For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-EX
January 2018 (ENCS) v2
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayer.

1702-EX 01/18ENCS v2 P1

1 For (◉) Calendar ( ) Fiscal
2 Year Ended *(MM/20YY)* 12/20 24
3 Amended Return? ( ) Yes (◉) No
4 Short Period Return ( ) Yes (◉) No
5 Alphanumeric Tax Code (ATC)
IC 011 Exempt Corporation on Exempt Activities (◉)
IC 021 General Professional Partnership ( )

Background Information

6 Taxpayer Identification Number (TIN) 008 - 390 - 827 - 0000
7 RDO Code 048
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC
9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
2129 CHINO ROCES AVENUE MAKATI CITY
9A Zip code 1231
10 Date of Incorporation/Organization *(MM/DD/YYYY)* 10/23/2013
11 Contact Number 5865471
12 Email Address finance@img-corp.com
13 Method of Deductions (◉) ( )
14 Legal Basis of Tax Relief / Exemption (Specify) SEC 30 NRC
15 Investment Promotion Agency (IPA) / Government Agency *(specify)* NA
16 Registered Activity / Program *(Registration Number)* NA
17 Effectivity Date of Tax Relief / Exemption (MM/DD/YYYY) From 01/01/2024 To 12/31/2024

PART II - TOTAL TAX PAYABLE (DO NOT ENTER CENTAVOS; 49 centavos or less drop down; 50 or more round up)

18 Tax Due *(From Part IV Item 41)*	0.00
19 Less: Total Tax Credits/Payments *(From Part IV Item 50)*	0.00
20 Total (Overpayment) *(Item 18 Less Item 19) (From Part IV Item 51)*	0.00
21 Add: Penalty - Compromise	0.00
22 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 20 & 21)*	0.00

If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable)
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

23 Number of Attachments 00

Signature over Printed Name of President/Principal Officer/Authorized Representative
Title of Signatory 0 TIN 0

Signature over Printed Name of Treasurer/Assistant Treasurer
Title of Signatory 0 TIN 0

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
24 Cash/Bank Debit Memo				
25 Check				
26 Tax Debit Memo				
27 Others (Specify Below)				

Machine Validation / Revenue Official Receipt Details *[if not filed with an Authorized Agent Bank (AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-EX** January 2018 (ENCS) v2 Page 2	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income**	1702-EX 01/18ENCS v2 P2

TIN: 008 390 827 0000

Registered Name: FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC

Part IV - Computation of Tax	*(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)*
28 Sales/Receipts/Revenues/Fees	10,201,350.00
29 Less: Sales Returns, Allowances and Discounts	0.00
30 Net Sales/Receipts/Revenues/Fees *(Item 28 less Item 29)*	10,201,350.00
31 Less: Cost of Sales/Services	8,126,253.00
32 Gross Income from Operation *(Item 30 Less Item 31)*	2,075,097.00
33 Add: Other Income	0.00
34 Total Gross Income *(Sum of Items 32 and 33)*	2,075,097.00
Less: Deductions Allowable under Existing Law	
A. Itemized Deduction	
35 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	2,027,328.00
36 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0.00
37 Total Itemized Deductions *(Sum of Items 35 and 36)*	2,027,328.00
B. Optional Standard Deduction (OSD)	
38 OSD *(40% of Item 34)(applicable to GPP per RA No. 10963)*	0.00
39 Net Taxable Income / (Loss) *(If Itemized: Item 34 Less Item 37;) If OSD: Item 34 Less Item 38)*	47,769.00
40 Tax Rate	0 %
41 Tax Due *(Item 39 x Item 40) (To Part II Item 18)*	0.00
Less: Tax Credits / Payments (attach proof)	
42 Prior Year's Excess Credits	0.00
43 Income Tax Payment from Previous Quarter/s	0.00
44 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0.00
45 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0.00
46 Foreign Tax Credits, if applicable	0.00
47 Tax Paid in Return Previously Filed, if this is an Amended Return	0.00
Other Tax Credits / Payments *(specify)*	
48	0.00
49	0.00
50 Total Tax Credits / Payments *(Sum of Items 42 to 49) (To Part II Item 19)*	0.00
51 Total (Overpayment) *(Item 41 Less Item 50) (To Part II Item 20)*	0.00

Part V - Tax Relief Availment	
52 Regular Income Tax Otherwise Due *(Item 39 of Part IV x Applicable Income Tax Rate)*	9,554.00
53 Special Allowable Itemized Deductions *(Item 36 of Part IV x Applicable Income Tax Rate)*	0.00
54 Total Tax Relief Availment *(Sum of Items 52 and 53)*	9,554.00

BIR Form No. 1702-EX January 2018 (ENCS) v2 Page 3	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income	1702-EX 01/18ENCS v2 P3

Tax Identification Number (TIN) 008 390 827 0000

Registered Name FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC

Part VI - Schedules

(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)

