

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, 2018**

For BIR Use Only
BCS Item



1702-MX06/13P1

 Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas	<h3 style="margin:0;">Annual Income Tax Return</h3> <p style="margin:0;">For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE</p> <p style="font-size: small; margin:0;">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.</p>	BIR Form No. <h2 style="margin:0;">1702-MX</h2> June 2013 Page 1
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal 2 Year Ended (MM/DD/YY) 1 2 / 20 1 8	3 Amended Return? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5 Alphanumeric Tax Code (ATC) <input type="checkbox"/> IC 055 <input type="checkbox"/> Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> <input type="checkbox"/> IC 011 <input type="checkbox"/> Exempt Corporation <input checked="" type="checkbox"/>		

Part I – Background Information

6 Taxpayer Identification Number (TIN) 0 0 1 - 0 2 5 - 9 0 3 - 0 0 0 0	7 RDO Code 0 4 0
8 Date of Incorporation/Organization (MM/DD/YYYY) 0 7 / 2 4 / 1 9 9 1	
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) A H O N S A H I R A P , I N C . (A M I C R O F I N A N C E N G O)	
10 Registered Address (Indicate complete registered address) N O . 7 6 8 T H A V E N U E , B R G Y . S O C O R R O , C U B A O , Q U E Z O N C I T Y	
11 Contact Number 0291 - 32452	12 Email Address c h e r r y t a n p i a n @ a s h i . o r g . p h
13 Main Line of Business M I C R O F I N A N C E N G O	14 PSIC Code 9 1 9 9
15 Method of Deduction <input checked="" type="checkbox"/> Itemized Deduction [Section 34 (A-J), NIRC]	

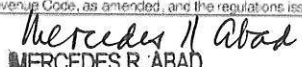
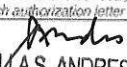
Part II – Total Tax Payable

(Do NOT enter Centavos)

16 Total Income Tax Due (Overpayment) (From Part V Item 37D)	6 , 7 1 8 , 4 8 6
17 Less: Total Tax Credits/Payments (From Part V Item 38D)	6 , 5 0 0 , 0 2 7
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17)	2 1 8 , 4 5 9
19 Add: Total Penalties (From Part V Item 43)	0
20 TOTAL AMOUNT PAYABLE (Overpayment) <small>(Sum of Items 18 & 19) or (From Part V Item 44)</small>	2 1 8 , 4 5 9
21 If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)	
<input type="checkbox"/> To be refunded	<input type="checkbox"/> To be issued a Tax Credit Certificate (TCC)
<input checked="" type="checkbox"/> To be carried over as a tax credit for next year/quarter	

20,120.77
overpayment

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 Signature over printed name of President/Principal Officer/Authorized Representative	 ESTRELLA S. ANDRES Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory _____ Number of pages filed _____	
22 Community Tax Certificate (CTC) Number/SEC Reg. No. 1 9 3 6 0 8	23 Date of Issue (MM/DD/YYYY) 0 7 / 2 4 / 1 9 9 1
24 Place of Issue M A N D A L U Y O N G C I T Y	25 Amount, fCTC 0

Part III – Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo			/ /	0
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)
--	--

Annual Income Tax Return
Page 2

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



1702-MX06/13P2

TIN: 0 0 1 0 2 5 9 0 3 0 0 0 0
Registered Name: AHON SA HIRAP, INC. (A MICROFINANCE NGO)

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		M N R C	
32 Legal Basis		R . A . 1 0 6 9 3	
33 Registered Activity/Program (Reg. No.)		0 0 2 1 - 1 9	
34 Special Tax Rate		2 . 0 %	
35 From (MM/DD/YYYY)		0 3 / 2 8 / 2 0 1 8	
36 To (MM/DD/YYYY)		0 3 / 2 8 / 2 0 2 2	

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) <i>(From Schedule 1 Item 16B/16C/16D) (To Part II Item 16)</i>	0.00	6,718,486	0	6,718,486
38 Less: Tax Credits/Payments <i>(From Schedule 9 Item 13) (To Part II Item 17)</i>	0	6,500,027	0	6,500,027
39 NET TAX PAYABLE (OVERPAYMENT) <i>(Item 37 Less Item 38) (To Part II Item 18)</i>	0	218,459	0	218,459
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)				218,459

Part VI - Information - External Auditor/Accredited Tax Agent

45 Name of External Auditor/Accredited Tax Agent
R E Y E S T A C A N D O N G C O .

46 TIN 0 0 7 7 5 8 0 9 1 0 0 0

47 Name of Signing Partner (If External Auditor is a Partnership)
J O S E P H C . B I L A N G B I L I N

48 TIN 2 1 0 1 8 1 9 6 5 0 0 0

49 BIR Accreditation No. 0 8 - 0 0 5 1 4 4 - 0 1 1 - 2 0 1 7

50 Issue Date (MM/DD/YYYY) 0 3 / 0 8 / 2 0 1 7

51 Expiry Date (MM/DD/YYYY) 0 3 / 0 8 / 2 0 2 0

ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE	ATC	DESCRIPTION DOMESTIC CORPORATION	TAX RATE	TAX BASE
IC 010	1. a. In General	30%	Taxable Income from All Sources	IC 011	7. Exempt Corporation	0%	
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income	IC 010	a. On Exempt Activities	0%	
IC 030	2. Proprietary Educational Institutions	10%	Taxable Income from All Sources	IC 021	b. On Taxable Activities	30%	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			IC 021	B. General Professional Partnership (GPP)	Example	
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income		6. Corporation covered by Special Law*		
IC 031	3. Non-School, Non-Profit Hospitals	10%	Taxable Income from All Sources	RESIDENT FOREIGN CORPORATION			
	a. Non-School, 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			IC 073	1. a. In General	30%	Taxable Income from Within the Philippines
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income	IC 055	a. 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 080	2. International Carriers	2.5%	Gross Philippine Billing
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income	IC 101	3. Registered Operating Headquarters*	10%	Taxable Income
IC 011	5. a. National Government and Local Government Units (LGU)	30%	Taxable Income from All Sources		4. Corporation covered by Special Law*		
IC 055	b. Minimum Corporate Income Tax (MCIT)	2%	Gross Income	IC 150	5. Offshore Banking Units (OBUs)		
IC 029	6. a. Taxable Partnership	30%	Taxable Income from All Sources		a. Foreign Currency Transactions not subjected to Final Tax	10%	Gross Taxable Income on Foreign Currency Transaction not subjected to Final Tax
IC 055	b. Minimum Corporate Income Tax	2%	Gross Income		b. Other than Foreign Currency Transaction	30%	Taxable Income Other than Foreign Currency Transaction
				IC 151	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

*Refer to Revenue District Office

Annual Income Tax Return Page 3 – Schedules 1 & 2		BIR Form No. 1702-MX June 2013	 1702-MX06/13P3
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE NGO)	

