

ZAMUDIO & OGENA, CPAS

No. 89 Nenita Ext. Tarherville, Sitio 7
Brgy. Sta. Lucia, Novaliches, Quezon City 1117
TIN 007-207-081-000

BOA Accreditation. No.4657, Until Dec. 31, 2018
CDA CEA No. 011-AF(RENEWAL), Until March 2, 2017
IC Accred. No. F-2014/006-R, Until March 4, 2017
BIR AN:07-000166-3-2014, Until March 13, 2017

**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.
(A Non-Stock, Non-Profit Corporation)**

**AUDITED FINANCIAL STATEMENTS
CY DECEMBER 31, 2015**





**Simbag sa Emerhensya asin Dagdag Paseguero
Mutual Benefit Association (SEDP MBA), Inc.**


3rd Floor The Chancery Building, Cathedral Compound,
Albay District, Legazpi City, 4500 Albay, Philippines
Telefax: (052) 481-4449 Email: sedp_mba@yahoo.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.** is responsible for all information and representation contained in the Annual Income Tax Return for the year ended December 31, 2015. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

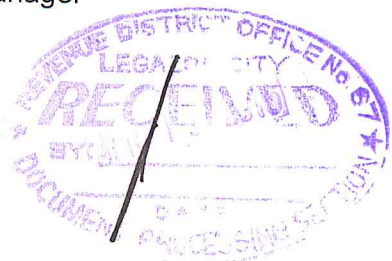
In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2015 and the accompanying Annual Income Tax Return are in accordance with the books and records of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


MARILYN S. IBARRETA
Treasurer


ROBERTO A. DALIT
Manager


FR. REX PAUL B. ARJONA
President





**Simbag sa Emerhensya asin Dagdag Paseguro
Mutual Benefit Association (SEDP MBA), Inc.**

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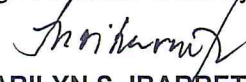
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2015, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the financial statements and submits the same to the members.

ZAMUDIO & OGENA, CPA'S, the independent auditor, appointed by the Board of Trustees has examined the financial statements of the company 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 examination.

Signed under Oath by the following:


MARILYN S. IBARRETA
Treasurer


ROBERTO A. DALIT
Manager


FR. REX PAUL B. ARJONA
President

SUBSCRIBED AND SWORN TO BEFORE ME this APR 11 2016 day of 2016,
Affiants exhibited their Residence Certificate Number as follows:

<u>Names</u>	<u>CTC No.</u>	<u>Date/Place Issued</u>
Marilyn S. Ibarreta	# 15971261	Jan. 4, 2016/Polangui, Albay
Roberto A. Dalit	# 03397286	Jan. 12, 2016/Legazpi City
Rex Paul B. Arjona	# 3397305	Jan. 12, 2016/Legazpi City

Doc. No. 368
Page No. 75
Book No. 20
Series 2016

AMOREN D. RAÑICES
NOTARY PUBLIC, UNTIL 31 DEC 2017
PM. 2-210, LOS BAÑOS B
LEGAZPI CITY
RECEIVED
FTR NO. 5173038, 1/4/2016
LIT NO. 0995011, 12/29/2015
RCL NO. 60819
NOT. NO. 117, 11-0006153

ZAMUDIO & OGENA, CPAS

No. 89 Nenita Ext. Tarherville, Sitio 7
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TIN 007-207-081-000

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CDA CEA No. 011-AF(Renewal)until March 2, 2017
IC Accreditation No. SP-2014/009-R, until March 4, 2017
BIR AN:07-000166-3-2014, until March 13, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Members

**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.**

(A Non-Stock, Non-Profit Corporation)

3rd Floor, The Chancery Building, Cathedral Compound
Albay District, Legaspi City, 4500 Albay, Philippines

We have audited the accompanying financial statements of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.** (A Non-Stock, Non-Profit Corporation), which comprise the Statement of Financial Position as at December 31, 2015 and 2014, the Statements of comprehensive Income, Statements of Changes and Equity and the Statements of Cash Flows for the years then ended together with a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

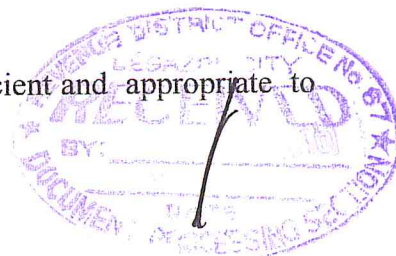
Management is responsible for the preparation and fair presentation of those financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with those ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of materials misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.** (A Non-Stock, Non-Profit Corporation), as at December 31, 2015 and 2014, and of its financial performance and its cash flows for the years then ended, in accordance with Philippine Reporting Standards.

REPORT ON BUREAU OF INTERNAL REVENUE REQUIREMENT

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Notes to the financial statements is presented for purposes only of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such information is the responsibility of the management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

ZAMUDIO & OGENA, CPAS

BOA Accreditation No. 4657

IC Accreditation No. F-2014/006-R

CDA Accreditation No. 011-AF(Renewal)

BIR Accreditation No. 07-000166-3-2014

ANITA V. OGENA

Partner

CPA Certification No. 38099/6/26/18

IC Accred. No. SP-2014/009-R, until 3/4/17

TIN-113-820-520

BIR A.N. 07-000167-1-2014, until 3/13/17

PTR No. 7699264

Issued on Jan. 26, 2016 at Caloocan City

April 4, 2016
Quezon City



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

BOA Accreditation. No.4657, Until Dec. 31, 2018
CDA CEA No. 011-AF(RENEWAL), Until March 2, 2017
IC Accred. No. F-2014/006-R, Until March 4, 2017
BIR AN:07-000166-3-2014, Until March 13, 2017

**SUPPLEMENTAL STATEMENT
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
(In Compliance with SRC Rule 68)**

The Board of Trustees and Members
**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.**
(A Non-Stock, Non-Profit Corporation)
3rd Floor, The Chancery Building, Cathedral Compound
Albay District, Legaspi City, 4500 Albay, Philippines

We have audited the accompanying financial statements of **SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC. (A Non-Stock, Non-Profit Corporation)**, which comprise the Statements of Financial Position as at December 31, 2015, and the Statements of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, on which we have rendered the attached report dated April 4, 2016.

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

ZAMUDIO & OGENA, CPA's
BOA Accreditation No. 4657
IC Accreditation No. F-0029
CDA Accreditation No. 011-AF

ANITA V. OGENA
Partner
CPA Certification No. 38099/6/26/18
IC Accred. No. SP-2014/009-R
Issued on March 5, 2014, Until March 13, 2017
TIN-113-820-520
BIR Accred. No. 07-000167-1-2014
Issued on March 13, 2014, Until March 13, 2017
PTR No. 7699264
Issued on January 26, 2016 at Caloocan City

April 4, 2016
Quezon City





STATEMENT OF OPINION

I, Panfilo P de la Paz, consulting actuary of **Simbag Sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association, Inc. (SEDP MBA)**, express the opinion that, based on the data supplied to me by SEDP MBA, the legal policy reserves and claims reserves of the Association as of 31 December 2015 amounts

Reserves for Basic Life Insurance	393,511.96
Reserves for Member's Equity Value	79,230,536.05
Reserves for Credit Life Insurance	1,735,943.27
Policy and Contract Claims Payable	582,000.00
Total Reserves	81,941,991.27

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

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

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

22 March 2016

3/F VGP Center (formerly ManilaBank Bldg.) Ayala Ave. Makati City
Tel: 810-1058 & 752-0963 Fax: 810-1058 E-mail: pdelapaz@globelines.com.ph



ANNEX "A"

A. Assets	
1. Net life insurance premiums and annuity considerations due and uncollected	Nil
2. Accident and health premiums due and uncollected	Nil
B. Liabilities	
1. Aggregate reserves for basic life	393,511.96
2. Aggregate reserves for member's equity value	79,230,536.05
3. Aggregate reserves for credit life	1,735,943.27
4. Policy and contract claims payable	582,000.00
4.1 In course of settlement	Nil
4.2 Due and unpaid	128,400.00
4.3 Resisted/Denied	Nil
4.4 Incurred but not unreported	453,600.00

* all figures are in Philippine Pesos

Handwritten signature

SEDP Mutual Benefit Association, Inc.
2015 Valuation Results

3/F VGP Center (formerly ManilaBank Bldg.) Ayala Ave. Makati City
Tel: 810-1058 & 752-0963 Fax: 810-1058 E-mail: pdelapaz@globelines.com.ph



SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC
(A Non-Stock, Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

(Amounts in Philippine Pesos)

ASSETS

CURRENT ASSETS

		December 31	
	<i>Notes</i>	2015	2014
Cash and Cash Equivalents	2,5.1	55,113,924	87,004,822
Receivables	2,5.2		1,484,552
Accrued Income	2,5.2	772,620	
Other Current Receivable	2,5.2	150,266	
Prepayments and Other Current Assets	2,5.3	73,303	89,787
TOTAL CURRENT ASSETS		56,110,114	88,579,161

NON-CURRENT ASSETS

Financial Assets At Amortized Cost (FAAC)	2,5.4	72,151,663	18,000,000
Loans Receivable - net	2,5.5	10,000,000	10,000,000
Property and Equipment	2,5.6	571,447	519,774
Accum. Depreciation-Property and Equipt	2,5.6	(485,701)	(422,266)
Other Non-Current Assets	2,5.7	16,087,346	15,270,000
TOTAL NON-CURRENT ASSETS		98,324,756	43,367,508

TOTAL ASSETS		154,434,870	131,946,669
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LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Liability on Individual Equity Value	2,5.8	79,230,536	65,986,915
Basic Contingent Benefits Reserve	2,5.9	393,512	1,206,266
Optional Benefit Reserve	2,5.10	1,735,943	1,464,672
Claim Payable on Basic Contingent Benefits	2,5.11	403,000	272,000
Claim Payable on Optional Benefits	2,5.12	179,000	258,000
Other Benefits Payable on Basic Policies	2,5.13	10,450	356,864
Member's Contribution Received in Advance - Current	2,5.14	4,659,124	
Accounts Payable	2,5.14	721,574	
Accrued Expenses	2,5.14	3,421,622	
Other Current Liabilities	2,5.14		6,577,743
TOTAL CURRENT LIABILITIES		90,754,761	76,122,459

TOTAL LIABILITIES		90,754,761	76,122,459
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FUND BALANCE

Free and Unassigned Fund Balance	2,5.15	34,857,271	25,227,588
Funds Assigned for Guaranty Fund		16,000,000	15,270,000
Funds Assigned for Members' Benefit		275,419	2,535,318
Funds Assigned for Social & Community Development		935,984	935,984
Funds Assigned for Research and Development		3,526,323	3,526,323
Funds Assigned for Capacity Building		3,375,569	3,396,319
Funds Assigned for Acquisition of Systems & Equipment		2,570,436	2,793,572
Funds Assigned for Members Education		2,139,106	2,139,106
Total Assigned Fund Balance	2,5.16	28,822,837	30,596,623
TOTAL FUND BALANCE		63,680,109	55,824,211

TOTAL LIABILITIES AND FUND BALANCE		154,434,870	131,946,669
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FUND BALANCE

Fund Balance, Beginning		51,324,426	43,823,098
Net Surplus for the Year		12,355,683	12,001,113
Fund Balance, Ending		63,680,109	55,824,211

TOTAL LIABILITIES AND FUND BALANCE		154,434,870	131,946,669
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See Accompanying Notes to Financial Statements.

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Exhibit 1



**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.**

(A Non-Stock, Non-Profit Corporation)

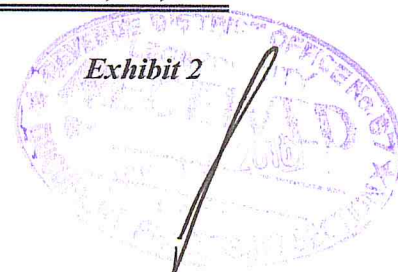
STATEMENT OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2015 and 2014

(Amounts in Philippine Pesos)

	<i>Notes</i>	December 2015	2014
REVENUES			
Net Members' Contribution	2,5.17	38,901,176	36,300,178
Net Premiums	2,5.18	7,800,015	8,758,275
Other Revenues	2,5.19	1,443,937	1,526,976
TOTAL REVENUES		48,145,128	46,585,429
LESS: BENEFIT EXPENSES			
Net Benefit/Claims Expense	2,5.20	19,014,482	15,148,439
Other Benefit Expenses	2,5.21	15,874,846	18,152,806
TOTAL BENEFIT EXPENSES		34,889,328	33,301,245
NET SURPLUS BEFORE OPERATING EXPENSES		13,255,800	13,284,184
LESS: OPERATING EXPENSES	2,5.22	3,747,574	2,830,967
NET SURPLUS BEFORE INVESTMENT RETURNS		9,508,227	10,453,216
ADD: Investment Revenues	2,5.23	3,002,006	1,546,896
TOTAL INVESTMENT REVENUES		12,510,233	1,546,896
LESS: Investment Expenses	2,5.24	154,550	-
TOTAL INVESTMENT EXPENSES		12,355,683	-
Net Returns from Investment		12,355,683	1,546,896
NET SURPLUS (LOSS)		12,355,683	12,000,113
ADD (LESS): OTHER COMPREHENSIVE REVENUES (EXPENSES)		-	-
TOTAL COMPREHENSIVE REVENUES (EXPENSES)		-	-
NET COMPREHENSIVE SURPLUS (LOSS)		12,355,683	12,000,113

See Accompanying Notes to Financial Statements.



SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.
(A Non-Stock, Non-Profit Corporation)

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2015 and 2014

(Amounts in Philippine Pesos)

	<i>Notes</i>	2015	2014
Fund Balance: Unappropriated, beg	5	25,231,588	32,762,184
Add: Adjustment of Prior Years		4,000	
Net Surplus	<i>Exh 2</i>	12,355,683	12,000,113
Less: Usage of fund	5	(2,730,000)	(19,530,708)
Total		34,861,271	25,231,588
Fund Balance: Appropriated, beg	5	30,592,623	13,698,914
Add: Additional Allocation	5	2,730,000	19,530,708
Less: Usage of fund	5	(4,503,785)	(2,637,000)
Total		28,818,837	30,592,623
FUND BALANCES AT DECEMBER 31		63,680,109	55,824,211

(See Accompanying Notes to Financial Statements)

Exhibit 3



SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.
(A Non-Stock, Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

(Amounts in Philippine Pesos)

	<i>Notes</i>	2015	2014
CASH FLOWS FROM/ (TO) OPERATING ACTIVITIES	<i>2,5</i>		
Total Comprehensive Income	<i>Exh 2</i>	12,355,683	12,000,113
Adjustments for:			
Depreciation and Amortization	<i>5.6</i>	63,435	73,517
Operating Income before Working Capital Changes		12,419,118	12,073,630
Changes in Assets and Liabilities			
(Increase) Decrease in assets:			
Trade and other Receivables	<i>2,3,4,5</i>	1,484,552	881,554
Unused Supplies	<i>2,5</i>		(26,547)
Accrued Income		(772,620)	
Other Current Receivable		(150,266)	
Prepayments and Other Current Assets	<i>2,5.3</i>	16,484	
Increase (Decrease) in Liabilities:			
Trade and Other Payables	<i>2,3,4,5</i>		-
Liability on Individual Equity Value	<i>2,5.8</i>	13,243,621	14,637,603
Basic Contingent Benefits Reserve	<i>2,5.9</i>	(812,754)	296,701
Optional Benefit Reserve	<i>2,5.10</i>	271,271	419,989
Claim Payable on Basic Contingent Benefits		131,000	15,000
Claim Payable on Optional Benefits		(79,000)	110,000
Other Benefits Payable on Basic Policies		(346,414)	86,053
Member's Contribution Received in Advance - Current		4,659,124	
Accounts Payable		721,574	
Accrued Expenses		3,421,622	
Other Non-Current Asset		(6,577,743)	(539,463)
Net Cash Provided by Operating Activities		27,629,570	27,954,519
CASH FLOWS FROM/ (TO) INVESTING ACTIVITIES			
Other Funds and Deposits		(817,346)	(5,270,000)
Financial Assets at Amortized Cost (FAAC) - Non-current		(54,151,663)	(8,000,000)
Loans Receivable - net		-	(10,000,000)
Acquisition of Property and Equipment	<i>2,5</i>	(51,673)	(84,685)
Net Cash Used in Investing Activities		(55,020,682)	(23,354,685)
Increase (Decrease) in Equity	<i>5</i>	(4,499,785)	(2,637,000)
Net Cash Provided by Financing Activities		(4,499,785)	(2,637,000)
NET INCREASE IN CASH		(31,890,898)	1,962,835
CASH BALANCE, JANUARY 1	<i>2,5</i>	87,004,822	85,041,988
CASH BALANCE, DECEMBER 31	<i>2,5</i>	55,113,924	87,004,822

(See Accompanying Notes to Financial Statements)

Exhibit 4

**SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO
MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.**
(A Non-Stock, Non-Profit Corporation)
**3/F The Chancery Bldg., Cathedral Compound,
Albay District, Legaspi City 4500**

NOTES TO FINANCIAL STATEMENTS
For the year Ended December 31, 2015

NOTE 1 – CORPORATE INFORMATION

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION_ (SEDP MBA), INC., was incorporated on February 7, 2009 as a Non-stock, Non-profit Association. Its Articles and By-Laws were duly registered with the Securities and Exchange Commission (SEC) under Registration Number CN200902141.

