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eafs@bir.gov.ph <eafs@bir.gov.ph>
To: KASAGANAKA.MBA@gmail.com
Cc: EVELYN.ABAN27@gmail.com

Wed, May 11, 2022 at 10:06 AM

Hi KASAGANA-KA MUTUAL BENEFIT ASSOCIATION INC,

Valid files

- EAFS246220351ITRTY122021.pdf
- EAFS246220351TCRTY122021-01.pdf
- EAFS246220351TCRTY122021-02.pdf
- EAFS246220351AFSTY122021.pdf
- EAFS246220351TCRTY122021-03.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-99GHKLFD02PT2VVTSPYSZ31P10QNXSYWPS**
Submission Date/Time: **May 11, 2022 10:06 AM**
Company TIN: **246-220-351**

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- 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.

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KASAGANA-KA MBA <kasaganaka.mba@gmail.com>
To: Evelyn Aban <evelyn.aban27@gmail.com>

Wed, May 11, 2022 at 11:22 AM

Analyn A. Shih
Kasagana-Ka Mutual Benefit Ass'n. Inc.
799-5518
[Quoted text hidden]



Evelyn Lagmay <evelyn.aban27@gmail.com>

Fwd: Tax Return Receipt Confirmation

1 message

KASAGANA-KA MBA <kasaganaka.mba@gmail.com>
To: Evelyn Aban <evelyn.aban27@gmail.com>

Wed, May 11, 2022 at 9:04 AM

Analyn A. Shih

Kasagana-Ka Mutual Benefit Ass'n. Inc.
799-5518

----- Forwarded message -----

From: <ebirforms-noreply@bir.gov.ph>
Date: Wed, May 11, 2022 at 5:37 AM
Subject: Tax Return Receipt Confirmation
To: <kasaganaka.mba@gmail.com>

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

File name: 246220351000-1702MXv2018-1221V2.xml

Date received by BIR: 10 May 2022

Time received by BIR: 08:45 AM

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FOR RETURNS WITH PAYMENT

Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

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Bureau of Internal Revenue


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For BIR Use Only BCS/ Item:		Republic of the Philippines Department of Finance Bureau of Internal Revenue	
BIR Form No. 1702-MX January 2018 (ENC5) 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 <small>Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".</small> <small>Two copies MUST be filed with the BIR and one held by the taxpayer.</small>	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) <div style="border: 1px solid black; padding: 2px;">12 / 20 21</div>		3 Amended Return? <input checked="" type="radio"/> Yes <input type="radio"/> No 4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No 5 Alphanumeric Tax Code (ATC) IC 055 – Minimum Corporate Income Tax (MCIT) <input checked="" type="radio"/> <div style="border: 1px solid black; padding: 2px;">IC 010 - In General</div> <input type="radio"/>	
Part I - Background Information			
6 Taxpayer Identification Number (TIN) <div style="border: 1px solid black; padding: 2px;">246 - 220 - 351 - 00000</div>		7 RDO Code <div style="border: 1px solid black; padding: 2px;">039</div>	
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) <div style="border: 1px solid black; padding: 2px;">KASAGANA-KA MUTUAL BENEFIT ASSOCIATION INC</div>			
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) <div style="border: 1px solid black; padding: 2px;">5 MATIMPIIN STREET PINTAHAN QUEZON CITY</div>			
10 Date of Incorporation/Organization (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">05/29/2006</div>		11 Contact Number <div style="border: 1px solid black; padding: 2px;">89907915</div>	
12 Email Address <div style="border: 1px solid black; padding: 2px;">kasaganaka.mba@gmail.com</div>			
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD)-40% of Gross Income [Section 34(L) NIRC, as amended]			
Part II - Total Tax Payable			
14 Total Tax Due/(Overpayment) (From Part IV-Schedule 2 Item 19D)		<div style="border: 1px solid black; padding: 2px;">47,641</div>	
15 Less: Total Tax Credits/Payments (From Part IV-Schedule 3 Item 32D)		<div style="border: 1px solid black; padding: 2px;">104,288</div>	
16 Net Tax Payable / (Overpayment) (Item 14 Less Item 15) (From Part IV Item 33D)		<div style="border: 1px solid black; padding: 2px;">(56,648)</div>	
Add: Penalties			
17 Surcharge		<div style="border: 1px solid black; padding: 2px;">0</div>	
18 Interest		<div style="border: 1px solid black; padding: 2px;">0</div>	
19 Compromise		<div style="border: 1px solid black; padding: 2px;">0</div>	
20 Total Penalties (Sum of Items 17 to 19)		<div style="border: 1px solid black; padding: 2px;">0</div>	
21 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 16 to 20)		<div style="border: 1px solid black; padding: 2px;">(56,648)</div>	
If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> 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)			
<div style="border: 1px solid black; padding: 2px;">Enriqueta V. Navarro</div>		<div style="border: 1px solid black; padding: 2px;">Teresita D. Padel</div>	
Signature over Printed Name of President/Principal Officer/Authorized Representative		Signature over Printed Name of Treasurer/ Assistant Treasurer	
Title of Signatory <div style="border: 1px solid black; padding: 2px;">TIN</div>		Title of Signatory <div style="border: 1px solid black; padding: 2px;">TIN</div>	
Part III - Details of Payment			
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)
23 Cash/Bank Debit Memo	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>
24 Check	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>
25 Tax Debit Memo	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>
26 Others (Specify Below)	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>	<div style="border: 1px solid black; padding: 2px;"></div>
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) 246 220 351 0000		Registered Name KASAGANA-KA 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	JRC		
2 Legal Basis	NIRC SEC30 (C)		
3 Registered Activity/Program (Reg. No.)	P199		
4 Special Tax Rate		0.0 %	
5 Effectivity Date of Tax Relief/Exemption From (MM/DD/YYYY)	01/01/2021		
6 Expiration Date of Tax Relief/Exemption To (MM/DD/YYYY)	12/31/2021		

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 <small>(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)</small>	40,339,325	0	2,382,034	42,721,359
2 Less: Sales Returns, Allowances and Discounts <small>(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)</small>	0	0	0	0
3 Net Sales/Receipts/Revenues/Fees <small>(Item 1 Less Item 2)</small>	40,339,325	0	2,382,034	42,721,359
4 Less: Cost of Sales/Services <small>(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)</small>	10,803,611	0	0	10,803,611
5 Gross Income from Operation <small>(Item 3 Less Item 4)</small>	29,535,714	0	2,382,034	31,917,748
6 Add: Other Taxable Income not subjected to Final Tax <small>(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)</small>	0	0	0	0
7 Total Taxable Income <small>(Sum of Items 5 and 6)</small>	29,535,714	0	2,382,034	31,917,748
Less: Deductions Allowable under Existing Law				
8 Ordinary Allowable Itemized Deductions <small>(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)</small>	9,515,621	0	2,506,497	12,022,118
9 Special Allowable Itemized Deductions <small>(From Sched 6 Item 5) &/or (From all of Part V-Sched B Item 9, if letter B of instructions above is marked)</small>	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 <small>(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)</small>		0	0	0
11 Total Itemized Deductions <small>(Sum of Items 8 to 10)</small>	9,515,621	0	2,506,497	12,022,118
OR [in case taxable under Sec 27(A) & 28(A)(1)]				
12 Optional Standard Deduction (OSD) <small>(40% of Item 7)</small>			0	0
13 Net Taxable Income/(Loss) <small>(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)</small>	20,020,093	0	(124,463)	19,895,630
14 Applicable Income Tax Rate <small>(i.e. Special or Regular/Normal Rate)</small>	0%	0.00 %	25.00 %	
15 Income Tax Due other than MCIT <small>[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]</small>	0	0	0	0
16 Less: Share of Other Government Agency, if remitted directly		0	0	0
17 Net Income Tax Due to National Government <small>(Item 15 Less Item 16)</small>		0	0	0
18 MCIT <small>(2% of Gross Income in Item 7)</small>			47,641	47,641
19 Total Income Tax Due / (Overpayment) <small>(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 18D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)</small>		0	47,641	47,641

Schedule 3 - Tax Credits/Payments (attach proof)

20 Prior Year's Excess Credits Other Than MCIT	0	0	0	0
21 Income Tax Payments under MCIT from Previous Quarter/s			17,882	17,882
22 Income Tax Payments under Regular Rate from Previous Quarter/s	0	0	0	0
23 Excess MCIT Applied this Current Taxable Year <small>(From Schedule 9 Item 4)</small>			0	0
24 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	61,540	61,540
25 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Qtr	0	0	24,867	24,867
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 <small>(To Part IV-Schedule 4 Item 6)</small>	0	0	0	0
Other Tax Credits/Payments(specify)				
30		0	0	0
31 <small>(Add more...)</small>		0	0	0
32 Total Tax Credits/Payments <small>(Sum of Items 20 to 31) (Item 32D to Part II Item 15)</small>		0	104,289	104,289
33 Net Tax Payable / (Overpayment) <small>(Item 19 Less Item 32) (Item 33D to Part II Item 16)</small>	0	0	(56,648)	(56,648)

