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Hi MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.,

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	N	2	0	1	2	1	6	2	7	4

Company Name

MINDORO TEACHERS' MUTUAL
AID SYSTEM, INC.

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

2ND FLOOR PANALIGAN BLDG.
M.H. DEL PILAR ST. SAN VICENTE
EAST, CALAPAN CITY
ORIENTAL MINDORO

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mindoro.teachers@yahoo.com	7525-6925	09778261875

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
N/A	2nd Saturday of November	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
MOISES R. MONTERO	mindoro.teachers@yahoo.com	7525-6925	09778261875

CONTACT PERSON'S ADDRESS

2ND FLOOR, PANALIGAN BLDG., M.H. DEL PILAR ST., SAN VICENTE EAST, CALAPAN CITY, ORIENTAL MINDORO

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 thereof with information and complete contact details of the new contact person designated.

2: All Boxes must 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 Deficiences shall not excuses the corporation from liability for its deficiencies.

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.
Marcelo H. Del Pilar St., San Vicente East Calapan City, Oriental Mindoro
0917-886-1899

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Mindoro Teachers' Mutual Aid System, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, 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 Association's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations or has no realistic alternative but to do so.

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

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

AMC & Associates, the independent auditors appointed by the members has audited the financial statements of the Association in accordance with Philippine Standards on Auditing and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

LOTUS MAY O. VILLARIN
Chairman of the Board

MOISES R. MONTERO
President

LEMUEL D. TORREGOZA
Treasurer

Signed this 19th day of March 2025

Financial Statements

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.

(A Non-Stock, Non-Profit Association)

December 31, 2024 and 2023

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
Mindoro Teachers' Mutual Aid System, Inc.
(A Non-Stock, Non-Profit Association)
2nd Floor, Panaligan Bldg
M.H. Del Pilar St., San Vicente East
Calapan City, Oriental Mindoro

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mindoro Teachers' Mutual Aid System, Inc.** (the "Association"), which comprise the statements of financial condition as at December 31, 2024 and 2023, and the statements of operations, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRS) Accounting Standards applicable to Mutual Benefit Associations (MBAs).

Basis for Opinion

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 22 of the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS Accounting Standards applicable to MBAs. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

March 19, 2025

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024		2023	
A S S E T S				
CURRENT ASSETS				
Cash *(Note 5)*	P	**29,768,125**	P	29,040,823
Short-term investments *(Note 6)*		**217,786**		208,786
Other receivables *(Notes 7)*		**255,335**		182,335
Total Current Assets		**30,241,246**		29,431,944
NON-CURRENT ASSETS				
Financial assets at amortized cost *(Note 8)*		**5,611,242**		5,613,109
Long-term investments *(Note 9)*		**274,246**		274,246
Right-of-use assets *(Note 10)*		**-**		45,437
Other non-current assets		**3,600**		3,600
Total Non-current Assets		**5,889,088**		5,936,392
TOTAL ASSETS	P	**36,130,334**	P	35,368,336
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Members' deposits *(Note 11)*	P	**24,589,269**	P	24,072,169
Lease liabilities *(Note 10)*		**-**		46,270
Total Current Liabilities		**24,589,269**		24,118,439
NON-CURRENT LIABILITIES				
Members' equity contributions *(Note 13)*		**526,000**		526,000
Basic contingent benefit reserve *(Note 12)*		**168,980**		129,830
Total Non-current Liabilities		**694,980**		655,830
Total Liabilities		**25,284,249**		24,774,269
FUND BALANCE				
Assigned fund balance *(Note 16)*		**6,488,167**		5,709,728
Free and unassigned fund		**4,357,918**		4,884,339
Total Fund Balance		**10,846,085**		10,594,067
TOTAL LIABILITIES AND FUND BALANCE	P	**36,130,334**	P	35,368,336

See Notes to Financial Statements.

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

		2024		2023
REVENUES				
Members' fees, dues and contributions *(Note 13)*	P	**456,840**	P	540,743
Interest on deposits with banks and investments *(Notes 5, 6 and 8)*		**245,402**		240,579
Other income		**-**		951,235
		702,242		1,732,557
OPERATING EXPENSES *(Note 14)*		**487,120**		342,947
PROFIT BEFORE TAX		**215,122**		1,389,610
TAX EXPENSE *(Note 15)*		**13,864**		12,626
NET PROFIT		**201,258**		1,376,984
OTHER COMPREHENSIVE INCOME		**-**		-
TOTAL COMPREHENSIVE INCOME	**P**	**201,258**	P	1,376,984

See Notes to Financial Statements.

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.

(A Non-Stock, Non-Profit Association)

STATEMENTS OF CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Amounts in Philippine Peso)

	Assigned Fund *Balance* *(Note 16)*	Free and Unassigned Fund *(Note 16)*	Total
Balance at January 1, 2024	**P 5,709,728**	**P 4,884,339**	**P 10,594,067**
Contributions for the year	**50,760**	**-**	**50,760**
Transfer to free and unassigned fund	**727,679**	**(727,679)**	**-**
Total comprehensive income for the year	**-**	**201,258**	**201,258**
Balance at December 31, 2024	**P 6,488,167**	**P 4,357,918**	**P 10,846,085**
Balance at January 1, 2023	P 5,770,755	P 3,386,245	P 9,157,000
Contributions for the year	60,083	-	60,083
Transfer to free and unassigned fund	(121,110)	121,110	-
Total comprehensive income for the year	-	1,376,984	1,376,984
Balance at December 31, 2023	P 5,709,728	P 4,884,339	P 10,594,067

See Notes to Financial Statements.

