CARD-MRI Development Institute, Inc.

(A Nonstock, Not-for-Profit Association)

Financial Statements
December 31, 2015 and 2014

and

Independent Auditors' Report

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
CARD-MRI Development Institute, Inc.
(A Nonstock, Not-for-Profit Association)

Report on the Financial Statements

We have audited the accompanying financial statements of CARD-MRI Development Institute, Inc. (A Nonstock, Not-for-Profit Association), which comprise the statements of assets, liabilities and fund balance as at December 31, 2015 and 2014, and the statements of revenues and expenses and changes in fund balance and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CARD-MRI Development Institute, Inc. (A Nonstock, Not-for-Profit Association) as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD-MRI Development Institute, Inc. (A Nonstock, Not-for-Profit Association). The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

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PTR No. 5321607, January 4, 2016, Makati City

March 19, 2016

CARD-MRI DEVELOPMENT INSTITUTE, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash in banks (Notes 4 and 15)	**₱40,373,928**	₱57,593,905
Short-term investments (Note 5)	**51,690,481**	–
Receivables (Notes 6 and 15)	**3,711,309**	5,813,823
Other current assets (Note 7)	**1,580,881**	1,139,426
Total Current Assets	**97,356,599**	64,547,154
Noncurrent Assets		
Property and equipment (Note 8)	**72,668,128**	50,895,174
Equity investment at cost (Note 15)	**4,373,900**	4,373,900
Software costs (Note 9)	**205,207**	156,545
Retirement asset (Note 14)	**234,393**	5,317,605
Total Noncurrent Assets	**77,481,628**	60,743,224
	₱174,838,227	₱125,290,378
LIABILITIES AND FUND BALANCE		
Current Liability		
Accounts payable and accrued expenses (Notes 10 and 15)	**₱20,853,505**	₱13,083,066
Noncurrent Liability		
Lease liability (Note 15)	**4,831,691**	–
	25,685,196	13,083,066
Fund Balance		
General fund	**5,000,000**	5,000,000
Accumulated excess of revenue over expenses	**144,153,031**	107,207,312
	149,153,031	112,207,312
	₱174,838,227	₱125,290,378

See accompanying Notes to Financial Statements.

CARD-MRI DEVELOPMENT INSTITUTE, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE

	Years Ended December 31	
	2015	2014
REVENUE		
Seminars and trainings (Note 15)	**₱151,557,691**	₱106,417,348
Tuition fees and other school fees	**1,825,905**	–
Interest income (Notes 4, 5 and 15)	**1,345,483**	694,907
Donations and contributions (Note 15)	**808,393**	–
Facilities fee (Note 15)	**581,617**	831,885
Dividend income (Note 15)	**262,434**	787,302
Others	**446,778**	606,130
	156,828,301	109,337,572
EXPENSES		
Cost of seminars, trainings and other programs (Note 11)	**97,539,121**	71,669,294
Tertiary expenses (Note 12)	**1,510,533**	–
Administrative:		
Remeasurement loss (gain) on retirement plan (Note 14)	**6,307,130**	(7,250,046)
Program monitoring and meetings	**4,196,531**	2,182,340
Transportation and travel	**2,345,043**	2,496,218
Compensation and employee benefits (Notes 14 and 15)	**2,048,237**	3,499,694
Management and professional fees	**1,755,600**	2,593,810
Representation	**651,488**	1,568,583
Insurance	**648,384**	675,307
Depreciation and amortization expense (Notes 8 and 9)	**625,124**	721,747
Information technology	**508,555**	431,760
Staff training and development	**482,102**	1,213,184
Taxes and licenses	**449,542**	564,042
Utilities	**438,130**	342,027
Provision (reversal of provision) for doubtful accounts (Note 6)	**(425,676)**	121,397
Supplies and materials	**274,009**	199,475
Janitorial, messengerial, and security	**194,831**	340,219
Communication and postage	**189,816**	167,614
Repairs and maintenance	**101,037**	56,441
Miscellaneous	**43,045**	43,537
	20,832,928	9,967,349
	119,882,582	81,636,643
EXCESS OF REVENUE OVER EXPENSES	**36,945,719**	27,700,929
FUND BALANCE AT BEGINNING OF YEAR	**112,207,312**	84,506,383
FUND BALANCE AT END OF YEAR	**₱149,153,031**	₱112,207,312

See accompanying Notes to Financial Statements.