Schedule 1 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Ammortizations	0.00
2 Bad Debts	0.00
3 Charitable and Contributions	0.00
4 Depletion	0.00
5 Depreciation	0.00
6 Entertainment, Amusement and Recreation	0.00
7 Fringe Benefits	0.00
8 Interest	0.00
9 Losses	0.00
10 Pension Trusts	0.00
11 Rental	0.00
12 Research and Development	0.00
13 Salaries, Wages, and Allowances	255,379.00
14 SSS, GSIS, Philhealth, HDMF, and Other Contributions	0.00
15 Taxes and Licenses	186,994.00
16 Transportation and Travel	0.00
17 Others (Deductions Subject to Withholding Tax and Other Expenses) [Specify below; Add additional sheet(s) if necessary]	
a Janitorial and Messengerial Services	0.00
b Professional Fees	798,889.00
c Security Services	0.00
d SERVICE FEES	535,500.00
e UTILITIES EXPENSE	32,150.00
f ADVERTISING EXPENSE	118,500.00
g MISCELLANEOUS EXPENSE	99,916.00
h	0.00
i	0.00
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) *(To Part IV Item 35)*	2,027,328.00

Schedule 2 - Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0.00
2			0.00
3			0.00
4			0.00
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 36)*			0.00

Schedule 3 - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income(loss) per Books	534,316.00
Add: Non-Deductible Expenses/Other Income	
2	0.00
3	0.00
4 Total *(Sum of Items 1 to 3)*	534,316.00
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME	486,547.00
6	0.00
B) Special Deductions	
7	0.00
8	0.00
9 Total *(Sum of Items 5 to 8)*	486,547.00
10 Net Taxable Income/(Loss) *(Item 4 Less Item 9)*	47,769.00

Gmail

Statutory <statutorybir2024@gmail.com>

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>

Tue, Apr 15, 2025 at 5:23 AM

To: statutorybir2024@gmail.com

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

File name: 008390827000-1702EXv2018C-122024.xml
Date received by BIR: 15 April 2025
Time received by BIR: 05:11 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Fidelity Life Mutual Benefits Association Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Fidelity Life Mutual Benefits Association Inc.**, complete and correct in all material respects. Management likewise affirms that:

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

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

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

BUREAU OF INTERNAL REVENUE
APR 30 2025
RECEIVED

NOEL A. ARANDILLA
Chairman

LOUIS BARTOLOME J. BORJA
Chief Financial Officer

ATTY. RIZAL ANTONIO D. MERU
Corporate Secretary & Compliance Officer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Fidelity Life Mutual Benefits Association Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

AMC & Associates and Sureta and Associates, CPAs, the independent auditors appointed by the Board of Trustees for the years ended December 31, 2024 and 2023, respectively, have audited the financial statements of the Association in accordance with Philippine Standards on Auditing and in their report to the Board of Trustees, have expressed their opinion on the fairness of presentation upon completion of such audit.

NOEL A. ARANDILLA
Chairman of the Board

APR 30 2025

LOUIS BARTOLOME J. BORJA
Chief Financial Officer

ATTY. RIZAL ANTONIO D. MERU
Corporate Secretary &
Compliance Officer

Signed this 11th day of April 2025

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

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
TO ACCOMPANY INCOME TAX RETURN**

The Board of Trustees
Fidelity Life Mutual Benefits Association Inc.
6th Floor Omnis Prosperity Tower
377 Gil Puyat Avenue, Brgy. Bel-Air
Makati City, 1209

We have audited the financial statements of **Fidelity Life Mutual Benefits Association Inc.** for the year ended December 31, 2024, on which we have rendered the attached report dated April 11, 2025.

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

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10469766, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-001-2023
(issued on Oct. 12, 2023 valid until Oct. 11, 2026)
SEC Accreditation No. 94541-SEC (Group A)
(valid to audit 2023 to 2027 financial statements)
IC Accreditation No. 94541-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)
CDA CEA No. 1927-SP
(valid from January 15, 2025 to January 14, 2030)

April 11, 2025

APR 30 2025

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Fidelity Life Mutual Benefits Association Inc.
6th Floor Omnis Prosperity
Tower 377 Gil Puyat Avenue,
Brgy, Bel-Air Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Fidelity Life Mutual Benefit Association Inc.** (the Association), which comprise the statement of financial condition as at December 31, 2024 and the statement of operations, statement of changes in fund balance and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics) together with the ethical requirements that are relevant to our 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.

Other Matter

The financial statements of the Association as at and for the year ended December 31, 2023, which were presented for comparative purposes, were audited by other auditors, whose report dated April 12, 2024, expressed an unqualified opinion on those statements.