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 215,122	P 1,389,610
Adjustments for:		
Amortization of right-of-use assets *(Note 10)*	45,437	45,437
Increase (decrease) in basic contingent benefit reserve *(Note 12)*	39,150	(349,750)
Increase (decrease) liability on equity value	9,500	(601,485)
Interest on lease liabilities *(Note 10)*	1,730	3,396
Interest income *(Notes 5, 6, and 8)*	(245,402)	(240,579)
Operating profit before working capital changes	65,537	246,629
Decrease (increase) in other receivables	(73,000)	535,450
Cash generated from (used in) operations	(7,463)	782,079
Interest received on bank deposits	69,322	63,579
Cash paid for taxes *(Note 15)*	(13,864)	(12,626)
Net Cash From Operating Activities	47,995	833,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	176,080	177,000
Proceeds from financial assets at amortized cost	1,867	3,941
Additions to short-term investments	(9,000)	(9,000)
Net Cash From Investing Activities	168,947	171,941
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from members' deposits	507,600	600,825
Contributions to guaranty fund *(Note 16)*	50,760	60,083
Repayments of lease liabilities *(Note 10)*	(48,000)	(48,000)
Net Cash From Financing Activities	510,360	612,908
NET INCREASE IN CASH	727,302	1,617,881
CASH AT BEGINNING OF YEAR	29,040,823	27,422,942
CASH AT END OF YEAR *(Note 5)*	P 29,768,125	P 29,040,823

See Notes to Financial Statements.

MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.
(A Non-Stock, Non-Profit Association)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Organization and Objectives

Mindoro Teachers' Mutual Aid System, Inc. (the "Association") was incorporated on September 5, 2012, primarily to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically, the association seeks:

a. To extend financial assistance to its members and their beneficiaries in the form of death benefits, provident savings and loan redemption assistance; and,
b. To ensure continued access to resources by actively involving the members in the management of the association including the implementation of policies and procedures geared towards sustainability and improved services.

The Association is authorized by the Insurance Commission (IC) to operate as a mutual benefit association.

The Association's registered office, which is also its principal place of business, is located at the 2nd floor, Panaligan Bldg., M.H. Del Pilar St., San Vicente East, Calapan City, Oriental Mindoro.

Tax Exemption

On June 2, 2022, the Association obtained tax exemption from the BIR under Tax Certificate No. CTE-RR9A-2022-63-008 which is valid until June 2, 2025. As a non-stock, non-profit organization, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or form any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from deposits with banks are subject to final income tax.

Approval of Financial Statements

The financial statements of the Association as of and for the year ended December 31, 2024 (including the comparative financial statements as of and for the year ended December 31, 2023) were authorized for issue by the Association's Board of Trustees (BOT) on March 19, 2025.

2. MEMBERSHIP

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

The following are eligible to be members:

a. Regular Member

- All public school teachers, officials and employees of the Department of Education (DepEd), in the active service as defined and hereinafter be defined by the government authorities; and,

- Officers and employees of the Association.

b. Optional Member

- Officials, teachers and employees of DepEd accredited schools or institutions, whether public or private acceptable to the Board of Trustees; and,

- Officers and employees receive regular monthly income from an institution or agency supervising or supporting teachers to upheld quality education whether public or private, accredited by and acceptable to the Board of Trustees.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Financial Statements

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

The financial statements of the Association have been prepared in accordance with PFRS Accounting Standards in the Philippines applicable to MBAs.

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

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

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

b. Presentation of Financial Statements

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

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

c. Functional and Presentation Currency

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

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

Adoption of New and Amendments to PFRS Accounting Standards

a. Effective in 2024 that are Relevant to the Association

The Association adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements

Discussed below is the relevant information about these amended standards:

i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Association's financial statements.

ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Association's financial statements.

iii. PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements.* The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Association's financial statements.

b. Effective in 2024 that is not Relevant to the Association

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16 – Lease Liability in a Sale and Leaseback is not relevant to the Association's financial statements.

c. Effective Subsequent to 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Association's financial statements:

i. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)

ii. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)

iii. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

iv. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

v. PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

Current versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Financial Instruments

a. Financial Assets

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

The foregoing categories of financial instruments of the Association are more fully described below:

i. Financial Assets at Amortized Cost

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

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

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

The Association's financial assets at amortized cost are presented in the statements of financial condition as Cash, Short-term investments, Other receivables, Financial assets at amortized cost, and Long-term investments.

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

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

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

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

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Association can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Association for trading or as mandatorily required to be classified as FVTPL. The Association has designated equity instruments as at FVOCI on the initial application of PFRS 9.

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

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

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

As at December 31, 2024 and 2023, the Association does not have Financial Assets at Fair Value Through Other Comprehensive Income.