CARD-MRI DEVELOPMENT INSTITUTE, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	**₱36,945,719**	₱27,700,929
Adjustments for:		
Depreciation and amortization expense (Notes 8 and 9)	**11,312,454**	7,791,308
Remeasurement loss (gain) on retirement plan (Note 14)	**6,307,130**	(7,250,046)
Interest income	**(1,345,483)**	(694,907)
Retirement expense (Note 14)	**615,987**	1,742,883
Provision (reversal of provision) for doubtful accounts (Note 6)	**(425,676)**	121,397
Unrealized foreign exchange gain	**(406,862)**	(384,133)
Interest expense (Notes 11 and 12)	**309,057**	–
Dividend income (Note 15)	**(262,434)**	(787,302)
Operating income before working capital changes	**53,049,892**	28,240,129
Changes in operating assets and liabilities:		
Decrease (increase) in amount of:		
Short-term investments	**(51,690,481)**	–
Receivables	**2,777,641**	2,675,163
Other current assets	**(441,455)**	(222,169)
Increase (decrease) in amount of:		
Accounts payable and accrued expenses (Note 16)	**1,770,439**	2,825,377
Net cash generated from operations	**5,466,036**	33,518,500
Contributions to retirement fund (Note 14)	**(1,839,905)**	(1,411,930)
Dividends received (Note 15)	**262,434**	787,302
Interest received	**1,096,032**	706,869
Net cash provided by operating activities	**4,984,597**	33,600,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Notes 8 and 16)	**(21,904,940)**	(12,436,536)
Acquisition of software license (Notes 9 and 15)	**(88,448)**	(14,929)
Net cash used in investing activities	**(21,993,388)**	(12,451,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of finance lease	**(618,048)**	–
Net cash used in financing activities	**(618,048)**	–
NET INCREASE (DECREASE) IN CASH IN BANKS	**(17,626,839)**	21,149,276
EFFECTS OF EXCHANGE RATE CHANGES ON CASH IN BANK	**406,862**	384,133
CASH IN BANKS AT BEGINNING OF YEAR	**57,593,905**	36,060,496
CASH IN BANKS AT END OF YEAR	**₱40,373,928**	₱57,593,905

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. General Information

CARD-MRI Development Institute, Inc. (the Association), is a nonstock, not-for-profit association incorporated in the Philippines on April 21, 2005. The Association was organized to provide courses of study in microfinance development (non-degree technical courses) or other similar courses subject to the laws of the Philippines.

The Association's permit to operate as a tertiary education was granted by the Commission on Higher Education on May 28, 2015. It started to operate as a tertiary education institute offering Bachelor of Science in Entrepreneurship with specialization in Microfinance on July 22, 2015.

Being a nonstock and not-for-profit educational institution, the Association falls under Section 30 (h) of the Tax Reform Act of 1997 and as such, income from activities in pursuit of the purpose for which the Association was organized is exempt from income tax. The Association renewed its Philippine Council for NGO Certification (PCNC) accreditation on June 6, 2012 and had been granted a five-year certification for donee institution status.

The Association is a member of Center for Agriculture and Rural Development (CARD) Mutually Reinforcing Institutions (MRI).

The Association's principal office is located at Brgy. Tranca, Bay, Laguna.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine peso, the Association's functional currency. All values are rounded to the nearest peso unless otherwise indicated.

<u>Statement of Compliance</u>
The Association's financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Significant Accounting Policies

<u>Current versus Noncurrent Classification</u>
The Association presents assets and liabilities in the balance sheet based on whether it is current and noncurrent.

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

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- Not subject to unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Cash in Banks

Cash in banks represent demand, savings and time deposits that earn interest at the respective bank deposit rates.

Short-term Investments

Short-term investments represent time deposits with tenor of 3 to 12 months from date of acquisition to date of maturity.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Association recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument.

Initial recognition of financial instruments

Financial assets and liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

Classification of financial instruments

The Association classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, financial assets that are debt instruments measured at amortized cost, financial assets that are equity instruments measured at cost less impairment, loan commitments measured at cost less impairment, and financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

As of December 31, 2015 and 2014, the Association does not have financial assets and liabilities measured at FVPL and loan commitments measured at cost less impairment.

Financial assets that are debt instruments at amortized cost

This category includes cash in banks, short-term investments and receivables.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization on receivables is included in 'Interest income' in the statement of revenue and expenses and changes in fund balance. The losses arising from impairment are recognized in 'Provision for doubtful accounts'.

Financial liabilities at amortized cost
This category includes accounts payable and accrued expenses (e.g. accounts payable, funds held in trust, accrued expenses, unearned tuition fee and lease payable) which are not designated at FVPL and where the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Association; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and has no contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Association; or
- satisfy the obligation by the exchange of variable amount of its own equity instruments, fixed amount of cash or fixed number of its own equity instruments.

Financial assets that are equity instruments at cost less impairment
This category includes equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably.