The Association's primary objective and purpose is:

- 1. To extend financial assistance to its members, spouse, siblings, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance;*
- 2. To ensure continued access to benefits/resources by actively involving the members in the management of the Association that will include implementation of the policies and procedures geared towards sustainability and improved services.*

The Association was registered with the Bureau of Internal Revenue (BIR) RDO No. 067, under Tax Identification Number (TIN) 007-245-537-000 on October 1, 2015.

On August 27, 2009, SEDP MBA, Inc. was officially registered with the Insurance commission as a Mutual Benefit Association (MBA).

As provided under the By-Laws of the Association, the annual meetings of the members shall be held every 1st Saturday of December of each year, and shall be held at the principal office of the Association.

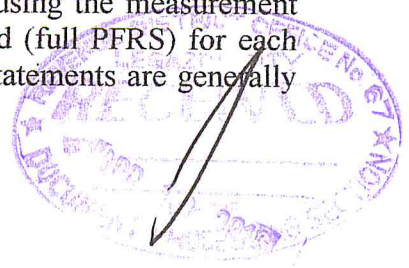
Approval of Financial Statements

On April 4, 2016 the Board of Trustees, approved and authorized the issuance of these audited financial statements as of and for the year ended December 31, 2015.

NOTE 2 – BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Presentation

The financial statements of the Association have been prepared using the measurement bases as specified by the Philippine Financial Reporting Standard (full PFRS) for each type of assets, liabilities, income and expenses. These financial statements are generally prepared on the historical cost basis.



2.2. Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (full PFRS).

2.3. Basis of Measurement

The financial statements have been prepared on the historical cost basis excepting financial instruments at fair value through profit or loss, which are measured at their fair value.

2.4. Functional and Presentation Currency

The Association's financial statements are presented in Philippine pesos, the Association's functional and presentation currency, and all values were rounded-off to the nearest peso, except when otherwise stated.

2.5. Changes in Accounting Policies

The accounting policies adopted in the preparation of the Association's financial statements have been consistently applied in all years presented except for the effects of the new standards, amendments and interpretations on the Association's accounting policies and on the amounts disclosed in the financial statements as summarized below.

a. *Effective in year 2010 that are relevant to the Association:*

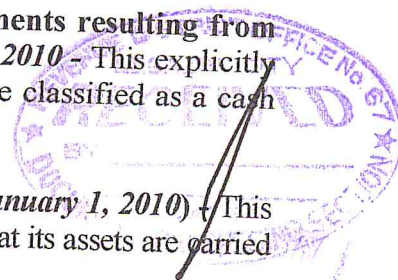
PAS 1	Financial Statements Presentation	January 1, 2010
PAS 7	Statement of Cash Flows	January 1, 2010
PAS 36	Impairment of Assets	January 1, 2010
PAS 39	Financial Instruments: Recognition and Measurement	January 1, 2010

Below are the discussions for the new amendments:

PAS 1 (Amendment), Presentation of Financial Statements *(effective from January 1, 2010)* - The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled by the issue of the entity's equity instruments. Assets and liabilities classified as held for trading are not automatically classified as current in the Statements of Financial Position.

PAS 7, (issued April 2009), Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs *(effective January 1, 2010)* - This explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

PAS 36, (issued April 2009), Impairment of Assets *(effective from January 1, 2010)* - This standard is to prescribe the procedures that the entity applies to ensure that its assets are carried



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at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the standard requires the entity to recognize an impairment loss.

PAS 39, (issued April 2009), Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective from January 1, 2010) - The standards amend the definition ‘originated loans and receivables’ to become ‘loans and receivables’. Under the revised definition, an entity is permitted to classify as loans and receivables purchased loans that are not quoted in an active market.

b. Effective in year 2010 that are not relevant to the Association

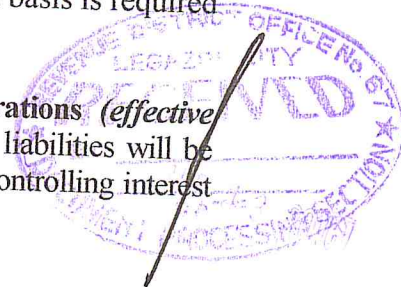
IFRS 2	Share-based Payment	January 1, 2010
IFRS 3	Business Combinations	July 1, 2010
IFRS 5	Non-current Assets Held for sale and Discontinued Operations	January 1, 2010
IFRS 8	Operating Segments	January 1, 2010
PAS 17	Leases	January 1, 2010
PAS 27	Consolidated and Separate Financial Statements	July 1, 2010
PAS 32	Financial Instruments: Presentation	February 1, 2010

Below are the discussions for the new amendments:

IFRS 2, Share-based Payment (issued June 2009) Amendments relating to group cash-settled share-based payment transactions (effective January 1, 2010) - The objective is to specify the financial reporting by an entity when it undertakes a share-based payment transaction. It requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which are granted to employees.

IFRS 3, Business Combinations (issued May 2010) Amendments resulting from May 2010 Annual Improvements to IFRSs (effective July 1, 2010) - The objective of this standard is to specify that the option to measure non-controlling interests either at fair value or at the proportionate share of the acquiree’s net identifiable assets at the acquisition date under IFRS 3(2008) applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. All other components of non-controlling interests should be measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations (effective January 1, 2010) - When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under IFRS 5, even when the entity retains a non-controlling interest in the subsidiary after sale.



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IFRS 8, Operating Segments (issued April 2009) Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010): This amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

PAS 17, Leases (issued April 2009) Amendments resulting from April 2009 Annual Improvements to IFRSs (effective January 1, 2010): The objective of this standard is to prescribe for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to lease. The classification of leases adopted in this standard is based on the extent to which risks and rewards incidental to ownership of as leased asset lie with lessor or the lessee. Risk includes the possibilities of losses from idle capacity or technological obsolescence and of variations in return because of changing economic conditions. Rewards may be represented by the expectation of profitable operation over the assets economic life and of gain from appreciation in value or realization of a residual value.

PAS 27, Consolidated and Separate Financial Statements (issued May 2010) Amendments resulting from May 2010 Annual Improvements to IFRSs, (effective July 1, 2010) - The objective of this standard is

to clarify that the amendments made to IAS 21 *The Effects of Changes in Foreign Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures* as a result of IAS 27(2008) should be applied prospectively (with the exception of paragraph 35 of IAS 28 and paragraph 46 of IAS 31, which should be applied retrospectively).

PAS 32, Financial Instruments: Presentation (issued October 2009) Amendments relating to classification of rights issues (effective from February 1, 2010) - The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment issued today requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

c. Effective subsequent to year 2010 that are relevant to the Association

PAS 1	Presentation of Financial Statements	January 1, 2011
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PAS 1, Presentation of Financial Statements (issued May 2010) Amendments resulting from May 2010 Annual Improvements to IFRSs (effective January 1, 2011) - The objective of this standard is to clarify that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

d. Effective subsequent to year 2010 that are not relevant to the Association

IFRS 1	First-time Adoption of IFRS	July 1, 2011
IFRS 7	Financial Instruments: Disclosures	July 1, 2011



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IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2013
PAS 24	Related Party Disclosures	January 1, 2011
PAS 34	Interim Financial Reporting	January 1, 2011

Below are the discussions for the new amendments:

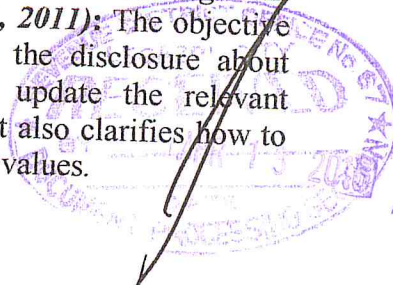
IFRS 1, First-time Adoption of International Financial Reporting Standards (issued December 2010) Additional exemption for entities ceasing to suffer from severe hyperinflation (effective from July 1, 2011): The objective of this standard is to clarify that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 *Interim Financial Reporting*, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS.