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

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

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

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of interest on deposits with banks and investments in the statements of operations.

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

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

As at December 31, 2024 and 2023, the Association has no Financial Assets at Fair Value Through Profit or Loss (FVTPL).

b. Impairment of Financial Assets

The recognition of credit losses is no longer dependent on the Association first identifying a credit loss event. Instead, the Association considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. It also includes observable data that comes to the attention of the Association about certain loss events, including, among others: the significant financial difficulty of the issuer or debtor; a breach of contracts, such as a default or delinquency in interest or principal payments; it is probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The Association recognizes an impairment loss based on the category of financial assets. When financial assets are carried at amortized cost, the Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Association determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans or investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that has not been incurred) discounted at the financial asset's original effective interest rate. The Association also considers impairment provisions based on the simplified approach within IFRS 9 using the expected credit losses (ECL). During this process, the probability of the non-payment of loans and receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the loans and receivables.

To calculate the ECL, the Association uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

Credit exposures shall be classified into three stages using the following time horizons in measuring ECL:

Stage 1 - Credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk : twelve (12) months ECL.

Stage 2 - Credit exposures that are considered "under-performing" or not yet non-performing but with a significant increase in credit risk since initial recognition : lifetime ECL.

Stage 3 - Credit exposures with objective evidence of impairment, thus, considered as "non-performing": lifetime ECL.

In 12-month ECL, the Association considers reasonable and supportable information, including forward-looking information that affects credit risk in estimating the 12-month ECL. The exercise experienced credit judgment and consider both qualitative and quantitative information that may affect the assessment.

In lifetime ECL, the Association evaluates the change in the risk of a default occurring over the expected life of the exposures in assessing whether these shall be moved to a lifetime ECL measure. Although collateral will be used to measure the loss given default, this should not be primarily used in measuring the risk of default or in transferring to different stages. The Association measures lifetime ECL of exposures that have significantly increased their credit risk from origination (Stage 2); and non-performing exposures (Stage 3).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of operations. If loans or investments have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Association may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Association's grading process that considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Association and historical loss experience for assets with credit risk characteristics similar to those in the Association. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimated future cash flows are reviewed regularly by the Association to reduce any differences between loss estimates and actual loss experience.

The Association considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association.

A financial asset is written off against the related provision for loan impairment when there is no reasonable expectation of recovering the contractual cash flows. Such loans are written off after all the necessary procedures, including approval from the management and the BOD, have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are presented as part of Other income in the statements of operations.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations.

When possible, the Association seeks to restructure loans rather than to take possession of the collateral. This may involve extending payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and those future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans' original effective interest rate. The difference between the recorded sale of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in profit or loss as part of Impairment losses.

c. *Items of Income and Expense Related to Financial Assets*

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

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

d. *Derecognition of Financial Assets*

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

e. *Financial Liabilities*

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

Financial liabilities include member's deposit, payables, (excluding tax payables and post-employment benefit obligation), member's equity contributions, lease liabilities and basic contingent benefit reserve, which are recognized when the Association becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as Interest expenses in the statements of operations.

Members' deposits, lease liabilities, member's equity contributions and basic contingent benefit reserve are recognized initially at their fair value and subsequently measured at amortized cost for maturities beyond one year, less settlement payments.

Basic Contingent Benefit Reserve refers to the amount of liability which the Association establishes for a certificate to meet the contractual obligation as it falls due. This represents the total actuarial reserve set up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. Actuarial valuation from an independent actuary is made annually to update the benefits reserve.

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

Financial liabilities are derecognized from the statement of financial condition only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

f. Offsetting Financial Instruments

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

Provisions and Contingencies

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

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

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

Revenue and Expense Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Leases

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

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

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

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

At the lease commencement date, the Association recognizes a right-of-use asset and a lease liability in the statement of financial condition. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Association, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Association depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Association also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Association measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate', amounts expected to be payable under a residual value guarantee", and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Association has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset, and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial condition, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

Income Tax

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

Fund Balance

Assigned fund balance comprises the appropriation transferred from free and unassigned fund balance.

Free and unassigned fund includes all current and prior period results as disclosed in the statements of operations, net of transferred to assigned fund balance.

Events After the End of the Reporting Period

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Critical Management Judgments in Applying Accounting Policies

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

a. *Determination of Lease Term of Contracts with Removal and Termination Options*

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

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

The Association includes the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have short, non-cancellable lease periods (i.e., four to ten years) and there will be a significant negative effect on production if a replacement is not readily available.

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

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

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

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

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

In determining the classification of financial assets under PFRS 9, the Association assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Association assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Association considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Association considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Association can explain the reasons for those sales and why those sales do not reflect a change in the Association's objective for the business model.

d. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 3 and relevant disclosures are presented in Note 17.

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 reporting period:

a. *Estimation of Allowance for ECL*

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

   Based on management assessment, no impairment losses need to be recognized in both years.

b. *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

   The Association measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Association's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

c. *Estimation of Useful Lives Right-of-use Asset*

   The Association estimates the useful lives of right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of a right-of-use asset 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 right-of-use assets are analyzed in Note 10. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. *Fair Value Measurement for Financial Instruments*

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

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

   The fair values of the Association's financial instruments are disclosed in Note 19.

