Fw: Your BIR AFS eSubmission uploads were received

Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Tue 5/2/2023 2:25 PM
To: Rechel Cheong <rfcheong@amc-associates.com>;Rechel Cheong <cheong.rechel@gmail.com>

Ellaine

----- Forwarded Message -----
From: eafs@bir.gov.ph <eafs@bir.gov.ph>
To: "praxisfides@gmail.com" <praxisfides@gmail.com>
Cc: "ellainecarlapasco@yahoo.com" <ellainecarlapasco@yahoo.com>
Sent: Tuesday, May 2, 2023 at 02:23:52 PM GMT+8
Subject: Your BIR AFS eSubmission uploads were received

Hi PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.,

Valid files

- EAFS002838406ITRTY122022.pdf
- EAFS002838406AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-88D8L6A7022XMVXP1MWM3T24V0PSQ4WRQR**
Submission Date/Time: **May 02, 2023 02:03 PM**
Company TIN: **002-838-406**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".

Two copies MUST be filed with the BIR and one held by the taxpayer.

1702-MX 01/18ENCS P1

1 For ◉ Calendar ○ Fiscal
2 Year Ended (MM/20YY) 12/20 22
3 Amended Return? ○ Yes ◉ No
4 Short Period Return? ○ Yes ◉ No
5 Alphanumeric Tax Code (ATC)
IC 055 – Minimum Corporate Income Tax (MCIT) ◉
IC 010 - In General ◉

Part I - Background Information

6 Taxpayer Identification Number (TIN) 002 - 636 - 406 - 00000
7 RDO Code 25A

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
36 PASEO DEL CONGRESO CATMON MALOLOS BULACAN

9A ZIP Code 3000

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 02/17/1987
11 Contact Number 0447913558
12 Email Address praxisfides@gmail.com

13 Method of Deductions ◉ Itemized Deductions [Section 34 (A-J), NIRC] ○ Optional Standard Deduction (OSD)-40% of Gross Income *[Section 34(L) NIRC, as amended]*

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Total Tax Due/(Overpayment) *(From Part IV-Schedule 2 Item 19D)*	407,705
15 Less: Total Tax Credits/Payments *(From Part IV-Schedule 3 Item 32D)*	381,120
16 Net Tax Payable / (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 33D)*	26,585
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 16 to 20)*	26,585

If overpayment, mark one (1) box only. *(Once the choice is made, the same is irrevocable)*
○ To be refunded ○ To be issued a Tax Credit Certificate (TCC) ○ To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Gener C. Luciano
GENER C. LUCIANO

Signature over Printed Name of President/Principal Officer/Authorized Representative
Signature over Printed Name of Treasurer/ Assisant Treasurer
Title of Signatory TIN
Title of Signatory TIN

22 Number of Attachments 00

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation / Revenue Official Receipt Details *(if not filed with an Authorized Agent Bank)*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-MX** January 2018 (ENCS) Page 2	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE	1702-MX 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
002 838 406 0000C	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.

Part IV - Schedules

Instructions: (mark appropriate box)

◉ A. Only one activity/project under EXEMPT and/or SPECIAL Tax Regimes, fill-out the applicable columns below.

○ B. Two or more activities/projects under EXEMPT and/or SPECIAL Tax Regimes, accomplish Part V-Mandatory Attachments per activity and reflect consolidated amounts from Part V on the corresponding columns below.

Schedule 1 - Basis of Tax Relief

	Particulars	A. Exempt	B. Special	C. Special Tax Relief (Under Regular/Normal Rate)
1	Investment Promotion Agency (IPA)/ Implementing Government Agency	BIR		
2	Legal Basis	SEC 30 NIRC		
3	Registered Activity/Program *(Reg. No.)*	NA		
4	Special Tax Rate		0.0 %	
5	Effectivity Date of Tax Relief/Exemption From *(MM/DD/YYYY)*	01/29/1997		
6	Expiration Date of Tax Relief/Exemption To *(MM/DD/YYYY)*	01/29/2047		

Schedule 2 – Computation of Income Tax per Tax Regime *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Sales/Receipts/Revenues/Fees *(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)*	19,390,511	0	0	19,390,511
2	Less: Sales Returns, Allowances and Discounts *(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)*	0	0	0	0
3	Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	19,390,511	0	0	19,390,511
4	Less: Cost of Sales/Services *(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)*	0	0	0	0
5	Gross Income from Operation *(Item 3 Less Item 4)*	19,390,511	0	0	19,390,511
6	Add: Other Taxable Income not subjected to Final Tax *(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)*	58,343,530	0	1,630,818	59,974,348
7	Total Taxable Income *(Sum of Items 5 and 6)*	77,734,041	0	1,630,818	79,364,859
	Less: Deductions Allowable under Existing Law				
8	Ordinary Allowable Itemized Deductions *(From Sched 5 Item 18)* &/or *(From all of Part V-Sched B Item 8, if letter B of instructions above is marked)*	50,232,109	0	0	50,232,109
9	Special Allowable Itemized Deductions *(From Sched 6 Item 5) &/or(From all of Part V-Sched B Item 9, if letter B of instructions above is marked)*	0	0	0	0
10	NOLCO [Only for those taxable under Sec. 27 (A to C)]; Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(For Special Rate: If w/ only 1 activity, From Schedule 8.1 Item 8 ; if with 2 or more activities, From all of Part V-Sched B Item 10; For Reg. Rate: From Sched 7.1 Item 8)*		0	0	0
11	Total Itemized Deductions *(Sum of Items 8 to 10)*	50,232,109	0	0	50,232,109
	OR [in case taxable under Sec 27(A) & 28(A)(1)]				
12	Optional Standard Deduction (OSD) *(40% of Item 7)*			0	0
13	Net Taxable Income/(Loss) *(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)*	27,501,932	0	1,630,818	29,132,750
14	Applicable Income Tax Rate *(i.e. Special or Regular/Normal Rate)*	0%	0.00 %	25.00 %	
15	Income Tax Due other than MCIT *(For Special Rate: If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; For Regular Rate Item 13 X Item 14)*	0	0	407,705	407,705
16	Less: Share of Other Government Agency, if remitted directly		0	0	0
17	Net Income Tax Due to National Government *(Item 15 Less Item 16)*		0	407,705	407,705
18	MCIT *(2% of Gross Income in Item 7)*			0	0
19	**Total Income Tax Due / (Overpayment)** *(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 19D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)*		0	407,705	407,705

Schedule 3 - Tax Credits/Payments *(attach proof)*

	Description	A	B	C	D
20	Prior Year's Excess Credits Other Than MCIT	0	0	0	0
21	Income Tax Payments under MCIT from Previous Quarter/s			0	0
22	Income Tax Payments under Regular Rate from Previous Quarter/s	0	0	381,120	381,120
23	Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4)*			0	0
24	Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	0	0
25	Creditable Tax Withheld per BIR Form No. 2307 for the 4th Qtr	0	0	0	0
26	Foreign Tax Credits, if applicable	0	0	0	0
27	Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
28	Income Tax Payments under Special Rate from Previous Qtr/s	0	0	0	0
29	Special Tax Credits *(To Part IV-Schedule 4 Item 6)*	0	0	0	0
	Other Tax Credits/Payments*(specify)*				
30		0	0	0	0
31	(Add more...)	0	0	0	0
32	Total Tax Credits/Payments *(Sum of Items 20 to 31) (Item 32D to Part II Item 15)*	0	0	381,120	381,120
33	**Net Tax Payable / (Overpayment)** *(Item 19 Less Item 32) (Item 33D to Part II Item 16)*	0	0	26,585	26,585

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
002 838 406 00000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.

Schedule 4 – Tax Relief Availment *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Regular Income Tax Otherwise Due *(Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)*	6,875,483	0		6,875,483
2	Tax Relief on Special Allowable Itemized Deductions *(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)*	0	0	0	0
3	Sub-Total – Tax Relief *(Sum of Items 1 and 2)*	6,875,483	0	0	6,875,483
4	Less: Income Tax Due *(From Part IV-Schedule 2 Item 15B)*	0	0		0
5	Tax Relief Availment before Special Tax Credit *(Item 3 Less Item 4)*	6,875,483	0	0	6,875,483
6	Add: Special Tax Credit, *if any (From Part IV-Schedule 3 Item 29)*	0	0	0	0
7	**Total Tax Relief Availment** *(Sum of Items 5 & 6)*	6,875,483	0	0	6,875,483

Schedule 5 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule D)

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Amortizations	0	0	0	0
2	Bad Debts	3,300,000	0	0	3,300,000
3	Charitable and Other Contributions	0	0	0	0
4	Depletion	0	0	0	0
5	Depreciation	1,559,050	0	0	1,559,050
6	Entertainment, Amusement and Recreation	0	0	0	0
7	Fringe Benefits	0	0	0	0
8	Interest	0	0	0	0
9	Losses	0	0	0	0
10	Pension Trusts	0	0	0	0
11	Rental	0	0	0	0
12	Research and Development	0	0	0	0
13	Salaries, Wages and Allowances	14,786,109	0	0	14,786,109
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0
15	Taxes and Licenses	526,515	0	0	526,515
16	Transportation and Travel	5,283,930	0	0	5,283,930
17	Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*				
	a. Janitorial and Messengerial Services	0	0	0	0
	b. Professional Fees	551,110	0	0	551,110
	c. Security Services	0	0	0	0
	d. INSURANCE	11,280,000	0	0	11,280,000
	e. MEETINGS AND CONFERENCES	2,292,274	0	0	2,292,274
	f. ADMINISTRATIVE EXPENSES	1,336,826	0	0	1,336,826
	g. OFFICE SUPPLIES	1,221,828	0	0	1,221,828
	h. COMMUNICATION, LIGHT AND WATER	952,375	0	0	952,375
	i. OTHERS (Add more...)	7,142,092	0	0	7,142,092
18	Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV-Schedule 2 Item 8)*	50,232,109	0	0	50,232,109

Schedule 6 – Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule E)

	Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1			0	0	0	0
2			0	0	0	0
3			0	0	0	0
4			0	0	0	0
		(Add more...)				
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4) (To Part IV-Schedule 2 Item 9)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7C)*	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law *(From Part IV-Schedule 2 Item 8C)*	0
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 7.1, Item 7A)*	0

BIR Form No. **1702-MX** January 2018 (ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE	1702-MX 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
002 838 406 00000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.

Schedule 7.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Regular Rate

(DO NOT enter Centavos;49 Centavos or Less drop down; 50 or more round up)

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) *[(E)=A-(B+C+D)]*
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO *(Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10C)*				0	

Schedule 8 - Computation of Net Operating Loss Carry Over (NOLCO) for Special Rate (except those availing fiscal incentives)

(Attach Additional Sheet/s, if necessary)

1 Gross Income *(From Part IV-Schedule 2 Item 7B)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8B)*	0
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 8.1 Item 7A)*	0

Schedule 8.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Special Rate

(DO NOT enter Centavos;49 Centavos or Less drop down; 50 or more round up)

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) *[(E)=A-(B+C+D)]*
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10B)				0	

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s *[G = C Less (D + E + F)]*
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0

4 Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV-Schedule 3 Item 23) 0

Schedule 10 – Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

	Particulars	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Net Income/(Loss) per Books	40,140,281	0	1,223,113	41,363,394
	Add: Non-Deductible Expenses/Taxable Other Income) *(specify below)*				
2	TAX EXPENSE	1,132,527	0	407,705	1,540,232
3		0	0	0	0
	(Add more...)				
4	Total *(Sum of Items 1 to 3)*	41,272,808	0	1,630,818	42,903,626
	Less: A) Non-Taxable Income and Income Subjected to Final Tax *(specify below)*				
5	INTEREST INCOME	13,770,876	0	0	13,770,876
6		0	0	0	0
	(Add more...)				
	B) Special Deductions *(specify below)*				
7		0	0	0	0
8		0	0	0	0
	(Add more...)				
9	Total *(Sum of Items 5 to 8)*	13,770,876	0	0	13,770,876
10	Net Taxable Income/(Loss) *(Item 4 Less Item 9)*	27,501,932	0	1,630,818	29,132,750

Gmail

Praxis Fides MBAI <praxisfides@gmail.com>

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Sat, Apr 15, 2023 at 6:40 AM
To: praxisfides@gmail.com

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 002838406000-1702MXv2018-1222.xml
Date received by BIR: 15 April 2023
Time received by BIR: 06:04 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

Guidelines and Instructions | Help
Reference No:292300053388952
Date Filed:April 15 2023 07:24 PM
Batch Number:0

PSOC: PSIC: 9199

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Payment Form

BIR Form No. **0605** September 2003(ENCS)