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) 246 220 351 0000		Registered Name KASAGANA-KA MUTUAL BENEFIT ASSOCIATION INC			
Schedule 4 – Tax Relief Availment <i>(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</i>					
Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns	
1 Regular Income Tax Otherwise Due <i>(Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)</i>	5,005.023	0		5,005.023	
2 Tax Relief on Special Allowable Itemized Deductions <i>(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)</i>	0	0	0	0	
3 Sub-Total – Tax Relief <i>(Sum of Items 1 and 2)</i>	5,005.023	0	0	5,005.023	
4 Less: Income Tax Due <i>(From Part IV-Schedule 2 Item 15B)</i>	0	0		0	
5 Tax Relief Availment before Special Tax Credit <i>(Item 3 Less Item 4)</i>	5,005.023	0	0	5,005.023	
6 Add: Special Tax Credit, if any <i>(From Part IV-Schedule 3 Item 29)</i>	0	0	0	0	
7 Total Tax Relief Availment <i>(Sum of Items 5 & 6)</i>	5,005.023	0	0	5,005.023	
Schedule 5 - Ordinary Allowable Itemized Deductions <i>(attach additional sheet/s, if necessary)</i> <i>(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)</i>					
1 Amortizations	162,297	0	0	162,297	
2 Bad Debts	0	0	0	0	
3 Charitable and Other Contributions	5,000	0	0	5,000	
4 Depletion	0	0	0	0	
5 Depreciation	619,655	0	1,344,184	1,963,839	
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	9,886	0	0	9,886	
13 Salaries, Wages and Allowances	5,770,704	0	0	5,770,704	
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0	
15 Taxes and Licenses	535,677	0	0	535,677	
16 Transportation and Travel	236,632	0	0	236,632	
17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below: Add additional sheet(s), if necessary]</i>					
a. Janitorial and Messengerial Services	0	0	0	0	
b. Professional Fees	344,430	0	0	344,430	
c. Security Services	0	0	475,560	475,560	
d. UTILITIES	262,159	0	93,461	355,620	
e. REPAIRS AND MAINTENANCE	105,750	0	395,716	501,466	
f. OFFICE SUPPLIES	587,354	0	103,235	690,589	
g. POST EMPLOYMENT BENEFIT	353,149	0	0	353,149	
h. MEETINGS AND CONFERENCE	42,463	0	0	42,463	
i. OTHERS <i>(Add more...)</i>	480,465	0	94,341	574,806	
18 Total Ordinary Allowable Itemized Deductions <i>(Sum of Items 1 to 17) (To Part IV-Schedule 2 Item 8)</i>	9,515,621	0	2,506,497	12,022,118	
Schedule 6 – Special Allowable Itemized Deductions <i>(attach additional sheet/s, if necessary)</i> <i>(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)</i>					
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
<i>(Add more...)</i>					
5 Total Special Allowable Itemized Deductions <i>(Sum of Items 1 to 4) (To Part IV-Schedule 2 Item 9)</i>		0	0	0	0
Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate <i>(Attach Additional Sheet/s, if necessary)</i>					
1 Gross Income <i>(From Part IV-Schedule 2 Item 7C)</i>		2,382,034			
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law <i>(From Part IV-Schedule 2 Item 8C)</i>		2,506,497			
3 Net Operating Loss <i>(Item 1 Less Item 2) (To Part IV-Schedule 7.1, Item 7A)</i>			(124,463)		

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) 246 220 351 00000		Registered Name KASAGANA-KA 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					
5					
6					
7	2021	124,463			124,463
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10C)					
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)					
2 Less: Ordinary Allowable Itemized Deductions (From Part IV-Schedule 2 Item 8B)					
3 Net Operating Loss (Item 1 Less Item 2) (To Part IV-Schedule 8.1 Item 7A)					
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					
5					
6					
7					
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10B)					
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					
2					
3					
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					
2					
3					
4 Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV-Schedule 3 Item 23)					
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	24,569,476	0	(124,463)	24,445,013	
Add: Non-Deductible Expenses/Taxable Other Income (specify below)					
2	0	0	0	0	
3	0	0	0	0	
(Add more...)					
4 Total (Sum of Items 1 to 3)	24,569,476	0	(124,463)	24,445,013	
Less: A) Non-Taxable Income and Income Subjected to Final Tax (specify below)					
5 INTEREST INCOME	4,549,383	0	0	4,549,383	
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)	4,549,383	0	0	4,549,383	
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	20,020,093	0	(124,463)	19,895,630	

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY INCOME TAX RETURN

The Members and the Board of Trustees
Kasagana-Ka Mutual Benefit Association, Inc.
(A Non-stock, Not-for-profit Corporation)
#5 Matimpiin Street, Brgy. Pinyahan
Quezon City

We have audited the financial statements of Kasagana-Ka Mutual Benefit Association, Inc. (A Non-stock, Not-for-profit Corporation) ("the Association"), for the year ended December 31, 2021, on which we have rendered the attached report dated April 1, 2022.

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

ROXAS CRUZ TAGLE AND CO.

Clark Joseph Babor
Clark Joseph C. Babor

Partner

CPA Certificate No. 0119212

Tax Identification No. 248-709-974-000

SEC Accreditation No. 1809-A, Group B, issued on March 31, 2020,
effective until March 31, 2023

BIR Accreditation No. 08-001682-014-2019, issued on September 27, 2019,
effective until September 26, 2022

BSP Accreditation No. 119212-BSP, Group B, issued on October 14, 2021,
effective until October 14, 2025

IC Accreditation No. 119212-IC, issued on December 17, 2021,
effective until December 16, 2025

PTR No. 8876903, issued on January 24, 2022, Makati City

April 1, 2022
Makati City





KASAGANA-KA
Mutual Benefit Association, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Kasagana Ka Mutual Benefit Association, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. 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, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Association, 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's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- (c) the Association 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.


ENRIQUETA V. NAVARRO

Chairman of the Board


ENRIQUETA V. NAVARRO

President



TERESITA D. PADEL

Treasurer

Signed this 1st day of April 2022

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
Kasagana-Ka Mutual Benefit Association, Inc.
(A Non-stock, Not-for-profit Corporation)
#5 Matimpiin Street, Brgy. Pinyahan
Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kasagana-Ka Mutual Benefit Association, Inc. (A Non-stock, Not-for-profit Corporation) (the "Association"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's 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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 have no realistic alternative to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit is 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 reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 26 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.

Clark Joseph Babor
Clark Joseph C. Babor

Partner

CPA Certificate No. 0119212

Tax Identification No. 248-709-974-000

SEC Accreditation No. 1809-A, Group B, issued on March 31, 2020,
effective until March 31, 2023

BIR Accreditation No. 08-001682-014-2019, issued on September 27, 2019,
effective until September 26, 2022

BSP Accreditation No. 119212-BSP, Group B, issued on October 14, 2021,
effective until October 14, 2025

IC Accreditation No. 119212-IC, issued on December 17, 2021,
effective until December 16, 2025

PTR No. 8876903, issued on January 24, 2022, Makati City

April 1, 2022

Makati City



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.*(A Non-stock, Not-for-profit Corporation)***STATEMENTS OF FINANCIAL POSITION**
DECEMBER 31, 2021 AND 2020

	<i>Notes</i>	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱16,877,122	₱29,659,995
Receivables	6	17,763,631	10,356,768
Other current assets		685,406	835,102
Total Current Assets		35,326,159	40,851,865
Noncurrent Assets			
Financial assets at FVOCI	7	42,424,834	41,788,619
Investments in debt securities	8	84,178,366	84,178,366
Investment properties, net	9	63,847,416	64,829,954
Property and equipment, net	10	4,026,007	4,919,027
Intangible assets, net	11	833,084	995,381
Other noncurrent assets		—	408,497
Total Noncurrent Assets		195,309,707	197,119,844
Total Assets		₱230,635,866	₱237,971,709
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Trade and other payables	12	₱6,123,286	₱3,973,345
Income tax payable	22	871	3,481
Liability on individual equity value	13	10,352,705	9,821,379
Aggregate reserve for trust liability	13	9,440,668	10,376,690
Basic contingent benefit reserve	13	339,378	482,661
Optional benefit reserve	13	2,163,949	1,616,205
Claims payable on basic benefit-IBNR	14	613,670	821,584
Claims payable on Opt. benefit- IBNR	14	226,046	324,925
Total Current Liabilities		29,260,573	27,420,270
Noncurrent Liabilities			
Liability on individual equity value	13	57,967,966	75,684,912
Aggregate reserve for trust liability	13	38,060,319	49,592,247
Retirement benefit obligation, net	17	(290,689)	1,608,071
Total Noncurrent Liabilities		95,737,596	126,885,230
Total Liabilities		124,998,169	154,305,500
Fund balance			
Restricted balance	15	79,173,759	53,486,054
Unrestricted balance	15	22,842,173	26,989,093
Accumulated remeasurement loss on retirement benefit obligation	17	(394,574)	(597,557)
Unrealized gain on financial assets at FVOCI		4,016,339	3,788,619
Total fund balance		105,637,697	83,666,209
Total Liabilities and Fund Balance		₱230,635,866	₱237,971,709

See Notes to the Financial Statements.

KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.*(A Non-stock, Not-for-profit Corporation)***STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<i>Notes</i>	2021	2020
Revenue	18	P42,721,359	P41,328,110
Benefit expenses	19	(10,803,611)	(27,406,669)
Revenue before operating expense		31,917,748	13,921,441
Operating expenses	20	(12,022,118)	(11,011,863)
Income from operations		19,895,630	2,909,578
Interest income	5,8	3,737,249	3,972,237
Dividend income	7	812,134	812,134
Income before tax		24,445,013	7,693,949
Income tax expense		(17,882)	(3,481)
Net income		24,427,131	7,690,468
Other comprehensive income			
<i>Item that will be reclassified to profit or loss:</i>			
Unrealized gain on financial assets at FVOCI	7	227,720	1,770,256
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on retirement benefit obligation	17	202,983	978,859
		430,703	2,749,115
Total comprehensive income		P24,857,834	P10,439,583

See Notes to the Financial Statements.

KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-stock, Not-for-profit Corporation)

STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Fund balance (Note 15)		Accumulated remeasurement gain (loss) on retirement benefit obligation (Note 17)	Unrealized gain on financial assets at FVOCI (Note 7)	Total
	Restricted	Unrestricted			
As at December 31, 2020	P53,486,054	P26,989,093	(P597,557)	P3,788,619	P83,666,209
Decrease in fund balance	(2,890,993)	—	—	—	(2,890,993)
Prior year adjustment	—	4,648	—	—	4,648
Reclassification	28,578,698	(28,578,698)	—	—	—
Net income	—	24,427,131	—	—	24,427,131
Other comprehensive income	—	—	202,983	227,720	430,703
As at December 31, 2021	P79,173,759	P22,842,174	(P394,574)	P4,016,339	P105,637,697
As at December 31, 2019	P42,232,120	P32,288,557	(P1,576,416)	P2,018,363	P74,962,624
Decrease in fund balance	(1,735,998)	—	—	—	(1,735,998)
Reclassification	12,989,932	(12,989,932)	—	—	—
Net income	—	7,690,468	—	—	7,690,468
Other comprehensive income	—	—	978,859	1,770,256	2,749,115
As at December 31, 2020	P53,486,054	P26,989,093	(P597,557)	P3,788,619	P83,666,209

See Notes to the Financial Statements.



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.

(A Non-stock, Not-for-profit Corporation)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		P24,427,131	P7,693,949
Adjustments for:			
Increase in liability on individual equity value		—	(10,061,915)
Interest income	5,8	(3,737,249)	(3,972,237)
Increase in aggregate reserve for trust liability		—	2,944,797
Depreciation of property and equipment	11,20	981,301	1,056,184
Dividend income	7	(812,134)	(812,134)
Retirement benefit cost	17,20	353,149	538,007
Depreciation of investment property	9	982,539	491,270
Increase in reserve for basic contingent fund		—	322,821
Increase (decrease) in reserve for optional benefit		—	(273,931)
Amortization	11,20	162,297	159,092
Prior year error		4,648	—
Operating (loss) before working capital changes		22,361,682	(1,914,097)
Decrease (increase) in:			
Receivables		(7,406,864)	(6,053,926)
Other current assets		149,696	(217,664)
Increase (decrease) in:			
Trade and other payables		2,147,330	2,658,507
Liability on individual equity value		(17,185,621)	6,355,279
Aggregate reserve for trust liability		(12,467,950)	4,201,207
Basic contingent benefit reserve		(143,283)	(264,700)
Optional benefit reserve		547,745	(324,925)
Claims payable on basic contingent benefit-IBNR		(207,914)	566,127
Claims payable on Opt Benefit - IBNR		(98,879)	—
Net cash flows (used in) provided by operating activities		(12,304,058)	5,005,808
Interest income received		3,737,249	3,977,056
Dividend income received	7	812,134	812,134
Net cash provided by operating activities		(7,754,675)	9,794,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	9	—	(6,369,350)
Maturity of short-term investment		—	5,000,000
Acquisition of property and equipment	10	(104,160)	(505,428)
Acquisition of intangible asset	11	—	(200,000)
Increase in other noncurrent assets		—	(79,739)
Proceeds from sale of Property & Equipment		15,881	—
Net cash used in investing activities		(88,279)	(2,154,517)

forward



	<i>Notes</i>	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in fund balance		(P2,890,993)	(P1,735,998)
Contribution to retirement obligation		(2,048,926)	—
Net cash used in financing activities		(4,939,919)	(1,735,998)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(12,782,873)	5,904,483
CASH AND CASH EQUIVALENTS AS AT JANUARY 1		29,659,995	23,755,512
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31	5	P16,877,122	P29,659,995

See Notes to the Financial Statements.



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.

(A Non-stock, Not-for-profit Corporation)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Reporting Entity

Kasagana-Ka Mutual Benefit Association, Inc. (A Non-stock, Not-for-profit Corporation) (the "Association") was organized and incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on June 29, 2006 per SEC Registration Number CN200610153. The Association is primarily engaged to promote the welfare of the poor; to extend financial assistance to its members in the form of death benefit, medical subsidy, pension and loan redemption assistance; and to ensure continued access to benefits and resources by actively involving the members in the direct management of the Association that will include implementation of policies and procedures geared towards sustainability and improved services.

The Association is a non-stock, non-profit association that no part of the income, which the Association may obtain as an incident to its operations, shall be distributed as dividends to its members, trustees or officers subject to the provisions of the Corporation Code on dissolution. Any profit obtained by the Association as a result of its operations, whenever necessary or proper shall be used for the furtherance of its purpose.

The registered office address of the Association is at Rm. 504 F&L Building, Brgy. Holy Spirit, Commonwealth Avenue, Quezon City. The primary place of business of the Association is at #5 Matimpiin St., Brgy. Pinyahan, Quezon City.

2. Basis of Preparation

Statement of compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The financial statements were approved and authorized for issuance by the Board of Trustees (BOT) on April 1, 2021.

Basis of measurement

The financial statements of the Association have been prepared on the historical cost basis, except for certain financial instruments which are carried at fair value and at amortized cost.

Functional and presentation currency

The financial statements are presented in Philippine peso (₱), which is the functional currency of the Association. All values are rounded off to the nearest peso, except when otherwise indicated.



3. Significant Accounting Policies

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2021:

- Amendments to PFRS 16, *Leases - COVID-19-Related Concessions beyond June 30, 2021*. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

This amendment is effective for annual periods beginning on or after April 1, 2021.

These amendments had no impact on the financial statements of the Association.

New and Amended PFRS Issued but Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*. The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.
- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract*. The amendments specify the costs a Company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a “directly related approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.
- Annual Improvements to PFRS Standards 2018 - 2020 Cycle
 - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter*. The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to PFRS.
 - Amendments to PFRS 9, *Financial Instruments - Fees in the ‘10 Per Cent’ Test for Derecognition of Financial Liabilities*. The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.



- Amendments to PFRS 16, *Leases - Lease Incentives*. The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.
- PFRS 17, *Insurance Contracts*. This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to 1 January 2023.
- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.
- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative - Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Association.



Current versus noncurrent classification

The Association presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Association classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial assets and financial liabilities

Date of recognition. The Association recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Association recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Association deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Association determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Association classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Association’s business model and its contractual cash flow characteristics.

Financial assets and liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).



This category includes equity instruments which the Association had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Association may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2021 and 2020, the Association does not have financial assets and liabilities at FVPL.

Financial assets at amortized cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, the Association’s cash and cash equivalents, receivables, rental deposits, other funds and deposits and investments in debt securities are included under this category (Notes 5, 6 and 8).

Financial liabilities at amortized cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.



As at December 31, 2021 and 2020, the Association's trade and other payables, excluding government dues, liability on individual equity value, aggregate reserve for trust liability, basic contingent benefit reserve, optional benefit reserve and claims payable on basic contingent benefit are included under this category (Notes 12, 13 and 14).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

For equity instruments, the Association may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2021 and 2020, the Associate's investments in shares of stock are classified under this category (Note 7).

Reclassification

The Association reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.



In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI

The Association records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For trade receivables, the Association has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of financial assets and liabilities

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

- the right to receive cash flows from the asset has expired;
- the Association retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Association has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Association’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Association could be required to repay.



Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Association could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of financial instrument between liability and equity

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

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

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

Insurance contracts

Product classification

Insurance contracts under which the Association (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holder. As a general guideline, the Association determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risks.

Once a contract has been classified as an insurance contract, it remains as insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.



