITA V. OGENA
Partner
CPA No. 38099, valid until June 26, 2021
BIR AN: 00-001225-001-2020, until May 30, 2023
IC AN: SP-2017-005-R, until April 17, 2020
TIN 113-820-520-000
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BIR AN:08-001225-000-2020 until May 25 2023
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20 2020

REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE

THE BOARD OF DIRECTORS
TULUNGAN MUTUAL BENEFIT
ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
#1199 Arbe Compound , McArthur Highway
Sumapang Matanda, City of Malolos
B u l a c a n

We have audited the accompanying financial statements of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.** for the years ended December 31, 2019 on which we have rendered our report dated June 19, 2020.

In compliance with Revenue Regulation V-20, we are stating that:

1. We are not related by consanguinity or affinity to the Board of Directors of the entity and;

2. The taxes paid and/or accrued by the entity during the year are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.

ZAMUDIO & OGENA, CPAS

ANITA V. OGENA
Partner
CPA No. 38099, valid until June 26, 2021
BIR AN: 00-001225-001-2020, until May 30, 2023
IC AN: SP-2017-005-R, until April 17, 2020
TIN 113-820-520-000
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June 19, 2020
Cel No. 0178410377

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IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20,2020

"SECURITIES AND EXCHANGE COMMISSION"

STATEMENT OF REPRESENTATION

In connection with my examination of the Financial Statements of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC**. which is to be submitted to the Commission, I hereby represent the following:

1. That I am the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said Financial Statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion, except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance would result in a misleading statement; if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Ethics for Professional CPAs;
4. That in the conduct of the audit, we shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy, in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of departure and the extent of limitation, the reason there and the effects thereof on the expression of our opinion or which may necessitate the negotiation of the expression of an opinion;
5. I shall comply with the applicable rules and regulation of the Securities and Exchange Commission in the preparation and submission of the financial statements; and
6. That relative to the expression of my opinion on the financial statements, I shall not commit any acts discreditable to the profession as provided under the Code of Ethics for Professional CPAs.

As a CPA engaged in public practice, we make this representation in my individual capacity.

ZAMUDIO & OGENA, CPAS

ANITA M. OGENA
Partner
CPA No. 38099, valid until June 26, 2021
BIR AN: 00-001225-001-2020, until May 30, 2023
IC AN: SP-2017-005-R, until April 17, 2020
TIN 113-820-520-000
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June 19, 2020
Cel No. 0178410377

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda, City of Malolos, Bulacan

STATEMENTS OF FINANCIAL POSITION
(In Philippine Pesos)

ASSETS		*For the years ended December 31*	
CURRENT ASSETS	***Notes***	***2019***	***2018***
Cash and cash equivalents	*6*	*576,196.30*	*2,079,958.46*
Financial Assets at Amortized Cost (FAAC)-current	*7*	*11,200,100.00*	*11,200,100.00*
Receivables	*8*	*141,663.00*	*258,977.18*
Prepayments and other current assets	*9*	*86,939.50*	*122,239.50*
TOTAL CURRENT ASSETS		*12,004,898.80*	*13,661,275.14*
NON-CURRENT ASSETS			
Loan Receivable	*10*	*14,114,740.00*	*11,556,060.00*
Property and Equipment	*11*	*1,339,284.00*	*1,326,226.00*
Accumulated Depreciation - Property and Equipmer	*11*	*(1,034,053.70)*	*(829,946.34)*
Other funds and Deposit	*12*	*10,000.00*	*10,000.00*
TOTAL NON-CURRENT ASSETS		*14,429,970.30*	*12,062,339.66*
TOTAL ASSETS		*26,434,869.10*	*25,723,614.80*
LIABILITIES AND FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
Liability on individual equity value	*13*	*17,808,635.00*	*16,045,795.00*
Basic Contingent Benefit Reserve	*14*	*142,857.50*	*133,735.00*
Claim payable on basic contingent benefits	*15*	*116,805.56*	*189,233.33*
Other Current Liabilities	*16*	*774,125.93*	*1,497,997.14*
TOTAL CURRENT LIABILITIES		*18,842,423.99*	*17,866,760.47*
NON-CURRENT LIABILITIES	*17*	*357,222.70*	*381,766.22*
TOTAL NON-CURRENT LIABILITIES		*357,222.70*	*381,766.22*
TOTAL LIABILITIES		*19,199,646.69*	*18,248,526.69*
FUND BALANCE			
Free and Unassigned Fund Balance	*18*	*152,278.37*	*288,762.26*
Assigned fund balance			
Fund Assignged for Guaranty Fund		*6,779,918.65*	*6,779,918.65*
Fund Assigned for Members Benefit		*198,179.72*	*301,561.53*
Fund Assigned for Community Dev.		*104,845.67*	*104,845.67*
Total Assigned Fund Balance	*19*	*7,082,944.04*	*7,186,325.85*
TOTAL FUND BALANCE		*7,235,222.41*	*7,475,088.11*
TOTAL LIABILITIES AND FUND BALANCE		*26,434,869.10*	*25,723,614.80*

FUND BALANCE	***Notes***		
Fund Balance, beginning		*7,475,088.11*	*7,489,927.12*

Add: Additional Allocation			
Adjustment of prior years pofit		-	*(805.00)*
Net Surplus for the year	*Exh2*	*(136,483.89)*	*25,016.74*
Less: Usage of fund for the year		*(103,381.81)*	*(39,050.75)*
Fund Balance, ending		*7,235,222.41*	*7,475,088.11*
TOTAL LIABILITIE AND FUND BALANCE		*26,434,869.10*	*25,723,614.80*
See Accompanying Notes to Financial Statements.		-	-

---AMENDED ---

FUND BALANCE	***Notes***		
Fund Balance, beginning		*7,475,088.11*	*7,489,927.12*
Add: Additional Allocation			
Adjustment of prior years pofit		-	*(805.00)*
Net Surplus for the year	*Exh2*	*(136,483.89)*	*25,016.74*
Less: Usage of fund for the year		*(103,381.81)*	*(39,050.75)*
Fund Balance, ending		*7,235,222.41*	*7,475,088.11*
TOTAL LIABILITIE AND FUND BALANCE		*26,434,869.10*	*25,723,614.80*

See Accompanying Notes to Financial Statements. - -

---AMENDED ---

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda, City of Malolos, Bulacan

STATEMENTS OF COMPREHENSIVE INCOME
(In Philippine Pesos)

		For the years ended December 31	
	Notes	*2019*	*2018*
REVENUES			
Net members' contribution	*20*	*2,897,350.00*	*3,648,600.00*
Net premiums	*21*		
Other Revenues	*22*	*686,159.86*	*927,977.27*
TOTAL REVENUES		*3,583,509.86*	*4,576,577.27*
LESS: BENEFIT EXPENSES			
Net benefit/claims expense	*23*	*213,375.00*	*343,885.00*
Total Other Benefit Expenses	*24*	*1,709,830.73*	*2,101,746.22*
Total Benefit Expenses		*1,923,205.73*	*2,445,631.22*
NET SURPLUS BEFORE OPERATING EXPENSES		*1,660,304.13*	*2,130,946.05*
Operating Expenses			
TOTAL OPERATING EXPENSES	*25*	*2,162,134.39*	*2,496,772.49*
NET SURPLUS BEFORE INVESTMENT RETURNS		*(501,830.26)*	*(365,826.44)*
ADD: Investment Revenues			
TOTAL INVESTMENT Revenue	*26*	*378,156.94*	*405,598.67*
TOTAL INVESTMENT EXPENSES	*27*	*12,810.57*	*14,755.49*
Net Returns from Investment		365,346.37	390,843.18
NET SURPLUS (LOSS)		(136,483.89)	25,016.74
NET COMPREHENSIVE SURPLUS (LOSS)		(136,483.89)	25,016.74

See Accompanying Notes to Financial Statements.