1 For the: (●) Calendar ( ) Fiscal	2 Year Ended (MM/YYYY): 12 - December 2022	3 Quarter Clear Quarter: ( ) 1st ( ) 2nd ( ) 3rd ( ) 4th	4 Due Date (MM/DD/YYYY):	5 No. of Sheets Attached: 0	6 ATC: MC200

7 Return Period (MM/DD/YYYY): 12 31 2022 **8** Tax Type Code: IT

Part I Background Information

9 Taxpayer Identification No.	10 RDO Code	11 Taxpayer Classification	12 Line of Business/Occupation
002 838 406 000	25A	( ) I (●) N	ACTIVITIES OF OTHER MEMBER

13 Taxpayer's Name(Last Name, First Name, Middle Name for Individuals)/(Registered Name for Non-Individuals): PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC

14 Telephone Number:

15 Registered Address: 35 PASEO DEL CONGRESO CATMON BULACAN

16 Zip Code: 3000

17 Manner of Payment		18 Type of Payment
Voluntary Payment	Per Audit/Delinquent Account	
( ) Self-Assessment ( ) Penalties ( ) Tax Deposit/Advance Payment ( ) Income Tax Second Installment(Individual) (●) Others(Specify) Annual Income Tax Return	( ) Preliminary/Final Assess/Deficiency Tax ( ) Accounts Receivable/Delinquent Account	( ) Installment No. of Installment ( ) Partial Payment (●) Full Payment

Part II Computation of Tax

19 Basic Tax/Deposit/Advance Payment — 19: 26,585.00

20 Add Penalties

Surcharge	Interest	Compromise	
20A 0.00	20B 0.00	20C 0.00	20D 0.00

21 Total Amount Payable(Sum of Items 19 & 20D) — 21: 26,585.00

For Voluntary Payment	Payment of Deficiency Taxes From Audit/Investigation Delinquent Accounts
I declare, Under the penalties of perjury, that this document has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.	( ) Pre-approved by Investigating Office ( ) Not approved by Investigating Office

efps e-Filing and Payment System
Bureau of Internal Revenue
Republic of the Philippines

BIR eFPS has received the payment confirmation for your tax return from LBP.

TIN	002 - 838 - 406 - 000
Taxpayer's Name	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
Tax Type	IT
Return Period	12/31/2022
Transacting Bank	LBP (086000)
Reference Number	292300053388952
Payment Transaction Number	234041571
Payment Transaction Date	04/15/2023
Actual Amount Paid	26585.00
LBP's Confirmation Number	00041520231928481390

Please refer to the Tax Return Inquiry facility to check the status of your payment.

[eFPS Main | BIR Main | Help | Print]

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 002-838-406-000
Name	: PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
RDO	: 25A
Form Type	: 0605
Reference No.	: 292300053388952
Amount Payable (Over Remittance)	: 26,585.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2022
Quarter	: 0
Date Filed	: 04/15/2023
Tax Type	: IT

Proceed to Payment

[BIR Main | eFPS Login | User Menu | Help]

Fw: eSubmission Validation Report

Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Fri 4/14/2023 2:24 PM

To: Rechel Cheong <rfcheong@amc-associates.com>;Rechel Cheong <cheong.rechel@gmail.com>

Hi Ms. Rechel,

Good afternoon po, forwarding po the esubmission.

Thanks po.

Ellaine

----- Forwarded Message -----
From: Praxis Fides Malolos <praxisfides@gmail.com>
To: Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Sent: Friday, April 14, 2023 at 02:23:06 PM GMT+8
Subject: Fwd: eSubmission Validation Report

---------- Forwarded message ---------
From: **eSubmission** <esubmission@bir.gov.ph>
Date: Sat, Jan 14, 2023 at 3:04 AM
Subject: eSubmission Validation Report
To: <praxisfides@gmail.com>

ACKNOWLEDGEMENT RECEIPT NUMBER: 20230114-V139589

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 4

No. of valid file(s) : 4
No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 01/11/2023 8:21:08 AM
Filename(s):

1. Attachment : 002838406000003202217O2Q.DAT
   002838406000003202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372953
2. Attachment : 002838406000006202217O2Q.DAT
   002838406000006202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372954
3. Attachment : 002838406000009202217O2Q.DAT
   002838406000009202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372955
4. Attachment : 0028384060000123120221604C.DAT
   0028384060000123120221604C.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372956

VALIDATION REPORT:
1. Attachment : 002838406000003202217O2Q.DAT

TIN of Withholding Agent TIN: 002838406-0000

Taxable Month : 03/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

2. Attachment : 00283840600000620221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 06/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

3. Attachment : 00283840600000920221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 09/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

4. Attachment : 002838406000012312022 1604C.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1604C
Taxable Year : 12/31/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

Thank You.

****

** REMINDER: Starting January 8, 2021, the Alphalist Data Entry and Validation Module is now updated to version 7.0.
** You might have used an older version. For the new file structure and naming convention, please visit the BIR website
** at www.bir.gov.ph and look for Revenue Memorandum Circular No. 7-2021 or you may directly visit
** http://bit.ly/RMC72021 (Full Text) http://bit.ly/RMC72021A (Annex A), http://bit.ly/RMC72021B (Annex B).

****

This is a system generated report. For inquiries, please email us at contact_us@bir.gov.ph
or call us at 8981-7003 / 8981-7020 / 8981-7030 / 8981-7040 / 8981-7046 / 8981-7419 / 8981-7452 / 8981-7478.

Fw: eSubmission Validation Report

Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Fri 4/14/2023 2:24 PM
To: Rechel Cheong <rfcheong@amc-associates.com>;Rechel Cheong <cheong.rechel@gmail.com>
Hi Ms. Rechel,

Good afternoon po, forwarding po the esubmission.

Thanks po.

Ellaine

----- Forwarded Message -----
From: Praxis Fides Malolos <praxisfides@gmail.com>
To: Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Sent: Friday, April 14, 2023 at 02:23:06 PM GMT+8
Subject: Fwd: eSubmission Validation Report

---------- Forwarded message ---------
From: **eSubmission** <esubmission@bir.gov.ph>
Date: Sat, Jan 14, 2023 at 3:04 AM
Subject: eSubmission Validation Report
To: <praxisfides@gmail.com>

ACKNOWLEDGEMENT RECEIPT NUMBER: 20230114-V139589

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 4

No. of valid file(s) : 4
No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 01/11/2023 8:21:08 AM
Filename(s):
1. Attachment : 0028384060000320221702Q.DAT
    0028384060000320221702Q.DAT - VALID
    CONFIRMATION RECEIPT NUMBER - 2023-0000372953
2. Attachment : 0028384060000620221702Q.DAT
    0028384060000620221702Q.DAT - VALID
    CONFIRMATION RECEIPT NUMBER - 2023-0000372954
3. Attachment : 0028384060000920221702Q.DAT
    0028384060000920221702Q.DAT - VALID
    CONFIRMATION RECEIPT NUMBER - 2023-0000372955
4. Attachment : 0028384060000123120221604C.DAT
    0028384060000123120221604C.DAT - VALID
    CONFIRMATION RECEIPT NUMBER - 2023-0000372956

VALIDATION REPORT:
1. Attachment : 0028384060000320221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000

Taxable Month : 03/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

2. Attachment : 002838406000006202217O2Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 06/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

3. Attachment : 00283840600000920221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 09/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

4. Attachment : 0028384060000123120221604C.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1604C
Taxable Year : 12/31/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

Thank You.

****

** REMINDER: Starting January 8, 2021, the Alphalist Data Entry and Validation Module is now updated to version 7.0.
** You might have used an older version. For the new file structure and naming convention, please visit the BIR website
** at www.bir.gov.ph and look for Revenue Memorandum Circular No. 7-2021 or you may directly visit
** http://bit.ly/RMC72021 (Full Text) http://bit.ly/RMC72021A (Annex A), http://bit.ly/RMC72021B (Annex B).

****

This is a system generated report. For inquiries, please email us at contact_us@bir.gov.ph
or call us at 8981-7003 / 8981-7020 / 8981-7030 / 8981-7040 / 8981-7046 / 8981-7419 / 8981-7452 / 8981-7478.

Fw: eSubmission Validation Report

Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Fri 4/14/2023 2:24 PM

To: Rechel Cheong <rfcheong@amc-associates.com>;Rechel Cheong <cheong.rechel@gmail.com>
Hi Ms. Rechel,

Good afternoon po, forwarding po the esubmission.

Thanks po.

Ellaine

----- Forwarded Message -----
From: Praxis Fides Malolos <praxisfides@gmail.com>
To: Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Sent: Friday, April 14, 2023 at 02:23:06 PM GMT+8
Subject: Fwd: eSubmission Validation Report

---------- Forwarded message ---------
From: **eSubmission** <esubmission@bir.gov.ph>
Date: Sat, Jan 14, 2023 at 3:04 AM
Subject: eSubmission Validation Report
To: <praxisfides@gmail.com>

ACKNOWLEDGEMENT RECEIPT NUMBER: 20230114-V139589

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 4

No. of valid file(s) : 4
No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 01/11/2023 8:21:08 AM
Filename(s):
1. Attachment : 002838406000003202217O2Q.DAT
   002838406000003202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372953
2. Attachment : 002838406000006202217O2Q.DAT
   002838406000006202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372954
3. Attachment : 002838406000009202217O2Q.DAT
   002838406000009202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372955
4. Attachment : 0028384060000123120221604C.DAT
   0028384060000123120221604C.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372956

VALIDATION REPORT:
1. Attachment : 002838406000003202217O2Q.DAT

TIN of Withholding Agent TIN: 002838406-0000

Taxable Month : 03/2022

```
LINE NUM    SCHEDULE    ERROR DESCRIPTION
----------  --------    ----------------------------------------------------------
0000000000              No Errors Encountered
----------  --------    ----------------------------------------------------------
```

2. Attachment : 00283840600000620221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 06/2022

```
LINE NUM    SCHEDULE    ERROR DESCRIPTION
----------  --------    ----------------------------------------------------------
0000000000              No Errors Encountered
----------  --------    ----------------------------------------------------------
```

3. Attachment : 00283840600000920221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 09/2022

```
LINE NUM    SCHEDULE    ERROR DESCRIPTION
----------  --------    ----------------------------------------------------------
0000000000              No Errors Encountered
----------  --------    ----------------------------------------------------------
```

4. Attachment : 002838406000012312022 1604C.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1604C
Taxable Year : 12/31/2022

```
LINE NUM    SCHEDULE    ERROR DESCRIPTION
----------  --------    ----------------------------------------------------------
0000000000              No Errors Encountered
----------  --------    ----------------------------------------------------------
```

Thank You.

****
** REMINDER: Starting January 8, 2021, the Alphalist Data Entry and Validation Module is now updated to version 7.0.
** You might have used an older version. For the new file structure and naming convention, please visit the BIR website
** at www.bir.gov.ph and look for Revenue Memorandum Circular No. 7-2021 or you may directly visit
** http://bit.ly/RMC72021 (Full Text) http://bit.ly/RMC72021A (Annex A), http://bit.ly/RMC72021B (Annex B).
****

This is a system generated report. For inquiries, please email us at contact_us@bir.gov.ph
or call us at 8981-7003 / 8981-7020 / 8981-7030 / 8981-7040 / 8981-7046 / 8981-7419 / 8981-7452 / 8981-7478.

Fw: eSubmission Validation Report

Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Fri 4/14/2023 2:24 PM

To: Rechel Cheong <rfcheong@amc-associates.com>;Rechel Cheong <cheong.rechel@gmail.com>
Hi Ms. Rechel,

Good afternoon po, forwarding po the esubmission.

Thanks po.

