COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	N	2	0	0	7	1	9	5	7	9

Company Name

TULUNGAN MUTUAL BENEFIT
ASSOCIATION INC (FORMERLY
SRCDC MUTUAL BENEFIT
ASSOCIATION INC.)

Principal Office (No./Street/Barangay/City/Town/Province)

1199 ARBE COMPOUND, MCARTHUR
HIGHWAY, SUMAPANG MATANDA,
CITY OF MALOLOS, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
srcdcmbai@yahoo.com	044-7962532	0932-9223820

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	October 4	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MARIA LUILLA T. SALAZAR	malu_salazar70@yahoo.com	044-7962532	0932-9223820

Contact Person's Address

1199 ARBE CMPD., MCARTHUR HIGHWAY, SUMAPANG MATANDA, CITY OF MALOLOS, BULACAN

Note: 1.) In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence therof with information and complete contact details of the new contact person designated.

2.) All Boxes must be properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and / or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

ZAMUDIO & OGENA, CPAS
No. 89 Nenita Ext. Tarhaville, Sitio 7
Brgy. Sta. Lucia, Novaliches, Quezon City 1117
TIN 007-207-081-000

BOA AN: 4657, Oct 4,2018-Oct 3,2021
BIR AN:07-001225-001-2017 Until Mar 13, 2020
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20.2020

;

TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

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

AUDITED FINANCIAL STATEMENTS

CY DECEMBER 31, 2018
AMENDED

TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed under Oath by the following:

CRISTINA L. TAMAYO
President

CARMENCITA C. LOPEZ
Treasurer

0 2 MAY 2019

SUBSCRIBED AND SWORN TO BEFORE ME, this ________ day of _________ 2018, Affiants exhibited their Residence Certificate Number as follows:

Names	ID No.	Date Issued	Place Issued
CRISTINA L. TAMAYO	SC ID No. 21551	05/16/2014	City of Malolos, Bulacan
CARMENCITA C. LOPEZ	SC ID No. 08856	04/12/2010	City of Malolos, Bulacan

SALVADOR T. REYES
NOTARY PUBLIC
PNC-42-MB-2017 valid until December 31, 2019
Roll of Attorneys No. 36925
PTR NO. 1446294 / 1-03-2019 / Malolos City
IBP NO. 063726 / 1-7-2019 / Bulacan Chapter
MCLE Compliance No. V-0023517 - 8/15/2016
2nd Floor, No. 001 T. Alonzo St., Poblacion
Sto. Rosario, Malolos City, Bulacan, Philippines
Tel No. (044) 794-22-91
E-mail: kingslaw@gmail.com

Doc. No.: 87
Page No.: 19
Book No.: 9
2019

Series of 2019

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

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.**, is for all information and representation contained in the Annual Income Tax Return for the year ended December 31, 2018. Management is likewise responsible for all information and representation contained in the financial statements accompanying the annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and / or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2018 and the accompanying Annual Income Tax Return are in accordance with the books and records **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.**, complete and correct in all material respect, Management likewise affirms that:

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

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

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

CRISTINA L. TAMAYO
President

Carmencita C. Lopez

CARMENCITA C. LOPEZ
Treasurer

ZAMUDIO & OGENA, CPAS
417 Garnet St., Country Homes, Naga Road,
Pulang Lupa 2, Las Pinas City
TIN 007-207-081-000

BOA AN: 4657, Oct 4,2018-Oct 3,2021
BIR AN:07-001225-001-2017, Mar.13, 2017 – Mar. 12, 2020
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20.2020

" REPORT OF AN INDEPENDENT AUDITOR"

TO THE STOCKHOLDERS & BOARD OF DIRECTORS
TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.
LADIA BLDG., FAUSTIA RAD, MABOLO,
CITY OF MALOLOS, BULACAN

Opinion

I have audited the financial statements of TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC. which comprise the statements of financial position as at December 31, 2018, and the statement of income, statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC. at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS)

Basis for Opinion

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

Material Uncertainty Related to Going – Concern

Having regard to the future period to which those charged with governance have paid particular attention in assessing going concern, I have planned and performed procedures specifically designed to identify any material matters which could indicate concern about the entity's ability to continue as a going concern. As stated in Note 2, no events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Use of going concern basis of accounting is appropriate and no material uncertainty has been identified.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- I 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 I identify during my audit.

- I also provide those charged with governance with a statement that I have complied with relevant requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

- From the matters communicated with those charged with governance, I determined those matters that were of most significant in the audit of the financial statements of the current period. I have determined that, except for the significant matters communicated with those charged with governance, there are no other key audit matters to communicate in my report.

Report on Other Legal and Regulatory Requirements

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 33 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ZAMUDIO & OGENA, CPAS

Marlene P. Zamudio

Marlene N. Dayaon-Zamudio,
Partner
CPA No. 70269, valid until May 19, 2019
BIR AN: 07-001223-001-2017, Mar.13, 2017-Mar.12,2020 .
IC AN: SP-2017-005-R,Apr18,2017-Apr17,2020
TIN" 132-839-617-000 PTR No. 8009029 Jan. 3, 2019, Mla.