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

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

AMC & ASSOCIATES

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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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

AMC & ASSOCIATES

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 26 of the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS Accounting Standards applicable to MBAs. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10469766, Jan. 7, 2025, Makati City
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(valid to audit 2021 to 2025 financial statements)
CDA CEA No. 1927-SP
(valid from January 15, 2025 to January 14, 2030)

April 11, 2025

APR 30 2025

FIDELITY LIFE MUTUAL BENEFITS ASSOCIATION INC.
(Formerly : Fidelity Mutual Life Inc.)
(A Non-Stock, Non-Profit Association)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2024
(With Comparative Figures for 2023)
(Amounts in Philippine Peso)

		2024		2023 (As Restated)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents *(Note 4)*	P	28,377,217	P	21,125,228
Receivables *(Note 5)*		6,126,657		2,517,072
Financial asset at amortized cost *(Note 6)*		6,150,000		11,450,000
Other current asset *(Note 7)*		-		79,696
Total Current Assets		40,653,874		35,171,996
NON-CURRENT ASSET				
Property and equipment *(Note 8)*		8,795		-
TOTAL ASSETS	P	40,662,669	P	35,171,996
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Liability on individual equity value *(Note 9)*	P	16,450,658	P	12,734,246
Claims payable on basic contingent benefit *(Note 10)*		3,246,470		2,142,843
Basic contingent benefit reserve *(Note 11)*		1,003,750		576,642
Other payables *(Note 12)*		8,634		299,424
Total Current Liabilities		20,709,512		15,753,155
FUND BALANCE				
Assigned fund balance *(Note 18)*		4,908,888		4,359,783
Free and unassigned fund balance *(Note 18)*		15,044,269		15,059,058
Total Fund Balance		19,953,157		19,418,841
TOTAL LIABILITIES AND FUND BALANCE	P	40,662,669	P	35,171,996

See Notes to Financial Statements.

BUREAU OF ... REVENUE
RECEIVED
APR 30 2025

FIDELITY LIFE MUTUAL BENEFITS ASSOCIATION INC.
(Formerly : Fidelity Mutual Life Inc.)
(A Non-Stock, Non-Profit Association)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
(Amounts in Philippine Peso)

		2024		2023
REVENUES				
Members' contribution *(Note 14)*	P	7,523,850	P	8,216,593
Members' fees and dues *(Note 14)*		2,677,500		3,742,000
Interest income with banks *(Notes 4 and 6)*		486,547		15,416
		10,687,897		11,974,009
EXPENSES *(Note 15)*				
Benefit expenses		3,245,513		3,120,853
Other benefits expenses		4,880,740		4,925,114
Operating expenses		2,027,328		2,521,158
		10,153,581		10,567,125
EXCESS OF REVENUES OVER EXPENSES		534,316		1,406,884
OTHER COMPREHENSIVE REVENUES		-		-
TOTAL COMPREHENSIVE REVENUES	P	534,316	P	1,406,884

See Notes to Financial Statements.

FIDELITY LIFE MUTUAL BENEFITS ASSOCIATION INC.
(Formerly : Fidelity Mutual Life Inc.)
(A Non-Stock, Non-Profit Association)
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
(Amounts in Philippine Peso)

	Assigned Fund Balance (Note 18)	Free and Unassigned Fund Balance (Note 18)	Total
Balance at January 1, 2024	P 4,359,783	P 15,059,058	P 19,418,841
Withdrawals for the year	(692,007)	692,007	-
Transfer to assigned fund balance	1,241,112	(1,241,112)	-
Total comprehensive revenues for the year	-	534,316	534,316
Balance at December 31, 2024	P 4,908,888	P 15,044,269	P 19,953,157
Balance at January 1, 2023	P 6,150,000	P 11,861,957	P 18,011,957
Withdrawals for the year	(549,105)	549,105	
Transfer to assigned fund balance	(1,241,112)	1,241,112	-
Total comprehensive revenues for the year	-	1,406,884	1,406,884
Balance at December 31, 2023	P 4,359,783	P 15,059,058	P 19,418,841

See Notes to Financial Statements.

FIDELITY LIFE MUTUAL BENEFITS ASSOCIATION INC.
(Formerly : Fidelity Mutual Life Inc.)
(A Non-Stock, Non-Profit Association)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
(Amounts in Philippine Peso)

	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	P 534,316	P 1,406,884
Adjustments for:		
Interest income *(Notes 4 and 6)*	(486,547)	(15,416)
Net excess of revenues over expenses before working capital changes	47,769	1,391,468
Increase in receivables	(3,355,999)	(5,666,875)
Decrease (increase) in other current asset	79,696	(24,000)
Increase in basic contingent benefit reserve *(Note 11)*	427,108	59,664
Increase in claims payable on basic benefit	1,103,627	76,244
Decrease in other payables	(290,790)	(1,050,098)
Cash generated from (used in) operations	(1,988,589)	(5,213,597)
Interest received *(Note 4)*	232,961	15,416
Net Cash From (Used in) Operating Activities	(1,755,628)	(5,198,181)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at amortized cost	5,300,000	-
Acquisitions of property and equipment *(Note 8)*	(8,795)	-
Net Cash From Investing Activities	5,291,205	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contributions allocated to liability on individual equity value *(Note 9)*	3,761,925	4,173,443
Members' withdrawals *(Notes 9)*	(45,513)	(130,293)
Net Cash From Financing Activities	3,716,412	4,043,150
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,251,989	(1,155,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,125,228	22,280,259
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 4)*	P 28,377,217	P 21,125,228

See Notes to Financial Statements.

