ANNUAL REPORT 2022

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

OUR ORGANIZATION

SEDP MBA is a non-stock non-profit Association registered with the Securities and Exchange Commission (SEC) with Reg. No. CN20092141 and licensed to operate as Micro-insurance-Mutual Benefit Association (Mi-MBA) by the Insurance Commission (IC).

It is a subsidiary of SEDP – Simbag sa Pag-Asenso Inc., (A Microfinance NGO) a microfinance institution which operates primarily in Bicol Region and some part of Samar Province.

SEDP MBA is owned and governed by its members. Implementation of Plans and Priorities are carried by the management and oversees by the Board of Trustees.

SEDP MBA'S THRUSTS

MISSION

Improved Social Protection for SEDP members and Low income groups

VISION

To be among the Leading Mutual Microinsurance provider in Bicol

Core Values

Members Satisfaction
Christ Centered
Good Governance
Employees Welfare
Trustworthiness
Service Excellence

ORGANIZATIONAL OBJECTIVES

1. **MEMBERS PERSPECTIVE -** To maintain and increase membership for the sustainability of the program and to provide additional social protection programs that will safeguard the members from various risks.

2. **FINANCIAL PERSPECTIVE** – To be financially stable and sustainable by properly monitoring the operational expenses versus the approved budget.

3. **INTERNAL PERSPECTIVE** – Sound governance shall be in-place to maintain good performance and/or exceed the target performance indicators.

4. **LEARNING & GROWTH PERSPECTIVE** – To maintain the good performance of the organization, it is of at most importance, to capacitate the staff and the members of the Board of Trustees by providing training programs, capacity building activities and exposure trips to hone their individual expertise both for their personal and organizations development as a whole.

SEDP MBA LOGO THROUGH THE YEARS

2009-2015

2016-2020

2021-PRESENT

PARTNERS AND LINKS

GOVERNANCE

The Board of Trustees (BOT) is the governing body elected by the members that exercises the corporate powers of the association. SEDP MBA is composed of Seven (7) Board of Trustees members.

Among the Seven (7) BOT members two (2) of them are Independent Trustees with expertise in the field of Finance, Governance and Management. The Independent Trustees shall serve a Nine (9) year term limit *(stipulated in the By Laws amendment).* He/She shall render voluntary service to the organization that is independent of the management and major substantial stakeholders.

MULTIPLE BOARD SETS

SEDP MBA Board of Trustees have significant roles and functions in the direction of the institution wherein active participation in all meetings and activities related to its operations are required. In so doing, SEDP MBA limits the involvement of each Trustee to a maximum of 3 Board Sets assignment to other companies so that they can actively participate to all meetings and activities required by SEDP MBA.

COMMITMMENT TO CORPORATE GOOD GOVERNANCE

SEDP MBA is committed in the promotion of corporate good governance within its organization and among its stakeholders. Together with the Board of Trustees and Management, SEDP MBA will remain steadfast in monitoring the performance of the organization, strive to make good and sound decisions, and will hold its governing board accountable for its execution in achieving our corporate goals.

The Corporate Governance Manual shall serve as its guide in ensuring the organization’s practice of good governance, sustainability and its continuous commitment to its stakeholders in providing efficient and innovative programs and services for the growth of the community in which we operate.

BOARD OF TRUSTEES PERFORMANCE EVALUATION

At the beginning of the year, the individual Board of Trustees conducted their Annual Performance Evaluation through Self-Rating and Peer-Rating scheme. A separate evaluation is also conducted for a per Committee level assessment. The assessment objective is to help each member of the Board of Trustees to evaluate what are their strengths and what are the areas to improve on.

BOARD OF TRUSTEES OFFICERS AND MEMBERS

REV. FR. JOSE VICTOR E. LOBRIGO
Chairperson

REV. FR. REX PAUL ARJONA
Vice- Chairperson

ATTY. FR. NEIL JOSE ARANAS
Board Secretary/ Independent Trustee

MS. ROSANA BALLARBARE
Treasurer

MS. TERESITA GALANG, CPA, DBA, LPT
Independent Trustee

MS. MA. CHRISTINA CORTEZA
Member

MS. ROCHELLE APOON
Member

BOARD OF TRUSTEES PROFILE

REV. FR. JOSE VICTOR E. LOBRIGO
Chairperson

RELATIVE EXPERIENCE:

- **Board Treasurer**
  MIMAP/RIMANSI
- **Board Member**
  MIMAP/RIMANSI
- **President and CEO**
  SEDP Simbag (2012-2021)
- **Private Sector Representative**
  Microfinance NGO Regulatory Council (2016-Present)
- **Chairman of the Board**
  Microfinance Council of the Phils.(2016-2018)
- **President and Chairman**
  Bicol Consortium for Development Initiatives (2005- Present)
- **Diocesan Oeconomus**
  Diocese of Legazpi (2011-2021)
- **Lecture on Corporate Governance and Best Practices**
  RIMANSI/MIMAP (2016- Present)
- **Teaching Fellow**
  Institute of Corporate Directors

TRAININGS & SEMINARS ATTENDED:

Microinsurance Forum
Management Forum
Investment Management Forum
ACGS Orientation
Professional Development Program
Certificate in Conflict Transformation
Program for Development Manager

AMLA & Governance Workshop
Resource Person

ACADEMIC QUALIFICATION

- **AB Philosophy and Languages**
  San Carlos Seminary, Makati City
- **Corporate Governance**
  Institute of Corporate Directors
- **MA in Development Studies**
  Institute of Development Studies
  The Hague, The Netherlands
- **Development Management**
  Asian Institute of Management
- **MA in Pastoral Ministry**
  Ateneo de Manila University

OTHER CORPORATE DIRECTORSHIP

- **Board Member**
  Peace and Equity Foundation
- **Independent Director**
  Camalig Bank (A Rural Bank)
- **Member, Board of Administrators**
  National Electrification Administration (2006-2016)

DATE OF FIRST APPOINTMENT

June 1, 2019

AGE: 58 Years old

BOARD OF TRUSTEES PROFILE

REV. FR. REX PAUL B. ARJONA
Vice- Chairperson

RELATIVE EXPERIENCE:

President and CEO
SEDP- Simbag sa Pag Asenso Inc. (A Microfinance NGO)

Executive Director
Social Action Center Diocese of Legazpi

Private Sector Representative
Regional Development Council
NEDA Region V

TRAININGS & SEMINARS ATTENDED

AMLA & Governance Workshop
Microinsurance Forum
Management Forum
Investment Management Seminar
Learning Session on Governance
ACGS Orientation

ACADEMIC QUALIFICATIONS:

Master in Development Management
Asian Institute of Management

Diploma in Local Government Mgt.
Bicol University, Legazpi City

OTHER CORPORATE DIRECTORSHIP

SEDP-Simbag sa Pag-Asenso Inc.
Microinsurance MBA Association of the Philippines (MiMAP) RIMANSI

DATE OF FIRST APPOINTMENT

June 1, 2019

AGE: 44 Years old

REV. FR. NEIL JOSE ARANAS
Board Secretary

RELATIVE EXPERIENCE:

LEGAL COUNCIL
Diocese of Legazpi

PRESIDENT- CEO
Diocesan Multi-Media Services, Incorporated (DMMSI)

TRAININGS & SEMINARS ATTENDED:

ACADEMIC QUALIFICATIONS:

College Of Law
University of Sto. Tomas
Bar Exam Passer 2016

Degree in AB Sacred Theology
Holy Rosary Major Seminary

Degree in AB Philosophy
Mater Salutis College Seminary

OTHER CORPORATE DIRECTORSHIP:

None

DATE OF FIRST APPOINTMENT

June 1, 2022

AGE: 50 Years old

BOARD OF TRUSTEES PROFILE

ROSANA BALLARBARE
Treasurer

RELATIVE EXPERIENCE:

Centro Baybay Women's Org. Officer
BDRRMC Member
Parish Pastoral Council
PCSC Commission Head

TRAININGS & SEMINARS ATTENDED:

Orientation for New Board of Trustee
Leadership Training Workshop
Risk Management
Governance and Anti-Money Laundering Act (AMLA) Workshop for Mi-MBAs
Financial Literacy
APSEMO PDRRM
Social Action Center -Harong Paglaom
Magna Carta for Women
Mental Health for Women
Para- Legal Training
Simple Bookkeeping

ACADEMIC QUALIFICATIONS

Garments and Dress making

OTHER CORPORATE DIRECTORSHIP

None

DATE OF FIRST APPOINTMENT

June 2022

AGE: 54 Years Old

TERESITA GALANG, CPA
Independent Trustee

RELATIVE EXPERIENCE:

ASSOCIATE PROFESSOR II
Bicol University, Dept. of Accountancy
Legazpi City

COST ACCOUNTANT
OSSA International

INSURANCE UNDERWRITER
Philippine American Life Insurance Corp.

TRAININGS & SEMINARS ATTENDED:

AMLA & Governance Workshop
National Microinsurance Forum
Management Forum
Investment Management Seminar
Learning Session on Governance
ACGS Orientation
Risk Management
Keeping Up To Date: New Trends and Regulations in Accounting Practice
The Governance of Environmental and Social Issues: Managing E & S Risks
Bridging the Gap between the University and the Modern Workforce
Play It Forward, Securing a Sustainable Future- The Great Reshuffle: Recruitment and Retention Challenges
Understanding the Taxpayers' Bill of Rights
Play It Forward, Securing A Sustainable Future - CPAs As Industry Leaders In A Highly Disrupted Period
The Philippine Development Plan: Securing A Sustainable And Prosperous Future
Play It Forward, Securing A Sustainable Future - Opening Plenary

ACADEMIC QUALIFICATIONS

Doctor in Business Administration
Aquinas University of Legazpi
Master in Business Administration
Divine Word College Legazpi
Bachelor of Science in Commerce
Major in Accounting
Divine Word College of Legazpi

OTHER CORPORATE DIRECTORSHIP:

None

DATE OF FIRST APPOINTMENT

January 1, 2019

AGE: 60 Years old

BOARD OF TRUSTEES PROFILE

ROCHELLE APOON
Board Member

RELATIVE EXPERIENCE:

Barangay Nutrition Scholar

TRAININGS & SEMINARS ATTENDED:

Orientation for New Board of Trustee
Leadership Training Workshop
Risk Management
Governance and Anti-Money Laundering Act (AMLA) Workshop for Mi-MBAs
Farmers Ass & Values Formation
Regional Cluster Key Leaders Assembly
Capability Building Rice, Corn & Vegetable
Talakayan sa Kabukiran sa Ligao City
Farmers Information & Technology Services
Climate Change Field Study
Leadership Training

ACADEMIC QUALIFICATIONS

Bachelor of Arts in Economics

OTHER CORPORATE DIRECTORSHIP:

None

DATE OF FIRST APPOINTMENT

June 2022

AGE: 42 Years Old

MARIA CHRISTINA CORTEZA
Board Member

RELATIVE EXPERIENCE:

TRAININGS & SEMINARS ATTENDED:

Making Mutually Work under New Normal

AMLA & Governance Workshop

Microinsurance Forum

Orientation for New Board of Trustee

Risk Management

National Microinsurance Forum 2022

ACADEMIC QUALIFICATIONS

Computer Science
Tabaco Community College

OTHER CORPORATE DIRECTORSHIP:

None

DATE OF FIRST APPOINTMENT

June 1, 2021

AGE: 46 Years Old

BOARD COMMITTEES

SEDP MBA Board Committees were created to oversee and ensure that the priority plans & programs of the organization is well implemented by the Management through its monitoring function during the submission of reports on the scheduled quarterly meeting.

The SEDP MBA have 7 Board Committees:

- Governance Committee
- Audit Committee
- Nomination Committee
- Finance Committee
- HR and Remuneration Committee
- Board Risk Oversight Committee (BROC)
- Related Party Transactions (RPT) Committee

BOARD COMMITTEE COMPOSITION

GOVERNANCE COMMITTEE

The Governance Committee shall be composed of a minimum of three (3) but not more than five (5) members. One member shall be from an independent member of the board of trustees while the rest shall be from the regular members.

The Governance Committee provides for the board's effectiveness and continuing development.

COMMITTEE MEMBER	
Chairperson:	Fr. Jose Victor E. Lobrigo
Members:	Ms. Remegia Balucio
	Ms. Teresita Galang, CPA, DBA
	Atty. Fr. Neil Jose Aranas

AUDIT COMMITTEE

The Audit Committee shall be composed of at least three (3) members to be appointed by the Board of Trustees from among the trustees with background in accounting and finance, including an independent trustee who shall be the chairperson of the Committee.

The Audit Committee provides oversight of the institutions internal and external auditors.

AUDIT COMMITTEE	
Chairperson:	Ms. Teresita Galang, CPA, DBA
Members:	Atty. Fr. Neil Jose Aranas
	Ms. Rochelle Apoon
	Ms. Ma. Cristina Corteza

NOMINATION COMMITTEE

The Nomination Committee shall be composed of at least three (3) of the board of directors, one of whom must be independent.

The SEDP MBA Nomination Committee is hereby vested sole authority to conduct and supervise the election for the members of the Board of Trustees and other officers to proclaim the winner.

NOMINATION COMMITTEE	
Chairperson:	Fr. Jose Victor E. Lobrigo
Members:	Ms. Remegia Balucio
	Ms. Teresita Galang, CPA, DBA
	Atty. Fr. Neil Jose Aranas

FINANCE COMMITTEE

The Committee shall be composed of a minimum of three (3) but not more than five (5) members.

The Finance Committee is established as an independent committee of the Board of Trustees whose primary duties are to oversee and review the financial plans and policies of SEDP MBA and implementation of such plans and policies and to assist the Board of Trustees in reviewing investment, strategies, and transactions and in overseeing SEDP MBA's capital and financial resources.

FINANCE COMMITTEE	
Chairperson:	Fr. Rex Paul Arjona
Members:	Ms. Ma. Cristina Corteza
	Ms. Rosana Ballarbare
	Ms. Jocelyn Diaz

BOARD COMMITTEE COMPOSITION

HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee is composed of at least four members. Majority of the committee should be an independent director, including the Chairman.

The SEDP MBA HR and Remuneration Committee, as an oversight, advice and assist the Board in fulfilling its responsibilities on matters relating to human resources.

HR & REMUNERATION COMMITTEE	
Chairperson:	Fr. Jose Victor E. Lobrigo
Members:	Ms. Remegia Balucio
	Ms. Teresita Galang, CPA, DBA
	Atty. Fr. Neil Jose Aranas

RELATED PARTY TRANSACTION COMMITTEE

The RPT Committee should be composed of at least three non-executive directors. The majority of whom should be independent. The committee Chairman, should be an independent Trustee. The members of the Committee have sufficient, recent & relevant expertise & experience in fulfilling their role.

The RPT Committee set materiality threshold for each type of transaction to related parties such as investment, financial assistance, contract agreements and others.

RPT COMMITTEE	
Chairperson:	Fr. Jose Victor Lobrigo
Members:	Atty. Fr. Neil Jose Aranas
	Ms. Rosana Ballarbare
	Ms. Ma. Cristina Corteza

BROC COMMITTEE

The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. At least one member of the committee must have relevant experience and thorough knowledge on risk management. The Chairman should not be at the same time Chairman of the Board or of any other committee.

The BROC Committee oversee the system of limits to discretionary authority that the board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.

BROC COMMITTEE	
Chairperson:	Atty. Fr. Neil Jose Aranas
Members:	Fr. Jose Victor Lobrigo
	Ms. Teresita Galang, CPA
	Ms. Riza Barrameda, CPA

BOARD AND COMMITTEE MEETINGS

BOARD MEETINGS

The regular Board of Trustees Meeting is Quarterly. Documents/Materials for discuss distributed to the members of the Board of least 5 working days before the conduct together with the notice of meeting. meeting, the Management presents the agenda either for information, for accept approval.

NAME OF TRUSTEE	NO. OF BOT MTGS.	NO. OF MEETINGS ATTENDED	% Rating
FR. JOSE VICTOR LOBRIGO	6	6	100%
FR. REX PAUL ARJONA	6	6	100%
FR. NEIL JOSE ARANAS	4	1	25%
MS. TERESITA GALANG	6	6	100%
MS. ROSANA BALLARBARE	4	4	100%
MS. ROCHELLE APOON	4	4	100%
MS. MA. CHRISTINA CORTEZA	6	6	100%

Regular reports include the quarterly highlights and the Financial Statement Statu the discussion the member of the Board strictly scrutinized the comparative reports versus the approved targets and budgets. By this, the board of Trustees can easily decide on the matter. By the year 2021, the Board was happy for the performance of SEDP MBA not only by obtaining the increase in Surplus as stipulated in the Audited Financial Statements but also recognized the improvement in the ASEAN Corporate Governance Scorecard (ACGS) performance evaluation result along this line. The Board of Trustees challenged the management to strive more to get at least 80% in rating for the next evaluation period.