5. CASH

This account comprises of the following:

		2024		2023
Cash in banks	P	**29,758,125**	P	29,030,823
Petty cash fund		**10,000**		10,000
	P	**29,768,125**	P	29,040,823

Cash in banks generally earns interest rates based on daily bank deposit rates. The interest earned on cash in banks amounted to P69,322 in 2024 and P63,130 in 2023 and is presented as part of interest on deposits with banks and investments in the statements of operations.

6. SHORT-TERM INVESTMENTS

The short-term investments amounted to P217,786 and P208,786 as at December 31, 2024 and 2023, respectively. These investments are made for more than three months but less than one-year term deposit placement with a local bank bearing annual effective interest ranging from 0.625% to 1% in 2024 and 2023.

The interest earned on short-term investments amounted to P9,000 in 2024 and 2023 and is presented as part of the interest on deposit with banks and investments in the statements of operations.

Short-term investments are set aside in compliance with the Association's registration as a mutual benefit association.

7. OTHER RECEIVABLES

This account comprises of the following:

		2024		2023
Members' contributions due and uncollected	P	**199,128**	P	140,728
Member's fees dues and receivable		**49,782**		35,182
Accrued interest receivable *(see Note 8)*		**6,425**		6,425
	P	**255,335**	P	182,335

Members' contributions due and uncollected and members' fees and dues receivable pertains to receivable from members on their monthly contribution. These are generally collected within one to three months after the end of the financial reporting period.

Accrued interest receivable pertains to the accrual of interest on the financial asset at amortized cost.

All of the Association's other receivables have been reviewed for an indicator of impairment. Based on the management evaluation no impairment should need to be recognized in 2024 and 2023.

8. FINANCIAL ASSETS AT AMORTIZED COST

This account pertains to seven-year term government bonds securities amounting to P5,611,242 and P5,613,109 as at December 31, 2024 and 2023. These securities bear annual effective interest of 3.75% and will mature in 2028. Accrued interest income on these bonds amounts to P6,425 in 2024 and 2023 and is presented as Accrued interest receivable under Other receivables *(see Note 7)*. The interest earned amounted to P167,080 in 2024 and P168,449 in 2023 is presented as part of the interest on deposits with banks and investments in the statements of operations.

Financial assets at amortized cost are set aside in compliance with the Association's registration as a mutual benefit association.

9. LONG-TERM INVESTMENTS

The long-term investments pertain to a five-year term deposit placement with a local bank amounting to P274,246 in both years. This deposit will mature on September 5, 2025, and bears annual effective interest of 1.875% in 2024 and 2023.

10. LEASES

The Association leases a certain office for its operations. Each lease generally imposes a restriction that, unless there is a contractual right for the Association to sublet it to another party, the right-of-use asset can only be used by the Association. The number of right-of-use assets being leased by the Association is one unit and with a term of two years.

Right-of-use Assets

The Association's right of use asset pertains to office space rental. The carrying amount of this right-of-use of assets as at December 31, 2024 and 2023 and the movement during the year are shown below:

	2024	2023
Balance at beginning of year	**P 45,437**	P -
Additions	**-**	90,874
Amortization for the year *(see Note 14)*	**(45,437)**	(45,437)
Balance at end of year	**P -**	P 45,437

Lease Liabilities

The lease liabilities are presented in the statements of financial condition as at December 31, 2024 and 2023 is as follows:

	2024	2023
Current	**P -**	P 46,270
Non-current	**-**	-
	P -	P 46,270

As at December 31, 2023, the Association had committed to leases that had not commenced. The total future cash outflows for the lease that had not yet commenced amounted to P46,270 in 2023.

The undiscounted maturity analysis of lease liabilities as at December 31, 2023 is as follows:

	Within 1 year	1 to 2 years	Total
Lease payment	P 48,000	P -	P 48,000
Finance charges	(1,730)	-	(1,730)
Net present value	P 46,270	P -	P 46,270

Additional Profit and Loss and Cash Outflow Information

The total cash outflow with respect to leases amounted to P48,000 in both years. Interest expense in relation to lease liabilities amounted to P1,730 in 2024 and P3,396 in 2023 and is presented as part of Operating expenses in the statements of comprehensive operations *(see Note 14)*.

11. MEMBERS' DEPOSITS

This account is composed of the following:

	2024	2023
Members' deposits	**P 16,730,894**	P 16,730,894
Liability on equity value	**7,858,375**	7,341,275
	P 24,589,269	P 24,072,169

Members' deposit represents all the cash contributions made by the members and contributors other than the members' equity contribution. The amount allocated to members' deposits can be withdrawn upon the termination of membership while the remaining balance can be withdrawn anytime as long as the total amount of the deposits is greater than the members' outstanding loan balance.

Liability on equity value represents the total amount of obligations set up by the Association on membership certificates pertaining to the 50% equity value, as required under the Insurance Code, and any incremental amount declared by the Association. The Liability on equity value can be withdrawn upon the termination of membership, the member-borrower will receive an equity participation refund, provided his/her bonafide membership with the Association has been three (3) continuous years or more. In 2024 and 2023, its actuarial report was dated March 10, 2025 and March 20, 2024, respectively.