IFRS 7, Financial Instruments: Disclosures (issued October 2010) Amendments enhancing disclosures about transfers of financial assets (effective July 1, 2011): The objective of this standard is to encourage qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. It also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

IFRS 9, Financial Instruments (issued November 2009) Classification and Measurement (effective January 1, 2013): IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. A financial asset is measured at amortized cost if two criteria are met: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows; and (b) the contractual cash flows under the instrument solely represent payments of principal and interest.

PAS 24, Related Party Disclosures (issued November 2009) revised definition of Related Parties (effective January 1, 2011): The discussion on the pricing of transactions and related disclosures between related parties has been removed because the standard does not apply to the measurement of related party transactions. The definition of a related party transaction has been expanded by adding: parties with joint control over the entity, joint ventures in which the entity is a venture, post-employment benefit plans for the benefits of the employees of an entity, or of any entity that is a related party to that entity.

PAS 34, Interim Financial Reporting (issued May 2010) Amendments resulting from May 2010 Annual Improvements to IFRSs (effective January 1, 2011): The objective of this standard is to emphasize the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. It also clarifies how to apply this principle in respect of financial instruments and their fair values.



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2.6. Financial Assets

Financial assets include Cash on Hand and in Banks and other financial instruments. Financial assets, other than hedging instruments are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

The designation of financial assets is re-evaluated at every reporting date when a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting treatment.

All financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction cost.

As of December 31, 2015, the Association's financial assets include Cash, Held to Maturity Investments and Receivables.

Cash and Cash Equivalents

Cash includes Cash on Hand and in Banks. Cash equivalents are short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

2.7. Non-Financial Assets

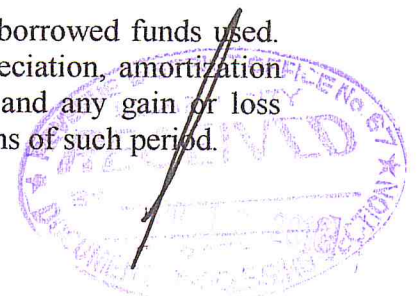
Property and Equipment

Items of Property and Equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations of such period.



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Depreciation and amortization are computed on the straight-line method based on the estimated useful lives of assets as follows:

EDP Equipment	1-3 Years
Office Equipment	1-3 Years
Furniture and Fixtures	1-3 Years

The useful life of each of the units of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

Items of property and equipment are derecognized upon disposal or when future economic benefits are expected to arise from the continued use of the asset. Any aging or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item), if any, is included in the statement of comprehensive income in the year the item is derecognized.

2.8. Financial Liabilities

Financial liabilities are recognized in the Association's financial statements when the Association becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized at fair value. Transaction costs are included in the initial measurement of all financial liabilities. All interest related charges are recognized as an expense in the income statement.

Liability on Individual Equity Value

This represents the actuarial set up by the Association represents the equity value equivalent to at least fifty per centum of the total membership dues collected pursuant to Sec 396 of the Insurance Code of the Philippines.

Basic contingent benefits reserve

This represents the actuarial reserves set up by the Association to the Basic Life Benefit in force as of the end of the Accounting Period. It refers to the amount of liability, which the Association establishes for a policy to meet the contractual obligation as it falls due.

Optional Benefit Reserve

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



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Claim Payable on basic contingent benefits

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

Claim Payable on Optional benefits

This represents benefit claims on optional benefit filed or reported to the MBA but not yet paid at the end of accounting period. It includes claims due or unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported

Accounts Payable, Accrued Expenses & Other Liabilities

Accounts Payable, Accrued Expenses & Other Payables are liabilities to pay for consumable goods/supplies or services that have been received or supplied and have been invoiced or formally agreed with the supplier. These are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than for provisions.

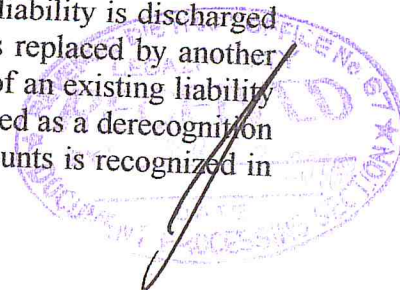
2.9. Derecognition of Financial Instruments**Financial Assets**

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

- The rights to receive cash flows from the asset have expired;
- The Association retains to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Association has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control over the asset. In this case, the asset is recognized to the extent of the Association's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Association could be required to repay.

Financial Liabilities

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



2.10. Offsetting of Financial Instruments

Financial Instruments are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the case of master netting agreements, the assets and liabilities related to the transaction shall be presented gross in the Statement of Financial Position.

2.11. Impairment of Financial Assets

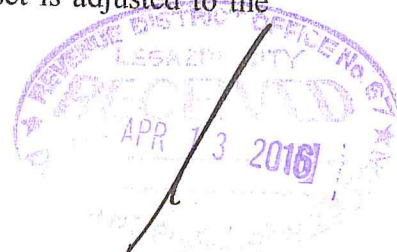
The Association assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can reliably be estimated.

For Receivables, Impairment Loss is provided when there is objective evidence that the Association will not be able to collect fully all amounts due to it in accordance with the original contract or term of the Loan/Receivable. If there is objective evidence that a credit loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the Statement of Comprehensive Income.

2.12. Impairment of Non-Financial Assets

At each Statement of Financial Position date, the Association's Management assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Association makes a formal estimate of recoverable amount. When the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Impairment Loss, if any, is charged against current operations in the year in which it arises. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years. All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.



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2.13. Provisions, Contingent Assets and Contingent Liabilities

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of condition date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. 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. In addition, where time value of money is material, long-term provisions are discounted to their present values using the pre-tax rate that reflects market assessments and the risk specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

In those cases when 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.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

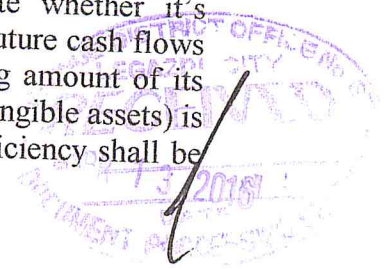
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when the inflow of economic benefits is probable.

2.14. Insurance Contracts

Insurance contracts are defined as those contracts under which the Association accepts significant insurance risk from its members by agreeing to compensate the members if a specified uncertain future event (the insured event) adversely affects the members.

Liability Adequacy Test

The Association uses the liability adequacy test to determine the adequacy of recognized insurance liabilities. The Association assesses at each reporting date whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in the Income Statement.



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The minimum requirements set forth by PFRS 4 are the following:

- (a) The test considers current estimates of all contractual cash flows, and of related cash flows such as claims, handling costs, as well as cash flows resulting from embedded options and guarantees.
- (b) If the test shows that the liability is inadequate, the entire deficiency is recognized in the Income Statement.

If the Association's liability adequacy test meets the minimum requirements, the test is applied at the level of aggregation specified in that test. If its liability adequacy test does not meet those minimum requirements, the comparison described below shall be made at the level of a portfolio of contracts that are subject to broadly similar risks and managed together as a single portfolio.

- (a) Determine the carrying amount of the relevant insurance liabilities less the carrying amount of:

- i) Any related deferred acquisition costs; and
- ii) Any related intangible assets, such as those acquired in a business combination or portfolio transfer. However, related reinsurance assets are not considered. Separate accounting policy is followed for reinsurance assets.

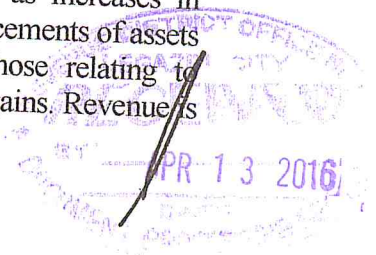
- (b) Determine whether the amount described in (a) is less than the carrying amount that would be required if the relevant insurance liabilities were within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. If it is less, the insurer shall recognize the entire difference in the Income Statement and decrease the carrying amount of the related deferred acquisition costs or related intangible assets or increase the carrying amount of the relevant insurance liabilities.