---AMENDED---

RDO NO. 25A - PLARIDEL, BULACAN
RECEIVED
JUL 03 2020
MARIANNE R. DAVID
COLLECTION SECTION

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda, City of Malolos, Bulacan

STATEMENTS OF CHANGES IN FUND BALANCE
For the years ended December 31, 2019
(In Philippine Peso)

	Notes	*2019*	*2018*
Fund Balance:Unappropriated,beg		*288,762.26*	*264,550.52*
Prior Period Adjustments		-	*(805.00)*
Total		*288,762.26*	*263,745.52*
Add: Net Surplus for the period	*Exh2*	*(136,483.89)*	*25,016.74*
Total		*152,278.37*	*288,762.26*
Less: Additional Assigned Retained Earnings			-
Total	*18*	*152,278.37*	*288,762.26*
Fund Balance:Appropriated		*7,186,325.85*	*7,225,376.60*
Add: Additional Allocation			-
Less: Usage of fund		*(103,381.81)*	*(39,050.75)*
Total	19	*7,082,944.04*	*7,186,325.85*
TOTAL FUND BALANCE, END		*7,235,222.41*	*7,475,088.11*

See accompanying notes to financial statements

---AMENDED ---

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
1199 Arbe Cmpd., McArthur Highway, Sumapang Matanda, City of Malolos, Bulacan

STATEMENTS OF CASH FLOWS
(In Philippine Pesos)

		For the Year Ended December, 31	
	Notes	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	Exh2	*(136,483.89)*	*25,016.74*
Adjustments to reconcile net income			
used in operating activities:			
Prior period errors	*17*		*(805.00)*
Depreciation	*11*	*226,684.36*	*188,612.79*
Accum depreciation on disposal of asset	*11*	*22,577.00*	*15,656.34*
Loss on disposal of assets			*(2,049.82)*
Operating income (loss) before working capital changes		*112,777.47*	*226,431.05*
Add/deduct:			
Increase (decrease) in:			
Financial Assets at Amortized Cost (FAAC)-	*7*	-	*1,000,000.00*
Prepayments & Other Current Assets	*9*	*35,300.00*	*(88,600.00)*
Other receivables	*8*	*117,314.18*	*(63,799.51)*
Accrued Expenses & Other Liabilities	*13,14,15*	*(723,871.21)*	*789,330.89*
Current Liabilities	*17*	*1,699,534.73*	*1,580,378.33*
NET CASH PROVIDED FOR (USED IN) OPERATING A		*1,128,277.70*	*3,217,309.71*
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Investments			
Increase in Notes Receivable	*8*	*(2,558,680.00)*	*(3,832,390.00)*
Disposals of Property and Equipment	*11*	*(22,577.00)*	*(92,929.02)*
Purchased of Property and Equipment	*11*	*(35,635.00)*	*(513,502.50)*
NET CASH PROVIDED FOR (USED IN) INVESTING AC		*(2,616,892.00)*	*(4,438,821.52)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Advances to Related Party			
Decrease in Advances from Related Party			
Increase (Decrease) in Legal Reserve		*(103,381.81)*	
Inc (Decrease) NON-CURRENT Assets			
Inc (Decrease) NON-CURRENT LIABILIT	17	*(24,543.52)*	*78,006.00*
NET CASH PROVIDED FOR (USED IN) FINANCING A		*(127,925.33)*	*78,006.00*
NET INCREASE IN CASH		(1,503,762.16)	(917,074.76)
Cash at the beginning of the year		2,079,958.46	2,997,033.22
CASH BALANCE AT THE END OF THE YEAR		576,196.30	2,079,958.46

(See accompanying notes to financial statements)

---AMENDED---

STATEMENT OF OPINION

I, Panfilo P de la Paz, consulting actuary of **Tulungan Mutual Benefit Association, Inc.** (*formerly* **Sto. Rosario Credit and Development Cooperative Mutual Benefit Association, Inc.**), express the opinion that, based on the data supplied to me by

Maria Luilla T. Salazar, General Manager,

the legal policy reserves and claims reserves of the Association as of 31 December 2019 amounts to

Reserves for Basic Life Insurance	142,857.50
Basic Life Advance Premium Liability	404,800.00
Reserves for Member's Equity Value	17,808,635.00
Reserves for Credit Life Insurance, Net of Reinsurance	Nil
Policy and Contract Claims Payable	116,805.56
Total Reserves	**18,473,098.06**

The calculations of the legal policy reserves are based on reasonable actuarial assumptions and are in accordance with generally accepted actuarial principles.

The valuation results depend on the integrity of the valuation file to which we have no means to validate. We therefore recommend that an independent audit be conducted, preferably by its external auditor, as regards the valuation file to determine its completeness and accuracy.

PANFILO P DE LA PAZ, FASP, FSA
Consulting Actuary
PTR No 3941

29 May 2020

A. Assets	
1. Net life insurance premiums and annuity considerations due and uncollected	Nil
2. Accident and health premiums due and uncollected	Nil
B. Liabilities	
1. Aggregate reserves for Basic Life Insurance	142,857.50
2. Basic Life Advance Contribution/Premium Liability	404,800.00
3. Aggregate reserves for Member's Equity Value	17,808,635.00
4. Aggregate reserves for Credit Life Insurance (net of reinsurance)	Nil
5. Policy and contract claims	116,805.56
4.1 In course of settlement	Nil
4.2 Due and unpaid	Nil
4.3 Resisted/Denied	Nil
4.4 Incurred but not reported	116,805.56

STATEMENT OF OPINION

As regards Membership Certificate Loans (MCL), **I, PANFILO P. DE LA PAZ** Consulting Actuary of **Tulungan Mutual Benefit Association** (*formerly* Sto. Rosario Credit and Development Cooperative Mutual Benefit Association), based on the data submitted to me by

Maria Luilla T. Salazar, General Manager

to the best of my knowledge and belief, after conducting a test as I have deemed necessary, express the opinion that

1. The MCL balance as of December 31, 2019 amounting to **P 12,424,740.00** bears reasonable relationship with the corresponding equity values; and

2. For the certificates with loan balances, appropriate reserves have been set up, on a basis consistent with prior years and generally accepted actuarial principles.