After initial measurement, these financial assets are subsequently measured at cost less any allowance for impairment losses.

Derecognition of Financial Assets and Financial Liabilities
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Association has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

If a transfer does not result in derecognition because the Association has retained significant risks and rewards of ownership of the transferred asset, the Association continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Association recognizes any income on the transferred asset and any expense incurred on the financial liability.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of revenues and expenses and changes in fund balance.

Impairment of Financial Assets
The Association assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For instruments measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For instruments measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Association would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the Association reverses the previously recognized impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognized. The Association recognizes the amount of the reversal in the statement of revenue and expenses and changes in fund balance immediately.

Property and Equipment
Land is carried at cost less any impairment in value while depreciable property and equipment, which include land improvement, training facilities, office furniture, fixtures and equipment, transportation equipment, and leasehold improvements, are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including non-refundable taxes and directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against current operations in the year in which such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. For property and equipment being constructed by an external contractor, costs are capitalized based on the percentage of completion of the project.

Depreciation (presented under 'Depreciation and amortization expense') is calculated on a straight-line basis over the useful life of the assets as follows:

Land improvement	3 years
Training facilities	3 to 10 years
Office furniture, fixtures and equipment and transportation equipment	3 to 5 years
Leasehold improvements	3 years or term of the lease, whichever is shorter

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the asset.

If there is an indication that there has been a significant change in depreciation rate, useful life, or residual value of the asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Software Costs

Software costs include costs incurred in obtaining license for the software purchased and used by the Association. The amortization of software costs is on a straight-line basis over a period of five years and is recorded under 'Depreciation and amortization expense'account.

Impairment of Property and Equipment and Software Costs

An assessment is made at each reporting date to determine whether there is any indication of impairment on any long-lived assets or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less cost to sell.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against current operations in the year in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Accounts Payable and Accrued Expense
Accounts payable and accrued expenses are basic financial liabilities which are measured initially at the transaction costs and carried at amortized cost.

Fund Balance
Fund balance consists of the amounts contributed by the members of the Board of Trustees (BOT) of the Association and all current and prior period results of operations.

Accumulated excess of revenue over expenses
Accumulated excess of revenue over expenses represents the cumulative balance of periodic net income or loss.

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

Seminar and training fees
Seminar and training fees are recognized when seminars and trainings have been conducted and completed.

Tuition fees and other school fees
Income from payment of tuition fee and miscellaneous fees which are recognized over the service period. Tuition fees collected during the year that are applicable in subsequent years are deferred and shown as unearned tuition fee under ‘Accounts payable and accrued expenses’ in the statement of assets, liabilities and fund balance.

Interest income
Interest income from cash in banks is recognized on a time proportion basis as it accrues using the effective interest method.

Donations and contributions
Grants are recognized when there is a reasonable assurance that the Association will comply with the conditions attached to them, and that the grants will be received. Grants received for a specific purpose or with condition are initially recognized as a liability shown as funds held in trust under ‘Accounts payable and accrued expenses’ in the statement of assets, liabilities and fund balance otherwise they are recorded as ‘Donations and contributions’ in the statement of revenues and expenses and changes in fund balance.

Facilities fee
Facilities fee is recognized based on the terms of agreement.

Dividend income
Income from equity investments is recognized when received.

Other income
Income from other sources is recognized when earned.

Cost and Expense Recognition

Costs and expenses are recognized in statement of revenues and expenses and changes in fund balance when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in statement of revenues and expenses and changes in fund balance:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of assets, liabilities and fund balance as an asset.

Foreign Currency Transactions

Foreign currency-denominated monetary assets and monetary liabilities are translated into Philippine peso equivalents based on the Philippine Dealing System (PDS) closing rate prevailing at the end of the year and foreign currency-denominated income and expenses at the PDS weighted average rate prevailing on transaction date. Foreign exchange gains or losses from foreign currency translations and revaluation of foreign currency-denominated monetary assets and monetary liabilities are credited to or charged against current operations.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Association as lessee

Operating Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of revenue and expenses and changes in fund balance on a straight-line basis over the lease term.

Finance Leases
The Association recognize its rights of use and obligations under finance leases as assets and liabilities in its statement of assets, liabilities and fund balance at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, determined at the inception of the lease.

Payments for finance lease liability are apportioned between interest expense and reduction of outstanding liability.

Retirement Benefits
The Association is covered by a funded noncontributory defined benefit retirement plan.

The Association's retirement cost is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of revenues and expenses and changes in fund balance.

The liability recognized in the statement of assets, liabilities and fund balance, in respect of defined benefit pension plans, is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Remeasurement gains or losses are immediately charged against or credited to current operations under 'Remeasurement gain or loss on retirement plan'.