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.
(Formerly: Fidelity Mutual Life Inc.)
(A Non-stock, Non-Profit Association)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(With Comparative Figures for 2023)
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Organization and Objectives

Fidelity Life Mutual Benefit Association Inc. (Formely: Fidelity Mutual Life Inc.) (the "Association") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 23, 2012 with registration number CN20121867934. The Association is primarily engaged to extend financial assistance to its members, spouse, and children in the form of benefits, sickness benefits, provident savings and loan redemption assistance; to ensure continued access to benefits or resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services; to do and perform any other acts and things and to have and exercise any other power and functions as may be necessary, convenient, legal and appropriate to accomplish the purpose for which the mutual benefits association is established or organized.

The registered office of the Association is located at 9/F King's Court 1 Bldg., 2129 Don Chino Roces Avenue, MaKati City.

Tax Exemption

The Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or from any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from the deposit with banks are subject to the final tax.

Approval of Financial Statements

The financial statements of the Association as at and for the year ended December 31, 2024 (including the comparative financial statements as at and for the year ended December 31, 2023) were authorized for issue by the Association's Board of Truestees (BOT) on April 11, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

Basis of Preparation of Financial Statements

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

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

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

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

PFRS Accounting Standards is adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncement issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

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

b. Presentation of Financial Statements

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

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

c. *Functional and Presentation Currency*

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

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

Adoption of New and Amendments to PFRS Accounting Standards

a. *Effective in 2024 that are Relevant to the Association*

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

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

Discussed below is the relevant information about these amended standards:

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

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

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

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

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

c. Effective Subsequent to 2024 but not Adopted Early

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

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

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

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

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

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

Current versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual terms of the financial instruments. Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

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

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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

The Association's financial assets measured at amortized cost comprise of Cash and cash equivalents, Receivables and Financial asset at amortized cost in the statements of financial condition.

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

Financial assets measured at amortized cost are included in the current assets, except for those with maturities greater than 12 months after the end of reporting period, which is classified as non-current assets.

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

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

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after the deduction of the loss allowance). The interest earned is recognized in profit or loss in the statement of operation as part of Interest income.

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

As at December 31, 2024 and 2023, the Association does not have financial assets designated at FVOCI.

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

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

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

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Interest income in the statements of operation.

As at December 31, 2024 and 2023, the Association does not have financial assets designated at FVTPL.

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

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

b. Impairment of Financial Assets

At the end of the reporting period, the Association assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Association's identification of a credit loss event. Instead, the Association considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Association applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate ECL, the Association uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Association also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Association recognized a loss allowance for such losses at each reporting date.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Association considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. Items of Income and Expense Related to Financial Assets

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

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

d. Derecognition of Financial Assets

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

e. Financial Liabilities

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

Financial liabilities include liability on individual equity value, claims payable on basic benefit, basic contingent benefit reserve and other payables accounts, (excluding tax payables and post-employment benefit obligation), are recognized when the Association becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as Interest expense in the statement of operation.

Liability on individual equity value is recognized initially at fair value, which is the issue proceeds (fair value of the consideration received).

Oher payables, are recognized initially at their fair value and subsequently measured at amortized cost for maturities beyond one year, less settlement payments.

Claims payable on basic contingent benefit and basic contingent benefit reserve are recognized at fair value which is the amount recommended by an independent actuary.

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

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

f. Offsetting Financial Instruments

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

Other Current Asset

Other current asset pertains to other resources controlled by the Association as a result of past events. They are recognized in the financial statements when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other current asset is recognized and measured at transfer cost and other assets are recognized and measured at transaction cost or the amount of cash paid. Subsequently, this is charged to expense as they are consumed in operations or expire after the passage of time.

Other recognized assets of similar nture, where future economic benefits are expected to flow to the Association beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified s non-current assets.

Property and Equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation on office furniture and equipment is computed on a straight-line basis over the estimated useful life of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful life of property and equipment are reviewed and adjusted if appropriate, at each reporting date.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of operation in the year the item is derecognized.

Impairment of Non-financial Assets

The Association's property and equipment are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount 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, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

Provisions and Contingencies

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

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

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

Revenue and Expense Recognition

For other income arises in the performance of the Association's services, the Association follows a 5-step process to determine whether to recognize revenue:

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

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

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

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

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

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

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

Income that was recognized under the above criteria is discussed as follows:

a. *Members' fees, dues and contributions* – revenue is recognized on a monthly basis as they become due and the related services are provided.

b. *Interest income* – this pertains for all interest-bearing financial instruments recognized in statement of operations using effective interest method.

c. *Other income* – revenue is recognized when earned.

Cost and operating expenses are recognized in profit or loss upon utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual.