The tests consisted of matching the contribution loan's files with the in-force file and the individual loan balances were matched with the equity values.

PANFILO P. DE LA PAZ, FASP, FSA
Consulting Actuary
PTR No: 3941

29 May 2020

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.
(Formerly SRCDC Mutual Benefit Association, Inc.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
(In Philippine Pesos)

1.CORPORATE INFORMATION

The Association was incorporated on December 28, 2007 under the Philippine law with Securities and Exchange Commission Registration No. CN200719579, the purpose of which is to advance the interest and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically the association shall seek to extend financial assistance to its members, spouse, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance; to insure continued access to benefits/resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services. in life insurance business on the lives of individuals legally insurable and other insurance related business therewith including reinsurance.

The Association changed its name on September 28th, 2017 under SEC REG NO. CN200719579. Then it was accredited with the Insurance Commission effective January 1, 2019 up to December 31, 2021 under License No. 2019-19-R.

The Association's registered office address is at #1199 Arbe Compound, McArthur Highway, Sumapang Matanda, City of Malolos, Bulacan.

The Company is 100% owned by Filipimo citizen.

Authorization for issuance of Financial Statements
The financial statements of the Association as of December 31, 2019 were authorized for issue by the Board of Trustees (BOT) on June 19, 2020. The Board of Trustees is still empowered to make revisions on financial statements even after the date of issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of Preparation

The accompanying financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention, except for certain assets and liabilities that are measured at fair value (cash, trade and other receivable, non-current assets and other payables). The measurement bases are more fully described in the accounting policies that follow.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippines Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by Securities and Exchange Commission (SEC).

2.3 Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards [PFRS]. The Company determines its own functional currency and items included in the financial statements of the Company that are carried using that functional currency. All values are rounded to the nearest peso, except when otherwise indicated.

3. CHANGES IN ACCOUNTING STANDARDS

3.1 New Accounting Standards Effective after the Reporting Period Ended December 31, 2016

Effective January 1, 2018

- PFRS 9, 'Financial instruments,' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of PFRS 9 was issued in July 2014. It replaces the guidance in PAS 39 that relates to the classification and measurement of financial instruments. PFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in PAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. PFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under PAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess PFRS 9's full impact.

- PFRS 15, Revenue from Contracts with Customers replaces PAS 11, Construction Contracts, PAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 18, Transfer of Assets from Customers and SIC-31, Revenue – Barter Transactions Involving Advertising Services. The new standard introduces a new revenue recognition model for contracts with the customers which specifies that the revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The new standard has no material effect to the Company.

Effective January 1, 2019

- PFRS 16, Leases

  On January 13, 2016, the IASB issued its new standard, PFRS 16 Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

  Under the new standard (renamed as PFRS 16), lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial positions, and subsequently, will depreciate leases assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods on or after January 1, 2019. An earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company plans to adopt the new standard on the required effective date. It is currently assessing the impact of the new standard and expects it to significantly impact its lease arrangements wherein the Company is a lessee as it will already recognize the related assets and liabilities in its statements of financial position.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principals in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. SIGINIFICANT ACCOUNTING POLICIES

4.1 Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual provisions of the instrument.
Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

When financial assets are recognized initially, they are measured at their fair value, in the case of financial asset not at fair value through profit or loss, plus transaction costs that are directly attributable to the acquisition or issue of a financial asset.

A. Cash and cash equivalents

Cash and cash equivalents include cash in banks, short-term deposits, and petty cash fund. Cash and cash equivalents are stated at face value.

B. Other Financial Instruments

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or losses are initially recognized at fair value and transaction costs are expensed in the statements of comprehensive income.

The foregoing categories of financial instruments are more fully described below.

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the reporting date.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company has no financial assets at fair value through profit or loss during and as at December 31, 2019 and 2018.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

Included in this category are receivables and due from related parties.

(c) Held-to-maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if the Company has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are included in non-current assets under Financial Assets account in the balance sheet, except those maturing within 12 months of the reporting sheet date.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

The Company has held-to-maturity investments during and as at December 31, 2019 and 2018.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in the non-current assets under the Available for Sale Financial Investments account in the balance sheet unless management intends to dispose of the investment within 12 months from the reporting date, in which case they are classified as current assets.

All financial assets within this category are subsequently measured at fair value, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

The Company has no available-for-sale financial assets.

In the case of disposal the cumulative loss previously recognized directly in equity is transferred to the statements of comprehensive income. If circumstances change, impairment losses on available-for-sale equity instruments are not reversed through the statements of comprehensive income. On the other hand, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in statements of comprehensive income, the impairment loss is reversed through the statements of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting date. For an equity investment where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. All income and expense relating to financial assets recognized in profit or loss are presented in the statements of comprehensive income line item Finance Income and Finance Costs, respectively.

4.2 Impairment of Financial Assets

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. A financial asset or 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 initial recognition of the asset (an incurred loss event) and that loss event 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 debtors or a group of debtors 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 a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

A. Assets Carried at Amortized Cost

The Company 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 it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. 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 of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between that assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss is charged to Company's statements of comprehensive income. Loans, together with the associated allowances, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If in a subsequent year, the amount of the estimated impairment loss increases or 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 the Company's statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

B. Assets Carried at Cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

C. AFS Financial Assets

For AFS financial assets, the Company assesses at each reporting 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. Significant is to be evaluated against the original cost of the investment and prolonged against the period in which fair value has been below its original 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 Company statements of comprehensive income. Increases in fair value after impairment are recognized directly in equity and also included in the statements of comprehensive income.

4.3 Financial Liabilities

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value. Directly attributable transaction costs, if any, are included in the initial measurement of financial liabilities, except for any financial instruments measured at fair value.

Financial liabilities include, trade and other payables, due to related parties, and retirement benefit liability which are subsequently measured at amortized cost using the effective interest rate method.

A. Trade and Other Payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. These are unsecured, non-interest bearing and short term in nature.

Other payables consist of Liability on Individual equity value, Basic Contingent benefit reserve.

Trade and other payables are subsequently measured at their amortized cost using effective interest method.

B. Due to related parties

Advances from shareholders are unsecured and non-interest bearing borrowings. These are subsequently recognized at amortized costs using effective interest method.

C. Retirement Benefit Obligation

Retirement benefit obligation is computed under a defined benefit plan based on minimum requirement of R.A. 7641. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually a function of one or more factors such as age, years of service or compensation. These are initially recognized at fair value and subsequently measured at their amortized cost using effective interest method.