Provisions
Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

3. Significant Accounting Judgments and Estimates

Judgment

Management makes judgments in the process of applying the Association's accounting policies. Judgments that have a significant effect on the reported amounts in the financial statements are discussed below.

a. *Operating lease - Association as lessee*

The Association has entered into commercial property leases wherein it has determined that all the significant risks and rewards of ownership of these properties are retained by the lessor. In determining whether or not there is indication of operating lease, the Association considers the period of lease contract relative to the estimated useful economic life of the leased property and bearer of executory costs, among others.

Finance lease – Association as lessee

The Association has entered into finance lease agreements covering equipment and furniture and fixture. The Association has determined, based on the evaluation of the terms and conditions of the arrangements, that it bears substantially all the risks and rewards incidental to ownership of the assets and so accounts for the contracts as finance leases (see Note 13).

Estimates

The key sources of estimation uncertainty at the reporting date that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

a. *Impairment of receivables*

The Association assesses its receivables for impairment at each reporting date. In determining whether a credit loss should be recorded in the statement of revenues and expenses and changes in fund balance, the Association makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from its receivable. This evidence may include observable data indicating that there has been an adverse change in the payment status of its debtors.

The carrying value of receivables and the related allowance for doubtful accounts are disclosed in Note 6.

b. *Impairment of property and equipment and software costs*

The Association assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Association considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Association recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use or its fair value less costs to sell. Recoverable amounts are estimated for individual assets.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Association is required to make estimates and assumptions that can materially affect the financial statements. The carrying values of property and equipment and software costs are disclosed in Notes 8 and 9.

c. *Estimated useful lives of property and equipment and software costs*
The Association estimates the useful lives of its property and equipment and software costs. This estimate is reviewed periodically to ensure that the period of depreciation and amortization is consistent with the expected pattern of economic benefits from the items of property and equipment and software costs. The estimated useful lives of property and equipment and software costs are disclosed in Note 2 to the financial statements.

d. *Present value of retirement obligation*
The cost of defined benefit pension plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

The expected rate of return on plan assets was based on the market prices prevailing on that date applicable to the period over which obligation is to be settled. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at the reporting dates. Future salary increases are based on expected future inflation rates for the specific country. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

The present value of the defined benefit obligation is disclosed in Note 14.

4. Cash in Banks

This account consists of:

	2015	2014
Demand deposits	**₱21,861,239**	₱19,210,738
Savings deposits	**10,067,042**	15,145,844
Time deposits	**8,445,647**	23,237,323
	₱40,373,928	₱57,593,905

Demand and savings deposits earn interest of nil to 4.3% in 2015 and 2014, respectively.

Demand deposits which are non-interest bearing amounted to ₱13.6 million and ₱5.6 million in 2015 and 2014, respectively.

Time deposits have maturities of less than three months with annual interest rates of 4.0% and from 2.0% to 3.8% in 2015 and 2014, respectively.

Interest income earned on the Association's cash in banks amounted to ₱0.5 million and ₱0.7 million in 2015 and 2014, respectively.

5. **Short-term Investments**

Short-term investments represent time deposits which have maturity of more than three months with annual interest rates of 2.0% to 4.3%.

Interest earned on short-term investments amounted to ₱0.8 million in 2015.

6. **Receivables**

This account consists of:

	2015	2014
Receivable from related parties (Note 15)	**₱2,819,009**	₱6,138,096
Receivable from trainees and participants	**836,064**	548,086
Interest receivable	**296,042**	46,591
Receivable from students	**253,468**	–
Receivable from contractor	**11,205**	11,205
	4,215,788	6,743,978
Less: Allowance for doubtful accounts	**504,479**	930,155
Total receivables	**₱3,711,309**	₱5,813,823

Receivable from contractor pertains to excess of billings over the contract costs incurred in construction in progress (Note 8). This receivable is fully impaired and provided for with 100% allowance.

Changes in the allowance for doubtful accounts are as follows:

	2015	2014
Balance at beginning of year	**₱930,155**	₱838,084
Provision (reversal of provision) during the year	**(425,676)**	121,397
Written off accounts	**–**	(29,326)
Balance at end of year	**₱504,479**	₱930,155

Receivables are assessed collectively for impairment purposes.

7. **Other Current Assets**

This account consists of:

	2015	2014
Prepaid expenses	**₱1,025,418**	₱886,713
Supplies inventory	**555,463**	252,713
	₱1,580,881	₱1,139,426

Prepaid expenses include prepayments for insurance, security deposits and other expenses.