Ellaine

----- Forwarded Message -----
From: Praxis Fides Malolos <praxisfides@gmail.com>
To: Ellaine Carla Pasco <ellainecarlapasco@yahoo.com>
Sent: Friday, April 14, 2023 at 02:23:06 PM GMT+8
Subject: Fwd: eSubmission Validation Report

---------- Forwarded message ---------
From: **eSubmission** <esubmission@bir.gov.ph>
Date: Sat, Jan 14, 2023 at 3:04 AM
Subject: eSubmission Validation Report
To: <praxisfides@gmail.com>

ACKNOWLEDGEMENT RECEIPT NUMBER: 20230114-V139589

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 4

No. of valid file(s) : 4
No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 01/11/2023 8:21:08 AM
Filename(s):
1. Attachment : 002838406000003202217O2Q.DAT
   002838406000003202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372953
2. Attachment : 002838406000006202217O2Q.DAT
   002838406000006202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372954
3. Attachment : 002838406000009202217O2Q.DAT
   002838406000009202217O2Q.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372955
4. Attachment : 0028384060000123120221604C.DAT
   0028384060000123120221604C.DAT - VALID
   CONFIRMATION RECEIPT NUMBER - 2023-0000372956

VALIDATION REPORT:
1. Attachment : 00283840600000320221702Q.DAT

TIN of Withholding Agent TIN: 002838406-0000

Taxable Month : 03/2022

LINE NUM SCHEDULE ERROR DESCRIPTION

---------- -------- --

0000000000 No Errors Encountered

---------- -------- --

2. Attachment : 002838406000006202217O2Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 06/2022

LINE NUM SCHEDULE ERROR DESCRIPTION

---------- -------- --

0000000000 No Errors Encountered

---------- -------- --

3. Attachment : 002838406000009202217O2Q.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1702Q
Taxable Month : 09/2022

LINE NUM SCHEDULE ERROR DESCRIPTION

---------- -------- --

0000000000 No Errors Encountered

---------- -------- --

4. Attachment : 0028384060000123120221604C.DAT

TIN of Withholding Agent TIN: 002838406-0000
Alphalist Form : 1604C
Taxable Year : 12/31/2022

LINE NUM SCHEDULE ERROR DESCRIPTION

---------- -------- --

0000000000 No Errors Encountered

---------- -------- --

Thank You.

****
** REMINDER: Starting January 8, 2021, the Alphalist Data Entry and Validation Module is now updated to version 7.0.
** You might have used an older version. For the new file structure and naming convention, please visit the BIR website
** at www.bir.gov.ph and look for Revenue Memorandum Circular No. 7-2021 or you may directly visit
** http://bit.ly/RMC72021 (Full Text) http://bit.ly/RMC72021A (Annex A), http://bit.ly/RMC72021B (Annex B).
****

This is a system generated report. For inquiries, please email us at contact_us@bir.gov.ph
or call us at 8981-7003 / 8981-7020 / 8981-7030 / 8981-7040 / 8981-7046 / 8981-7419 / 8981-7452 / 8981-7478.

==========
DISCLAIMER
==========

This email and its attachments may be confidential and are intended solely

Praxis Fides Mutual Benefit Association, Inc.
35 Paseo del Congreso, Catmon, City of Malolos, Bulacan
Tel Nos. (044) 662-4288; (044) 791-3558

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of **Praxis Fides Mutual Benefit Association, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations 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, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Praxis Fides Mutual Benefit Association, Inc.**, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of 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 association books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,

c) **Praxis Fides 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.

FR. ROMUALDO C. GO
Chairman

MR. GENER C. LUCIANO
President

MR. ALLAN C. MARTIN
Treasurer

AMC
& ASSOCIATES

Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY INCOME TAX RETURN

The Board of Trustees
Praxis Fides Mutual Benefit Association, Inc.
(A Non-Stock, Non-Profit Organization)
35 Paseo del Congreso, Catmon
Malolos, Bulacan

We have audited the financial statements of **Praxis Fides Mutual Benefit Association, Inc.** for the year ended December 31, 2022, on which we have rendered the attached report dated March 30, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal members of the Association.

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Certification No. 89570
TIN 169-688-077-000
PTR No. 9566560, Jan. 3, 2023, Makati City
BIR Accreditation No. 08-003584-1-2021
(valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid until Dec. 31, 2025)
IC Accreditation No. 89570-IC (Group A)
(valid until Dec. 31, 2024)
BSP Accreditation No. 89570-BSP (Group B)
(valid until Dec. 31, 2025)

March 30, 2023

Suite 1801 - 1807 Cityland Condominium 10 Tower 2, H.V. Dela Costa St., Makati City, Philippines
Tel. No.: (02) 8841.0462 • Fax No.: (02) 8893.0287

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Praxis Fides Mutual Benefit Association, Inc.
(A Non-Stock, Non-Profit Organization)

35 Paseo del Congreso, Catmon
Malolos, Bulacan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Praxis Fides Mutual Benefit Association, Inc.** (the Association), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) applicable to Mutual Benefit Associations (MBAs).

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 Association in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS applicable to MBAs, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association 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.

AMC & ASSOCIATES

Certified Public Accountants

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 32 of the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS applicable to MBAs. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Certification No. 89570
TIN 169-688-077-000
PTR No. 9566560, Jan. 3, 2023, Makati City
BIR Accreditation No. 08-003584-1-2021
(valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid until Dec. 31, 2025)
IC Accreditation No. 89570-IC (Group A)
(valid until Dec. 31, 2024)
BSP Accreditation No. 89570-BSP (Group B)
(valid until Dec. 31, 2025)

March 30, 2023

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

		2022		2021
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents *(Note 5)*	P	185,078,286	P	212,937,172
Short-term financial assets *(Note 6)*		76,577,126		77,029,027
Loans and other receivables *(Note 7)*		235,389,048		258,723,297
Financial assets at amortized cost *(Note 8)*		31,739,555		45,921,024
Financial assets at fair value through profit and loss *(Note 9)*		315,554,440		295,844,674
Other current financial assets *(Note 10)*		3,573,591		-
Prepayments		843,116		783,502
Total Current Assets		848,755,162		891,238,696
NON-CURRENT ASSETS				
Long-term financial assets *(Note 6)*		69,664,856		52,664,856
Loans and other receivables *(Note 7)*		60,291,545		79,519,878
Financial assets at fair value through other comprehensive income *(Note 11)*		82,650,000		50,650,000
Property and equipment *(Note 12)*		13,633,115		14,964,296
Investment property *(Note 13)*		76,012,770		75,592,563
Retirement asset *(Note 23)*		2,145,412		-
Total Non-current Assets		304,397,698		273,391,593
TOTAL ASSETS	P	1,153,152,860	P	1,164,630,289
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Accounts payable and other liabilities *(Note 14)*	P	9,360,443	P	20,822,697
Liability on individual equity value *(Note 15)*		699,743,289		678,771,251
Basic contingent benefit reserve *(Note 16)*		1,491,894		1,338,942
Other benefits on basic policies *(Note 17)*		35,467,374		46,516,688
Claims payable on basic contingent benefit *(Note 18)*		2,445,000		3,125,000
Income tax payable		26,584		120,633
Total Current Liabilities		748,534,584		750,695,211
NON-CURRENT LIABILITIES				
Accounts payable and other liabilities *(Note 14)*		-		4,350
Retirement benefit obligation *(Note 23)*		-		7,543,695
Total Non-Current Liabilities		-		7,548,045
Total Liabilities		748,534,584		758,243,256
FUND BALANCE *(Note 21)*				
Free and unassigned fund balance		330,793,294		290,473,424
Assigned fund balance		74,036,542		123,111,971
Accumulated other comprehensive loss	(	211,560)	(	7,198,362)
Total Fund Balance		404,618,276		406,387,033
TOTAL LIABILITIES AND FUND BALANCE	P	1,153,152,860	P	1,164,630,289

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.

(A Non-Stock, Non-Profit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Philippine Peso)

	2022	2021
REVENUES		
Member's contribution *(Note 20)*	P 174,614,717	P 189,187,871
Interest income on:		
Loans *(Note 7)*	19,390,511	20,404,785
Investment securities and deposits with banks *(Notes 5, 6, 8 and 11)*	13,770,876	12,476,193
Gain on sale of financial assets at fair value through profit or loss *(Note 9)*	1,434,831	5,906,225
Service charges and fees *(Note 7)*	5,242,727	5,405,264
Membership fees *(Note 20)*	825,550	907,850
Others *(Note 19)*	10,655,087	27,415,723
	225,934,299	261,703,911
EXPENSES		
Allocation for liability on individual equity value *(Notes 15 and 19)*	113,686,749	131,718,587
Operating expenses *(Note 19)*	38,952,109	42,772,927
Fair value loss on financial assets at fair value through profit or loss *(Note 9)*	18,958,863	4,559,664
Benefit expenses *(Note 19)*	11,280,000	16,780,000
Increase in reserve for basic contingent benefit *(Notes 16 and 19)*	152,952	44,487
	183,030,673	195,875,665
PROFIT BEFORE TAX	42,903,626	65,828,246
TAX EXPENSE *(Note 24)*	1,540,232	1,750,807
NET PROFIT	41,363,394	64,077,439
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss of post-employment defined benefit obligation *(Notes 21 and 23)*	(211,560)	-
Remeasurements of post-employment defined benefit obligation *(Notes 21 and 23)*	7,198,362	110,948
	6,986,802	110,948
TOTAL COMPREHENSIVE INCOME	P 48,350,196	P 64,188,387

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Free and Unassigned Fund balance *(Note 21)*	Assigned Fund Balance *(Note 21)*	Accumulated Other Comprehensive Loss *(Note 21)*	Total
Balance at January 1, 2022	P 290,473,424	P 123,111,971	(P 7,198,362)	P 406,387,033
Withdrawals for the year *(Note 18)*	-	(49,075,429)		(49,075,429)
Recovery of delisted of accounts for the year	(1,043,524)			- (1,043,524)
Total comprehensive income for the year	41,363,394	-	6,986,802	48,350,196
Balance at December 31, 2022	**P 330,793,294**	**P 74,036,542**	**(P 211,560)**	**P 404,618,276**
Balance at January 1, 2021	P 294,164,085	P 96,737,576	(P 7,309,310)	P 383,592,351
Reversal of appropriation during the year *(Note 19)*	5,000,000	(5,000,000)	-	-
Appropriation for the year	(50,734,534)	50,734,534		
Withdrawals for the year	(16,161,050)	(19,360,139)	-	(35,521,189)
Recovery of delisted of accounts for the year	(5,872,516)	-	-	(5,872,516)
Total comprehensive income for the year	64,077,439	-	110,948	64,188,387
Balance at December 31, 2021	P 290,473,424	P 123,111,971	(P 7,198,362)	P 406,387,033

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 42,903,626	P 65,828,246
Adjustments for:		
Unrealized fair value loss of financial assets at fair value through profit or loss *(Note 9)*	18,958,863	4,559,664
Impairment losses *(Note 7)*	3,300,000	3,300,000
Depreciation *(Notes 12 and 13)*	1,569,883	1,444,389
Gain on sale of financial assets at fair value through profit and loss *(Note 9)*	(1,434,831)	(5,906,225)
Gain on sale of investment property *(Note 13)*	(2,215,536)	(8,218,832)
Income from delisted accounts *(Note 19)*	(1,410,100)	(10,409,925)
Interest income *(Notes 5, 6, 7, 8 and 11)*	(33,161,387)	(32,880,978)
Retirement cost *(see Note 23)*	514,722	3,093,680
Operating profit before working capital changes	29,025,240	20,810,019
Decrease in loans and other receivables	36,284,575	8,761,670
Decrease (increase) in prepayments	(59,614)	313,832
Increase (decrease) in accounts payable and other liabilities	(11,466,604)	12,015,239
Increase in retirement asset	(2,145,412)	-
Increase in basic contingent benefit reserve	152,952	44,487
Increase (decrease) in claims payable on basic contingent benefit	(680,000)	1,145,000
Increase (decrease) in retirement benefit obligation	(1,071,615)	(2,967,760)
Cash generated from operations	50,039,522	40,122,487
Interest received on loans and other receivables *(Note 7)*	22,368,518	17,746,860
Cash paid for income taxes *(Note 24)*	(1,634,281)	(2,006,001)
Net Cash From Operating Activities	70,773,759	55,863,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	19,870,679	84,734,573
Proceeds from (additions to) financial assets at amortized cost *(Note 8)*	14,181,469	(15,836,203)
Interest received on bank deposits and invesment securites *(Notes 5, 6, 8 and 11)*	13,770,876	12,476,193
Proceeds from sale of investment property *(Note 13)*	4,719,181	10,401,043
Proceeds from (additions to) short-term financial assets	451,901	(13,595,673)
Acquisitions of property and equipment *(Note 12)*	(238,702)	(3,102,984)
Additions to investment property *(Note 13)*	(2,923,852)	(854,014)
Additions to other current financial assets *(Note 10)*	(3,573,591)	-
Proceeds from (additions to) long-term financial assets	(17,000,000)	47,702,893
Additions to financial assets at fair value through other comprehensive income *(Note 11)*	(32,000,000)	(23,150,000)
Additions to financial assets at fair value through profit or loss *(Note 9)*	(57,104,477)	(93,816,089)
Net Cash From (Used in) Investing Activities	(59,846,516)	4,959,739
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contributions allocated to liability on individual equity value *(Note 15)*	113,686,749	131,718,587
Members' withdrawals *(Notes 15)*	(152,472,878)	(147,593,056)
Net Cash Used in Financing Activities	(38,786,129)	(15,874,469)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,858,886)	44,948,616
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	212,937,172	167,988,556
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 5)*	P 185,078,286	P 212,937,172

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

1. CORPORATE INFORMATION

Organization and Objectives

Praxis Fides Mutual Benefit Association, Inc. (the Association) was incorporated in the Philippines on February 17, 1987, primarily to foster brotherhood thru mutual help and benefit among its members, to encourage the habit of thrift and saving among its members, to provide financial material aid and comforts to members and their families in cases of losses, disability, necessities, unemployment, retirement, or old age as may be authorized by statutes of regulations prescribed by the competent authority, and in general to do such acts and things and to undertake such activities not otherwise prohibited by law which are calculated to help members and necessary for the accomplishment of the purpose of which the association has been organized.