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 – SCHEDULES

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 <i>(From Schedule 3 Item 6) and (From all of Part VIII Sched B Item 1)</i>	1,840,814	335,924,281	0	337,765,095
2 Less: Cost of Sales/Services <i>(From Schedule 3 Item 27) and (From all of Part VIII Sched B Item 2)</i>	175,966,342	0	0	175,966,342
3 Gross Income from Operation <i>(Item 1 Less Item 2)</i>	(174,125,528)	335,924,281	0	161,798,753
4 Add: Other Taxable Income not Subjected to Final Tax <i>(From Schedule 4 Item 4) & (From all of Part VIII Sched B Item 4)</i>	0	0	0	0
5 Total Gross Income/Gross Taxable Income <i>(Sum of Items 3 & 4)</i>	(174,125,528)	335,924,281	0	161,798,753
6 Ordinary Allowable Itemized Deductions <i>(From Schedule 5 Item 40) and (From all of Part VIII Sched B Item 6)</i>	144,723,462	0	0	144,723,462
7 Special Allowable Itemized Deductions <i>(From Schedule 6 Item 5) and (From all of Part VIII Sched B Item 7)</i>	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] <i>(From Schedule 7A Item 8D) and (From all of Part VIII Sched B Item 8)</i>	0	0	0	0
9 Total Itemized Deductions <i>(Sum of Items 6, 7 & 8)</i>	144,723,462	0	0	144,723,462
10 Net Taxable Income/Net Income <i>(Item 5 Less Item 9)</i>	(318,848,990)	335,924,281	0	17,075,291
11 Applicable Income Tax Rate <i>(i.e., Special or Regular/Normal rate)</i>	0%	0.00%	0.00%	
12 Income Tax Due other than MCIT <i>(Item 5 OR Item 10 X Item 12)</i>	0.00	6,718,486	0	6,718,486
13 Less: Share of Other Govt. Agencies, if remitted directly		0	0.00	0
14 Net Income Tax Due to National Government <i>(Item 12 Less Item 13)</i>		6,718,486	0	6,718,486
15 MCIT <i>(2% of Gross Income in Item 5)</i>			0	0
16 Total Income Tax Due (Overpayment) <i>(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item 12C or MCIT in Item 15C, whichever is higher); (Item 16D = Sum of Items 16B & 16C) (To Part V Item 37B-37C-37D)</i>		6,718,486	0	6,718,486

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 <i>(30% of the Net Taxable Income in Item 11A for Exempt & Item 11B for Special Rate)</i>	0	100,777,284		100,777,284
2 Special Allowable Itemized Deductions <i>(30% of the applicable Total in Schedule 6 Item 5)</i>	0	0	0	0
3 Sub-Total <i>(Sum of Items 1 and 2)</i>	0	100,777,284	0	100,777,284
4 Less: Income Tax Due <i>(From Sched 1 Item 13B)</i>	0.00	6,718,486		6,718,486
5 Tax Relief Availment before Special Tax Credit <i>(Item 3 Less Item 4)</i>	0	94,058,798	0	94,058,798
6 Add: Special Tax Credits <i>(From Schedule 8 Item 10)</i>	0	0	0	0
7 Total Tax Relief Availment <i>(Sum of Items 5 & 6)</i>	0	94,058,798	0	94,058,798

Annual Income Tax Return Page 4 – Schedule 3		BIR Form No. 1702-MX June 2013	 1702-MX06/13P4		
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE NGO)			
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		1,840,814	335,924,281	0	337,765,095
3 Lease of Properties		0	0	0	0
4 Total (Sum of Items 1 to 3)		1,840,814	335,924,281	0	337,765,095
5 Less: Sales Returns, Allowances & Discounts		0	0	0	0
6 Net Sales/Revenues/Receipts/Fees <i>(Item 4 Less Item 5) (To Schedule 1 Item 1)</i>		1,840,814	335,924,281	0	337,765,095
Schedule 3A - Cost of Sales <i>(For those engaged in Trading)</i>		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 <i>(Sum of Items 1 & 2)</i>		0	0	0	0
4 Less: Merchandise Inventory, Ending		0	0	0	0
5 Cost of Sales <i>(Item 3 Less Item 4) (To Item 27)</i>		0	0	0	0
Schedule 3B - Cost of Sales <i>(For those engaged in Manufacturing)</i>		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 <i>(Sum of Items 6 & 7)</i>		0	0	0	0
9 Less: Direct Materials, Ending		0	0	0	0
10 Raw Materials Used <i>(Item 8 Less Item 9)</i>		0	0	0	0
11 Direct Labor		0	0	0	0
12 Manufacturing Overhead		0	0	0	0
13 Total Manufacturing Cost <i>(Sum of Items 10 to 12)</i>		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 <i>(Sum of Items 13 & 14 Less Item 15)</i>		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 <i>(Sum of Items 16 & 17 Less Item 18) (To Item 27)</i>		0	0	0	0
Schedule 3C - Cost of Services <i>(For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)</i>		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
20 Direct Charges - Salaries, Wages & Benefits		131,831,583	0	0	131,831,583
21 Direct Charges - Materials, Supplies & Facilities		6,100,271	0	0	6,100,271
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		38,034,488	0	0	38,034,488
26 Total Cost of Services <i>(Sum of Items 20 to 25) (To Item 27)</i>		175,966,342	0	0	175,966,342
27 Total Cost of Sales/Services <i>(Sum of Items 5, 19 & 26, if applicable) (To Schedule 1 Item 2)</i>		175,966,342	0	0	175,966,342

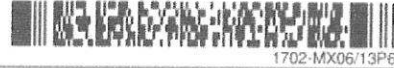
Annual Income Tax Return Page 5 - Schedules 4 & 5		BIR Form No. 1702-MX June 2013	 1702-MX06/13P5
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE NGO)	

Schedule 4 - Other Taxable Income not Subjected to Final Tax <i>(Attach additional sheet/s, if necessary)</i>	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 <i>(Sum of Items 1 to 3) (To Schedule 1 Item 4)</i>	0	0	0	0