Employee Benefits

The Association provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. *Short-term Benefits*

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. *Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The Association has not yet established a formal post-employment plan nor accrues the estimated cost of post-employment benefits under a defined benefit plan required by the provisions of Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, as the estimated retirement benefits are not material to the financial statements since the Association has less than 10 employees. The Association will recognize these benefits as an expense as they fall due.

c. *Defined Contribution Plan*

A defined-contribution plan under which the Association pays fixed contributions to an independent entity such as Social Security System (SSS), Philhealth, and Pag-ibig. The Association has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. 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 at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due to more than 12 months after the end of the reporting period are discounted to present value.

Income Taxes

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

Fund Balance

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

Free and unassigned fund balances include all current and prior period results as disclosed in the statement of operations, net of amounts transferred to assigned fund balance and dividends, if any.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Association and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Events after the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Critical Judgments in Applying Accounting Policies

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

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

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

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

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

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

b. *Application of ECL on Financial Assets at Amortized Cost*

The Association uses a provision matrix to calculate ECL for all debt instruments carried at amortized cost. The allowance for impairment is based on ECLs associated with the probability of default of a financial instrument in the next 12 months unless there has been a significant increase in credit risk since the origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Association has established a policy to perform as assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the reminding life of the financial instrument.

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

The Association manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely its core deposit funding arising from members' withdrawals and continuing disbursements to members, while maintaining a strategic portfolio of financial assets.

Upon the adoption of PFRS 9, the Association developed business models that reflect how it manages its portfolio of financial instruments. The Association's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., a group of financial instruments that are managed together by the Association) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

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

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

In determining the classification of financial assets under PFRS 9, the Association assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Association assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion.

The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Association considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

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

e. *Determination of Timing of Satisfaction of Performance Obligations*

The Association recognizes revenue from members' contributions, fees, and dues over time as performance obligations are satisfied through the continuous provision of member benefits and services throughout the membership period. Revenue is recognized using the time-based output method, reflecting the consistent pattern in which services are transferred to members. Management exercises judgment in determining the timing of revenue recognition, based on the uniform consumption of benefits by members over the membership period.

f. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and disclosure of contingencies are discussed in Note 2 and relevant disclosures are presented in Note 19.

Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year:

a. *Estimation of Allowance for ECL*

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

The carrying value of receivables and the analysis of the related allowance for impairment on such financial assets are shown in Note 5.

b. *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The fair values of the Association's financial instruments are disclosed in Note 21.

c. *Estimation of Useful Lives Property and Equipment*

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

The carrying amounts of property and equipment property are analyzed in Note 8. Based on management assessment as at December 31, 2024 and 2023, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. *Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indications are present. The Association's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

e. *Valuation of Basic Contingent Benefit Reserve*

Valuation of Basic Contingent Benefit Reserve represent estimates of the present value of future benefit payments to members. These estimates are based on the valuation method subject to the provisions of the Insurance Code and guidelines set by the Insurance Commission.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability.

4. CASH AND CASH EQUIVALENTS

This account comprises of the following:

		2024		2023 (As Restated)
Cash in banks	P	11,270,771	P	14,462,232
Short-term placements		17,104,446		6,660,996
Petty cash fund		2,000		2,000
	P	28,377,217	P	21,125,228

Cash in banks generally earns interest at rates based on daily banks deposit rates. Short-term placements are made for varying periods ranging from 30 to 90 days and earn effective interest ranging from 3.5% to 6.25% per annum in 2024 and 2023. The interest earned in cash in banks and short-term placements amounted to P232,961 in 2024 and P15,416 in 2023 and is presented as part of Interest income under Revenues in the statement of operations *(see Note 13)*.

5. RECEIVABLES

The details of this account are shown below:

		2024		2023
Members fees and dues receivables	P	5,871,221	P	2,492,353
Accrued interest receivable		253,586		-
Advances to employees		1,850		24,719
	P	6,126,657	P	2,517,072

Members fees and dues receivables pertain to receivable from members on their monthly contribution.

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

Advances to employees refer to duly approved cash advances for official business officers and employees, subject to liquidation in accordance with the Association's policy.

The receivables are expected to be collected within one (1) year from the end of the reporting date. No impairment loss was recognized in both years as management believes that these receivables are fully collectible.

6. FINANCIAL ASSETS AT AMORTIZED COST

This account pertains to one-year term government bonds securities amounting to P6,150,000 and P11,450,000 as at December 31, 2024 and 2023, respectively. These securities bear annual effective interest of 5.63% in 2024 and 4.50% to 6.07% in 2023. Interest earned on this investment securities amounted to P253,586 in 2024 is presented as part of Interest income under Revenues account in the statement of operations.

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

7. OTHER CURRENT ASSET

This account pertains to input VAT amounting to nil and P79,696 as at December 31, 2024 and 2023, respectively.

Input VAT represents the indirect taxes passes on to the Association resulting from purchases of goods and payment of services.