COMMITTEE MEETINGS

GOVERNANCE COMMITTEE

NAME OF TRUSTEE	NO. OF COMMITTEE MTGS	NO. OF MTGS ATTENDED	%
FR. JOSE VICTOR E. LOBRIGO	2	2	100%
MS. REMEGIA BALUCIO	2	2	100%
MS. TERESITA GALANG	2	2	100%
FR. NEIL JOSE ARANAS	2	0	0%

NOMINATION COMMITTEE

NAME OF TRUSTEE	NO. OF COMMITTEE MTGS	NO. OF MTGS ATTENDED	%
FR. JOSE VICTOR E. LOBRIGO	1	1	100%
MS. REMEGIA BALUCIO	1	1	100%
MS. TERESITA GALANG	1	0	0%
FR. NEIL JOSE ARANAS	0	0	0%

FINANCE COMMITTEE

NAME OF TRUSTEE	NO. OF COMMITTEE MTGS	NO. OF MTGS ATTENDED	%
FR. REX PAUL ARJONA	3	3	100%
MS. MA. CRISTINA CORTEZA	3	3	100%
MS. ROSANA BALLARBARE	2	2	100%
MS. JOCELYN DIAZ	3	3	100%

AUDIT COMMITTEE

NAME OF TRUSTEE	NO. OF COMMITTEE MTGS	NO. OF MTGS ATTENDED	%
MS. TERESITA GALANG	3	3	100%
ATTY. FR. NEIL JOSE ARANAS	2	0	0%
MS. ROCHELLE APOON	2	2	100%
MS. MA. CRISTINA CORTEZA	2	2	100%

SEDP MBA MANAGEMENT AND STAFF

MR. ROBERTO DALIT
General Manager/ Compliance Officer

MS. JOSIE B. BELEN
Admin. and Finance Officer/
Alternate Compliance Officer

MS. NICA B. MADRONA
Management Support Staff/
Corporate Secretary

MS. MA. CHARMAINE TUBALINAL
Claims Processor

MS. DARLEN M. ANTUERPIA
Bookkeeper 2

MR. JASON BUBAN
Bookkeeper 1

MS. BRENDA R. FLORA
Cashier

OPERATIONAL HIGHLIGHTS

MEMBERSHIP AND CONTRIBUTIONS COLLECTED

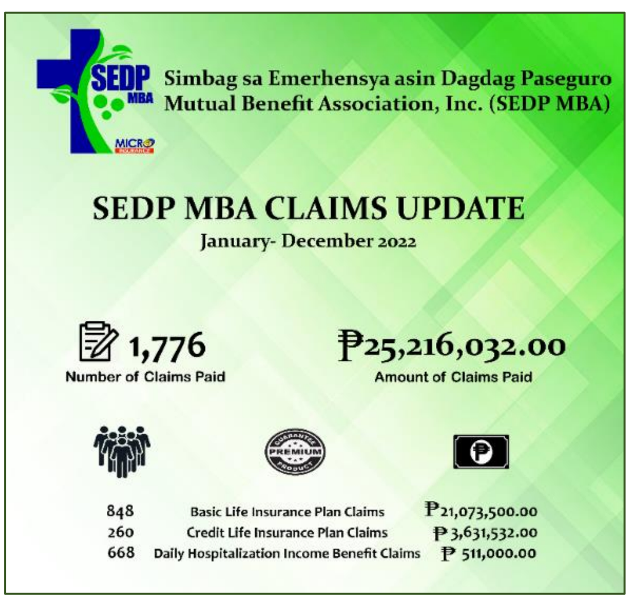
PARTICULARS	2022		2021		%
	Number	Amount	Number	Amount	
Membership	74,994		77,723		3.51%
BLIP Contribution		72,206,198		71,669,767	0.75%
CLIP Contribution		17,701,022		16,939,087	4.50%

NUMBER AND AMOUNT OF CLAIMS PAID

PARTICULARS	2022		2021		%
	Number	Amount	Number	Amount	
Basic Life Insurance Plan (BLIP)	848	21,073,500.00	990	23,388,000.00	-14.34%
Credit Life Insurance Plan (CLIP)	260	3,631,532.00	398	5,450,950.00	-34.67%
Daily Hospitalization Income Benefit (DHIB)	668	511,000.00	560	431,600.00	19.28%
Dakila Plan 40	19	760,000.00	13	520,000.00	-31.58%

NON-FINANCIAL SERVICES

ADDITIONAL BENEFITS	2022		2021		%
	NUMBER	AMOUNT	NUMBER	AMOUNT	
Calamity Assistance	16	32,000.00	13	26,000.00	23.08%
SEDP CARE Program	69	1,750,500.00	74	740,000.00	-6.76%
Retirement Birthday Gift	25	37,500.00	166	249,000.00	-84.94%
Wedding Assistance	41	41,000.00	30	30,000.00	36.67%



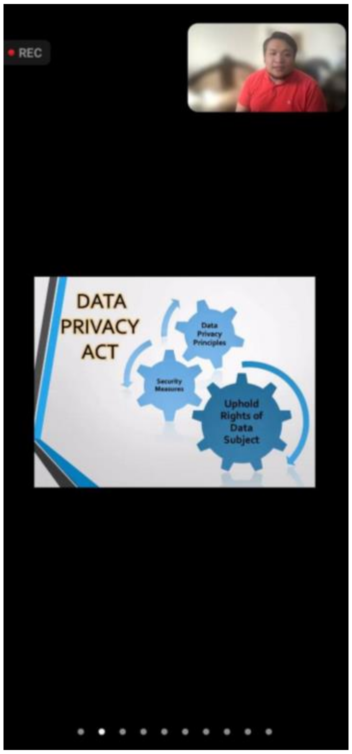
SEDP MBA CONTINUES WITH EMPLOYEE COMPETENCY DEVELOPMENT AMIDST PANDEMIC

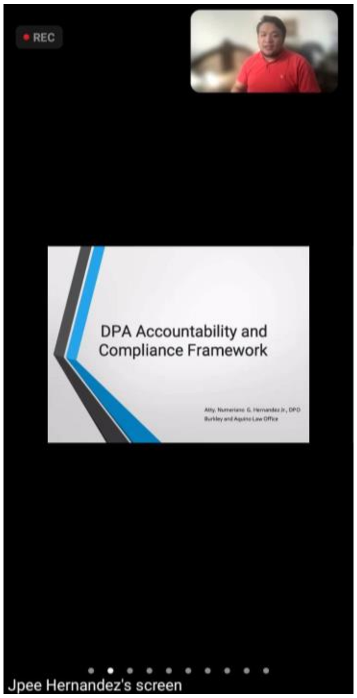
Training is an essential aspect of any organization's growth and development. It helps employees and board members to acquire new skills, learn about the latest trends in their respective fields, and improve their performance. Therefore, investing in training programs for staff and board of trustees is crucial for the success of any organization.

The Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association Inc. (SEDP MBA) in partnership with Micro-insurance MBA Association of the Philippines Inc. (RIMANSI), National Privacy Commission (NPC), Institute of Corporate Directors (ICD) and SEDP- Simbag sa Pag Asenso Inc. (A Microfinance NGO) conducted several trainings for employees and Board of Trustees through Zoom Video Conferencing and face-to-face.

The SEDP MBA has facilitated 11 trainings and webinars and 2 recollections for staff and Board of Trustees.

To ensure the effectivity of the training program, it is essential to tailor them to meet the specific needs of your organization. This is achieved by conducting a needs assessment during the evaluation to identify the areas where training is required. Additionally, it is essential to provide follow-up support to participants after the training to ensure that they are able to apply the knowledge and skills they have learned



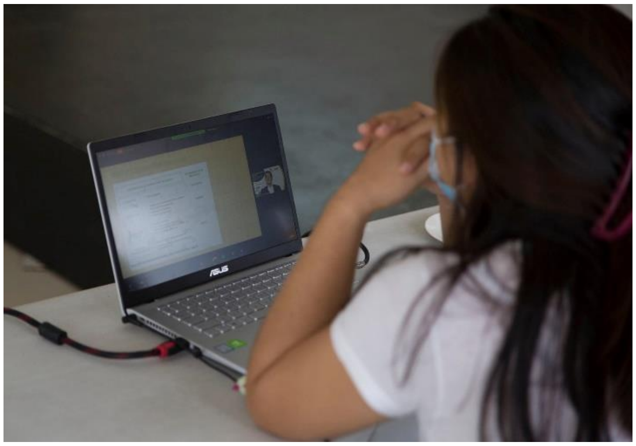


National Microinsurance Forum 2022

The National Microinsurance Forum 2022 "Facing Uncertainty through Strategic Innovations" facilitated by the Microinsurance MBA Association of the Philippines Inc. last January 26-25, 2022 (Tuesday- Wednesday) via Zoom Videoconferencing. The said Forum was attended by the SEDP MBA Management and Staff, SEDP MBA Board of Trustees and selected SEDP Inc. staff.

The topics discussed during the Forum are the following:

- ✓ Panel discussion: Driving Product and Distribution Innovations amidst Pandemic Disruptions
- ✓ Feature presentation: Leveraging Technology & Reaping Its Maximum Potential for Your Microinsurance Business
- ✓ Panel Discussion: Supporting MSMEs for Greater Resiliency in Bouncing Forward
- ✓ Feature presentation: Philippine Investment Outlook
- ✓ Feature presentation: Mutual Microinsurance & the Sustainable Development Goals
- ✓ Keynote message: Sustaining the Gains against COVID and Making Employment Environment Safe and Secured
- ✓ Panel discussion: Building a Diverse, Equitable and Inclusive Work Culture to Attract and Retain Talents



Staff Lenten Recollection

The Staff of SEDP MBA, SEDP MPC and SEDP Inc. attended the Staff Lenten Recollection facilitated by the SEDP Inc. last April 11, 2022 at Sarte Hall, El Palacio 61 Sikatuna, Old Albay District Legazpi City.

Rev. Fr. Anthony Pabon and Bishop Joel Z. Baylon D.D gave the recollection with the theme of "SEDP Family: Journeying and participating in the life and mission of a Synodal church"

Holy Week is a significant time in the Christian faith that remembers the passion, death, and resurrection of Jesus Christ, this week serves as a time for reflection, repentance, and renewal.

Staff recollection can be an opportunity for employees to pause from work, focus on their spiritual growth and strengthen their personal connection to their faith.

Management Forum 2022

The SEDP MBA staff and Board of Trustees attended the MANAGEMENT FORUM 2022 “Improving Regulatory Compliance and Operating Systems” facilitated by the Microinsurance MBA Association of the Philippines Inc. last August 24-26 (Wednesday-Friday) via Zoom Videoconferencing.

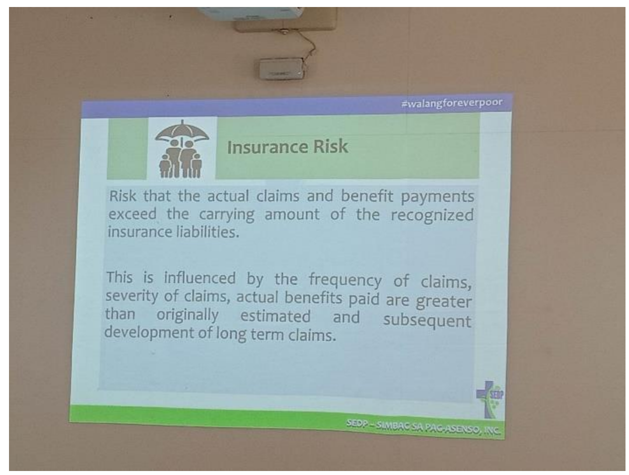
The topics discussed during the Forum are the following:

- ✓ Revisiting the Compliance and Reportorial Requirements for Nonstock, Nonprofit Corporations
- ✓ New Financial Reporting Framework for MBAs
- ✓ IFRS 17: Expectations and Realities
- ✓ New and Improved Key Performance Indicator (KPI) Reporting
- ✓ Revisiting the Spirit of 1-3-5 and Transitioning to 8-24
- ✓ Developing Enterprise Risk Management Framework Workshop
- ✓ Creating Data Privacy Manual for Mi- MBAs’ Data Privacy Compliance
- ✓ What it means to be a Top Withholding Agent?
- ✓ Making Electronic Invoicing / Receipting
- ✓ System Available for Mi-MBAs
- ✓ Feature presentation: Konek2CARD
- ✓ Strengthening Audit Committee
- ✓ Reinforcing Mi-MBA Resilience through
- ✓ Disaster Risk Reduction and Management

Risk Management In- House Seminar[A1]

The Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA) Inc. conducted Risk Management In- House Seminar attended by the SEDP MBA staff and Board of Trustees. The Risk Management Seminar was already given for Board of Trustees and Staff for two consecutive years. Ms. Riza Barrameda Internal Auditor of SEDP Inc. and Board Risk Oversight Committee Member of the SEDP MBA gave the seminar last July 22, 2022.

A risk management seminar can be extremely valuable to both the staff and the board of trustees of an organization because it increased awareness of risks that the organization may face. This can include financial, legal, reputational, and operational risks. By identifying and understanding these risks, staff and trustees can take steps to mitigate them and avoid potential problems.



When staff and trustees are better informed about risks, they are better equipped to make informed decisions. They can weigh the potential risks and rewards of different options and make more strategic choices that are in the best interests of the organization.

A risk management seminar can help staff and trustees to develop better processes for identifying, assessing, and managing risks. This can include developing risk management plans, implementing risk mitigation strategies, and establishing protocols for monitoring and responding to risks. This means that everyone is more vigilant and proactive about identifying and mitigating risks, which can help to prevent problems before they occur.

Effective risk management is essential for any organization as it helps to protect assets, reduce financial losses, and improve decision-making.

SEDP MBA HELD 2022 ANNUAL GENERAL MEMBERSHIP MEETING

The SEDP MBA held its 13th "Annual General Membership Meeting" on May 28, 2022 at the Sarte Hall El Palacio, 61 Sikatuna Street, Old Albay District, Legazpi City. It was attended by the SEDP MBA Board of Trustees, Management and Staff, SEDP Inc. top Management and selected members representing all member constituencies across the scope of SEDP's operations.

In connection with the Covid-19 Outbreak protocol, all participants that are physically present during the meeting are advised to wear facemasks and practice physical distancing since the safety and well-being of everyone, our employees and members, is our highest priority. Furthermore, the conduct of our Annual General Membership Meeting during the MGCQ period is a combination of virtual (via Zoom Video Conferencing) and physical attendance.

The Annual General Membership meeting was presided over by Rev. Fr. Rex Paul Arjona, Vice-Chairman.

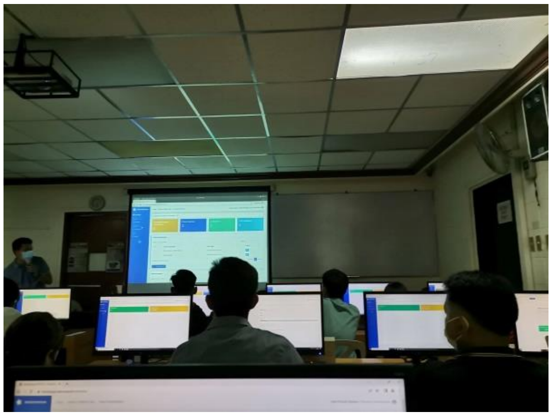
The AGM provides a platform for the organization to be transparent about its operations, financial status, and plans. The members or shareholders can review the financial reports and ask questions about the organization's performance. This transparency builds trust and confidence in the organization and its leadership

Members can raise concerns or objections, ask for explanations, and vote on key decisions, including the appointment of directors and the approval of financial statements.

The AGM encourages members or shareholders to participate in the organization's decision-making process. Members can make proposals, vote on resolutions, and raise issues that are important to them. This participation strengthens the organization's democracy and ensures that it represents the interests of its members or shareholders.

The provision and implementation of SEDP MBA Corporate Social Responsibility was made possible through the collaboration with the Diocesan Commission on Social Concern of the Diocese of Legazpi, Bicol Consortium for Development Initiatives (BCDI) Inc., Social Action Center (SAC) of Legazpi and the SEDP Multi-Purpose Cooperative. Some of the accomplished activities for the year 2022 are the following that benefited our member beneficiaries.