Tel No. 02-4253026 / April 25, 2019

— AMENDED—

ZAMUDIO & OGENA, CPAS
417 Garnet St., Country Homes, Naga Road,
Pulang Lupa 2, Las Pinas City
TIN 007-207-081-000

BOA AN: 4657, Oct 4,2018-Oct 3,2021
BIR AN:07-001225-001-2017, Mar.13, 2017 – Mar. 12, 2020
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20.2020

SUPPLEMENTAL STATEMENT
(In Compliance Under Rule 68)

The Board Of Trustees
TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC.
Formerly (SRCDC Mutual Benefit Association, Inc.)
(A Non-Stock, Non-Profit Corporation)
1199 ARBE CMPD., McARTHUR HIGHWAY, SUMAPANG MATANDA
CITY OF MALOLOS, BULACAN

We have audited the accompanying financial statements of **TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC**. Formerly (SRCDC Mutual Benefit Association, Inc.) . *(A Non-Stock, Non-Profit Organization)* which comprise the statement of financial condition as of December 31, 2018 and 2017 and the Statement of Comprehensive Income, Statement of Changes in Fund Balance and Statement of Cash Flows for the years ended on which we have rendered the attached report dated April 13, 2019.

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

ZAMUDIO & OGENA, CPAS
Marlene D Zamudio
Marlene N. Dayaon – Zamudio,
General Partner
CPA No. 70269, valid until May 19, 2019
BIR AN: 07-001223-001-2017, Mar.13, 2017-Mar.13,2020 .
TIN" 132-839-617-000
PTR No. 8009029 Jan. 3, 2019, Mla.

Tel No. 02-4253026 /April 25, 2019

ZAMUDIO & OGENA, CPAS
417 Garnet St., Country Homes, Naga Road,
Pulang Lupa 2, Las Pinas City
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BOA AN: 4657, Oct 4,2018-Oct 3,2021
BIR AN:07-001225-001-2017, Mar.13, 2017 – Mar. 12, 2020
IC AN: F-2017-005-R,Apr18,2017-Apr17,2020
CDA CEA No. 011-1F, Mar 21,2017 to Mar 20.2020

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

TO THE BOARD OF DIRECTORS
TULUNGAN MUTUAL BENEFIT ASSOCIATION INC.
LADIA BLDG., FAUSTIA RAD, MABOLO,
CITY OF MALOLOS, BULACAN

I have audited the accompanying financial statements of TULUNGAN MUTUAL BENEFIT ASSOCIATION INC. for the years ended December 31, 2018 on which I have rendered my report dated April 25, 2019.

In compliance with Revenue Regulation V-20, I am stating that:

1. I am not related by consanguinity or affinity to the Board of Directors of the entity and;
2. The taxes paid and/or accrued by the entity during the year are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.

ZAMUDIO & OGENA, CPAS

Marlene D. Zamudio

Marlene N. Dayaon – Zamudio,
Partner
CPA No. 70269, valid until May 19, 2019
BIR AN: 07-001223-001-2017, Mar.13, 2017-Mar.12,2020 .
IC AN: SP-2017-005-R,Apr18,2017-Apr17,2020
TIN" 132-839-617-000 PTR No. 8009029 Jan. 3, 2019, Mla.

Tel No. 02-4253026 / April 25, 2019

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
1199 Arbe Cmpd., McArthur Highway, Sumapang Mat:

STATEMENT OF FINANCIAL CONDITIONS
For the years ended December 31, 2018
(In Philippine Peso)

ASSETS			
CURRENT ASSETS	*Notes*	***2018***	**2017**
Cash and cash equivalents	7	2,079,958.46	2,997,033.22
Financial Assets at Amortized Cost (FAAC)-current	8	11,200,100.00	12,200,100.00
Receivables	9	258,977.18	195,177.67
Prepayments and other current assets	10	122,239.50	33,639.50
TOTAL CURRENT ASSETS		**13,661,275.14**	**15,425,950.39**
NON-CURRENT ASSETS			
Loan Receivable	10	11,556,060.00	7,723,670.00
Property and Equipment	12	1,326,226.00	860,543.50
Accumulated Depreciation - Property and Equipment	12	(829,946.34)	(729,425.30)
Other funds and Deposit	13	10,000.00	10,000.00
TOTAL NON-CURRENT ASSETS		**12,062,339.66**	**7,864,788.20**
TOTAL ASSETS		**25,723,614.80**	**23,290,738.59**
LIABILITIES AND FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
Liability on individual equity value	14	16,045,795.00	14,519,215.00
Basic Contingent Benefit Reserve	15	133,735.00	79,253.33
Optional benefit reserve		-	
Claim payable on basic contingent benefits	16	189,233.33	189,916.67
Other Current Liabilities	17	1,497,997.14	708,666.25
TOTAL CURRENT LIABILITIES		**17,866,760.47**	**15,497,051.25**
NON-CURRENT LIABILITIES	18	381,766.22	303,760.22
TOTAL NON-CURRENT LIABILITIES		**381,766.22**	**303,760.22**
TOTAL LIABILITIES		**18,248,526.69**	**15,800,811.47**
FUND BALANCE			
Free and Unassigned Fund Balance	19	288,762.26	264,550.52
Assigned fund balance			
Fund Assignged for Guaranty Fund		6,779,918.65	6,779,918.65
Fund Assigned for Members Benefit		301,561.53	340,612.28
Fund Assigned for Community Dev.		104,845.67	104,845.67
Total Assigned Fund Balance	20	7,186,325.85	7,225,376.60
TOTAL FUND BALANCE		**7,475,088.11**	**7,489,927.12**
TOTAL LIABILITIES AND FUND BALANCE		**25,723,614.80**	**23,290,738.59**

FUND BALANCE	Notes		
Fund Balance, beginning		7,489,927.12	9,067,262.70
Add: Additional Allocation			-
Adjustment of prior years pofit		(805.00)	(244,540.71)
Net Surplus for the year	Exh2	390,843.18	193,372.08
Less: Usage of fund for the year		(39,050.75)	(477,400.04)
Fund Balance, ending		7,840,914.55	8,538,694.03
TOTAL LIABILITIES AND FUND BALANCE		**25,723,614.80**	**23,290,738.59**

See Accompanying Notes to Financial Statements.