4.4 Derecognition of Financial Assets and Financial Liabilities

A. Financial Assets

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

- the rights to receive cash flows from the asset have expired;
- the Company 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
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset 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 Company's continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchased, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial Liabilities

Financial liability is derecognized when the obligation under the liability is discharged, 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 statements of comprehensive income.

4.5 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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.

4.6 Determination of Fair Value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices 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 ask prices are not available, the price of the most recent transaction is used since it 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 financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

4.7 Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

4.8 Other Current Assets

Other current assets include Due from officers and employees . These are initially measured at fair value and subsequently measured at amortized cost less accumulated amortization and impairment, if there is any.

4.9 Property and Equipment

The Company uses cost model in all its property and equipment.

Property and equipment are initially recognized at cost and subsequently measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major spare parts and stand-by equipment qualify as property and equipment when the Company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment. Estimated future dismantlement costs of items of property and equipment arising from legal or constructive obligations are recognized as part of property and equipment and are measured at present value at the time the obligation was incurred.

Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets.

Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5 and the date the asset is derecognized. The estimated useful life and depreciation method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is recognized in the company's statement of income in the year the item is derecognized.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Company's statements of comprehensive income in the year the item is derecognized.

4.10 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset (which includes, among others, property and equipment and investment property) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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 (CGU'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 group of assets. Where the carrying amount of an asset or CGU 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses are recognized in the Company's statements of comprehensive income 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 or CGU'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 Company's statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.11 Other Current Liabilities

Other current liabilities include statutory obligations as of the end of the period such as taxes payable and SSS, PHIC and HDMF payables.

4.12 Fund Balance

Refers to the residual interest in the assets of the MBA after deducting ail its
This represents the accumulated earnings of the MBA reduced by whatever tosses the MBA may incur during a certain accounting period.

4.13 Free and Unassigned Fund Balance

This represents portion of the fund balance that is not restricted.

4.14 Assigned Fund Balance

This includes portion of the fund balance which has been appropriated for special purposes.

4.15 Deficit

Deficit includes all current and prior period results as disclosed in the statement of income.
Cumulative earnings (deficit) include all current and prior period results as disclosed in the statement of comprehensive income or loss. The key change in this account is the addition of the profit or loss for the current period. The main other movements shall be the dividend payment and distribution, transfers to and from reserves, and changes in accounting policy and errors, if any.

In order to limit or restrict the payment of dividends, if applicable, the Company may transfer a portion of the retained earnings to retained earnings appropriated accounts. The appropriation may be described as legal, contractual or voluntary appropriation. Legal appropriation arises from the fact that the legal capital cannot be returned to the shareholders until the Company is dissolved and liquidated. Contractual appropriation arises from the fact that the terms of the bond issue and preferred share issue may impose restriction on the payment of dividends. This is to ensure the eventual payment of the bonds and redemption of the preferred share, if there are any. The voluntary appropriation is a matter if discretion on the part of the management. It may arise from the fact that management wishes to preserve the funds for expansion purpose or for covering possible losses or contingencies.

As approved and authorized by the Board of Directors, any appropriation of cumulative earnings (Retained Earnings) be in accordance with the policy set forth in Section 43 of the Corporation Code, to wit:
Stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except:

1) When justified by definite corporate expansion projects or programs approved by the board of directors; or
2) When the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or

When it can be clearly shown that such retention is necessary can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for

4.16 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. In addition, the following specific criteria must also be met before revenue is recognized.

A. Premiums on policies issued directly by the Association are recognized on the effective date of the title policy.

B. Grants and Donations

Grants and donations are recorded at the amount of actual cash and *fair market value* of properties received.

C. Other income which pertains to service fee, insurance rebates, and others are recognized when received.

D. Interest Income on Bank Deposits

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

E. Miscellaneous Income

Miscellaneous income represents other miscellaneous fees charged by the Company and recognized when earned.

4.17 Cost and Expense Recognition

Cost and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the statements of comprehensive income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Cost and expenses in the statements of comprehensive income are presented using the function expense method. Operating expenses are costs attributable to administrative activities of the Company.

4.18 Employees Benefits

A. Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits, if any.

B. Long-term Benefits

The Company has no formal retirement plan but has established an unfunded and non-contributory retirement benefits, covering all regular employees. The employees of the Company are entitled only to minimum retirement benefits provided under R.A. 7641, Retirement Law. The amount of accrued retirement liability has been determined using the provision of R.A. 7641. Retirement benefit obligation was computed based on: (a) 15 days salary; (b) cash equivalent of 5 days of service incentive leave; (c) 1/12 of the 13th month pay; (d) age of employee; (e) length of service with the company; and (f) average salary increase. The management believes that the effect in the financial statements of the difference between the retirement costs determined under the current method used by the Company and an acceptable actuarial valuation is not significant.

4.19 Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

A. Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

B. Deferred Income Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry-forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused

MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.20 Provisions and Contingencies

A. Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

B. Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

4.21 Related Parties

Related Parties

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company, post-employment benefit plans for the benefit of Company's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly, through one or intermediaries, controls, or is controlled by, or is under common control with the Company.

The Company's related parties include the Company's Key Management. The compensation of the key management personnel of the Company pertains to the usual monthly salaries and government mandated bonuses; there are no other special benefits paid to management personnel.

4.22 Events After the Reporting Date

Post-year end events that provide additional information about the Company's financial position at the reporting date (adjusting events), are reflected in the financial statements. Post-year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Judgments

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

A. Determining Functional Currency

The functional currency of the Company has been determined to be the Philippine peso. It is the currency of the primary economic environment in which the Company operates.

B. Fair Value of Financial Assets and Liabilities

Where the fair values of financial assets and liabilities recorded in statements of financial position cannot derive from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

C. Fair Value Measurement

The methods used by the Company in estimating the fair value of the financial instruments are:

- The carrying amounts of current financial assets maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.
- The carrying amounts of current financial liabilities approximate their fair values due to either the demand feature or the relatively short-term maturities of these liabilities.
- The carrying amounts of noncurrent financial assets and liabilities approximate their fair values due to management believes that the effect of discounting cash flows from these instruments using the prevailing market rates is not significant.

D. Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed further in other notes.

5.2 Estimates and Assumptions

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

(In Philippine Pesos)

A. Estimation of Useful Lives of Investment Properties and Property and Equipment

The Company estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. The estimated useful lives are periodically reviewed and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives would increase depreciation and amortization expense and decrease the investment properties and property and equipment values.

Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the depreciable assets as follows:

Category	Number of Years
Leasehold improvement	2-5
IT Equipment	1-5
Transportation equipment	5
Office Furniture, Fixtures and Equipment	1-5
Other Properties	3

Depreciation expense amounted to ₱226,684.36. and ₱187,215.54 in December 31, 2019 and 2018, respectively. (Note 11) The carrying values of the property and equipment, net of accumulated depreciation in value amounted to ₱305,230 and ₱496,280 as of December 31, 2019 and 2018, respectively. (Note 11)

B. Impairment of Non-financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets which includes investment properties and property and equipment at each reporting date. These are tested for impairment when there are indicators that the carrying amounts may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses, if any, are recognized in the consolidated statements of comprehensive income.