8. PROPERTY AND EQUIPMENT

The details of the Association's property and equipment consisting mainly of office furniture and equipment is as follows:

		2024		2023
Cost				
Balance at January 1	P	46,738	P	46,738
Additions		8,795		-
Balance at December 31		55,533		46,738
Accumulated depreciation	(	46,738)	(	46,738)
	P	8,795	P	-

9. LIABILITY ON INDIVIDUAL EQUITY VALUE

This account pertains to fifty percent (50%) of the basic contribution made by the members and which support the members' equity value and other promised accrued interest earnings on the equity value. Liability on the individual equity value of the Association as at December 31, 2024 and 2023 amounted to P16,450,658 and P12,734,246, respectively.

The movement of liability on equity value is as follows:

		2024		2023
Balance at beginning of year	P	12,734,246	P	8,691,096
Collection of equity participation *(see Notes 14 and 15)*		3,761,925		4,173,443
Terminated equity during the year	(	45,513)	(	130,293)
Balance at end of year	P	16,450,658	P	12,734,246

10. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents the sum of the individual claims on basic policies that have already occurred but on which notice has not yet been received by the Association amounting to P3,246,470 and P2,142,843 as at December 31, 2024 and 2023, respectively. This estimate takes into account any policy reserve liability set up by the Association and any reinsurers.

11. BASIC CONTINGENT BENEFIT RESERVE

This represents the total actuarial reserve set up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. It refers to the amount of liability that the Association establishes for to cover any insurance claim by the members. Actuarial valuations were performed to determine the reserve, its actuarial report were dated April 7, 2025 for the year 2024.

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

	2024		2023	
Balance at beginning of year	P	576,642	P	516,978
Additional reserves *(see Note 15)*		427,108		59,664
Balance at end of year	P	1,003,750	P	576,642

12. OTHER PAYABLES

This account consists of the following:

	2024		2023	
Withholding tax payable	P	6,667	P	6,667
SSS, Pag-ibig and Philhealth contribution payable		1,967		1,442
Accounts payable – others		-		291,315
	P	8,634	P	299,424

Withholding tax payable pertains to statutory payables to BIR which are remitted at an average term of 10-15 days after the end of the financial reporting period.

SSS, Pag-ibig, and Philhealth contributions payable and withholding tax payable pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 10-25 days after the end of the financial reporting period.

13. INTEREST INCOME

This account pertains to interest income on cash in banks and investment securities amounting to P486,547 and P15,416 in 2024 and 2023, respectively *(see Notes 4 and 6).*

14. MEMBERS' FEES, DUES AND CONTRIBUTIONS

Members' Fees and Dues

The Association collects P500 as an initial membership fee to be eligible as a member of the Association. The total members' fees and dues amounted to P2,677,500 and P3,742,000 in 2024 and 2023, respectively, and are presented as members' fees and dues in the statement of operations. The Association has a total of 36,500 and 26,211 members as at December 31, 2024 and 2023, respectively.

Members' Contributions

A member shall pay P55 monthly contributions for the benefits provided under the certificate of membership. The maximum amount of the contribution computed on daily basis shall not exceed 7.5% of the current daily minimum wage for non-agricultural workers in Metro Manila.

The members' contributions were allocated as follows:

		2024		2023
Liability on individual equity value *(see Note 9)*	P	3,761,925	P	4,173,443
Members' contributions		3,761,925		4,043,150
	P	7,523,850	P	8,216,593

15. EXPENSES

Benefit Expenses

This account pertains to the benefit claims expense amounting to P3,245,513 and P3,120,853 in 2024 and 2023, respectively.

Other Benefits Expenses

This account consists of the following:

		2024		2023
Allocation for liability on individual equity value *(see Note 9)*	P	3,761,925	P	4,173,443
Incremental benefit on individual equity value *(see Note 18)*		691,707		692,007
Increase in basic contingent benefit reserve *(see Note 11)*		427,108		59,664
	P	4,880,740	P	4,925,114

Allocation for liability on individual equity value represents the allocated members contributions for the current period.

Increase in reserve for basic contingent benefit represents the net change in the reserve for the basic benefit for the current period.

Operating Expenses

The details of these accounts are shown below:

		2024		2023
Technical and professional fees	P	798,889	P	973,361
Service fees		535,500		758,262
Salaries, wages and other employee benefits *(see Note 16)*		230,069		253,034
Taxes, licenses and fees *(see Note 26)*		186,994		155,314
Advertising		118,500		-
Utilities		32,150		11,685
SSS, HDMF and PHIC contributions *(see Note 16)*		25,310		19,130
Donations		-		40,000
Miscellaneous		99,916		310,372
	P	2,027,328	P	2,521,158

16. EMPLOYEE BENEFITS

Expenses recognized for salaries and employee benefits are presented below:

		2024		2023
Salaries and employee benefits	P	230,069	P	253,034
Social security costs		25,310		19,130
	P	255,379	P	272,164

Post-employment Benefits

The Association does not have a formal retirement plan; hence, it does not make any contribution to any such plan. Further, the Association did not recognize the retirement benefits in accordance with Republic Act (R.A.) No. 7641 otherwise known as *The Retirement Pay Law,* in as much as such the estimated retirement benefits are not material to the financial statements since the Association has less than ten employees as at December 31, 2024 and 2023.