—AMENDED —

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

STATEMENTS OF COMPREHENSIVE INCOME
(In Philippine Pesos)

		For the years ended December 31	
	Notes	2018	2017
REVENUES			
Net members' contribution	*21*	3,648,600.00	3,178,140.00
Net premiums	*22*		-
Other Revenues	*23*	927,977.27	600,434.21
TOTAL REVENUES		4,576,577.27	3,778,574.21
LESS: BENEFIT EXPENSES			
Net benefit/claims expense	*24*	343,885.00	604,103.78
Total Other Benefit Expenses	*25*	2,101,746.22	1,652,654.38
Total Benefit Expenses		2,445,631.22	2,256,758.16
NET SURPLUS BEFORE OPERATING EXPENSES		2,130,946.05	1,521,816.05
Operating Expenses			
TOTAL OPERATING EXPENSES	*26*	2,496,772.49	2,570,582.96
NET SURPLUS BEFORE INVESTMENT RETURNS		(365,826.44)	(1,048,766.91)
ADD: Investment Revenues			
TOTAL INVESTMENT Revenue	*27*	405,598.67	212,982.46
TOTAL INVESTMENT EXPENSES	*28*	14,755.49	19,610.38
Net Returns from Investment		390,843.18	193,372.08
NET SURPLUS (LOSS)		25,016.74	(855,394.83)
ADD (LESS): OTHER COMPREHENSIVE REVENUES (EXPENSES)			
60000 Other Comprehensive Revenues			
65000 Unrealized Loss on Financial Assets			
TOTAL COMPREHENSIVE REVENUES (EXPENSES)			
NET COMPREHENSIVE SURPLUS (LOSS)		25,016.74	(855,394.83)

See Accompanying Notes to Financial Statements.

---AMENDED---

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

STATEMENT OF CHANGES IN FUND BALANCE

For the years ended December 31, 2018
(In Philippine Peso)

	Notes	*2018*	2017
Fund Balance:Unappropriated,beg		264,550.52	1,364,486.06
Prior Period Adjustments		(805.00)	(244,540.71)
T o t a l		**263,745.52**	**1,119,945.35**
Add: Net Surplus for the period	*Exh2*	25,016.74	(855,394.83)
T o t a l		**288,762.26**	**264,550.52**
Less: Additional Assigned Retained Earnings		-	-
T o t a l		**288,762.26**	**264,550.52**
Fund Balance:Appropriated,2017		7,489,927.12	7,702,776.64
Add: Additional Allocation		-	-
Less: Usage of fund		(39,050.75)	(477,400.04)
T o t a l		**7,450,876.37**	**7,225,376.60**
TOTAL FUND BALANCE, END		**7,739,638.63**	**7,489,927.12**

See accompanying notes to financial statements

Exh 3

—AMENDED —

TULUNGAN MUTUAL BENEFIT ASSOCIATION, INC
(Formely: SRCDC - Mutual Benefit Association, Inc.)
Ladia Bldg, Fausta Road, Mabolo, City of Malolos, Bulacan

STATEMENTS OF CASH FLOWS

(In Philippine Pesos)

		For the year ended December 31	
	Notes	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	Exh2	25,016.74	(855,394.83)
Adjustments to reconcile net income			
used in operating activities:			
Prior period errors	17	(805.00)	(244,540.71)
Depreciation	2,12	188,612.79	151,161.10
Accum depreciation on disposal of asset	2,12	15,656.34	63,502.00
Loss on disposal of assets		(2,049.82)	125.00
Operating income (loss) before working capital changes		226,431.05	(885,147.44)
Add/deduct:			
Increase (decrease) in:			
Financial Assets at Amortized Cost (FAAC)-current	8	1,000,000.00	5,000,000.00
Prepayments & Other Current Assets	10	(88,600.00)	40,071.75
Other receivables	9	(63,799.51)	(57,905.16)
Accrued Expenses & Other Liabilities		789,330.89	
Current Liabilities		1,580,378.33	1,284,508.00
NET CASH PROVIDED FOR (USED IN) OPERATING ACTIVI		3,217,309.71	6,266,674.59
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Investments			
Increase in Notes Receivable	11	(3,832,390.00)	(3,201,780.00)
Disposals of Property and Equipment	12	(92,929.02)	(63,502.00)
Purchased of Property and Equipment	12	(513,502.50)	(104,470.00)
NET CASH PROVIDED FOR (USED IN) INVESTING ACTIVIT		(4,438,821.52)	(3,369,752.00)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Advances to Related Party			
Decrease in Advances from Related Party			
Increase (Decrease) in Legal Reserve		0	(477,400.04)
Inc (Decrease) NON-CURRENT Assets			
Inc (Decrease) NON-CURRENT LIABILITIES	18	78,006.00	78,006.00
NET CASH PROVIDED FOR (USED IN) FINANCING ACTIVITI		78,006.00	(399,394.04)
NET INCREASE IN CASH		(917,074.76)	1,612,381.11
Cash at the beginning of the year		2,997,033.22	1,384,652.11
CASH BALANCE AT THE END OF THE YEAR		2,079,958.46	2,997,033.22

(See accompanying notes to financial statements)

—AMENDED—

ASIAN
ACTUARIES
INC.