Schedule 5 - Ordinary Allowable Itemized Deductions <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Advertising and Promotions	0	0	0	0
Amortizations <i>(Specify on Items 2, 3 & 4)</i>				
2 AMORTIZATION OF SOFTWARE	111,111	0	0	111,111
3	0	0	0	0
4	0	0	0	0
5 Bad Debts	0	0	0	0
6 Charitable Contributions	210,950	0	0	210,950
7 Commissions	0	0	0	0
8 Communication, Light and Water	6,736,686	0	0	6,736,686
9 Depletion	0	0	0	0
10 Depreciation	7,512,659	0	0	7,512,659
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	161,993	0	0	161,993
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	4,677,658	0	0	4,677,658
21 Other Services	662,481	0	0	662,481
22 Professional Fees	1,367,698	0	0	1,367,698
23 Rental	7,598,199	0	0	7,598,199
24 Repairs and Maintenance (Labor or Labor & Materials)	0	0	0	0
25 Repairs and Maintenance (Materials/Supplies)	3,975,691	0	0	3,975,691
26 Representation and Entertainment	579,177	0	0	579,177
27 Research and Development	0	0	0	0
28 Royalties	0	0	0	0
29 Salaries and Allowances	20,709,987	0	0	20,709,987
30 Security Services	1,500	0	0	1,500
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	9,860,071	0	0	9,860,071
32 Taxes and Licenses	13,769,385	0	0	13,769,385
33 Tolling Fees	0	0	0	0
34 Training and Seminars	0	0	0	0
35 Transportation and Travel	4,751,883	0	0	4,751,883

Annual Income Tax Return
Page 6 - Schedules 5 to 8

BIR Form No.
1702-MX
June 2013



TIN 0 0 1 0 2 5 9 0 3 0 0 0 0	Registered Name AHON SA HIRAP, INC. (A MICROFINANCE NGO)
---	--

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 SUBSCRIPTION 4,302	4,302	0	0	4,302
37 PENALTIES AND CHARGES 436,851	436,851	0	0	436,851
38 FINANCE COST 43,068,574	43,068,574	0	0	43,068,574
39 PROVISION FOR IMPAIRMENT LOSS 18,526,606	18,526,606	0	0	18,526,606
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Schedule 1 Item 6)	144,723,462	0	0	144,723,462

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(A)(c); Sec. 28(A) (A)(1) & (A)(6)(b))

1 Gross Income	17,075,291
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule 7A)	17,075,291

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

Year Incurred		Net Operating Loss		B) NOLCO Applied Previous Year	
		A) Amount			
4	2 0 1 8	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	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: 0 0 1 0 2 5 9 0 3 0 0 0 0 0

Registered Name: AHON SA HIRAP, INC. (A MICROFINANCE NGO)

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	6,500,027	0	6,500,027
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 <i>(Sum of Items 1 to 12) (To Part V Item 38)</i>	0	6,500,027	0	6,500,027

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	(318,848,990)	335,924,281	0	17,075,291
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)	(318,848,990)	335,924,281	0	17,075,291
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)	(318,848,990)	335,924,281	0	17,075,291

Annual Income Tax Return Page 9 - Schedules 13 & 14	BIR Form No. 1702-MX June 2013	 1702-MX06/13P9
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0	Registered Name AHON SA HIRAP, INC. (A MICROFINANCE NGO)	

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	0	0
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.	P S /	P S /
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) 0

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



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

Tax Return Receipt Confirmation

1 message

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

Wed, May 1, 2019 at 11:07 AM

To: cherrytanpian@ashi.org.ph

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

File name: 001025903000-1702MX-1218.xml

Date received by BIR: 1 May 2019

Time received by BIR: 10:52 AM

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

=====
DISCLAIMER
=====

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.

For BIR Use Only BCS/Item



1702-EX06/13P-1

Republika ng Pilipinas Kagawaran ng Pananalapi Kawalanhan ng Rentas Internas		<h3 style="text-align: center;">Annual Income Tax Return</h3> For Use ONLY by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT Under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income <small>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.</small>		BIR Form No. <h2 style="text-align: center;">1702-EX</h2> June 2013 Page 1	
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal	3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 Alphanumeric Tax Code (ATC)		
2 Year Ended (MM/20YY) 12/2018			IC 011 <input type="checkbox"/>	Exempt Corporation on Exempt Activities <input checked="" type="checkbox"/>	
				IC 021 <input type="checkbox"/>	General Professional Partnership <input type="checkbox"/>

Part I - Background Information					
6 Taxpayer Identification Number (TIN)	0 0 1 - 0 2 5 - 9 0 3 - 0 0 0 0	7 RDO Code	0 4 0		
8 Date of Incorporation/Organization (MM/DD/YYYY)	0 7 / 2 4 / 1 9 9 1				
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) A H O N S A H I R A P , I N C . (A M I C R O F I N A N C E N G O)					
10 Registered Address (Indicate complete registered address) N O . 7 6 8 T H A V E N U E , B R G Y . S O C O R R O , C U B A O , Q U E Z O N C I T Y					
11 Contact Number	0 2 9 1 - 3 2 4 5 2	12 Email Address	c h e r r y t a n p i a n @ a s h i . o r g . p h		
13 Main Line of Business M I C R O F I N A N C E N G O				14 PSIC Code 9 1 9 9	
15 Method of Deduction Itemized Deductions [Sections 34 (A-J), NIRC]					
16 Legal Basis of Tax Relief/Exemption (Specify) R . A . 1 0 6 9 3			17 Investment Promotion Agency (IPA)/Government Agency M I C R O F I N A N C E N G O R E G U L A T O R Y C O U N C I L		
18 Registered Activity/Program (Reg. No.) 0 0 2 1 - 1 9		19 Effectivity Date of Tax Relief/Exemption From 0 3 / 2 8 / 2 0 1 9 To 0 3 / 2 8 / 2 0 2 2			

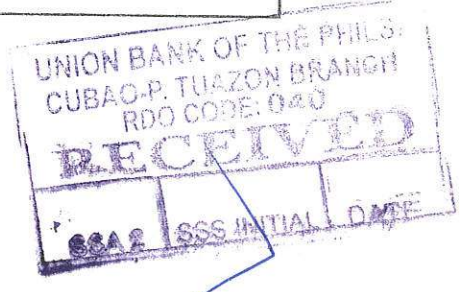
Part II - Total Tax Payable (Do NOT enter Centavos)	
20 Total Income Tax Due (From Part IV Item 41)	0 0 0
21 Add: Penalty - Compromise	0
22 TOTAL AMOUNT PAYABLE (Sum of Items 20 & 21)	0

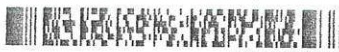
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.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

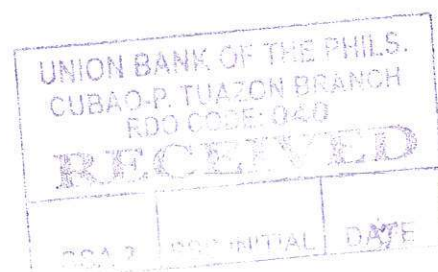
Signature over printed name of President/Principal Officer/ Authorized Representative <i>Mercedes R. Abad</i> MERCEDES R. ABAD	Signature over printed name of Treasurer/Assistant Treasurer <i>Estrella S. Andres</i> ESTRELLA S. ANDRES
Title of Signatory	Number of pages filed
23 Community Tax Certificate (CTC) Number/SEC Reg. No. A N 0 9 1	24 Date of Issue (MM/DD/YYYY) 0 7 / 2 4 / 1 9 9 1
25 Place of Issue M A N D A L U Y O N G C I T Y 1 9 3 6	26 Amount, if CTC 0