PPCRV -Libmanan



February 21, 2022, the Caritas Caceres and Ateneo de Naga University invited Caritas Diocese of Libmanan to talk about the parallel quick counting of the local church in the upcoming 2022 national election. Fr. Marc Real, Executive Director and Michael Ramos of Caritas Caceres, Fr. Romulo Castañeda, Fr. Noli Montaña, Fr. Francis Francisco, George Santiago and Russel Señora of the Diocese of Libmanan attended it. Glenn Fabia, prime mover of the Online Parallel quick counting website and Elmer Domingo, Center for Community Development Director of Ateneo de Naga University. Sir Elmer and Sir Glenn presented their designed software/website to be used for the parallel quick counting. It was named bantaybayan.adnu.edu.ph. The aim of this collaboration is to switch from the traditional manual parallel quick counting to online canvassing which is more efficient.

Fr. Noli Montaña, Diocese of Libmanan PPCRV Coordinator initiated strategic plan meeting for the upcoming 2022 elections last April 8, 2022.

Sir Elmer Domingo was invited of the Diocese of Libmanan to be part of the monthly clergy meeting to discuss the online parallel quick counting. The Bishop of Libmanan, Most Rev. Jose R. Rojas Jr. D.D valued the efforts of the Ateneo de Naga university in making the parallel quick counting system to aid for the 2022 national election. He summoned the priest to participate and be vigilant for the 2022 national election. Caritas Diocese of Libmanan conducted hands - on trainers training about the online parallel quick counting of PPCRV volunteers. A number of 85 volunteers attended the training. Ateneo de Naga University generously offered their computer laboratories to serve as the venue of the training.

On the Election Day, The Diocese of Libmanan activated the PPCRV volunteers starting with the Poll watchers, Desk canvassers and the Online Canvassers for the parallel quick counting. The Online canvassing for the parallel quick counting started right after the voting period and last until May 12, 2022.

PPCRV- Caritas Masbate

Caritas Masbate, as the social action arm of the Diocese of Masbate, pursues its mission to take an active role in working for the poor towards justice and development, which involves engagement in the political scene. Politics has a religious and moral dimension because it is the duty of the Catholic to transform politics by the Gospel. The Gospel must influence every phase of life, every stratum of society, and "restore all things under Christ" (Eph. 1:10).

Thus, believing that the renewal of politics is part of the Church's mission, Caritas Masbate mobilized its Church network and resources to ensure that the national and local elections of 2022 is clean, honest, accurate, meaningful, and peaceful through the following activities.

- Since 2021, Caritas Masbate had been participating in various online trainings conducted by Parish Pastoral Council for Responsible Voting (PPCRV) National Office for its local PPCRV chapters, such as Trainor's Training on Voter's Education and Technical Trainings on Poll Watching and Election Technology.
- On March 10, 2022, Caritas Masbate called for parish coordinators among the 37 parishes of the Diocese of Masbate, and gathered them for a training seminar in Liceo de Masbate, Masbate City, 26 parishes sent volunteers for the said training.
- In the run-up to the elections, Caritas Masbate ran an online campaign to promote voter's education among the Catholic faithful on its Facebook account and through Spirit FM, the social communication arm of the Diocese of Masbate. The content for the online campaign was drawn mainly from the following sources: (1) "The Truth Will Set You Free," A Pastoral Letter of the Catholic Bishop's Conference; (2) "Pursuing the Common Good," Statement of the Philippine Province Jesuits on the May 2022 Elections; and (3) "Sixteen Values," Parish Pastoral Council for Responsible Voting.

- As the accredited citizen arm of the COMELEC, Caritas Masbate as the local PPCRV chapter in Masbate participated in various election-related facilitated by the local COMELEC office, such as provincial coordination meetings, final testing and sealing, canvassing of votes, and random manual audit. 20 parishes participated in the final, testing, and sealing of the vote counting machines (VCM).

- On election day, Caritas Masbate was able to recruit 1,220 parish volunteers who were deployed in 355 voting centers across 37 parishes in the Diocese of Masbate serving in various capacities: (1) Poll Watchers, (2) Voter's Assistance Desk (VAD) volunteers, and (3) securing the 4th copy of the electoral returns for the parallel national quick count conducted at the PPCRV headquarters in UST, Manila. Through it all, Caritas Masbate supported the work of the parish volunteers through trainings and close coordination.

- Post-election, Caritas Masbate supported the parallel quick count conducted by PPCRV at the national level to ensure that the concluded election was credible and accurate. The parish coordinators worked hard to retrieve the electoral returns. Through the coordination efforts of Caritas Masbate, 95% if the electoral returns were collected and shipped

PPCRV- Caritas Caceres

Caritas - Caceres to provide parishes in the Archdiocese through vicariate approach, with basic information about the importance of their participation in the electoral process on May 9 with emphasis on the values of CHAMP *(Clean, Honest, Accurate, Meaningful and Peaceful* and CART *(Clean, Accurate, Responsible and Transparent)* Election that are given significant impact in "Katolikong Pagboto" that are being advocated through this Voter's Education Training entitled **Catholic Voters' Citizenship Education and Engagement.**

ACTUAL CONDUCT OF THE VOTER'S EDUCATION:
TRAINING OF VOLUNTEERS

Total No. of Participants: 484 volunteers from 87 Parishes (15 vicariates)

Out of the targeted 465 volunteer - participants of the Voter's Education Training, there were 434 (93%) attendees; consist of parish lay leaders, volunteer (including youths) and parish priests coming from 87 parishes. Six parishes were not able to send participants despite constant follow-up. Above table is the detailed data of the participants.

The three (3) teams simultaneously conducted the training. Below is the team composition during the actual conduct with the presence and participation of Fr. Marc Real, Executive Director and Fr. Bismonte, Caritas-Caceres Assistant Director.

In the discussion of the topic, it was given emphasis by all assigned facilitators/speakers that the ROLE OF THE PPCRV VOLUTEER IN POLL MONITORING is very important in order to have **O**ne **G**ood **V**ote (OGV) for the May 2022 election. The Catholic Church advocates the CHAMP that was espoused by the PPCRV for several elections had already passed; and similarly with CARTE which does CiDE champion as the values that need to be instilled to the voters.

Open Forum and simple evaluation followed after the last topic and action planning. The participants expressed that they are happy to be PPCRV Volunteers and be trained on their roles and responsibilities. They also signified to promote and advocate the CHAMP and CARTE values.

PPCRV- Caritas Sorsogon

Caritas Sorsogon Foundation Inc., the service arm of the church, is anticipated and prepared for the upcoming 2022 elections. As a church, it is our social and moral responsibility to partake and uphold a clean, honest, accurate and peaceful election.

Caritas Sorsogon as part of PPCRV or Parish Pastoral Council for Responsible Voting is Non-partisan; non-profit organization affiliated with Roman Catholic Church in the Philippines to ensure free, fair and fraud free elections. Citizen arm of the commission on elections since 2010; it conducts the unofficial parallel count of returns after the elections assist in Voters Education. Mobilize for Poll Watching and Conduct Unofficial Parallel Count. Its intention is to enlighten the voter on the significance of the electoral system in the transformation of society, to familiarize the voter on the new election system. To empower the voter towards a morally sound decision in choosing leaders. To motivate the voter to actively participate in the electoral process and to inspire the voter to commit oneself as a PPCRV volunteer. The Principle of PPCRV is a single morally sound vote makes the difference, a voter holds the key in transforming society and your vote is your Social & Christian Responsibility.

Caritas Sorsogon conducted Voter's Education through the help of every parish and its intension are to acquaint the electorate with the basic concepts of democracy and the role of democracy and governance (right of suffrage, participatory governance and true democracy) and stress the importance of one's vote. The church call to provide civic and political education and to encourage voters to participate in the completely electoral and governance process (genuine democracy – inclusive electoral process). They were also thought about 10 commandments of voting.

MAY 2022 NATIONAL AND LOCAL ELECTIONS
HALALANG MARANGAL, PROVINCIAL PPCRV / NAMFREL
ELECTORAL ENGAGEMENT REPORT

INTRODUCTION:

The Social Action Center – Diocese of Legazpi had again assumed the Provincial Lead of the **Parish Pastoral Council for Responsible Voting (PPCRV) and the National Citizens Movement for Free Elections (NAMFREL)** in the Province of Albay for May 2022 National and Local Elections. Given the mandate, SAC Legazpi had consciously considered its involvement to the May 9, 2022 National and Local Elections.

The PPCRV is a non-partisan, non-sectarian, non-profit organization affiliated with the Roman Catholic Church in the Philippines that works to ensure honest, orderly, peaceful, and fair and fraud free elections in the Philippines. PPCRV has been the citizen's arm of the Commission on Elections (COMELEC), activities includes advocating for electoral reforms, providing voters education, coordinating with parishes to mobilize volunteers for poll watching and assistance to voters through the Voters Assistance Desk (VAD), conducting parallel manual automated elections and reporting of election violations.

The NAMFREL is also an election watchdog. NAMFREL was the first and one of the most famous election watch campaigns. They were known to have introduced non- partisan national elections monitoring to the Philippines after exposing the issues involved with the 1986 Snap Election.

The Diocese of Legazpi headed by Bishop Joel Z. Baylon together with the Social Action Center represented by the Executive Director, Rev. Fr. Eric Martillano and the Empowerment cluster staff were invited to the premiered National PPCRV virtual meeting last June 10, 2021. The coming electoral exercise as surfaced during the initial meeting is considered in a very challenging situation of managing the elections given this time of COVID 19 pandemic, needing to comply with the required IATF restriction guidelines.

SAC Legazpi represented by Rev. Fr. Eric Martillano with the key operations staff were invited to the first PPCRV virtual meeting last June 10, 2021 and together with us was our Most Rev. Joel Z. Baylon, Bishop of the Diocese of Legazpi.

A kick off activity on the Provincial Launching of the HALALANG MARANGAL 2022 PROVINCIAL PPCRV / NAMFREL was initiated last November 27, 2021 by the Social Action Center - Diocese of Legazpi in partnership with Veritas Legazpi and Simbag sa Pag Asenso (SEDP) Mutual Benefit Association (MBA). The launching was with the virtual participation of PPCRV National represented by its Chairperson, Ms. Myla Villanueva. The Provincial Launching of the PPCRV and NAMFREL marked the commencement of the engagement of the local church to clean, honest, accountable, meaningful and peaceful elections.

The Launching (photo below), was aired live via Radio Veritas and Veritas TV was hosted by SAC Legazpi staff; Myrna Llanes and John Bautista. PPCRV NAMFREL Provincial Coordinator; Rev. Fr. Eric Martillano and at the same time the SAC Executive Director gave a message, together with the SAC Assistant Executive Director;

Rev. Fr. Gerry Lagata who also had provided a message to the viewers and listeners. The National Chairperson of the PPCRV, Ms. Myla Villanueva delivered a video message during the activity. Because of the COVID 19 pandemic restrictions, our parish lay leader representatives were invited to participate in the launching activity through online using the link provided by SAC Legazpi.

The National PPCRV and the National NAMFREL Secretariat updated the directory and appointments, and for the Diocese of Legazpi, Province of Albay, the Provincial PPCRV and NAMFREL priest coordinator is Rev. Fr. Eric B. Martillano and the lay coordinator is Ms. Myrna A. Llanes.

Succeeding activities followed since September of 2021; SAC and its key partner parish volunteers have initially participated in the volunteer's assembly initiated by the National Secretariat of the Parish Pastoral Council for Responsible Voting (PPCRV) and the National Movement free Elections (NAMFREL).

Rev. Fr. Tony Labiao Jr., Executive Secretary of the NASSA Caritas Philippines, led the nationwide Session on "Circles of Discernment for Empowerment" last September 9, 2021. Along with this, NAMFREL on the other hand convened the key stakeholder volunteers last September 25 and the PPCRV had their Training of Trainers last October 30; and the week after conducted the Luzon Dioceses Forum last November 6, 2021.

Aside from this, the institution had full participation to the NAMFREL initiated MOCK ELECTIONS last December 29, 2021 (photo below), initiated in the Municipality of Pioduran (particularly Barangays Banawan and Caratagan) and in the City of Legazpi (specifically Barangays Ilawod West/ Barangay 13 and Tamaoyan), Province of Albay, piloting two barangays and two polling places for each target area. Preparatory meetings were held and initiated by the respective Municipal and City COMELEC per advised by the National and Provincial Commission on Elections (National / Provincial COMELEC). There were about 50 Parish volunteers mobilized in the following partner parishes: Our Lady of Salvation Parish in Pioduran, St. Gregory the Great, Albay District and St. Padre Pio Parish, Rawis, Legazpi City for this specific activity aside from the full participation of the SAC personnel.

For the first quarter of 2022, SAC scheduled to initiate the district level Circles of Discernment (CiDE) as part of the voters political evangelization to more or less 245 parish formator volunteers in the six vicariates of the diocese: Vicariate of St. John the Baptist – Tabaco, Vicariate of St. Rose of Lima – Bacacay, Vicariate of St. Raphael the Archangel – Legazpi, Vicariate of St. Gregory the Great – Albay District, Vicariate of St. Stephen Protomartyr – Ligao and Vicariate of Sts. Peter and Paul – Polangui), in the three districts of the province expected to be cascaded in the respective local parishes and communities considered part of their Lenten recollections.

Given the COVID 19 pandemic limitations, SAC estimated 3,500 volunteers mobilized during the entire duration of the May 2022 National and Local Elections (NLE) coming from the forty five (45) parishes of the Diocese of Legazpi.

Identified Preparatory Activities:

a. Reactivation of the PPCRV/ NAMFREL structure at the provincial and parish level
b. Conduct of the Circles of Discernment (CiDE), Voter Political Evangelization at the district and parish level
c. Drafting and Finalization of the Community Development Agenda
d. Involvement in the Candidates Forum to be initiated by VERITAS Legazpi (on air or virtual)
e. Live broadcast / Livestreaming / use of social mPreedia Voters Evangelization
f. Recruitment of volunteers
g. Volunteer Mobilization for Pre and Election Day activities

Given the expected parish level initiatives, each participating parish were provided with a minimal fund support amounting to Five Thousand Pesos (Php. 5,000.00) as their initial mobilization fund provided by the SEDP – MBA Simbag sa Pag-Asenso - Mutual Benefit Association headed by its CEO and President; Rev. Fr. Rex Paul B. Arjona in partnership with the Social Action Center – Diocese of Legazpi.

The Executive Director of the institution, Rev. Fr. Eric B. Martillano, is the overall in charge of the Election 2022 initiative with the support from the Assistant Executive Director, Rev. Fr. Gerrard Paul D. Lagata and the Operations Officer, Myrna A. Llanes with the full involvement of the Social Action Center staff and the active participation of the forty five parishes of the diocese.

Parish level Circles of Discernment, Voters Political Evangelization facilitated by the parish level PPCRV/ NAMFREL team

The Eucharistic Celebration officiated by the Bishop of the Diocese of Legazpi, Most Reverend Joel Z. Baylon, D.D. before the Diocesan Penitential Walk for TRUTH (Truthful, Responsible, Upright, Transparent, Honest) Election 2022, St Agnes Academy Gymnasium, Legazpi City, May 19, 2022.

The Diocesan Penitential Walk for TRUTH (Truthful, Responsible, Upright, Transparent and Honest) May 2022 Local and National Elections, headed by our Bishop; Most Reverend Joel Z. Baylon with the selected Clergy from the Diocese of Legazpi. The walk started from St. Agnes Academy Gymnasium after the Eucharistic Celebration going to Embarcadero Celebration Plaza, Legazpi City last March 19, 2022.

Caritas sa Veritas Radio Program of the Social Action Center for Voters Evangelization on Air in partnership with Veritas Legazpi

Participation in the Covenant Signing and Unity Walk for SAFE ELECTIONS

PPCRV NAMFREL Provincial Command Center, Retrieval of Election Returns (ER's) and conduct of Unofficial Quick Count. Partial and Unofficial Tally Cluster Completion by the PPCRV/NAMFREL Provincial Command Center for the Province of Albay as of May 13, 2022, 10:00 A.M is 95.58%

PPCRV / NAMFREL Provincial Command Center ongoing Unofficial Quick Count from the retrieved machine generated Election Returns (ER's) provided by the parishes, received by the SAC staff and encoded utilizing the Vote Monitoring System (VMS) by SAC staff and by our volunteers from the University of Santo Tomas (UST) Legazpi.

Election Returns (ER's), retrieved until May 12 and 13, 2022 sent by the Provincial PPCRV NAMFEL Command Center through Air 21, being the official courier of the PPCRV. Air 21 is tasked to bring the retrieved ER's to UST Manila; the National PPCRV Command Center for Eleksyon 2022 conducting unofficial parallel count.

Parish level PPCRV and NAMFREL May 9, 2022, Election Day Activities: Voter's Assistance Desk (VAD), Poll Watchers, Parish Level Unoffical Quick Count using web-based Vote Monitoring System (VMS)

The selected ballot boxes subject for RMA in the Province of Albay are from the Voting Centers of Barangays Baybay, Misibis and Putsan, Municipality of Tiwi; Barangays II, Barangay I, Malidong and Caratagan, Municipality of Pioduran and Barangays Buyoan, Rawis, Banadero and Bonga, City of Legazpi, May 11, 2022.