8. Property and Equipment

The composition of and movements in this account follow:

2015

	Land	**Land Improvement**	**Training Facilities**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Leasehold Improvement**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱8,458,588**	**₱3,757,605**	**₱53,530,357**	**₱8,814,916**	**₱4,131,477**	**₱1,594,794**	**₱708,113**	**₱80,995,850**
Additions	**7,500,000**	**–**	**2,464,246**	**5,956,786**	**–**	**354,222**	**16,770,368**	**33,045,622**
Disposals	**–**	**–**	**(135,689)**	**(576,864)**	**–**	**–**	**–**	**(712,553)**
Reclassifications	**–**	**–**	**890,250**	**(30,000)**	**–**	**–**	**(860,250)**	**–**
Balance at end of year	**15,958,588**	**3,757,605**	**56,749,163**	**14,164,838**	**4,131,477**	**1,949,016**	**16,618,231**	**113,328,919**
Accumulated depreciation								
Balance at beginning of year	**–**	**514,603**	**19,240,593**	**6,582,309**	**2,866,343**	**896,828**	**–**	**30,100,676**
Depreciation	**–**	**1,428,694**	**7,374,199**	**1,624,797**	**669,963**	**175,015**	**–**	**11,272,668**
Disposal	**–**	**–**	**(135,689)**	**(576,864)**	**–**	**–**	**–**	**(712,553)**
Balance at end of year	**–**	**1,943,297**	**26,479,103**	**7,630,242**	**3,536,306**	**1,071,843**	**–**	**40,660,791**
Net book value	**₱15,958,588**	**₱1,814,308**	**₱30,270,061**	**₱6,534,596**	**₱595,171**	**₱877,173**	**₱16,618,231**	**₱72,668,128**

2014

	Land	Land Improvement	Training Facilities	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvement	Construction in Progress	Total
Cost								
Balance at beginning of year	₱6,958,588	₱520,708	₱47,273,418	₱8,922,318	₱4,267,722	₱896,828	₱2,051,276	₱70,890,858
Additions	1,500,000	119,457	2,235,421	1,363,642	892,755	697,966	5,627,295	12,436,536
Disposals	–	–	(15,500)	(1,287,044)	(1,029,000)	–	–	(2,331,544)
Reclassifications	–	3,117,440	4,037,018	(184,000)	–	–	(6,970,458)	–
Balance at end of year	8,458,588	3,757,605	53,530,357	8,814,916	4,131,477	1,594,794	708,113	80,995,850
Accumulated depreciation								
Balance at beginning of year	–	433,845	13,668,466	6,447,057	3,234,033	896,828	–	24,680,229
Depreciation	–	80,758	5,587,627	1,422,296	661,310	–	–	7,751,991
Disposal	–	–	(15,500)	(1,287,044)	(1,029,000)	–	–	(2,331,544)
Balance at end of year	–	514,603	19,240,593	6,582,309	2,866,343	896,828	–	30,100,676
Net book value	₱8,458,588	₱3,243,002	₱34,289,764	₱2,232,607	₱1,265,134	₱697,966	₱708,113	₱50,895,174

The breakdown of depreciation expense on property and equipment follows:

	2015	2014
Cost of seminars, trainings, and other programs (Note 11)	**₱10,606,410**	₱7,039,444
Administrative	**615,924**	712,547
Tertiary (Note 12)	**50,334**	–
	₱11,272,668	₱7,751,991

Construction in progress represents costs recognized by the Association for the construction project for building improvements and construction of a new building.

As at December 31, 2015 and 2014, the total cost of fully-depreciated assets still in use amounted to ₱9.5 million and ₱8.1 million, respectively.

9. Software Costs

The composition of and movements in the account follow:

	2015	2014
Cost		
Balance at beginning of year	**₱198,929**	₱184,000
Additions	**88,448**	14,929
Balance at end of year	**₱287,377**	₱198,929
Accumulated Amortization		
Balance at beginning of year	**₱42,384**	₱3,067
Amortization	**39,786**	39,317
Balance at end of year	**₱82,170**	42,384
Net Book Value	**₱205,207**	₱156,545

The breakdown of amortization expense on software costs follows:

	2015	2014
Cost of seminars, trainings, and other programs (Note 11)	**₱30,586**	₱30,117
Administrative	**9,200**	9,200
	₱39,786	₱39,317

10. Accounts Payable and Accrued Expenses

This account consists of:

	2015	2014
Accounts payable (Note 15)	**₱8,063,028**	₱4,927,392
Funds held in trust (Note 15)	**6,100,417**	56,500
Accrued expenses	**4,925,168**	5,753,737
Unearned tuition fee	**1,570,415**	2,152,031
Withholding tax payable	**194,477**	193,406
	₱20,853,505	₱13,083,066

Accrued expenses include accrual for vacation leave credits, cash gifts, 13th month pay, and other expenses.