Part III - Details of Payment				
Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
27 Cash/Bank Debit Memo			/ /	0
28 Check			/ /	0
29 Tax Debit Memo			/ /	0
30 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)
--	--



Annual Income Tax Return Page 2		BIR Form No. 1702-EX June 2013	
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	
Part IV – Computation of Tax <i>(Do NOT enter Centavos)</i>			
31 Net Sales/Revenues/Receipts/Fees <i>(From Schedule 1 Item 6)</i>		337,765,095	
32 Less: Cost of Sales/Services <i>(From Schedule 2 Item 27)</i>		175,966,342	
33 Gross Income from Operation <i>(Item 31 Less Item 32)</i>		161,798,753	
34 Add: Other Taxable Income Not Subjected to Final Tax <i>(From Schedule 3 Item 4)</i>		0	
35 Total Gross Income <i>(Sum of Items 33 & 34)</i>		161,798,753	
Less: Deductions Allowable under Existing Law			
36 Ordinary Allowable Itemized Deductions <i>(From Schedule 4 Item 40)</i>		144,723,462	
37 Special Allowable Itemized Deductions <i>(From Schedule 5 Item 5)</i>		0	
38 Total Itemized Deductions <i>(Sum of Items 36 & 37)</i>		144,723,462	
39 Net Taxable Income <i>(Item 35 Less Item 38)</i>		17,075,291	
40 Income Tax Rate		0%	
41 Total Income Tax Due <i>(Item 39 X Item 40) (To Part II Item 20)</i>		0 0 0	
Part V - Tax Relief Availment			
42 Regular Income Tax Otherwise Due <i>(30% of Part IV Item 39)</i>		5,122,587	
43 Special Allowable Itemized Deductions <i>(30% of Part IV Item 37)</i>		0	
44 Total Tax Relief Availment <i>(Sum of Items 42 & 43)</i>		5,122,587	
Part VI - Information - External Auditor/Accredited Tax Agent			
45 Name of External Auditor/Accredited Tax Agent REYES TACANDONG CO.			
46 TIN		0 0 7 7 5 8 0 9 1 0 0 0	
47 Name of Signing Partner <i>(If External Auditor is a Partnership)</i> JOSEPH C. BILANGBILIN			
48 TIN		2 1 0 1 8 1 9 6 5 0 0 0	
49 BIR Accreditation No. 08 - 005144 - 011 - 2017		50 Issue Date (MM/DD/YYYY) 03 / 08 / 2017	
		51 Expiry Date (MM/DD/YYYY) 03 / 08 / 2020	



Annual Income Tax Return Page 3 - Schedules 1 & 2		BIR Form No 1702-EX June 2013	 1702-EX06/13P3
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	
Schedule 1 - Sales/Revenues/Receipts/Fees <i>(Attach additional sheet/s, if necessary)</i>			
1 Sale of Goods/Properties			0
2 Sale of Services		3 3 7 , 7 6 5 , 0 9 5	
3 Lease of Properties			0
4 Total <i>(Sum of Items 1 to 3)</i>		3 3 7 , 7 6 5 , 0 9 5	
5 Less: Sales Returns, Allowances and Discounts			0
6 Net Sales/Revenues/Receipts/Fees <i>(Item 4 Less Item 5) (To Part IV Item 31)</i>		3 3 7 , 7 6 5 , 0 9 5	
Schedule 2 - Cost of Sales <i>(Attach additional sheet/s, if necessary)</i>			
Schedule 2A - Cost of Sales (For those Engaged in Trading)			
1 Merchandise Inventory - Beginning			0
2 Add Purchase of Merchandise			0
3 Total Goods Available for Sale <i>(Sum of Items 1 & 2)</i>			0
4 Less: Merchandise - Ending			0
5 Cost of Sales <i>(Item 3 Less Item 4) (To Schedule 2 Item 27)</i>			0
Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)			
6 Direct Materials, Beginning		0	
7 Add: Purchases of Direct Materials		0	
8 Materials Available for Use <i>(Sum of Items 6 & 7)</i>		0	
9 Less: Direct Materials, Ending		0	
10 Raw Materials Used <i>(Item 8 Less Item 9)</i>			0
11 Direct Labor			0
12 Manufacturing Overhead			0
13 Total Manufacturing Cost <i>(Sum of Items 10, 11 & 12)</i>			0
14 Add: Work in Process, Beginning		0	
15 Less: Work in Process, Ending		0	
16 Cost of Goods Manufactured <i>(Sum of Items 13 & 14 Less Item 15)</i>			0
17 Add: Finished Goods, Beginning		0	
18 Less: Finished Goods, Ending		0	
19 Cost of Goods Manufactured and Sold <i>(Sum of Items 16 & 17 Less Item 18) (To Schedule 2 Item 27)</i>			0
Schedule 2C - Cost of Services <i>(For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)</i>			
20 Direct Charges - Salaries, Wages and Benefits		1 3 1 , 8 3 1 , 5 8 3	
21 Direct Charges - Materials, Supplies and Facilities		6 , 1 0 0 , 2 7 1	
22 Direct Charges - Depreciation			0
23 Direct Charges - Rental			0
24 Direct Charges - Outside Services			0
25 Direct Charges - Others		3 8 , 0 3 4 , 4 8 8	
26 Total Cost of Services <i>(Sum of Items 20 to 25) (To Schedule 2 Item 27)</i>		1 7 5 , 9 6 6 , 3 4 2	
27 Total Cost of Sales/Services <i>(Sum of Items 5, 19 & 26; if applicable) (To Part IV Item 32)</i>		1 7 5 , 9 6 6 , 3 4 2	

UNION BANK OF THE PHILS.
CUBAO-P. TUAZON BRANCH
RDO CODE: 040
RECEIVED
SSA 2 SSS INITIAL DATE

✓

Annual Income Tax Return Page 4 - Schedules 3 & 4		BIR Form No. 1702-EX June 2013	 1702-EX06:13P4
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	

Schedule 3 - Other Taxable Income Not Subjected to Final Tax <small>(Attach additional sheet/s, if necessary)</small>	
1	0
2	0
3	0
4 Total Other Taxable Income Not Subjected to Final Tax <small>(Sum of Items 1 to 3) (To Part IV Item 34)</small>	0