C. Impairment of Receivables

The Company maintains allowance for impairment at a level based on the result of individual assessment under PAS 39. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the financial asset's original effective interest rate. Impairment loss is determined as the difference between the financial asset's carrying value and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Company to its financial assets based on the credit risk characteristics such as customer type, payment history, past-due status and term of the customers. Impairment loss is then determined based on historical loss experience of the financial assets grouped per credit risk profile. Historical loss profile is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the periods 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 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 Loans Receivable to members are secured loans (Note 11).There was no allowances for impairment loss recognized in 2019 and 2018.

D. Distinction between Investment Properties and Property and Equipment

The company determines whether a property qualifies as investment property. In making its judgment, the company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If the portion can be sold separately or leased out separately under finance lease, the company accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that at property does not qualify as investment property. The company considers each property separately in making its judgment.

E. Realizability of Deferred Tax Assets

The Company reviews carrying amounts of deferred taxes at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of deferred tax assets to be utilized. The Company looks at its projected performance in assessing the sufficiency of future taxable income.

F. Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

(In Philippine Pesos)

6. CASH ON HAND AND IN BANK

This account consisted of:

	2019	2018
Petty Cash Fund	5,000.00	6,744.46
Cash in Bank	268,418.02	1,073,214.00
Time deposit	302,778.28	1,000,000.00
Total	576,196.30	2,079,958.46

Cash on hand and Cash in bank represent peso deposits in banks comprised of both unrestricted and restricted accounts.

Cash and Cash Equivalents – Current, consists of deposits in banks which are immediately available for use in current operations and not covered by restrictions as to withdrawal.

7. FINANCIAL ASSETS AT AMORTIZED COST (FAAC)-CURRENT

This account consisted of:

	2019	2018
FAAC – Investment in Bonds/Government	9,500,000.00	9,500,000.00
FAAC – Investment in Bonds/Corporate	1,700,000.00	1,700,000.00
FAFV(P&L) –Investment in Stocks	100.00	
Total	11,200,100.00	11,200,100.00

This account refers to financial assets (debt securities) which are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of payments of principal and interest on the principal amount outstanding after the reporting period.

8. RECEIVABLES

This consist of the following:

	2019	2018
Accrued Interest Income	71,663.25	77,662.14
Other Current Receivables	69,999.75	181,315.04
Total	141,663.00	258,977.18

Receivables refers to financial assets that represent a contractual right to receive cash or another financial asset. These includes Member's Contribution Due and Uncollected which represent contributions that are due but uncollected at the end of the accounting period on all membership certificates as of valuation records; and Amounts Recoverable from Insurers which represents the accrued amount recoverable from reinsurers arising from paid claims and claims payable.

(In Philippine Pesos)

9. PREPAYMENTS AND OTHER CURRENT ASSETS:

This consist of the following:

	2019	2018
Other Prepaid Expense	60,600.00	90,900.00
Office supplies - unused	26,339.50	31,339.50
T o t a l	86,939.50	122,239.50

This account refers to payments (e.9. insurance, interest, rentals, etc.) made in advance and other assets which are expected to be realized, consumed or used within the year or one operating cycle.

10. LOANS RECEIVABLE:

This consist of the following:

	2019	2018
Member's Certificate Loan	12,424,740.00	9,866,060.00
Other Loan Receivable - MFI	1,690,000.00	1,690,000.00
T o t a l	*14,114,740.00*	*11,556,060.00*

This represents the outstanding balances of loans granted to members at prescribed interest rates, fully secured by the members' equity value of the certificate. These may be in the form of a cash loan applied for by the members or Automatic Contributions Loan applied by the MBA, as provided for in the membership certificate, to cover contribution(s) due on the certificate but still unpaid within the grace.

11. PROPERTY AND EQUIPMENT

The rollover analysis of the Property and Equipment account follows:

Property and Equipment 2019 as follows:

2019

Cost: Property and Equipment	Balance, Dec. 31, 2018	Additions	Disposal	Balance, Dec. 31, 2019
Leasehold Improvement	271,000.00	1,592.00		272,592.00
IT Equipment	781,526.00	26,123.00	22,577.00	785,072.00
Transportation Equipment	53,844.00			53,844.00
Office furniture, fixture &Equipment	60,037.00			60,037.00

(In Philippine Pesos)

Other Equipment	83,100.00	-		83,100.00
Other properties	76,719.00	7,920.00		84,639.00
Total	1,326,226.00	35,635.00	22,577.00	1,339,284.00

Accumulated Depreciation;

Property and Equipment	Balance, Dec 31, 2018	Provision	Disposal	Bal, Dec. 31, 2019
Leasehold Improvement	53,957.37	82,099.19		136,056.56
IT Equipment	533,404.64	133,687.56	22,577.00	644,515.20
Transportation Equipment	53.843.00			53.843.00
Office furniture, fixture &Equipment	59,511.06	485.94		59,997.00
Other Equipment	61,444.76	8.120.04		69,564.80
Other properties	67,785.51	2,291.63		70,077.14
Total	829,946.34	226,684.36	22,577.00	1,034,053.70
Net Carrying Value	496,279.66			305,230.30

2018

Cost: Property and Equipment	Balance, Dec. 31, 2017	Additions	Disposal	Balance, Dec. 31, 2018
Leasehold Improvement	27,816.75	243,183.25		271,000.00
IT Equipment	313,989.00		43,730.00	270,259.00
Computerization	245,898.00	265,369.00		511,267.00
Transportation Equipment	53,844.00			53,844.00
Office furniture, fixture &Equipment	64,127.00		4,090.00	60,037.00
Other Equipment	83,100.00	-		83,100.00
Other properties	71,768.75	4,950.25		76,719.00
Total	860,543.50	513,502.50	47,820.00	1,326,226.00

(In Philippine Pesos)

Accumulated Depreciation;

Property and Equipment	Balance, Dec 31, 2017	Provision	Disposal	Bal, Dec. 31, 2018
Leasehold Improvement	18,853.48	35,103.89		53,957.37
IT Equipment	244,945.88		9,966.91	254,912.79
Computerization	227,663.57	70,762.10		298,425.67
Transportation Equipment	50,253.00	3,590.00		53.843.00
Office furniture, fixture &Equipment	64,088.00		4,576.94	59,511.06
Other Equipment	53,324.75	8.120.01		61,444.76
Other properties	70,295.25		2,509.74	67,785.51
Total	729,423.93	117,576.00	17,053.59	829,946.34
Net Carrying Value	113,118.20			

These are tangible items that are: (a) held for use in the MBA's business operations or for administrative purposes; and (b) expected to be used during more than one accounting period

Accumulated depreciation- property and equipment represents the portion of the property cost, which was already allocated or which was charged to operations. This is a contra property and equipment" account.