Through the partnership of SEDP MBA and SEDP MPC, the SEDP Simbag- Gabay Entrep, a YouTube channel was made possible with collaboration with Verbum Creatives under Diocesan Multimedia Services Inc. (DMSI).

The goal of this project are:

1. Create a channel (Gabay Entrep), with videos discussing Financial Literacy.
2. Reach the target audience, the Ka-Simbags
3. Provide business development services and other programs and services of the institution
4. For the SEDP Members to acquire knowledge and access to the programs and services of the institution.

Expected Output:

1. The Enterprise Development Services (EDS) Unit will be able to script, write, film and upload a series of episodes on the modules of Financial Literacy.
2. The SEDP members will be able to access the training/interventions at their convenience without face-to-face interaction.
3. Members that are not qualified to the set criteria to attend the face-to-face training can have access to information about modules on Financial Literacy.

The first topic to discuss is Financial Literacy (FinLit) Session, which has five modules, which are the following:

1. Goal Setting
2. Savings
3. Budgeting
4. Debt Management
5. Investment

Before the start of filming the episodes under FinLit, the SEDP-MPC, particularly the EDS Unit conceptualizes the storylines in this episode; Nanay Vasyon (a caricature face of a SEDP Member) is included. In scriptwriting, the EDS Unit has integrated realistic samples, what certain topic needs to be emphasized, and the tasking of dialogue is planned from its striking opening talk to subsistence wrap-up. From directing and up to the application of make-up is D-I-Y (do it yourself) which is pretty challenging for the unit. In addition, the studio set-up uses the Simbag Community Store products as an additional avenue of marketing.

The project began in the year 2021, since the platform is a new arrangement, and still in progress, SEDP Simbag has 187 subscribers as of this year 2023. Moreover, has already published six episodes namely the Introduction of SEDP Simbag YouTube Channel; Module 1 Goal Setting, which has three episodes, and Module 2 Savings, which has two episodes. The EDS Unit is in the progress of video shooting and video editing of episodes under Modules 2 to Module 5.

SEDP MBA: CONTINOUS PROVISION ON HEALTH AND MEDICAL SUPPLIES FOR STAFF

The Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association Inc. (SEDP MBA) continues its objective on prioritizing Employees' welfare despite its mission to improve Social Protection for SEDP Members and low income groups amidst Covid-19 Pandemic.

As Covid-19 cases arise and lingers, the Management focused on the health of its employees by providing vitamins to boost their immune system, medicines, facemasks and alcohol supply.

There are rules and guidelines being implemented during work by following one (1) meter apart seating at tables for each employee, schedules for lunch break, reporting on health monitoring per staff, limiting outside transactions, and conduct office disinfection.

In-house HMO was also provided to employees, which covers free medical check-up, annual medical examination (APE) and reimbursement of expense during confinement.

This aims to lessen the spread of the virus, protect the staff and their families at home, to give preventive care and to manage chronic conditions.

RELATED PARTY TRANSACTIONS (RPT) BY THE TRUSTEES AND KEY EXECUTIVES

The directors and key executives shall be required to disclose their interest in transactions and any other conflict of interest in SEDP MBA.

SEDP MBA shall seek the assistance of a committee of independent trustees to review the materials and significant RPTs to determine whether they are in the best interest of SEDP MBA and their members.

SEPD MBA shall either/or forbid or ensure that loans to trustees are being conducted at arm's length and at market rates.

SUPPLIERS AND CONTRACTORS

The Association engages the assistance of suppliers and/or contractors to provide services that the association will need for its daily operations. As part of its value chain, the Association will monitor its engagements with suppliers and contractors to make sure that they practice good governance and protects the environment. The Association will only engage suppliers/contractors that meet these standards.

To ensure that engagements with suppliers/contractors will be impartial and transparent; the Association will conduct a bidding process where a minimum of three (3) suppliers shall submit their proposal and business profile to the management for background check and validation of proposal. Selected supplier/contractor shall be issued a legal contract/agreement which will be duly notarized to make the engagement binding.

The association shall appoint the General Manager/Finance Officer to lead the bidding and selection process. All decisions/selections shall be approved by the board.

WHISTLEBLOWER PROTECTION POLICY

Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association Inc. (SEDP MBA) requires Board of Trustees, Management and Employees to observe high standards of service and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of SEDP MBA we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that SEDP MBA can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of SEDP MBA's code of ethics or suspected violations of law or regulations that govern SEDP MBA's operations.

EMPLOYEES, MEMBERS AND BOARD OF TRUSTEES WELFARE AND DEVELOPMENT

SEDP MBA is committed to maintain a healthy work environment by protecting the physical, emotional health, and well-being of all employees in the Association.

As part of Employees' and members' of the Board of Trustees Welfare continuous education is always provided through training/seminars, formation activities and, for the health and welfare of the staff, an Annual Physical Examination is provided.

As the Covid-19 case rises, the SEDP MBA in partnership with the RIMANSI (MiMAP) conducted training for Board of Trustees, Management and staff via Zoom Video Conferencing which aims to continue the enhancement of skills and boosting of knowledge to equip and help them cope with the new normal in this time of pandemic.

MANAGEMENT AND STAFF TRAININGS ATTENDED

MR. ROBERTO DALIT- GENERAL MANAGER/ COMPLIANCE OFFICER

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
ACGS Workshop	7 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
IFRS 17 Learning Session	3 hrs.
Risk Management	3 hrs.

MS. JOSIE BELEN- FINANCE AND ADMIN OFFICER/ ALTERNATE COMPLIANCE OFFICER

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
IFRS 17 Learning Session	3 hrs.
Risk Management	3 hrs.

MS. MA. CHARMAINE TUBALINAL- CLAIMS PROCESSOR

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
Risk Management	3 hrs.

MS. NICA MADRONA- MANAGEMENT SUPPORT STAFF/ CORPORATE SECRETARY

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Microinsurance Webinar	1.5 hrs.
ACGS Workshop	7 hrs.
Leadership Training Workshop: Soft Skills for Servant Leadership	22 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
Data Privacy Compliance Seminar	4 hrs.
Data Breach Notification Management System	
Risk Management	3 hrs.

MS. DARLEN ANTUERPIA- BOOKKEEPER 2

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
IFRS 17 Learning Session	3 hrs.
Risk Management	3 hrs.

MR. JASON BUBAN- BOOKKEEPER 1

TRAININGS	NO. OF HRS.
Basic Microfinance Training (BMFT) for new Staff	48 hrs.

MS. BRENDA FLORA-CASHIER

TRAININGS	NO. OF HRS.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.

BOARD OF TRUSTEES TRAININGS ATTENDED

FR. JOSE VICTOR LOBRIGO- CHAIRPERSON

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"- Resource Person	12 hrs.
Governance and Anti-Money Laundering Act (AMLA) Workshop for Mi-MBAs- Resource Person	13 hrs.
Risk Management	3 hrs.

FR. REX PAUL ARJONA - VICE CHAIRPERSON

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"- Resource Person	12 hrs.
Annual Conference Microfinance Council of the Philippines	16 hrs.
Risk Management	3 hrs.

MS. ROSANA BALLARBARE-TREASURER

TRAININGS	NO. OF HRS.
Orientation for New Board of Trustees	3 hrs.
Leadership Training Workshop: Soft Skills for Servant Leadership	22 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
Risk Management	3 hrs.
Governance and Anti- Money Laundering Act (AMLA Workshop for Mi-MBAs	12 hrs.
Financial Literacy	4 hrs.
APSEMO PDRRM	8 hrs.
Social Action Center -Harong Paglaom	24 hrs.
Magna Carta for Women	8 hrs.
Mental Health for Women	4 hrs.
Para- Legal Training	4 hrs.
Simple Bookkeeping	4 hrs

MS. TERESITA GALANG- INDEPENDENT TRUSTEE

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Risk Management	3 hrs.
77th Annual National Convention (Anc) - Keeping Up To Date: New Trends And Regulations In Accounting Practice	1.5 hrs.

77th PICPA Annual National Convention (Anc) - The Governance of Environmental And Social Issues: Managing E & S Risks	1.5 hrs.
77th PICPA Annual National Convention (Anc): Bridging The Gap Between The University And The Modern Workforce	1.5 hrs.
77th PICPA Annual National Convention: Play It Forward, Securing A Sustainable Future- The Great Reshuffle: Recruitment And Retention Challenges	1.5 hrs.
77th PICPA Annual National Convention (Anc) – Understanding The Taxpayers' Bill of Rights	1.5 hrs.
77th PICPA Annual National Convention: Play It Forward, Securing A Sustainable Future - CPAs As Industry Leaders In A Highly Disrupted Period	1.5 hrs.
77th PICPA Annual National Convention - The Philippine Development Plan: Securing A Sustainable And Prosperous Future	1.5 hrs.
77th PICPA Annual National Convention (Anc): Play It Forward, Securing A Sustainable Future - Opening Plenary	1.5 hrs.

MS. MA. CHRISTINA CORTEZA-MEMBER

TRAININGS	NO. OF HRS.
National Microinsurance Forum 2022: "Facing Uncertainty through Strategic Innovations"	12 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
Risk Management	3 hrs.

MS. ROCHELLE APOON-MEMBER

TRAININGS	NO. OF HRS.
Orientation for New Board of Trustees	3 hrs.
Leadership Training Workshop: Soft Skills for Servant Leadership	22 hrs.
Management Forum: " Improving Regulatory Compliance and Operating Systems " MBA MFI/Coop partnership	13 hrs.
Risk Management	3 hrs.
Governance and Anti- Money Laundering Act (AMLA Workshop for Mi-MBAs	12 hrs.
Farmers Ass & Values Formation	8 hrs.
Regional Cluster Key Leaders Assembly	4 hrs.
Capability Building Rice, Corn & Vegetable	3 hrs.
Talakayan sa Kabukiran sa Ligao City	3 hrs.
Farmers Information & Technology Services	4 hrs.
Climate Change Field Study	16 weeks
Leadership Training	4 hrs.

APPOINMENT OF EXTERNAL AUDITOR TO AUDIT THE 2022 FINANCIAL STATEMENT

The Board of Trustees on its Annual General Meeting appointed the QUILAB & GARSUTA, CPAs Cagayan de Oro - General Santos to be the External Auditor of SEDP MBA. Fr. Arjona explained that it was the recommended external auditor of the Management because it has passed the requirement of Insurance Commission to conduct an audit to MBAs. Below is the Fees & Incidental Expenses proposed.

FEES AND INCIDENTAL EXPENSES

Professional Fees

For the services outlined above, we will bill you for our professional fees the amount in pesos of: EIGHTY-FIVE THOUSAND PESOS ONLY (P=85,000) exclusive of 12% input vat.

Out-of-Pocket Costs

As the usual practice in our profession, we will bill you for the out-of-pocket expenses we will incur in this engagement representing substantially the cost of transportation, board and lodging, communications and the reproduction of our reports to the Association. Our charges, which have been billed consistently during our previous engagements, would be guided by our existing policies as follows:

a) Food Expenses

An employee on official business outside of Cagayan de Oro City shall receive a fixed per diem for food expenses in the amount of SIX HUNDRED PESOS (P=600) per day for meals not provided by clients. In case of broken claims for meal allowance, an employee may claim TWO HUNDRED PESOS (P=200) each for breakfast, lunch and dinner. No receipts are required in liquidating meals per diem.

b) Lodging Expenses

Unless provided by client, employees on official business trips are required to secure safe and decent lodgings in their destinations. Lodging expenses are based on actual rates and must be liquidated with actual receipts using the Travel Liquidation Report.

c) Transportation

Employees on mission outside of the home base shall have their actual transportation expenses reimbursed based on actual receipts submitted.

d) Report Reproduction

We shall charge the Association with a fixed cost for report reproduction of SIX HUNDRED PESOS ONLY (P=600.00) per printed reports for the Board of Trustees and Management and reports to be submitted to the BIR, SEC and IC. We will be printing our reports based on the following allotments:

For BOD and management - 5
For SEC - 2
For IC - 2
For BIR - 3
Total 12

e) Other Costs

Other necessary costs that would be incurred (such as reproduction costs of audit-related documents, mailing, communication and others) would also be charged to you based on reimbursements basis.

TRANSPARENCY AND ACCOUNTABILITY

To better improve the services provided by SEDP MBA, the management is enthusiastic to hear and welcome any suggestions from the members and stakeholders. Further, if there are any inappropriate conduct or actions against the Code of Conduct and/or any violations to the policies that governs the SEDP MBA, members and stakeholders are encouraged to report such to the appropriate means of communications. The following means of communications are open during office hours from 8:00 AM to 5:00 PM Monday - Friday to attend to your concerns.

Email	:	sedp_mba@yahoo.com.ph mba.gm@sedp.ph
Contact Numbers	:	09171871373 (Globe)
Website	:	https://www.sedpmba.com/contact/
Facebook Page	:	https://www.facebook.com/sedpmbamicroinsurance

COPY FOR IC

Financial Statements of

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

December 31, 2022 and 2021

REVENUE REGION NO. 10 LEG CITY
RDO NO. 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
MAY 0 2 2023

And

Report of Independent Auditors

QUILAB & GARSUTA
CERTIFIED PUBLIC ACCOUNTANTS

quilabgarsuta.com

QUILAB & GARSUTA
Certified Public Accountants

Contact Information
2F, Executive Centrum Building, J.R. Borja Street
Cagayan de Oro City, Philippines, 9000
(063) 88-8564401, 8822-727515
quilabgarsuta.com

Accreditations, Expiry
BIR 16-007506-000-2022, 2022-2024
NEA 2020-12-00070, 2020-2023
7787-SEC Group B, 2020-2024
7787-BSP Group B, 2020-2024
7787-IC Group A, 2020-2024
PRC/BOA 7787, 2020-2023
CDA 119 AF, 2021-2023
MISEREOR

CERTIFICATION

INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Gentlemen:

In connection with our engagement in the audit of the financial statements of Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. for the year ended December 31, 2022, we hereby certify:

1) That there were no weaknesses or breaches in the internal control and risk management of the Association that are material enough to warrant modifications of our report nor were there matters that came to our attention that need our direct reporting to the Insurance Commission (IC);

2) That we have nothing to report to the Insurance Commission (IC) with regard to items enumerated under Section 4.3 of Circular No. 2019-39, that came to our attention during the audit, e.g., (i) fraud or error; (ii) losses aggregating 10% of consolidated assets of the Association; (iii) significant going-concern issues; (iv) material breach of IC rules and regulations; (v) material internal control weaknesses; and (vi) findings on matters related to corporate governance; and

3) That the engagement partner, manager, and auditor-in-charge of the engagement and the members of their immediate families do not have any direct or indirect financial interest with the Association, and their independence is not considered impaired under the circumstances specified in the Code of Professional Ethics for Certified Public Accountants.

This certification is issued in compliance with the requirements mandated by the Insurance Commission (IC) in its Circular No. 2019-39, dated August 8, 2019.

Done this 29th day of April 2023 at Cagayan de Oro City, Philippines.

RICO P. QUILAB
Engagement Partner

SUBSCRIBED AND SWORN to before me this 29th day of April 2023 affiant exhibited to me his PRC Identification Number 0046034 valid until December 29, 2023.

ATTY. SATURNINO N. BACONGA
Notary Public until December 31, 2024
Notarial Commission No. 2023-33
IBP Lifetime No. 07454/Roll No. [illegible]
PTR Receipt No. 54[illegible]454/12-6-22
MCLE No. VII-0013[illegible]
TIN No. [illegible]

NOTARY PUBLIC
Doc. No. 156;
Page No. 3;
Book No. 104
Series of 2023.

REVENUE REGION NO. 10 LEGAZPI
RDO NO. 067 LEGAZPI C[illegible]
BUREAU OF INTERNAL REVENUE
RECEIVED
MAY 02 2023
INITIAL
LOURDES BLANCA [illegible] MOLINA
RCO CODE 220130

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association Inc. (SEDP MBA)
3/F The Chancery, Cathedral Compound
Old Albay District, Legazpi City, Philippines
Telefax: (052) 481-4449
Email: sedp_mba@yahoo.com.ph

STATEMENT OF MANAGEMENT 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 its financial statements for the years ended December 31, 2022 and 2021, in accordance with Philippine Financial Reporting Standards (PFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Quilab & Garsuta, CPAs, the independent auditors appointed by the Board of Trustees for the period December 31, 2022 and Roxas Tagle and Co. for the period December 31, 2021, have audited the financial statements of the Association in accordance with Philippine Standards on Auditing (PSAs), and in their reports to the Board of Trustees and members, have expressed their opinion on the fairness of presentation upon completion of such audits.