Benefits and claims

Claims consist of benefits and claims paid to policyholders, which include excess gross benefit claims for unit-link insurance contract. Death claims, surrenders and non life insurance claims are recorded on the basis of notifications received. Maturities are recorded when due.

Liability adequacy tests

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of reinsurance assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from assets backing such liabilities are used. Any deficiency is immediately recognized in the profit or loss.

Cash and cash equivalents

Cash includes cash on hand and in banks which are stated at amortized cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method (EIR), less expected credit loss.

Receivables consists of unremitted members' contributions, dues, fees and others.

Other current assets

Other current assets are recognized when the Association expects to receive future economic benefit from them and the amount can be measured reliably. Other assets are classified in the statement of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Association's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

Investment properties, net

Investment property consists of land and property that is being constructed for future use as investment property. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Construction in progress pertains to capitalized construction work which is recognized initially at cost and subject for depreciation upon completion.

Depreciation of building, which commences when the assets are available for their intended use, is computed using the straight-line method over the estimated useful life of 20 to 40 years.

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in the statements of income in the period of retirement and disposal.



Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Association as an owner-occupied property becomes an investment property, the Association accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Association and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Office furniture and fixtures	5 years
Transportation equipment	5 years
Computer equipment	3 years
Building	60 years

The remaining useful lives and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of income in the period of retirement and disposal.



Intangible assets, net

Computer software that are not an integral part of the hardware are classified as intangible assets.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure is expensed as incurred.

Software asset is amortized on a straight line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software assets for the current and comparative periods range from three to five years.

Amortization methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Trademarks and other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Association.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.



The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Association determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business whichever is longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Government dues represent contributions of employees that is payable to various government agencies such as SSS, Philhealth and Pag-IBIG.

Liability for incurred policy benefit

A liability for incurred policy benefits relating to life insurance contracts in force is accrued when premium revenue is recognized.

The Association's aggregate reserve for life policies, policy and contract claims payable, applicant's deposit and other funds and premium deposit fund are computed annually based on the approved valuation method by the Insurance Commission (IC) and certified to by an independent actuary.

Liability adequacy test

The Association assesses at each reporting date whether its recognized insurance liabilities are adequate using the current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The liability is derecognized when the contract expires, is discharged or is cancelled.



Basic contingent benefit reserves

Basic contingent benefit reserves represent the total actuarial reserve set-up by the Association pertaining to the basic life benefit that is in force as at the end of the accounting period. It refers to the amount of liability which the Association establishes for a certificate to meet the contractual obligation as it falls due.

Liability on individual equity value

Upon termination of membership, a member who has been with the Association at least three (3) full years shall be entitled to an equity value equivalent to at least fifty percent (50%) of the total weekly contributions collected from him.

The Association's BOT shall set up each year sufficient reserves for the payment of claims and other obligations in accordance with actuarial procedures approved by the Insurance Commission. If the reserves become impaired, the BOT shall require all members' equitable proportion of such indebtedness against the members and draw interest not exceeding five percent (5%) per annum compounded annually.

Withdrawal from the funds of the Association, whether by check or any other instruments, is signed by at least two (2) persons designated by the unanimous vote of the Association's BOT.

Optional benefit reserve

Optional benefit reserve represents the total actuarial reserve set up by the Association pertaining to the policies under optional benefit that is in force as at the end of the accounting period. It refers to the amount of liability which the Association establishes for an optional policy to meet the contractual obligation as it falls due.

Claims payable on basic contingent benefit

Claims payable on basic contingent benefit represents the sum of the individual claims on membership certificates that are due and have already been approved for payment but, for one reason or another, have not actually been paid. This includes check already issued to beneficiaries but not yet released as of the end of the financial reporting period.

Retirement benefit obligation

The liability or asset recognized in the statements of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government 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 all related pension obligations.

Retirement benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.



Remeasurements comprising actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Provisions and contingencies

Provisions are recognized when: (a) the Association has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Association expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is charged against profit or loss, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Fund balance

Fund balance refers to the residual interest in the assets of the Association after deducting all its liabilities. This represents the accumulated earnings of the Association reduced by any losses the Association may incur during a certain accounting period.

Restricted fund balance

Restricted fund balance are those earnings earmarked and separated by the Association for specific purpose as approved by the BOT.

Unrestricted fund balance

Unrestricted fund balance include all current and prior period results of operations as disclosed in the statements of changes in fund balance.

Accumulated remeasurement gain

Accumulated remeasurement gain includes changes in remeasurement in retirement recognized in OCI.

Unrealized gain on financial assets at FVOCI

Unrealized gain of financial assets at FVOCI includes accumulated changes in financial assets recognized in OCI.



Revenue recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Association perform its obligations; (b) the Association's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Association's performance does not create an asset with an alternative use to the Association and the Association has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Association also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Association has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Interest from bank deposit accounts is recognized as the interest is earned. Interest income is presented net of tax unless final tax is deemed significant.

Contribution and fees

Members are charged a one-time fifty pesos (P50) application fee for Kasagana-Ka Development Center, Inc. (KDCI) members and one hundred pesos (P100) for associate members in order to cover the expenses incurred in processing their application. This fee is neither refundable nor included in determining the member's accumulated and refundable contributions. Membership fees are recognized upon the admission of a qualified member to the Association.

Members are charged twenty pesos (P20) contribution per week for the payment of death and total disability of a member, and death of any member's legal spouse, or any of the members' legitimate and/or legally adopted children in accordance with the Association's table of Life Insurance Benefits. Twenty percent (20%) of the weekly contribution from its members is deducted as General Administrative Funds and any balance is used for payment of mutual benefits.

The contribution may be adjusted by the BOT as may be necessary to maintain the funds of the Association at a level adequate to meet its benefit obligations or commitments under the plan.

Gross premiums

Gross premiums pertain to direct premiums written and assumed which is recognized as revenue over the term of the contract.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the EIR which is the rate that exactly discounted the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Income from equity investments is recognized when received.

Other income

Income from other sources is recognized when earned.



Other comprehensive income

Other comprehensive income comprises items of income and expense, including items previously presented under the statements of changes in equity, that are not recognized in profit or loss for the year. Other comprehensive income of the Association pertains to gain (loss) on AFS financial assets.

Expense recognition

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

Income taxes

The Association is exempted from income tax under Section 30 (c) of the National Internal Revenue Code as a non-stock association organized and operated exclusively for charitable and cultural purposes no part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer or any specific person. Interest earned from the placement of Association funds are, however, subject to final tax. The interest income shown in the financial statement is net of final tax.

Leases

At the inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Association assesses whether:

- the contract involves an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Association has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Association has the right to direct the use of the asset. The Association when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Association has the right to direct the use of the asset of either:
 - the Association has the right to operate the asset; or
 - the Association designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

Short-term leases and leases of low-value assets. The Association applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.



Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities. The key management personnel of the Association and post-employment benefit plans for the benefit of the Association's employees are also considered to be related parties.

Events after the statement of financial position date

Post year-end events up to the date the financial statements are authorized for issue by the BOD that provide additional information about the Association's financial position at the financial reporting date (adjusting events) are recognized in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Association has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

Operating lease - Association as a lessee. The Association has entered into a contract of lease for its office space and warehouse it occupies. The Association has determined that all the significant risks and rewards of ownership on these properties are retained by the lessor (Note 21).

Classifying financial instruments. The Association exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Provisions and contingencies. The Association, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

As at December 31, 2021 and 2020, management assessed that no provisions nor contingencies are necessary to be recognized or disclosed, respectively, in the financial statements.



Estimates and assumptions

The key estimates and assumptions used in the financial statements are based upon the Association's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Fair value measurements. A number of the Association's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Association has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Association uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Association recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Impairment of non-financial assets. The Association assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Association considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Association recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The carrying values of property and equipment and computer software are disclosed in Notes 10 and 11.

Estimating useful lives of property and equipment, investment properties and intangible assets. The Association estimates the useful lives of its property and equipment, investment properties and software cost based on the period over which these properties are expected to be available for use. The estimated useful lives of the properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these properties. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The estimated useful lives are disclosed in Note 3.



Valuation of retirement benefits obligation. The cost of defined benefit pension plan as well as the present value of the pension obligation was determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details on the retirement liability are provided in Note 18 to the financial statements.

As at December 31, 2021 and 2020, the net retirement liability amounted to (P290,689) and P1,608,071, respectively (Note 17).

Valuation of aggregate reserves. The cost of aggregate reserves was determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the unearned premium reserves, accumulated value of members equity value, accumulated value plus interest of reserve fund and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, aggregate reserves are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details on the aggregate reserves are provided in Note 14 to the financial statements.

As at December 31, 2021 and 2020, the aggregate reserves amounted to P118,324,984 and P144,675,461, respectively (Note 13).

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	P32,000	P32,000
Cash in banks	11,095,674	23,892,859
Cash equivalents	5,749,448	5,735,136
	P16,877,122	P29,659,995

Cash in banks and cash equivalents earn interest ranging from .20% to .25%. Interest earned in 2021 and 2020 amounted to P24,927 and P73,135, respectively.