17. TAX EXPENSE

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code.

18. FUND BALANCE

Assigned Fund Balance

This account consists of the following:

		2024		2023
Guaranty fund	P	6,150,000	P	6,150,000
Allocated increase for guaranty fund		549,405		-
Incremental benefit for individual equity value		691,707		692,007
	P	7,391,112	P	6,842,007

The reconciliation of the incremental benefit for individual equity value is presented below:

		2024		2023
Balance at beginning of year	P	692,007	P	509,417
Increase for the year *(Note 15)*		691,707		692,007
Withdrawal for the year	(	692,007)	(	509,417)
Balance at end of year	P	691,707	P	692,007

Fund Assigned for Guaranty Fund

In compliance with Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013), the Association has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for a license to operate of every mutual benefits association. Any accrual to such fund, be it interest earned or dividend additions on money or securities so deposited, may, be withdrawn by the Association if there is no pending benefit claim against it, including interest thereon or dividend additions.

Any increase in the guaranty fund must be in accordance with Sec. 410 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013) wherein every mutual benefit association must accumulate and maintain, out of periodic dues collected from its members, sufficient reserves for the payment of claims or obligations. Also, a reserve liability shall be established in accordance with actuarial procedures and shall be approved by the Commissioner.

Fund Assigned for Incremental Benefit for Individual Equity Value

This fund is set aside for the incremental or interest benefit for the individual equity value of the members.

19. COMMITMENTS AND CONTINGENCIES

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

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 21. The main types of risks are market risk, credit risk and liquidity risk.

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

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

Market Risk

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

a. Foreign Currency Sensitivity

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

b. Interest Rate Sensitivity

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

The table below illustrates the sensitivity of the Association's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/-1.82% and +/- 190% in 2024 and 2023, respectively. These changes are considered to be reasonably possible based on the observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at the end of each reporting period that is sensitive to changes in interest rates. All other variables are held constant.

	2024		2023	
	+182	-182	+190	-190
Impact on profit and loss	544,041	(544,041)	1,433,615	(1,433,615)
Impact on equity	435,233	(435,233)	1,146,892	(1,146,892)

c. *Other Price Risk Sensitivity*

Price risk is the risk that the Association incurs losses due to changes in market values of financial instruments arising from movements in market prices.

As at December 31, 2024 and 2023, the Association has minimal exposure to price risk since the financial instruments held by the Association mostly pertains to cash in banks, short-term investment, receivables, and other financial liabilities which are not affected by movements in market prices.

Credit Risk

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

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

	2024	2023
Cash and cash equivalent	P 28,375,217	P 21,123,228
Receivables	6,126,657	2,517,072
Financial asset at amortized cost	6,150,000	11,450,000
	P 40,651,874	P 35,090,300

The credit risk for cash, short-term placement is considered negligible since the counterparties are reputable banks with high-quality external credit ratings. Financial assets at an amortized cost measured at amortized cost and FVPTL are considered to have low credit risk. Management considers low credit risk for listed bonds to be an investment-grade credit rating with at least one major rating agency. Deposits with banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution. The insurance coverage was further increased to P1,000,000 effective March 15, 2025. Financial asset at amortized cost consists of T-bills issued by the Philippine government, hence low credit risk. The Association is considered to have low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In respect of receivables, the Association is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about members' default rates, management considers the credit quality of receivables that are not past due or impaired to be good.

The Association applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses accounts receivable have been grouped based on shared risk characteristics and days past due. As at December 31, 2024, and 2023, no past due receivables. None of the receivables is impaired.

Liquidity Risk

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

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day-to-day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.

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

	2024				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial assets:					
Cash and cash equivalents	P 11,270,771	P 17,104,446	P -	P -	P 28,375,217
Receivables	255,436	5,871,221	-	-	6,126,657
Financial asset at amortized cost	-	6,150,000	-	-	6,150,000
	P 11,526,207	P 29,125,667	P -	P -	P 40,651,874
Financial liabilities:					
Liability on individual equity value	P 16,450,658	P -	P -	P -	P 16,450,658
Claims payable on basic benefit	3,246,470	-	-	-	3,246,470
Basic contingent benefit reserve	1,003,750	-	-	-	1,003,750
Other payables	-	8,634	-	-	8,634
	P 20,700,878	P 8,634	P -	P -	P 20,709,512
Cumulative gap	(P 9,174,671)	P 29,117,003	P -	P -	P 19,942,362

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial assets:					
Cash and cash equivalents	P 14,462,232	P 6,660,996	P -	P -	P 21,123,228
Receivables	24,719	2,492,353	-	-	2,517,072
Financial asset at amortized cost	-	11,450,000	-	-	11,450,000
	P 14,486,957	P 20,603,349	P -	P -	P 35,090,300
Financial liabilities:					
Liability on individual Equity value	P 12,734,246	P -	P -	P -	P 12,734,246
Claims payable on basic benefit	2,142,843	-	-	-	2,142,843
Basic contingent benefit reserve	576,642	-	-	-	576,642
Other payables	-	299,424	-	-	299,424
	P 15,453,731	P 299,424	P -	P -	P 15,753,155
Cumulative gap	(P 966,774)	P 20,303,925	P -	P -	P 19,337,151

To ensure that the Association maintains a prudent management level of the cumulative negative gap, the Association maintains a pool of highly liquid assets in the form of short-term investments.