April 25, 2023, Legazpi City, Albay, Philippines.

FR. JOSE VICTOR E. LOBRIGO
President

ROBERTO A. DALIT
MBA Manager

ROSANA BALLARBARE
Treasurer

REVENUE REGION NO. 10 LEG CITY
RDO NO. 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
MAY 0 2 2023
INITIAL:

QUILAB & GARSUTA
Certified Public Accountants

Contact Information
2F, Executive Centrum Building, J.R. Borja Street
Cagayan de Oro City, Philippines, 9000
(063) 88-8564401, 8822-727515
quilabgarsuta.com

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7787-SEC Group B, 2020-2024
7787-BSP Group B, 2020-2024
7787-IC Group A, 2020-2024
PRC/BOA 7787, 2020-2023
CDA 119 AF, 2021-2023
MISEREOR

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members of
Simbag sa Emerhensya Asin Dagdag Paseguro
Mutual Benefit Association (SEDP MBA), Inc.
3/F The Chancery, Cathedral Compound, Old Albay District, Legazpi City

Report on the Financial Statements

Opinion
We have audited the financial statements of Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes (collectively referred to as 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. as of December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Other Matter
The financial statements of Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA). as of and for the year ended December 31, 2021 were audited by other auditors, whose report, dated April 28, 2022, on those statements, was unqualified.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 23 to the financial statements that were applied to amend the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Association other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements taken as a whole.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, licenses and fees in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

QUILAB & GARSUTA, CPAs
By:

ANA MARIAE MICHELLE D. QUILAB-ARRABACA
Partner
CPA Cert. No.121076
TIN No. 948-844-710
PRC/BOA Cert. No. 7787, 2020-2023
BIR 16-007506-000-2022, 2022-2024
121076-SEC Group B, 2020-2024
121076-BSP Group B, 2020-2024
121076-IC Group A, 2020-2024
PTR No. 5474076 A
January 3, 2023
Cagayan de Oro City

April 25, 2023
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

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

December 31,	**2022**	2021
		(As Restated) *(Note 23)*
ASSETS		
Current Assets		
Cash and cash equivalents *(Note 4)*	**₱64,275,097**	₱73,483,615
Investments in debt and equity securities *(Note 5)*	**44,389,487**	63,971,777
Trade and other receivables *(Note 6)*	**616,476**	1,563,224
Other assets *(Note 7)*	**34,747**	43,365
Total Current Assets	**109,315,807**	139,061,981
Non-Current Assets		
Investments in debt and equity securities *(Note 5)*	**264,925,279**	199,419,259
Trade and other receivables *(Note 6)*	**27,000,000**	27,000,000
Furniture, fixtures and office equipment – net *(Note 8)*	**534,790**	694,778
Total Non-Current Assets	**292,460,069**	227,114,037
	₱401,775,876	₱366,176,018
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Trade and other payables *(Note 9)*	**₱19,312,224**	₱16,663,902
Insurance contract liabilities *(Note 10)*	**1,226,683**	2,067,649
Total Current Liabilities	**20,538,907**	18,731,551
Non-Current Liabilities		
Aggregate reserves for unexpired risks *(Note 11)*	**212,977,422**	203,947,051
Retirement benefit obligation *(Note 12)*	**(74,498)**	1,073,035
Total Non-Current Liabilities	**212,902,924**	205,020,086
Total Liabilities	**233,441,831**	223,751,637
Fund Balances		
Guaranty Fund *(Note 13)*	**41,109,295**	36,613,935
Special Funds *(Note 14)*	**58,912,359**	58,912,359
General Fund *(Note 15)*	**65,816,901**	44,368,115
Revaluation reserve on investments at FVTOCI *(Note 5)*	**2,323,973**	2,415,709
Remeasurement gain (loss) on defined benefit plan *(Note 12)*	**171,517**	114,263
Total Fund Balances	**168,334,045**	142,424,381
	₱401,775,876	₱366,176,018

See Note to Financial Statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

Years Ended December 31,	**2022**	2021
		(As Restated) *(Note 23)*
REVENUE		
Gross members' premium contributions *(Note 16)*	**₱89,907,221**	88,608,854
Less contributions to Guaranty Fund *(Note 13)*	**4,495,361**	4,430,443
Net members' premium contributions	**85,411,860**	84,178,411
Interest and investment income *(Notes 4 and 5)*	**10,528,122**	8,130,497
Membership fees *(Note 16)*	**1,279,295**	2,106,317
Other income	**4,589**	375,364
Total Revenue	**97,223,866**	94,790,589
BENEFITS AND OPERATING EXPENSES		
Benefits and claims paid to members *(Notes 10 and 16)*	**52,952,943**	43,416,130
Increase in aggregate reserves for unexpired risks *(Note 11)*	**9,030,371**	23,152,025
Collection costs *(Notes 9 and 19)*	**6,591,442**	6,384,865
Membership enrollment and marketing expenses	**393,333**	430,815
Research and development	**50,000**	–
Other expenses for members	**1,568,476**	–
Total Members' Benefits and Expenses	**70,586,565**	73,383,835
Compensation and employees' benefits *(Note 17)*	**2,913,196**	2,826,109
General and administrative expenses *(Note 18)*	**2,051,851**	2,518,243
Depreciation *(Note 8)*	**223,468**	116,637
Total Benefits and Operating Expenses	**75,775,080**	78,844,824
NET SUPLUS FOR THE YEAR	**21,448,786**	15,945,765
OTHER COMPREHENSIVE INCOME		
Item that may not be subsequently reclassified to profit or loss:		
Changes in value of investments at FVTOCI *(Note 5)*	**(91,736)**	214,050
Changes in value of defined benefit plan *(Note 12)*	**57,254**	114,263
Net	**(34,482)**	328,313
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱21,414,304**	₱16,274,078

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN FUND BALANCES

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

December 31,	**2022**	2021
		(As Restated) *(Note 23)*
GUARANTY FUND *(Note 13)*		
Opening balances	**₱36,613,935**	₱32,183,492
Contributions from members during the year	**4,495,360**	4,430,443
Closing balances	**41,109,295**	36,613,935
APPROPRIATED SPECIAL FUNDS *(Note 14)*		
Opening balances	**58,912,359**	51,500,192
Additional funding during the year	**–**	9,770,667
Disbursements during the year	**–**	(2,358,500)
Closing balances	**58,912,359**	58,912,359
GENERAL FUND *(Note 15)*		
Opening balances, as originally reported	**44,368,115**	37,833,478
Add (deduct) adjustments:		
Net effect of retirement valuation	**–**	(140,461)
Reclassification fund assigned for guaranty fund	**–**	500,000
Appropriations to Special Funds	**–**	(9,770,667)
Opening balances as restated	**44,368,115**	28,422,350
Net surplus for the year	**21,448,786**	15,945,765
Closing balances	**65,816,901**	44,368,115
REVALUATION RESERVE ON INVESTMENTS AT FVTOCI		
Opening balances	**2,415,709**	2,201,659
Changes in value of investments in equity securities at FVTOCI *(Note 5)*	**(91,736)**	214,050
Closing balances	**2,323,973**	2,415,709
REMEASUREMENT GAIN (LOSS) ON DEFINED BENEFIT PLAN		
Opening balances	**114,263**	–
Actuarial and remeasurement gain (losses)	**57,254**	114,263
	171,517	114,263
	₱168,334,045	₱142,424,381

See Notes to Financial Statements

STATEMENTS OF CASH FLOWS

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

Years Ended December 31,	**2022**	2021
		(As Restated) (Note 23)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	**₱21,449,586**	₱15,945,765
Add (deduct) adjustments for:		
Increase in aggregate reserves for unexpired risks *(Note 11)*	**9,030,371**	23,152,025
Provision for retirement benefits *(Note 12)*	**144,851**	763,891
Depreciation *(Note 8)*	**223,468**	116,637
Interest and investments income *(Notes 4 and 5)*	**(10,528,122)**	(8,130,497)
Operating surplus before changes in working capital	**20,320,154**	31,847,821
Add (deduct) changes in working capital, excluding cash:		
Decrease (increase) in:		
Trade and other receivables *(Note 6)*	**946,748**	7,233,166
Other current assets *(Note 7)*	**8,618**	8,460
Increase (decrease) in:		
Trade and other payables *(Note 9)*	**2,648,322**	10,467,440
Insurance contract liabilities *(Note 10)*	**(840,966)**	805,237
Net Cash Provided from Operating Activities	**23,082,876**	50,362,124
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest and investment income *(Notes 4 and 5)*	**10,528,122**	8,130,497
Increase in investments in debt and equity securities *(Note 5)*	**(46,015,466)**	(47,837,840)
Additions to furniture, fixtures and office equipment *(Note 8)*	**(63,480)**	(761,169)
Net Cash Used for Investing Activities	**(35,550,824)**	(40,468,512)
CASH FLOWS FOR FINANCING ACTIVITIES		
Increase in Guaranty Fund *(Note 13)*	**4,495,360**	4,430,443
Increase in retirement benefit obligation	**(1,235,930)**	(1,622,208)
Decrease in Special Funds *(Note 14)*	**–**	(1,858,498)
Net Cash Used for Financing Activities	**3,259,430**	949,737
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(9,208,518)**	10,843,349
OPENING CASH AND CASH EQUIVALENTS	**73,483,615**	62,640,266
CLOSING CASH AND CASH EQUIVALENTS *(Note 4)*	**₱64,275,097**	₱73,483,615

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc.
As of and the Years Ended December 31, 2022 and 2021

Note 1
Organization and Tax Exemption

The Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. (referred to in the following sections as 'Association') was organized by the members of Simbag sa Emerhensya Asin Dagdag Paseguro, Inc. '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; to ensure continued access to benefits/resources by actively involving the members in the management of the Association that will include the implementation of policies and procedures geared towards sustainability and improved services.'

The Association was registered with the Securities and Exchange Commission (SEC) on February 17, 2009 and obtained its secondary license from the Insurance Commission (IC) on August 27, 2009. It is governed by its Board of Trustees, which receives no compensation. It devotes all its income for the purposes enumerated in its Articles of Incorporation. It is holding office at the 3rd Floor of The Chancery Building, Cathedral Compound, Albay District, Legazpi City, Albay, free of charge, but it shares on the costs of monthly utilities of the building.

As at December 31, 2022, the Association has a total membership of 74,994.

Tax Exemptions
The Association is a holder of Certificate of Tax Exemption No. S30 No. 032 – 22– RR–10-RDO067 which entitles it with tax exemption for three (3) years from August 23, 2022 to August 23, 2026.

As a non-stock, non-profit corporation and has proven by actual operation that its primary purpose falls under Section 30 (C) of the National Internal Revenue Code (NIRC) of 1997, as amended. The association is exempt from INCOME TAX only on the following revenues or receipts as follows: (a) Membership fees; (b) Contributions; and (c) Obtainable surplus from operations.

Note 2
Summary of Significant Accounting Policies

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

Statement of Compliance
The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations-IFRIC. PFRSs include statements named PFRSs and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA) and adopted by the Securities and Exchange Commission (SEC).

Because the Association is a supervised entity by the Insurance Commission (IC), it also abides by the regulations of the Commission particularly those that are set forth under Section 189 of The Amended Insurance Code and with IC Circular Letter No. 2014-41 *Standard Chart of Accounts (SCA) for MBAs*, as amended by IC CL No. 2021-04, dated January 20, 2021, and all applicable IC Circular Letters and accounting requirements. These regulations and requirements are substantially compliant with PFRSs and the Revised SRC Rule 68 (2019).

New and Amended PFRS Standards that are Effective for Current Year

The following Standards were developed and issued by the International Accounting Standards Board (IASB), an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRSs). The IASB was formed in 2001 to replace the International Accounting Standards Committee (IASC). These standards were reviewed by the FSRSC which was established under the Implementing Rules and Regulations of the Philippine Accountancy Act of 2004 to assist the Board of Accountancy (BOA) in carrying out its power and function to promulgate accounting standards in the Philippines. The FSRSC's main function is to establish generally accepted accounting principles in the Philippines through its review and adoption of the Standards issued by the IASB. The FSRSC formed the PIC in August 2006 to assist the FSRSC in establishing and improving financial reporting standards in the Philippines. The role of the PIC is principally to issue implementation guidance on PFRSs which are then forwarded to the FSRSC and BOA/PRC for approval before issuance to the public as final guidance.

The Securities and Exchange Commission (SEC) has the authority to prescribe the financial reporting framework to be used by corporations in the Philippines. These general financial reporting requirements are set out in Rule 68 of the Securities Regulation Code (SRC).

The following new and amended IFRS Standards have been reviewed and/or adopted in the Philippines by the FSRSC for the BOA/PRC.

In the current year, the Association has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the FSRSC (as Philippine Financial Reporting Standards) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Association has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to PFRS 3 Reference to the Conceptual Framework

The Association has adopted the amendments to PFRS 3 *Business Combinations* for the first time in the current year. The amendments updated PFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS/IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies PAS/IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The foregoing amendments were adopted by the FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Amendments to PAS/IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Association has adopted the amendments to PAS/IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS/IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS/IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The foregoing amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Amendments to PAS/IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
The Association has adopted the amendments to PAS/IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The foregoing amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Annual Improvements to PFRS Accounting Standards 2018-2020 Cycle
The Association has adopted the amendments included in the *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle* for the first time in the current year. The Annual Improvements include amendments to four standards.

- *PFRS 1 First-time Adoption of International Financial Reporting Standards*
  The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

- *PFRS 9 Financial Instruments*
  The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *PFRS 16 Leases*
  The amendment removes the illustration of the reimbursement of leasehold improvements.

- *PAS/IAS 41 Agriculture*
  The amendment removes the requirement in PAS/IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS/IAS 41 with the requirements of PFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

These following amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

New and Revised IFRS Accounting Standards in Issue But Not Yet Effective

At the date of authorization of these financial statements, the Association has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and is some cases have not yet been adopted by the FSRSC.

- PFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to PFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- *Amendments to IAS 1* and IFRS Practice Statement 2 *Disclosure of Accounting Policies Amendments to IAS 8 Definition of Accounting Estimates*
- Amendments to PAS/IAS 8 *Definition of Accounting Estimates*
- Amendments to PAS/IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The management of the Association does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Association in future periods.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The FSRSC adopted the amendments on December 15, 2021 and amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Association anticipate that the application of these amendments may have an impact on the Association's consolidated financial statements in future periods should such transactions arise. The FSRSC has not yet adopted the foregoing amendments.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or

The amendments to PAS/IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments. The FSRSC adopted the amendments on August 19, 2020 and becomes effective beginning January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS/IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS/IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to PAS/IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

Amendments to IAS 8 Accounting Policies, Changes
in Accounting Estimates and Errors—Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing PAS/IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

Amendments to IAS 12 Income Taxes—Deferred Tax
related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying PFRS 16 at the commencement date of a lease.

Following the amendments to PAS/IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS/IAS 12.

The IASB also adds an illustrative example to PAS/IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with: (a) Right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

The directors of the Association anticipate that the application of these amendments may have an impact on the Association's consolidated financial statements in future periods should such transactions arise.

Basis of Preparation
The financial statements have been prepared using a historical cost basis, except for financial instruments that are measured at fair values at the end of the year, as explained in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such basis, except for leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS/IAS 2 or value in use in PAS/IAS 36.

The financial statements are presented in Philippine peso, which is the Association's functional and presentation currency, and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at statement of financial position date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial position date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going Concern
The Board of Trustees has, at the time of approving the financial statements, a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

Significant Accounting Policies
The principal accounting policies adopted are set out below.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments
Financial assets and financial liabilities are recognized in the Association's statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets
All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets
Debt instruments that meet the following conditions are measured subsequently at amortized cost: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Association may make the following irrevocable election/designation at initial recognition of a financial asset: (a) the Association may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (iii) below]; and (b) the Association may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch [see (iv) below].

(i) *Amortized Cost and Effective Interest Method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Association recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

The Association's financial assets at amortized costs includes cash and cash equivalents, trade and other receivables and investments in debt and equity securities.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the financial statements at cost. Cash comprise unrestricted cash on hand, deposits held at call with banks, and time deposits with banks that can be pre-terminated anytime without significant risk of change in value. Cash equivalents (including those invested in a trust fund) represent short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and Other Receivables

Trade and other receivables are outstanding balances from debtors less the allowance for impairment losses. Receivables are recognized when the Association becomes party to the contract, which happens when the goods or services are dispatched. They are derecognized when the rights to receive the cash flows have expired e.g., due to the settlement of the outstanding amount or where the Association has transferred substantially all the risks and rewards associated with that contract. Other receivables are stated at invoice value less an allowance for impairment losses. Trade and other receivables are subsequently measured at amortized cost as the business model is to collect contractual cash flows and the debt meets the SPPI criterion.