6. Receivables

This account consists of:

	Note	2021	2020
Due from related parties:			
Unremitted members' contribution dues and fees	17	P7,427,487	P7,112,411
Unremitted premiums	17	2,244,748	2,319,090
Accrued interest income		343,316	343,691
Due from officers and employees		60,255	13,825
Advances to employees		12,668	10,796
Other receivables		7,675,157	556,956
		P17,763,631	P10,356,768

Unremitted members' contributions, dues and fees represents amount collected by partner individual/ institutions on membership certificates but not yet remitted as at the end of the financial reporting period.



Unremitted premium represents gross premiums collected by partner individuals/institutions on all optional policies but not yet remitted as at the end of the financial reporting period.

Other receivables represent claims from third party insurance for fire assistance and accidental death claims by the members.

Based on management's evaluation, the Association's receivables are fully collectible, thus, no allowance for impairment is necessary as at December 31, 2021 and 2020.

7. Financial Assets at FVOCI

This account consists of:

	2021		
	No. of Shares	Acquisition Cost	Fair Value
Petron preferred shares series 3B	18,000	₱8,000,000	₱8,952,000
Ayala Corp Class B Preferred Shares	10,000	5,000,000	5,120,000
Save and learn fixed income fund	2,348,914	5,000,000	5,697,291
BPI unit investment	195,524	20,000,000	22,191,936
Union Bank mutual security fund	—	408,496	463,607
		₱38,408,496	₱42,424,834

	2020		
	No. of Shares	Acquisition Cost	Fair Value
Petron preferred shares series 3B	18,000	₱8,000,000	₱8,912,000
Ayala Corp Class B Preferred Shares	10,000	5,000,000	5,155,000
Save and learn fixed income fund	2,348,914	5,000,000	5,762,356
BPI unit investment	195,524	20,000,000	21,959,263
		₱38,000,000	₱41,788,619

The Association recognized an unrealized gain amounting to ₱227,720 and ₱1,770,256 in the statements of comprehensive income in 2021 and 2020, respectively.

Fair value is based on actual market rates as at December 31, 2021 and 2020.

The movements in the fair value of financial assets at FVOCI follow:

	2021	2020
Balance, January 1	₱41,788,619	₱40,018,363
Additions	408,496	—
Unrealized gain	227,720	1,770,256
Balance, December 31	₱42,424,834	₱41,788,619

The addition is an investment in the Mutual Security Fund managed by Union Bank of the Philippines' Trust and Investment Services Group. The Association earns dividends from these investments and when there is significant and apparently permanent decline in value of the investment, as indicated by prolonged losses of the investee (and other factors), the carrying amount of the investments are written down to fair value.

Dividend income earned amounted to ₱812,134 in 2021 and 2020.



8. Investments in Debt Securities

The account consists of:

	2021	2020
Government security	P73,178,366	P73,178,366
Corporate bond	11,000,000	11,000,000
	P84,178,366	P84,178,366

Interest earned in 2021 and 2020 amounted to P3,712,322 and P3,899,102, respectively. Interest rates on these investments range from 3.25% to 8.125% in 2021 and 2020.

The balance of the unamortized premium of the above investments in debt securities amounted to P16,366 in 2021 and 2020.

Based on management's assessment, there is no indication of impairment in investments in debt securities in 2021 and 2020.

9. Investment Properties, Net

The details of and movements in this account are presented below:

		2021			
	Note	Land	Construction in progress	Building	Total
Cost					
At January 1		P16,267,097	P—	P49,054,127	P58,951,874
Additions		—	—	—	—
Reclassifications		—	—	—	—
Depreciation	20	—	—	(1,473,808)	(1,473,808)
		P16,267,097	P—	P47,580,319	P63,847,416
		2020			
	Note	Land	Construction in progress	Building	Total
Cost					
At January 1		P16,267,097	P42,684,777	P—	P58,951,874
Additions		—	6,369,350	—	6,369,350
Reclassifications		—	(49,054,127)	49,054,127	—
Depreciation	20	—	—	(491,270)	(491,270)
		P16,267,097	P—	P48,562,857	P64,829,954

The fair market value of land amounted to P31,460,800 and P31,206,400 in 2021 and 2020, respectively. This is classified under Level 2 of the fair value hierarchy.

The Association intends to use the building to earn rentals and is recognized initially at cost. The building was made available for use in July 2020 resulting to recognition of depreciation expense of P982,539 (Note 20). The fair value of the building approximates its carrying value.

Rental income earned amounted to P1,797,429 and P135,186 in 2021 and 2020, respectively (Note 18).



10. Property and Equipment, Net

The details of and movements in this account are presented below:

	<i>Note</i>	Building	Transportation equipment	Computer equipment	Office furniture and fixtures	Total
Cost						
At January 1, 2020		P2,624,249	P1,942,622	P1,585,842	P1,466,661	P7,619,374
Additions		125,000	—	267,400	113,028	505,428
At December 31, 2020		2,749,249	1,942,622	1,853,242	1,579,689	8,124,802
Additions		15,000	—	55,181	33,979	104,160
Retirement		—	—	(30,657)	—	(30,657)
At December 31, 2021		P2,749,249	P1,942,622	P1,877,767	P1,579,689	P8,198,305
Accumulated depreciation						
At January 1, 2020		P26,242	P1,225,453	P485,696	P412,200	P2,149,591
Depreciation	20	53,340	219,222	525,358	258,264	1,056,184
At December 31, 2020		79,582	1,444,675	1,011,054	670,464	3,205,775
Depreciation	20	55,049	193,945	479,182	253,125	981,301
Retirement		—	—	(14,777)	—	(14,777)
At December 31, 2021		P134,631	P1,638,620	P1,475,458	P923,589	P4,172,300
Net book value						
At December 31, 2021		P2,629,618	P304,000	P402,308	P690,225	P4,0026,005
At December 31, 2020		P2,669,667	P497,947	P842,188	P909,225	P4,919,027

There are neither restrictions on the title on the Association's property and equipment nor any of them are pledged as security for any of its liabilities.

The cost of fully depreciated assets still being used in the operation of the Association amounted to P1,156,743 as at December 31, 2021 and 2020, respectively.

Based on management's assessment, there is no indication of impairment and the carrying amount of property and equipment can be recovered through continuous use in operations.

11. Intangible Assets, Net

	<i>Note</i>	
Cost		
January 1, 2020		P1,331,815
Additions		200,000
December 31, 2020		1,531,815
Additions		—
December 31, 2021		1,531,815
Accumulated amortization		
January 1, 2020		377,342
Amortization	20	159,092
December 31, 2020		536,434
Amortization	20	162,297
December 31, 2021		698,731
Net book value		
December 31, 2021		P833,084
December 31, 2020		P995,381



12. Trade and Other Payables

This account consists of:

	2021	2020
Accounts payable	P5,537,101	P3,668,038
Accrued expenses	474,498	176,518
Government dues	111,687	128,789
	6,123,286	P3,973,345

Accounts payable pertains to collection fees.

Accrued expenses pertain to expenses incurred but not yet paid such as legal and professional fees, and operating cost incurred by the Association.

Government dues represent contributions of employees that will be remitted to various government agencies such as SSS, Philhealth and Pag-IBIG. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month

13. Aggregate Reserves

This account consists of:

	2021	2020
Liability on individual equity value	P68,320,671	P85,506,291
Aggregate reserve for trust liability Reserved Funds (RF)	47,500,987	59,968,937
Optional benefit reserve	2,163,949	1,616,205
Basic contingent benefit reserve	339,378	482,661
	P118,324,985	P147,574,094

	2021	2020
Breakdown:		
<i>Current portion</i>		
Liability on individual equity value	P10,352,705	P9,821,379
Aggregate reserve for trust liability - RF	9,440,668	10,376,690
Optional benefit reserve	2,163,949	1,616,205
Basic contingent benefit reserve	339,378	482,661
	22,296,700	22,296,935
<i>Noncurrent portion</i>		
Liability on individual equity value	57,967,966	75,684,912
Aggregate reserve for trust liability - RF	38,060,319	49,592,247
	96,028,285	125,277,159
	P118,324,985	P147,574,094

Liability on individual equity value represents the total amount of obligations set up by the Association on membership certificates pertaining to 50% equity value, as required under the Insurance Code, and any incremental amount declared by the Association.



Aggregate reserve for trust liability is weekly contribution of five pesos (P5), which shall be credited to the fund for the account of the member. The calculations of the aggregate reserves are based on reasonable actuarial assumptions and are in accordance with generally accepted actuarial principles.

14. Claims Payable on Basic Contingent Benefit and Optional Benefit

The account consists of incurred but not paid claims amounting to P839,716 and P1,146,509 in December 31, 2021 and 2020, respectively.

