AHON SA HIRAP, INC.

(A Non-stock, Non-profit Organization)
No. 76, 8th Avenue, Brgy. Socorro, Cubao 1109
Quezon City, Philippines

REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS
December 31, 2017 and 2016

VILLARUZ, VILLARUZ & CO., CPAs

For BIR Use Only BCS/ Item

1702-MX06/13P1

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

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

BIR Form No. **1702-MX** June 2013 Page 1

1 For [X] Calendar [ ] Fiscal
2 Year Ended (MM/20YY) 12/2017
3 Amended Return? [ ] Yes [X] No
4 Short Period Return? [ ] Yes [X] No
5 Alphanumeric Tax Code (ATC): IC 055 Minimum Corporate Income Tax (MCIT) [X]

Part I – Background Information

6 Taxpayer Identification Number (TIN): 001 - 025 - 903 - 0000
7 RDO Code: 040
8 Date of Incorporation/Organization *(MM/DD/YYYY)*: 07/24/1991
9 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*: AHON SA HIRAP, INC.
10 Registered Address *(Indicate complete registered address)*: NO. 76 8TH AVENUE, BRGY. SOCORRO, CUBAO, QUEZON CITY
11 Contact Number: 9132 - 452
12 Email Address: cherrytanpian@ashi.org.ph
13 Main Line of Business: GRAMEEN REPLICATION
14 PSIC Code: 9919
15 Method of Deduction: [X] Itemized Deduction [Section 34 (A-J), NIRC]

Part II – Total Tax Payable *(Do NOT enter Centavos)*

16 Total Income Tax Due (Overpayment) *(From Part V Item 37D)*	6,099,214
17 Less: Total Tax Credits/Payments *(From Part V Item 38D)*	0
18 Net Tax Payable (Overpayment) *(Item16 Less Item 17)*	6,099,214
19 Add: Total Penalties *(From Part V Item 43)*	0
20 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 18 &19) or (From Part V Item 44)*	6,099,214

21 If Overpayment, mark "X" one 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 annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Mercedes R. Abad
MERCEDES R. ABAD
Signature over printed name of President/Principal Officer/Authorized Representative

ESTRELLA S. ANDRES
Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory: President
Number of pages filed: 9

22 Community Tax Certificate (CTC) Number/SEC Reg. No.: 000193608
23 Date of Issue (MM/DD/YYYY): 07/24/1991
24 Place of Issue: MANDALUYONG CITY
25 Amount, if CTC: 0

Part III – Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo	UNION	0024800	04/16/2018	6,099,214
27 Check			/ /	0
28 Tax Debit Memo			/ /	0
29 Others *(Specify below)*				
			/ /	0

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

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

UNION BANK OF THE PHILS.
CUBAO-P. TUAZON BRANCH
RDO CODE: 040
RECEIVED
ASS INITIAL DATE
16 APR 2018

Annual Income Tax Return
Page 2

BIR Form No. **1702-MX** June 2013

1702-MX06/13P2

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Part IV – Basis of Tax Relief

30 Basis of Tax Relief under Special Law or International Tax Treaty
If there is **only one activity/program** under **EXEMPT** and **SPECIAL Tax Regimes**, fill up spaces below.

☐ If there are **more than one activities/programs under EXEMPT and SPECIAL Tax Regimes**, use as many Mandatory Attachments per Activity (Part VIII) as necessary and mark "X" the box at the left.

	A Exempt	B Special Rate	C Special Tax Relief (Under Regular/Normal Rate)
31 Investment Promotion Agency (IPA) / Implementing Government Agency		EXECUTIVE	
32 Legal Basis		R.A. 10693	
33 Registered Activity/Program (Reg. No.)		MICROFINANCE	
34 Special Tax Rate		2.0 %	
35 From *(MM/DD/YYYY)*	/ /	08/16/2016	/ /
36 To *(MM/DD/YYYY)*	/ /	/ /	/ /

Part V - Computation of Amount Payable per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
37 TOTAL INCOME TAX DUE (OVERPAYMENT) *(From Schedule 1 Item 16B/16C/16D) (To Part II Item 16)*	0.00	6,099,214	0	6,099,214
38 Less: Tax Credits/Payments *(From Schedule 8 Item 13) (To Part II Item 17)*	0	0	0	0
39 NET TAX PAYABLE (OVERPAYMENT) *(Item 37 Less Item 38) (To Part II Item 18)*	0	6,099,214	0	6,099,214
Add Penalties				
40 Surcharge				0
41 Interest				0
42 Compromise				0
43 Total Penalties *(Sum of Items 40 to 42) (To Part II Item 19)*				0
44 TOTAL AMOUNT PAYABLE (OVERPAYMENT) *(Sum of Items 39 and 43) (To Part II Item 20)*				6,099,214

Part VI - Information - External Auditor/Accredited Tax Agent

45 Name of External Auditor/Accredited Tax Agent
VILLARUZ, VILLARUZ AND CO., CPAS

46 TIN 0 0 0 8 8 9 9 4 1 0 0 0

47 Name of Signing Partner *(If External Auditor is a Partnership)*
NORMITA L. VILLARUZ

48 TIN 1 0 1 8 2 5 6 7 4 0 0 0

49 BIR Accreditation No.	50 Issue Date *(MM/DD/YYYY)*	51 Expiry Date *(MM/DD/YYYY)*
07-001491-003-2017	12/20/2017	12/19/2020

ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE
IC 010	1 a. In General	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 030	2 Proprietary Educational Institutions	10%	Taxable Income from All Sources
	a. Proprietary Educational Institution whose gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income from all sources	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 031	3 Non-Stock, Non Profit Hospitals	10%	Taxable Income from All Sources
	a. Non-Stock, Non-Profit Hospitals whose gross income from unrelated trade, business or other activity exceeds fifty percent (50%) of the total gross income from all sources	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 040	4 a. Government Owned and Controlled Corporations (GOCC), Agencies & Instrumentalities	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 041	5 a. National Government and Local Government Units (LGU)	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 020	6 a. Taxable Partnership	30%	Taxable Income from All Sources
IC 055	b. Minimum Corporate Income Tax	2%	Gross Income

ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE
	7. Exempt Corporation		
IC 011	a. On Exempt Activities	0%	
IC 010	b. On Taxable Activities	30%	Taxable Income from All Sources
IC 021	8. General Professional Partnership (GPP)	exempt	
	9. Corporation covered by Special Law*		
	RESIDENT FOREIGN CORPORATION		
IC 070	1 a. In general	30%	Taxable Income from Within the Philippines
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income
IC 080	2 International Carriers	2.5%	Gross Philippine Billing
IC 101	3 Regional Operating Headquarters*	10%	Taxable Income
	4. Corporation covered by Special Law*		
IC 190	5. Offshore Banking Units (OBU's) a. Foreign Currency Transactions not subjected to Final Tax	10%	Gross Taxable Income on Foreign Currency Transaction not subjected to Final Tax
	b. Other than Foreign Currency Transaction	30%	Taxable Income Other Than Foreign Currency Transaction
IC 191	6 Foreign Currency Deposit Units (FCDU) a. Foreign Currency Transactions not subjected to Final Tax	10%	Gross Taxable Income on Foreign Currency Transaction not subjected to Final Tax
	b. Other than Foreign Currency Transaction	30%	Taxable Income Other Than Foreign Currency Transaction

*Please refer to Revenue District Offices

Annual Income Tax Return
Page 3 – Schedules 1 & 2

BIR Form No. **1702-MX** June 2013

1702-MX06/13P3

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Instructions: A. Fill up the applicable columns below, if there is **only one activity/program** under **EXEMPT** and/or **SPECIAL Tax Regimes.**
B. Use as many Part VIII-Mandatory Attachments per Activity as necessary, if there are **more than one activities/programs under EXEMPT and/or SPECIAL Tax Regimes.** Consolidated amounts from Part VIII Mandatory Attachments PER TAX REGIME shall be reflected under the corresponding columns below.

Part VII – S C H E D U L E S

Schedule 1 – COMPUTATION OF TAX Per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Sales/Revenues/Receipts/Fees *(From Schedule 3 Item 6) and (From all of Part VIII Sched B Item 1)*	0	304,960,711	0	304,960,711
2 Less: Cost of Sales/Services *(From Schedule 3 Item 27) and (From all of Part VIII Sched B Item 2)*	56,550,358	0	0	56,550,358
3 Gross Income from Operation *(Item 1 Less Item 2)*	(56,550,358)	304,960,711	0	248,410,353
4 Add: Other Taxable Income not Subjected to Final Tax *(From Schedule 4 Item 4) & (From all of Part VIII Sched B Item 4)*	0	0	0	0
5 Total Gross Income/Gross Taxable Income *(Sum of Items 3 & 4)*	(56,550,358)	304,960,711	0	248,410,353
6 Ordinary Allowable Itemized Deductions *(From Schedule 5 Item 40) and (From all of Part VIII Sched B Item 6)*	223,139,686	0	0	223,139,686
7 Special Allowable Itemized Deductions *(From Schedule 6 Item 5) and (From all of Part VIII Sched B Item 7)*	0	0	0	0
8 NOLCO [only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the Tax Code] *(From Schedule 7A Item 8D) and (From all of Part VIII Sched B Item 8)*		0	0	0
9 Total Itemized Deductions *(Sum of Items 6, 7 & 8)*	223,139,686	0	0	223,139,686
10 Net Taxable Income/Net Income *(Item 5 Less Item 9)*	(279,690,044)	304,960,711	0	25,270,667
11 Applicable Income Tax Rate *(i.e., Special or Regular/Normal rate)*	0%	2.0%	30.0%	
12 Income Tax Due other than MCIT *(Item 5 OR Item 10 X Item 12)*	0.00	6,099,214	0	6,099,214
13 Less: Share of Other Govt. Agencies, if remitted directly		0	0.00	0
14 Net Income Tax Due to National Government *(Item 12 Less Item 13)*		6,099,214	0	6,099,214
15 MCIT *(2% of Gross Income in Item 5)*			0	0
16 Total Income Tax Due (Overpayment) *(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item12C or MCIT in Item 15C, whichever is higher); (Item 16D = Sum of Items 16B &16C) (To Part V Item 37B/37C/37D)*		6,099,214	0	6,099,214

Schedule 2 - Tax Relief Availment

Description	A. Total Exempt	B.Total Special	C.Total Regular	D.Total All Columns
1 Regular Income Tax Otherwise Due *(30% of the Net Taxable Income in Item 11A for Exempt & Item 11B for Special Rate)*	0	91,488,213		91,488,213
2 Special Allowable Itemized Deductions *(30% of the applicable Total in Schedule 6 Item 5)*	0	0	0	0
3 Sub-Total *(Sum of Items 1 and 2)*	0	91,488,213	0	91,488,213
4 Less: Income Tax Due *(From Sched 1Item 13B)*	0.00	6,099,214		6,099,214
5 Tax Relief Availment before Special Tax Credit *(Item 3 Less Item 4)*	0	85,388,999	0	85,388,999
6 Add: Special Tax Credits *(From Schedule 8 Item 10)*	0	0	0	0
7 Total Tax Relief Availment *(Sum of Items 5 & 6)*	0	85,388,999	0	85,388,999

Annual Income Tax Return
Page 4 – Schedule 3

BIR Form No. 1702-MX June 2013

1702-MX06/13P4

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Schedule 3 - Sales/Revenues/ Receipts/Fees	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sale of Goods/Properties	0	0	0	0
2 Sale of Services	0	304,960,711	0	304,960,711
3 Lease of Properties	0	0	0	0
4 Total *(Sum of Items 1 to 3)*	0	304,960,711	0	304,960,711
5 Less: Sales Returns, Allowances & Discounts	0	0	0	0
6 Net Sales/Revenues/Receipts/Fees *(Item4 Less Item 5) (To Schedule 1 Item 1)*	0	304,960,711	0	304,960,711

Schedule 3A - Cost of Sales (For those engaged in Trading)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Merchandise Inventory, Beginning	0	0	0	0
2 Add: Purchases of Merchandise	0	0	0	0
3 Total Goods Available for Sale *(Sum of Items 1 & 2)*	0	0	0	0
4 Less: Merchandise Inventory, Ending	0	0	0	0
5 Cost of Sales *(Item 3 Less Item 4) (To Item 27)*	0	0	0	0

Schedule 3B - Cost of Sales (For those engaged in Manufacturing)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
6 Direct Materials, Beginning	0	0	0	0
7 Add: Purchases	0	0	0	0
8 Materials Available for Use *(Sum of Items 6 & 7)*	0	0	0	0
9 Less: Direct Materials, Ending	0	0	0	0
10 Raw Materials Used *(Item 8 Less Item 9)*	0	0	0	0
11 Direct Labor	0	0	0	0
12 Manufacturing Overhead	0	0	0	0
13 Total Manufacturing Cost *(Sum of Items 10 to 12)*	0	0	0	0
14 Add: Work in Process, Beginning	0	0	0	0
15 Less: Work in Process, Ending	0	0	0	0
16 Cost of Goods Manufactured *(Sum of Items 13 & 14 Less Item 15)*	0	0	0	0
17 Add: Finished Goods, Beginning	0	0	0	0
18 Less: Finished Goods, Ending	0	0	0	0
19 Cost of Goods Manufactured & Sold *(Sum of Items 16 & 17 Less Item 18) (To Item 27)*	0	0	0	0