STATEMENT OF OPINION

I, Panfilo P de la Paz, consulting actuary of **Tulungan Mutual Benefit Association, Inc.** (*formerly* **Sto. Rosario Credit and Development Cooperative Mutual Benefit Association, Inc.**), express the opinion that, based on the data supplied to me by SRCDC MBA, the legal policy reserves and claims reserves of the Association as of 31 December 2018 amounts to

Reserves for Basic Life Insurance	133,735.00
Basic Life Advance Premium Liability	403,000.00
Reserves for Member's Equity Value	16,045,795.00
Reserves for Credit Life Insurance, Net of Reinsurance	Nil
Policy and Contract Claims Payable	189,233.33
Total Reserves	**16,771,763.33**

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

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

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

11 April 2019

11/F VGP Center (formerly ManilaBank Bldg.) Ayala Ave., Makati City
Tel: 810-1058 & 752-0963 Fax: 810-1058

ANNEX "A"

A. Assets	
1. Net life insurance premiums and annuity considerations due and uncollected	Nil
2. Accident and health premiums due and uncollected	Nil
B. Liabilities	
1. Aggregate reserves for basic life insurance	133,735.00
2. Basic Life Advance Premium Liability	403,000.00
3. Aggregate reserves for member's equity value	16,045,795.00
4. Aggregate reserves for credit life insurance (net of reinsurance)	Nil
5. Policy and contract claims	189,233.33
4.1 In course of settlement	30,000.00
4.2 Due and unpaid	142,400.00
4.3 Resisted/Denied	Nil
4.4 Incurred but not reported	16,833.33

* all figures are in Philippine Pesos

2018 Valuation Results
SRCDC Mutual Benefit Association, Inc.

11/F VGP Center (formerly ManilaBank Bldg.) Ayala Ave., Makati City
Tel: 810-1058 & 752-0963 Fax: 810-1058

1. CORPORATE INFORMATION

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

The Association changed its name on September 28th, 2017 under SEC REG NO. CN200719579. Then it was accredited with the Insurance Commission on December 12, 2017 under License No. 2016-18-R-A.

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

2. STATUS OF OPERATION

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

3. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine Peso, which is the Company's functional and presentation currency. All values are stated in absolute amounts unless otherwise indicated.

Moreover, the financial statements have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS).The financial accounting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued and approved by the Philippine Financial Reporting Standards Council (PFRSC) and adopted by the SEC, including SEC pronouncements.

These financial statements are presented in Philippine Pesos, the company's functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

4. SUMMARY OF NEW AND REVISED ACCOUNTING STANDARD (PFRS)

Adoption of New and Revised PFRS

The existing accounting policies have been adopted by the Company including the following new and revised PFRS and Philippine Interpretation from IFRIC which have become effective for annual periods beginning on or after January 1, 2015:

PFRS 9, Financial Instruments – Classification and Measurement

PFRS 9, Financial Instruments, issued in November 2009 and amended October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.
PFRS 9 requires all recognized financial assets that are within the scope of PAS 39, Financial Instruments: Recognition and Measurement, to be subsequently measured at amortized cost or fair value. The most significant effect of PFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under PFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under PAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

PAS 1 – Presentation of Financial Statements – The amendments clarify guidance on materiality and aggregation, the structure of financial statements and the disclosure of accounting policies.

PAS 16 – Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation, and PAS 38, Intangible Assets – Clarification of Acceptable Methods of Amortization – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

PFRS 7 – Financial Instruments: Disclosures – The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

Amendments to Standards not yet adopted

Effective for annual periods beginning on or after January 1, 2016:
PAS 19 – Employee Benefit – The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

Effective for annual periods beginning on or after January 1, 2018:

PFRS 9 – Financial Instruments – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
For financial liabilities, the most significant effect of PFRS 9 relates to cases where fair value option is taken; the amount of change in fair value of a financial liability designated as fair value through profit or loss 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.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The de-recognition provisions are carried over almost unchanged from PAS 39.

Under prevailing circumstances, the adoption of the forgoing and revised PFRS are not expected to have any material effect on the financial statements. Additional disclosures will be included in the notes to financial statements, as applicable.

5.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalent
Cash includes money and any other negotiable instrument that is receivable in money and acceptable by the bank for deposit and immediate credit. Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

Financial Assets at Amortized Cost (FAAC) – Current
This account refers to financial assets (debt securities) which are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding within 12 months after the reporting period.

Receivables
This refers to financial assets that represent a contractual right to receive cash or another financial asset.

Prepayments and Other Current Assets
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

Prepayments are classified in the statements of financial position as current assets when the expenses related to prepayments are expected to be incurred within one year. Otherwise, prepayments are classified as non-current assets.

Other current assets, which are carried at transaction cost, consist of income tax withheld, input tax, and prepayments.

Loans Receivable
Loans receivables are credit accommodations to members on the security of a pledge or chattel mortgage of personal properties of the borrowers, or in the absence thereof, on the security of the membership certificate of the borrowing members, in which event such loan shall become a first lien on the proceed thereof (Insurance Code)

Property and Equipment
Property and equipment are measured initially at its cost and subsequently measured at cost less any accumulated depreciation and any accumulated **impairment losses**. The company shall recognize the costs of day-to-day servicing of an item of property, and equipment in profit or loss in the period in which the costs are incurred.

The cost of an item of property, plant and equipment comprises of: Its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
For financial reporting purposes depreciation is computed using the straight line method over the estimated useful lives of the assets.

A part of some items of property and equipment may require replacement at regular interval. The entity decides not to add to the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if the replacement part is expected not to provide incremental future benefits to the entity.

_The Company assesses as at reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds it recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. 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 an 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. 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.

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

Other Funds and Deposits
This account refers to restricted funds set aside for funding of statutory and other reserves such as Retirement and Other Funds. This may be in the form of time deposit or other securities which maybe convertible to cash when needed.

Rental Deposit
This represents rental deposits on leased properties beyond one year which. may be applied on the last period occupancy or may be refunded upon termination of the lease contract.

Liability on Individual Equity Value
This represents the total amount of obligations set-up by the MBA on membership certificates pertaining to the 50% of the equity value, as required under the insurance code, and any incremental amount declared by the MBA.