	2021	2020
Breakdown:		
Claims Payable on Basic Benefit - IBNR	P613,670	P821,584
Claims Payable on Optional Benefit - IBNR	226,046	324,925
	P839,716	P1,146,509

15. Fund Balance

Fund balance refers to the residual interest in the assets of the Association after deducting all its liabilities. This represents the accumulated earnings of the Mutual Benefit Association (MBA) reduced by any losses the Association may incur during a certain accounting period.

	Restricted fund balance	Unrestricted fund balance	Total
Balance at December 31, 2020	P53,486,054	P26,989,093	P80,475,147
Movement during the year	25,687,705	(4,146,919)	21,540,786
Balance at December 31, 2021	P79,173,759	P22,842,174	P102,015,933
Balance at January 1, 2020	P42,232,120	P32,288,557	P74,520,677
Movement during the year	11,253,934	(5,299,464)	5,954,470
Balance at December 31, 2020	P53,486,054	P26,989,093	P80,475,147

Restricted fund is composed of guaranty fund, benefits in kind and other relevant services, enhancement of equity value fund, capacity building, continuing member's education, hospital assistance fund, research and development fund, computer software maintenance and reclassified Aggregate reserve for Trust Liability RF & Equity value of more than 3 years lapsed members.

The restricted fund of the Association is composed of the following:

	2021	2020
Guaranty fund	P30,816,939	P28,886,964
Restricted fund balance (equity value and RF)	37,599,687	10,950,965
Benefits in kind and other relevant services	4,955,446	6,912,729
Enhancement of equity value	2,256,930	2,256,930
Capacity building fund	1,444,070	1,485,076
Continuing member's education fund	1,050,035	1,374,270
Hospital assistance fund & other member's benefit	567,226	772,116
Software maintenance	483,426	638,858
Research and development	—	208,146
	P79,173,759	P53,486,054



A MBA shall only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Commissioner. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. In addition, subject to the approval of the Commissioner, a MBA may allocate a portion for capacity building and research and development such as developing new products and services, upgrading and improving operating system and equipment and continuing member education.

As at and for the years ended December 31, 2021 and 2020, the Association's excess unrestricted fund balance from twenty percent (20%) of liabilities are as follows:

	2021	2020
Unrestricted fund balance	P22,842,174	P26,989,093
Total liabilities	124,998,169	154,305,500
20% of liabilities	24,999,634	30,861,100
Excess of unrestricted fund balance from 20% of liabilities	P—	P—

Decrease in fund balance for the consumption of restricted fund of the Association is composed of the following:

	2021	2020
Benefits in kind and other relevant services	P1,957,283	P19,193
Continuing member's education fund	324,235	383,483
Research and development	225,718	181,476
Software maintenance	137,860	31,166
Capacity building fund	41,006	1,054,950
Equity Value Enhancement	—	—
Other Member's Benefits	204,890	65,730
	P2,890,992	P1,735,998

16. Related Party Transactions

In the normal course of its business, the Association transacts with its related parties. These principally consist of collection of membership and premium contribution and non-interest bearing advances for certain expenses. Other transactions are based on terms agreed to by the parties.

Kabuhayan sa Ganap na Kasarinlan Credit & Savings Cooperative (KCOOP) is a cooperative duly registered under the Cooperative Development Authority in February 2016. It is the fourth organization under the Kasagana-Ka Synergizing Organizations. Since the Association was established primarily to answer the member's need for a viable microinsurance program, members of the Association are also members of KCOOP. The Association continues to take advantage of KCOOP's infrastructure to engage its growing membership and collect premium payments.

Name of related party	Relationship	Nature of the related party transaction
Kabuhayan sa Ganap Na Kasarinlan Credit and Savings Cooperative (KCOOP)	KCOOP partner	Member's Contribution and Premium Collection



The following summarizes the Association's related party transactions:

2021					
	Note	2020	Additions during the year	Payment/ Collections	2021
Unremitted Contribution Dues and Fees	6	P7,112,411	P38,781,174	(P32,681,741)	P6,099,434
Unremitted Premiums	6	2,319,090	11,706,280	(9,461,531)	1,958,946
Receivable from KCOOP		—	7,496,943	—	7,496,943
Payable to KCOOP		—	—	(3,570,778)	(3,570,778)
		P9,431,501	P57,984,397	(P45,714,050)	P11,984,545

2020					
	Note	2019	Additions during the year	Payment/ Collections	2020
Unremitted Contribution Dues and Fees	6	P1,959,526	P26,930,168	(P21,777,283)	P7,112,411
Unremitted Premiums	6	1,110,202	8,382,155	(7,173,267)	2,319,090
		P3,069,728	P35,312,323	(P28,950,550)	P9,431,501

Details of the Association's related party transactions follow:

- The Association will collect from KCOOP members' contributions on member certificates that will be remitted at the end of the financial reporting period.
- The Association will collect from KCOOP gross premiums on all optional policies that will be remitted at the end of the financial reporting period.

The outstanding balances with related parties as at December 31 are as follows:

	Note	2021	2020	Terms and conditions	Security	Nature of consideration to be provided upon settlement	Details of guarantees given or received	Impairment loss
Unremitted Contribution Dues and Fees	6	P6,099,434	P7,112,411	Demandable	Unsecured	Cash	None	None
Unremitted Premiums	6	1,958,946	2,319,090	Demandable	Unsecured	Cash	None	None
Receivable from KCOOP	6	7,496,943	—	Demandable	Unsecured	Cash	None	None
Payable to KCOOP		(3,570,778)	—	Demandable	Unsecured	Cash	None	None



17. Retirement Benefit Obligation, Net

The Association has a noncontributory, defined benefit plan covering all its officers and regular employees. Retirement benefits expense recognized in the statements of comprehensive income is computed based on provision of PAS 19 (Amended). The principal actuarial assumptions used to determine the funding of the trust fund is accrued benefit actuarial cost method which take into account the factors of investment, mortality, disability, and salary projection rates. The latest actuarial valuation is as at December 31, 2021.

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

	2021	2020
Present value of the obligation	P3,137,978	P2,817,210
Fair value of plan assets	(3,428,667)	(1,209,139)
Retirement benefit obligation (plan asset), net	(P290,689)	P1,608,071

The retirement benefit cost recognized in the statements of comprehensive income as follows:

	Note	2021	2020
Current service cost		P328,670	P420,921
Interest cost, net		24,479	117,086
	20	P353,149	P538,007

a. Reconciliation of defined benefit obligation

The movement in the defined benefit obligation is as follows:

	2021	2020
Present value of the obligation at January 1	P2,817,210	P3,217,474
Current service cost	328,670	420,921
Interest cost	118,168	157,334
Remeasurements in other comprehensive income:		
Loss (gain) in defined benefit obligation from changes in financial assumptions	(236,648)	(330,177)
Loss (gain) in defined benefit obligation due to experience	110,578	(648,342)
	(400,264)	(400,264)
Present value of the obligation at December 31	P3,137,978	P2,817,210
Fair value of plan assets at January 1	P1,209,139	P1,168,551
Contribution	2,048,926	—
Expected return	93,689	40,248
Remeasurements in other comprehensive income:		
Gain in defined benefit obligation due to experience	76,913	340
	2,219,528	40,588
Fair value of plan assets at December 31	P3,428,667	P1,209,139
Retirement benefit obligation at December 31	(P290,689)	P1,608,071



b. Remeasurements in other comprehensive income

Remeasurements in other comprehensive income represent actuarial gains and losses as shown below:

	2021	2020
Beginning	(P597,557)	(P1,576,416)
Actuarial gain (loss) recognized, net	202,983	978,859
	(P394,574)	(P597,557)

The principal assumptions used in determining pension liability of the Association are shown below:

	2021	2020
Discount rate	4.74%	4.19%
Expected rate of salary increases	5.00%	5.00%

18. Revenue

This account consists of:

	Note	2021	2020
Gross member's contribution		P27,755,925	P32,383,598
Gross premium		10,826,485	8,392,288
Rental income	9	1,797,429	135,186
Membership fees		1,756,915	390,800
Miscellaneous income		584,605	26,238
		P42,721,359	P41,328,110

Rental income is earned from the lease of investment properties (Note 10).

Miscellaneous income is composed of other income from members and income other than contribution, premiums and membership fees.