– *Investments in Debt and Equity Securities*
  The investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Association has the positive intention and ability to hold on to maturity. The investments consist substantially of government debt securities.

(ii) Debt Instruments Classified as at FVTOCI

The Association has no financial assets held at FVTOCI. But debt instruments classified as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these financial assets were to be measured at amortized cost. All other changes in the carrying amount of these financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity Instruments Designated as at FVTOCI

On initial recognition, the Association may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with PFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Association designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see Note 5).

A financial asset is held for trading if: (1) it has been acquired principally for the purpose of selling it in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Association manages together and has evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(iv) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI [see (i) to (iii) above] are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Association designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition [see (iii) above].

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Association has not designated any debt instruments as at FVTPL.

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Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (the Association has no hedge investments). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other services and other income' line item. Fair value is determined in the manner described in the Association's significant accounting policies.

Impairment of Financial Assets
The Association recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Association always recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Association recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant Increase in Credit Risk*
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Association compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Association's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Association's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Association presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Association has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Association assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (1) the financial instrument has a low risk of default; (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Association considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Association regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of Default*

The Association considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: (1) when there is a breach of financial covenants by the debtor; or (2) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Association, in full (without taking into account any collateral held by the Association).

Irrespective of the above analysis, the Association considers that default has occurred when a financial asset is more than 90 days past due unless the Association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event (see (ii) above); (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-Off Policy*
The Association writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Association's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) *Measurement and Recognition of Expected Credit Losses (ECL)*
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Association's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16.

For a financial guarantee contract, as the Association is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Association expects to receive from the holder, the debtor or any other party.

If the Association has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Association measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Association recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of Financial Assets
The Association derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Association has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial Liabilities
All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Association, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if: (a) it has been acquired principally for the purpose of repurchasing it in the near term; or (b) on initial recognition it is part of a portfolio of identified financial instruments that the Association manages together and has a recent actual pattern of short-term profit-taking; or (c) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Association's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other services and other income' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guaranty contracts issued by the Association that are designated by the Association as at FVTPL are recognized in profit or loss.

Financial Liabilities Measured Subsequently at Amortized Cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of Financial Liabilities
The Association derecognizes financial liabilities when, and only when, the Association's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Association exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Association accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

Furniture, Fixtures and Office Equipment
Furniture, fixtures and office equipment are stated at cost less accumulated depreciation. Such a cost includes the cost of replacing part of such furniture, fixtures and office equipment when that cost is incurred, if the recognition criteria are met.

An item of furniture, fixtures and office equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

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

(1) IT equipment, 5 years; and
(2) Furniture, fixtures and office equipment, 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of the Association's furniture, fixtures and office equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of the Association's furniture, fixtures and office equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction.

Prepaid Expenses
A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. Expenditures are recorded as prepaid expenses in order to match their recognition more closely as expenses with the periods in which they are actually consumed.

Impairment of Non-Financial Assets
The Association's furniture, fixtures and office equipment and other assets are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting the market conditions less cost to sell, and value in use, based on an internal evaluation of discounted cash flow. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the previously recognized impairment loss.

Actuarial Policies
Actuarial liabilities (reserves for life policy and members' equity) are computed by the Consulting Actuary of the Association using actuarial practices generally accepted in the Philippines. Actuarial liabilities and other policy liabilities represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, and expenses on in-force policies.

In calculating actuarial liabilities, assumptions must be made about the timing and amount of many events, including death, investment, inflation, policy termination, expenses, taxes, premiums and commissions. The Association uses best estimate assumptions for expected future experience. Uncertainty is inherent in the process, as no one can accurately predict the future. Some assumptions relate to events that are anticipated to occur for many years in the future and are likely to require subsequent revision.

Additional provisions are included in the actuarial liabilities to provide for possible adverse deviations from the best estimates. If the assumption is more susceptible to change or if the actuary is less certain about the underlying best estimate assumption, a correspondingly larger provision is included in the actuarial liabilities. In determining these provisions, the Association ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and the extent of uncertainty present in making that assumption, and (b) in total, the cumulative effect of all provisions is reasonable with respect to the total actuarial liabilities.

With the passage of time and resulting reduction in estimation risk, the provisions are released into income. The best estimate assumptions and margins for adverse deviations are reviewed annually and revisions are made where deemed necessary and prudent.

Recording of Claims from Policyholders
Claims incurred comprise settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the year, whether reported or not.

Revenue and Cost Recognition
The Association's revenue arises primarily from the premium contributions of members and secondarily from investment-related transactions such as investment income, dividend income, interest income and other sources of revenue.

Management has determined that the revenue from premium contributions of members is within the scope of PFRS 4 *Insurance Contracts* while the income from investments in financial instruments are within the scope of PFRS 9 *Financial Instruments*. Income from other sources is within the scope of PFRS 15 *Revenue from Contracts with Customers*.

PFRS 4 defines an insurance contract as a 'contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.' PFRS 4 temporarily exempts the Association from some requirements of other PFRSs until the efficacy of PFRS 17, beginning January 1, 2023. (Per IC Circular Letter No. 218-69, dated December 28, 2018) This Circular was further amended by Circular Letter No. 2020-62, dated May 18, 2020, further extending the implementation of IFRS 17 to January 1, 2025. However, the Standard: (a) prohibits provisions for possible claims under contracts that are not in existence at the reporting date; (b) requires a test for the adequacy of recognized insurance liabilities and an impairment test for reinsurance assets, and (c) requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and prohibits offsetting insurance liabilities against related reinsurance assets and income or expense from reinsurance contracts against the expense or income from the related insurance contract.

The Association recognizes revenue as follows:

(1) *Premium Contributions*
This 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. Under the provisions of PFRS 4, the Association recognizes premium contributions as earned when collected with corresponding allocation as approved by the Insurance Commission (IC). The proportion of the premiums collected pertaining to periods after the reporting date is carried forward to subsequent accounting periods as unearned premiums, so that earned premiums relate to risks carried during the accounting period.

The members' gross premium contributions are allocated as follows:

- 50% goes to the reserve for members' equity, intended for members' entitlements of equity value upon payment of the first contribution to the Association, representing 50% of the total membership dues collected;
- 35% goes to cover basic benefits of members;
- 5% goes to Guarantee Fund, and the remaining
- 10% goes to general operations, to cover administrative costs.

The Association collects its premiums/contributions of members through SEDP-Simbag sa Pag-Asenso, Inc, an affiliate, with a certain commission (collection cost).

(2) *Investments Income*
Income from investments is accounted for under PFRS 9 *Financial Instruments*. Income from investments in debt and equity equities held to collect contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) are recognized at amortized cost, with interest income recognized at the effective interest rate.

(3) *Non-Insurance Revenues*
The Association recognizes non-insurance revenues in accordance with PFRS 15 *Revenue from Contracts with Customers* at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Association:

(1) Identifies the contract with a customer;
(2) Identifies the performance obligations in the contract;
(3) Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
(4) Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
(5) Recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

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

Insurance-related costs are accounted as follows:

- Changes in the required actuarial and other reserves are recognized as expenses during the year.
- Plan benefits and claims paid to members, including refund of members' equity value, are recognized for benefits availed of by members/beneficiaries.

– Collection costs (representing commissions to collecting affiliate) are due and payable for every premium income recognized. Commission rates are based on IC-approved rates.

(5) *Grants and Donations*
Grants and donations received are valued at fair market value at the time the grants are received.

Compensation and Employees Benefits Expense
Employee benefits are all forms of consideration given by the Association in exchange for services rendered by employees or for the termination of their employment in the Association. The Association recognizes: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the Association consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The following represent the accounting followed by the Association for all types of employee benefits, except share-based payment, to which there is none.

- *Short-Term Employee Benefits*
  Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. These benefits include wages, salaries and bonuses (if there are any) and non-monetary benefits paid to current employees. These are recognized when the employee has rendered the service and are measured at the undiscounted amounts of benefits expected to be paid in exchange for that service.

  The benefits also include compensated absences which are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the Association expects to pay as a result of unused entitlements at end of period. The amounts recognized are included in the Trade and Other Payables account in the statement of financial position at undiscounted amount that the Association expects to pay as a result of the unused entitlement.

- *Post-Employment Benefit Plans*
  Post-employment benefit plans that are provided to employees only cover their retirement benefits, which are paid in lump sum payments at the time of their retirements. The retirement benefits are provided to employees through a defined benefit plan. A defined benefit plan is a retirement plan that defines the amount of retirement benefit 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 the benefits of the retirement plan remains with the Association, 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 fund, as well as qualifying insurance policies. The Association's defined benefit retirement plan covers all regular full-time employees.

  The Association has less than ten (10) regular employees and opted to accrue its retirement benefit obligation using the provisions of the *R.A. 7641, An Act Amending Article 287 of Presidential Decree No. 442, as Amended, Otherwise Known as the Labor Code of the Philippines, by Providing for Retirement Pay to Qualified Private Sector Employees in the Absence of any Retirement Plan in the Establishment.* Accrual approach is applied by calculating the expected liability as at reporting date using the employees' current compensation and number of years in service. Under this simplified method, the Corporation ignores estimated future salary increases, future service of current employees and possible in-service mortality of current employees between reporting date and date the employees are expected to retire. The Association considers its retirement benefit obligations at this time as immaterial when considered its overall liabilities.

- *Termination Benefits*
  Termination benefits are payable when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits 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 statement of financial position date are discounted to present value.

Leases – The Association as Lessee
The Association assesses whether a contract is or contains a lease, at inception of the contract. The Association recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these low value leases, the Association recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Association uses its incremental borrowing rate. The Association has no borrowings, but it is investing funds. It uses the average rates that its investments in financial instruments are getting as the discounted rate justifying that it becomes the opportunity cost when such investible funds are used to the leases.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Association remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Association incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS/IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets, if any, are presented as a separate line item in the statement of financial position.

The Association applies PAS/IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Furniture, Fixtures and Office Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Rent" in the statement of profit or loss.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement. The Association has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leases – The Association as Lessor

Leases for which the Association is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Association is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Association's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Association's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Association regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of PFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

When a contract includes both lease and non-lease components, the Association applies PFRS 15 to allocate the consideration under the contract to each component.

The Association is not a lessor of properties.

Contingencies
A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future, possibly creating a loss. The accounting for a contingency is essentially to recognize only those losses that are probable and for which a loss amount can be reasonably estimated. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized either, but these are generally disclosed unless the possibility of an outflow of resources is remote.

Provisions and Contingent Liabilities
Provisions, if any, are recognized when the Association has legal or constructive obligations as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation and estimate can be made of the amount obligation. Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial position 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 related provision.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. In those cases where the possible outflow of the economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of the asset are considered contingent assets, hence, are not recognized in the financial statements. No contingent liabilities have been incurred during the year.

Events After Reporting Date
Post year-end events that provide additional information about the Association's position at the reporting date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Note 3
Significant Accounting Estimates and Judgments

In applying the Association's accounting policies, which are described in Note 2, *Summary of Significant Accounting Policies*, the management of the Association are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgements in Applying the Association's Accounting Policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Association have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Business Model Assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model tests. The Association determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Association monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Association's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant Increase in Credit Risk
Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Association takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key Sources of Estimation Uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of Loss Allowance
When measuring ECL the Association uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Fair Value Measurements and Valuation Processes
Some of the Association's assets and liabilities are measured at fair value for financial reporting purposes. Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. In estimating the fair value of an asset or a liability, the management uses market-observable data to the extent it is available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible; but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Estimating Useful Lives of Furniture, Fixtures and Office Equipment
The Association reviews annually the estimated useful lives of its furniture, fixtures and office equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset accounts.

Impairment of Non-Financial Assets
In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Retirement Benefits
The determination of the Association's obligation and cost for pension and other employee benefits is dependent on the selection of certain assumptions used by management in calculating such amounts. While the Association believes that the assumptions used are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect employee benefit obligations.

Provisions and Contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

Note 4
Cash and Cash Equivalents

This account is composed of the following:

December 31,	**2022**	2021
Cash in banks	**₱33,001,292**	₱22,615,718
Cash equivalents	**31,243,805**	50,837,897
Revolving fund	**30,000**	30,000
	₱64,275,097	₱73,483,615

Cash in banks and cash equivalents earn interest at the prevailing market rates. The effective interest rate on cash in banks and cash equivalents ranges from 0.10% to 5.5%, maturing in 30 days to 182 days. Total interest income earned from cash in banks and cash equivalents amounted ₱329,619 in 2022 and ₱328,620 in 2021.

Restatement Made on the 2021 Balances

December 31,	2021
Amount originally reported – net	₱72,483,615
Add (less) adjustment	
Reversal of an outstanding check treated twice as bank deduction	1,000,000
	₱73,483,615

Note 5
Investments in Debt and Equity Securities

This account consists of the following investments and their purposes:

December 31,	**2022**	2021
Investments in debt securities at amortized cost	**₱288,507,867**	₱242,495,684
Investments in equity securities at FVTPL	**482,926**	479,643
Investments in equity securities at FVTOCI	**20,323,973**	20,415,709
Total investments	**309,314,766**	263,391,036
Less presented under current assets	**44,389,487**	63,971,777
Presented Under Non-Current Assets	**₱264,925,279**	₱199,419,259

The Association earned interest income from the investments amounting ₱10,198,503 in 2022 and ₱8,130,497 in 2021.

Investment in Debt Securities Accounted at Amortized Cost
These investments were acquired through the following banks:

December 31,	**2022**	2021
Treasury Bills		
Bank of the Philippine Islands (BPI)	**₱29,149,198**	₱48,920,424
Metropolitan Bank and Trust Company (MBTC)	**15,240,289**	15,051,353
Sub-Total	**44,389,487**	63,971,777
Retail Treasury Bonds		
Philippine National Bank (PNB)	**54,000,000**	34,000,000
Bank of the Philippine Islands (BPI)	**30,080,194**	20,071,585
Metropolitan Bank and Trust Company (MBTC)	**25,491,557**	14,953,540
Banco de Oro (BDO)	**16,965,706**	16,932,454
Security Bank	**9,990,923**	9,976,328
Sub-Total	**136,528,380**	95,933,907
Corporate Bonds		
Philippine National Bank (PNB)	**68,000,000**	48,000,000
Metropolitan Bank and Trust Company (MBTC)	**10,000,000**	10,000,000
Bank of the Philippine Islands (BPI)	**10,000,000**	5,000,000
Rizal Commercial & Banking Corporation (RCBC)	**5,000,000**	5,000,000
Banco de Oro (BDO)	**2,490,000**	2,490,000
Sub-Total	**95,490,000**	70,790,000
Perpetual Preferred Shares		
Banco de Oro (BDO)	**5,850,000**	5,850,000
Philippine National Bank (PNB)	**1,250,000**	1,250,000
	7,100,000	7,100,000
LTNCDs		
Metropolitan Bank and Trust Company (MBTC)	**5,000,000**	5,000,000
Total	**₱288,507,867**	₱242,495,684

The following are the details of the investments:

- *Treasury Bills*
  The treasury bills represent short-term, zero-coupon investments in quoted government debt securities which are issued at a discount on their face value. The treasury bills purchased through Bank of the Philippine Islands (BPI) and Metropolitan Bank and Trust Company (MBTC) will mature on March 22, 2023.

  The roll forward analysis of this account is as follows:

December 31,	**2022**	2021
Face value	**₱44,490,000**	₱64,070,000
Net discount	**(100,513)**	(98,223)
Carrying Amount	**₱44,389,487**	₱63,971,777

- *Retail Treasury Bonds*
  These are investments in quoted government debt securities with the following features:

  a) The retail treasury bonds purchased through PNB have coupon rates ranging at 3.25% and 16.575% that will mature on the following dates: August 15, 2023, March 12, 2024, June 2, 2027 and March 7, 2028;

  b) The retail treasury bonds purchased through BPI have coupon rates at 3.6351%, 4.87% and 6.00% that will mature on August 15, 2023, March 4, 2027 and March 22, 2028, respectively

  c) The retail treasury bonds purchased through MBTC have coupon rates at 3.25%, 4.2625% and 6.50% that will mature on the following dates: August 15, 2023, June 2, 2027 and May 19, 2029, respectively;

  d) The retail treasury bonds purchased through BPI have coupon rates at 3.25% and 4.25% that will mature on the following dates: April 11, 2020, August 15, 2023, and September 20, 2026.

  e) The retail treasury bond purchased through BDO have coupon rates at 3.25% and 3.50% that will mature on August 15, 2023 and September 20, 2026, respectively;

  f) The retail treasury bond purchased through Security Bank have a coupon rate at 3.25% that will mature on August 15, 2023.