Basic Contingent benefits Reserve

This represents the total actuarial reserve set-up by the MBA pertaining to the basic life benefit that is in force at the end of the accounting period. It refers to the amount of liability which the MBA establishes for a certificate to meet the contractual obligation as it fails due.

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

Claims Payable on Basic Contingent Benefits
This represents benefit claims on membership reported certificates filed or reported to the MBA, but not yet paid as of the end of the accounting period. It includes claims due or unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported

Other Benefits Payable on Basic Policies includes:
Claim payable on Basic contingent Benefit - in course of settlement and
Claims payable on Basic Contingent Benefit - incurred but not yet reported (IBNR).

Claim payable on Basic contingent Benefit - in course of settlement
This represents the sum of the individual claims on membership certificates on which the MBA has already received notice of claim but on which, for one reason or-another, final action has not taken either approving the claims for payment in full, or rejecting it in part or in full.

Claims Payable on Basic contingent Benefit – incurred but not yet Reported (IBNR).
This represents the sum of the individual claims on membership certificates that have already occurred but on which noticed not yet been received by the MBA. This estimate take into account any policy reserve liability set up by the MBA and any amount recoverable from reinsurers.

Other Current Liabilities
Other current liabilities consists of the current portion of the Company's statutory obligation such as BIR, SSS, Philhealth, and HDMF remittances that are expected to be settled within 12 months from the balance sheet date.

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

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

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

Due to Shareholders
Due to shareholders represents advances from shareholders that are initially measured at transaction cost and subsequently measured at the undiscounted amount of the cash and other consideration expected to be paid.

Fund Balance
This account represents to the residual interest in the assets of the MBA after deducting all its accumulated earnings reduced by whatever losses may incur during a certain accounting period.

Free and Unassigned Fund Balance
This represents portion of the fund balance that is not restricted.

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

Deficit
Deficit include all current and prior period results as disclosed in the statement of income.

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

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

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. The following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Revenue from rendering of services is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Cost and expense recognition

Direct costs, selling expenses, and administrative expenses, and other expenses are recognized in the statements of income upon consumption of the goods and or utilization of the service or at the date they are incurred. Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between 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 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 as an asset.

Employee Benefits

Employee benefits represent: (a) short-term employee benefits, which are employee benefits (other than termination benefits) that are wholly due within twelve months after the end of the period in which the employees render the related service, and (b) termination benefits, which are employee benefits payable as a result of either:) an entity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term benefits
Short-term benefits include: (a) short-term wages, salaries and social security contributions;(b)short-term compensated absences (such as paid annual leave and paid sick leave) when the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service; and (c) non-monetary benefits (such as medical care for current employees). Short-term employee benefits are measured at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Termination benefits
Termination benefits include: by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

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

Leases
The Company accounts for its leases as follows:

- *Company as Lessee*

Leases which transfer to the company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are directly charged against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the company substantially all the risks and benefit of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Financial instruments

Initial Recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Measurement of Financial Instruments

All financial assets or financial liabilities are initially measured as follows:

- For goods sold to a customer on short-term credit, a receivable is recognized at the transaction price, which is normally the invoice price.
- For goods purchased from a supplier on a short-term credit, a payable is recognized at the transaction price, which is normally the invoice price.

Subsequent Measurement of Financial Instruments

At the end of each reporting period, financial asset or liability is subsequently measured as follows, without any deduction for transaction cost that may incur on sale or other disposal:

- For goods sold to a customer on short-term credit, a receivable is recognized at the undiscounted amount of cash or other considerations expected to be received.
- For goods purchased from a supplier on a short-term credit, a payable is recognized at the undiscounted amount of cash or other considerations expected to be paid.

Derecognition of a financial asset

An entity shall derecognize a financial asset only when:
(a) the contractual rights to the cash flows from the financial asset expire or are settled, or
(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
(c) the entity, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Derecognition of a financial liability
An entity shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, that is when the obligation specified in the contract is discharged, is cancelled or expires.

The main purpose of the Company's principal financial instruments is to fund its operational and capital expenditures. The Company's risk management is coordinated and in close operation with the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets.

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company.

Capital Management Framework

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern. The Company monitors the basis of the carrying amount of equity as presented on the face of the Statement of Financial Position.

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic Statement of Financial Position and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

Provisions and Contingencies

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

- **Initial recognition**

  The company recognized a provision when the company has an obligation at the reporting date as a result of a past event and it is probable that the company will be required to transfer economic benefits in settlement and lastly the amount of the obligation can be estimated reliably.

  The company measured provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

- **Subsequent measurement**

  The company shall charge against a provision only those expenditures for which the provision was originally recognized and review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount shall be recognized as finance cost in profit or loss in the period it arises.

Events After the End of the Reporting Period
Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

The company adjusts the amounts recognized in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. Hence, the company shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the end of the reporting period.

Related Party Disclosures
Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

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

6. MANAGEMENT SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the accompanying financial statements of the Company in compliance with PFRS for SME's requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluations of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments
The preparation of the Company's financial statements in conformity with PFRS for SMEs requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, 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.

Determining Functional Currency

Based in economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso, which is the currency of the primary economic environment in which the Company operates and is the currency that mainly influences the prices of the products and services and the cost of providing such products and services.