Schedule 3C - Cost of Services (For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
20 Direct Charges - Salaries, Wages & Benefits	0	0	0	0
21 Direct Charges - Materials, Supplies & Facilities	0	0	0	0
22 Direct Charges - Depreciation	0	0	0	0
23 Direct Charges - Rental	0	0	0	0
24 Direct Charges - Outside Services	0	0	0	0
25 Direct Charges - Others	56,550,358	0	0	56,550,358
26 Total Cost of Services *(Sum of Items 20 to 25) (To Item 27)*	56,550,358	0	0	56,550,358
27 Total Cost of Sales/Services *(Sum of Items 5, 19 & 26, if applicable) (To Schedule 1 Item 2)*	56,550,358	0	0	56,550,358

Annual Income Tax Return
Page 5 - Schedules 4 & 5

BIR Form No. 1702-MX June 2013

1702-MX06/13P5

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Schedule 4 - Other Taxable Income not Subjected to Final Tax (Attach additional sheet/s, if necessary)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4 Total Other Taxable Income not Subjected to Final Tax (Sum of Items 1 to 3) (To Schedule 1 Item 4)	0	0	0	0

Schedule 5 - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Advertising and Promotions	0	0	0	0
Amortizations (Specify on Items 2, 3 & 4)				
2 AMORTIZATION OF COMP. SOFTWARE	319,613	0	0	319,613
3	0	0	0	0
4	0	0	0	0
5 Bad Debts	0	0	0	0
6 Charitable Contributions	173,877	0	0	173,877
7 Commissions	0	0	0	0
8 Communication, Light and Water	7,312,338	0	0	7,312,338
9 Depletion	0	0	0	0
10 Depreciation	5,058,703	0	0	5,058,703
11 Director's Fees	0	0	0	0
12 Fringe Benefits	0	0	0	0
13 Fuel and Oil	0	0	0	0
14 Insurance	88,820	0	0	88,820
15 Interest	0	0	0	0
16 Janitorial and Messengerial Services	0	0	0	0
17 Losses	0	0	0	0
18 Management and Consultancy Fee	0	0	0	0
19 Miscellaneous	0	0	0	0
20 Office Supplies	7,990,860	0	0	7,990,860
21 Other Services	238,485	0	0	238,485
22 Professional Fees	711,768	0	0	711,768
23 Rental	5,555,341	0	0	5,555,341
24 Repairs and Maintenance (Labor or Labor & Materials)	0	0	0	0
25 Repairs and Maintenance (Materials/Supplies)	6,252,471	0	0	6,252,471
26 Representation and Entertainment	4,288,725	0	0	4,288,725
27 Research and Development	0	0	0	0
28 Royalties	0	0	0	0
29 Salaries and Allowances	130,596,931	0	0	130,596,931
30 Security Services	0	0	0	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	8,287,227	0	0	8,287,227
32 Taxes and Licenses	7,906,755	0	0	7,906,755
33 Tolling Fees	0	0	0	0
34 Training and Seminars	0	0	0	0
35 Transportation and Travel	17,118,149	0	0	17,118,149

Annual Income Tax Return
Page 6 - Schedules 5 to 8

BIR Form No. **1702-MX** June 2013

1702-MX06/13P6

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Schedule 5 – Ordinary Allowable Itemized Deductions *(Continued from Previous Page)*

Others *(Specify below; Attach additional sheet(s), if necessary)*	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
36 PROGRAM EXPENSE	16,877,623	0	0	16,877,623
37 SUBSCRIPTION	3,894	0	0	3,894
38 LOSS ON FOREIGN EXCHANGE	30,786	0	0	30,786
39 PENALTIES AND CHARGES	4,327,320	0	0	4,327,320
40 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 39) (To Schedule 1 Item 6)*	223,139,686	0	0	223,139,686

Schedule 6 - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1		0	0	0	0
2		0	0	0	0
3		0	0	0	0
4		0	0	0	0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Schedule 1 Item 7)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) [only for those taxable under Sec. 27(AtoC); Sec. 28(A) (A)(1) & (A)(6)(b)]

1 Gross Income	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss *(Item 1 Less Item 2) (To Schedule 7A)*	0

Schedule 7A - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4	2 0 1 7	0	0
5		0	0
6		0	0
7		0	0

Continuation of **Schedule 7A** *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	Total NOLCO *(Sum of Items 4D to 7D) (To Schedule 1 Item 8)*	0	

Schedule 8 - Tax Credits/Payments- Attach proof

	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Prior Year's Excess Credits Other Than MCIT	0	0	0	0
2 Income Tax Payments under MCIT from Previous Quarter/s	0	0	0	0
3 Income Tax Payments under Regular/Normal Rate from Previous Quarter/s	0	0	0	0
4 Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4F)*	0	0	0	0
5 Creditable Tax Withheld from Previous Quarter/s	0	0	0	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	0	0

Annual Income Tax Return
Page 7–Schedules 8 to 10

BIR Form No. **1702-MX** June 2013

1702-MX06/13P7

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Schedule 8 – Tax Credits/Payments (Continued from Previous Page)

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
7 Foreign Tax Credits, if applicable	0	0	0	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
9 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
10 Special Tax Credits *(To Schedule 2 Item 6)*	0	0	0	0
Other Credits/Payments *(Specify below):*				
11	0	0	0	0
12	0	0	0	0
13 Total Tax Credits/Payments *(Sum of Items 1 to 12) (To Part V Item 38)*	0	0	0	0

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT) (Applicable only to those taxable under Sec 27 (A to C) & Sec. 28(A)(2))

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT** *(Sum of Column for Items 1F to 3F) (To Schedule 8 Item 4)*		0	

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per books	(279,690,044)	304,960,711	0	25,270,667
Add: Non-deductible Expenses/Taxable Other Income				
2	0	0	0	0
3	0	0	0	0
4 Total *(Sum of Items 1 to 3)*	(279,690,044)	304,960,711	0	25,270,667
Less: A) Non-taxable Income and Income Subjected to Final Tax				
5	0	0	0	0
6	0	0	0	0
B) Special Deductions				
7	0	0	0	0
8	0	0	0	0
9 Total *(Sum of Items 5 to 8)*	0	0	0	0
10 Net Taxable Income (Loss) *(Item 4 Less Item 9)*	(279,690,044)	304,960,711	0	25,270,667

Annual Income Tax Return
Page 8 - Schedules 11 & 12

BIR Form No. **1702-MX** June 2013

1702-MX06/13P8

TIN	Registered Name
0 0 1 0 2 5 9 0 3 0 0 0 0	AHON SA HIRAP, INC.

Schedule 11- Balance Sheet

Assets	
1 Current Assets	1,139,768,734
2 Long-Term Investment	0
3 Property, Plant and Equipment – Net	44,793,466
4 Long-Term Receivables	6,618,545
5 Intangible Assets	111,111
6 Other Assets	3,368,500
7 Total Assets *(Sum of Items 1 to 6)*	1,194,660,356
Liabilities and Equity	
8 Current Liabilities	686,669,662
9 Long-Term Liabilities	202,919,870
10 Deferred Credits	0
11 Other Liabilities	28,469,186
12 Total Liabilities *(Sum of Items 8 to 11)*	918,058,718
13 Capital Stock	116,368,373
14 Additional Paid-in Capital	0
15 Retained Earnings	160,233,265
16 Total Equity *(Sum of Items 13 to 15)*	276,601,638
17 Total Liabilities and Equity *(Sum of Items 12& 16)*	1,194,660,356

Schedule 12 – [ ] **Stockholders** [ ] **Partners** [X] **Members Information** (Top 20 stockholders, partners or members)
(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership.)

REGISTERED NAME	TIN	Capital Contribution	% to Total
MERCEDES R. ABAD	102 908 080 000	0	0
ANGELINA P. JOSE	127 973 208 000	0	0
RONALDO B. INGENTE	102 958 200 000	0	0
HENRY JOSEPH H. HERRERA	108 746 890 000	0	0
GLORIA P. JIMENEZ	135 113 424 000	0	0
MILAGROS RIVERA	144 611 032 000	0	0
ESTRELLA S. ANDRES	138 227 037 000	0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0

Annual Income Tax Return
Page 9 - Schedules 13 & 14

BIR Form No. **1702-MX** June 2013

1702-MX06/13P9

TIN	Registered Name
001 025 903 0000	AHON SA HIRAP, INC.

Schedule 13 - Supplemental Information *(Attach additional sheet/s, if necessary)*

I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	254,345	50,869
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real Properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property *(e.g., land, improvement, etc.)*		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No.		
8 Actual Amount/Fair Market Value/Net Capital Gains	0	0
9 Final Tax Withheld/Paid	0	0

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind *(PS/CS)* / Stock Certificate Series No.	PS /	PS /
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares	0	0
13 Date of Issue *(MM/DD/YYYY)*	/ /	/ /
14 Actual Amount/Fair Market Value/Net Capital Gains	0	0
15 Final Tax Withheld/Paid	0	0

IV) Other Income *(Specify)*	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127/others of the Tax Code, as amended *(Specify)*		
17 Actual Amount/Fair Market Value/Net Capital Gains	0	0
18 Final Tax Withheld/Paid	0	0

19 Total Final Tax Withheld/Paid *(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)*	50,869

Schedule 14- Gross Income/Receipts Exempt from Income Tax

1 Return of Premium *(Actual Amount/Fair Market Value)*	0

I) Personal/Real Properties Received thru Gifts, Bequests, and Devises	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property *(e.g., land, improvement, etc.)*		
3 Mode of Transfer *(e.g. Donation)*		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value	0	0

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended *(Specify)*		
7 Actual Amount/Fair Market Value/Net Capital Gains	0	0

8 Total Income/Receipts Exempt from Income Tax *(Sum of Items 1,5A, 5B, 7A &7B)*	0

Gmail by Google

Cherry Rose Tan Pian <cherrytanpian@ashi.org.ph>

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Mon, Apr 16, 2018 at 2:37 PM
To: cherrytanpian@ashi.org.ph

This confirms receipt of your submission with the following details subject to validation by BIR:
File name: 001025903000-1702MX-1217.xml
Date received by BIR: 16 April 2018
Time received by BIR: 01:30 PM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH PAYMENT
Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

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

Bureau of Internal Revenue

AHON SA HIRAP, INC.
No. 76, 8th Avenue, Cubao 1109, Quezon City, Philippines
Tel/Fax (632) 912-0688 • 913-2452

Ahon sa Hirap Inc.
"Rise from poverty"

07 April 2018

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization)** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2017. 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, 2017 and the accompanying Annual Income Tax Return are in accordance with the books and records of **AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization)**, complete and correct in all material respects. Management likewise affirms that:

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

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

(c) the **AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization)** 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.

ANGELINA P. JOSE
Chairperson of the Board

Mercedes R. Abad
MERCEDES R. ABAD
President

ESTRELLA S. ANDRES
Vice President/Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO, Q.C.
APR 16 2018
RECEIVED
048
JOHN BYRON JAMES T. LARAM
Revenue Officer II

The Board of Trustees and Members of
AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
No. 76, 8th Avenue, Brgy. Socorro, Cubao 1109
Quezon City

We have audited the financial statements of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) as at and for the year ended December 31, 2017, on which we have rendered the attached report dated April 8, 2018.

In compliance with Section 8-A, Revenue Regulations No. V-1, we are stating the following:

1) The required information regarding taxes paid during the year is presented in Note 32 of the financial statements.