  The roll-forward analysis of the retail treasury bonds is as follows:

December 31,	**2022**	2021
Face value	**₱136,500,000**	₱96,000,000
Net discount/premium	**28,380**	(66,093)
Carrying Amount	**₱136,528,380**	₱95,933,907

  Of the total Retail Treasury Bonds, the investments in PNB and MBTC, totaling ₱41,500,000 in 2022 and ₱41,109,295 in 2021, are restricted investments as these are investments intended for funding the Guaranty Fund requirements by the Insurance Commission (IC) that need to be maintained by the Association (see Note 13). These investments have been supported with a Deed of Assignment with Special Power of Attorney. The effective interest rate on these deposits ranges from 4.125% to 6%, maturing in 3 years to 5 years from issuance.

- *Corporate Bonds*
  Corporate bonds are debt securities issued by publicly held corporations to raise money for expansion or other business needs. The interest coupons of corporate bonds are either paid quarterly or semi-annually with rates ranging from 3.8915% to 6.75%, maturing in 5 years to 10 years from issuance.

- *Perpetual Preferred Shares*
  Preferred shares have no maturity date and pays a fixed dividend upon issue, usually declared and paid quarterly, as long as it remains outstanding. Shareholders of perpetuals do not have voting rights and the issuers of perpetual preferred stock can typically redeem the shares.

  The preferred shares purchased through PNB and BDO have an optional redemption after 5 years of investment. Dividend interest rates of 4.8124% and 6.322% payable quarterly.

- *LTNCDs*
  Long-Term Negotiable Certificate of Deposits (LTNCDs) are offered by banks to investors looking for a relatively safe investment, but with higher interest rates than regular savings accounts or short-term

time deposits. LTNCDs can be sold in the secondary market, even before maturity date. The interest coupons of LTNCDs are paid quarterly with rates ranging from 3.75% to 3.875%, maturing in 5 years to 7 years from issuance.

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

Investment in Equity Securities Accounted at Fair Value through Other Comprehensive Income (FVTOCI)
This consists of Unit Investment Trust Fund (UITF) investment in BPI's Bayanihan Balanced Fund, initially purchased at ₱18,000,000, and the fair value of the investment at the end of 2022 amounted ₱20,323,973. The increase in value of the investment during the year, amounting ₱91,736, was recorded in the other comprehensive income for the year.

Analyses of Impairment in Fair Values of the Investments
The Association's management has determined from its monitoring of the investments that none of the invested funds are presently impaired.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Note 6
Trade and Other Receivables

This account consists of the following:

December 31,	**2022**	2021
Accounts receivable from SEDP-Simbag sa Pag-asenso, Inc.	**₱27,000,000**	₱27,000,000
Accrued interest income	**704,610**	444,630
Advances to officers and employees	**15,360**	8,050
Receivable from PERAA (See next page.)	**-**	1,205,711
Other receivables	**-**	8,327
Total	**27,719,970**	28,666,718
Less allowance for expected credit losses (ECL)	**103,494**	103,494
Net	**27,616,476**	28,563,224
Less presented as under current assets	**616,476**	1,563,224
Net	**₱27,000,000**	₱27,000,000

The accounts receivable from SEDP-Simbag sa Pag-asenso, Inc. represents the funds borrowed by the Microfinance NGO on December 17, 2018 and is collectible over a period of five (5) years at 6% per annum. This accounts receivable has been secured with post-dated checks. The transaction was duly approved by the Insurance Commission (IC).

Restatement Made on the 2021 Balances
The amount reported as trade and other receivables in 2021 has been restated from the amount originally reported to record as a receivable from PERAA the Association's contribution to PERAA, treated as retirement expense in 2021 rather than contribution a plan asset. The contribution was confirmed by PERAA subsequently in January 2022 and appropriately treated as retirement plan asset in the books beginning 2022.

Allowance for Expected Credit Losses (ECL)
The receivables are provided with 12-month ECL at 1% of principal for current 30 days and 34% for past due less than one year. Accounts past due for over 1 year have been provided with lifetime ECL at 100%.

A reconciliation of the allowance for expected credit losses during the period is presented as follows:
(Please see table next page.)

December 31,	**2022**	2021
Opening balances	**₱103,494**	₱103,494
Provision for impairment losses for the year charged to operations	**–**	–
Closing balances	**₱103,494**	₱103,494

No ECL was provided in 2022 and 2021 as the existing allowance already covers the required ECL during the year. Management believes the remaining receivables were not impaired at the end of 2022.

Note 7
Other Current Assets

This account consists of unused certificates of insurance. Management believes that these assets were not impaired at the end of the year.

Note 8
Furniture, Fixtures and Office Equipment – At Cost

This consists of the following items which are recorded in the books at cost.

December 31,	**2022**	2021
IT equipment	**₱1,460,301**	₱1,396,821
Furniture, fixtures and office equipment	**169,117**	169,117
Total	**1,629,418**	1,565,938
Less accumulated depreciation	**1,094,628**	871,160
Net	**₱534,790**	₱694,778

The Association enjoys free use of the building facilities of the Roman Catholic Bishop of Legaspi, Inc. It shares on the costs of monthly utilities of the building.

Reconciliation of the Movements of the Accounts

December 31, 2022	*Opening Balances*	*Additions*	*Retirement*	***Closing Balances***
Cost				
IT equipment	₱1,396,821	₱63,480	₱–	**₱1,460,301**
Furniture, fixtures and office eqpmnt	169,117	–	–	**169,117**
Total	1,565,938	63,480	–	**1,629,418**
Less accumulated depreciation				
IT equipment	702,043	223,468	–	**925,511**
Furniture, fixtures and office eqpmnt	169,117	-	–	**169,117**
Total	871,160	223,468	–	**1,094,628**
Net Book Value	₱694,778	(₱159,98)	₱–	**₱534,790**

December 31, 2021	*Opening Balances*	*Additions*	*Retirement*	***Closing Balances***
Cost				
IT equipment	₱635,652	₱761,169	₱–	**₱1,396,821**
Furniture, fixtures and office eqpmnt	169,117	–	–	**169,117**
Total	804,769	761,169	–	**1,565,938**
Less accumulated depreciation				
IT equipment	585,406	116,637	–	**702,043**
Furniture, fixtures and office eqpmnt	169,117	–	–	**169,117**
Total	754,523	116,637	–	**871,160**
Net Book Value	₱50,246	₱644,532	₱–	**₱694,778**

Note 9
Details of Trade and Other Payables

December 31,	**2022**	2021
Payable to collecting partners for claims paid to members	**₱11,410,412**	₱9,043,732
Accrued expenses	**6,861,216**	6,688,293
Accounts payable – Dakila	**528,711**	505,934
Savings fund of employees	**467,275**	372,153
Accounts payable for surrendered membership	**44,610**	53,790
	₱19,312,224	₱16,663,902

Accrued expenses represent the accrued collection costs subsequently paid in January 2021. Total collection costs paid to SEDP – Simbag sa Pag-asenso, Inc. amounted ₱6,641,442 in 2022 and ₱6,384,865 in 2021.

The trade and other payables as originally presented in 2021 has been restated by the reclassification of the retirement benefit obligation which is now separately presented in the statement of financial position.

Note 10
Insurance Contract Liabilities

This consists of the following:

December 31,	**2022**	2021
Claims incurred but not reported	**₱1,226,683**	₱1,366,349
Claims in the course of settlement	–	565,500
Claims due and unpaid	–	135,000
Claims resisted/denied	–	800
	₱1,226,683	₱2,067,649

Incurred but not reported claims are claims reported beyond the reporting date whose date of claim happened three months before the reporting date. For 2022, claims reported in the months of November 2022, December 2022 and January 2023 whose date of death/claim is before November 1, 2022, are included in this category.

Claims in the course of settlement are claims reported and unpaid at the end of the year pending submission of documentary requirements. No decision has yet been made whether to deny or to pay the claim. The amounts recorded as insurance contract liabilities were certified by the Association's Actuary to be in accordance with sound actuarial principles. Claims due and unpaid benefits represent claim benefits that have been processed and that the Association recognizes liability on the claims by the member or its beneficiaries.

Total basic benefits and claims paid to members amounted ₱52,952,143 in 2022 and ₱43,416,130 in 2021.

Note 11
Aggregate Reserves for Unexpired Risks

The aggregate policy reserves represent the amount which is considered adequate to cover future guaranteed benefits as they become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premiums.

This following consist of the details of the reserves:

December 31,	**2022**	2021
Aggregates reserves for members' equity	**₱209,347,126**	₱200,233,877
Aggregates reserves for credit policies	**3,075,161**	3,014,477
Aggregates reserves for life policies	**555,135**	698,697
	₱212,977,422	₱203,947,051

The movements of the reserves during the year are as follows:

December 31, 2022	*Reserves for Members' Equity*	*Reserves for Credit Policies*	*Reserves for Life Policies*	***Total***
Provisions during 2014	₱65,986,915	₱2,351,536	₱1,206,266	**₱69,544,717**
Provisions during 2015	13,243,621	(615,593)	(812,754)	**11,815,274**
Provisions during 2016	14,554,323	171,844	(225,963)	**14,500,204**
Provisions during 2017	14,722,450	219,929	91,466	**15,033,845**
Provisions during 2018	18,854,769	351,194	368,829	**19,574,792**
Provisions during 2019	23,337,784	212,229	99,035	**23,649,048**
Provisions during 2020	26,520,484	(297,510)	454,172	**26,677,146**
Provisions during 2021	23,013,530	620,848	(482,353)	**23,152,025**
	200,233,876	3,014,477	698,698	**203,947,051**
Provisions during 2022	9,113,250	60,684	(143,563)	**9,030,371**
	₱209,347,126	₱3,075,161	₱555,135	**₱212,977,422**

In accordance with the provisions of the Insurance Code, every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association. In accordance with the same Code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year; hence, the Association sets up the 50% of its gross premium collections as its reserves for members' equity.

The reserve for credit life insurance represents the amount which is considered adequate to cover future guaranteed benefits on a debtor pursuant to or in connection with his/her specific loans and other credit transactions with the members of the Association.

The reserve for life policies represents the amount which is considered adequate to cover future guaranteed benefits as they become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premiums.

The amount of aggregate reserves for members' equity, reserves for credit policies, reserves for life policies and reserves for golden life policies for the years ended December 31, 2022 and 2021 , have been computed and certified by the Consulting Actuary of the Association to be in accordance with commonly accepted actuarial standards consistently applied and that the legal policy reserves and other actuarial items are fairly stated in accordance with sound actuarial principles.

Note 12
Retirement Benefit Obligation

The Association's employees are provided with retirement benefits through a defined benefit plan. The plan defines the amount of pension benefit an employee will receive at retirement age. The legal obligation to pay the pension benefits remain with the Association. The Association's define benefit pension plan covers all regular full-time employees.

The amounts recognized in the statement of financial position at the end of 2022 and 2021 are as follows:

Retirement Benefit Obligation Recognized in the Statement of Financial Position

December 31,	**2022**	2021
Present value of retirement benefit obligation	**₱1,103,304**	₱1,073,035
Less fair value of retirement plan asset	**(1,177,802)**	–
(Retirement Plan Asset) Retirement Benefit Obligation	**(₱74,498)**	₱1,073,035

Components of Retirement Expense in the Statement of Profit or Loss and Other Comprehensive Income

Years Ended December 31,	**2022**	2021
Current service cost	**₱92,487**	₱98,564
Interest cost on benefit obligation	**52,364**	34,780
	144,851	133,344
Interest income on plan assets	**(29,419)**	–
Total charged to profit or loss	**₱115,432**	₱133,344

Changes in the Present Value of the Retirement Benefit Obligation

December 31,	**2022**	2021
Opening balances	**₱1,073,035**	₱1,053,954
Current service costs	**92,487**	98,564
Interest cost	**52,364**	34,780
Actuarial gain - changes in financial assumptions	**(141,067)**	(125,009)
Actuarial loss - experience	**21,211**	10,746
	₱1,098,030	₱1,073,035

Principal Assumptions Used to Determine Pension Obligation

December 31,	**2022**	2021
Discount rate	**5.05%**	5.07%
Salary increase rate	**5.00%**	10.00%
Average expected working lives of employees	**19.1**	19.3

Movements in the Fair Value of Retirement Plan Assets

December 31,	**2022**	2021
Opening balances	**₱–**	₱–
Interest income	**29,419**	–
Contributions	**1,205,711**	–
Re-measurement gain (losses) on return on plan assets	**(57,328)**	–
Closing balances (plan assets at PERAA)	**₱1,177,802**	₱–

Actual return on plan assets pertain to interests, dividends and other income together with realized and unrealized gain or losses derived from the plan assets less any costs of managing the plan and tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the DBO.

Restatement Made on the 2021 Balances

December 31,	2021
Amount originally reported – net	₱608,877
Add (less) adjustments	
Gross amount remitted to PERAA in December 2021 issued with in January 2022	1,212,711
Tax and other fees charged to PERAA remittance	(7,000)
Adjustment to set up the correct RBO balance based on actuary	(741,553)
Net	464,158
	₱1,073,035

The Association to contribute ₱84,049 in the next financial year. The average duration of the defined benefit obligation at the end of the reporting date is 13.8 years.

Note 13
Guaranty Fund

This represents the amount required by the Insurance Commission (IC) to be established to guaranty the benefits and security of policyholders and creditors of the Association, in accordance with the provisions of the Insurance Code, deposited in a local depository bank. (See Note 5.) The Fund is increased by the 5% contributions from members.

The Guaranty Fund is funded by investments in debt securities, (See Note 5.) which are assigned to the Insurance Commission (IC).

Accounting of Guaranty Fund

December 31,	**2022**	2021
Opening balances	**₱36,613,935**	₱32,183,492
Members contribution during the year	**4,495,360**	4,430,443
Closing balances	**₱41,109,295**	₱36,613,935

Note 14
Special Funds

In accordance with the recommendations of the Insurance Commission, the Association's Board of Trustees approved appropriations of the following special funds from the General Fund:

December 31,	**2022**	2021
Members' Benefits Fund	**₱28,756,618**	₱28,756,618
Members' Education Fund	**10,378,975**	10,378,975
Capacity Building Fund	**10,078,527**	10,078,527
Research and Development Fund	**5,987,210**	5,987,210
Acquisition of Systems and Equipment	**3,711,028**	3,711,028
	₱58,912,358	₱58,912,358

The movements of the appropriated funds during 2022 and 2021, as follows:

December 31, 2022	*Opening Balances*	*Allocations of Net Surplus*	*Disbursements*	**Closing Balances**
Members' Benefits Fund (70%)	₱28,756,618	₱–	₱–	**₱28,756,618**
Members' Education Fund (10%)	10,378,975	–	–	**10,378,975**
Capacity Building Fund (3%)	10,078,527	–	–	**10,078,527**
Research and Dev't. (2%)	5,987,210	–	–	**5,987,210**
Acquisition of Sys & Equip (15%)	3,711,028	–	–	**3,711,028**
	₱58,912,359	₱–	₱–	**₱58,912,359**
December 31, 2021				
Members' Benefits Fund (70%)	₱21,675,652	₱5,439,466	(₱358,500)	₱26,756,618
Members' Education Fund (10%)	10,213,375	665,600	(500,000)	10,378,975
Capacity Building Fund (3%)	9,801,461	277,066	–	10,078,527
Research and Dev't. (2%)	5,754,090	733,120	(500,000)	5,987,210
Acquisition of Sys & Equip (15%)	4,055,614	655,414	(1,000,000)	3,711,028
	51,500,192	7,770,667	(2,358,500)	₱56,912,359
Calamity Fund allocated to Members' Benefit		2,000,000		2,000,000
	₱51,500,192	₱9,770,667	(₱2,358,500)	₱58,912,359

The appropriated funds are funded by the cash and cash equivalents of the Association. The disbursements of special funds are considered as benefits paid to members. In 2021, the member's benefit included an additional allocation for calamity fund amounting ₱2 million.

Note 15
General Fund

This represents a portion of the fund balance that is not restricted. According to Section 408, paragraph 3 of the Insurance Code, as amended (R.A. No. 10607), a mutual benefit association shall only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. In addition, subject to the approval of the Commissioner, a mutual benefit association may allocate a portion for capacity building and research and development, upgrading and improving operating systems and equipment, and continuing member education.

In 2021, the Association allocated the excess of twenty percent (20%) of the total liabilities amounting ₱7,770,666 in 2022 to special funds.