The movement in the liability on equity value is presented below:

		2024		2023
Balance at beginning of year	P	**7,341,275**	P	7,341,935
Additions for the year		**507,600**		600,825
Increase (decrease) in actuarial valuation *(see Note 14)*		**9,500**	(	601,485)
	P	**7,858,375**	P	7,341,275

12. BASIC CONTINGENT BENEFIT RESERVE

This account represents the amount set-up by the Association to cover future benefit payments to members based on the amounts recommended by an independent actuary accredited by the Insurance Commission. In 2024 and 2023, the Association obtained an actuarial report from an independent actuary dated March 10, 2025 and March 20, 2024, respectively. The basic contingent benefit reserve amounted to P168,980 and P129,830 as at December 31, 2024 and 2023, respectively.

The movement in the basic contingent benefit reserve is presented below:

		2024		2023
Balance at beginning of year	**P**	**129,830**	P	479,580
Increase (decrease) in actuarial valuation *(see Note 14)*		**39,150**	(	349,750)
	P	**168,980**	P	129,830

13. MEMBERS' EQUITY AND CONTRIBUTIONS

The Association collects P100 as an initial membership fee to be eligible as a member of the Association. The total contributions amounted to P526,000 as of December 31, 2024 and 2023 and are presented as Members' Equity Contributions under Non-current liability in the statements of financial position. The Association has a total of 5,260 members as at December 31, 2024 and 2023.

A member shall pay P50 monthly contributions which shall be allocated as follows:

Equity participation	P	25
Members' contributions		12
Membership fees and dues		10
Guaranty fund		3
	P	50

Members can only withdraw the contributed equity upon the termination of membership in the Association. No withdrawal has been recorded during the year.

Members' contributions and membership fees and dues are recorded as revenues and are shown as Membership fees, dues and contributions account in the statements of operations. Membership fees, dues and contributions amounted to P456,840 and P540,743 in 2024 and 2023, respectively.

14. OPERATING EXPENSES AND OTHER INCOME

Operating Expense

The details of this account are as follows:

		2024		2023
Technical and professional fees	P	**180,264**	P	221,445
Taxes and licenses *(see Note 22)*		**105,675**		14,920
Communication, light, and water		**67,976**		55,998
Amortization of right-of-use assets *(see Note 10)*		**45,437**		45,437
Actuarial valuation loss		**48,650**		-
Representation		**22,863**		-
Insurance		**8,155**		-
Office supplies		**3,800**		-
Interest on lease liabilities *(see Note 10)*		**1,730**		3,396
Bank and other charges		**250**		-
Miscellaneous		**2,320**		1,751
	P	**487,120**	P	342,947

Other Income

The Association's other income in 2023 pertains to actuarial gain valuation amounted to P951,235 (*see Notes 11 and 12*).

15. TAXES

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. The tax expense reported in the statements of operations represents the 20% final tax amounting to P13,864 in 2024 and P12,626 in 2023 on interest income on deposits with banks.

16. ASSIGNED FUND BALANCE

Assigned fund balance consists of the following:

		2024		2023
Guaranty fund	P	**5,760,488**	P	5,709,728
Members' benefit		**727,679**		-
	P	**6,488,167**	P	5,709,728

The movement of assigned fund balance as follows:

	2024	2023
Balance at beginning of year	P 5,709,728	P 5,770,755
Contributions for the year	50,760	60,083
Transfer from (to) free and unassigned fund balance	727,679	(121,110)
Balance at end of year	P 6,488,167	P 5,709,728

Guaranty fund is a fund set aside by the Association for future claims of the members.

Members' benefit fund is a fund set aside by the Association as additional benefits to its members and contributors.

17. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Association makes various commitments and incurs certain contingent liabilities that are not given recognition in the Association's financial statements. As at December 31, 2024 and 2023 management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Association's financial statements.

18. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 19. The main types of risks are market risk, credit risk and liquidity risk.

The management takes charge of the Association's overall risk management strategies which is focused on actively monitoring and securing the Association's short to medium-term cash flows by minimizing the exposure to financial markets.

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

Market Risk

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

a. Foreign Currency Sensitivity

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

b. Interest Rate Sensitivity

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

The sensitivity of the net result for the year to a reasonably possible change in interest rates of +/-1.82% for regular savings and +/-1.90% for cash and cash equivalents and time deposits placements, with effect from the beginning of the year for financial instruments, have no significant impact on the Association's financial statements. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on changes in the average market interest rates for the period, and the financial instruments held at the end of each reporting period that is sensitive to changes in interest rates. All other variables are held constant.