Funds held in trust include donations received by the Association on behalf of CARD, Inc. for the Zero Dropout Education Scheme (ZeDrES). Total donations for ZeDrES received in 2015 by the Association amounted to ₱9.9 million, while outstanding balance as of December 31, 2015 amounted to ₱0.6 million.

The Association also received ₱10.0 million for the BS Scholarship Fund of CARD Bank, Inc. and CARD, Inc. Outstanding balances as of December 31, 2015 amounted to ₱2.4 million and ₱3.1 million, for CARD Bank, Inc. and CARD, Inc. respectively.

11. Cost of Seminars, Trainings and Other Programs

This account consists of:

	2015	2014
Meals of trainees	**₱30,666,933**	₱21,366,102
Room accommodation and function hall	**17,104,890**	8,898,073
Compensation and employee benefits (Notes 14 and 15)	**11,409,462**	10,662,450
Depreciation and amortization (Notes 8and 9)	**10,606,410**	7,069,561
Transportation and travel	**10,051,274**	7,648,172
Supplies and materials	**5,269,895**	5,516,090
Janitorial, messengerial and security	**2,889,046**	2,495,713
Utilities	**2,072,699**	1,698,781
Repairs and maintenance	**1,775,799**	2,129,595
Information technology	**1,062,248**	578,979
Honorarium to resource persons	**1,034,200**	963,005
Office rental (Note 13 and 15)	**706,863**	504,421
Laundry and ironing	**626,018**	429,414
Library/books	**490,164**	604,753
Representation expense	**407,806**	383,712
Communication and postage	**390,550**	268,094
Interest expense	**303,955**	–
Miscellaneous	**670,909**	452,379
	₱97,539,121	₱71,669,294

Miscellaneous expenses include periodicals and magazines, insurance expense and other program-related costs.

12. **Tertiary expenses**

As at December 31, 2015, this account consists of:

Supplies and materials	**₱300,425**
Compensation and employee benefits (Notes 14 and 15)	**221,261**
Transportation and travel	**214,565**
Advertising and publicity	**144,000**
Management and professional fees	**137,611**
Representation	**97,531**
Staff training and development and meetings	**77,284**
Repairs and maintenance	**62,080**
Depreciation (Note 8)	**50,334**
Library/books	**45,978**
Utilities	**41,897**
Information technology	**35,616**
Communication and postage	**11,621**
Miscellaneous*	**70,330**
	₱1,510,533

**Includes interest on finance lease amounting to ₱5,102*

13. **Lease Contracts - Lessee**

Operating Lease Agreement

As at December 31, 2015 and 2014, the Association has three outstanding lease contracts for the lease of two commercial buildings from CARD, Inc., both of which have lease terms of three years until November 16, 2016, and one commercial building from CARD Bank Inc., with lease term of five years starting from June 1, 2014 until May 31, 2019. The lease of properties is renewable upon mutual agreement between the Association and the lessor.

Future aggregate minimum lease payments under non-cancellable operating leases are as follow:

	2015	2014
Not later than one year	**₱706,863**	₱504,421
Later than one year and not later than five years	**647,958**	1,354,821
	₱1,354,821	₱1,859,242

Lease payments recognized under 'Office rental' amounted to ₱0.7 million and ₱0.5 million in 2015 and 2014, respectively.

Finance Lease Agreement

In 2015, the Association entered into five lease agreements with Responsible Investments for Solidarity and Empowerment (RISE) Financing Company, Inc. covering equipment and furniture and fixtures for a period of three years with acquisition cost amounting to ₱5.1 million. The lease agreements provide implicit interest rates ranging from 15.35% to 22.28% annually.

Future aggregate minimum lease payments are as follows:

	2015		
	Not later than one year	**Later than one year and less than five years**	**Total**
Principal payments	**₱1,394,431**	**₱3,267,567**	**₱4,661,998**
Finance charge	**641,941**	**565,742**	**1,207,683**
Minimum lease payments	**₱2,036,372**	**₱3,833,309**	**₱5,869,681**

Interest expense recognized on the finance leases amounted to ₱0.3 million in 2015.

14. Retirement Benefits

The Association, CARD SME Bank, Inc. (CSMEB), CARD Mutual Benefit Association (MBA), Inc., CARD Bank, Inc., CARD MRI Insurance Agency (CAMIA), Inc., CARD Business Development Service Foundation (BDSF), Inc., CARD MRI Information Technology, Inc. (CMIT), BotiCARD, Inc., and CARD, Inc. maintain a funded and formal noncontributory defined benefit retirement plan, the CARD MRI Multi-Employer Retirement Plan (MERP), covering all of their regular employees. The MERP has a projected unit cost format and is financed solely by the Association and its related parties. MERP complies with the requirement of Republic Act No. 7641 (The Philippine Retirement Law). The MERP provides lump sum benefits equivalent to 120.0% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year upon retirement, death, total and permanent disability, or early retirement after completion of at least one year of service with the participating companies.