The amount described in (b) shall reflect future investment margins if and only if the amount described in paragraph (a) also reflects those margins.

2.15. Revenue and Cost Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognized:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. Income is defined as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Income encompasses both revenue and gains. Revenue is



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income that arises in the course of ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends and royalties.

- Premiums/Contributions are recognized as income when earned and billed to members and membership dues are taken up as income upon collection.
- Interest Income on cash and cash equivalents, Loans receivables and other financial assets are recognized as they accrue based on the effective interest rate method. Effective Interest Method exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Interest Income shall be recognized in the Statement of Income as it accrues, taking into account the effective yield of the asset or liability or an applicable floating rate. Interest Income and Expense includes the amortization of any discount or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

- Investment Income includes dividends, which are included on the date the shares become quoted ex-dividend. Interest on interest-bearing placements and securities is recognized as the interest accrues, taking into account the effective yield on the asset. During the year, the Association has recognized Investment Income.
- Service charges and other penalties are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collection.

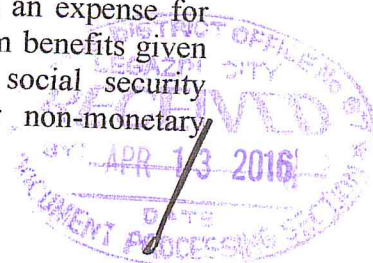
Cost and administrative expenses are recognized in the Statement of Comprehensive Income upon utilization of the service or in the date they are incurred. Finance Costs are reported on an accrual basis.

2.16. Employee Benefits

The Association recognizes a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. Employee benefits are short-term employee benefits; post-employment benefits; other long-term employee benefits and termination benefits.

Short-term Employee Benefits

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



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Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Retirement Benefits

Retirement benefits though yet to be implemented pending actuarial report, shall be provided to employees through a defined benefit plan, as well as several defined contribution plans. The Association is only on its sixth year of operations hence; actuarial valuation for employees' retirement is not urgent issue to be complied with. It has less than ten (10) employees as of December 31, 2015.

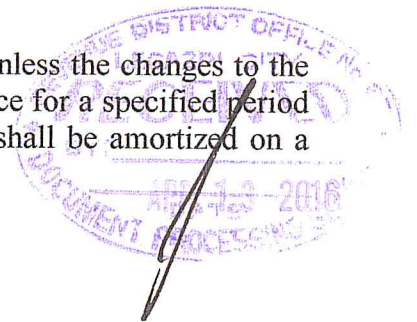
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

Once the necessary Actuarial Valuation is required, the liability recognized in the Statement of Financial Position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the DBO annually.

The present value of the DBO is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses shall not be recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately.

Past service costs shall be recognized in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period) in this case, the past service costs shall be amortized on a straight-line basis over the vesting period.



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A defined contribution plan is a pension plan under which the Association shall pay fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

2.17. Income Taxes

Pursuant to National Internal Revenue Code Sec. 30C, a Mutual Aid Association or a Non-stock Corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members of such Association, or Non-stock Corporation or their dependents is exempt from payment of tax in respect to income it receives. Provided that the income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.

2.18. Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

The key Management personnel of the Association and post-employment benefit plans for the benefit of Association's employees are also considered to be related party transactions.

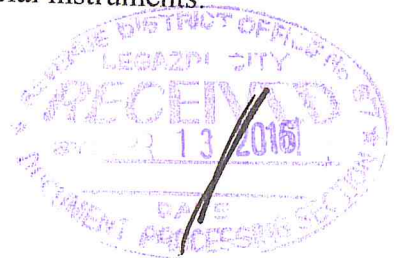
2.19. Events after Balance Sheet date (Subsequent Events)

Post year-end events that provide additional information about the position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes when material.

NOTE 3 - RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risks
- Operational Risks



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This note presents information about the Association's exposure to each of the above risks, the Association's objectives, policies and processes for measuring and managing risk, and the Association's management of capital.

3.1. Risk Management Framework

The Board of Trustees has overall responsibility for the establishment and oversight of the Association's risk management framework. The Board has established the Association's Asset and Liability, Credit and Operational Risk committees, which are responsible for developing and monitoring Association risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Association's Risk Management Policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Association's Audit Committee is responsible for monitoring compliance with the Association's Risk Management Policies and Procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Association. The Internal Audit unit assists the Association's Audit Committee in these functions.

Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

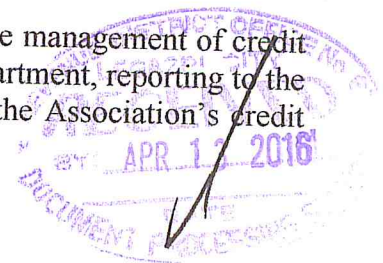
3.2. Credit Risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's loans and advances to customers and deposits with the banks including temporary cash investments and/or placements. For risk management reporting purposes, the Association considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The nature and extent of information provided by an entity in this section will depend greatly on its activities with financial instruments and exposure to credit risk.

Management of Credit Risk

The Board of Trustees has delegated primary responsibility for the management of credit risk to its Association's Credit Committee. A separate Credit Department, reporting to the Association's Credit Committee, is responsible for oversight of the Association's credit risk, including:



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- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment; risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Credit Committee and/or the Board of Trustees as appropriate.
- Reviewing and assessing credit risk. Association Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity.
- Developing and maintaining the Association's Credit Risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.

The current risk-grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/ committee as appropriate. Risk grades are subject to regular reviews by Association Credit Risk Committee.

- Reviewing compliance with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Association Credit on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Association in the management of credit risk.

All personnel in-charge in lending is required to implement Association credit policies and procedures, with credit approval authorities delegated from the Association Credit Committee. The Head of Credit Department, who reports on all credit related matters to local management and the Association Credit Committee, is responsible for the quality and performance of the Association credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Internal Audit undertakes regular audits of Credit Department and Association Credit processes.



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3.3. Liquidity Risk

Liquidity risk is the risk that the Association might encounter difficulty in meeting/timely meeting obligations from its financial liabilities.

Management of Liquidity Risk

The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Board of Trustees. Daily reports cover the liquidity position of the Association.

Exposure to Liquidity Risk

The key measure used by the Association for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities (if available) for which there is an active and liquid market less any deposits from banks, and other borrowings and commitments maturing within the next month.

3.4. Market Risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

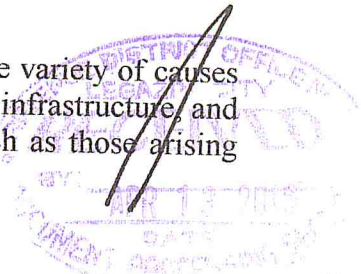
Management of Market Risks

The Association separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the Investment Banking unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Association's financial assets and liabilities to various standard and non-standard interest rate scenarios.

3.5. Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising



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from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Association's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Association's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Association standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with Association standards is supported by a programmed of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the Association, with summaries submitted to the Audit Committee and senior management of the Association.

3.6. Foreign Currency Risk

Financial assets and financing facilities extended to the Association were mainly denominated in Philippine Peso, and as such, the Association has no foreign currency risk.



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3.7. Risk-Based Capital Framework

Adoption of Risk-Based Capital Framework for the Philippine Mutual Benefit Association. The Association complies on the required amounts of members' equity to be maintained by mutual benefit association (MBAs) in relation to investment and insurance risks, required by the Insurance Commission. The Association adopted the Risk-Based Capital (RBC) Framework including its rules and regulations as provided for under the provision of Section 414 of the Insurance Code of the Philippines.

RBC Ratio and Members' Equity

The investment and insurance risks of the MBA shall be classified under four (4) major categories:

- a. Asset Default Risk
- b. Insurance Pricing Risk
- c. Interest Rate Risk
- d. General Business Risk

Every MBA is annually required to maintain a minimum RBC ratio of 100% and not fail the Trend Test.

NOTE 4 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with PFRS requires the Association to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and the disclosures of contingent resources and contingent liabilities.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in financial statements as they become reasonably determinable.

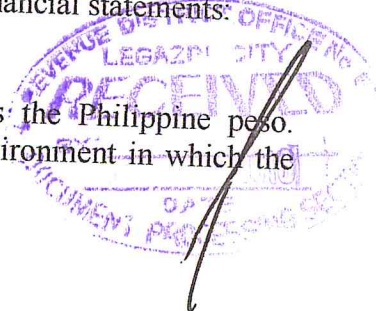
The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements.