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Association's net interest income:

	2024			
	Increase (Decrease) in Basic Points			
	23	68	(23)	(68)
Change on net interest income:				
Cash in bank	P 16,741	P 49,496	(P 16,741)	(P 49,496)
Short-term investments	2,070	6,120	(2,070)	(6,120)
Financial assets at amortized cost	38,428	113,614	(38,428)	(113,614)
Cumulative total gap	P 57,239	P 169,230	(P 57,239)	(P 169,230)

	2023			
	Increase (Decrease) in Basic Points			
	23	68	(23)	(68)
Change on net interest income:				
Cash in bank	P 14,623	P 43,234	(P 14,623)	(P 43,234)
Short-term investments	2,070	6,120	(2,070)	(6,120)
Financial assets at amortized cost	38,640	114,240	(38,640)	(114,240)
Cumulative total gap	P 55,333	P 163,594	(P 55,333)	(P 163,594)

One of the goals in the risk management process is the adoption of the economic value approach in measuring the interest rate risk in the Association's book to complement the earnings approach or EaR currently used.

c. Other Price Risk Sensitivity

The Association has no significant concentrations of other market price risks.

Credit Risk

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

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

	2024	2023
Cash in bank	P 29,758,125	P 29,030,823
Short-term investments	217,786	208,786
Other receivables	255,335	182,335
Financial assets at amortized cost	5,611,242	5,613,109
Long-term investments	274,246	274,246
	P 36,116,734	P 35,309,299

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

2024

	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due But Not Yet Impaired	Impaired	Total
Cash in bank	P 29,758,125	P -	P -	P -	P -	P 29,758,125
Short-term investments	217,786	-	-	-	-	217,786
Other receivables	255,335	-	-	-	-	255,335
Financial asset at amortized cost	5,611,242	-	-	-	-	5,611,242
Long-term investments	274,246	-	-	-	-	274,246
	P 36,116,734	P -	P -	P -	P -	P 36,116,734

2023

	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due But Not Yet Impaired	Impaired	Total
Cash in bank	P 29,030,823	P -	P -	P -	P -	P 29,030,823
Short-term investments	208,786	-	-	-	-	208,786
Other receivables	182,335	-	-	-	-	182,335
Financial asset at amortized cost	5,613,109	-	-	-	-	5,613,109
Long-term investments	274,246	-	-	-	-	274,246
	P 35,309,299	P -	P -	P -	P -	P 35,309,299

Under PFRS Accounting Standards, a financial asset is past due when the counterparty has failed to make a payment when contractually due. As at December 31, 2024 and 2023, the Association does not have past due accounts.

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

1. *High Grade*

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

2. *Standard Grade*

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

3. *Substandard Grade*

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

Liquidity Risk

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

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day-to-day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands.

Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.

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

	2024				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 year	Total
Financial assets:					
Cash	P 29,758,125	P -	P -	P -	P 29,758,125
Short-term investments	217,786	-	-	-	217,786
Other receivables	255,335	-	-	-	255,335
Financial asset at amortized cost	-	-	-	5,611,242	5,611,242
Long-term investments	-	-	-	274,246	274,246
	30,231,246	-	-	5,885,488	P 36,116,734
Financial liabilities:					
Members' deposits	24,589,269	-	-	-	24,589,269
Members' equity contributions	-	-	-	526,000	526,000
Basic contingent benefit reserve	-	-	-	168,980	168,980
	24,589,269	-	-	694,980	25,284,249
Cumulative total gap	P 5,641,977	P -	P -	P 5,190,508	P 10,832,485

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 year	Total
Financial assets:					
Cash	P 29,030,823	P -	P -	P -	P 29,030,823
Short-term investments	208,786	-	-	-	208,786
Other receivables	182,335	-	-	-	182,335
Financial asset at amortized cost	-	-	-	5,613,109	5,613,109
Long-term investments	-	-	-	274,246	274,246
	29,421,944	-	-	5,887,355	35,309,299
Financial liabilities:					
Members' deposits	24,072,169	-	-	-	24,072,169
Lease liabilities	-		46,270	-	46,270
Members' equity contributions	-	-	-	526,000	526,000
Basic contingent benefit reserve	-	-	-	129,830	129,830
	24,072,169	-	46,270	655,830	24,774,269
Cumulative total gap	P 5,349,775	P -	(P 46,270)	P 5,231,525	P 10,535,030

To ensure that the association maintains a prudent and management level of a cumulative negative gap, the Association maintains a pool of highly liquid assets.

19. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS

a. *Fair Value of Financial Instruments*

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

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	P **29,758,125**	P **29,758,125**	P 29,030,823	P 29,030,823
Short-term investments	**217,786**	**217,786**	208,786	208,786
Other receivables	**255,335**	**255,335**	182,335	182,335
Financial assets at amortized cost	**5,611,242**	**5,611,242**	5,613,109	5,613,109
Long-term investments	**274,246**	**274,246**	274,246	274,246
	P **36,116,734**	P **36,116,734**	P 35,309,299	P 35,309,299
Financial Liabilities				
Members' deposits	P **24,589,269**	P **24,589,269**	P 24,072,169	P 24,072,169
Lease liabilities	**-**	**-**	46,270	46,270
Members' equity contributions	**526,000**	**526,000**	526,000	526,000
Basic contingent benefit reserve	**168,980**	**129,830**	129,830	129,830
	P **25,284,249**	P **25,284,249**	P 24,774,269	P 24,774,269

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

i. *Cash, Short-term Investments and Other receivables*

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

ii. *Members' deposits and Members' equity contributions*

Fair value of these liabilities approximates their carrying values.

iii. *Basic-Contingent-Benefit-Reserve*

This represents the total actuarial reserve set up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. Actuarial valuation from an independent actuary is made annually to update the benefits reserve. The carrying amount approximates fair value.

iv. *Lease liabilities*

Lease liabilities bear market interest rate, hence, the fair value approximates the carrying amount.

b. ***Fair Value Hierarchy***

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments measured and carried at fair value as at December 31, 2024 and 2023.