2) No partner of our Firm is related by consanguinity or affinity to the president or members of the Organization.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:

NORMITA L.VILLARUZ
CPA Certificate No. 36181 valid until September 20, 2018
PTR No. 5779261 issued on January 23, 2018 at Quezon City
BIR A. N. (Individual) 07-001491-003-2017 issued on December 20, 2017 effective until December 19, 2020
BIR A. N. (Firm) 07-001486-004-2017 issued on December 20, 2017 effective until December 19, 2020
SEC A.N. (Individual) as general auditors 0600-AR-2 issued on January 5, 2017 effective until January 4, 2020
SEC A.N. (Firm) as general auditors 0128-FR-3 issued on January 5, 2017 effective until January 4, 2020
T.I.N. 101-825-674
BOA/PRC Registration No. 0058 issued on December 1, 2015 effective until December 31, 2018

Quezon City, Philippines
April 8, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Members of
AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
No. 76, 8th Avenue, Brgy. Soccoro, Cubao 1109
Quezon City

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in fund balances and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and additional disclosure requirements on schedules in Note 32 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:

NORMITA L.VILLARUZ
CPA Certificate No. 36181 valid until September 20, 2018
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Quezon City, Philippines
April 8, 2018

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO C.C.
048
APR 1 6 2018

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016
(All amounts in Philippine Peso)

ASSETS

	Notes		2017		2016
CURRENT ASSETS					
Cash in banks	2, 6	**P**	**158,078,418**	P	77,247,776
Financial assets at fair value through profit or loss	2, 7		**10,469,714**		10,311,531
Loans receivable, net	2, 8		**953,546,544**		804,478,411
Interest receivable	2, 8		**2,975,641**		1,631,807
Other receivables	2, 9		**10,278,834**		6,977,893
Prepayments and other current assets	2, 10		**4,419,583**		2,713,203
Total Current Assets			**1,139,768,734**		903,360,621
NON-CURRENT ASSETS					
Loans receivable, net	2, 8		**6,618,545**		6,618,545
Property and equipment, net	2, 11		**44,793,466**		34,560,991
Intangible asset, net	2, 12		**111,111**		406,167
Other non-current assets	13		**3,368,500**		3,685,500
Total Non-current Assets			**54,891,622**		45,271,203
TOTAL ASSETS		**P**	**1,194,660,356**	P	948,631,824

LIABILITIES AND FUND BALANCES

	Notes		2017		2016
CURRENT LIABILITIES					
Accruals and other payables	14	**P**	**39,343,360**	P	45,553,461
Fund savings	15		**58,218,852**		48,809,844
Loans payable	16		**584,296,630**		467,751,517
Interest payable	16		**4,810,820**		2,987,249
Total Current Liabilities			**686,669,662**		565,102,071
NON-CURRENT LIABILITIES					
Fund savings	15		**44,371,681**		38,000,958
Loans payable	16		**158,548,189**		106,302,449
Retirement benefits liability	17		**22,496,868**		17,892,184
Resilience fund	2		**5,972,318**		6,121,778
Total Non-current Liabilities			**231,389,056**		168,317,369
TOTAL LIABILITIES			**918,058,718**		733,419,440
FUND BALANCES					
Members' contributions	18, 19		**110,730,614**		68,462,935
Donated equity	20		**8,201,771**		8,201,771
Reserve for retirement plan	17		**(3,388,434)**		(2,835,972)
Other reserves	21		**824,422**		823,919
Net surplus			**160,233,265**		140,559,731
TOTAL FUND BALANCES			**276,601,638**		215,212,384
TOTAL LIABILITIES AND FUND BALANCES		**P**	**1,194,660,356**	P	948,631,824

(See Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 QUEZON CITY
APR 16 2018

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Note		2017		2016
RECEIPTS					
Finance income	22	P	**285,613,649**	P	179,518,010
Service charges - Salamat fund	2.19		**19,347,062**		15,341,441
Gain on fair value of financial assets	24		**158,183**		251,028
Grants and donations	23		**140,425**		12,780
Interest income from banks	24		**203,474**		150,230
Total Receipts			**305,462,793**		195,273,489
EXPENSES					
Personnel expenses	25		**138,884,158**		101,035,565
Administrative expenses	26		**67,377,906**		40,811,791
Finance expenses	27		**62,649,572**		30,224,886
Program expenses	28		**16,877,623**		12,915,582
Total Expenses			**285,789,259**		184,987,824
EXCESS OF RECEIPTS OVER EXPENSES			**19,673,534**		10,285,665
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gain (loss) on defined benefit plan	17		**(552,462)**		735,953
TOTAL COMPREHENSIVE INCOME		**P**	**19,121,072**	P	11,021,618

(See Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
APR 1 6 2018

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF CHANGES IN FUND BALANCES
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Members' contributions	Donated equity (Note 20)	Reserve for retirement plan	Other reserves (Note 21)	Net surplus	Total fund balance
Balance, January 1, 2016	**P 3,219,047**	**P 8,201,771**	**P (3,571,925)**	**P 823,419**	**P 132,274,066**	**P 140,946,378**
Excess of receipts over expenses before reclassifications	-	-	-	-	10,285,665	10,285,665
Increase in members' contribution and donated equity	297,221	-	-	-	-	297,221
Release of savings fund	-	-	-	500	-	500
Remeasurements of retirement benefits liability	-	-	735,953	-	-	735,953
Transfer from compulsory fund	64,946,667	-	-	-	-	64,946,667
Transfer to resilience fund	-	-	-	-	(2,000,000)	(2,000,000)
Balance, December 31, 2016	**68,462,935**	**8,201,771**	**(2,835,972)**	**823,919**	**140,559,731**	**215,212,384**
Excess of receipts over expenses before reclassifications	-	-	-	-	19,673,534	19,673,534
Increase in members' contribution and donated equity	-	-	-	-	-	-
Release of savings fund	-	-	-	503	-	503
Remeasurements of retirement benefits liability	-	-	(552,462)	-	-	(552,462)
Transfer from compulsory fund	42,267,679	-	-	-	-	42,267,679
Transfer to resilience fund	-	-	-	-	-	-
Balance, December 31, 2017	**P 110,730,614**	**P 8,201,771**	**P (3,388,434)**	**P 824,422**	**P 160,233,265**	**P 276,601,638**

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Notes		2017		2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess of receipts over expenses		P	**19,673,534**	P	10,285,665
Adjustments for:					
Interest expense	27		**40,086,200**		25,032,907
Depreciation and amortization	11, 12, 26		**5,378,317**		4,269,344
Impairment loss	26		**-**		2,615,903
Retirement benefits expense	17		**4,052,222**		2,804,523
Re-measurement of retirement benefit obligation	17		**-**		735,953
Unrealized foreign exchange loss	26		**30,786**		13,731
Unrealized gain on financial assets at FVPL	24		**(158,183)**		(251,028)
Interest income from banks	6, 24		**(203,475)**		(150,230)
Excess of receipts over expenses before working capital changes			**68,859,402**		45,356,768
Increase in:					
Loans receivable, net - current			**(149,068,133)**		(352,100,613)
Interest receivable			**(1,343,834)**		(338,346)
Other receivables			**(3,300,941)**		(2,369,926)
Prepayments and other current asset			**(1,706,380)**		(673,087)
Increase (Decrease) in:					
Accruals and other payables			**(6,210,102)**		33,239,693
Interest payable			**-**		480,614
Fund savings - current			**9,409,008**		27,046,985
Cash used in operations			**(83,360,980)**		(249,357,912)
Interest received	6, 24		**203,475**		150,230
Benefits paid to employees	17		**-**		(306,340)
Interest paid			**(38,262,629)**		(24,552,293)
Net cash used in operating activities			**(121,420,134)**		(274,066,315)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease in non-current loans receivable			**-**		(3,147,689)
Acquisition of property and equipment	11		**(15,291,177)**		(15,621,582)
Acquisition of computer software	12		**(24,557)**		(268,156)
Decrease in other non-current assets			**317,000**		414,650
Net cash used in investing activities			**(14,998,734)**		(18,622,777)
CASH FLOWS FROM FINANCING ACTIVITIES					
Fund savings received for the year			**6,370,723**		(31,311,269)
Proceeds from loans			**814,921,875**		340,700,000
Payments of loans			**(646,131,025)**		(60,869,731)
Increase in members' contributions	18, 19		**42,267,679**		65,243,888
Net increase (decrease) in resilience fund			**(149,460)**		1,984,518
Contribution to fund savings			**503**		500
Net cash provided by financing activities			**217,280,296**		315,747,906
EFFECT OF EXCHANGE RATE CHANGES ON CASH IN BANKS			**(30,786)**		(13,731)
NET INCREASE IN CASH IN BANKS			**80,830,642**		23,045,082
CASH IN BANKS, January 1	6		**77,247,776**		54,202,694
CASH IN BANKS, December 31	6	P	**158,078,418**	P	77,247,776

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
NOTES TO FINANCIAL STATEMENTS
As at and for the years ended December 31, 2017 and 2016
(All amounts in Philippine Peso unless otherwise stated)

NOTE 1 - GENERAL INFORMATION

AHON SA HIRAP, INC. (the "Organization" or "ASHI"), was registered as a non-stock, non-profit corporation with the Securities and Exchange Commission (SEC) on July 24, 1991 with Registration No. AN091-193608, primarily to help alleviate extreme poverty in the country sides and urban areas, promote the generation of employment and regular income-generating activities (IGAs) among poor households, contribute to the reduction of rural to urban migration, conceptualize and propose project studies to develop the poor rural and urban areas. ASHI's non-governmental organization (NGO) status allows it to enter into contract and loan agreements, as well as receive financial assistance from local and international agencies, both public and private, to finance its activities and projects.

ASHI has the distinction as the first replicator of the Grameen approach to credit for the bottom poor in the Philippines. ASHI expresses its vision that its poor members will be empowered to rise above poverty through their unity, discipline, hard work, and perseverance. ASHI's leadership has taken on the challenge to make an agent of change among the bottom poor women by strengthening their economic life and promoting spiritual and educational well-being. Moreover, with ASHI's outstanding achievements over the years, it has become the role model of credit delivery to the poor in the country.

On November 27, 2015, the Board of Trustees (BOT) approved the amendment of prefatory clause and Articles III and IV by indicating the complete registered address and by extending the term of its existence thereof for another fifty (50) years which will expire on July 23, 2016. Furthermore, the following provisions were added: a) In the fourth provision of the Article, "In the event of dissolution, the assets of the Organization shall be transferred to similar institutions or to the government, b) In Article VI Section 1 of the By-laws, "The Trustees shall not be entitled to compensation acting as such. However, reasonable per diem shall be given for every board meeting attended" and c) In Article VII Section 3, "In no event shall the Organization's net income inure to the benefit of any private individual''. The SEC approved these amendments on January 19, 2016.

On November 3, 2015, Republic Act No. 10693, also known as "Microfinance NGOs Act", was approved by the President of the Philippines which strengthens Non-Government Organizations (NGOs) engaged in microfinance operations for the poor. The Implementing Rules and Regulation was approved on August 16, 2016. On February 24, 2017, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 3-2017, implementing the tax provision of the aforementioned act.

On March 28, 2017, the Organization received from the BIR its Certificate of Tax Exemption No. 129-2017 exempting the donations and grants from income tax. However, all other income is subject to normal income tax. On March 30, 2017, the Organization filed its Protest with the BIR contesting the taxability of its other income related to its lending operations that fuels the total development of members to be able to rise from all forms of poverty. This includes service and administrative charges for loans released to members which comprise 95% of the Organization's income. The Organization's funding is mainly provided by loans from Land Bank, OIKOCREDIT and Union Bank. This year, the service and admin charges are brought down to support the mandate of the Bangko Sentral ng Pilipinas (BSP) for financial inclusion especially in hard to reach covered areas.

The Board had also approved the rebate of 2% (of the 46% diminishing rate) service and admin charges on portfolio in 2016 to be returned to members in the form of withdrawable savings and/or health services. Around P13 million was used for health services and members trainings for 2017 and the balance of P10,141,465 will be used for similar purposes in 2018.

ASHI is a non-profit NGO that has been in operation for twenty-six (26) years consistently transforming the poverty scene in the country. To date, the Organization has helped more than 61,282 women in 8 provinces using the Grameen methodology. The Organization is the only microfinance institution which faithfully targets the marginalized using the Progress out of Poverty Index (PPI). Consistently, the Organization targets only the fringes of society (those who score below 60). But truly, the Organization is more than a microfinance institution. The Organization's mission states that it will develop the poor to rise above all forms of poverty, not just financial poverty. The Organization offers Social Development programs attested by the Microfinance Council of the Philippines. The Organization provides its members trainings and workshops for the total development of the human person, from value formation to financial literacy and caring for the environment. The Organization developed partnerships with local and international institutions to make it a flow-through of their corporate social responsibility (CSR) programs. The Organization partnered with government and non-government organization to avail of both their financial and non-financial services for its members. The Organization faithfully adheres to social performance management and pro-poor practices as evidenced by the Truelift Aspirant Practitioner Milestone received on May 10, 2016. The Organization is now being evaluated externally for the next level if it truly lives up to its name which means "To rise out of poverty", being the government's partner in alleviating the plight of the poor in the country, in all aspects.

The Organization has five hundred seventy-nine (579) and four hundred seventeen (417) employees as at December 31, 2017 and 2016, respectively.

The Organization's registered principal and business address is No. 76, 8thAvenue, Cubao, Quezon City.

The financial statements have been authorized for issuance on April 7, 2018, by Mercedes R. Abad, President, on behalf of the BOT.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below to facilitate understanding of the data presented in the financial statements. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation and statement of compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale which are measured at fair value and retirement benefits liability which is measured using the projected unit credit method. The financial statements are presented in Philippine Peso, the Organization's functional currency.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgment, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Organization's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations which became effective beginning January 1, 2017. The adoption of these new and amended standards and interpretations did not have a significant impact on the Organization's financial statements.