4.1.1. Critical Management Judgments in Applying Accounting Policies

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

Functional currency

The Association has determined that its functional currency is the Philippine peso. Functional currency is the currency of the primary economic environment in which the Association operates.



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Provisions and Contingencies

Judgment is exercised by Management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 2. As of December 31, 2015 and 2014, the Association has determined that, no contingencies will materially affect the Association's financial statements. Hence, no provisions are recognized.

Financial Assets and Liabilities

Recognition

The Association initially recognizes Receivables on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Association becomes a party to the contractual provisions of the instrument.

Derecognition

The Association derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Association is recognized as a separate asset or liability.

The Association derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Association enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all risks, and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the balance sheet.

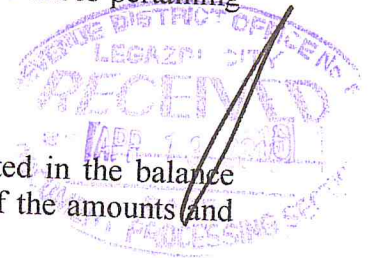
When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Association continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Association also derecognizes certain assets when it charges-off balances pertaining to the assets deemed to be uncollectible.

Offsetting

Financial assets and liabilities are set-off and the net amount presented in the balance sheet when, and only when, the Association has a legal right to set-off the amounts and



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intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair Value Measurement

For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include Net Present Value (NPV) techniques, the Discounted Cash Flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

For more complex instruments, the Association uses proprietary models, which usually are developed from recognized valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

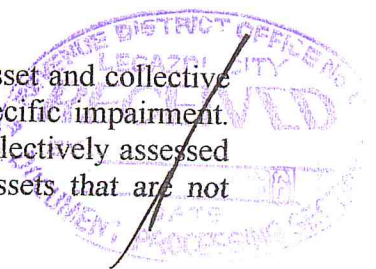
When entering into a transaction, the financial instrument is recognized initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase, in fair value indicated by valuation techniques is recognized in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

Identification and Measurement of Impairment

At each Financial Reporting date the Association assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Association considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not



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individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities, if any) are impaired can include default or delinquency by a borrower, restructuring of a loan (including advances by the Bank's personnel, if any), indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses (if any) are recognized in profit or loss and reflected in an allowance account against loans, receivables and advances. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

4.2. Key Sources of Estimation Uncertainty**Impairment Losses on Receivables**

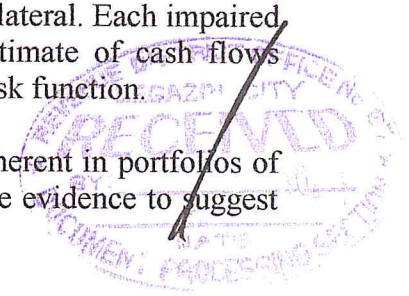
The Association reviews its Loans and Receivables portfolio to assess impairment at least on an annual basis. In determining whether credit loss should be recorded in the Statement of Comprehensive Income, the Association makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets.

Allowances for Credit Losses

Assets accounted for at amortized cost are evaluated for impairment on the basis described in accounting policy in PAS 39. The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received.

In estimating these cash flows, management makes judgments about counter-party's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest



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that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Estimated Useful Lives of Property and Equipment

The useful lives of property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment is based on the Association's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

There is no change in estimated useful lives of property and equipment in 2015 and 2014.

Impairment of Non-financial Assets

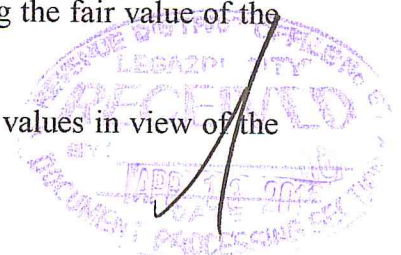
The Association reviews its property and equipment for impairment of value. This includes considering certain indications of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discounting the real estate projects, significant negative industry or economic trends. If such indications are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is the asset's net selling price, except for investments, which is the value in use. The net selling price is the amount obtainable from the sale of an asset in an arms-length transaction while value in use is the present value of estimated future cash flows expected to arise from the investments. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

There were impairment losses recognized on property and equipment in 2015 and 2014 based on management's evaluation and appraisal.

Fair Value Measurement

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

Cash and Cash Equivalents - Carrying amounts approximate fair values in view of the relatively short-term nature of the instruments.



Receivables - Fair values are estimated using the discounted cash flow methodology, using the Association's current incremental lending rates for similar types of loans and receivables.

Accounts Payable, Accrued Expenses and Other Payables - The carrying amounts approximate fair values given the short-term nature of the liability.

Advance Premium Received – The present value of the advance premiums received from the Association’s members. The amounts are amortized to income subsequent to date of Statement of Financial Position.

NOTE 5 – SUPPORTING INFORMATION FOR ITEMS PRESENTED IN THE FINANCIAL STATEMENTS

5.1. CASH AND CASH EQUIVALENT

This account consisted of:

(In Philippine Pesos)	2015	2014
Cash on Hand	20,000.00	
Petty Cash Fund	10,000.00	10,000.00
Savings Deposit	1,719,267.21	1,515,263.05
Current /Checking Account Deposits	10,741,551.24	12,243,551.02
Time Deposit	42,623,105.93	73,236,008.30
T o t a l	55,113,924.38	87,004,822.27

Cash in bank earns interest at floating rates based on daily bank deposit rates.

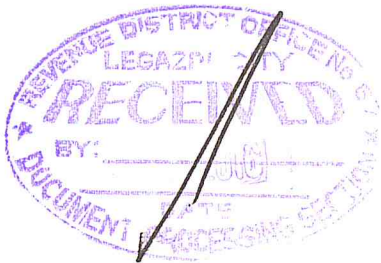
Petty Cash Fund represents the fund established to defray immediate minimal disbursements which are evidenced by duly accomplished and approved petty cash vouchers with the corresponding supporting receipts and/or other supporting documents. This fund shall be maintained under an imprest system.

Cash in Banks account refers to money deposited in the bank under the name of the MBA which are unrestricted and available for use in the current operations. A subsidiary ledger shall be maintained for each bank account and may include savings account, current account and time deposit accounts.

Cash Equivalent account refers to short-term maturity of three (3) months or less from the date of acquisition. It is highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

5.2. RECEIVABLES

This consists of :



(In Philippine Pesos)	2015	2014
Unremitted Members' Contribution, dues and fees	0	871,490.28
Unremitted Premiums	0	235,638.58
Accrued Interest Income	772,620.06	367,510.33
Advances to officers and employees	105,599.52	9,912.79
Other Receivable	44,666.67	
T o t a l	922,886.25	1,484,551.98

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

5.3. PREPAYMENTS AND OTHER CURRENT ASSETS

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

Unused Supplies pertains to inventory of consumable office supplies including unused membership forms amounting to P 73,303.38 and P89,787.01 for the year ended December 31, 2015 and 2014 respectively.

5.4. FINANCIAL ASSETS AT AMORTIZED COST (FAAC)

This consists of :

(In Philippine Pesos)	2015	2014
FAAC – investment in Bonds-Government Securities	59,151,663.45	5,000,000.00
FAAC – investment in Bonds- Corporate Issued	13,000,000.00	13,000,000.00
Total	72,151,663.45	18,000,000.00

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

5.5. LOANS RECEIVABLE



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This represent loan granted to SEDP-Simbag sa Pag-Asenso Inc. with a collateral from BPI Investment of P10,000,000.00 with loan agreement dated from Dec 14, 2015 – December 14, 2016. At 6% interest per annum. Interest payable monthly of P50,000.00.