The latest actuarial valuation report covers reporting period as of December 31, 2015.

The cost of defined benefit retirement plan as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are the following:

	2015	2014
Discount rates	**5.04%**	4.46%
Future salary increases	**10.00%**	7.00%

The amounts recognized in the statement of assets, liabilities and fund balance follow:

	2015	2014
Present value of defined benefit obligation	**₱18,910,080**	₱10,506,701
Fair value of plan assets	**(19,159,417)**	(16,715,666)
Effect of asset ceiling	**14,944**	891,360
Retirement liability (asset)	**(234,393)**	(₱5,317,605)

The amounts included in the statements of revenue and expenses, and changes in fund balance follow:

	2015	2014
Current service cost	**₱899,651**	₱1,685,038
Interest income on plan assets	**(792,018)**	(994,302)
Interest on the effect of asset ceiling	**39,755**	–
Interest expense on defined benefit obligation	**468,599**	1,052,147
Retirement expense	**615,987**	1,742,883
Remeasurement loss (gain) recognized during the year	**6,307,130**	(7,250,046)
	₱6,923,117	(₱5,507,163)

The movements in the net retirement asset follow:

	2015	2014
Balance at beginning of year	**₱5,317,605**	(₱1,601,488)
Contributions paid	**1,839,905**	1,411,930
Retirement income (expense)	**(6,923,117)**	5,507,163
Balance at end	**₱234,393**	₱5,317,605

The movements in the present value of pension obligation follow:

	2015	2014
Balance at beginning of year	**₱10,506,701**	₱16,491,326
Actuarial loss (gain)	**6,851,998**	(8,699,547)
Current service cost	**899,651**	1,685,038
Interest cost	**468,599**	1,052,147
Benefits paid	–	(78,938)
Transfers to the plan	**183,131**	56,675
Balance at end	**₱18,910,080**	₱10,506,701

The movements in the fair value of plan assets follow:

	2015	2014
Balance at beginning of year	**₱16,715,666**	₱14,889,838
Contributions paid by employer	**1,839,905**	1,411,930
Interest income	**792,018**	994,302
Transfers to the plan	**183,131**	56,675
Benefits paid	–	(78,938)
Return on plan assets (excluding amount included in net interest)	**(371,303)**	(558,141)
Fair value of plan assets at end	**19,159,417**	16,715,666
Effect of asset ceiling	**(14,944)**	(891,360)
Balance at end	**₱19,144,473**	₱15,824,306

The Association plans to contribute ₱1.9 million to the defined benefit retirement plan in 2016.

The fair value of plan assets, gross of effect of asset ceiling, by each class as at the reporting date is as follows:

	2015	2014
Debt instruments - Government bonds	**₱8,757,770**	₱7,667,476
Cash and cash equivalents	**7,799,799**	6,572,600
Loans	**2,023,234**	1,852,096
Investment in equity securities	**149,443**	157,127
Other assets	**429,171**	466,367
	₱19,159,417	₱16,715,666

The plan assets have diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Association's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

As of 2015 and 2014, the average duration of the defined benefit obligation are 23.5 and 33.7 years, respectively.

15. **Related Party Transactions**

In the ordinary course of business, the Association transacts with related parties. Related parties include trustees, members, officers, employees and entities (affiliates) where trustees, members and officers hold key management positions. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest, as those prevailing at the time for comparable transactions with other parties. These transactions are made substantially on the same terms as other individuals and business of comparable risks and are generally settled in cash.

Transactions with Retirement Plans
CARD MRI's Multi-Employer Retirement Plan (MERP) is managed by the CARD Employee Multipurpose Cooperative (EMPC). Part of the plan assets are invested in time deposits and special savings accounts with the affiliated banks amounting to ₱7.2 million. (Note 14)

Remunerations of Trustees and other Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly. The Association considers the members of the board of trustees and senior management to constitute key management personnel for purposes of Section 33 of PFRS for SMEs.

The compensation of key management personnel included under 'Compensation and employee benefits' in the statements of revenues and expenses and changes in fund balance are as follows:

	2015	2014
Post-employment benefits	**₱747,036**	₱439,334
Short-term employee benefits	**1,422,226**	968,490
	₱2,169,262	₱1,407,824

Other related party transactions

Transactions between the Association and its key management personnel meet the definition of related party transactions. Transactions between the Association and its affiliates within the CARD MRI, also qualify as related party transactions.