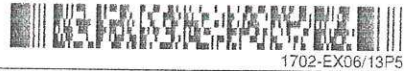
Schedule 4 - Ordinary Allowable Itemized Deductions <small>(Attach additional sheet/s, if necessary)</small>	
1 Advertising and Promotions	0
Amortizations <small>(Specify on Items 2, 3 & 4)</small>	
2 AMORTIZATION OF SOFTWARE	1 1 1 , 1 1 1
3	0
4	0
5 Bad Debts	0
6 Charitable Contributions	2 1 0 , 9 5 0
7 Commissions	0
8 Communication, Light and Water	6 , 7 3 6 , 6 8 6
9 Depletion	0
10 Depreciation	7 , 5 1 2 , 6 5 9
11 Director's Fees	0
12 Fringe Benefits	0
13 Fuel and Oil	0
14 Insurance	1 6 1 , 9 9 3
15 Interest	0
16 Janitorial and Messengerial Services	0
17 Losses	0
18 Management and Consultancy Fee	0
19 Miscellaneous	0
20 Office Supplies	4 , 6 7 7 , 6 5 8
21 Other Services	6 6 2 , 4 8 1
22 Professional Fees	1 , 3 6 7 , 6 9 8
23 Rental	7 , 5 9 8 , 1 9 9
24 Repairs and Maintenance - (Labor or Labor & Materials)	0
25 Repairs and Maintenance - (Materials/Supplies)	3 , 9 7 5 , 6 9 1
26 Representation and Entertainment	5 7 9 , 1 7 7
27 Research and Development	0
28 Royalties	0
29 Salaries and Allowances	2 0 , 7 0 9 , 9 8 7

UNION BANK OF THE PHILS.
CUBAO-P. TUAZON BRANCH
RDO CODE: 040
RECEIVED

SSA 2	SSS INITIAL	DATE
-------	-------------	------

Annual Income Tax Return
Page 5 - Schedules 4, 5 & 6

BIR Form No.
1702-EX
June 2013



TIN 0 0 1 1 0 2 5 9 0 3 0 0 0 0	Registered Name AHON SA HIRAP, INC. (A MICROFINANCE
------------------------------------	--

Schedule 4 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)

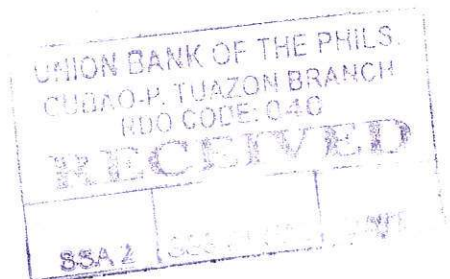
30 Security Services	1,500
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	9,860,071
32 Taxes and Licenses	13,769,385
33 Tolling Fees	0
34 Training and Seminars	0
35 Transportation and Travel	4,751,883
Others [Specify below; Add additional sheet(s) if necessary]	
36 SUBSCRIPTION	4,302
37 PENALTIES AND CHARGES	436,851
38 FINANCE COST	43,068,574
39 PROVISION FOR IMPAIRMENT LOSSES	18,526,606
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Part IV Item 36)	144,723,462

Schedule 5 - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 37)		0

Schedule 6 - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	17,075,291
Add: Non-deductible Expenses/Taxable Other Income	
2	0
3	0
4 Total (Sum of Items 1 to 3)	17,075,291
Less: A) Non-taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
10 Net Taxable Income (Loss) (Item 4 Less Item 9)	17,075,291



Annual Income Tax Return Page 7 - Schedules 9 & 10	BIR Form No. 1702-EX June 2013	 1702-EX06/13P7
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0	Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	

Schedule 9- Supplemental Information <i>(Attach additional sheets, if necessary)</i>			
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	196,758	196,758	39,352
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 <i>(e.g., land, improvement, etc.)</i>			
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 <i>(PS/CS)</i> / Stock Certificate Series No.		P S /	P S /
11 Certificate Authorizing Registration (CAR) No.			
12 Number of Shares		0	0
13 Date of Issue <i>(MM/DD/YYYY)</i>		□□/□□/□□□□	□□/□□/□□□□
14 Actual Amount/Fair Market Value/Net Capital Gains		0	0
15 Final Tax Withheld/Paid		0	0
IV) Other Income <i>(Specify)</i>		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 <i>(Specify)</i>			
17 Actual Amount/Fair Market Value/Net Capital Gains		0	0
18 Final Tax Withheld/Paid		0	0
19 Total Final Tax Withheld/Paid <i>(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)</i>			39,352

Schedule 10- Gross Income/Receipts Exempt from Income Tax			
1 Return of Premium <i>(Actual Amount/Fair Market Value)</i>			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 <i>(e.g., land, improvement, etc.)</i>			
3 Mode of Transfer <i>(e.g. Donation)</i>			
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 <i>(Specify)</i>			
7 Actual Amount/Fair Market Value/Net Capital Gains		0	0
8 Total Income/Receipts Exempt from Income Tax <i>(Sum of Items 1, 5A, 5B, 7A & 7B)</i>			0

UNION BANK OF THE PHILS.
CUBAO-P. TUAZON BRANCH
RDO CODE: 040
RECEIVED

SSA 2	SSS INITIAL	DATE
-------	-------------	------

For BIR Use Only BCS/Item



1702-EX06/13P1

<p>Republika ng Pilipinas Kagawaran ng Pananalapi Kawalanhan ng Rentas Internas</p>	<h3>Annual Income Tax Return</h3> <p>For Use ONLY by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT Under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income</p> <p><small>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.</small></p>	<p>BIR Form No. 1702-EX June 2013 Page 1</p>
---	--	---

1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal 2 Year Ended (MM/20YY) 12 / 20 18	3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 Alphanumeric Tax Code (ATC) <input type="checkbox"/> IC 011 <input checked="" type="checkbox"/> Exempt Corporation on Exempt Activities <input type="checkbox"/> IC 021 <input type="checkbox"/> General Professional Partnership
--	--	---	---

Part I - Background Information			
6 Taxpayer Identification Number (TIN)	0 0 1 - 0 2 5 - 9 0 3 - 0 0 0 0	7 RDO Code	0 4 0
8 Date of Incorporation/Organization (MM/DD/YYYY)		0 7 / 2 4 / 1 9 9 1	
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) A H O N S A H I R A P , I N C . (A M I C R O F I N A N C E N G O)			
10 Registered Address (Indicate complete registered address) N O . 7 6 8 T H A V E N U E , B R G Y . S O C O R R O , C U B A O , Q U E Z O N C I T Y			
11 Contact Number		12 Email Address	
0 2 9 1 - 3 2 4 5 2		c h e r r y t a n p i a n @ a s h i . o r g . p h	
13 Main Line of Business M I C R O F I N A N C E N G O			14 PSIC Code 9 1 9 9
15 Method of Deduction Itemized Deductions [Sections 34 (A-J), NIRC]			
16 Legal Basis of Tax Relief/Exemption (Specify) R . A . 1 0 6 9 3		17 Investment Promotion Agency (IPA)/Government Agency M I C R O F I N A N C E N G O R E G U L A T O R Y C O U N C I L	
18 Registered Activity/Program (Reg. No.) 0 0 2 1 - 1 9		19 Effectivity Date of Tax Relief/Exemption From 0 3 / 2 8 / 2 0 1 9 To 0 3 / 2 8 / 2 0 2 2	