21. FAIR VALUE MEASUREMENT AND DISCLOSURES

Carrying Amounts and Fair Values by Category of Financial Assets

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

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalent	P 28,377,217	P 28,377,217	P 21,125,228	P 21,125,228
Receivables	6,126,657	6,126,657	2,517,072	2,517,072
Financial asset at amortized cost	6,150,000	6,150,000	11,450,000	11,450,000
	P 40,653,874	P 40,653,874	P 35,092,300	P 35,092,300

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities:				
Liability on individual equity value	P 16,450,658	P 16,450,658	P 12,734,246	P 12,734,246
Claims payable on optional benefit	3,246,470	3,246,470	2,142,843	2,142,843
Basic contingent benefit reserve	1,003,750	1,003,750	576,642	576,642
Other payables	8,634	8,634	299,424	299,424
	P 20,709,512	P 20,709,512	P 15,753,155	P 15,753,155

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

i. Cash and cash equivalents

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

ii. Receivables, and Financial asset at amortized cost

Receivables, and financial assets at amortized cost are net of impairment losses, if any. The estimated fair value of receivables, and financial asset at amortized cost represents the discounted amount of estimated future cash flows expected to be received.

iii. Liability on individual equity value, Claims payable on basic benefit and Other payables

These liabilities are recognized initially at their fair value and subsequently measured at amortized cost. Fair value of these liabilities approximates their carrying values considering their short-term duration.

iv. Basic contingent benefit reserve

This liability is recognized initially at their fair value and subsequently measured based on actuarial valuation. The carrying amount approximates fair value considering the short-term duration of this payable.

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards for MBAs, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted 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 counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Association uses a valuation technique, it maximizes the use of observable market data where it is available and relies 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.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods. Financial asset at FVTPL is categorized at Level 2.

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

Fair Value Measurement for Non-financial Assets

There were no non-financial assets measured at fair value as at December 31, 2024 and 2023.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The Association monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial condition. Capital for the reporting periods under review is summarized as follows:

	2024	2023
Total liabilities	P 20,709,512	P 15,753,155
Total equity	19,953,157	19,418,841
Debt-to-equity ratio	**1.04:1.00**	0.81:1.00

Risk-Based Capital (RBC) Requirements

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

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

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

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

The Association has satisfactorily complied with the RBC ratio in 2024 and 2023.

23. NON-ADMITTED ASSETS AND LIABILITIES

Pursuant to Section 197 of the Insurance Code, certain assets are classified and presented as non-admitted assets which consist of the following:

	2024	2023
Property and equipment	P 8,795	P -
Accrued interest receivable	253,586	-
	P 262,381	P -

24. RECLASIFICATION OF ACCOUNTS

Certain accounts in the 2023 financial statements were reclassified to conform with 2024 financial statements presentation of accounts. The effect of the foregoing reclassification is shown below:

	As previously Reported	Adjustment	As Reclassified
Statement of Financial Condition			
Cash and cash equivalents	P 32,575,228	(P 11,450,000)	P 21,125,228
Financial assets at amortized cost	-	11,450,000	11,450,000

Financial assets previously presented as Cash and cash equivalents were reclassified to Financial assets at amortized cost to accurately reflect their nature and purpose. The reclassification had no impact on total assets, revenues or expenses, or fund balance.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Associations's arising from financing activity on liability on individual equity value, which includes both cash and non-cash changes:

	2024	2023
Balance at January 1	P 12,734,246	P 8,691,096
Cash flows from financing activities		
Members' contribution allocated to liability on individual equity value	3,761,925	4,173,443
Withdrawal	(45,513)	(130,293)
Balance at December 31	P 16,450,658	P 12,734,246

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

Requirements under Revenue Regulations (RR) 15-2010

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

a. *Output Value-added Tax (VAT)*

The Association does not have output VAT for the year since there were no transactions subject to VAT.

b. *Input VAT*

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

c. *Tax on Importation*

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

d. *Excise Tax*

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

e. *Documentary Stamp Tax*

The Association does not have documentary stamp taxes during the year.

f. *Taxes and Licenses*

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

Business permits and liceses	P	111,544
Annual statement filling fee		50,200
Supervision and legal research fund fee		25,250
	P	186,994

g. *Withholding Taxes*

The Association's withholding tax on expanded amounted to P77,778 in 2024.

h. Deficiency Tax Assessment and Tax Case

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

Requirements under Revenue Regulations (RR) 34-2020

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