The registered office of the Association is located at 35 Paseo del Congreso, Catmon, Malolos, Bulacan.

Tax Exemption

As a non-stock, non-profit association, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or from any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from deposit with banks is subject to final tax.

Approval of Financial Statements

The financial statements of the Association as at and for the year ended December 31, 2022 (including the comparative financial statements as at and for the year ended December 31, 2021) were authorized for issue by the Association's Board of Trustees on March 30, 2023.

2. MEMBERSHIP

Any person eligible for membership shall become a member of the Association only after paying the initial membership fee and the first monthly contribution. Every member in good standing shall have the right, among others, to participate in the distribution of profit of the Association on the basis of his capital contributions after the Association has set aside such reserves as may be required by any existing laws and regulations. In addition, the member can avail of loans in accordance with his borrowing capacity subject to the limitations as provided for under the existing rules and regulations of the Association.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards for Mutual Benefits Associations (MBAs)

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards in the Philippines applicable to MBAs.

Pursuant to Section 189 of The Amended Insurance Code, the Insurance Commission issued Circular Letter No. 2014-41 dated September 25, 2014, requiring all new and existing mutual benefits associations doing business in the Philippines to use and maintained the revised Standard Chart of Accounts (SCA) for MBAs. The SCA is the prescribed framework for the Association in the preparation of financial statements.

The SCA for MBAs list a uniform system of account numbers categorized based on MBAs' revenue, expenses, assets, liabilities and fund value for similar transactions and events, in compliance with the latest Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Association presents all items of income and expenses in a single statement of comprehensive income.

The Association presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Association's functional currency and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Association are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Association operates.

Adoption of New and Amended to PFRS

a. Effective in 2022 that are Relevant to the Association

The Association adopted for the first time the following amendments and annual improvements to PFRS, which are mandatory effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments - Fees in the '10 percent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases - Lease Incentives

Discussed below are the relevant information about these pronouncements:

i. PAS 16 (Amendments), *Property, Plant and Equipment - Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Association's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

ii. PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract.* The amendments specify that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). Management assessed that there is no significant impact on the Association's financial statements since none of the existing contracts as of January 1, 2022 are identified as onerous.

iii. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Association's financial statements.

- PFRS 9 (Amendments), *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Liabilities.* The improvements clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fee include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying *PFRS 16, Leases - Lease Incentives.* The amendments remove potential for confusion regarding lease incentives by deleting Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease in accordance with PFRS 16.

b. Effective in 2022 that are not Relevant to the Association

Among the amendments to PFRS which are mandatory effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Association's financial statements:

i. PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022)

ii. Annual Improvements to PFRS 2018-2022 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Association:

- PFRS 1, *First Time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

c. Effective Subsequent to 2022 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Association's financial statements:

i. PAS 1 (Amendments), *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* (effective January 1, 2023)

ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January 1, 2023)

iii. PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

iv. PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

v. PFRS 17, Insurance Contracts (effective from January 1, 2023)

vi. PFRS 17, (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective January 1, 2023)

vii. PFRS 10 (Amendments), *Consolidated Financial Statements, and PAS 28 (Amendments), Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).

Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified.

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual terms of the financial instruments. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding pages.

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Except for loans and receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Association's financial assets at amortized cost are presented in the statement of financial position as Cash and cash equivalents, Short-term and Long-term financial assets, investments securities presented at Financial assets at amortized cost and Other non-current financial assets in the statements of financial position.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise accounts with original maturities of three months or less, including cash.These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Short-term financial assets are time deposits with original maturities of more than three months to one year. Deposits with original maturities of more than one year are classified as long-term financial assets.

Financial assets at amortized costs consisting mainly of treasury bills are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and other receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in of profit or loss as part of Finance income.

ii. *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)*

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Association can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Association for trading or as mandatorily required to be classified as FVTPL.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation reserves account is not reclassified to profit or loss but is reclassified directly to Free and unassigned balance account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in profit or loss as part of Finance income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous under Other operating income account, when the Association's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Association, and, the amount of the dividend can be measured reliably unless the dividends clearly represent a recovery of a part of the cost of the investment.

As at December 31, 2022 and 2021, the Association's financial assets designated at FVOCI are discussed in Note 11.

iii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Association designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Association's financial assets at FVTPL include equity securities that are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance income in the statements of profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the statements of profit or loss.

As at December 31, 2022 and 2021, the Association's financial assets designated at FVTPL are discussed in Note 9.

The Association can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Association is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Association's business model will take effect only at the beginning of the next reporting period following the change in the business model.

b. Impairment of Financial Assets

At the end of the reporting period, the Association assesses and recognizes an allowance for ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Association's identification of a credit loss event. Instead, the Association considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Association applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Association uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Association also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Association recognized a loss allowance for such losses at each reporting date.

The Association determines whether there has been a significant increase in credit risk for the financial asset since the initial recognition by comparing the risk of a default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Association considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in a case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Association would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Association recognizes an impairment loss in profit or loss for all financial instruments subject to impairment assessment with corresponding adjustments to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in Revaluation reserves account, and does not reduce the carrying amount of the financial asset in the statements of financial position.

The Association considers a financial asset in default or past due when contractual payments are not paid on due date. However, in certain cases, the Association may also consider a financial asset to be in default or past due when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association.

c. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

d. Classification and Measurement of Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include accounts payable and other liabilities [except output value-added tax (VAT) and other taxes payable and post-employment obligation], liability on individual equity value, basic contingent benefit reserve and claims payable on basic contingent benefit, are recognized when the Association becomes a party to the contractual agreements of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the caption Finance costs in profit or loss.

Accounts payable and other liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using an effective interest method for maturities beyond one year, less settlement payments.

Liability on individual equity value, basic contingent benefit reserve and claims payable on basic contingent benefit are recognized as financial liabilities based on the amounts recommended by an independent actuary.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Association does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

e. Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or has 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 profit or loss in the statements of comprehensive income.

f. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment losses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in the profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

g. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Association currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future events. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Prepayments

Prepayments pertain to other resources controlled by the Association as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Prepayments include prepaid advances and deposits which are paid in advance and recorded as an asset before these are utilized. Prepaid expenses are amortized over time and recognized as an expense as the benefit is derived from the asset. Prepayments are recognized and measured at transaction costs or the amount of cash paid.

Property and Equipment

Land and building and improvements are measured at acquisition or construction cost less depreciation for building and improvements. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other property and equipment are carried at acquisition cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	2-30 years
Transportation equipment	2-5 years
Furniture, fixtures and equipment	2-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment, including the related accumulated depreciation and impairment losses, 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 the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized.

Investment Property

This account includes parcels of land acquired in settlement of loans recorded at the lower of the total loan exposure or bid price at the same time of foreclosure, which should not be higher than the fair value of the property less costs to sell. Any excess of the loan balance over the bid price that is not recoverable from the borrower is included under Other losses in the statements of comprehensive income. Holding costs subsequent to foreclosure or acquisition of the properties are charged to operations as incurred.

Other investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This investment property is initially recognized at cost, which includes acquisition price plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction impairment losses if any. Investment property is recognized using the cost model. Depreciation is computed on a straight-line basis over the estimated useful life of five years.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized.

Impairment of Non-financial Assets

The Association's property and equipment and investment property are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When the time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

The Association follows a 5-step process to determine whether to recognize revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as a performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

i. the parties to the contract have approved the contract either in writing, orally, or in accordance with other customary business practices;
ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
iii. the payment terms for the goods or services to be transferred or performed can be identified;
iv. the contract has commercial substance (i.e., the risk, timing, or amount of the future cash flows is expected to change as a result of the contract); and,
v. collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized either at a point in time or over time, when (or as) the Association satisfies performance obligations by transferring the promised goods or services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

i. the customer simultaneously receives and consumes the benefits provided by the Association's performance as the Association performs;
ii. the Association's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
iii. the Association's performance does not create an asset with an alternative use to the Association and the entity has an enforceable right to payment for performance completed to date.

The Association recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Association satisfies a performance obligation before it receives the consideration, the Association recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The following are the recognition criteria for revenues of the Association outside the scope of PFRS 15, Revenues from Contracts with Customers:

- *Interest* - Revenue is recognized based on the effective interest method of accounting. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

  When calculating the effective interest rate, the Association estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

  Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- *Service charges and fees* – revenue is amortized and recognized using the effective interest rate method over the term of the loan.

- *Membership fees, dues and contributions* – revenue is recognized at a point-in time once they are become due from members.

- *Rental income*- revenue from rental fees is recognized on a straight- line basis over the lease term.

- *Other income* – revenue is recognized at a point-in time once the performance of the related obligation is completed.

Cost and operating expenses are recognized in profit or loss upon utilization of services or at the date they are incurred.

Employee Benefits

The Association provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Association, even if plan assets for funding the defined benefit have been acquired. Plan assets may include assets specially designated to a long-term benefit fund, as well as qualifying insurance policies. The Association's defined benefit post-employment plans cover all regular full-time employees.

The liability recognized in the statements of financial position for a defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated futures cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance costs or Finance income account in the statements of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

c. *Defined Contribution Plan*

A defined-contribution plan under which the Association pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Association has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. *Termination Benefits*

Termination benefits are payable when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due of more than 12 months after the end of the reporting period are discounted to present value.

Leases

The Association accounts for its leases as follows:

Association as Lessee

For any new contracts entered into, the Association considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Association assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Association;

- the Association has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Association has the right to direct the use of the identified asset throughout the period of use. The Association assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Association has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Association as Lessor

Leases wherein the Association substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Association's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Association's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the profit or loss.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Association and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Fund Balance

Assigned fund balance represents the amount set aside based on a certain percentage of net profit during the year which includes guaranty fund and funds assigned for members' benefit.

Free and unassigned fund balance includes all current and prior period results as disclosed in the statements of comprehensive income and net of member's withdrawals.

Accumulated other comprehensive loss includes all the accumulated fair value changes in defined benefit obligation.

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Association's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Association's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

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

a. *Determination of ECL on Loans and Other Receivables*

   The Association uses a provision matrix to calculate ECL for loans and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

   The provision matrix is based on the Association's historical observed default rates. The Association's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

b. *Evaluation of Business Model Applied in Managing Financial Instruments*

   The Association developed business models which reflect how it manages its portfolio of financial instruments. The Association's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Association) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of an individual financial instrument).

   In determining the classification of a financial instrument under PFRS 9, the Association evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Association (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Association's investment and trading strategies.

c. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets, the Association assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Association assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows).

If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Association considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, the standard emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Association considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Association can explain the reasons for those sales and why those sales do not reflect a change in the Association's objective for the business model.

d. *Distinction Between Investment Properties and Owner-managed Properties*

The Association determines whether a property qualifies as an investment property. In making its judgment, the Association 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.

e. *Determination of Timing of Satisfaction of Performance Obligations*

The Association determines that its revenue from services shall be recognized over time. In making its judgment, the Association considers the timing of receipt and consumption of benefits provided by the Association to the borrowers or customers.

In determining the best method of measuring the progress of the Association's rendering of services, management considers the output method, which uses direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised as a basis in recognizing revenues. Such measurements include results of performance completed to date, the time elapsed, and appraisals of milestones reached or activities already performed.

f. Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of the premises/offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Association pre-terminate the contract, and (b) if any leasehold improvements are expected to have significant remaining value, the Association is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Association considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Association included the renewal period as part of the lease term due to the significance of these assets to its operations. Some leases have a short, non-cancellable lease period and there will be a significant negative effect on Association's operation if a replacement is not readily available.