Breakdown of revenue recognized at a point in time and over a period of time follow:

	2021	2020
A point in time	P38,582,410	P40,775,887
Over a period of time	4,138,949	552,223
	P42,721,359	P41,328,110



19. Benefit Expenses

	2021	2020
Allocation for liability on individual equity	2,690,101	(6,331,683)
Benefit/claims expenses - BLIP	(12,989,326)	(11,091,073)
Benefit/claims expenses - Equity value	(16,568,063)	(9,860,117)
Benefit/claims expenses - CLIP	(3,470,762)	(2,328,730)
Benefit/claims expenses - HIIP	(60,200)	(91,000)
Collection fees	(5,139,994)	(4,761,754)
Other expenses for members	(99,638)	(10,540)
Increase/decrease in aggregate reserve for trust liability	10,436,420	(2,944,797)
Increase/decrease in reserve for basic contingent fund	(351,197)	(322,821)
Increase/decrease in liability on individual equity	14,495,520	10,061,915
Increase/decrease in reserve for optional benefit	448,866	273,931
	(P10,803,611)	(P27,406,669)

20. Operating Expenses

This account consists of:

	Notes	2021	2020
Salaries, wages and benefits		P5,770,704	P4,693,069
Depreciation of investment properties	10	982,539	491,270
Depreciation of property and equipment	11	981,301	1,056,184
Office supplies		587,354	232,884
Taxes, licenses and fees		535,677	145,669
Repairs and maintenance		501,466	221,983
Service fee		475,560	479,280
Utilities		355,619	465,454
Retirement benefit cost	18	353,149	538,007
Technical and professional fees		344,430	326,788
Transportation and travel allowance		236,632	442,252
Communication expense		172,108	161,972
Amortization	12	162,297	159,092
Insurance		122,071	108,470
Building supplies		103,235	122,382
MBA Dues		69,409	70,821
Annual general assembly		49,826	22,540
Reinsurance premium		42,664	47,000
Meeting and conferences		42,464	50,675
Dues and subscription		40,354	57,709
Bank and other charges		28,381	5,578
Professional and Technical Dev't		16,000	—
Medicine		15,129	12,259
Research and development		9,886	56,088
Meals		6,011	513,730
Donations and contributions		5,000	2,000
Marketing, advertising and promotions		6,160	—
Representation and entertainment		—	486,116
Gasoline expense		—	21,051
Investment Management Fees		—	9,707
Miscellaneous		6,692	11,833
		P12,022,118	P11,011,863



21. Lease Agreement

In 2018, the Association entered into a new lease of agreement for the lease of Units 501 and 504 for the period of one (1) year from February 1, 2018 to January 31, 2019 and from May 1, 2018 to April 30, 2019, respectively. Total monthly rentals of ₱34,006 for both units shall be paid during the period of the lease agreement.

In 2020, the Association used part of their building as office space.

Relative to the lease agreements, the Association paid security deposit amounting to nil and ₱2,079 as at December 31, 2021 and 2020, respectively.

22. Income Tax Exemption

The Association is exempted from income tax under Section 30 (c) of the National Internal Revenue Code as a non-stock association organized and operated exclusively for charitable and cultural purposes and no part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer or any specific person. Interest earned from the placement of Association funds are, however, subject to final tax. The interest income shown in the financial statement is net of final tax.

Income tax expense amounting to ₱17,882 and ₱3,481 was recognized from the rental income earned from its investment properties in 2021 and 2020, respectively (Note 19).

23. Financial Risk Management Objectives and Policies

The main risks arising from the Association's financial instruments are credit risk, liquidity risk and price risk. There is no change in the financial risk management objectives and policies of the Association.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Association's exposure to impairment is not significant.

Member credit risk is managed by managing and analyzing the credit risk for each new member before standard payment and delivery terms and conditions are offered. Outstanding receivables are regularly monitored. The credit quality of the Association's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without incurring any credit losses.

Credit risk from balances with banks is managed by ensuring that the Association's deposit arrangements are with reputable and financially sound counterparties.



The Association's exposure to credit risk arises from default of other counterparties, with a maximum exposure equal to the carrying amounts, is as follows:

	Notes	2021	2020
Cash and cash equivalents*	5	P16,877,122	P29,627,995
Receivables	6	17,763,631	10,356,768
Short term investment	7	—	—
Rental deposit	21	2,079	2,079
Other funds and deposits**		—	408,497
Financial assets at FVOCI	8	42,424,834	41,788,619
Investments in debt securities	9	84,178,366	84,178,366
		P77,067,666	P82,183,958

*Cash and cash equivalents exclude cash on hand amounting to P32,000 and P32,000 in 2021 and 2020, respectively.

**Other funds and deposit is recorded under noncurrent assets in the statement of financial position in year 2020 and was reclassified to Financial Asset at fair value through OCI in year 2021.

The following table provides an analysis of the age of the financial assets that are past due but not impaired and those financial assets that are individually determined to be impaired as at the end of the reporting period:

December 31, 2021							
	Total	Neither impaired nor past due	Past due but not yet impaired				Impaired
		Current	1 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	
Financial assets at amortized cost							
Cash and cash equivalents*	P16,877,122	P16,877,121		P—	P—	P—	P—
Receivables	17,763,63	17,763,631		—	—	—	—
Short term investment	—	—		—	—	—	—
Rental deposit	2,079	2,079		—	—	—	—
Investments in debt securities	84,178,366	84,178,366		—	—	—	—
Financial assets at FVOCI	42,424,834	42,424,834		—	—	—	—
	P161,246,032	P161,246,033		P—	P—	P—	P—

*Cash and cash equivalents exclude cash on hand amounting to P32,000 and P32,000 in 2021 and 2020, respectively.

**Other funds and deposit is recorded under noncurrent assets in the statement of financial position in year 2020 and was reclassified to Financial Asset at fair value through OCI in year 2021.

December 31, 2020							
	Total	Neither impaired nor past due	Past due but not yet impaired				Impaired
		Current	1 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	
Financial assets at amortized cost							
Cash and cash equivalents	P29,627,995	P29,627,995		P—	P—	P—	P—
Receivables	10,356,768	10,356,768		—	—	—	—
Short term investment	—	—		—	—	—	—
Rental deposit	2,079	2,079		—	—	—	—
Other funds and deposits	408,497	408,497		—	—	—	—
Investments in debt securities	84,178,366	84,178,366		—	—	—	—
Financial assets at FVOCI	41,788,619	41,788,619		—	—	—	—
	P166,362,324	P166,362,324		P—	P—	P—	P—



The credit quality of the Association's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counter parties are not expected to default in settling their obligations, thus, credit risk exposure is minimal. These counter parties include banks, related parties and members who pay on or before due date.

Credit quality per class of financial assets

The Association's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard - These are receivables that can be collected provided the Association makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets (gross of allowance for credit losses) of the Association based on their historical experience with the corresponding third parties as of December 31, 2021 and 2020:

	2021						
	Neither Past Due nor Impaired				Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade	Unrated			
Financial assets at amortized cost							
Cash and cash equivalents*	P16,877,121	P—	P—	P—	P—	P—	P16,877,121
Receivables	17,763,63	—	—	—	—	—	17,763,63
Rental deposit	2,079	—	—	—	—	—	2,079
Investments in debt securities	84,178,366	—	—	—	—	—	84,178,366
Financial assets at FVOCI	42,424,834	—	—	—	—	—	42,424,834
	P161,246,033	P—	P—	P—	P—	P—	P161,246,033

*Cash and cash equivalents exclude cash on hand amounting to P32,000 and P12,000 in 2020 and 2019, respectively.

	2020						
	Neither Past Due nor Impaired				Past Due but Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade	Unrated			
Financial assets at amortized cost							
Cash and cash equivalents*	P29,627,995	P—	P—	P—	P—	P—	P29,627,995
Receivables	10,356,768	—	—	—	—	—	10,356,768
Rental deposit	2,079	—	—	—	—	—	2,079
Other funds and deposits	408,497	—	—	—	—	—	408,497
Investments in debt securities	84,178,366	—	—	—	—	—	84,178,366
Financial assets at FVOCI	41,788,619	—	—	—	—	—	41,788,619
	P166,362,324	P—	P—	P—	P—	P—	P166,362,324



Impairment assessment

Impairment losses are recognized based on the results of specific (individual) and collective assessment of credit exposures. Impairment has taken place when there is a presence of known difficulties in the payments of obligation by counterparties. This and other factors, either singly or in tandem with other factors, constitute observable events or data that meet the definition of objective evidence of impairment.

The Association applied specific (individual) assessment methodology in assessing and measuring impairment.

Specific (individual) assessment

The Association determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining amounts of allowances include payment and collection history, timing of expected cash flows and realizable value of collateral, if any.

The Association sets criteria for specific impairment testing and uses the discounted cash flow method to compute for impairment loss. Accounts subjected to specific impairment and are found to be impaired shall be excluded from the collective impairment computation.

Liquidity risk

Liquidity risk refers to the risk that the Association will not be able to meet its financial obligations as these fall due and lack of funding to finance its growth and capital expenditures and working capital requirements.

The Association's approach to manage its liquidity profile are to ensure that adequate funding is available at all times; to meet commitments as these arise without incurring unnecessary costs; and to be able to access funding when needed.

The following summarizes the maturity profile of the Association's non-derivative financial liabilities based on contractual undiscounted payments.