2.2.1 New standards, amendments to existing standards and interpretations effective in the current year and are relevant to the Organization's operations

Amendments to PAS 7, *Statement of Cash Flow - Disclosure Initiative* – The amendment provides disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This includes disclosure of changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values, and other changes.

Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendment clarifies that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.2.2 New standards, amendments to existing standards and interpretations effective in subsequent years and are relevant to the Organization's operations

These are new PFRS, revisions, amendments to existing standards, annual improvements, and interpretations that are effective for periods subsequent to December 31, 2017 and are relevant to the Organization's operations, however, the adoption is not expected to have an impact on the financial statements:

Effective in 2018:

PFRS 9 (2014), *Financial Instruments* – In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration* – The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Effective in 2019:

PFRS 16, *Leases* – This new standard replaces the following standards and interpretations: (a) PAS 17, *Leases*, (b) IFRIC 4, *Determining whether an Arrangement contains a Lease*, (c) SIC-15, *Operating Leases – Incentives*, and (d) SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The biggest change is that Lessees do not need to classify the lease at its inception and determine whether it is finance or operating lease. The standard introduces new accounting model for all leases. A lessee shall recognize a right-of-use asset and a lease liability, except for leases with a lease term of twelve (12) months or less and containing no purchase options and leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture). Early application is permitted if PFRS 15 *Revenue from Contracts with Customers* has also been applied.

2.3 Financial instruments

2.3.1 Classification

The Organization classifies financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities are acquired. Management determines the classification of financial assets and liabilities at initial recognition.

2.3.1.1 Financial assets

The Organization classifies financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale, and held-to-maturity.

a. *Financial assets at fair value through profit or loss*

   Financial assets at fair value through profit or loss (FVPL) either are held for trading or designated in this category. A financial asset is classified as held for trading if acquired principally for the purposes of selling and repurchasing in the near term. Derivatives are also categorized as financial assets at FVPL unless they are designated as hedges.

b. *Loans and receivables*

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are classified as current assets, except for maturities greater than twelve (12) months after the end of the reporting period.

The Organization's loans and receivables are comprised of cash in banks, loans receivable, interest receivable, advances and security deposits in the statements of financial position.

c. *Available-for-sale financial assets*

Available-for-sale financial assets (AFS) are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These financial assets are classified as non-current unless the investment matures or management intends to dispose them within twelve (12) months at the end of the reporting period.

d. *Held-to-maturity investments*

Held-to-maturity investments (HTM) are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Organization's management has the positive intention and ability to hold to maturity. If the Organization were to sell other than an insignificant amount of held-to-maturity assets, the whole category would be tainted and reclassified as AFS.

The Organization has no financial assets under categories (c) and (d) as at December 31, 2017 and 2016.

2.3.1.2 Financial liabilities

The Organization classifies financial liabilities in the following categories: (a) at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), and (b) at amortized cost.

The Organization has no financial liabilities under category (a).

Other liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are subsequently measured at amortized cost. These contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than twelve (12) months after the reporting period which are classified as non-current.

The Organization's financial liabilities classified under this category consist of accruals and other payables (except payable to government agencies), loans payable, interest payables, and fund savings.

2.3.2 Recognition and measurement

(a) *Date of recognition*

Financial instruments are recognized in the statements of financial position when the Organization becomes a party to the contractual provisions of the instruments. Regular-way purchases and sales of financial assets are recognized on the trade date, i.e., the date on which the Organization commits to purchase or sell the asset. Derivatives are also recognized on a trade date basis.

(b) *Initial recognition and measurement*

All financial instruments are initially recognized at fair value. The initial measurement of financial instruments includes transaction costs, except for financial instruments at FVPL.

(c) *Subsequent measurement*

Financial assets and liabilities as at FVPL are carried at fair value. Subsequent changes in fair value are recognized in the statements of comprehensive income. Interest earned or incurred is recorded as interest income or expense, respectively. Dividend income from financial assets at FVPL is recognized in the statements of comprehensive income as part of other income when the Organization's right to receive payments has been established.

Loans and receivables are carried at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains or losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized and impaired.

AFS financial assets are subsequently carried at fair value, with unrealized gains and losses being recognized as other comprehensive income (loss). When the investment is derecognized or is determined to be impaired, the cumulative gain or loss previously reported as other comprehensive income (loss) is recognized in the profit or loss. The Organization uses the specific identification method in determining the cost of securities sold. Unquoted equity securities are carried at cost, net of impairment.

HTM investments are subsequently carried at amortized cost using the effective interest method, less any impairment in value.

Other financial liabilities are measured at amortized cost using the effective interest method.

2.3.3 Derecognition

Financial assets

An Organization shall derecognize a financial asset (or a part of financial asset) only when:

(a) the contractual rights to the cash flows has expired, or
(b) the Organization transfers to another party substantially all of the risks and rewards of ownership, or
(c) the Organization, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Organization shall:

    (i) derecognize the asset, and
    (ii) recognize separately any rights and obligations retained or created in the transfer.

The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at transfer date. Newly created rights and obligations shall be measured at their fair values at transfer date. Any difference between the consideration received and the amounts recognized and derecognized in accordance with this paragraph shall be recognized in profit or loss in the period of the transfer.

Financial liabilities

An Organization shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or has expired.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized as other income (loss) in the statements of comprehensive income.

2.3.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position, if and only if, 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, wherein the related assets and liabilities are presented at gross in the statements of financial position.

2.3.5 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's-length market transactions,
- Reference to the current fair value of another instrument that is substantially the same, and
- A discounted cash flow analysis or other valuation models.

2.3.6 Fair value hierarchy

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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. The Organization's financial assets held at FVPL are classified under Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Organization specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Organization's available-for-sale security is classified under Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation technique used to value these financial instruments is discounted cash flow analysis.

2.3.7 Impairment of financial assets

The Organization assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors 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 when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the financial assets is reduced directly by the impairment loss for all financial assets with the exception of loans receivable, where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Provision for impairment losses on loans receivable amounts to P16,343,234 and P1,150,155 (Note 8) for the years ended December 31, 2017 and 2016, respectively. Impairment of advances amounts to P21,752 (Note 26) for the year ended December 31, 2016.

2.4 Cash in banks

Cash, which includes deposits held at call with banks and carried in the statements of financial position at face value, is unrestricted and immediately available-for-use in the current operations.

2.5 Financial assets held at fair value through profit or loss (FVPL)

Financial assets held at fair value through profit or loss is recorded in the statements of financial position at fair value. Changes in fair value relating to the FVPL positions are recognized in "receipts" under the statements of comprehensive income. Interest/Dividend earned, if there is any, is recorded as other income.

2.6 Loans receivable

Loans receivable are initially recorded at loan granted to members. Loans receivable are subsequently measured at amortized cost using the effective interest method. Interest earned is recognized in the statements of comprehensive income. Impairment loss is provided when there is objective evidence that the Organization will not be able to collect all amounts due in accordance with the original terms of receivables.

The Organization provides loan loss reserve for the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long outstanding receivables under the provisioning policies passed by the BOT.

2.7 Other receivables

Other receivables pertain to the amount initially paid by the Organization which includes advances to officers and employees for reimbursement and loans to employees.

A provision for impairment of other receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will make default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

When other receivables are uncollectible, they are written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are recognized as income in the statements of comprehensive income.

2.8 Prepayments and other current assets

Prepayments pertain to unused supplies for bulk printing of all accountable forms, rental payments, utilities and insurance premiums which are stated at fair value. These represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as asset and measured at the amount of cash paid. Subsequently, they are charged to expense as they are consumed in operations or expire with the passage of time.

Other current asset pertains to security deposit relating to leases with contracts expiring twelve (12) months after the reporting date.

2.9 Property and equipment, net

Property and equipment, except land, is carried at cost less accumulated depreciation and any accumulated impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Organization. All subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation is computed using the straight-line method over estimated useful lives (EUL) of the related assets as follows:

Asset	EUL in years
Building and structures	10-20
Office equipment	2-5
Office furniture and fixtures	2-5
Transportation equipment	5-10

The useful lives and depreciation method are reviewed at each reporting period to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Land is measured at cost.

Depreciation of an item of property and equipment begins when it becomes available for use, e.g., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. When assets are retired or otherwise disposed of, the cost, related accumulated depreciation and accumulated impairment losses are removed from the accounts and the resulting gain or loss, which is determined by comparing the proceeds with carrying amount, is recognized to statements of comprehensive income.

2.10 Intangible asset, net

The Organization shall recognize an intangible asset as an asset if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Organization,
(b) the cost or value of the asset can be measured reliably, and
(c) the asset does not result from expenditure incurred internally on an intangible item.

The Organization shall measure an intangible asset initially at cost.

Expenditure on an intangible item that was initially recognized as an expense shall not be recognized at a later date as part of the cost of an asset. The Organization shall measure intangible assets at cost less any accumulated amortization and any accumulated impairment losses. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the Organization expects to use the asset. If the Organization is unable to make a reliable estimate of the useful life of an intangible asset, the life shall be presumed to be ten (10) years. Amortization begins when the intangible asset is available for use, e.g., when it is in the location and condition necessary for it to be usable in the manner intended by management. Amortization ceases when the asset is derecognized.

The Organization uses straight-line method in amortizing intangible asset with an estimated useful life of five (5) years.

The Organization shall derecognize an intangible asset, and shall recognize gain or loss in the statements of comprehensive income:

(a) on disposal, or
(b) when no future economic benefits are expected from its use or disposal.

2.11 Other non-current assets

Other non-current assets are initially recognized at transaction cost and subsequently measured at amortized cost less any impairment loss.

Other non-current assets pertain to APROOT Rebuilding Program, PLDT Subscribers Investment Plan and investment to MIDAS Foundation, Inc. and non-current portion of prepaid rentals and security deposits.

APROOT Rebuilding Program pertains to funds used by the Organization to help the Members, specifically the victims of Typhoon Ondoy, recover from the tragic incident through the development of their family livelihood, health and sanitation and living conditions.

PLDT Subscribers Investment Plan is the investment of the Organization in the Philippine Long Distance Telephone (PLDT) Company.

The investment in MIDAS Foundation is the Organization's contribution as one of the founding member of the Microfinance Credit Bureau.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher between the assets' net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less the estimated cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is charged to expense immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

The Organization recognized impairment loss on APROOT Rebuilding Program amounting to P2,594,151 (Note 26) in 2016 as the asset was reduced to its fair market value based on the latest appraisal report.

2.13 Accruals and other payables

Accruals and other payables are recognized in the period in which the money or services are received, or when a legally enforceable claim against the Organization is established, or when the corresponding assets and expenses are recognized/incurred.

Accruals and other payables are measured at fair value less any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Accrual and other payables are derecognized when extinguished.

2.14 Fund savings

Fund savings pertain to payments made by the Members which represent as savings and can be withdrawn by the Members in accordance with the Organization's fund savings policy.

2.15 Loans payable

Loans payable pertain to the liabilities obtained from local and foreign individual creditors and financial institution for loaning capital or for operational expenses. Loans payable are interest-bearing ranging from 3% to 10% per annum.

Loans payable are measured initially at their fair values and subsequently measured at amortized costs less settlement payments.

2.16 Resilience fund

Resilience fund pertains to donations from Jollibee Food Foundation which is intended for livelihood projects for the victims of typhoon Yolanda in Antique.

2.17 Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Due to/from related parties are initially recorded at transaction price and are subsequently measured at amortized cost using the effective interest method.

During the year there are no related party transactions.

2.18 Fund balance

The Organization's capital as a non-stock, non-profit organization is the aggregated grants, donations and contributions coming from different partners and members of the Organization to promote its vision and mission.

Total fund balance is comprised of Members' Contribution, Donated Fund balance, Reserves and Net Surplus.

Members' Contribution is unrestricted fund generated from internal sources. This represents accumulated membership fees.

Kabalikat Membership Fee is collected from members either as one-time lump-sum payment of P100 or installment payments. The fee is compulsory for one to be an official member of the Organization. Subsequently, official members have to pay annual dues of P20.

Donated Equity is unrestricted fund received from external sources such as funders and grantors. The amount donated is for a specific program, project or activity to be carried out through or in partnership with the Organization. Any expenditure related to the carryout of the specific program, project or activity is charged directly to Donated Equity.

Other Reserves is a restricted fund appropriated by the Organization for such other specific purposes as deemed necessary to carry-out the Organization's mission and vision. Any expenditure related to the carry-out of the aforementioned specific purpose is charged directly to this account.

Net Surplus (Unrestricted Fund) is an unrestricted fund and represents accumulated excess of receipts over expenses of the Organization.

2.19 Receipts and expenses recognition

Receipts are recognized only when it is probable that the economic benefits associated with the transaction will flow to the Organization and the amount of the receipts can be measured reliably.

Receipts are measured at the fair value of the consideration received or receivable.

(i) Finance income

Finance income represents interest earned on loans and receivables and is recognized as it accrues using the effective interest rate method.