The lease term is reassessed if an option is actually exercised or not exercised, or the Association becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Association.

g. Evaluating Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 3 above and disclosures on relevant provisions and contingencies are presented in Note 25.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

The carrying value of loans and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 7.

b. *Estimation of Impairment of Financial Assets*

The Association reviews its financial assets to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Association makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial asset or a portfolio of similar financial assets. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or issuers in a group or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The total impairment losses on financial assets recognized in profit or loss is presented in Note 7.

c. *Fair Value Measurement of Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Fair value loss of P18,958,863 in 2022 and P4,559,664 in 2021 on financial assets at fair value through profit and loss was reported in the statements of comprehensive income *(see Note 9).*

The fair values of the Association's financial instruments are disclosed in Note 27.

d. *Estimation of Useful Lives of Property and Equipment and Investment Property Except Land*

The Association estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are 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.

The carrying amounts of property and equipment and investment property are analyzed in Note 12 and 13. Based on management's assessment as at December 31, 2022 and 2021, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

e. Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

f. Valuation of Post-employment Defined Benefit Obligation

The determination of the Association's obligation and cost of post-employment is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 and include, among others, discount rates, expected rate of return on plan assets and expected rate of salary increases. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of the post-employment benefit as well as the significant assumptions used in estimating such obligation are presented in Note 22.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	2022	2021
Cash in banks	P 156,815,763	P 193,512,155
Short-term placements	28,262,523	19,425,017
	P 185,078,286	P 212,937,172

Cash in banks generally earns interest at rates based on daily banks deposit rates. Short-term placements are made for varying periods between 30 to 90 days and earn effective annual interest ranging from 0.50% to 1.125% in 2022 and 2021.

The interest earned on cash in banks and short-term placements amounted to P297,802 in 2022 and P530,963 in 2021 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive income.

6. SHORT-TERM AND LONG-TERM FINANCIAL ASSETS

These accounts are presented as follows:

	2022	2021
Short-term investments	P 76,577,126	P 77,029,027
Long-term investments	69,664,856	52,664,856
	P 146,241,982	P 129,693,883

Short-term financial assets are time deposits with original maturities of more than three months but less than one year. Deposits with original maturities of more than one year are classified as long-term financial assets. These financial assets bear an annual effective interest ranging from 0.50% to 6.20% in 2022 and 2021.

Long-term investments include time deposits that were set aside as guarantee fund reserves in compliance with the Association's registration as a mutual benefit association *(see Note 21).*

The interest earned on these investments amounted to P7,976,905 in 2022 and P10,677,916 in 2021 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive income.

7. LOANS AND OTHER RECEIVABLES

The details of this account are shown below:

	2022	2021
Consumption loans	P 267,363,552	P 296,033,087
Accrued interest income	44,579,332	50,215,264
Accounts receivable	3,471,252	8,428,367
	315,414,136	354,676,718
Allowance for impairment losses	(19,733,543)	(16,433,543)
	P 295,680,593	P 338,243,175

In the statements of financial position, these are presented as follows:

	2022	2021
Current	P 235,389,048	P 258,723,297
Non-current	60,291,545	79,519,878
	P 295,680,593	P 338,243,175

The Association grants loans ranging from P800 to P10,000,000 in 2022 and 2021, with annual effective interest rates ranging from 3% to 16% in both years. The credit terms on loans ranges from 3 months to 10 years.

The interest received on loans and other receivables amounted to P19,390,511 in 2022 and P20,404,785 in 2021 and are presented as Interest on loans in the statements of comprehensive income.

Accounts receivable pertains to unremitted collections and receivable to borrowers who reacquired their previously foreclosed properties.

The Association collects service fees at 3% of loans granted. Service fees amounted to P5,242,727 and P5,405,264 in 2022 and 2021, respectively, and presented as Services charges and fees in the statements of comprehensive income.

Past due loans amounted to P111,600,313 and P84,489,991 as at December 31, 2022 and 2021, respectively.

The movements in the allowance for impairment losses in loans receivables are as follows:

	2022	2021
Balance at beginning of year	P 16,433,543	P 13,133,543
Impairment losses for the year *(see Note 19)*	3,300,000	3,300,000
Balance at end of year	P 19,733,543	P 16,433,543

An analysis of changes in the gross carrying amount of consumption loans and the corresponding ECL allowances follows:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amounts as at January 1, 2022	P 211,543,096	P 68,056,448	P 16,433,543	P 296,033,087
New assets originated	-		3,300,000	
Assets derecognized or prepaid	(36,284,575)	-	-	(36,284,575)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(5,698,117)	(35,789,201)	45,802,358	-
Gross carrying amounts as December 31, 2022	P 169,560,404	P 32,267,247	P 65,535,901	P 267,363,552
ECL allowance as at January 1, 2022	P 9,284,163	P 389,629	P 6,759,751	P 16,433,543
Provision for credit losses	-	-	3,300,000	3,300,000
ECL allowance as at December 31, 2022	P 9,284,163	P 389,629	P 10,059,751	P 19,733,543

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at January 1, 2021	P 260,379,554	P 36,563,772	P 13,133,543	P 310,076,869
New assets originated	-	31,492,676	3,300,000	34,792,676
Assets derecognized or prepaid	(48,836,458)	-	-	(48,836,458)
Gross carrying amounts as December 31, 2021	P 211,543,096	P 68,056,448	P 16,433,543	P 296,033,087
ECL allowance as at January 1, 2021	P 9,284,163	P 389,629	P 3,459,751	P 13,133,543
Provision for credit losses	-	-	3,300,000	3,300,000
ECL allowance as at December 31, 2021	P 9,284,163	P 389,629	P 6,759,751	P 16,433,543

8. FINANCIAL ASSETS AT AMORTIZED COST

This account pertains to government treasury bills (T-bills) amounting to P31,739,555 and P45,921,024 as at December 31, 2022 and 2021, respectively. The T-bills consist of 176-day, 364-day and 366-day terms that bears interest ranging from 1.405% to 5.875% in 2022 and 1.147% to 1.440% in 2021. The interest earned on this financial asset amounted to P713,812 in 2022 and P317,714 in 2021 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive income.

The Associations financial assets at amortized cost have been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses need to be recognized for 2022 and 2021.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account comprises of investment securities as follows:

	2022	2021
Equity securities under Investment Management Agreement (IMA)	P 146,876,731	P 113,417,873
Mutual funds	79,324,891	78,186,474
Quoted equity securities	60,840,965	70,820,401
Bonds	28,511,853	33,419,926
	P 315,554,440	P 295,844,674

The reconciliation of the carrying amounts of these financial assets at FVTPL is as follows:

	2022	2021
Balance at beginning of year	P 295,844,674	P 285,416,597
Additions	60,269,732	93,816,089
Disposals	(21,601,103)	(78,828,348)
Fair value loss - net	(18,958,863)	(4,559,664)
Balance at end of year	P 315,554,440	P 295,844,674

In 2022 and 2021, the Association recognized gain from disposal of financial assets at FVTPL amounting to P1,434,831 and P5,906,225, respectively. These are presented as Gain on sale of financial assets at fair value through profit or loss in the statements of comprehensive income.

The acquisition cost and accumulated fair value gain or loss of these financial assets at FVTPL are presented below:

	Acquisition Cost	Fair Market Value	Accumulated Fair Value Gain or Loss
December 31, 2022			
Mutual funds	P 44,000,000	P 79,324,891	P 35,324,891
Quoted equity securities	90,871,097	60,840,965	(30,030,132)
Equity securities under IMA	175,144,673	146,876,731	(28,267,942)
Bonds	28,830,000	28,511,853	(318,147)
	P 338,845,770	P 315,554,440	(P 23,291,330)

		Acquisition Cost		Fair Market Value		Accumulated Fair Value Gain or Loss
December 31, 2021						
Mutual funds	P	75,758,056	P	78,186,474	P	2,428,418
Quoted equity securities		93,322,415		70,820,401	(	22,502,014)
Equity securities under IMA		111,229,970		113,417,873		2,187,903
Bonds		32,900,000		33,419,926		519,926
	P	313,210,441	P	295,844,674	(P	17,365,767)

Quoted equity securities consist of investments in companies listed in the Philippine Stock Exchange. The fair values of listed equity securities have been determined directly by reference to published prices in active markets.

Equity securities under Investment Management Agreement (IMA) consist of bonds, note placements and shares of listed companies managed by several local banks.

The fair values of mutual funds, UITF, bonds and equity securities under IMA have been determined directly by reference to published prices in active markets.

10. OTHER FINANCIAL ASSETS

This account pertains to available funds for stock investments amounting to P3,573,591 as at December 31, 2022.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This account consists of the following treasury bonds and unquoted securities:

		2022		2021
Corporate bonds				
20-year treasury bonds	P	7,000,000	P	7,000,000
10-year treasury bonds		5,000,000		5,000,000
5-year treasury bonds		42,125,000		20,125,000
Treasury bonds				
3-year treasury bonds		28,025,000		18,025,000
Unquoted equity securities		500,000		500,000
	P	82,650,000	P	50,650,000

Treasury bonds bear interest ranging from 1.375% to 5.875% in 2022 and 2021. These treasury bonds include investments that were set aside as guarantee fund reserves in compliance with the Association's registration as a mutual benefit association *(see Note 21)*.

The interest earned on those investments amounted to P4,782,357 in 2022 and P949,600 in 2021 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive income.

Unquoted equity security consists of investment in a non-stock association.The fair values of unquoted equity securities are neither readily available nor is there an alternative basis for deriving a reasonable valuation as of reporting date. Management believes that no impairment should be recognized with this investment.

The Associations financial assets at fair value through other comprehensive income have been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on these investments need to be recognized for 2022 and 2021.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2022 and 2021 are shown below:

	Building and Improvements	Transportation Equipment	Furniture Fixtures and Equipment	Land	Total
December 31, 2022					
Cost	P 12,311,779	P 10,511,321	P 8,485,648	P 6,182,137	P 37,490,885
Accumulated depreciation	(7,286,530)	(8,675,274)	(7,895,966)	-	(23,857,770)
Net carrying amount	P 5,025,249	P 1,836,047	P 589,682	P 6,182,137	P 13,633,115
December 31, 2021					
Cost	P 12,311,779	P 10,511,321	P 8,246,946	P 6,182,137	P 37,252,183
Accumulated depreciation	(6,873,776)	(7,994,534)	(7,419,577)	-	(22,287,887)
Net carrying amount	P 5,438,003	P 2,516,787	P 827,369	P 6,182,137	P 14,964,296
January 1, 2021					
Cost	P 12,311,779	P 8,007,621	P 7,647,662	P 6,182,137	P 34,149,199
Accumulated depreciation	(6,461,023)	(7,488,196)	(6,907,899)	-	(20,857,118)
Net carrying amount	P 5,850,756	P 519,425	P 739,763	P 6,182,137	P 13,292,081

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below:

	Building and Improvements	Transportation Equipment	Furniture Fixtures and Equipment	Land	Total
Balance at January 1, 2022, net of accumulated depreciation	P 5,438,003	P 2,516,787	P 827,369	P 6,182,137	P 14,964,296
Additions	-	-	238,702	-	238,702
Depreciation charges for the year *(see Note 17)*	(412,754)	(680,740)	(476,389)	-	(1,569,883)
Balance at December 31, 2022, net of accumulated depreciation	P 5,025,249	P 1,836,047	P 588,682	P 6,182,137	P 13,633,115
Balance at January 1, 2021, net of accumulated depreciation	P 5,850,756	P 519,425	P 739,763	P 6,182,137	P 13,292,081
Additions	-	2,503,700	599,284	-	3,102,984
Depreciation charge for the year *(see Note 17)*	(412,753)	(506,338)	(511,678)	-	(1,430,769)
Balance at December 31, 2021, net of accumulated depreciation	P 5,438,003	P 2,516,787	P 827,369	P 6,182,137	P 14,964,296

As at December 31, 2022 and 2021, the management believes that there is no indication of impairment and that the carrying value of the property and equipment can be recovered through use in operations.

In addition, no property and equipment pledged as security or collateral for liabilities for both years.

13. INVESTMENT PROPERTY

The Association's investment property pertains to the portion of the land and land improvements held for sale and lease and real properties acquired in satisfaction of unsettled debts. The Association currently holds these acquired assets for purposes of capital appreciation and continues to value its properties using the cost model.