Related party transactions and balances as at and for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015	
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Other related parties			
Cash in bank and short-term investments		**₱55,044,388**	Checking, savings and time deposit accounts with annual interest rate ranging from 1.0% to 4.3%
Deposits	**₱153,603,421**		
Withdrawals	**(145,519,438)**		
Interest income	**1,236,239**		From savings and time deposit
Equity investment at cost	–	**4,373,900**	Investments in CMIT with 4.08% ownership.
Accounts receivable		**2,819,009**	For training fees, seminars and meetings and share of expenses
Billings	**202,434,176**		
Collections	**(205,753,264)**		
Accounts payable		**54,948**	Share of expenses
Billings	**2,784,987**		
Payments	**(3,151,609)**		
Funds held in trust		**6,030,416**	Funds received by the Association in behalf of CARD, Inc. for ZeDrES program. Funds received for the BS scholarship of CARD Bank, Inc. and CARD. Inc.
Receipts	**20,539,014**		
Disbursements	**(14,515,098)**		
Lease liability		**4,831,691**	Lease of equipment and furniture and fixture from RISE
Seminars and trainings	**148,699,753**		Income derived from providing seminars and trainings to CARD MRI group and the related affiliates
Facilities fee	**463,419**		Income derived from the use of facilities to CARD MRI group and external parties for various events
Dividend income	**262,434**		Income derived from the Association's investment in equity shares
Grants and Donations	**805,773**		Fund received by the Association for the expenses of BS Scholarship
Rent expense	**706,863**		The Organization leases premises occupied by its branches. Rent expense is recorded under 'Office rental' (Note 10)
Retirement Plan Contributions	**1,839,905**	**1,839,905**	Pertains to the funded and formal noncontributory defined benefit retirement plan of the Bank that is handled by CARD MERP (see Note 14)

		December 31, 2014	
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Other related parties			
Cash in bank		₱46,960,405	Checking, savings and time deposit accounts with annual interest rate ranging from 1.5% to 4.5%
Deposits	₱93,162,708		
Withdrawals	(78,134,276)		
Equity investment at cost	–	4,373,900	Investments in CMIT with 4.08% ownership.
Accounts receivable		6,138,097	For training fees, seminars and meetings and share of expenses
Billings	106,757,596		
Collections	(108,160,956)		
Accounts payable		421,570	Share of expenses and office rental
Billings	2,969,557		
Payments	(2,651,930)		
(Forward)			

Category	Amount/ Volume	December 31, 2014 Outstanding Balance	Nature, Terms and Conditions
Funds held in trust		₱6,500	Funds received by the Association in behalf of CARD, Inc. for ZeDrES program
Receipts	₱1,020,000		
Disbursements	4,544,764		
Seminars and trainings	104,316,241		Income derived from providing seminars and trainings to CARD MRI group and the related affiliates
Facilities fee	470,987		Income derived from the use of facilities to CARD MRI group and external parties for various events
Dividend income	787,302		Income derived from the Association's investment in equity shares
Rent expense	504,423		The Organization leases premises occupied by its branches. Rent expense is recorded under 'Office rental' (Note 10)
Retirement Plan Contributions	1,411,930	1,411,930	Pertains to the funded and formal noncontributory defined benefit retirement plan of the Bank that is handled by CARD MERP (see Note 14)

16. **Notes to Statements of Cash Flows**

Noncash activities of the Association consist of the following:

	2015
Noncash investing activities:	
Acquisition of property and equipment on account	**₱6,000,000**
Acquisition of property and equipment through finance lease	**5,140,682**

17. **Approval for the Release of Financial Statements**

The accompanying financial statements of the Association were authorized for issue by the BOT on March 19, 2016.

18. **Supplementary Information under RR 15-2010**

The Association reported and/or paid the following types of taxes in 2015:

Taxes and Licenses

Taxes and licenses in 2015 recorded as 'Taxes and licenses' presented under 'Administrative expenses' in the statements of revenues and expenses and changes in fund balance consist of:

Real property tax	₱337,256
Transfer taxes	25,996
Business permits and licenses	75,030
Community tax certificate	8,030
Annual registration	1,500
Other taxes	1,730
	₱449,542

Withholding Taxes
The following withholding taxes are categorized into:

	Paid during the year	Accrued at year-end
Withholding tax on compensation	₱666,421	₱31,503
Expanded withholding tax	1,455,190	162,974
	₱2,121,611	₱194,477

Tax Contingencies
The Association has no pending tax cases or assessments as of December 31, 2015.