(ii) Service charges from Salamat Fund

These represent service fees charged to members that are recognized as "receipts" in the statements of comprehensive income upon release of the loan. These fees are equivalent to 2% of the original general and group fund loans granted during the year and amount to P19,347,062 and P15,341,441 for the years ended December 31, 2017 and 2016, respectively. Effective April 2017, the rate of 5% was reduced to 2% for revenue recognition. Additional 2% was being deducted from general loan release of a member representing members' contribution and was recognized as equity in the statements of financial position. This was done to sustain financial sustainability of the organization for the attainment of its social mission.

(iii) Grants and donations

Donated by funders and grantors in support of the Organization's cause that are unrestricted are recognized as income when cash is received. Grants and donations that are restricted for a particular project or activity are initially recognized as liability until the conditions have been substantially met or conditions have been explicitly waived by the funders or grantors.

(iv) Other receipts

Other receipts pertain to gain from fair value remeasurement of financial assets held at FVTPL and interest income on bank deposits which is recognized when earned, net of final tax.

(v) Expenses

Program costs and expenses are recognized when incurred.

2.20 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 fulfilment 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 re-assessment is made after inception of the lease only if one of the following scenarios applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement,

b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term,

c. There is a change in the determination of whether fulfilment is dependent on a specified asset, and

d. There is a substantial change to the asset.

Where a re-assessment is made, lease accounting shall commence or cease from the date when the change in a circumstance gives rise to the re-assessment for any of the scenarios (a), (c), or (d) above, and the date of renewal or extension period for the scenario (b).

Leases where the lessor retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statements of comprehensive income on a straight-line basis over the lease term.

Future minimum lease payments are payments over the lease term that the lessee is or required to make, excluding contingent rent, costs for services, and taxes to be paid by and reimbursed to the lessor, together with any amounts guaranteed by the lessee or by a party related to the lessee.

For operating lease, the standard requires disclosure on the total future minimum lease payments under non-cancellable operating leases for each of the following periods:

(i) not later than one year,
(ii) later than one year but not later than five years, and
(iii) later than five years.

2.21 Foreign currency-denominated transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income.

2.22 Employee benefits

2.22.1 Short-term employee benefits

Salaries, wages, bonuses, other benefits and social security contributions are recognized as an expense in the year in which the associated services are rendered by the employees of the Organization. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensation absences. Short-term non-accumulating compensated absences such as sick and medical leaves are recognized when the absences occur.

2.22.2 Retirement benefits

Retirement benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The Organization applies *PAS 19 (Revised) - Employee Benefits* and the related consequential amendments. The Organization's net obligation in respect of the defined benefit retirement plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current year and prior year periods. The benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at financial reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Organization's obligation. The current calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurements of retirement benefit liability, which comprise actuarial gains and losses, is recognized immediately in other comprehensive income (OCl). The Organization determines the interest expense on the retirement benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined liability during the period as a result benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in the statements of comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statements of comprehensive income at the earlier of the following:

- When the related restructuring costs are recognized,
- When the related termination benefits are recognized, and

• When the plan amendment or curtailment occurs.

The Organization recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.23 Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise or between and/or among the reporting enterprises and their key management personnel, directors or their shareholders.

Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related entities in an economically comparable market.

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

2.24 Tax exemption status

Non-stock organization that is established and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation, veterans, no part of its income or assets shall belong or inure to the benefit of any member, organizer, officer or any specific person, are not subject to tax in respect to income received by them.

The Organization is a corporation not organized for profit but operated exclusively for the promotion of social welfare as contemplated under Section 30(G) of the Tax Reform Act of 1997 (R.A.8424, as amended). Accordingly, it is exempt from the payment of income tax on income received by such organization, and, therefore, need not file an income tax return on such income. However, it is subject to the corresponding internal revenue taxes imposed under the National Revenue Code on its income derived from any of its properties, real or personal, or any activity conducted for profit regardless of the disposition thereof, which income should be returned for taxation.

Development on the Organization's exemption status is disclosed in Note 1.

The Organization paid gross receipts tax of 2% for its total gross receipts for the years ended December 31, 2017 and 2016 in compliance with the provisions of RA 10693.

2.25 Subsequent events

The Organization identifies subsequent events as events that occur after the reporting date but before the date when the financial statements are authorized for issue. Any subsequent events that provide additional information about the Organization's financial position at the reporting date are reflected in the financial statements.

Events that are non-adjusting are disclosed in the notes to the financial statements when material.

NOTE 3 - CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The primary objective of the Organization's management is to ensure the Organization's ability to continue as a going concern and maintain healthy capital ratios in order to support its advocacy and mission.

The Organization's President sets strategies for the Organization with the objective of establishing a versatile and resourceful financial management and capital structure.

The Organization monitors the basis of the carrying amount of fund balance as presented on the face of the statements of financial position. Details of debt to equity ratios follow:

		2017		2016
Total liabilities	P	918,058,718	P	733,419,440
Total fund balance		276,601,638		215,212,384
		3.32:1		3.41:1

Profiles or capital ratios are set in the light of changes in the Organization's external environment and the risks underlying the Organization's business, operations and industry.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The Organization's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect 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.

4.1 Critical management judgments in applying accounting policies

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

a. Lease agreements

The Organization has entered into various lease agreements during the year. Critical judgment was exercised by management to distinguish each lease agreement as either operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

b. Functional currency

The Organization's Board of Trustees considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. It is the currency which measures the performance and reports the results of the Organization's operations.

c. Provisions

Provisions for liabilities are recognized when the Organization has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

d. 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 in the notes to financial statements when an inflow of economic benefits is probable.

4.2 Critical accounting estimates and assumptions

a. Estimating allowance for impairment of loans receivable

The Organization provides allowance for doubtful accounts based on an analysis using the net flow rate and averaged at 2.93% of the outstanding receivables as at year end. However, allowance for doubtful accounts is maintained at a level considered adequate to cover potential losses on the Organization's long outstanding receivables. In 2017, the organization complied with the standards set by the Microfinance NGO Regulatory Council (MNRC) requiring graduated provisioning for portfolio based on an aging schedule.

The carrying value of loans receivable amounts to P960,165,089 and P811,096,956 (Note 8) as at December 31, 2017 and 2016, respectively.

Allowance for impairment loss or loan loss reserve amounts to P33,089,299 and P18,248,459 (Note 8) as at December 31, 2017 and 2016, respectively.

b. Estimated useful lives (EUL) of property and equipment

The management estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The EUL of the property and equipment (Note 2.9) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on the Organization's collective assessment of industry practice, internal evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

c. Impairment of property and equipment and intangibles

The Organization assesses at each reporting period whether there is an indication that property and equipment and intangibles may be impaired.

Determining the fair value of property and equipment and intangibles, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Organization to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Organization believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

The carrying value of property and equipment amounts to P44,793,466 and P34,560,991 (Note 11) as of December 31, 2017 and 2016, respectively.

Based on the physical inspection of fixed assets, the management has assessed that there are no impairment losses to be recognized for the years ended December 31, 2017 and 2016.

Carrying value of intangible asset amounts to P111,111 and P406,167 (Note 12) as of December 31, 2017 and 2016, respectively.

d. Impairment of non-financial assets

The Organization's policy on estimating the impairment of non-financial assets is discussed in Note 2.12. Though management believes that the assumptions used in estimation of fair values 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. Estimating retirement benefits liability

The determination of the Organization's obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions are described in Note 17, and include, among others, discount rate and salary increase rate. In accordance with PFRS 19 (Revised), actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The retirement benefit expense and liability are further discussed in Note 17.

NOTE 5 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organization's activities are exposed to a variety of financial risks: credit risk, liquidity risk, foreign exchange risk and fair value estimates. The Organization's overall risk management program seeks to minimize potential adverse effects on the financial performance and to make an optimal contribution to the Organization's revenues by managing these risks.

The Organization's risk management, vested thru the Board of Trustees, focuses on actively securing its short to medium-term cash flows by minimizing the exposure to financial risks. Long-term financial investments are managed to generate lasting returns.

5.1 Credit risk management

Credit risk refers to the risk that counterparty will default on its obligations resulting in financial loss to the Organization. The Organization is exposed to risk on various financial instruments, such as granting loans to its members and other receivables from other debtors. The Organization has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the financial statements or in the detailed analysis provided in the notes to financial statements, without considering the effects of collaterals and other risks, is presented below:

	2017					
			Past Due but not Impaired			
	Total	Neither Past Due nor Impaired	<90 days	91 - 365 days	>365 days	Impaired
Cash in banks	P 158,078,418	P 158,078,418	P -	P -	P -	P -
Financial assets held at FVPL	10,469,714	10,469,714	-	-	-	-
Loans receivable - gross	986,635,843	957,775,124	6,662,568	13,652,921	8,545,230	-
Interest receivable	2,975,641	2,975,641	-	-	-	-
Other receivables	10,278,834	10,278,834	-	-	-	-
Other non-current assets	400,000	400,000	-	-	-	-
Security deposits	693,500	693,500	-	-	-	-
	P 1,169,531,950	P 1,140,671,231	P 6,662,568	P 13,652,921	P 8,545,230	P -

	2016					
			Past Due but not Impaired			
	Total	Neither Past Due nor Impaired	<90 days	91 - 365 days	>365 days	Impaired
Cash in banks	P 77,247,776	P 77,247,776	P -	P -	P -	P -
Financial assets held at FVPL	10,311,531	10,311,531	-	-	-	-
Loans receivable - gross	822,726,870	804,310,444	6,923,006	2,313,841	680,538	8,499,041
Interest receivable	1,631,807	1,631,807	-	-	-	-
Other receivables	6,977,893	6,977,893	-	-	-	-
Other non-current assets	400,000	400,000	-	-	-	-
Security deposits	168,700	168,700	-	-	-	-
	P 919,464,577	P 901,048,151	P 6,923,006	P 2,313,841	P 680,538	P 8,499,041

The table below shows the credit quality of the Organization's financial assets based on their historical experience with the corresponding debtors.

	As at December 31, 2017			
	Grade A	Grade B	Grade C	Total
Cash in banks	P 158,078,418	P -	P -	P 158,078,418
Financial assets held at FVPL	10,469,714	-	-	10,469,714
Loans receivable	957,775,124	26,970,311	8,508,953	993,254,388
Interest receivable	2,975,641	-	-	2,975,641
Other receivables	10,278,834	-	-	10,278,834
Other non-current assets	400,000	-	-	400,000
Security deposits	693,500	-	-	693,500
	P 1,140,671,231	P 26,970,311	P 8,508,953	P 1,176,150,495

	As at December 31, 2016			
	Grade A	Grade B	Grade C	Total
Cash in banks	P 77,247,776	P -	P -	P 77,247,776
Financial assets held at FVPL	10,311,531	-	-	10,311,531
Loans receivable	810,928,989	9,917,385	8,499,041	829,345,415
Interest receivable	1,631,807	-	-	1,631,807
Other receivables	6,977,893	-	-	6,977,893
Other non-current assets	400,000	-	-	400,000
Security deposits	168,700	-	-	168,700
	P 907,666,696	P 9,917,385	P 8,499,041	P 926,083,122

- Grade A receivables pertain to those receivables from members who always pay on time or even before the maturity date. This also includes financial assets with minimal exposure as these are transacted with counterparties having good credit standing,

- Grade B includes receivables that are collected on their due dates provided that they are reminded or followed up by the Organization, and

- Grade C includes receivables that are collected consistently beyond their due dates and require persistent effort from the Organization.

Accordingly, the Organization has assessed the quality of the following financial assets:

- The credit risk for cash and cash equivalents is assessed as low risk since cash are deposited in reputable banks, which have low probability of insolvency and with high quality external credit ratings.

- The maximum exposure to credit risk of the Organization from the financial assets held at FVPL is equivalent to the fair value of the shares in the PSE as at the reporting date.

- The exposure to credit risk of the Organization's loans receivable is influenced by the individual characteristics of its members. The Organization has established credit policy under which each new member is analyzed individually for creditworthiness before the Organization's standard granting of cash loans is given.

The Organization has different types of loans receivable:

1. General loan
2. Incentive loan
3. Special loan
4. Other loan portfolio

General loans - loans granted to members/beneficiaries from the Loan Fund of the branches for their specific proposed projects. It must be used for an income generating activity only. To ensure this policy is maintained, a loan utilization check is carried out one week after the loan release.

Incentive loans - these cover educational, house repair, and market day loan for which Members can only avail after they have proven their credit worthiness on the general loan granted to them.

Special loan - consists of Members' loans out of their own funds with loan terms of 4 to 12 weeks classified as Group Fund Loan. This is used for emergency purposes, like for hospitalization, dental (excluding denture), optical, utility (electricity or water), maternity (caesarean and pre-mature), medicines, school fees (if not eligible for Educational Loan), travel expenses (to locate missing family member). It must not be used to cover General or Incentive loan payments or to cover arrears. Staff micro loans are given to the deserving Organization employees with loan terms of two (2) to five (5) years.