Part II - Total Tax Payable (Do NOT enter Centavos)	
20 Total Income Tax Due (From Part IV Item 41)	0 0 0
21 Add: Penalty - Compromise	0
22 TOTAL AMOUNT PAYABLE (Sum of Items 20 & 21)	0


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 Signature over printed name of President/Principal Officer/ Authorized Representative	 ESTRELLA S. ANDRES Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory	Number of pages filed
23 Community Tax Certificate (CTC) Number/SEC Reg. No. A N 0 9 1	24 Date of Issue (MM/DD/YYYY) 0 7 / 2 4 / 1 9 9 1
25 Place of Issue M A N D A L U Y O N G C I T Y	26 Amount, if CTC 0

Part III - Details of Payment				
Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
27 Cash/Bank Debit Memo			/ /	0
28 Check			/ /	0
29 Tax Debit Memo			/ /	0
30 Others (Specify Below)			/ /	0

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

APR 16 2019
JEANY C. ZAMUNO

Annual Income Tax Return Page 2		BIR Form No. 1702-EX June 2013	 1702-EX06/13P2
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	
Part IV – Computation of Tax (Do NOT enter Centavos)			
31 Net Sales/Revenues/Receipts/Fees <i>(From Schedule 1 Item 6)</i>		3 3 7 , 7 6 5 , 0 9 5	
32 Less: Cost of Sales/Services <i>(From Schedule 2 Item 27)</i>		1 7 5 , 9 6 6 , 3 4 2	
33 Gross Income from Operation <i>(Item 31 Less Item 32)</i>		1 6 1 , 7 9 8 , 7 5 3	
34 Add: Other Taxable Income Not Subjected to Final Tax <i>(From Schedule 3 Item 4)</i>		0	
35 Total Gross Income <i>(Sum of Items 33 & 34)</i>		1 6 1 , 7 9 8 , 7 5 3	
Less: Deductions Allowable under Existing Law			
36 Ordinary Allowable Itemized Deductions <i>(From of Schedule 4 Item 40)</i>		1 4 4 , 7 2 3 , 4 6 2	
37 Special Allowable Itemized Deductions <i>(From Schedule 5 Item 5)</i>		0	
38 Total Itemized Deductions <i>(Sum of Items 36 & 37)</i>		1 4 4 , 7 2 3 , 4 6 2	
39 Net Taxable Income <i>(Item 35 Less Item 38)</i>		1 7 , 0 7 5 , 2 9 1	
40 Income Tax Rate		0%	
41 Total Income Tax Due <i>(Item 39 X Item 40) (To Part II Item 20)</i>		0 0 0	
Part V - Tax Relief Availment			
42 Regular Income Tax Otherwise Due <i>(30% of Part IV Item 39)</i>		5 , 1 2 2 , 5 8 7	
43 Special Allowable Itemized Deductions <i>(30% of Part IV Item 37)</i>		0	
44 Total Tax Relief Availment <i>(Sum of Items 42 & 43)</i>		5 , 1 2 2 , 5 8 7	
Part VI - Information - External Auditor/Accredited Tax Agent			
45 Name of External Auditor/Accredited Tax Agent REYES TACANDONG CO.			
		46 TIN	0 0 7 7 5 8 0 9 1 0 0 0
47 Name of Signing Partner <i>(If External Auditor is a Partnership)</i> JOSEPH C. BILANGBILIN			
		48 TIN	2 1 0 1 8 1 9 6 5 0 0 0
49 BIR Accreditation No.		50 Issue Date (MM/DD/YYYY)	51 Expiry Date (MM/DD/YYYY)
0 8 - 0 0 5 1 4 4 - 0 1 1 - 2 0 1 7		0 3 / 0 8 / 2 0 1 7	0 3 / 0 8 / 2 0 2 0

Annual Income Tax Return Page 3 - Schedules 1 & 2		BIR Form No. 1702-EX June 2013	 1702-EX06/13P3
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	
Schedule 1 - Sales/Revenues/Receipts/Fees (Attach additional sheet/s, if necessary)			
1 Sale of Goods/Properties			0
2 Sale of Services		3 3 7 , 7 6 5 , 0 9 5	
3 Lease of Properties			0
4 Total (Sum of Items 1 to 3)		3 3 7 , 7 6 5 , 0 9 5	
5 Less: Sales Returns, Allowances and Discounts			0
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Part IV Item 31)		3 3 7 , 7 6 5 , 0 9 5	
Schedule 2 - Cost of Sales (Attach additional sheet/s, if necessary)			
Schedule 2A - Cost of Sales (For those Engaged in Trading)			
1 Merchandise Inventory - Beginning			0
2 Add Purchase of Merchandise			0
3 Total Goods Available for Sale (Sum of Items 1 & 2)			0
4 Less: Merchandise - Ending			0
5 Cost of Sales (Item 3 Less Item 4) (To Schedule 2 Item 27)			0
Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)			
6 Direct Materials, Beginning		0	
7 Add: Purchases of Direct Materials		0	
8 Materials Available for Use (Sum of Items 6 & 7)		0	
9 Less: Direct Materials, Ending		0	
10 Raw Materials Used (Item 8 Less Item 9)			0
11 Direct Labor			0
12 Manufacturing Overhead			0
13 Total Manufacturing Cost (Sum of Items 10, 11 & 12)			0
14 Add: Work in Process, Beginning		0	
15 Less: Work in Process, Ending		0	
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)			0
17 Add: Finished Goods, Beginning		0	
18 Less: Finished Goods, Ending		0	
19 Cost of Goods Manufactured and Sold (Sum of Items 16 & 17 Less Item 18) (To Schedule 2 Item 27)			0
Schedule 2C - Cost of Services (For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)			
20 Direct Charges - Salaries, Wages and Benefits		1 3 1 , 8 3 1 , 5 8 3	
21 Direct Charges - Materials, Supplies and Facilities		6 , 1 0 0 , 2 7 1	
22 Direct Charges - Depreciation			0
23 Direct Charges - Rental			0
24 Direct Charges - Outside Services			0
25 Direct Charges - Others		3 8 , 0 3 4 , 4 8 8	
26 Total Cost of Services (Sum of Items 20 to 25) (To Schedule 2 Item 27)		1 7 5 , 9 6 6 , 3 4 2	
27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 32)		1 7 5 , 9 6 6 , 3 4 2	

Annual Income Tax Return Page 4 - Schedules 3 & 4		BIR Form No. 1702-EX June 2013	 1702-EX06/13P4
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	