The breakdown of this account is as follows:

	2022	2021
Land and land improvements held for sale and lease	**P 59,711,299**	P 61,360,931
Real properties acquired	**16,301,471**	14,231,632
	P 76,012,770	P 75,592,563

The gross carrying amounts and the accumulated depreciation of investment property are shown below:

	Land	Land Improvements	Total
December 31, 2022			
Cost	P 75,842,563	P 265,547	P 76,108,110
Accumulated depreciation	-	(95,340)	(95,340)
Net carrying amount	P 75,842,563	P 170,207	P 76,012,770
December 31, 2021			
Cost	P 75,422,356	P 265,547	P 75,687,903
Accumulated depreciation	-	(95,340)	(95,340)
Net carrying amount	P 75,422,356	P 170,207	P 75,592,563
January 1, 2021			
Cost	P 78,125,553	P 265,547	P 78,391,100
Accumulated depreciation	-	(81,720)	(81,720)
Net carrying amount	P 78,125,553	P 183,827	P 78,309,380

The reconciliations of the carrying amounts at the beginning and end of 2022 and 2021, of investment property, are shown below:

	Land	Land Improvements	Total
Balance at January 1, 2022, net of accumulated depreciation	P 75,422,356	P 170,207	P 75,592,563
Additions	2,923,852	-	2,923,852
Disposals	(2,503,645)	-	(2,503,645)
Depreciation charges for the year *(see Note 17)*	-	-	-
Balance at December 31, 2022, net of accumulated depreciation	P 75,842,563	P 170,207	P 76,012,770
Balance at January 1, 2021, net of accumulated depreciation	P 78,125,553	P 183,827	P 78,309,380
Additions	854,014	-	854,014
Disposals	(2,182,211)	-	(2,182,211)
Adjustments	(1,375,000)	-	(1,375,000)
Depreciation charges for the year *(see Note 17)*	-	(13,620)	(13,620)
Balance at December 31, 2021, net of accumulated depreciation	P 75,422,356	P 170,207	P 75,592,563

The Association recognized a gain on sale of investment property amounting to P2,215,536 in 2022 and P8,218,832 in 2021 *(see Note 19)* and is presented as part of Other income under miscellaneous in the statements of comprehensive income.

The fair value information of the investment property as at December 31, 2022 and 2021 cannot be determined reliably primarily because comparable market transactions were infrequent and alternative reliable estimates of fair value based on discounted cash flow projections were not available as at the financial reporting date. However, management believes that there is no indication of impairment on an investment property based on fair value measurement derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations.

In addition, no investment property pledged as security or collateral for liabilities for both years.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2022	2021
Current:		
Accounts payable	P 8,163,938	P 16,654,437
Accrued expenses	497,280	3,473,653
Due to government agencies	699,225	694,607
	P 9,360,443	P 20,822,697

	2022	2021
Non-Current:		
Advance deposit	P -	P 4,350

Accounts payable are non-interest bearing and are normally within 30 days to 120 days term. These are generally paid within 3 to 12 months after the end of the financial reporting period.

Accrued expenses pertain to accruals of various incurred expenses. These are expected to be settled within one to three months from the end of the financial reporting period.

Due to government agencies pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 10 to 15 days after the end of the financial reporting period.

Advance deposits are given by the lessee at the inception of the lease agreement that will be refunded at the end of the lease agreement after all the valid claims have been cleared.

15. LIABILITY ON INDIVIDUAL EQUITY VALUE

This account pertains to legal policy reserve which represents the amount set up by the Association to cover future benefit payments to members based on the amounts recommended by an independent actuary accredited by the Insurance Commission dated April 18, 2023 and April 8, 2022 as at December 31, 2022 and 2021, respectively.

The movement of liability on individual equity value is presented below:

	2022	2021
Balance at beginning of year	**P 678,771,251**	P 710,178,628
Collections of equity participation during the year *(see Note 19)*	**113,686,749**	131,718,587
Withdrawals from equity participation during the year	**(56,880,761)**	(112,071,867)
Withdrawals of delisted accounts *(see Note 19)*	**(366,576)**	(4,537,409)
Reclassification to other benefits on basic policies *(Note 31)*	**(35,467,374)**	(46,516,688)
Balance at end of year	**P 699,743,289**	P 678,771,251

16. BASIC CONTINGENT BENEFIT RESERVE

This account represents the amount set up by the Association as insurance premium reserves based on 50% of the total insurance collected from the members to cover any insurance claim by the members.

The account is broken down as follows:

	2022	2021
Insurance fund collateral	P 2,983,788	P 2,677,884
Multiply by 50%	50%	50%
	P 1,491,894	P 1,338,942

The movements of this account are as follows:

	2022	2021
Balance at beginning of year	P 1,338,942	P 1,294,455
Additional reserves *(see Note 19)*	152,952	44,487
Balance at end of year	P 1,491,894	P 1,338,942

17. OTHER BENEFITS ON BASIC POLICIES

This account pertains to individual equity value of plans with zero basic benefit amounting to P35,467,374 and P46,516,688 as at December 31, 2022 and 2021.

18. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This represents benefit claims on membership certificates filed or reported to the Association but not yet paid as at December 31, 2022 and 2021.

The account is broken down as follows:

	2022	2021
Claims payable on basic contingent benefit - due and unpaid	P 1,440,000	P 2,115,000
Claims payable on basic contingent benefit - Incurred but not yet Reported (IBNR)	1,005,000	1,010,000
	P 2,445,000	P 3,125,000

Claims payable on basic contingent benefit - due and unpaid pertain to the sum of the individual claims that are due and have already been approved for payment but have not actually been paid. This includes checks already issued to beneficiaries but not yet released as of the end of the accounting period.

Claims payable on basic contingent benefit - Incurred but not yet Reported (IBNR) pertains to the sum of the individual claims that have already occurred but on which notice has not yet been received by the Association. This estimate takes into account any policy reserve liability set up by the Association and any amount recoverable from reinsurers.

19. OTHER BENEFITS ON BASIC POLICIES

This account pertains to individual equity value of plans with zero basic benefit amounting to P35,467,374 and P46,516,688 as at December 31, 2022 and 2021.

20. EXPENSES AND OTHER INCOME

Expenses

This account consists of the following:

	2022	2021
Allocation for liability on individual equity value *(see Note 15)*	P 113,686,749	P 131,718,587
Salaries, wages and benefits *(see Note 23)*	14,786,109	21,914,414
Insurance claims	11,280,000	16,780,000
Transportation and travel	5,283,930	4,864,547
Impairment losses *(see Note 7)*	3,300,000	3,300,000
Meetings and conferences	2,292,274	2,289,221
Depreciation *(see Notes 12 and 13)*	1,569,883	1,444,389
Administrative expenses	1,336,826	1,078,420
Stationery and office supplies	1,221,828	1,163,132
Commission	1,108,892	56,094
Utilities	671,693	588,055
Marketing expense	577,194	290,282
Professional fees	551,110	552,624
Taxes and licenses *(see Note 32)*	526,515	532,809
Contractors fees	414,753	98,675
Repairs and maintenance	297,042	307,828
Communication	280,682	531,325
Increase in reserve for basic contingent benefit *(see Note 16)*	152,952	44,487
Miscellaneous	4,733,378	3,761,112
	P 164,071,810	P 191,316,001

These expenses are classified in the statements of comprehensive income as follows:

	2022	2021
Allocation for liability on individual equity value	P 113,686,749	P 131,718,587
Operating expenses	38,952,109	42,772,927
Benefit expenses	11,280,000	16,780,000
Increase in reserve for basic contingent benefit	152,952	44,487
	P 164,071,810	P 191,316,001

Allocation for liability on individual equity value represents the net change in the liability on individual equity value for the current period.

Increase in reserve for basic contingent benefit represents the net change in the reserve for the basic benefit for the current period.

Benefit expenses pertain to all costs incurred that are directly related to the provision of insurance services to its members.

Other Income

This account consists of the following:

	2022	2021
Gain on sale of investment property *(see Note 13)*	P 2,215,536	P 8,218,832
Rental income *(see Note 25)*	1,630,818	2,314,661
Penalties	1,612,609	544,968
Income from delisted accounts	1,410,100	10,409,925
Others	3,786,024	5,927,337
	P 10,655,087	P 27,415,723

Income from delisted accounts pertains to recovery from unclaimed accounts of members withdrew from the Association. This account is broken downs as follows:

	2022	2021
Recovery from tagged earnings from Free and Unassigned Fund Balance	P 1,043,524	P 5,872,516
Recovery from Liability on Individual Equity Value *(see Note 15)*	366,576	4,537,409
	P 1,410,100	P 10,409,925

21. MEMBERS' CONTRIBUTIONS

The Association collects monthly contributions from members ranging from P100 to P20,000 depending on the mode of payments and insurance cover which forms the revenues in the statements of comprehensive income.

The member's contributions were allocated as follows:

	2022	2021
Liability on individual equity value	P 113,686,749	P 131,718,587
Insurance fund	33,636,399	31,652,106
General fund	15,482,852	13,275,046
Guaranty fund	7,765,823	8,588,621
Member's benefit	3,889,942	3,909,024
Reserve for Basic Contingent Benefit	152,952	44,487
	P 174,614,717	P 189,187,871

Members can only withdraw the contributed equity upon the termination of membership in the Association. A portion of members' equity is transferred to the general fund when members fail to remit their monthly loan contributions. Members whose equity is less than the members' outstanding loan balance are reclassified as non-members. The total withdrawals from the Association amounted to P152,412,878 in 2022 and P147,593,056 in 2021.

Membership fees are recorded as revenues and are shown as Membership fees in the statements of comprehensive income. Membership fees amounted to P825,550 and P907,850 in 2022 and 2021, respectively.

As at December 31, 2022, and 2021, the Association has a total of 116,141 and 127,027 members, respectively.

22. FUND BALANCE

Assigned Fund Balance

This account consists of the following:

	2022	2021
Guaranty fund	P 44,000,000	P 44,000,000
Funds assigned for members' benefit	30,036,542	79,111,971
	P 74,036,542	P 123,111,971

Guaranty Fund

Guaranty fund is a restricted and set aside fund in compliance with the Insurance Memorandum Circular (MC) No. 2-2006 required to mutual benefit associations. All existing mutual benefit associations must have a Guaranty fund of P12,500,000. As at December 31, 2022 and 2021, the Association complied with the aforementioned memorandum circular.

The Association shall deposit with the Insurance Commission the amount of Guaranty Fund required in cash or in government securities with a total value equal to such amount. The Association's Guaranty fund were deposited under Investment Services Division as follows:

	2022	2021
Time deposits	P 22,000,000	P 22,000,000
Retail treasury bills	22,000,000	22,000,000
	P 44,000,000	P 44,000,000

Movement of this account follows:

	2022	2021
Balance at beginning of the year	P 44,000,000	P 49,000,000
Withdrawal of fund during the year	-	(5,000,000)
Additions during the year	-	-
Balance at end of year	P 44,000,000	P 44,000,000

Funds Assigned for Members' Benefit

Funds assigned for members' benefit pertain to assigned fund for an incremental benefit for individual equity value. This is a portion of the net surplus set aside by the Association as additional benefits to its members computed proportionately on their Individual Equity Value. This assigned fund is withdrawable upon the termination of membership from the Association.
Movement of this account follows:

	2022	2021
Balance at beginning of year	P 79,111,971	P 47,737,576
Appropriation during the year	-	50,734,534
Withdrawals during the year	(49,075,420)	(19,360,139)
Balance at end of year	P 30,036,542	P 79,111,971

On March 19, 2021 the Insurance Commission verified that the Association has an additional excess Free and Unassigned Fund Balance amounting to P10,911,949 from 2019 Annual Statement of the Association.

Based on IC verification of the 2929 Annual Statement, the Association has an excess of Free and Unassigned Balance with the total amount of P28,910,636. In 2022, the Board of Trusteed approved the distribution of the excess with the total of P50,734,534 to members through assigned fund for on incremental benefits of individual equity value.

Accumulated Other Comprehensive Loss

This account pertains to loss on remeasurements of retirement benefit obligation. The movement of this account follows:

	2022	2021
Balance at beginning of year	P 7,198,362	P 7,309,310
Actuarial gain for the year *(see Note 23)*	(6,986,802)	(110,948)
Balance at end of year	P 211,560	P 7,198,362

Free and Unassigned Fund Balance

Free and unassigned fund balance of a mutual benefit association shall only maintain not more than 20% of its total liabilities as verified by the Insurance Commission.

As at December 31, 2022, the Association exceeded with the amount that should be maintained pursuant to Insurance Commission (IC) Circular Letter (CL) No. 2015-46 and Section 408 of Republic Act No. 10607. The excess is computed as follows:

Total Liabilities	P 748,534,584
Multiply by	20%
Limit	149,706,917
Free and Unassigned Fund Balance, net of Non-Admitted Assets	227,320,875
Excess	P 77,613,958

The computed excess is still for verification of IC for mandatory distribution of the Association to its members.

23. RELATED PARTY TRANSACTIONS

The Association's related parties include the Association's employees, directors, officers, stockholders and related interest (DOSRI) and key management personnel.