Note 16
Members' Premium Contributions

The Association's members are charged twenty pesos (₱20.00) per week, during their active membership in the Association. In accordance with its Rules and Regulations approved by the Insurance Commission (IC), the Association allocates the contributions as follows:

a) 50% is allocated as reserve for members' equity intended for the members' entitlements of equity value;

b) 35% is intended to cover basic benefits such as payments for death or permanent disability claims of a member or its legal spouse below sixty-six (66) years old; or four (4) single, biological and/or legally adopted children who are two weeks old but not more than twenty-one (21) years old single, disabled and incapacitated to work. If single without children, the members' legal dependents include the member's biological parents not more than 65 years. If a member's parents are both deceased upon membership, the member can declare two (2) eldest siblings, at least two (2) weeks old but not more than twenty-one (21) years old;

c) 5% is intended as additional guaranty fund; and

d) 10% is intended to cover administrative costs and expenses.

Every outstanding membership certificate must have an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association.

Every year, a number of members withdrew their equity from the Association. During 2022 and 2021, the total value of equity withdrawn amounted ₱27,135,177 and ₱12,932,208, respectively. The withdrawal of equity is treated as part of the benefits paid to members.

Gross premiums on credit life insurance plan are income from loans on member which are deducted upfront in the payment of the loan. The amount of contribution is based on the principal amount and term of loans.

Membership Fees
The members are also charged with one-time membership fee of ₱150, which is non-refundable and does not form part of the members' accumulated and refundable contributions. The amount is treated as income to finance part of the requirements for general and administrative expenses not covered by the 10% allocation from gross premium contributions. Gross premiums on credit life insurance are income from loans on member's which are included in the monthly payments of the loans. The amount of contribution is based on the principal amount and term of loans.

Total membership fees collected amounted ₱1,279,295 in 2022 and ₱2,106,317 in 2021.

Note 17
Details of Compensation and Employees' Benefits

Years Ended December 31,	**2022**	2021
Short-term employees' benefits	**₱2,768,345**	₱2,692,765
Post-employment benefits *(Note 12)*	**144,851**	133,344
	₱2,913,196	₱2,826,109

The 2021 total compensation and employees' benefits was adjusted for the set-up of the actuarially-computed retirement benefit obligation. (See Note 12.)

Note 18
Details of General and Administrative Expenses

Years Ended December 31,	**2022**	2021
Taxes, licenses and fees *(Note 27)*	**₱384,727**	₱216,226
Professional fees	**274,742**	99,550
Association dues	**268,169**	796,886
Transportation and travel	**247,629**	163,791
Meetings and seminars	**231,818**	258,102
Supplies and materials	**206,207**	537,493
Repairs and maintenance	**180,000**	180,829

(Carried Forward.) (

Brought Forward.) *Years Ended December 31,*	**2022**	2021
Insurance	**115,482**	133,563
Communication	**66,409**	48,620
General assembly expenses	**61,017**	67,993
Miscellaneous expenses	**15,651**	15,190
	₱2,051,851	₱2,518,243

The total general and administrative expenses of 2021 has been adjusted from the amount previously reported to reverse the recorded retirement benefit expense after the actuarial computation of the Association's retirement benefit obligation disclosed over provision of retirement benefits amounting ₱1,756,892. (See Note 23.)

Note 19
Related Party Transactions

In the ordinary course of trade or business, the Association has transactions with its related parties which include its Board of Trustees, members of various committees and its officers and employees, who are also members of the Association. These transactions are made substantially on the same terms and conditions as with other members of comparable risks. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash.

Among these related transactions are the following:

(a) The Association accepts insurance business from the borrowers of SEDP-Simbag sa Pag-Asenso, Inc. and authorizes the institution to collect premium contributions from these members for certain commissions. (See Note 9.) Total collection costs incurred amounted ₱6,641,442 in 2022 and ₱6,384,856 in 2021.

(b) SEDP – Simbag sa Pag-Asenso, Inc. obtained an unsecured, interest-bearing loan from the Association amounting ₱20 million in 2019. (See Note 6.)

(c) The Chairman of the Board of Trustees of the Association is also a member of the Board of Trustees of SEDP-Simbag sa Pag-Asenso, Inc.

(d) The Association is enjoying free use of the facilities of the Catholic Church in Legaspi City, Albay although it shares the cost of utilities.

(e) The key management compensation follows:

Years Ended December 31,	**2022**	2021
Short-term employee benefits	**₱549,426**	₱516,039
Post-employment benefits	**30,299**	30,299
	₱579,725	₱546,338

Note 20
Fair Value Measurement

Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed
The following table summarizes the fair value hierarchy of the Association's financial assets and liabilities which are not measured at fair value in the 2022 statement of financial position but for which fair value is disclosed.

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents *(Note 4)*	₱64,275,097	₱–	₱–	**₱64,275,097**
Trade and other receivables *(Note 6)*		–	616,476	**616,476**
Inv. in debt & equity securities *(Note 5)*	309,314,766	–	–	**309,314,766**
	₱373,589,863	₱–	₱616,476	**₱374,206,339**
Financial liabilities				
Trade and other payables *(Note 9)*	₱–	₱–	₱19,312,224	**₱19,312,224**
Insurance contract liabilities *(Note 10)*	–	–	1,226,683	**1,226,683**
Aggregate reserves for risks *(Note 11)*	–	–	212,977,422	**212,977,422**
	₱–	₱–	₱233,516,329	**₱233,516,329**
December 31, 2021				
Financial assets				
Cash and cash equivalents *(Note 4)*	₱73,483,615	₱–	₱–	₱73,483,615
Trade and other receivables *(Note 6)*	263,391,037	–	–	263,391,037
Inv. in debt & equity securities *(Note 5)*	336,874,652	–	–	336,874,652
	₱673,749,304	₱–	₱–	₱673,749,304
Financial liabilities				
Trade and other payables *(Note 9)*	₱–	₱–	₱16,663,902	₱16,663,902
Insurance contract liabilities *(Note 10)*	–	–	2,067,649	2,067,649
Aggregate reserves for risks *(Note 11)*	–	–	203,947,051	203,947,051
	₱–	₱–	₱222,678,602	₱222,678,602

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values. The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counter-parties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the association uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Fair Value Measurement for Non-Financial Assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31, 2022, and 2021.

December 31, 2022	Level 1	Level 2	Level 3	Total
Other current assets *(Note 7)*	₱–	₱–	₱34,747	**₱34,747**
Furniture, fixt & office equip - net *(Note 8)*	–	–	534,790	**534,790**
	₱–	₱–	₱569,537	**₱569,537**

December 31, 2021	Level 1	Level 2	Level 3	Total
Other current assets *(Note 7)*	₱–	₱–	₱43,365	₱43,365
Furniture, fixt & office equip - net *(Note 8)*	–	–	694,778	694,778
	₱–	₱–	₱738,143	₱738,143

The Level 3 fair value of the buildings and improvements included under the Furniture, Fixtures and Office Equipment account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

Note 21
Capital Management Objectives, Policies and Procedures

The Association maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The level of capital maintained is always aimed to be higher than the minimum capital requirements of the IC. The Association considers the entire equity in determining the capital.

The Association maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The Association's Board of Trustees reviews regularly its capital structure and considers the cost of capital and the risks associated with each class of capital. Management regularly monitors the capital requirements of the Association, taking account of future balance sheet growth, profitability, and any anticipated regulatory changes, in order to ensure that the Association is at all times able to meet the forecast future minimum capital requirements. The Association's overall strategy remains unchanged from the past year.

Compliance with Capitalization Requirements
In accordance with the provisions of Chapter VII, Title 1, Section 405 of R.A. 10607, *The Amended Insurance Code*, a mutual benefit association incorporated after the effectivity of the Code shall constitute and establish a Guaranty Fund with initial amount of ₱5 million, in cash or in government securities, to answer for any valid benefit claim of any of its members.

The Association has complied with this requirement by having established its Guaranty Fund of ₱41,500,000 (see Note 13) and having funded it with assigned investments in debt securities (see Note 5) at the end of 2022.

Note 22
Risk Management Objectives and Policies

The Association is exposed to various risks in relation to financial instruments. The Association's principal financial instruments are its cash and cash equivalents (Note 4), investments in debt and equity securities (Note 5), trade and other receivables (Note 6), trade and other payables (Note 9), insurance contract liabilities (Note 10) and aggregate reserves for unexpired risks (Note 11). The main types of risks are insurance risk, credit and concentration risks, market risk and liquidity risk.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Association's financial performance and financial position. The Association actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

The Association is not exposed to foreign currency risk since it has no foreign currency deposits. In 2020, the Association purchased financial instruments as part of its investment strategies. The Association is now exposed to investment risks beginning 2020.

Risk Management Structure
The Board of Trustees is mainly responsible for the overall risk management and for the approval of risk strategies and principles of the Association. The Board of Trustees also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of

the Association's approach to risk issues in order to make relevant decisions.

Insurance Risk
The principal risk the Association faces under insurance contracts is the risk that the actual claims and benefit payments exceed the carrying amount of recognized insurance liabilities. This situation is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims. Therefore, the objective of the Association is to ensure that sufficient reserves are available to cover these liabilities. The amount of reserves set-up in the books is computed by the Actuarial Consultant and monitored on a regular basis.

Credit and Concentration Risks/Investment Risk
Credit risk refers to the risk that counterparty will default and/or not honor its financial or contractual obligations resulting in financial losses to the Association. The Association is exposed to credit risk from financial assets including its cash held in banks, receivables from agents and others and investments in financial instruments.

The credit risk in respect of cash balances held with banks and time deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions and are regularly monitored. Trade receivables consist of premiums receivable from active members and from the unremitted premium collections by the agent-affiliate. The Association does not hold any security on the receivables from agents and others balance and the accounts are monitored on an ongoing basis with the result that the Association's exposure to impairment is not significant.

The investment risk related to investments in financial instruments represents the exposure to loss resulting from cash flows from invested assets being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. To maintain an adequate yield to match the interest necessary to support future policy liabilities, the Board of Trustees is investing only on Government financial instruments which are fairly safe investments.

The Association deals only with creditworthy counterparties duly approved by the Board of Trustees. Its maximum exposure to credit risk for the components of the statements of financial position is the carrying amounts as shown in the following table:

December 31, 2022	*Neither Past Due Nor Impaired*	*Past Due But Not Impaired*	**Total**
Cash and cash equivalents *(Note 4)*	₱64,275,097	₱–	**₱64,275,097**
Trade and other receivables *(Note 6)*	27,616,476	–	**27,616,476**
Inv. in debt & equity securities *(Note 5)*	309,314,766	–	**309,314,766**
	₱401,206,339	₱–	**₱401,206,339**
	100%		**100%**
December 31, 2021			
Cash and cash equivalents *(Note 4)*	₱73,483,615	₱–	₱73,483,615
Trade and other receivables *(Note 6)*	28,563,224	–	28,563,224
Inv. in debt & equity securities *(Note 5)*	263,391,036	–	263,391,036
	₱365,437,875	₱–	₱365,437,875
	100%		**100%**

Credit Quality by Class of Financial Assets Based on the Association's Rating System

December 31, 2022	*High Grade*	*Standard Grade*	*Impaired*	**Total**
Cash and cash equivalents *(Note 4)*	₱64,275,097	–₱	₱–	₱64,275,097
Trade and other receivables *(Note 6)*	27,616,476	–	–	27,616,476
Inv. in debt & equity securities *(Note 5)*	–	309,314,766	–	309,314,766
	₱91,891,573	₱309,314,766	₱–	₱401,206,339

December 31, 2021	High Grade	Standard Grade	Impaired	Total
Cash and cash equivalents *(Note 4)*	₱73,483,615	₱–	₱–	₱73,483,615
Trade and other receivables *(Note 6)*	28,563,223	–	–	28,563,223
Inv. in debt & equity securities *(Note 5)*	–	263,391,037	–	263,391,037
	₱102,046,838	₱263,391,037	₱–	₱365,437,875

Financial instruments classified as "high grade" are those cash transacted with reputable local banks and receivables with no history of default on the agreed contract terms. Financial instruments classified as "standard grade" are those receivables from parties who need to be reminded of their duties. No financial assets were deemed by management as impaired.

Market Risks
Market risk is the possibility that changes in equity prices or interest rates will adversely affect the value of the Association's assets, liabilities or expected future cash flows. The Association has no exposure arising from complex investments since it is not engaging in high risk investments, forward contracts, hedging, and the like, whether local or foreign transactions. The Association has no exposure to price risks as its investments in quoted equity and debt securities are of fixed interest rates. The Association's interest rate risk arises from its time deposits with banks. The Association invested in fixed rate deposits to mitigate the risks. The Association is not exposed to foreign currency risks as it has no assets nor liabilities denominated in foreign currency.

Liquidity Risks
Liquidity risk is that the Association might be unable to meet its obligations. The Association's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. The Association manages its liquidity by carefully monitoring its scheduled servicing payments for financial liabilities as well as its cash flows due on its day–to–day business.

The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis in the following table. Net cash requirements are compared to available cash position in order to determine headroom or any shortfalls. This analysis shows that the available cash position is expected to be sufficient over the lookout period.

The Association considers its expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Association's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from receivables from agents and others are all due contractually within six months.

Maturity Profile of the Association's Financial Liabilities

December 31, 2022	Due in One Year	Due Over One Year	Total
Trade and other payables *(Note 9)*	₱19,312,224	₱–	**₱19,312,224**
Insurance contract liabilities *(Note 10)*	1,226,683	–	**1,226,683**
Aggregate reserves for unexpired risks *(Note 11)*	–	212,977,422	**212,977,422**
	₱20,538,907	₱212,977,422	**233,516,329**
	8.803%	91.20%	**100.00%**

Note 23
Restatement and Reclassification of the 2021 Balances

Restatement
The amounts reported in the 2021 financial statements have been restated from amounts previously reported to reflect the adjustments pertaining to the following:

(1) Recording of receivable from PERAA the Association's contribution to a retirement plan asset in December 2021, amounting ₱1,205,711, as a correction of an accounting error recognizing as retirement benefit expense the contributions to a retirement plan asset. (See Note 6.)

(2) Correcting entry related to an outstanding check taken up twice in the books, amounting ₱1 million.

(3) Set up the correct amount of retirement benefit obligation as at December 31, 2021, based on an actuarial report, amounting ₱1,774,753. (Note 12.)

(4) Adjustment to correct the recorded retirement benefit expense (Note 12.)

Reclassification
Certain comparative figures to the 2021 financial statements have been reclassified to conform to the current year's presentation.

Note 24
Commitments and Contingencies

In the normal course of its operations, the Association makes various commitments and incurs certain contingent liabilities which are not reflected in the accompanying financial statements. Management anticipates no material losses, if any, that may arise from these commitments and contingencies.

Note 25
COVID-19 Pandemic Situational Report, January 2023

COVID-19 cases throughout the country started declining in February 2022, and by May 2022, the health department noted that the country was at 'minimal-risk case classification' with an average of only 159 cases per day recorded from May 3 to 9. As of early June 2022, 69.4 million Filipinos have been fully vaccinated, while 14.3 million individuals received their booster shots. In August 2022, Filipino public schools reopened for in person learning for the first time in two years. From Wikipedia:

'The trend of reported COVID-19 cases in the Philippines is decreasing. On 9–15 January 2023, 2,934 2.6 cases per 100,000 population were reported and this is 6.0% lower than cases reported on 2–8 January [3,125 cases (2.8 cases per 100,000 population)]. On 26 December 2022 - 1 January 2023, there were 3,458 cases; and on 19–25 December, there were 5,690 cases. Among the 17 regions, National Capital Region (947 cases), Region IV-A: CALABARZON (467 cases), and Region II: Cagayan Valley (240 cases) recorded the highest case counts on 9–15 January 2023.' Philippines Coronavirus Disease 2019 (COVID-19) Situation Report #119, 16 Jan 2023, Department of Health on 15 January 2023.

At the time of the release of this report, the COVID-19 Pandemic has begun to wane in the Philippines. The Philippine authorities projected, in December 2022, that the economy will surge to a 7.2% growth in 2022 before tapering off to an average of 5.7% percent growth in 2023 [Philippines Economic Update (PEU) by World Bank].

The Association's management has determined that the threat of resurgence of the COVID-19 Pandemic becomes manageable from the lessons learned during the last three years.

Note 26
Authorization of Financial Statements

The Association's financial statements as of December 31, 2022, and for the period then ended, were authorized for issue by the Executive Committee of the Board of Trustees on April 25, 2023.

Note 27
Details of Taxes, Licenses and Fees

In accordance with the supplementary information required under Revenue Regulations No. 15-2010, the Association discloses the following:

Years Ended December 31,	**2022**	2021
BIR taxes and other payments	**₱250,111**	₱–
License renewal and filing fees	**122,110**	211,560
SEC fees and other payments	**8,150**	–
Local taxes/fees (business permits, etc.)	**3,856**	4,166
BIR annual registration	**500**	500
	₱384,727	₱216,226