Schedule 3 - Other Taxable Income Not Subjected to Final Tax <small>(Attach additional sheet/s, if necessary)</small>		
1		0
2		0
3		0
4 Total Other Taxable Income Not Subjected to Final Tax <small>(Sum of Items 1 to 3) (To Part IV Item 34)</small>		0

Schedule 4 - Ordinary Allowable Itemized Deductions <small>(Attach additional sheet/s, if necessary)</small>		
1	Advertising and Promotions	0
Amortizations <small>(Specify on Items 2, 3 & 4)</small>		
2	AMORTIZATION OF SOFTWARE	1 1 1 , 1 1 1
3		0
4		0
5	Bad Debts	0
6	Charitable Contributions	2 1 0 , 9 5 0
7	Commissions	0
8	Communication, Light and Water	6 , 7 3 6 , 6 8 6
9	Depletion	0
10	Depreciation	7 , 5 1 2 , 6 5 9
11	Director's Fees	0
12	Fringe Benefits	0
13	Fuel and Oil	0
14	Insurance	1 6 1 , 9 9 3
15	Interest	0
16	Janitorial and Messengerial Services	0
17	Losses	0
18	Management and Consultancy Fee	0
19	Miscellaneous	0
20	Office Supplies	4 , 6 7 7 , 6 5 8
21	Other Services	6 6 2 , 4 8 1
22	Professional Fees	1 , 3 6 7 , 6 9 8
23	Rental	7 , 5 9 8 , 1 9 9
24	Repairs and Maintenance - (Labor or Labor & Materials)	0
25	Repairs and Maintenance - (Materials/Supplies)	3 , 9 7 5 , 6 9 1
26	Representation and Entertainment	5 7 9 , 1 7 7
27	Research and Development	0
28	Royalties	0
29	Salaries and Allowances	2 0 , 7 0 9 , 9 8 7

Annual Income Tax Return Page 5 - Schedules 4, 5 & 6	BIR Form No. 1702-EX June 2013	 1702-EX06/13P5
--	---	--

TIN 0 0 1 0 2 5 9 0 3 0 0 0 0	Registered Name AHON SA HIRAP, INC. (A MICROFINANCE
---	---

Schedule 4 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)


30 Security Services	1,500
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	9,860,071
32 Taxes and Licenses	13,769,385
33 Tolling Fees	0
34 Training and Seminars	0
35 Transportation and Travel	4,751,883
Others [Specify below; Add additional sheet(s) if necessary]	
36 SUBSCRIPTION	4,302
37 PENALTIES AND CHARGES	436,851
38 FINANCE COST	43,068,574
39 PROVISION FOR IMPAIRMENT LOSSES	18,526,606
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Part IV Item 36)	144,723,462

Schedule 5 - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

No.	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 37)			0

Schedule 6 - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	17,075,291
Add: Non-deductible Expenses/Taxable Other Income	
2	0
3	0
4 Total (Sum of Items 1 to 3)	17,075,291
Less: A) Non-taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
10 Net Taxable Income (Loss) (Item 4 Less Item 9)	17,075,291

Annual Income Tax Return Page 7 - Schedules 9 & 10		BIR Form No. 1702-EX June 2013	
TIN 0 0 1 0 2 5 9 0 3 0 0 0 0		Registered Name AHON SA HIRAP, INC. (A MICROFINANCE	
1702-EX06/13P7			
Schedule 9- 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	196,758	196,758	39,352
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.	P S /	P S /	
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)			39,352
Schedule 10- 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



Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>
To: cherrytanpian@ashi.org.ph

Sun, Apr 14, 2019 at 5:28 PM

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

File name: 001025903000-1702EX-1218.xml

Date received by BIR: 14 April 2019

Time received by BIR: 05:09 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

=====
DISCLAIMER
=====

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.





Ahon Sa Hirap, Inc.

(A Microfinance NGO)

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

“STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS”

The Management of **Ahon Sa Hirap, Inc. (A Microfinance NGO)** (the Organization) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

The Board of Trustees is responsible for overseeing the Organization’s financial reporting process.

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

Reyes Tacandong & Co., the independent auditor and appointed by the Board of Trustees, has audited the financial statements of the Organization in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANGELINA P JOSE
Chairperson of the Board

MERCEDES R. ABAD
President

ESTRELLA S. ANDRES
Vice President/Treasurer

Signed this 27th day of March 2019





INDEPENDENT AUDITORS' REPORT

The Members and the Board of Trustees
Ahon sa Hiras, Inc. (A Microfinance NGO)
No. 76, 8th Avenue
Cubao, Quezon City

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Ahon sa Hiras, Inc. (A Microfinance NGO) (formerly Ahon sa Hiras, Inc.) (a non-stock, non-profit organization) (the Organization), which comprise the statement of assets, liabilities and fund balance as at December 31, 2018, and the statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Other Matter

The financial statements of Ahon sa Hiras, Inc. (A Microfinance NGO) as at and for the period ended December 31, 2017 were audited by another auditor, whose report dated April 7, 2018 expressed an unmodified opinion on those statements. These financial statements, however, did not include the restatement and reclassification adjustments discussed in Note 4 to the financial statements.

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

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





In preparing the financial statements, management is responsible for assessing the 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.

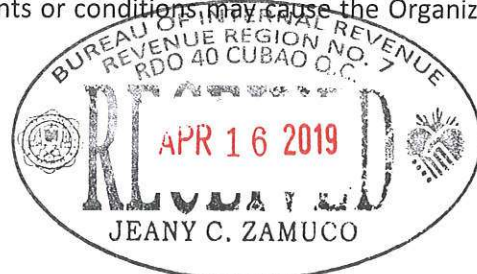
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Organization. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.



JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1541-A

Valid until May 1, 2019

BIR Accreditation No. 08-005144-011-2017

Valid until March 8, 2020

PTR No. 7334337

Issued January 3, 2019, Makati City

March 27, 2019

Makati City, Metro Manila



AHON SA HIRAP, INC. (A MICROFINANCE NGO)
(Formerly Ahon sa Hirap, Inc.)
(A Non-stock, Non-profit Organization)

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
December 31, 2018
(With Comparative Figures for December 31, 2017 and January 1, 2017)