Other loan portfolio - Prior to 2015, Enterprise Loans are given to Enterprising ASHI Members and Non-Members within ASHI covered areas through a maximum credit line of P250,000 in partnership with Insol Development Foundation. The partnership with INSOL had been severed in 2015 and is now on the closure stage. Further extension of repayment had been approved by the Board due to INSOL's financial situation. Rebuilding (APROOT) Loans are expanded House Repair Loan to ASHI Members availing of the APROOT Housing Program in Pangil, Laguna. AGAP/SHIELD Loans are Agricultural Loans given to ASHI Members. This had started in the areas of Western Visayas and now extended to 3 areas in Calabarzon.

Loans receivables have no collateral but are guaranteed by co-members who, in the event of default, the loan shall be assumed by the co-members.

- Other receivables pertain to collectibles from employees, individuals, and organizations for payment of their expenses by the Organization, advances to officers and employees and loans to employees amounting to P10,278,834 and P6,977,893, as at December 31, 2017 and 2016, respectively, which are assessed to be low risk and are collectible by the Organization until maturity date.

- Security deposits pertain to refundable deposit agreement to service providers for the Organization's rental, electrical and communication requirements amounting to P693,500 and P168,700 as at December 31, 2017 and 2016, respectively. These are presented as current and non-current asset depending on the terms of lease agreements.

5.2 Liquidity risk management

Liquidity or funding risk is the risk that the Organization will not be able to meet its financial obligation as they fall due. Liquidity risk may result from either the inability to sell financial instruments quickly at their fair values or counterparty failing on repayment of contractual obligation or inability to generate cash inflows as anticipated.

As at December 31, 2017 and 2016, the Organization's financial liabilities have contractual maturities as follows:

2017	Note		Current Within 12 months		Non-current
Accruals and other payables*	14	P	30,765,477	P	-
Fund savings	15		58,218,852		44,371,681
Interest payable	16		4,810,820		-
Loans payable	16		584,296,630		158,548,189
		P	678,091,779	P	202,919,870

2016	Note		Current Within 12 months		Non-current
Accruals and other payables*	14	P	42,005,848	P	-
Fund savings	15		48,809,844		38,000,958
Interest payable	16		2,987,249		-
Loans payable	16		467,751,517		106,302,449
		P	561,554,458	P	144,303,407

* *Excluding statutory payables.*

The Organization's current assets exceed current liabilities by P453,099,072 and P338,258,550 as at December 31, 2017 and 2016, respectively, computed as follows:

		2017		2016
Total current assets	P	1,139,768,734	P	903,360,621
Total current liabilities		686,669,662		565,102,071
	P	453,099,072	P	338,258,550

5.3 Foreign exchange risk

Foreign exchange risk arises when recognized assets and liabilities are denominated in a currency that is not the Organization's functional currency. The Organization is exposed to foreign exchange risk primarily with respect to the monetary assets denominated in US Dollar and Euro. The Organization's financial position and financial performance are affected by the movements in the Philippine Peso to US Dollar and Euro exchange rates. The Organization's foreign currency-denominated monetary assets are shown in Note 31.

Currency	Volatility rate	Effect on profit before tax 2017	
Foreign currency denominated assets			
US Dollar	-0.68%	P	(6,152)

Currency	Volatility rate	Effect on profit before tax 2016	
Foreign currency denominated assets			
US Dollar	-0.33%	P	(768)

5.4 Fair value estimation of financial assets and liabilities

The carrying amounts of cash, receivables and payables are assumed to approximate fair values because of their short-term nature and settlement.

	Notes		2017 Cost		2017 Fair Value
Financial assets:					
Cash in banks	6	P	158,078,418	P	158,078,418
Financial assets held at FVPL	7		10,469,714		10,469,714
Loans receivable, net	8		960,165,089		960,165,089
Interest receivable	8		2,975,641		2,975,641
Other receivables	9		10,278,834		10,278,834
Security deposits	29		693,500		693,500
Other non-current assets	13		400,000		400,000
		P	1,143,061,196	P	1,143,061,196
Financial liabilities:					
Accruals and other payables*	14	P	36,864,691	P	36,864,691
Fund savings	15		102,590,533		102,590,533
Interest payable	16		4,810,820		4,810,820
Loans payable	16		742,844,819		742,844,819
		P	887,110,863	P	887,110,863

	Notes		2016 Cost		Fair Value
Financial assets:					
Cash in banks	6	P	77,247,776	P	77,247,776
Financial assets held at FVPL	7		10,311,531		10,311,531
Loans receivable, net	8		811,096,956		811,096,956
Interest receivable	8		1,631,807		1,631,807
Other receivables	9		6,977,893		6,977,893
Security deposits	29		168,700		168,700
Other non-current assets	13		400,000		400,000
		P	907,834,663	P	907,834,663
Financial liabilities:					
Accruals and other payables*	14	P	44,192,062	P	44,192,062
Fund savings	15		86,810,802		86,810,802
Interest payable	16		2,987,249		2,987,249
Loans payable	16		574,053,966		574,053,966
		P	708,044,079	P	708,044,079

** Excluding statutory payables.*

NOTE 6 - CASH IN BANKS

Cash in banks amount to P158,078,418 and P77,247,776 as at December 31, 2017 and 2016, respectively.

Cash in banks include regular current and savings deposits which earn interest at prevailing bank deposit rates.

Total interest income earned, net of final tax, amounts to P203,474 and P150,230 in 2017 and 2016, respectively, for regular current and savings accounts.

Unrealized foreign exchange loss on the restatement of the above cash in banks charged to statements of comprehensive income amounts to P30,786 and P13,731 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 - FINANCIAL ASSETS AT FVPL

The Organization's financial assets at FVPL pertain to investments in mutual funds that are primarily invested in fixed income and equity securities. As at December 31, 2017 and 2016, investments in FVPL amount to P10,469,714 and P10,311,531 comprising of 3,318,283 units with a net asset value per unit (NAVPU) of P3.16 and P3.11, respectively. Fair value of the FVPL is categorized under level 1 of the fair value hierarchy.

Gain from fair value re-measurement recognized at as December 31, 2017 and 2016 amounts to P158,183 and P251,028 (Note 24), respectively.

NOTE 8 - LOANS RECEIVABLE, NET

This account consists of:

		2017		2016
General loan:				
ASHI 1, 2, 3	P	543,437,961	P	425,081,012
AGAP		47,234,274		32,626,381
Quick		357,756		207,622
		591,029,991		457,915,015
Incentive loan:				
Combined		211,478,067		172,394,911
House repair		1,522,083		1,397,514
Educational		349,729		-
		213,349,879		173,792,425
Special loan:				
Emergency		153,314,566		143,974,582
Pure it		17,748,449		28,325,454
Center		4,419,850		-
Flexible		1,890,408		8,499,041
Solar		1,619,898		-
3K		1,273,721		-
Gazlite		250,631		707,800
Resilience		90,238		-
SSS/Philhealth program		53,704		133,532
Group fund		13,484		393,753
Staff micro loans		-		6,799
		180,674,949		182,040,961
Other loan portfolio:				
Rebuilding (APROOT)		1,581,024		1,885,747
Others		-		7,092,722
		1,581,024		8,978,469
Total		986,635,843		822,726,870
Less: Allowance for impairment losses		33,089,299		18,248,459
Loans on receivable - current, net	P	953,546,544	P	804,478,411

		2017		2016
Current	P	953,546,544	P	804,478,411
Non-current		6,618,545		6,618,545
	P	960,165,089	P	811,096,956

Accrued interest receivables amount to P2,975,641 and P1,631,807 as of December 31, 2017 and 2016, respectively.

Loans receivables are broadly classified into three categories namely:

General Loan (GL)	Must be used for income generating activity.	ASHI 1	1	5,000	12, 25, 50, 75, 100 weeks based on credit rating, capacity to pay and business stability	46% per annum, diminishing rate	Collected weekly
			2	10,000			
			3	15,000			
			4	25,000			
			1	40,000			
		ASHI 2	2	80,000			
		ASHI 3	1	100,000			
	Quick Loan: This is categorized as General loan. Can be used in opportunities such as, fiesta sales, export orders, trade fair, etc.			Maximum amount is 40,000	Maximum of 12 weeks only	46% per annum, diminishing rate	Collected weekly
	<u>AGAP Loan:</u> This is categorized as General loan. The AGAP loan is intended for small-holder farmers raising various types of crops, vegetables, animals and other agriculture and fishery-related enterprises		1	15,000	2, 6, 8, 12 months depending on the crop	18% per annum diminishing rate	Interest paid weekly; Principal loan paid upon harvest
			2	25,000			
			3	40,000			
			4	80,000			
			5	100,000			

Incentive Loan (IL)	Can be used for house construction or repairs, purchase of lot, electrical and water connection, tuition fees, miscellaneous fees, uniform and school supplies.		1 2 3 4 5	5,000 10,000 15,000 25,000 40,000	12, 25, 50, 75, 100 weeks based on credit rating, capacity to pay and business stability	46% per annum, diminishing rate	Collected weekly
Special loan (SL)	1. Pureit 2. Resiliency 3. SSS/Philhealth 4.Center Loan 5.Emergency Loan 6. Group Fund Loan (2016) Can be used for all types of personal, household and emergency needs; center hall construction and improvement.			Up to maximum amount of P50,000 based on the need of the member and the purpose of the loan	12, 25, 50, 75, 100 weeks based on Capacity to pay and stability of business	18% per annum diminishing rate. Pureit loan has no interest.	

Quick loan and AGAP loan were transferred to General loan category. Enterprise loan was reclassed as other non-current assets in 2016. Thus, only APROOT will be classified as other loan. Special loan category is now composed of Center loan, Resilience Loan, SSS/PHIC premium loans, 3K loan, and Emergency loan.

For the purposes of managing risks, loans receivable are divided into four types as general loans, incentive loans, special loans and other portfolio.

The Special Portfolio (Center Loans, Resilience Loans, 3K loans, Emergency loans, and Group Fund Loans) is funded by donated equity and members' contribution (Compulsory Savings). This is separately reported from the Regular Portfolio (general loans and incentive loans).

On March 2016, the management implemented granting of emergency loan to members. The amount ranges from P1,000 to P20,000 for regular medication, dental and optical needs, payment of utility bills, death-related expenses and other emergencies as assessed by the Branch manager. The amount goes up from P21,000 to P50,000 for hospitalization and surgery needs of members. The loan cannot be availed for capital and business loss recovery purposes. Loan terms are 12, 25, 50, 75 and 100 weeks at 18% per annum, diminishing balance. This loan was aimed to replace group fund loan.

On June 1, 2017, approval for Flexible loan applications was stopped. Depending on collectibility status, all outstanding flexible loans as of June 15, 2017, were evaluated for closure, using either of the three options, such as write off, book write off and back to normal loan windows. This was done in preparation to the full shift to Instafin MIS platform.

The Organization provided allowance for impairment losses in compliance with the MNRC standards and based on management's specific review of outstanding receivable as at December 31, 2017 and 2016. Allowance for impairment losses are maintained at a level considered adequate to cover potential losses on the Organization's long outstanding receivables.

The movements in the allowance for impairment losses are as follows:

		2017		2016
Beginning balance	P	18,248,459	P	17,234,299
Provision during the year		16,343,234		1,150,155
Adjustments		(1,502,394)		(135,995)
Ending balance	P	33,089,299	P	18,248,459

The Organization's exposure to credit risk is disclosed in Note 5.1

Loans portfolios have no collateral but are guaranteed by co-members who, in the event of default, shall assume the loan.

NOTE 9 - OTHER RECEIVABLES

This account consists of:

		2017		2016
Accounts receivable	P	5,655,785	P	4,049,915
Loan to employees		1,031,568		656,779
Advances to officers and employees		54,734		61,616
Loan receivable - others		3,536,747		2,209,583
	P	10,278,834	P	6,977,893

Accounts receivable comprise of collectibles from employees, individuals, and other organizations for the payment of expenses such as telephone bills, insurance premiums, SSS sickness/maternity paid or advanced by the Organization in their behalf. These receivables are non-interest bearing and collectible within one (1) year.

Loans to employees include personal loans obtained from the Organization, which are non-interest-bearing and taken from the ASH Funds (for medical and educational purposes), payable through salary deduction for a period of six (6) months to two (2) years.

Advances to officers and employees are cash advances to employees subject to liquidation. Liquidation determines the allowed operating expenses and residual receivables from concerned officers and employees. These residual receivables are non-interest bearing and collectible either as deduction from salaries under prescribed periods or terms within thirty (30) days from the date the advance is granted but not to exceed one (1) year from the date of such advance.

Loans receivable - others include loan adjustments for settlement. Adjustments can be a transfer of regular loan to a restructured loan, or closing of outstanding loan upon members' death net of loan insurance.