		December 31, 2021				
	Notes	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Trade and other payables*	12	P6,012,470	P—	P—	P—	P6,012,470
Liability on individual equity value	13	9,440,668	—	—	38,060,319	47,500,987
Aggregate reserve for trust liability	13	10,352,705	—	—	57,967,966	68,320,670
Basic contingent benefit reserve	13	339,378	—	—	—	339,378
Optional benefit reserve	13	2,163,949	—	—	—	2,163,949
Claims payable on basic contingent benefit	14	839,716	—	—	—	839,716
		P29,553,582	P—	P—	P96,028,284	P125,177,170

*excluding government dues amounting to P111,687 and P128,789



	Notes	December 31, 2020				Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	
Trade and other payables*	12	P3,844,556	P—	P—	P—	P3,844,556
Liability on individual equity value	13	9,821,379	—	—	75,684,912	85,506,291
Aggregate reserve for trust liability	13	10,376,690	—	—	49,592,247	59,968,937
Basic contingent benefit reserve	13	482,661	—	—	—	482,661
Optional benefit reserve	13	1,616,205	—	—	—	1,616,205
Claims payable on basic contingent benefit	14	1,146,509	—	—	—	1,146,509
		P27,288,000	P—	P—	P125,277,159	P152,565,159

*excluding government dues amounting to P111,687 and P128,789

Capital risk management

The primary objective of the Association's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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

The Association monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt less cash and cash equivalents divided by total equity. Total debt is equivalent to total liabilities shown in the statements of financial position. Total equity comprises all components of equity including share capital and related earnings.

	2021	2020
Debt	P124,998,169	P154,305,500
Cash and cash equivalents	(16,877,122)	(29,659,995)
Net Debt	108,121,047	124,645,505
Equity	105,637,697	83,666,209
Net debt to equity ratio	1.02:1	1.49:1

There were no changes in the Association's approach to capital management during the year.

Margin of Solvency (MOS)

The Association is required to maintain at all times a MOS for life insurance business of P500,000 or P2.00 per thousand of the total amount of its insurance in force as of the preceding calendar year on all policies, except term insurance, whichever is higher.

The MOS shall be the excess of the value of its admitted assets (as defined under the IC Code), exclusive of its paid-up capital, over the amount of its liabilities, unearned premiums and reinsurance reserves. As at December 31, 2021 and 2020, the Association's MOS ratio based on its calculations are 123.74% and 132%, respectively. The final amount of the MOS 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 surplus available for MOS for the Association is as follows:

	2021	2020
Admitted assets	P221,208,302	P233,808,790
Admitted liabilities	124,998,169	155,511,158
Net worth	P96,210,133	P78,297,632

As at December 31, 2021 and 2020, the estimated non-admitted assets of the Association's life operations, as defined under the Code, which are included in the accompanying statements of financial position follows:

	2021	2020
Transportation equipment	P304,000	P497,945
Other current assets	685,406	835,101
Receivables	7,748,080	925,267
Office furniture and fixture	690,078	909,225
Software and system development	—	995,381
Total non-admitted assets	P9,427,564	P4,162,919

If an insurance association fails to meet the minimum required MOS, the IC is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such Association until its authority is restored by the IC.

Price risk

The Association's price risk exposure at year-end relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, principally, financial assets at FVOCI. Such investment securities are subject to the price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Association's investments are regulated under the pertinent provisions of Presidential Decree No. 612, otherwise known as The Insurance Code of the Philippines. The Insurance Code generally requires all insurance companies to obtain prior approval of the IC for any and all of their investments. It further requires companies to submit to the IC a monthly report on all investments made during the previous month. The IC reviews the investments and may suggest or require the immediate sale or disposal of investments deemed too risky.

For equity investments, Section 200 of the Insurance Code further provides, among other things that insurance companies may only invest in shares of Philippine corporations which have prior three-year dividend payment record. Moreover, the same section limits exposure to any one institution equal to 10% of an insurer's total admitted assets.

The following table shows the equity impact of reasonable possible change in the fair values of the Association's investments as of December 31, 2021 and 2020 (all other variables held constant), respectively.

	2021		2020	
	Volatility	Effect on Total Comprehensive Income	Volatility	Effect on Total Comprehensive Income
Financial assets at FVOCI	1% (1%)	P17,702 (17,702)	1% (1%)	P17,702 (17,702)



Guaranty fund

As a mutual benefit association, the IC also requires the Association to possess a guaranty fund of P5.00 million. This minimum amount shall be maintained at all times and it must be increased by an amount equivalent to 5% of the Association's gross premium collections until the guaranty fund reaches 12.5% of the minimum paid up capital for domestic life insurance companies or P125.00 million. As at December 31, 2021 and 2020, the Association has a total of P30,816,939 and P28,886,964 representing guaranty fund which is deposited with the IC.

24. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as at December 31, 2021 and 2020:

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P16,877,122	P16,877,122	P29,659,995	P29,659,995
Receivables, net	17,763,631	17,763,631	10,356,768	10,356,768
Rental deposit	2,079	2,079	2,079	2,079
Other funds and deposits	—	—	408,497	408,497
Investment in debt securities	84,178,366	84,178,366	84,178,366	84,178,366
Financial assets at FVOCI	42,197,115	42,424,834	41,788,619	41,788,619
	161,018,313	161,246,033	166,394,324	166,394,324
Financial Liabilities				
Trade and other payables*	6,012,470	6,012,470	3,844,556	3,844,556
Liability on individual equity value	68,320,670	68,320,670	85,506,291	85,506,291
Aggregate reserve for trust liability	47,500,987	47,500,987	59,968,937	59,968,937
Basic contingent benefit reserve	339,378	339,378	482,661	482,661
Optional benefit reserve	2,163,949	2,163,949	1,616,205	1,616,205
Claims payable on basic contingent benefit	839,716	839,716	1,146,509	1,146,509
	P125,177,170	P125,177,170	P152,565,159	P152,565,159

**excluding government dues amounting to P111,687 and P128,789

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Receivables, net, Rental Deposit and Other Funds and Deposit. The carrying amounts of cash and cash equivalents, and receivables approximate fair values primarily due to the relatively short-term maturities of these financial instruments.

Investment in debt securities and Financial assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Trade and Other Payable, Liability on Individual Equity Value, Aggregate Reserve for Trust Liability, Basic Contingent Benefit Reserve, Optional Benefit Reserve Claims Payable On Basic Contingent Benefit. The carrying amount of accounts payable and other current liabilities approximates fair value due to the relatively short-term maturity of this financial instrument.



Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value by valuation method:

2021	Level 1	Level 2	Total
Financial Assets			
Investment in debt security	P—	P84,178,366	P84,178,366
Financial assets at FVOCI	42,424,834	—	42,424,834
2020	Level 1	Level 2	Total
Financial Assets			
Investment in debt security	P—	P84,178,366	P84,178,366
Financial assets at FVOCI	41,788,619	—	41,788,619

The Company has no financial instruments valued based on Level 3 as at December 31, 2021 and 2020. In 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

25. Other Matter

Continuing Effects of COVID-19 Pandemic

On March 11, 2020, the World Health Organization assessed that the novel coronavirus of 2019 (COVID-19) has become a pandemic. In an effort to contain the spread of COVID-19 in the Philippines, community quarantines and alert levels of varying strictness were imposed in numerous parts of the country. Furthermore, the Government implemented COVID-19 vaccine deployment and vaccination program to mitigate the spread of the virus.

These measures did not affect economic activities and business operations of the Association. The scale and duration of these developments remain uncertain as of the report date. Considering the evolving nature of the pandemic, the Association will continue to monitor the situation.

26. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

REVENUE REGULATIONS (RR) NO. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS and such other standards and/or conventions that may heretofore be adopted, in the Notes to the Financial Statements, information on taxes, duties and license fees paid or accrued during the taxable year. In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

a. Output VAT

The amount of output tax declared by the Association is P232,244 and nil for the year 2021 and 2020, respectively.



b. Input VAT

The amount of input tax claimed by the Association is ₱9,360 and nil for the year 2021 and 2020, respectively.

c. Landed cost of importation, custom duties and tariff fees

The Association did not have any importations in 2021 that would require for the payment of customs duties and tariff fees.

d. Excise taxes

The Association did not have any transactions in 2021 which are subject to excise tax.

e. Documentary stamp tax (DST)

The Association did not have any transactions in 2021 which are subject to documentary stamp tax.

f. Other taxes and licenses

Details of the Association's other taxes and licenses and permits in 2021 are as follows:

Duties and taxes	₱249,330
Business Permit	23,328
Others	263,019
	<u>₱535,677</u>

g. Withholding taxes

The amount of withholding taxes paid/accrued for the year amounted to:

Withholding tax - Compensation	₱464,634
Withholding tax - Expanded	10,727
	<u>₱475,361</u>

h. Periods covered and amounts of deficiency tax assessments, whether protested or not

The Association has not yet received a final assessment notice from the Regional Office for the taxable year December 31, 2021 for deficiency income/VAT/percentage/withholding tax, which has been protested/agreed upon.

REVENUE REGULATION (RR) NO. 34-020

RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Association is not covered by the requirements and procedures for related party transactions provided under RR 34-2020 for the year ended December 31, 2021.