The summary of the Association's transactions and outstanding balances with the related parties follows:

	2022		2021		
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Condition
DOSRI					
Loans and interest	(P 804,766)	P 7,575,458	P 1,887,694	P 8,380,224	Interest bearing ranging 5% to 16% payable in 3 years, unsecured, no impairment loss
Key management personnel					
Compensation	P 5,949,184	P -	P 5,813,552	P -	

Loans and Receivables with Related Parties

In the ordinary course of business, the Association has loans and other transactions with its members, including officers and employees of the Association (hereinafter referred to as related parties). Under the Association's policy, these loans and other transactions are made substantially on the same terms as with other members.

The movement of these loans to related parties is presented below:

	2022	2021
Balance at beginning of year	P 8,380,224	P 6,492,530
Releases during the year	3,063,500	7,037,398
Collections during the year	(3,868,266)	(5,149,704)
Balance at end of year	P 7,575,458	P 8,380,224

Key Management Personnel Compensation

The compensation of key management is composed of salaries and wages amounting to P5,949,184 in 2022 and P5,813,552 in 2021. Key management includes general manager and higher positions.

24. SALARIES, WAGES, AND BENEFITS

Salaries and Employee Benefit Expense

Expenses recognized for salaries and employee benefits are presented below:

	2022	2021
Salaries and wages	P 11,200,373	P 11,437,201
Employees welfare and benefits	1,757,512	6,082,648
Social security costs	1,003,502	965,885
Retirement costs	514,722	3,093,680
Allowance and honorarium	310,000	335,000
	P 14,786,109	P 21,914,414

Retirement Benefit Obligation

a. Characteristics of the Retirement Benefit Obligation

The Association has a tax- qualified, non-contributory retirement plan as at December 31, 2021.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for early retirement at age 50 with a minimum of 10 years of credited service and late retirement after age 60, both subject to the approval of the Association's Board of Trustees.

The normal retirement benefit is an amount equivalent to final salary for every year of credited service in accordance with the following schedule:

Years of Service	Percentage
0-4	0%
5-9	50%
10-14	100%
15-19	150%
20-24	200%
25-over	250%

On November 24, 2022, the Board of Trustees approved the termination of the abovementioned retirement plan and set up a new retirement plan based on the provisions of Republic Act No. 7641, *Retirement Pay Law*. The shift to the new retirement plan will take effect on January 1, 2022. The earned retirement benefits/separation pay of all existing qualified and non-qualified employees were computed based on the old package and distributed/paid to employees in December 2022.

All employees were re-hired on January 1, 2022, and future normal retirement benefits will be an amount equivalent to the final salary for every year of credited service in accordance with the following schedule:

a. One-half (1/2) month's salary for every year of service, a fraction of at least six (6) months being considered as one year.

b. The term one-half (1/2) month's salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month's pay and cash equivalent of not more than five (5) days of service incentive leaves.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for early retirement at age 50 with a minimum of 10 years of credited service. No employment shall continue beyond normal retirement.

The new retirement plan (2022 PFMBAI Employee Retirement Plan) is a non-contributory but not tax-qualified retirement plan.

Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the Plan.

In accordance with the provisions of the Bureau of Internal Revenue Regulations No. 1-68 for formal, tax-qualified retirement plans, it is required, among others, that the Retirement Fund be administered by a trust (trusteed); that forfeitures arising for any reason shall not be applied to increase the benefits under the Plan but shall instead be retained in the Retirement Fund and be used as soon as possible to reduce the Association's future contributions; and that the corpus or income of the Retirement Fund must at no time be used for, or diverted to, any purpose other than for the exclusive benefit of the Plan members (non-diversion of funds).

The Retirement Plan Trustee, as appointed by the Association in the Trust Agreement executed between the Association and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund.

As the administrator of the Retirement Plan, the Retirement Plan Trustee (rather than the Association) is responsible for the ultimate control, disposition, or management of the money received or contributed.

There are no unusual or significant risks to which the Plan exposes the Association. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Association to the Retirement Fund.

a. Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented in 2022 and 2021 are based on the actuarial valuation report obtained from an independent actuary on March 03, 2023 and January 18, 2022.

The amounts of retirement benefit obligation recognized in the statements of financial position are as follows:

	2022	2021
Present value of the obligation	P 404,523	P 25,849,283
Fair value of plan assets	(2,549,664)	(18,305,588)
Retirement benefit obligation (asset)	(P 2,145,141)	P 7,543,695

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2022	2021
Balance at beginning of year	P -	P 23,443,891
Current service cost	514,722	1,876,087
Interest cost		897,121
Actuarial gain	(110,469)	(367,816)
Balance at end of year	P 404,523	P 25,849,283

The movements in the fair value of plan assets are presented below:

	2022	2021
Balance at beginning of year	P -	P 15,915,168
Contributions	2,549,664	2,000,000
Actual return	-	390,420
Balance at end of year	P 2,549,664	P 18,305,588

	2022	2021
Actual return	P -	P 390,420
Expected return	-	(649,288)
Loss on assets	P -	(P 258,868)

As mentioned above, the existing retirement plan was terminated and a new plan took effect on January 1, 2022. The earned retirement benefits of qualified and non-qualified employees were paid as at December 31, 2022. The movement of the previous retirement fund as at December 31, 2022 is as follows:

Balance at beginning of year	P 18,300,786
Interest earned	266,620
Contributions during the year	4,900,000
Benefits paid/withdrawals	(20,917,742)
Balance at end of year	P 2,549,664

The remaining balance of the retirement fund for the old retirement plan after payment of the earned retirement benefits was at the same time contributed to the retirement fund of the new retirement plan (2022 PFMBAI Employee Retirement Plan). Both retirement plans were managed by a trustee bank.

The fair value of plan assets at the end of the reporting period is composed of cash and cash equivalents amounting to P2,549,664 and P18,305,588 as December 31, 2022 and 2021, respectively.

The fair values of the above equity and debt securities are determined based on the quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not compromise any of the Association's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the retirement benefit obligation are as follows:

	2022	2021
Reported in profit or loss:		
Current service costs	P 514,722	P 3,093,680
Reported in other comprehensive income-		
Actuarial gain	(P 7,198,362)	(P 110,948)

Current service and interest cost is allocated and presented as part of operating expenses in the statement of profit or loss.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2022	2021
Discount rates	7.16%	4.94%
Expected rate of salary increases	3%	5.00%

Assumptions regarding mortality are based on published statistics and mortality tables. The average age of the employees is 38.02 and 37.02 years in 2022 and 2021, respectively, while the average years of service are 1.00 and 9.88 in 2022 and 2021, respectively. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

b. Risks Associated with the Retirement Plan

The plan exposes the Association to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Interest Risk

The present value of the retirement benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation.

ii. Longevity and Salary Risks

The present value of the retirement benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

c. Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below:

Sensitivity Analysis

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefit obligation at the actuarial valuation report date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement, based on changes in the relevant assumption that were reasonably possible at the valuation date, while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the retirement benefit obligation.

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as at December 31:

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2022			
Discount rate	1%	P 358,649	(P 458,917)
Salary increase rate	1%	456,314	(360,042)
Withdrawal rate	10%	401,125	(407,406)
December 31, 2021			
Discount rate	1%	P 3,911,491	(P 3,258,860)
Salary increase rate	1%	3,606,822	(3,082,340)
Withdrawal rate	10%	236,641	(230,010)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial position.

25. TAX EXPENSE

The components of tax expense as reported in the statements of comprehensive revenues are presented below:

	2022	2021
Regular corporate income tax at 25%	P 407,705	P 578,665
Final tax at 20%	1,132,527	1,172,142
	P 1,540,232	P 1,750,807

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the Association's income from rental is subjected to regular income tax of 25% in both years.

In 2013, the Association donated computer equipment to Alexis G. Santos National High School, Masagana Public High School and Lolomboy National High School amounting to P164,350. Likewise, the Association donated computer equipment of P147,045 to San Gabriel Elementary School in 2012, science equipment package of P73,550 in 2011 to Turo Elementary School located in Bocaue, Bulacan and P80,000 in 2010 to Sta. Maria Elementary School located in Poblacion, Sta. Maria, Bulacan. Under the Memorandum of Agreement between the Association and Department of Education, the Association is entitled to tax incentives equivalent to the amount donated plus an additional 50% of the amount donated subject to approval by the Bureau of Internal Revenue (BIR) pursuant to Revenue Regulations No. 10-2003. The said donations are presented as part of Prepayments in the statement of financial position.

As at December 31, 2022, the Association is waiting for exemption certification from BIR in able for the Association to avail the tax incentives. The said exemption entitles the Association to full deductibility of donation and entitlement to a 50% additional deduction. The donation also exempts the Association from paying donors tax pursuant to R.A. 8525.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)

On March 26, 2021, Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Association:

a. Regular Corporate Income Tax (RCIT) rate was reduced starting July 1, 2020 from 30% to:

   - 20%, if total assets do not exceed P100 million (excluding land on which the particular business entity's office is situated), and with net taxable income not exceeding P5 million; or,

   - 25%, if the total assets and net taxable income discussed above are not met.

b. Reduction of minimum corporate income tax (MCIT) from 2% to 1% from July 1, 2020 to June 30, 2023.

c. The allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax, and,

d. Repeal of improperly accumulated earnings tax (IAET).

26. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Association:

Operating Lease – Association as Lessor

The Association is a lessor on various offices with terms ranging from one to ten years, with renewal options, and includes annual escalation rates of 10%. The future minimum lease payments receivable under these leases as at December 31 are as follows:

	2022	2021
Within one year	P 1,333,846	P 1,212,587
After one year but not more than five years	3,630,482	4,964,328
	P 4,964,328	P 6,176,915

Rental income recognized from these leases amounted to P1,630,818 in 2022 and P2,314,661 in 2021 and presented as part of Others under Revenues account in the statements of comprehensive income *(see Note 19)*.

Others

In the normal course of business, the Association makes various commitments and incurs certain contingent liabilities that are not given recognition in the Association's financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Association's financial statements.

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 25. The main types of risks are market risk, credit risk and liquidity risk.

The Association's risk management is coordinated with the Board of Trustees and focuses on actively securing the Association's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Association does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Association is exposed to are described below.

Market Risk

The Association is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Currency Sensitivity

The Association has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency.

b. Interest Rate Sensitivity

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is exposed only to changes in market interest rates through its cash and cash equivalents, short-term investments and Financial assets at amortized cost as there are no existing bank borrowings. All other financial assets (such as loans and other receivables) and financial liabilities (such as accounts payable and other liabilities) have fixed interest rates.

The table below illustrates the sensitivity of the Association's impact on profit or loss before tax and fund balance to a reasonably possible change in interest rates of +/- 1.82%and +/-1.90% in 2022 and 2021, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end each reporting period that are sensitive to changes interest rates. All other variables are held constant.

	2022		2021	
	+1.82	-1.82	+1.90	-1.90
Impact on profit or loss	P 14,021,506	(P14,021,506)	P 12,713,241	(P 12,713,241)
Impact on equity	11,217,205	(11,217,205)	10,170,593	(10,170,593)

c. *Other Price Risk Sensitivity*

The Association's market price risk arises from its investments carried at fair value through profit or loss. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments. For these securities, average volatility of 23% has been observed in both years. If quoted price for these securities increased or decreased by that amount, profit before tax would have changed by P330,011 in 2022 and P1,358,432 in 2021.

These investments are considered long-term strategic investments. No specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity investments are utilized in the Association's favor.

Credit Risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by granting loans and receivables to borrowers, placing deposits and investments in bonds.