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

		2017		2016
Prepaid supplies	P	3,174,308	P	2,288,571
Security deposit		693,500		168,700
Prepaid rent		508,571		224,329
Prepaid expansion		28,853		28,853
Prepaid utilities		14,351		2,750
	P	4,419,583	P	2,713,203

NOTE 11 - PROPERTY AND EQUIPMENT, NET

Details of property and equipment as at December 31, 2017 and 2016 are as follows:

		Building and structures		Office equipment		Office furniture and fixtures		Transportation Equipment		Land		Total
Gross carrying amount												
January 1, 2016	P	21,104,469	P	11,814,771	P	2,789,445	P	369,967	P	11,884,736	P	47,963,388
Additions		141,423		3,069,697		590,436		-		11,820,026		15,621,582
Adjustments		(8,371,038)		(5,015,152)		(1,860,584)		19,485		(82,349)		(15,309,638)
December 31, 2016		12,874,854		9,869,316		1,519,297		389,452		23,622,413		48,275,332
Additions		812,385		5,244,420		1,139,500		207,500		7,914,211		15,318,016
Adjustments		-		(2,500)		(1,619)		-		-		(4,119)
December 31, 2017		13,687,239		15,111,236		2,657,178		596,952		31,536,624		63,589,229
Accumulated depreciation												
January 1, 2016		14,420,149		7,274,052		1,882,082		225,570		-		23,801,853
Depreciation		1,290,093		2,355,375		271,988		74,923		-		3,992,379
Adjustments		(8,258,754)		(4,279,504)		(1,510,245)		(31,388)		-		(14,079,891)
December 31, 2016		7,451,488		5,349,923		643,825		269,105		-		13,714,341
Depreciation		1,337,425		3,121,341		524,672		75,266		-		5,058,704
Adjustments		-		6,004		12,747		3,967		-		22,718
December 31, 2017	P	8,788,913	P	8,477,268	P	1,181,244	P	348,338	P	-	P	18,795,763
Carrying amount												
As at December 31, 2016	P	5,423,366	P	4,519,393	P	875,472	P	120,347	P	23,622,413	P	34,560,991
As at December 31, 2017	P	4,898,326	P	6,633,968	P	1,475,934	P	248,614	P	31,536,624	P	44,793,466

The above property and equipment have not been used as collateral for a loan. The cost of fully depreciated assets that are still in used in operation amounts to P4,855,711 and 12,550,905 for the years ended December 31, 2017 and 2016.

NOTE 12 - INTANGIBLE ASSET, NET

This account pertains to the cost of internally developed computer software for customization for the Organization's loan tracking and accounting system. The system was replaced in mid-2017 with a new provider under a subscription agreement.

Details of intangible asset as at December 31, 2017 and 2016 are as follows:

		2017		2016
Cost				
Balance at beginning of the year	P	1,330,607	P	1,123,091
Addition		25,000		268,156
Adjustments		-		(60,640)
Balance at end of the year		1,355,607		1,330,607
Accumulated amortization				
Balance at beginning of the year		924,440		699,544
Amortization during the year		319,613		276,965
Adjustments		443		(52,069)
Balance at end of the year		1,244,496		924,440
	P	111,111	P	406,167

NOTE 13 - OTHER NON-CURRENT ASSETS

This account consists of:

		2017		2016
APROOT rebuilding program	P	2,958,000	P	2,958,000
Investment in shares of stocks		400,000		400,000
Other noncurrent assets		10,500		327,500
	P	3,368,500	P	3,685,500

APROOT rebuilding program project was launched in partnership with Peace and Equity Foundation - Catholic Organization for Relief and Development Aid (PEF-CORDAID) who provided the Loan Funds for the construction of 167 houses using solidarity "Bayanihan Concept" as covered by ExCOM Resolution No. 10-07-001.

On February 3, 2010, the Organization, through its former President Mila M. Bunker and Hon. Juanita Manzana - Municipal Mayor of Pangil, signed a Memorandum of Agreement for the Local Government Unit (LGU) of Pangil to provide the land as a relocation site situated in Brgy. Balian, Pangil, Laguna. Beneficiaries of which were residents of Pangil living Metro east road and those in coastal area. The LGU will also help in the land development such as access road, water installation, electrification and other community facilities.

Investment in shares of stocks represents ordinary investment in Microfinance Data Sharing System, Inc. (MiDAS) amounts to P800,000 subscribed shares at P1 par value, 50% of which was paid subscription amounting to P400,000, equivalent to 16.67% share in the investee. The investment in MiDAS is the Organization's contribution as one of its Founding Member.

Security deposits pertain to non-current portion of refundable deposit agreement to service providers for the Organization's rental, electrical, and communication requirements amounting to P693,500 and P168,700 as at December 31, 2017 and 2016, respectively. These are presented as non-current asset and other current assets.

Other non-current assets pertain to Philippine Long Distance Telephone (PLDT) Subscribers Investment Plan with PLDT Company as required in availing their utility service, and non-current portions of prepaid rent and security deposit.

NOTE 14 - ACCRUALS AND OTHER PAYABLES

This account consists of:

	Note		2017		2016
Accounts payable		P	10,810,591	P	5,706,332
Accrual for rebates			10,141,465		23,141,465
Micro-insurance partnerships payable			7,026,805		7,280,367
Accrual for gross receipts tax			6,099,214		3,900,194
Accrued expenses			2,786,616		4,163,704
SSS, PHIC and HDMF premiums payable			1,585,626		856,990
Withholding tax payable	32.6i & ii		621,715		240,749
SSS and HDMF loans payable			271,328		263,660
		P	39,343,360	P	45,553,461

The breakdown of accrued expenses is as follows:

		2017		2016
Medical services and other accruals	P	2,376,616	P	3,813,704
Audit fees		410,000		350,000
	P	2,786,616	P	4,163,704

Accounts payable pertain mostly to retention fee for construction projects which will be paid upon final inspection of the work done, and refundable payments of TPP Members which are expected to be withdrawn in full in the next twelve (12) months.

The Micro-insurance Partnerships Payable account, previously classified as Damayan Fund (equity account) was reclassified to liability pursuant to the directive of National Insurance Commission's that micro insurance must be administered by an accredited insurance Organization or by a Mutual Benefit Association Companies. Organization has moved to developing partnership with Pioneer Insurance for such.

Accruals and other payables are expected to be settled within the next twelve (12) months.

The carrying amounts of accruals and other payables approximate fair values because of their short-term nature.

The Organization's Board of Trustees in its meeting dated March 27, 2018 approved the provisioning of 2% gross receipts tax from its gross receipts for the year ended December 31, 2017 in accordance with Revenue Regulations No. 3-2017, implementing the tax provision of Republic Act No.10693 also known as "Microfinance NGOs Act", amounting to P6,099,214 and has a remaining recognized 2% service and administrative charges on portfolio rebates of P10,141,465 as discussed in Note 1.

NOTE 15 - FUND SAVINGS

Fund savings are accumulated savings by members which can be withdrawn and can earn interest in accordance with fund savings policy.

This account consists of:

		2017		2016
Voluntary savings:				
Personal fund	P	39,440,647	P	33,764,866
Children's fund		217,565		663,632
		39,658,212		34,428,498
Compulsory savings:				
Kabalikat fund		44,371,681		38,000,958
KMSB fund		815,300		845,000
		45,186,981		38,845,958
Special savings fund:				
Trust fund		12,838,465		10,193,667
Center fund		4,906,875		3,342,679
		17,745,340		13,536,346
	P	102,590,533	P	86,810,802

The timing of payment determines the classification of fund savings as follows:

		2017		2016
Current	P	58,218,852	P	48,809,844
Non-current		44,371,681		38,000,958
	P	102,590,533	P	86,810,802

The following are the three types of fund savings:

1. Voluntary Savings

 1.1 Personal Fund is a type of voluntary savings fund where members can place savings at variable amounts and withdraw certain portion at any time. Savings can earn interest of 4% per annum provided P500 is maintained as average daily balance.

 1.2 Children's Fund is a voluntarily savings by members specifically for the purpose of saving for the education of members' children. This is restricted from withdrawal of up to two (2) years and earns interest of 4% per annum. Pre-termination fee will be imposed for withdrawal before maturity. In 2017, the balances had been transferred to Personal Fund for ease of monitoring and control and planning to withdraw all balance in 2018.

2. Compulsory Savings

2.1 Kabalikat Fund is a non-interest bearing fund collected from members amounting to P5 per week at every center meeting. It is a contribution pooled to cover for any loss the Organization may suffer from any uncollected loan outstanding balances for all types of loans of members in the event of death. The remaining savings balance, if any, may be returned to the beneficiaries and/or heirs of members subject to the governing policies of the Organization.

2.2 Kabalikat Micro-insurance Savings Benefit Fund (KSMB) is a non-interest bearing fund out of optional fixed deposits by members. This operates on some optional schemes which may be availed of considering varied benefits available for each option. Options I and 2 are funds kept intended to cover pension benefit and/or life insurance of availing members. Pooled funds are remitted by the Organization to identified insurance companies and represents premium coverage paid for pension and/or life insurance policy of availing members. This fund, at certain conditions, may be kept in restricted bank accounts of the Organization. This fund is non-interest earning.

2.3 Micro-insurance Partnership Payable is originally of similar nature to the Center Fund. This was pooled from members and used to contribute to a members' family upon death of a member. This was institutionalized in 2006 through a one-time Membership fee of P250 for all the Organization's members and a weekly payment of P20.

On April 1, 2010, the Organization modified its program to comply with Government Framework for Micro-insurance of the National Insurance Commission. The Organization operates the micro-insurance through a "PARTNERSHIP MODEL" either through an insurance intermediary or an underwriter recognized by insurance commission to carry "micro-insurance services for microfinance." Up until the first quarter of 2013 Organization has partnership with MICROENSURE, an accredited intermediary. In April 2013, Organization entered into a new partnership direct to the duly accredited underwriter, PIONEER, an insurance company that pioneered micro-insurance products for the poor, to comply with such regulations. A weekly compulsory contribution amounting P20 is made by all members at every Center meeting. This fund is being remitted by the branches to the Head Office of the Organization. The Members Protection Department based in the Head Office administers the processing of claims and the release of benefits subject to the governing policies of the Organization on claims processing such as required attendance, exclusivity of membership among others.

3. Special Savings Fund

3.1 Center Fund represents pooled funds out of collections of the Organization from the members and remitted to the Head Office based on agreed amounts and timing of remittance. This is used to defray necessary costs to support all activities of the Organization such as assemblies, meetings, trainings and workshops.

3.2 Trust Funds are pooled funds based on prescribed fixed amount per member and restricted as to withdrawal upon issuance of Center resolution signed by the members. The trust fund was created with Board Approval to cover for the expenses for general assembly, national anniversary and regional consultation. The funds are kept in a separate bank account and interests earned per annum are booked as an addition to the fund.

NOTE 16 - LOANS PAYABLE

This account consists of:

	2017	2016
Current	P 584,296,630	P 467,751,517
Non-current	158,548,189	106,302,449
	P 742,844,819	P 574,053,966

This account pertains to loans availed to finance the Organization's working capital requirements as follows:

Creditor	Expiration of contract	Terms (in years)	Interest rate	2017	2016
Land Bank of the Philippines	2019	1	6.00%	P 342,811,310	P 281,800,000
Oikocredit, EDCS, UA	2019	3	7.00%	147,897,726	83,750,001
People's Credit and Finance Corporation (PCFC)	2021	3-5	4.50%	34,811,892	138,318,965
Agricultural Credit Policy Council (ACPC)	2021	5	6.50%	22,138,891	-
Union Bank	2018	1	6.00%	195,000,000	70,000,000
Fr. Raymon D. Bodson, CICM		indefinite	Nil	180,000	180,000
Generoso G. Octavio		indefinite	Nil	5,000	5,000
				P 742,844,819	P 574,053,966

Interest expense recognized in statements of comprehensive income amounts to P35,685,766 and P24,220,527 for the years ended December 31, 2017 and 2016, respectively (Note 27).

Interest payable consists of:

Creditor	2017	2016
Land Bank of the Philippines	P 2,447,815	P 1,023,133
Oikocredit, EDCS, UA	1,119,717	910,313
People's Credit and Finance Corporation (PCFC)	225,803	843,803
Agricultural Credit Policy Council (ACPC)	168,090	-
Union Bank	849,395	210,000
	P 4,810,820	P 2,987,249

NOTE 17 - RETIREMENT BENEFITS LIABILITY

The Organization has an unfunded, non-contributory defined benefit retirement plan covering its permanent employees. Costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The retirement benefit is solely based on the requirement under Republic Act 7641 which is equivalent to one-half (1/2) month's salary for every year of service, with six (6) months or more service considered as one (1) year.

The valuation results are based on the employee data as of the valuation date as provided by the Organization. The discount rate assumption is based on the PDEx (PDST-R2) benchmark market yields on government bonds as of the valuation date considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The Organization applied the Amended Philippine Accounting Standard (PAS) No. 19(R) (as amended in June 2011) on January 1, 2012.