5.6. PROPERTY AND EQUIPMENT

The rollover analysis of the Property and Equipment account follows:

Acquisition Cost**Year 2015**

(In Philippine Peso)	I T	Office Fur & Fixtures	T o t a l
Beginning Balance	350,657.00	169,117.30	519,774.30
Acquisition	51,673.00	0	51,673.00
Disposal			
Ending Balance	402,330.00	169,117.30	571,447.30

Accumulated depreciation:**Year 2015**

(In Philippine Peso)	I T	Office Fur & Fixtures	T o t a l
Beginning Balance	276,702.34	145,563.74	422,266.08
Provision	47,524.45	15,910.66	63,435.11
Disposal			
Balance, end	324,226.79	161,474.40	485,701.19
Net Book value	78,103.21	7,642.90	85,746.11

Acquisition Cost**Year 2014**

(In Philippine Peso)	I T	Office Fur & Fixtures	T o t a l
Beginning Balance	269,962.00	165,127.30	435,089.30
Acquisition	80,695.00	3,990.00	84,685
Disposal			
Ending Balance	350,657.00	169,117.30	519,774.30

Accumulated depreciation:**Year 2014**

(In Philippine Peso)	I T	Office Fur & Fixtures	T o t a l
Beginning Balance	223,055.37	125,693.64	348,749.01
Provision	53,646.97	19,870.10	73,516.17
Disposal			
Balance, end	276,702.34	145,563.74	422,266.08
Net Book value	73,954.66	23,553.56	97,508.22

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

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

5.7. OTHER FUNDS AND DEPOSITS

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

This accounts consist of time deposits in the amount of P16,087,346.00 and P 15,270,000.00 for the year ended December 31, 2015 and 2014 respectively.

5.8. LIABILITY ON INDIVIDUAL EQUITY VALUE

This account represents the total amount of obligations set-up by the MBA on membership certificates pertaining to the 50% equity value, as required under the insurance code, and any incremental amount declared by the MBA in the amount of P79,230,536.05 and P65,986,914.86 for the years 2015 and 2014 respectively.

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

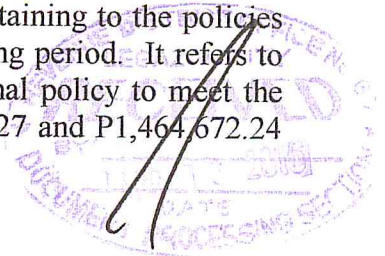
Interest shall be credited to the accumulated value every anniversary same at a rate to be determined by the Board of Trustees every year.

5.9. BASIC CONTINGENT BENEFITS RESERVE

This represents the total actuarial pertaining to the basic actuarial reserve set up by the MBA pertaining to the basic life benefit that is enforce at the end of the accounting period. It refers to the amount of liability which the MBA establishes for a certificate to meet the contractual obligations as it falls due in the amount of P393,511.96 and P1,206,265.70 for the years 2015 and 2014 respectively.

5.10. OPTIONAL BENEFIT RESERVE

This represents the total actuarial reserve set up by the MBA pertaining to the policies under optional benefit that is in force as at the end of the accounting period. It refers to the amount of liability which the MBA establishes for an optional policy to meet the contractual obligation as it falls due in the amount of P1,735,943.27 and P1,464,672.24 for the years 2015 and 2014 respectively.



5.11. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents benefit claims on membership certificates filed or reported to the MBA but not yet paid as of the end of accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported in the amount of P403,000.00 and P272,000.00 for the years 2015 and 2014 respectively.

5.12. CLAIMS PAYABLE ON OPTIONAL BENEFIT

This represents benefit claims on optional benefit filed or reported to the MBA but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported in the amount of P179,000.00 and P258,000.00 for the years 2015 and 2014 respectively.

5.13. OTHER BENEFITS PAYABLE ON BASIC POLICIES

This represents the sum of the surrenders and withdrawals on basic individual claims for maturity, policies of which for one reason or another final action has been taken either by approving the claims for payment in full or by rejecting in it in part or in full. This consist in the amount of P10,450.00 and P356,863.50 for the years 2015 and 2014 respectively.

5.14. OTHER CURRENT LIABILITIES

This consist of :

(In Philippine Pesos)	2015	2014
Premiums Received in Advance	4,659,124.36	3,481,996.99
Accounts Payable	721,573.78	47,810.51
Accrued Expenses	3,421,621.56	3,047,935.07
Total	8,802,319.70	6,577,742.57

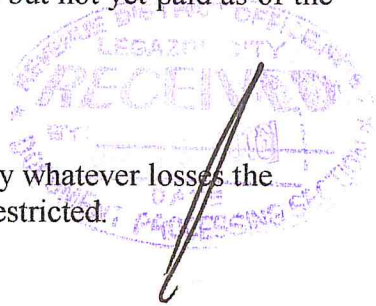
Premium Received in Advance represents premium on optional benefits received but not yet due/earned during the accounting period and which is expected to become due within the year.

Accounts Payable represents liabilities of the MBA as a result of indebtedness due to any institution, individual or supplier.

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

5.15. FREE AND UNASSIGNED FUND BALANCE

This represents the accumulated earnings of the MBA reduced by whatever losses the MBA may incur during a certain accounting period that is not restricted.



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5.16. ASSIGNED FUND BALANCE**This consist of :**

<i>(In Philippine Pesos)</i>	2015	2014
Fund Bal. for Guaranty fund, beg	15,270,000.00	10,000,000.00
Add- Additional Allocation	730,000.00	5,270,000.00
Total	16,000,000.00	15,270,000.00
Fund Bal. for Members' Benefit ,beg	2,535,318.11	697,772.60
Add- Additional Allocation	2,000,000.00	4,278,212.51
Less: Usage of fund	(4,259,899.00)	(2,440,667.00)
Total	275,419.11	2,535,318.11
Fund Bal. for Research & Development ,beg	3,526,322.92	674,181.25
Add- Additional Allocation	0	2,852,141.67
Less: Usage of fund	0	0
Total	3,526,322.92	3,526,322.92
Fund Bal. for Capacity Building ,beg	3,396,319.31	688,988.00
Add- Additional Allocation	0	2,852,141.67
Less: Usage of fund	(20,750.00)	(144,810.36)
Total	3,375,569.31	3,396,319.31
Fund Bal. for Systems & Equipment ,beg	2,793,572.00	701,988.00
Add- Additional Allocation	0	2,139,106.25
Less: Usage of fund	(223,136.05)	(47,522.25)
Total	2,570,435.95	2,793,572.00
Fund Bal. for Members' Education, beg	2,139,106.26	0
Add- Additional Allocation	0	2,139,106.26
Less: Usage of fund	0	0
Total	2,139,106.26	2,139,106.26
Fund Bal. for Social & Community Dev, beg	935,983.93	935,983.93
Add- Additional Allocation	0	0
Less: Usage of fund	0	0
Total	935,983.93	935,983.93
Total Fund Balance, beginning	30,596,622.53	13,698,913.78
Total Additional allocation	2,730,000.00	19,530,708.36
Total Usage of Fund	(4,503,785.05)	(2,632,999.61)
Total Appropriated funds	28,822,837.48	30,596,622.53

5.17. REVENUES

This consist of the following:

(In Philippine Pesos)		2015		2014
Members' Contribution	P	38,901,175.90	P	36,300,178.21
Less: Members' Contribution ceded to Reinsurers		0		0
Net Members' Contribution	P	38,901,175.90	P	36,300,178.21

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

Members' Contributions Ceded to Reinsurers includes cost of premiums on ceded basic benefit insurance business.

5.18. GROSS PREMIUMS

This consist of the following:

(In Philippine Pesos)		2015		2014
Gross Premium	P	7,800,014.95	P	8,758,274.52
Less: Premium Ceded to reinsurer		0		0
Net Premium	P	7,800,014.95	P	8,758,274.52

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

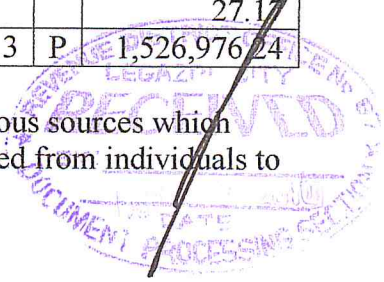
Premiums Ceded to Reinsurers includes cost of premiums on ceded optional insurance business.

5.19. OTHER REVENUES

This consist of the following:

(In Philippine Pesos)		2015		2014
Members' Fees/Dues	P	1,439,418.20	P	1,518,799.00
Penalties and Surcharges		4,518.93		8,150.07
Miscellaneous Income				27.17
Other Revenue	P	1,443,937.13	P	1,526,976.24

The above accounts represents income received or earned from various sources which includes members' fees/dues which represents fees and dues collected from individuals to maintain their membership in the MBA.