An analysis of the maximum exposure to credit risk, net of allowance for credit and impairment losses, to credit risk exposures before taking into account any collateral held or other credit enhancements for the components of the statements of financial position is shown below:

	2022	2021
Cash and cash equivalents	P 185,078,286	P 212,937,172
Short-term financial assets	76,577,126	77,029,027
Long-term financial assets	69,664,856	52,664,856
Loans and other receivables	295,680,593	338,243,175
Financial assets at Amortized cost	31,739,555	45,921,024
Financial assets at FVTPL	315,554,440	295,844,674
Financial assets at FVOCI	82,650,000	50,650,000
Other financial asset	3,573,591	-
	P 1,060,518,447	P 1,073,289,928

The following tables show the credit quality of financial assets by class (gross of allowance) of the Association:

	2022					
	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due But Not Yet Impaired	Impaired	Total
Cash and cash equivalents	P 185,078,286	P -	P -	P -	P -	P 185,078,286
Short-term financial assets	76,577,126	-	-	-	-	76,577,126
Long-term financial assets	69,664,856	-	-	-	-	69,664,856
Financial assets at amortized cost	31,739,555	-	-	-	-	31,739,555
Financial assets at FVTPL	315,554,440	-	-	-	-	315,554,440
Financial assets at FVOCI	50,650,000	-	-	-	-	50,650,000
Other financial asset	3,573,591	-	-	-	-	3,573,591
Loans and receivables:						
Consumption loans	-	227,896,466	-	-	19,733,543	247,630,009
Accrued interest income	-	44,579,332	-	-	-	44,579,332
Accounts receivable	-	3,471,252	-	-	-	3,471,252
	P732,837,854	P 275,947,050	P -	P	P 19,733,543	P1,028,518,447

	2021					
	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due But Not Yet Impaired	Impaired	Total
Cash and cash equivalents	P 212,937,172	P -	P -	P -	P -	P 212,937,172
Short-term financial assets	77,029,027	-	-	-	-	77,029,027
Long-term financial assets	52,664,856	-	-	-	-	52,664,856
Financial assets at amortized cost	45,291,024	-	-	-	-	45,291,024
Financial assets at FVTPL	295,844,674	-	-	-	-	295,844,674
Financial assets at FVOCI	50,650,000	-	-	-	-	50,650,000
Loans and receivables:						
Consumption loans	-	195,109,553	-	68,056,448	16,433,543	279,599,544
Accrued interest income	-	50,215,264	-	-	-	50,215,264
Accounts receivable	-	8,428,367	-	-	-	8,428,367
	P734,416,753	P 253,753,184	P -	P 68,056,448	P 16,433,543	P1,072,659,928

The succeeding tables show the aging analysis of past-due loans and other receivables but not yet impaired. Under PFRS, a financial asset is past due when the counterparty has failed to make a payment when contractually due.

	2022					
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Loans and receivables:						
Consumption	P	P -	P -	P -	P -	P

	2021					
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Loans and receivables:						
Consumption	P 68,056,448	P -	P -	P -	P -	P 68,056,448

The Association's management considers the net amount of the above financial assets that are not impaired or past due for each reporting date are of good credit quality. The bases in grading the Association's financial assets are as follows:

1. *High Grade*

   These are financial assets that have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable.

2. *Standard Grade*

   These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with the experience of default.

3. *Substandard Grade*

   These are receivables where the counterparty has the experience of default and probability of turning past due in the near future and/or are already past due.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Association's inability to meet its obligations when they fall due without incurring unacceptable losses or costs.

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day-to-day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.

The tables below summarize the maturity profile of the Association's financial instruments:

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial Assets:					
Cash and cash equivalents	P156,815,763.	P 28,262,523	P -	P -	P 185,078,286
Short-term financial assets	-	-	76,577,126	-	76,577,126
Long-term financial assets	-	-	-	69,664,856	69,664,856
Financial assets at Amortized cost	-	-	31,739,555	-	31,739,555
Financial assets at FVTPL	315,554,440 -	-	-	-	315,554,440
Financial assets at FVOCI	-	-	-	82,650,000	82,650,000
Other current financial asset	3,573,591	-	-	-	3,573,591
Loans and receivables - gross	113,586,485	32,267,247	109,268,859	60,291,545	315,414,136
	589,530,279	60,529,770	217,585,540	212,606,401	1,080,251,990
Financial liabilities:					
Accounts payable and other liabilities	P 9,360,443	-	-	-	P 9,360,443
Liability on individual equity value	699,743,289	-	-	-	699,743,289
Claims payable on basic contingent benefit	2,445,000	-	-	-	2,445,000
Basic contingent benefit reserve	1,491,894	-	-	-	1,491,894
	748,508,000	-	-	-	748,508,000
Cumulative gap	(P 158,977,721)	P 60,529,770	P 217,585,540	P 212,606,401	P 331,743,990

	2021				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial Assets:					
Cash and cash equivalents	P193,512,155	P 19,425,017	P -	P -	P 212,937,172
Short-term financial assets	-	-	77,029,027	-	77,029,027
Long-term financial assets	-	-	-	52,664,856	52,664,856
Financial assets at Amortized cost	-	-	45,291,024	-	45,291,024
Financial assets at FVTPL	295,844,674	-	-	-	295,844,674
Financial assets at FVOCI	-	-	-	50,650,000	50,650,000
Loans and receivables - gross	119,924,603	45,278,958	96,544,914	92,928,243	354,676,718
	609,281,432	64,703,975	218,864,965	196,243,099	1,089,093,471
Financial liabilities:					
Accounts payable and other liabilities	P 20,822,697	-	-	4,350	P 20,827,047
Liability on individual equity value	678,771,251	-	-	-	678,771,251
Claims payable on basic contingent benefit	3,125,000	-	-	-	3,125,000
Basic contingent benefit reserve	1,338,942	-	-	-	1,338,942
	704,057,890	-	-	4,350	704,062,240
Cumulative gap	(P 94,776,458)	P 64,703,975	P 218,864,965	P 196,238,749	P 385,031,231

To ensure that the Association maintains a prudent and management level of cumulative negative gap, the Association maintains a pool of highly liquid assets in the form of short-term investments. Further, the Association has pending credit lines with the banks in the event of funding its operations.

28. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS

a. *Fair Value of Financial Instruments*

The following tables set forth the carrying values and estimated fair values of financial assets and liabilities, by category and by class, recognized as at December 31:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	P 185,078,286	P 185,078,286	P 212,937,172	P 212,937,172
Short-term financial assets	76,577,126	76,577,126	77,029,027	77,029,027
Long-term financial assets	69,664,856	69,664,856	52,664,856	52,664,856
Financial assets at amortized cost	31,739,555	31,739,555	45,291,024	45,291,024
Loans and other receivables	315,414,136	295,680,593	354,676,718	338,243,175
Financial assets at FVOCI	82,650,000	82,650,000	50,650,000	50,650,000
Financial assets at FVTPL	315,554,440	315,554,440	295,844,674	295,844,674
Other financial asset	3,573,591	3,573,591	-	-
	P 1,080,251,990	P 1,060,518,447	P 1,089,093,471	P 1,072,659,928

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities				
Accounts payable and other liabilities	P 9,360,443	P 9,360,443	P 20,827,047	P 20,827,047
Liability on individual equity value	699,743,289	699,743,289	725,287,939	725,287,939
Claims payable on basic contingent benefit	2,445,000	2,445,000	3,125,000	3,125,000
Basic contingent benefit reserve	1,491,894	1,491,894	1,338,942	1,338,942
	P 713,040,626	P 713,040,626	P 750,578,928	P 750,578,928

The methods and assumptions used by the Association in estimating the fair value of the financial instruments are as follows:

i. *Cash and cash equivalents, short-term and long-term financial assets*

The carrying amounts approximate fair values given the nature of the instruments.

ii. *Financial assets at FVTPL*

For publicly traded equity securities, fair values are based on quoted prices published in markets. For unquoted equity securities, the fair value could not be reliably determined due to the unpredictable timing of future cash flows and the lack of suitable methods of arriving at a reliable fair value. These are carried at original cost less allowance for impairment loss.

iii. *Financial assets at FVOCI, Financial assets at amortized cost and Loans and other receivables*

Financial assets at FVOCI, financial assets at amortized cost, and loans and other receivables are net of impairment losses. The estimated fair value of these financial assets represents the discounted amount of estimated future cash flows expected to be received. Long-term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.

iv. *Accounts payable and other liabilities, Liability on individual equity value, Basic contingent benefit reserve and Claims payable on basic contingent reserve*

These liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. The fair value of these short-term liabilities approximates their carrying values.

b. ***Fair Value Hierarchy***

The Association uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

As at December 31, 2022 and 2021, financial assets at FVTPL are the only financial assets (nil for liabilities) measured at fair value.

The financial asset values are determined at fair value hierarchy as follows:

	2022	2021
Level 1	P 646,874,708	P 638,475,729
Level 2	117,963,146	96,571,024
Level 3	295,680,593	338,243,175
	P 1,060,518,447	P 1,073,289,928

All financial liabilities are categorized as Level 3.

Fair Value Measurement for Non-financial Assets

There were no non-financial assets measured at fair value as at December 31, 2022 and 2021.

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Association's capital management objectives are to ensure the Association's ability to continue as a going concern and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Association sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Association manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may adjust the amount of dividends paid to members or sell assets to reduce debt.

The Association monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2022	2021
Total liabilities	P 748,534,584	P 758,243,256
Total fund balance	404,618,277	406,387,033
Debt-to-fund ratio	1.85:1.00	1.87:1.00

On December 8, 2006, the IC issued IMC No. 11-2006 adopting the Risk-Based Capital (RBC) framework for the mutual benefit associations to establish the required amounts of capital to be maintained by entities in relation to their investment and insurance risks. Every mutual benefit association is annually required to maintain a minimum Risk-Based Capital (RBC) ratio of 100.00% and not fail the trend test. Failure to meet the minimum Risk-Based Capital (RBC) ratio shall subject the insurance entity to the corresponding regulatory intervention which has been defined at various levels.

The RBC ratio shall be calculated as member's equity divided by the RBC requirement whereas, the member's equity is defined as admitted assets minus all liabilities inclusive of actuarial reserves and other policy obligations.

The following table shows how the RBC ratio was determined by the Association based on its calculation:

	2022	2021
Asset default risk	P 104,162,530	P 125,776,495
Insurance pricing risk	2,730,149	2,831,788
General business risk	3,497,275	3,612,920
	110,389,954	132,221,203
Aggregate RBC requirement	107,695,578	129,421,289
Admitted Assets	1,049,680,441	1,074,064,542
Total Liabilities	748,534,584	758,243,256
Members' Equity	301,145,857	315,821,286
RBC ratio	279.63 %	244.03%

The final amount of the RBC ratio can be determined only after the accounts of the Association have been examined by the IC specifically as to admitted and non-admitted assets as defined under the same Code.

The RBC ratio was based on the Association's calculation. The verified RBC ratio in 2021 by IC for its 2021 Annual Statement's verification is 234%

30. NON-ADMITTED ASSETS

The amounts of non-admitted assets as defined in Section 197 of the Insurance Code which are included in the accompanying statements of financial position follows:

	2022	2021
Loans and other receivable	P 95,027,116	P 78,303,255
Property and equipment	7,102,187	8,295,532
Prepayments	843,116	783,502
Financial assets at fair value through other comprehensive income	500,000	-
Investment property	-	3,183,458
	P 103,472,419	P 90,565,747

The non-admitted assets above are estimated amounts and still subject to examination by the IC. In 2021 Annual Statement verification by the IC, the total non-admitted asset amounts to P167,417,746.

30. STATEMENT OF CASH FLOWS

Reconciliation of Liabilities arising from Financing Activities

Presented below is the reconciliation of liability on individual equity value arising from financing activity, which includes both cash and non-cash changes *(see Note 15 and 17).*

	2022	2021
Balance at beginning of year	**P 678,771,251**	P 710,178,628
Collections of equity participation during the year *(see Note 19)*	**113,686,749**	131,718,587
Withdrawals from equity participation during the year	**(56,880,761)**	(112,071,867)
Withdrawals of delisted accounts *(see Note 19)*	**(366,576)**	(4,537,409)
Reclassification to other benefits on basic policies *(Note 31)*	**(35,467,374)**	(46,516,688)
Balance at end of year	**P 699,743,289**	P 678,771,251

31. RECLASSICATION OF ACCOUNTS

In 2021, liability on individual equity value amounting P46,516,688 was reclassified to other benefits on basic policies. The impact is presented below:

	2021					
	Previously Reported		Reclassification		As Reclassified	
Statements of financial position:						
Liability on individual equity value	P	725,287,939	(P	46,516,688)	P	678,771,251
Other benefits on basic policies		-		46,516,688		46,516,688

32. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

The Association has no output VAT for the year 2022.

b. Input VAT

Input VAT arising from various purchases was directly charged by the Association as cost and expense.

c. Taxes on Importation

The Association has no tax on importation since it does not have any transactions which are subject to importation tax.

d. Excise Tax

The Association does not have excise tax in any of the year presented since it does not have any transactions which are subject to excise tax.

e. Documentary Stamps Tax

The Association did not pay nor incur documentary stamp tax during the year.

f. Taxes and Licenses

The details of taxes and licenses account are broken down as follows:

Municipal license and permits	P	287,052
Real property tax		71,652
Percentage taxes		21,664
Registration fee		3,500
Others		142,647
	P	526,515

g. Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2022 are shown below:

Compensation and employee benefits	P	489,738
Expanded		215,725
	P	705,463

h. Deficiency Tax Assessment and Tax Case

As at December 31, 2022, the Association neither has any deficiency tax assessment with the BIR nor does it has tax case outstanding or pending in courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation (TPD) and other supporting documents*. As at December 31, 2022, the Association is not covered by the requirements and procedures for related party transactions provided under this RR.