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

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

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

Critical Management Judgments in Applying Accounting Policies

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

1.Going Concern Issue

When evaluating an entity's ability to meet its obligations, management shall consider quantitative and qualitative information about the following conditions and events, among other relevant conditions and events known and reasonably knowable at the date that the financial statements are issued:

a. The entity's current financial condition, including its liquidity sources at the date that the financial statements are issued (for example, available liquid funds and available access to credit)

b. The entity's conditional and unconditional obligations due or anticipated within one year after the date that the financial statements are issued (regardless of whether those obligations are recognized in the entity's financial statements)

c. The funds necessary to maintain the entity's operations considering its current financial condition, obligations, and other expected cash flows within one year after the date that the financial statements are issued

The other conditions and events, when considered in conjunction with (a), (b), and (c) above, that may adversely affect the entity's ability to meet its obligations within one year after the date that the financial statements are issued.

1.Consideration of Management's Plans When Substantial Doubt Is Raised

When relevant conditions or events, considered in the aggregate, initially indicate that it is probable that an entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (and therefore they raise substantial doubt about the entity's ability to continue as a going concern), management shall evaluate whether its plans that are intended to mitigate those conditions and events, when implemented, will alleviate substantial doubt about the entity's ability to continue as a going concern.

The mitigating effect of management's plans shall be considered in evaluating whether the substantial doubt is alleviated only to the extent that information available as of the date that the financial statements are issued indicates both of the following:

a. It is probable that management's plans will be effectively implemented within one year after the date that the financial statements are issued.

b. It is probable that management's plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

2. Non Application of Projected Unit Credit Method

Under paragraph 4 of the revised PAS 19, the present value of the defined benefit obligation should be determined using the projected Unit Credit Method. Valuation should be carried out with sufficient regularity such that amounts recognized in the financial statements do not differ materially from those that would be determined at the statement of condition date.

In applying the above guidelines, the company considered to fully adopt the requirements. However, the company decided to depart from this because they believe that the assumptions used in its retirement benefit plan under R.A. 7641 provides more reasonable and appropriate estimation of retirement benefits obligation.

(a) *Operating and Finance Lease*
The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) *Provisions and Contingencies*
Judgment is exercised by management to distinguish between provisions and contingencies.

Key Sources of Estimation Uncertainty

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

a) *Estimating the Recoverability of Receivables*
The company evaluates the status of the receivables based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers, current credit status based on third party credit reports and known market forces, average of the accounts and historical loss experience.

The Company estimates the allowance for doubtful accounts related to the receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligation. In these cases judgment used was based in the best available facts and circumstances including, but not limited to, the length of relationship with the customers and the customers' current credit status based on third party credit reports and known market factors, The company used judgments to record specifics reserves for customers against amount due no reduce the expected collectible amounts. These reserves are ,re-evaluated and adjusted as additional information received impacts the amounts estimated.
The amount of timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

b) ***Useful Lives of Property and Equipment***
The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analysed in Note 11.

Based on management's assessment as of December 31, 2016 & 2015, there is no change in estimated useful lives of property and equipment during the year and in the prior years. Actual results however may vary due to changes in estimates brought about by changes in factors mentioned above.

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

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

d) *Asset Impairment*

The Company assesses the value of property, plant and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

(In Philippine Pesos)

Repairs and maintenance
Repairs and maintenance incurred by the Company have not resulted in an increase in the future economic benefit of its property and equipment, therefore charged to operations.

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

7. CASH AND CASH EQUIVALENTS

This account consisted of:

	2018	2017
Petty Cash Fund	6,744.46	5,000.00
Cash in Bank - Savings deposit	1,073,214.00	2,571.421.19
Cash in Bank – Time Deposit		
Cash in Bank - Current deposits		(579,387.97)
Premium Deposit		
Time deposit	1,000,000.00	1,000,000.00
Total	2,079,958.46	2,997,033.22

Cash and Cash Equivalents represent peso deposits in banks comprised of both unrestricted and restricted accounts.

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

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

This account consisted of:

	2018	2017
FAAC – Investment in Bonds/Government	9,500,000.00	9,500,000.00
FAAC – Investment in Bonds/Corporate	1,700,000.00	1,700,000.00
FAFV(P&L) –Investment in Stocks	100.00	1,000,100.00
Total	11,200,100.00	12,200.100.00

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

9. RECEIVABLES

This consist of the following:

	2018	2017
Unremitted Premium, Contributions, dues & fees	0	0
Membership Fees & Dues Receivable	0	200.00

(In Philippine Pesos)

Premium Receivable	0	650.00
Accrued Interest Income	77,662.14	73,042.42
Accrued Dividend Income	0	5,148,17
Other Current Receivables	0	24,012.52
Cash Advance		5,500.00
Due from Tulungan MFI	155,601.75	84,951.61
Due from Officers and Employees	4,266.37	1,672.95
Receivable – Others	12,446.92	
Advances to Suppliers	9,000.00	
Total	258,977:18	195,177.67

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

10. PREPAYMENTS AND OTHER CURRENT ASSETS:

This consist of the following:

	2018	2017
Prepaid Insurance		
Prepaid Renewal fee – IC	90,900.00	30,300.00
Office supplies – unused	31,339.50	3,339.50
Other Current Assets		
Total	122,239.50	33,639.50

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

11. LOANS RECEIVABLE:

This consist of the following:

	2018	2017
Member's Certificate Loan	9,899,060.00	6,723,670.00
Other Loan Receivable - MFI	1,690,000.00	1,000,000.00
Total	11,556,060.00	7,723,670.00

(In Philippine Pesos)

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

12. PROPERTY AND EQUIPMENT

The rollover analysis of the Property and Equipment account follows:

Property and Equipment 2018 as follows:

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

Accumulated Depreciation;