5.20. BENEFIT / CLAIMS EXPENSES

This consist of the following:

<i>(In Philippine Pesos)</i>		2015		2014
Benefit / Claim Expenses-Basic Benefit	P	17,142,981.52	P	13,337,939.30
Benefit / Claim Expenses-Optional, Regular		0		0
Benefit / Claim Expenses-Optional, Micro		1,871,500.00		1,810,500.00
Total		19,014,481.52	P	15,148,439.30
Less: Benefits / Claims Recovery		0		0
Net Benefit / Claims Expense	P	19,014,481.52	P	15,148,439.30

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

5.21. OTHER BENEFIT EXPENSES

This consist of the following:

<i>(In Philippine Pesos)</i>		2015		2014
Allocation for Liability on Individual Equity Value	P	13,243,621.19	P	
Inc. (Dec.) on Liability on Individual Equity				14,637,602.70
Inc/(Dec) in Res for Basic Contingent Benefit		(743,353.74)		296,700.55
Inc/(Dec) in Res for Optional Benefit		292,271.03		419,988.77
Membership Enrollment & Marketing exp		60,000.00		60,000.00
Collection Fees		3,022,307.53		2,738,514.08
Total Other Benefit Expenses	P	15,874,846.01	P	18,152,806.10

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

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

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

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

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



5.22. OPERATING EXPENSES

This account consists of:

<i>(In Philippine Pesos)</i>		2015		2014
Salaries, Wages and Benefits	P	1,666,281.04	P	1,307,173.67
Professional and Technical Development		1,026,205.43		693,808.24
Social and Community Service Expenses				
Technical and Professional fees		96,300.00		215,916.85
Service Fees				
Dues and Subscription		298,015.00		196,825.00
Office Supplies		220,253.53		169,822.52
Utilities Expense		157,636.67		69,409.13
Repairs and Maintenance		3,780.00		61,438.00
Insurance expenses		8,376.00		8,150.00
Depreciation		63,435.11		73,517.07
Taxes, Licenses and Fees		182,265.00		5,739.00
Bank Charges		0		8,750.00
Miscellaneous Expenses		25,025.81		20,417.80
Total Operating Expenses	P	3,747,573.59	P	2,830,967.28

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

5.23. INVESTMENT REVENUE

This account consists of:

<i>(In Philippine Pesos)</i>		2015		2014
Interest income	P	3,002,005.92	P	1,546,896.22
T O T A L	P	3,002,005.92	P	1,546,896.22

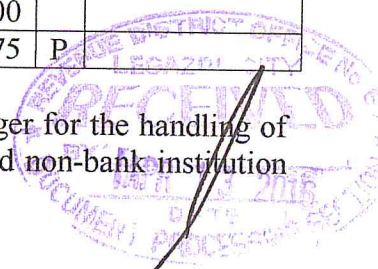
Interest income represents interest earned by the MBA from its bank deposits and other investments.

5.24. INVESTMENT EXPENSES

This account consists of:

<i>(In Philippine Pesos)</i>		2015		2014
Investment Management Fee	P	148,624.75	P	
Bank and Other Charges		5,925.00		
T O T A L	P	154,549.75	P	

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



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5.25. OTHER COMPREHENSIVE REVENUE (EXPENSES)

This comprises items of income and expense (including reclassification adjustments), that not recognized in profit or loss as required or permitted by other PFRSs.

NOTE 6 - GUARANTY FUND

Pursuant to Insurance Memorandum Circular No. 9-2006, all micro-insurance MBA's must possess a Guaranty Fund equivalent to not less than Five Million Pesos (P5,000,000) on or before December 31, 2006. This minimum amount shall be maintained at all times. Every year thereafter, all micro-insurance MBA's must increase their Guaranty Fund by an amount equivalent to five percent (5%) of their gross premium collections until the amount of the Guaranty Fund shall reach Twelve and a Half Million (12.5 Million) of the required capital for domestic life insurance companies. As of December 31, 2015, total Guaranty Fund maintained by the Association amounted to Sixteen Million Pesos (P16,000,000.00). These funds were invested in time deposit.

NOTE 7 - RELATED PARTY TRANSACTIONS

Parties are considered to be related if one of the party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Key management compensation amounted to P347,543.53 and P240,558.43 for 2015 and 2014 respectively.

NOTE 8 - FINANCIAL INSTRUMENTS

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

The carrying values and estimated fair values of the Company's financial assets and liabilities as of December 31, 2015 and 2014 are presented as follows:

Financial Assets:

(In Philippine Pesos)	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and Cash Equivalent	55,113,924.38	55,113,924.38	97,004,822.27	97,004,822.27
Receivables	150,268.19	150,268.19	1,484,551.98	1,484,551.98
Prepayments & Other Current Assets	73,303.38	73,303.38	89,787.01	89,787.01
Total	55,337,495.95	55,337,495.95	88,579,161.26	88,579,161.26

Financial Liabilities:

(In Philippine Pesos)	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liability on Individual Equity Value	79,230,536.05	79,230,536.05	65,986,914.86	65,986,914.86
Basic Contingent Benefit Reserve	393,511.96	393,511.96	1,206,265.70	1,206,265.70
Optional Benefit Reserve	1,735,943.27	1,735,943.27	1,464,672.24	1,464,672.24
Claims Payable on Basic Contingent Benefit	403,000.00	403,000.00	272,000.00	272,000.00
Claims Payable on Optional Benefit	179,000.00	179,000.00	258,000.00	258,000.00
Other Benefits Payable on Basic Policies	10,450.00	10,450.00	356,863.50	356,863.50
Other Current Liabilities	8,802,319.70	8,802,319.70	6,577,742.57	6,577,742.57
T o t a l	90,754,760.98	90,754,760.98	76,122,458.87	76,122,458.87

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

NOTE 9 - CONTINGENCIES

The Association is contingently liable with respect to possible claims and lawsuits arising in the ordinary conduct of business. Management and its legal counsel believe that the final resolution of claims or lawsuits, if any, will not have a material effect on the Association’s financial statements.

NOTE 10 - NOTES TO CASH FLOWS

Operating Activities

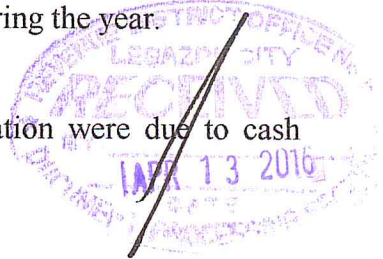
Major movements in the cash inflows in operating activities of the Association were due to cash inflows from collection of receivables and receipts of membership fees. Major cash out flows from operating activities of the Association were due to payment of expenses currently incurred and those that were accrued for prior years.

Investing Activities

Major cash outflows from investing activities of the Association were due to investments in bonds and additional acquisitions of property and equipment during the year.

Financing Activities

Major cash inflows from the financing activities of the Association were due to cash inflows from the equity contributions of the members.



NOTE 11 - TAX EXEMPTION

Pursuant to National Internal Revenue Code Sec. 30(C), a Non-stock Corporation organized by employees providing for the payment of life, sickness, accident, or other benefits exclusively to the members of such Association, or Non-stock Corporation or their dependents is exempt from payment of tax in respect to income it receives. However, any income derived from any of its properties, real or personal, or any activity conducted for profit, regardless of the disposition thereof, is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code.

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

NOTE 12 - Other Matters

The Association’s Standard Chart of Accounts were in compliant with the Standard Chart of Accounts (SCA) for MBA’s pursuant to Circular Letter No. 2014-41 dated September 25, 2014 which took effect immediately.

Certain reclassifications have been made to the prior year’s financial statements to enhance comparability with the current year’s financial statements. As a result, certain line items have been amended on the face of the balance sheet, statement of income and expenses, statement of changes in equity and cash flow statements, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year’s presentation.

SUPPLEMENTAL DISCLOSURES REQUIRED UNDER BIR RR # 15-2010

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

A. WITHHOLDING TAXES

Withholding Tax on Wages (WC)	Php 105,576.86
Withholding Tax at Source (WE)	273,863.24

TOTAL WITHHOLDING TAXES PAID	Php 379,440.10



B. ALL OTHER TAXES (LOCAL AND NATIONAL)

Barangay Clearance	Php	215.00
Documentary stamps		230.00
Mayor's permit		3,060.00
Corporate Residence Cert		500.00
BIR Annual Registration Fees		500.00
SEC Indorsement Fee		1,010.00
Insurance Commission-License Fe		90,900.00
Insurance Commission-AS Filing Fee 2015		20,200.00
IC-Supervision Fee		65,650.00
TOTAL TAXES PAID	Php	182,265.00

C. TAX CASES

The company has no pending case.

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