The estimated useful life of the Property and Equipment as follows:

Leasehold Improvement	2-5 years
IT Equipment	1-3 years
Transportation Equipment	5 years
Office furniture, fixture &Equipment	1-3 years
Other Equipment	3-5 years
Other properties	1-5 years

12. OTHER FUNDS AND DEPOSITS:

	2019	2018
Rental Deposit	10,000.00	10,000.00
TOTAL	10,000.00	10,000.00

This accounts refers to restricted funds set aside for funding such reseryes which may be convertible to cash upon termination of services.

(In Philippine Pesos)

13. LIABILITY ON INDIVIDUAL EQUITY VALUE

This account represents the total amount of obligations set-up by the MBA on membership certificates pertaining to the 50% equity value, as required under the insurance code, and any incremental amount declared by the MBA in the amount of P17,808,635.00 and P16,045,795.00 for the years 2019 and 2018 respectively.

Liability on Individual Equity Value represents the reserved liability by the Association in compliance with the reserve requirement pursuant to Section 397 of the Insurance Code of the Philippines, of which this account should equal to fifty percent (50%) of the total membership due and collected from members payable upon termination of the membership from the Association including death or total and permanently disability.

Interest shall be credited to the accumulated value every anniversary dame at a rate to be determined by the Board of Trustees every year.

14.BASIC CONTINGENT BENEFITS RESERVE

This represents the total actuarial pertaining to the basic actuarial reserve set up by the MBA pertaining to the basic life benefit that is enforce at the end of the accounting period. It refers to the amount of liability which the MBA establishes for a certificate to meet the contractual obligations as it fails due in the amount of P142,858 and P133,735 for the years 2019 and 2018 respectively.

15. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This Account represents benefit claims on membership reported certificates filed or to the MBA, but not yet paid as of the end of accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported in the amount of P 116,806 and P 189,232. For the years 2019 and 2018 respectively.

16. OTHER CURRENT LIABILITIES

This consist of:

	2019	2018
Member's Contribution Received in Advanced	404,800.00	403,000.00
Amount Due to Reinsurer	5,442.42	
Other Accounts Payable	147,294.05	816,403.64
Accrued Expenses	94,039.88	153,228.92
Due to Old Age Fund	122,549.58	125,364.58
Total	774,125.93	1,497,997.14

(In Philippine Pesos)

Unearned income represent members' contribution received during the accounting period but not yet due/earned for which recognition as income exceeds one year.

Accounts payable represent liabilities of the MBA as a result of indebtedness due to any institution, individual and or supplier.

Accrued expenses represent expenses incurred for the period but not yet paid as of the end of the accounting period.

17. NON – CURRENT LIABILITY

This consist of

	2019	2018
Retirement Payable	357,222.70	381,766.22
TOTAL	357,222.70	381,766.22

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was obtained during the year because the Company believes that the amount of provision for retirement benefits will not materially affect the fair presentation of the financial statements considering that there are only few employees and the turnover of employees is high.

18. FREE AND UNASSIGNED FUND BALANCE

This represents the accumulated earnings of the MBA reduced by whatever tosses the MBA may incur during a certain accounting period that is not restricted in the amount of P 152,278.37 and P288,762.26 for the years 2019 and 2018 respectively.

19. ASSIGNED FUND BALANCE

This consist of-

	2019	2018
Fund Bal .Assigned for Guaranty fund, beg	6,779,918.65	6,779,918.65
Add- Additional Allocation	0	0
Total	6,779,918.65	6,779,918.65
Fund Bal. Assigned for Members' benefit ,beg	301,561.53	340,612.28
Add- Additional Allocation		
Less: Usage of fund	(103,381.81)	(39,050.75)
Total	198,179.72	301,561.53
Fund Bal. Assigned Community Dev, beg	104,845.67	104,845.67
Add- Additional Allocation	0	0
Less: Usage of fund	0	0
Total,	104,845.67	104,845.67

(In Philippine Pesos)

Total Fund Balance, beginning	7,186,325.85	7,225,376.60
Total Additional allocation	0	0
Total Usage of Fund	(103,381.81)	(39,050.75)
Total Appropriated funds	7,082,944.04	7,186,325.85

This includes portion of the fund balance which has been appropriated for a special purpose.

20. REVENUES

- **This consist of the following:**

		2019		2018
Members' Contribution:				
BLIP Premium – Basic (80%)	P	2,318,010.00	P	2,918,880.00
BLIP Premium – Gen Fund (20%)		579,340.00		729,720.00
Total		2,897,350.00		3,648,600.00
Less: Members' Contribution ceded to reinsurers		0		0
Net Members' Contribution	P	2,897,350.00	P	3,648,600.00

Members' Contributions represents considerations given by the member in exchange for the promises of the MBA to pay; stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the MBA and/or membership certificates.

21.NET PREMIUMS:

This consist of the following:

:		2019		2018
Gross Premium-CLIP PREMIUM –Basic (80%)	P	0	P	0
Gross Premium-CLIP PREMIUM – General (20%)		0		0
Total		0		0
Less: Premium Ceded to reinsurer		0		0
Net Premium	P	0	P	0

This represents considerations given by the insured in exchange for the promises of the MBA to pay a stipulated sum in the event of a loss covered by the MBA.

Premiums Ceded to Reinsurers includes cost of premiums on ceded optional insurance business

(In Philippine Pesos)

22. OTHER REVENUES

This consist of the following:

		2019		2018
Member's fees /dues	P	20,000.00	P	86,400.00
Reinstatement fees		313,226.00		496,160.00
Miscellaneous income		352,933.86		345,417.27
Total Other Revenue	P	686,159.86	P	927,977.27

The above accounts represents income received or earned from various sources.

23. BENEFIT EXPENSES

This consist of the following:

		2019		2018
Benefit/ Claim expenses-Basic Benefit	P	213,375.00	P	343,885.00
Benefit/ Claim expenses –Optional regular		0		0
Benefit/ Claim expenses-Optional micro		0		0
Total		213,375.00	P	343,885.00
Less: Benefits/claims recovery		0		0
Net benefit/claims expense	P	213,375.00	P	343,885.00

This represents the aggregate losses and claims (including refund of equity value, if any) against the MBA arising from the certificates and / or insurance contracts issued to members.

24 .OTHER BENEFIT EXPENSES

This consist of the following:

		2019		2018
Allocation for Liability on Individual Equity	P	1,699,534.73	P	2,013,083.33
Other expenses for Members		10,296.00		88,662.89
Total other Benefit Expense	P	1,709,830.73	P	2,101,746.22

Allocation for Liability on Individual Equity is composed of Increase/decrease on liability on individual equity and Increase/decrease on Reserve for Basic Contingent Benefit.