Property and Equipment	Balance, Dec 31, 2017	Provision	Disposal	Bal, Dec. 31, 2018
Leasehold Improvement	18,853.48	35,103.89		53,957.37
IT Equipment	244,945.88		9,966.91	234,978.97
Computerization	227,663.57	63,443.50		291,107.07
Computer Software		7,318.60		7,318.60
Transportation Equipment	50,253.00	3.590.00		53.843.00
Office furniture, fixture &Equipment	64,088.00		4,576.94	59,511.06
Other Equipment	53,324.75	8.120.01		61,444.76
Other properties	70,295.25		2,509.74	67,785.51
Total	729,423.93	117,576.00	17,053.59	829,946.34
Net Carrying Value	113,118.20			

(In Philippine Pesos)

2017

Cost: Property and Equipment	Balance, Dec 31, 2016	Additions	Disposal	Balance, Dec. 31, 2017
Leasehold Improvement	27,816.75			27,816.75
IT Equipment	279,511.00	97,480.00	63,002.00	313,989.00
Computerization	241,398.00	4,500.00		245,898.00
Transportation Equipment	53,844.00			53,844.00
Office furniture, fixture &Equipment	64,752.00		625.00	64,127.00
Other Equipment	83,100.00			83,100.00
Other properties	69,278.75	2,490.00		71,768.75
Total	819,700.50	104,470.00	63,627.00	860,543.50

Accumulated Depreciation;

Property and Equipment	Balance, Dec 31, 2016	Provision	Disposal	Bal, Dec. 31, 2017
Leasehold Improvement	4,713.62	14,139.86		18,853.48
IT Equipment	249,652.19	60,420.69	62,870.00	244,945.88
Computerization	185,970.29	39,443.28		227,663.57
Transportation Equipment	39,485.50	10,768.80		50,253.00
Office furniture, fixture &Equipment	57,363.67	7,349.33	624.00	64,088.00
Other Equipment	42,522.17	10,802.55		53,324.75
Other properties	62,058.68	8,236.59		70,295.25
Total	641,766.20	151,161.10	63,494	729,425.30
Net Carrying Value	177,934.30			113,118.20

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

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

(In Philippine Pesos)

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

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

13. OTHER FUNDS AND DEPOSITS:

	2018	2017
Rental Deposit	**10,000.00**	**10,000.00**
TOTAL	**10,000.00**	**10,000.00**

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

14. LIABILITY ON INDIVIDUAL EQUITY VALUE

This account represents the total amount of obligations set-up by the MBA on membership certificates pertaining to the 50% equity value, as required under the insurance code, and any incremental amount declared by the MBA in the amount of P16,045,795.00 and P14,519.215.00 for the years 2018 and 2017 respectively.

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

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

15. BASIC CONTINGENT BENEFITS RESERVE

This represents the total actuarial pertaining to the basic actuarial reserve set up by the MBA pertaining to the basic life benefit that is enforce at the end of the accounting period. It refers to the amount of liability which the MBA establishes for a certificate to meet the contractual obligations as it fails due in the amount of P133,735.00 and P79,253.33 for the years 2018 and 2017 respectively.

16. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This Account represents benefit claims on membership reported certificates filed or to the MBA, but not yet paid as of the end of accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported in the amount of P 189,232.33 and P 189,916.67 for the years 2018 and 2017 respectively.

(In Philippine Pesos)

17. OTHER CURRENT LIABILITIES

This consist of:

	2018	**2017**
Member's Contribution Received in Advanced	403,000.00	420,550.00
Amount Due to Reinsurer		2,544.01
Due to TMFI Loan	9,822.03	
Withholding tax payable		
SSS/ECC/PAG-IBIG/PHILHEALTH Contribution Payable		7,670.00
SSS/ PAGIBIG LOAN PAYABLE		2,707.48
Other Accounts Payable	806,581.61	113,313.82
Due to Old Age Fund	125,364.58	
Accrued Expenses	153,228.92	161,880.94
Total	1,497.997.14	708,666.25

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

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

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

18. NON – CURRENT LIABILITY

This consist of

	2018	2017
Retirement Payable	**381,766.22**	**303,760.22**
TOTAL	**381,766.22**	**303,760.22**

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

19. FREE AND UNASSIGNED FUND BALANCE

This represents the accumulated earnings of the MBA reduced by whatever tosses the MBA may incur during a certain accounting period that is not restricted in the amount of P 264,550.52 and P264,550.52 for the years 2018 and 2017 respectively.

(In Philippine Pesos)

20. ASSIGNED FUND BALANCE

This consist of-

	2018	2017
Fund Bal .Assigned for Guaranty fund, beg	6,779,918.65	6,779,918.65
Add- Additional Allocation	0	0
Total	6,779,918.65	6,779,918.65
Fund Bal. Assigned for Members' benefit ,beg	340,612.28	809,990.32
Add- Additional Allocation		
Less: Usage of fund	(39,050.75)	(469,378.04)
Total	301,561.53	340,612.28
Fund Bal. Assigned Community Dev, beg	104,845.67	112,867.67
Add- Additional Allocation	0	0
Less: Usage of fund	0	8,022.00
Total,	104,845.67	104,845.67
Total Fund Balance, beginning	7,225,376.60	7,702,776.64
Total Additional allocation	0	0
Total Usage of Fund	(39,050.75)	(477,400.04)
Total Appropriated funds	7,186,325.85	7,225,376.60

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

21.REVENUES

This consist of the following:

		2018		2017
Members' Contribution:				
BLIP Premium – Basic (80%)	P	2,918,880.00	P	2,542,512.00
BLIP Premium – Gen Fund (20%)		729,720.00		635,628.00
Total		3,648,600.00		3,178,140.00
Less: Members' Contribution ceded to reinsurers		0		0
Net Members' Contribution	P	3,648,600.00	P	3,178,140.00

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

(In Philippine Pesos)

22.GROSS PREMIUMS:

This consist of the following:

:		2018		2017
Gross Premium-CLIP PREMIUM –Basic (80%)	P	0	P	0
Gross Premium-CLIP PREMIUM – General (20%)		0		0
Total		0		0
Less: Premium Ceded to reinsurer		0		0
Net Premium	P	0	P	0

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

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

23.OTHER REVENUES

This consist of the following:

		2018		2017
Member's fees /dues	P	86,400.00	P	25,600.00
Reinstatement fees		496,160.00		0
Penalties and Surcharges				209,840.00
Miscellaneous income		345,417.27		364,994.21
Total Other Revenue	P	927,977.27	P	600,434.21

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

24.BENEFIT EXPENSES

This consist of the following:

		2018		2017
Benefit/ Claim expenses-Basic Benefit	P	343,885.00	P	603,315.00
Benefit/ Claim expenses -Optional,regular		0		788.78
Benefit/ Claim expenses-Optional micro		0		0
Total		343,885.00	P	604,103.78
Less: Benefits/claims recovery		0		0
Net benefit/claims expense	P	343,885.00	P	604,103.78

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

(In Philippine Pesos)

25.OTHER BENEFIT EXPENSES

This consist of the following:

		2018		2017
Inc. (Dec.) on Liability on Individual Equity	P	1,959,285.00	P	1,502,950.00
Inc/(Dec) in Res for Basic Contingent Benefit		53,798.33		44,637.60
Inc/(Dec) in Res for Optional Benefit				32,505.53
Other expenses for Members		31,140.55		5,388.25
Membership Enrollment & Marketing exp		50,649.6		66,925.00
Collection fees		4,372.74		248.00
Research and Development Expense		2,500.00		
Total other Benefit Expense	P	2,101,746.22	P	1,652,654.38

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

Increase/(Decrease) in Reserve for Basic Contingent Benefit represent the net change in the reserve for basic benefit for the current period.
Increase/(Decrease) in Reserve for Optional Benefit represent the net change in the reserve for optional benefit for the current period.

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

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

26.OPERATING EXPENSES

This consist of the following:

	2018	2017
Salaries and wages and Benefits	1,337,083.32	1,493,968.92
Professional and Technical Development	305,541.97	301,041.87
Social and Community Service Expenses	7,373.75	
Technical and Professional fees	115,000.00	116,000.00
Service Fees	7,256.95	
Dues and subscription	100.00	
Office supplies	64,965.73	56,643.73
Rent / Lease Expense	22,000.00	134,000.00
Communication expense	36,821.49	
Utilities	97,568.17	136,092.94
Repairs and maintenance,	155,317.25	42,515.81
Insurance expense	5,552.86	9,446.25

(In Philippine Pesos)

Depreciation	187,215.54	151,161.10
Taxes, licenses and fees	151,225.46	108,317.34
Miscellaneous	3,750.00	21,395.00
Total	2,496,772.49	2,570,582.96

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

27. INVESTMENT REVENUE

This account consists of:

		2018		2017
Interest Income -banks	P	30,005.64	P	29,224.25
Interest Income – BTR		335,137.24		121,980.21
Dividend Income		40,455.79		61,778.00
TOTAL	P	405,598.67	P	212,982.46

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

28. INVESTMENT EXPENSES

This account consists of:

		2018		2017
Investment Management fees- ROSS	P	12,000.00	P	12,000.00
Bank and other charges		2,755.49		7,610.38
TOTAL	P	14,755.49	P	19,610.38

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

29. FINANCIAL INSTRUMENTS

The Association's financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given (in the case of assets) or received (in the case of liability). Transaction costs (debt issuance costs) are included in the initial measurement of all financial assets and liabilities. Subsequent to initial recognition, assets and liabilities are either valued at amortized cost using the effective interest rate method or at fair value depending on the classification.

The carrying values and estimated fair values of the Company's financial assets and liabilities as of December 31, 2018 and 2017 are presented as follows:

(In Philippine Pesos)

Financial Assets:

	2018	2017
Cash and cash equivalent	2,079,958.46	2,997,033.22
Financial Assets at Amortized Cost	11,200,100.00	12,200,100.00
Receivables	258,977.18	195,177.67
Prepayment and Other Current Assets	122,239.50	33,639.50
Total	13,661,275.14	15,425,950.39

Financial Liabilities:

	2018	**2017**
Liability on Individual Equity Value	16,045,795.00	14,519,215.00
Basic Contingent Benefit Reserve	133,735.00	79,253.33
Claims Payable on Basic Contingent Benefits	189,233.33	189,916.67
Other Current Liabilities	1,497,997.14	708,666.25
Total	17,866,760.47	15,497,051.25

The Association's principal financial assets comprise mainly of cash in banks, short-term placements and loans receivables. It has various other financial assets and liabilities such as other receivables and payables – which arise directly from its loan transaction members' deposits, share contributions and fees received from its Association members and expenditures relative to its administrative operations.

30. TAX EXEMPTION

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

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

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

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant event occurred between the reporting date and the authorization date that would require additional disclosures or adjustments to the 2018 ending balances.

Board Approval of the Financial Statements

The accompanying financial statements of the Company were authorized for issuance by the Board of Directors on April 29, 2019.

(In Philippine Pesos)

The Board of Directors is still empowered to make revisions and amendments to the financial statements even after the date of issue.

32. RELATED PARTY DISCLOSURE

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

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

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

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

a. Other Taxes and Licenses for 2018

The Association paid permits, licenses and final taxes amounting to P 151,225.46 for the year 2018.

b. Withholding Taxes for 2018

Withholding tax – Compensation	P 5,997.17
Withholding tax – expanded	1,955.00
	P 7,952.17

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

- AMENDED -