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The Association monitors capital on the basis of the carrying amount of fund balance as presented on the face of the statements of financial condition.

Risk-Based Capital (RBC) Requirements

On December 8, 2006, the IC issued Insurance Memorandum Circular (IMC) No. 11-2006, *Adoption Of Risk-Based Capital Framework For The Philippine Mutual Benefit Associations,* prescribes that all Mutual Benefit Association (MBA) must satisfy the minimum statutory RBC ratio of 100% and not fail the Trend Test as stated under II.A.2 of this Memorandum.

Every MBA is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

a. The RBC ratio is less than 125% but is not below 100%
b. The RBC ratio has decreased over the past year
c. The difference between the RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The Association has satisfactorily complied with the RBC ratio of the Insurance Commission in both years.

21. STATEMENT OF CASH FLOWS

a. *Supplemental Information on Non-cash Investing and Financing Activities*

The Association's recognized right-of-use assets amounted to nil in 2024 and P45,437 in 2023, and lease liabilities amounting to nil in 2024 and P46,270 in 2023.

b. *Reconciliation of Liabilities Arising from Financing Activities*

Presented below is the reconciliation of the Association's arising from financing activities, which includes both cash and non-cash changes:

	Member' Deposits	Lease Liabilities (*see Note 10*)	Total
Balance at January 1, 2024	P 24,072,169	P 46,270	P 24,118,439
Cash flows from financing activities:			
Additions	507,600	-	507,600
Repayments of lease liabilities	-	(46,270)	(46,270)
Non-cash financing activities			
Actuarial valuation loss	9,500	-	9,500
Interest amortization on lease liabilities	-	-	-
Balance at December 31, 2024	**P 24,589,269**	**P -**	**P 24,589,269**

	Members' Deposits	Lease Liabilities (see Note 10)	Total
Balance at January 1, 2023	P 24,072,829	P -	P 24,072,829
Cash flows from financing activities:			
Additions	600,825	46,270	647,095
Payment of lease liabilities	-	(48,001)	(48,001)
Non-cash financing activities			
Actuarial valuation gain	(601,485)	-	(601,485)
Interest amortization on lease liabilities	-	48,001	48,001
Balance at December 31, 2023	P 24,072,169	P 46,270	P 24,118,439

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

Requirements under Revenue Regulations (RR) 15-2010

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

a. Output Value-Added Tax (VAT)

The Association does not have output VAT for the year.

b. Input VAT

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

c. Tax on Importation

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

d. Excise Tax

The Association did not have any transactions in 2024 which are subject to the excise tax.

e. Documentary Stamp Tax

The Association did not incur documentary stamp tax in 2024.

f. Taxes and Licenses

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

Business tax	P	103,450
Community tax certificate		1,725
Annual registration		500
	P	105,675

g. Withholding Tax

The Association did not pay nor accrue any withholding tax during the year.

h. Deficiency Tax Assessment and Tax Case

As at December 31, 2024, the Association neither has any deficiency tax assessment with the BIR nor tax case outstanding nor pending in courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation* (TPD) and other supporting documents. As at December 31, 2024, the Association is not covered by the requirements and procedures for related party transactions provided under this RR.

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Board of Trustees and Members
Mindoro Teachers' Mutual Aid System, Inc.
(A Non-Stock, Non-Profit Association)
2nd Floor, Panaligan Bldg.
M.H. Del Pilar St., San Vicente East
Calapan City, Oriental Mindoro

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Mindoro Teachers' Mutual Aid System, Inc.** *(A Non-Stock, Non-Profit Association)* for the year ended December 31, 2024, on which we have rendered our report dated March 19, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules as of and for the year ended December 31, 2024 are presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, and are not required parts of the basic financial statements prepared in accordance with Philippine Financial Reporting Standard (PFRS) Accounting Standards applicable to Mutual Benefit Associations (MBAs):

1. NSPO Form 1 - Sworn Statement Documents/Schedules to the Audited Financial Statements as of December 31, 2024;
2. NSPO Form 2 - Affidavit of Willingness to be Audited by the Commission;
3. NSPO Form 3 - Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations; and,
4. NSPO Form 4 – Schedules of Contributions and Donations.

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

Such supplementary information are the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

March 19, 2025

NSPO Form - 1

SWORN STATEMENT

We, **Moises R. Montero** and **Lemuel D. Torregoza,** President and Treasurer, respectively, of **Mindoro Teachers' Mutual Aid System, Inc.,** with address at 2nd floor, Panaligan Bldg., M.H. Del Pilar St., San Vicente East, Calapan City, Oriental Mindoro hereby depose and state that:

In compliance with the Revised SRC Rule 68, we are stating the following information that related to the preceding calendar year 2024, to wit:

Documents/Schedules to the Audited Financial Statements as of December 31, 2024	NSPO Forms	Check if Applicable
1. Affidavit of Willingness to be Audited by the Commission	NSPO Form-2	✓
2. Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations	NSPO Form-3	✓
3. Schedule of Contributions and Donations	NSPO Form-4	✓
4. Schedule of Application of Funds	NSPO Form-5	N/A
5. Certificate of Existence of Program/Activity (COEP)		
6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities		

We hereby certify that this Sworn Statement with duly attached documents/schedules is executed to attest to the truth of the foregoing and for whatever legal purpose it may serve.