Other Expense for Members includes membership enrollment and marketing expenses , collection fees and research and development expenses.

Increase (Dec) on Liability on Individual equity represent the net change in the liability on individual equity value for basic benefit for the current period, that the withdrawal of equity and additional contributions.

(In Philippine Pesos)

Inc/(Dec) in Res for Basic Contingent Benefit represent the net change in the reserve for basic benefit for the current period.

Inc/(Dec) in Res for Optional Benefit represent the net change in the reserve for optional benefit for the current period.

Membership Enrollment & Marketing expenses represent for marketing, including members mobilization, and production or policy forms, promotional materials, among others.

Collection fees refers to fees paid to individuals and/or partner institutions for collection services.

25 .OPERATING EXPENSES

This consist of the following:

	2019	2018
Salaries and wages and Benefits	1,170,703.72	1,337,083.32
Professional and Technical Development	7,059.59	305,541.97
Social and Community Service Expenses	5,479.50	7,373.75
Technical and Professional fees	65,000.00	115,000.00
Service Fees	1.519.00	7,256.95
Dues and subscription		100.00
Office supplies	56,629.70	64,965.73
Rent / Lease Expense		22,000.00
Communication expense		36,821.49
Utilities	149,850.20	97,568.17
Repairs and maintenance	118,266.65	155,317.25
Meeting and conferences	144,364.09	
Board Honorarium, Allowances and Benefits	16,080.00	
Insurance expense	4,560.00	5,552.86
Depreciation	226,684.36	187,215.54
Taxes, licenses and fees	178,747.65	151,225.46
Miscellaneous	1,868.00	3,750.00
Total	2,162,134.39	2,496,772.49

Operating Expenses incurred related to general administration, management and operations of the MBA.

(In Philippine Pesos)

26. INVESTMENT REVENUE

This account consists of:

		2019		2018
Interest Income –banks	P	17,639.42	P	30,005.64
Interest Income – BTR		283,419.58		335,137.24
Interest Income – corporate bonds		47,097.94		40,455.79
Interest income from Loans-MFI		20,000.00		
Donation received		10,000.00		
TOTAL	P	378,156.94	P	405,598.67

- Interest income represents interest earned by the MBA from its bank deposits, and other investments .

27. INVESTMENT EXPENSES

This account consists of:

		2018		2018
Investment Management fees- ROSS	P	12,000.00	P	12,000.00
Bank and other charges		810.57		2,755.49
TOTAL	P	12,810.57	P	14,755.49

This represents fees paid to duly authorized investment fund manager for the handling of the MBA's investment portfolio and charges imposed by bank and non-bank institution on the financial transactions and other financing charges.

28.LEASES

The Association as Lessee

The Association has no transaction classifying it as lessee. The Association's office space occupied is free provided they will take care of the premises and properly maintained of the premises.

29. RELATED PARTY DISCLOSURES

A party is related to an entity if:

(a) directly or indirectly through one or more intermediaries, the party;
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has interest in the entity that given it significant influence over the entity; or
- has joint control over the entity;

(b) the party is an associate of the entity;

(c) the paryt is a joint venture in which the entity is a venture;

(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or d;
(f) the party is an entity that is controlled, jointly controlled or significant influence by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity;

The Association has no transactions with related parties for working capital requirements.

30.INCOME TAX

Pursuant to National Internal Revenue Code Sec. 30(C), a Non-stock Corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members of such Association, or Non-stock Corporation or their dependents is exempt from payment of tax in respect to income it receives.

However, any income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.

Moreover, the tax exemption granted to the Association as a non-stock, non-profit corporation under Section 30(C) of the tax code covers only income taxes for which it is directly liable.

31.FINANCIAL INSTRUMENTS

The Association's financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given (in the case of assets) or received (in the case of liability).

Fair values are determined by reference to market-based evidence, which is the amount for which the financial assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date generally, the maximum credit risk exposure of financial assets in the carrying amount of the financial asset as shown on the face of the statements of financial position (or in the detailed analysis or divided in the notes to the financial statement.

The carrying values and estimated fair values of the Company's financial assets and liabilities as of December 31, 2019 and 2018 are presented as follows:

(In Philippine Pesos)

	2019		2018	
Financial Assets:	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Cash on hand and in bank	576,196	576,196	2,079,958	2,079,958
Receivables	141,663	141,663	258,977	258,977
Other Current Receivable-Net	86,940	86,940	122,240	122,240
Financial Assets at Amortized Cost (FAAC)	11,200,100	11,200,100	11,200,100	11,200,100
Loan Receivable – Net	14,114,740	14,114,740	11,556,060	11,556,060
TOTAL	**26,122,339**	**26,122,339**	**25,217,335**	**25,217,335**

Financial Liabilities:	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Liability on Individual Equity Value	**17,808,635**	**17,808,635**	16,045,795	16,045,795
Other Accounts Payable	**774,126**	**774,126**	1,497,997	1,497,997
Net Pension Liability	**357,223**	**357,223**	381,766	381,766
TOTAL	**18,939,984**	**18,939,984**	**17,925,558**	**17,925,558**

No additional impairement loss on the financial assets of the Association have been provided since none of them were identified to be impaired both as of December 31, 2019 and 2018(Note 10)

Current Financial Assets and Liabilities
Due to the short-term nature of these financial statements, their fair values approximate their carrying amounts as of reporting date.

Noncurrent Financial Assets and Liabilities
The carrying values approximate fair values of such instruments. Management believes that the effect of discounting cash flows from these instruments using the prevailing market rate is not significant.

32.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association has exposures to the following risks from its use of financial instruments.

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Association's exposure to each of the above risks, the objectives, policies, and processes for measuring and managing risks, as well as the management of its capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Trustees (BOT) has overall responsibility for the establishment and oversight of the risk management framework of the Association. The risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Association.

(In Philippine Pesos)

Credit Risk. This represents the risk of loss the Association would incur if credit customers and counterparties fail to perform their contractual obligations. The credit risk arises from the receivables of the Association and deposits in banks. The Association has a substantial number of credit customers, hence credit risks is ever present. And the Association has in place the business credit policy and procedures regarding loan activities from credit initiation, approval, documentations and disbursement, and loan administration.

Liquidity Risk. This is the risk that the Association will encounter difficulty in meeting financial obligations as they fall due. The Association manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

Interest Rate Risk. The Association's exposure to the risk of changes in market interest rate relates primarily to its debt obligation with fixed interest rate. The Association, through its competences in managing debt obligations, transacts with creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates.

- **Credit Risk**

The Association exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the related financial statement.