The Amended PAS 19(R) simplifies the reporting of the defined benefit cost by introducing the Net Interest Approach, which disaggregates the defined benefit cost into the following components: Service Cost, Net Interest, and Remeasurements.

Under the Net Interest Approach, Service Cost and Net Interest on the net defined benefit liability (asset) are both recognized in Profit or Loss, while Remeasurements of the net defined benefit liability (asset) are recognized outside profit or loss in Other Comprehensive Income (OCI).

It is further required by Amended PAS 19(R) that remeasurements recognized in OCI shall not be reclassified to profit or loss in a subsequent period. Instead, the Organization may either accumulate the remeasurements in OCI or transfer those amounts recognized in OCI within equity in accordance with Amended PAS 19(R).122.

The following information is based on the latest actuarial valuation reports with December 31, 2017 and 2016 as the valuation date by an independent actuarial firm.

The movement in the present value of the defined benefits liability is as follows:

		2017		2016
Balance at beginning of the year	P	22,946,687	P	21,104,880
Interest cost		1,234,532		1,032,029
Current service cost		3,089,622		2,015,768
Past service cost		-		-
Benefit paid directly from book reserves		-		(306,340)
Remeasurement of defined benefit liability		474,722		(899,650)
	P	27,745,563	P	22,946,687

In 2016, the Organization established a trust fund with a fair value P5,248,695 as at December 31, 2017.

Movement of plan asset during the year is as follows:

		2017		2016
Beginning balance	P	5,054,503	P	4,974,926
Contributions		271,932		-
Income		-		243,274
Remeasurement of plan asset		(77,740)		(163,697)
	P	5,248,695	P	5,054,503

Income from plan asset is treated as a reduction to retirement benefits expense and remeasurement of plan asset is presented in other comprehensive income in the statements of comprehensive income.

The movement of retirement benefit liability recognized in the statements of financial position during the year is as follows:

		2017		2016
Present value of the defined benefit liability	P	27,745,563	P	22,946,687
Fair value of plan asset		(5,248,695)		(5,054,503)
	P	22,496,868	P	17,892,184

The amount of retirement benefit expense for the years ended December 31, 2017 and 2016 recognized in the statements of comprehensive income is as follows:

	Note		2017		2016
Current service cost		P	3,089,622	P	2,015,768
Past service cost			-		-
Net interest			962,600		788,755
	25	P	4,052,222	P	2,804,523

The amount of actuarial gain (loss) on retirement benefit obligation due to remeasurement of the net defined liability presented as other comprehensive income in the statements of comprehensive income amounts to (P552,462) and P735,935 in 2017 and 2016, respectively, and outstanding balance presented in the statements of changes in fund balance amounts to P3,388,434 and P2,835,972 for the years ended December 31, 2017 and 2016, respectively.

In determining the amount of retirement benefit liability, the following actuarial assumptions were used:

		2017		2016
Economic assumptions:				
Discount rate		5.70%		5.38%
Salary increase rate		3.00%		3.00%
Employee data:				
No. of employees		579		422
Average age in years		28.10		28.50
Average years of past service		4.20		5.00
Annual covered compensation	P	119,712,408	P	81,425,502

Discount Rate

The discount rate was determined in accordance with the PIC approved Q&A 2008-01 (Revised) document, which mandates that discount rates reflect: (a) benefit cash flows and (b) use of zero coupon rates, even though theoretically derived.

The procedure of bootstrapping was applied to the PDST-R2 benchmark government bonds as at reporting date to arrive at the theoretical zero coupon yield curve. These derived rates were then used to compute the present value of the expected future benefit cash flows across valuation years.

Finally, the single-weighted discount rate was calculated as the uniform discount rate that produced the same present value.

Future salary increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Mortality and disability rate

The mortality and disability rates used in the valuation were the The 2001 CSO Table – Generational (Scale AA, Society of Actuaries) and The Disability Study, Period 2 Benefit 5 (Society of Actuaries), respectively.

The movement of remeasurement of defined benefit plan, which is presented as reserved for retirement plan in the statement of changes in equity is as follows:

		2017		2016
Beginning Balance	P	2,835,972	P	3,571,925
Movement:				
Remeasurement gain (loss) on defined benefit liability due to:				
Changes in financial assumption		(1,522,801)		(2,012,190)
Changes in Experience		1,997,523		1,112,540
Remeasurment loss on plan asset		77,740		163,697
		552,462		(735,953)
Ending Balance	P	3,388,434	P	2,835,972

Below is the quantitative information about the sensitivity of the retirement liability to a reasonably, possible change in actuarial assumptions:

		2017		2016
Decrease in the discount rate		-18.5%		-18.9%
Increase in present value of retirement benefit liability	P	5,131,733	P	4,347,780
Increase in the discount rate		14.9%		15.3%
Decrease in present value of retirement benefit liability	P	(4,144,557)	P	(3,508,127)
Increase in salary increase rate assumption		17.7%		18.2%
Increase in present value of retirement benefit liability	P	4,909,846	P	4,176,061
Decrease in salary increase rate assumption		-14.6%		-15.0%
Decrease in present value of retirement benefit liability	P	(4,050,825)	P	(3,445,627)
No attrition rates		20.7%		20.9%
Increase in present value of retirement benefit liability	P	5,742,285	P	4,807,031

NOTE 18 - MEMBERS' CONTRIBUTION

In 2017, the Organization amount of members' contribution and compulsory fund is P14,523,902 and P92,073,858, respectively.

Compulsory Fund is a non-interest bearing fund collected from members amounting to P5 per week at every center meeting. It is a contribution to the Group Fund and pooled as internally generated fund available for borrowings from Members subject to the Organization's policy. This can only be withdrawn upon resignation of Members or termination of Membership from the Organization.

The members contribution can be withdrawn only upon exit from ASHI, which could be due to death or transfer of residence (but not as forced exit which forfeits this benefit) or when the member reached the age of 65.

NOTE 19 - MEMBERS' FEE AND ANNUAL DUES

This account consists of:

		2017		2016
Kabalikat membership fees and annual dues				
Balance, beginning of the year	P	3,516,268	P	3,219,047
Additions during the year		616,586		297,221
Balance, end of the year	P	4,132,854	P	3,516,268

NOTE 20 - DONATED EQUITY

There were no additional donated equity received for the years 2017 and 2016. Outstanding balance as at December 31, 2017 and 2016 amounts to P8,201,771.

NOTE 21 - OTHER RESERVES

This account represents the Organization's funds generated from consultancy, training, and seminars amounting to P824,422 and P823,919 as at December 31, 2017 and 2016, respectively. The employees of the Organization are allowed to avail of a loan from this reserve.

NOTE 22 - FINANCE INCOME

This account pertains to interest income earned from loan portfolio amounting to P285,613,649 and P179,518,010 for the years ended December 31, 2017 and 2016, respectively.

NOTE 23 - GRANTS AND DONATIONS

This account consists of:

Sources of funds		2017	Activities
ASHI Members	P	40,425	For regional consultations
part of Trias Fund, returned by Kimberly Dawn (supplier)		100,000	Return of fund for 2012 farm input (AGAP)
	P	140,425	

Sources of funds		2016	Activities
ASHI Members	P	12,780	For regional consultations

NOTE 24 - OTHER RECEIPTS

This account consists of:

	Note		2017		2016
Gain on fair value of financial assets	7	P	158,183	P	251,028
Interest income from banks	6		203,474		150,230
		P	361,657	P	401,258

NOTE 25 - PERSONNEL EXPENSES

This account consists of:

	Note		2017		2016
Salaries and wages		P	83,007,013	P	58,912,350
Staff benefits and other allowances			32,511,970		26,623,938
SSS, Philhealth and HDMF contributions			8,287,227		5,734,909
Psychological testing and training fees			7,717,141		4,154,581
Health and other personnel insurance			3,308,585		2,805,263
Retirement expenses	17		4,052,222		2,804,523
		P	138,884,158	P	101,035,565

NOTE 26 - ADMINISTRATIVE EXPENSES

This account consists of:

	Notes		2017		2016
Transportation and travel		P	17,118,149	P	11,371,705
Office supplies			7,990,860		5,722,787
Taxes and licenses	32.4, 32.5		7,906,755		2,774,560
Utilities			7,312,337		5,128,561
Repairs and maintenance			6,252,471		423,555
Rent	29		5,555,341		3,401,874
Depreciation and amortization	11, 12		5,378,316		4,269,344
Penalties			4,327,320		-
Meetings and representation			4,288,725		2,319,196
Auditing and accounting fees			410,000		694,116
Professional and consultancy fees			301,768		235,311
Contributions and donations			173,877		296,152
Insurance cost			88,820		94,518
Loss on foreign exchange difference	31		30,786		13,731
Subscriptions			3,894		4,398
Impairment loss	2.3.7, 2.12		-		2,615,903
Others			238,487		1,446,080
		P	67,377,906	P	40,811,791

NOTE 27 - FINANCE EXPENSE

This account consists of:

	Note		2017		2016
Interest expense:					
On borrowings	16	P	35,685,766	P	24,220,527
On client savings			3,234,992		227,432
Other financing cost			1,165,442		584,948
			40,086,200		25,032,907
Impairment losses on loans receivable	8		16,343,234		1,150,155
Gross receipts tax	14		6,099,214		3,900,194
Bank charges			120,924		141,630
		P	62,649,572	P	30,224,886

NOTE 28 - PROGRAM EXPENSES

This account consists of:

		2017		2016
IT expense	P	6,529,451	P	721,526
Planning and evaluation expenses		4,303,067		1,009,565
Member's micro enterprise trainings and workshop		1,519,098		1,547,493
Continuing education		1,433,318		138,846
Competency based training		1,245,050		622,182
Anniversary expenses		974,915		1,087,776
KMSB benefit		569,914		7,370,714
Books and publications		194,722		36,600
Technical assistance		64,536		330,597
Gifts and giveaways		43,552		50,283
	P	16,877,623	P	12,915,582

NOTE 29 - LEASES

The Organization leases office premises occupied by most of its branches and its regional offices for one year, renewable upon mutual agreement of both parties. The related security deposit amounting to P693,500 and P168,700 is classified under prepayments and other current assets and other non-current assets in 2017 and 2016, respectively.

The branch level lease agreements have varying terms and conditions ranging from one to five years, renewable upon agreement of both parties. It includes standard lease conditions.

The future minimum lease collections entered by the Organization are as follows:

		2017		2016
Not later than one year	P	3,191,915	P	1,327,327
Later than one year but not later than five years		1,997,951		2,409,630
	P	5,189,866	P	3,736,958

Rent expense charged against current operations as administrative expenses amounted to P5,555,341 and P3,401,874 (Note 26) as at December 31, 2017 and 2016, respectively.

NOTE 30 - INCOME TAX

Income tax related disclosures are in Note 1 and 2.24.

NOTE 31 - FOREIGN CURRENCY DENOMINATED ASSETS

The account consists of:

		2017		2016
In USD				
Cash	$	18,216	$	4,668
Year-end closing exchange rate		49.930		49.720
	P	909,525	P	232,093

Foreign exchange loss charged to operations for the years ended December 31, 2017 and 2016 amounts to P30,786 and P13,731, respectively.

NOTE 32 - SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATIONS NO. 15-2010

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 15-2010 which requires certain tax information as at and for the year ended December 31, 2017 to be disclosed in the notes to financial statements. The additional required disclosures are discussed below:

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the year 2017:

32.1 Value-Added Tax

The Organization is not subject to Value-Added Tax as per BIR Certificate of Registration Number 3RC0000105306 dated January 01, 1997.

32.2 Landed cost, customs duties and tariffs

The Organization has no importation activities for the year.

32.3 Excise taxes

The Organization has no activities subject to excise tax for the year.

32.4 Documentary stamp taxes

This account consists mostly of documentary stamp taxes paid for local borrowings from People's Credit and Finance Corporation and Oikocredit, Land Bank of the Philippines, and Union Bank amounting to P2,900,658.

32.5 Other taxes, local and national

This account consists of taxes and licenses paid as follows:

Local taxes:		
Business permit, residence tax and barangay clearance	P	3,960,683
National taxes:		
Final withholding taxes		985,046
Documentary stamp taxes		2,900,658
Realty property tax		38,868
BIR annual registration		21,500
	P	7,906,755

32.6 Withholding taxes

The Organization's withholding taxes are as follows:

i. Withholding tax on compensation

Total withholding tax payable for the year	P	5,575,371
Less: Payments made from January to November		5,021,110
	P	554,261

ii. Expanded withholding tax

Total withholding tax payable for the year	P	186,579
Less: Payments made from January to November		169,875
	P	16,704

32.7 Tax assessment

The Organization has not received any tax assessment from BIR.

32.8 Tax cases

The Organization has no outstanding cases which are under preliminary investigation and/or prosecution in court or bodies outside the BIR.