In witness thereof, we have hereunto affixed our signature this MAR 2 5 2025 day of ____________, at CITY OF MANILA, Philippines.

Moises R. Montero
President

Lemuel D. Torregoza
Treasurer

Subscribed and sworn to before me, a Notary Public for and in CITY OF MANILA City, on MAR 2 5 2025 affiants personally, exhibiting their respective competent evidence of Identification Card ____________ issued at ____________ issued on ____________________.

NOTARY PUBLIC

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ATTY. MARIELLE JENELLE L. LAGUERTA
Notary Public for City of Manila- Until Dec. 31, 2025
Notarial Commission No. 2024-179
Tower 3, 3K, No. 121 N. Lopez St., Ermita, Manila
I.B.P. NO. 488207- Dec. 27, 2024 for the year 2025
PTR. NO. 2041441- Jan. 2, 2025 at Manila
MCLE No. VIII-0010660- Valid until 4-14-2028
ROLL NO. 88314

NSPO Form - 2

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **Lemuel D. Torregoza,** of legal age, Filipino and resident of Washington Drive, Legazpi City, after having been sworn to in accordance with law hereby depose and state:

I am the Treasurer/Chief Finance Officer of **Mindoro Teachers' Mutual Aid System, Inc.,** a non-stock, non-profit organization registered with the Securities and Exchange Commission.

That I, as authorized by the Board of Trustees of the Association, hereby manifest its willingness to be audited by the Commission upon its Order and Authority for the purpose of determining compliance of the corporation with existing laws and regulations.

That this affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve. MAR 25 2025

In witness whereof, I hereby sign this affidavit this __________ day of ____________ 2025, at CITY OF MANILA

Lemuel D. Torregoza
Affiant
(Signature over Printed Name)

MAR 25 2025

SUBSCRIBED AND SWORN to before me this ________, affiant exhibiting to me his ___________ issued on _________ at __________________ as competent evidence of his identity.

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Book No. 17
Series of 2025

ATTY. MARIELLE JENELLE L. LAGUERTA
Notary Public for City of Manila- Until Dec. 31, 2025
Notarial Commission No. 2024-179
Tower 3, 3K, No. 181 N. Lopez St., Ermita, Manila
I.B.P. NO. 480207- Dec. 27, 2024 for the year 2025
PTR. NO. 2041441- Jan. 2, 2025 at Manila
MCLE No. VIII-0010660- Valid until 4-14-2028
ROLL NO. 88314

SCHEDULE OF RECEIPTS OR INCOME OR SOURCES OF FUNDS OTHER THAN CONTRIBUTIONS AND DONATIONS

Name of Foundation/Organization: MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.

SEC Registration No. CN201216274

For the Year Ended December 31, 2024

Receipts or Income or Sources of Funds

(a) No.	(b) Description of Income	(c) Source	(d) Amount (indicate by footnote if other than Philippine currency, then translate in this column	(e) Date received/ Period Covered
1	Interest income on banks	Banks	P 245,402	*December 31, 2024*
2				
3			P	
4			P	
5			P	
6			P	
7			P	
8	Others (aggregate of all sources of income which are individually below P100,000.00)			

SCHEDULE OF CONTRIBUTIONS AND DONATIONS (PART I)

Name of Foundation/Organization: MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.

SEC Registration No. CN201216274

For the Year Ended December 31, 2024

Part I. Contributors/Donors[2]

(a) No.	(b) Name and Address	(c) Nationality[3]	(d) Total Contributions	(e) Type of Contribution[4]
1				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
2				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
3				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
4				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
5				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
6				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
7				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
8				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
9				☐ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*
10	Other (aggregate of all contributions which are individually below P100,000.00) - by nationality		P 456,840	☑ Cash ☐ Non/Cash *(Complete Part II if there is a noncash contribution)*

(Use separate sheet if necessary)

TOTAL CONTRIBUTIONS/DONATIONS

[2]A **contributor or donor** includes individuals, partnerships, corporations, associations, trusts and organizations.

[3]If **supranational organization,** indicate place of principal office or domicile.

[4]**Contributions or donations** reportable on the Schedule are contributions, donations, grants, bequests, devises, and gifts of money or property, amounting to P100,000.00 or more from each contributor or donor.

SCHEDULE OF CONTRIBUTIONS AND DONATIONS (PART II)

Name of Foundation/Organization: MINDORO TEACHERS' MUTUAL AID SYSTEM, INC.

SEC Registration No. CN201216274

For the Year Ended December 31, 2024

Part-II	**Noncash Property**

(a) No. from Part I	(b) Description of Noncash Property Given	(c) Fair Market Value (or estimate)	(d) Date received
1	None.		
2			
3			
4			
5			
6			
7			
8			
9			
10			