	2019	**2018**
Cash on hand and in bank	576,196	2,079,958
Receivables	141,663	258,977
Other Current Receivable-Net	86,940	122,240
Financial Assets at Amortized Cost (FAAC)	11,200,100	11,200,100
Loan Receivable – Net	14,114,740	11,556,060
TOTAL	**26,122,339**	**25,217,335**

The following tables provide the credit quality of the Association's financial assets that are neither past due nor impaired::

(In Philippine Pesos)

December 31, 2019

	Neither past due or impaired				
	High Grade	Standard Grade	Past Due but not impaired	Impaired	Total
Cash on hand and in bank	576,196				576,196
Receivables		141,663			141,663
Other Current Receivable-		86,940			86,940
Financial Assets at Amortized Cost (FAAC)	11,200,100				11,200,100
Loan Receivable - Net		14,114,740			14,114,740
TOTAL	11,776,296	14,343.343			26,119,639

December 31, 2018

	Neither past due or impaired				
	High Grade	Standard Grade	Past Due but not impaired	Impaired	Total
Cash on hand and in bank	2.079.958				2,079,958
Receivables		258,977			258,977
Other Current Receivable-		122,240			122,240
Financial Assets at Amortized Cost (FAAC)	11,200,100				11,200,100
Loan Receivable - Net		11,556,226			11,556,226
TOTAL	13,280,058	11,937,443			**25,217,501**

The Association has past due but not impaired financial assets and has no impaired financial assets both in 2019 and 2018.

Cash on hand and in bank & Financial Asset at Amortized Cost(FAAC)
Cash on hand and in bank & Financial Asset at Amortized Cost(FAAC) are classified as "High Grade" since cash are placed in high profile banking institutions.

Receivables
Receivables are categorized based on the collection experience with the counterparties.
(a) High grade – settlements are obtained from counterparty following the terms of the contracts without much collection effort.
(b) Standard grade – some reminder follow-ups are performed to obtain settlement from the counter parties.
(c) Impaired – difficult to collect with some uncertainty as to collectability of the accounts.

(In Philippine Pesos)

For assets to be classified as "past due and impaired", contractual payments in arrears are more than one (1) year. The Association operates mainly on a "neither past nor impaired basis" and when evidence is available an impairment assessment will also be performed, if applicable.

Overall, the Association considers its high grade accounts of good quality and it expects to collect all its receivable except for past due but not impaired accounts where credit losses may be incurred.

The Association has no previously impaired receivables which were renegotiated.

The amount that best represents the Association's maximum exposure to credit risk as of December 31, 2019 and 2018 amounts to P53,283,064 and P56,752,350, respectively, representing the gross carrying amounts of financial assets on the said dates without taking into account the collaterals received, if any.

The Association's credit risk is primarily attributable to its Assessment Receivables.

- **Liquidity Risk**

Maturity of assets and liabilities

The following table presents the financial asset and financial liabilities as of December 31, 2019 analyzed according to when they are expected to be recovered or settled within one (1) year and beyond one (1) year from balance sheet date:

December 31, 2019

Financial Assets:	Due within 1 yr	Due beyond 1 yr	TOTAL
Cash on hand and in bank	576,196		576,196
Receivables	141,663		141,663
Other Current Receivable-Net	86,940		86,940
Financial Assets at Amortized Cost (FAAC)	11,200,100		11,200,100
Loan Receivable - Net		14,114,740	14,114,740
TOTAL	12,004,899	14,114,740	26,119,639

Financial Liabilities:	Due within 1 yr	Due beyond 1 yr	TOTAL
Liability on Individual Equity Value		17,808,635	17,808,635
Other Accounts Payable	774,126		774,126
Net Pension Liability		357,223	357,223
TOTAL	774,126	18,165,858	18,939,984

The Association's financial liabilities as of December 31, 2019 amounted to P35,234,821, which are less than its financial assets of P53,283,064. Thus, the Association has sufficient funds to pay for its financial liabilities and has minimal liquidity risk.

(In Philippine Pesos)

December 31, 2018

Financial Assets:	Due within 1 yr	Due beyond 1 yr	TOTAL
Cash on hand and in bank	2,079,958		2,079,958
Receivables	258,977		258,977
Other Current Receivable-Net	122,240		122,240
Financial Assets at Amortized Cost (FAAC)	11,200,100		11,200,100
Loan Receivable - Net		11,556,060	11,556,060
TOTAL	13,661,272	11,556,060	25,217,335

Financial Liabilities:	**Due within 1 yr**	**Due beyond 1 yr**	**TOTAL**
Liability on Individual Equity Value		16,045,795	16,045,795
Basic Contingent Benefit Reserve		133,735	133,735
Loans Payable - Current			
Accounts Payable	1,497,997		1,497,997
Other Long-term Liabilities		381,766	381,766
TOTAL	1,497,997	16,561,296	18,059,293

The Association's financial liabilities as of December 31, 2018 amounted to P18,059,293, which are little less than its financial assets of P25,217,335. Thus, the Association has sufficient funds to pay for its financial liabilities and has minimal liquidity risk.

- **Interest Rate Risk**

The Association's exposure to interest rate risk arises from the following interest-bearing financial instruments :

December 31, 2019

Financial Assets:	Interest rate	Amount
Cash on hand and in bank	Less than 1% per annum	576,196
Financial Assets at Amortized Cost (FAAC)	3% - 5% per year	11,200,100
Loans Receivable –Net	2% per year	14,114,740
Total		25,891,036

December 31, 2018

Financial Assets:	Interest rate	Amount
Cash on hand and in bank	Less than 1% per annum	2,079,958
Financial Assets at Amortized Cost (FAAC)	3% - 5 % per year	11,200,100
Loans Receivable –Net	2% per year	11,556,060
Total		24,836,118

(In Philippine Pesos)

The Association has no significant exposure to changes in market interest rates as most of its financial assets have fixed annual interest rates.

33.CAPITAL MANAGEMENT

The primary objective of the Association's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Association manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Associations's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

	2019	2018
Total Liabilities	19,199,646.69	18,248,526.69
Total Equity	7,235,222.41	7,475,088.11
Debt vs Equity Ratio	2.65:1	2.44:1

The Association manages its capital structure and makes adjustments to this as changes in economic condition arise. Both years of 2019 and 2018, the Association's operation is primarily funded by the members/shareholders and internally generated revenues. The Association has no plan of obtaining additional interest bearing loan as it is able to meet its funding requirements.

The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Association's external environment and the risks underlying the Association's business operations and industry.

34. SUPPLEMENTAL DISCLOSURES REQUIRED UNDER BIR RR # 15-2010

Pursuant to Revenue Regulation 15-2010 (Section 2), which prescribes that in addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards, the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the year.

a. <u>Other Taxes and Licenses for 2019</u>

The Association paid permits, licenses and final taxes amounting to P 178,747.65 for the year 2019.

b. <u>Withholding Taxes for 2019</u>

Withholding tax – Compensation	P 0
Withholding tax – expanded	0

Salaries and Wages paid by the Association to its minimum wage employees are exempt from Compensation of Withholding Tax.

- AMENDED -