	Note	December 31		January 1
		2018	2017 (As Restated - Note 4)	2017 (As Restated - Note 4)
ASSETS				
Current Assets				
Cash	5	₱63,080,438	₱150,195,946	₱71,785,360
Financial assets at fair value through profit or loss (FVPL)	6	9,523,240	10,469,714	10,311,531
Loans receivable - current portion	7	959,082,581	951,965,520	802,592,664
Other receivables - current portion	8	7,085,273	19,873,020	15,228,245
Other current assets	9	6,603,317	4,419,583	2,713,203
Total Current Assets		1,045,374,849	1,136,923,783	902,631,003
Noncurrent Assets				
Loans receivable - net of current portion	7	396,472	1,581,023	1,885,747
Other receivables - net of current portion	8	2,000,000	-	-
Property and equipment	10	48,366,897	44,793,466	34,560,991
Intangible asset	11	-	111,111	406,167
Other noncurrent assets	12	10,861,468	11,250,972	9,147,916
Total Noncurrent Assets		61,624,837	57,736,572	46,000,821
		₱1,106,999,686	₱1,194,660,355	₱948,631,824
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts payable and accrued expenses	13	₱50,303,287	₱54,832,850	₱57,459,640
Capital build-up	14	195,047,051	146,255,972	99,375,165
Funds held in trust	15	7,492,968	7,882,472	5,462,416
Loans payable - current portion	16	503,254,993	584,296,630	467,751,517
Total Current Liabilities		756,098,299	793,267,924	630,048,738
Noncurrent Liabilities				
Loans payable - net of current portion	16	87,871,504	158,548,189	106,302,449
Net retirement benefit liability	20	21,153,221	22,496,868	17,892,184
Other noncurrent liability		4,524,700	5,972,318	6,121,778
Total Noncurrent Liabilities		113,549,425	187,017,375	130,316,411
Total Liabilities		869,647,724	980,285,299	760,365,149
Fund Balance		237,351,962	214,375,056	188,266,675
		₱1,106,999,686	₱1,194,660,355	₱948,631,824

See accompanying Notes to Financial Statements.



AHON SA HIRAP, INC. (A MICROFINANCE NGO)
 (Formerly Ahon sa Hirap, Inc.)
 (A Non-stock, Non-profit Organization)

STATEMENT OF COMPREHENSIVE INCOME
 For the Year Ended December 31, 2018
 (With Comparative Figures for 2017)

	Note	2018	2017 (As Restated - Note 4)
REVENUES			
Interest income	7	P 322,155,819	P290,061,215
Service income		12,693,411	19,347,062
Grants and donations		2,564,909	140,425
Unrealized gain (loss) on fair value changes of financial assets at FVPL	6	(946,474)	158,183
Other income		1,297,430	4,917,835
		337,765,095	314,624,720
EXPENSES			
Program expenses	18	175,966,344	146,879,573
Administrative expenses	19	83,128,280	84,503,160
Finance costs	16	43,068,574	40,207,124
Impairment loss on receivables	7	18,526,606	16,343,234
Other expenses		-	30,786
		320,689,804	287,963,877
EXCESS OF REVENUES OVER EXPENSES		17,075,291	26,660,843
OTHER COMPREHENSIVE GAIN (LOSS)			
<i>Not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement gain (loss) on net retirement benefit liability	20	5,901,615	(552,462)
TOTAL COMPREHENSIVE INCOME		P22,976,906	P26,108,381

See accompanying Notes to Financial Statements.

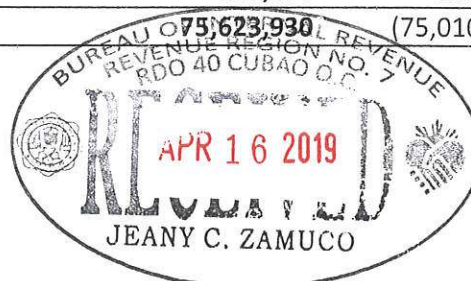


AHON SA HIRAP, INC. (A MICROFINANCE NGO)
 (Formerly Ahon sa Hiras, Inc.)
 (A Non-stock, Non-profit Organization)

STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2018
 (With Comparative Figures for 2017)

	Note	2018	2017 (As Restated - Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		₱17,075,291	₱26,660,843
Adjustments for:			
Provision for impairment losses on:	7		
Loans receivable		10,401,400	16,343,234
Other receivables		8,125,206	-
Depreciation and amortization	11	7,623,769	5,401,478
Retirement benefit costs	20	4,557,968	4,052,222
Interest expense on capital build-up	16	1,395,366	3,234,992
Unrealized loss (gain) on financial assets at FVPL	6	946,474	(158,183)
Interest income from cash in banks	5	(157,406)	(203,474)
Gain on disposal of equipment		(50,000)	-
Unrealized foreign exchange loss (gain)		(14,973)	30,786
Operating income before working capital changes		49,903,095	55,361,898
Decrease (increase) in:			
Loans receivable		(16,333,910)	(165,411,366)
Other receivables		2,662,541	(4,644,775)
Other current assets		(2,183,734)	(1,706,380)
Other noncurrent assets		389,504	(2,103,056)
Increase (decrease) in:			
Accounts payable and accrued expenses		(4,529,563)	(2,626,790)
Capital build-up		47,395,713	43,645,815
Funds held in trust		(389,504)	2,420,056
Other noncurrent liabilities		(1,447,618)	(149,460)
Net cash generated from (used for) operations		75,466,524	(75,214,058)
Interest received from banks		157,406	203,474
Net cash provided by (used in) operating activities		75,623,930	(75,010,584)

(Forward)



	Note	2018	2017 (As Restated - Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	10	(P11,113,693)	(P15,313,897)
Intangible asset	11	-	(25,000)
Proceeds from disposal of property and equipment		77,604	-
Net cash used in investing activities		(11,036,089)	(15,338,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans	16	(739,082,775)	(646,131,022)
Proceeds from loan availments		587,364,453	814,921,875
Net cash provided by (used in) financing activities		(151,718,322)	168,790,853
NET INCREASE (DECREASE) IN CASH		(87,130,481)	78,441,372
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		14,973	(30,786)
CASH AT BEGINNING OF YEAR		150,195,946	71,785,360
CASH AT END OF YEAR		P63,080,438	P150,195,946
OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received from loans receivable		P324,974,054	P288,513,907
Interest paid on loans payable		43,109,822	35,027,637

See accompanying Notes to Financial Statements.



AHON SA HIRAP, INC. (A MICROFINANCE NGO)
 (Formerly Ahon sa Hirap, Inc.)
 (A Non-stock, Non-profit Organization)

STATEMENT OF CHANGES IN FUND BALANCE
 For the Year Ended December 31, 2018
 (With Comparative Figures for 2017)

Note	Initial Contribution	Excess of Revenues Over Expenses	Other Equity	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability	Total Fund Balance
Balances as at January 1, 2017, as reported					
Prior period adjustments	₱900	₱141,382,750	₱76,664,706	(₱2,835,972)	₱215,212,384
Balances as at January 1, 2017, as restated	900	191,101,747	(76,664,706)	—	(26,945,709)
Excess of revenues over expenses	—	26,660,843	—	(2,835,972)	188,266,675
Remeasurement loss on net retirement benefit liability	—	—	—	(552,462)	26,660,843
Balances as at December 31, 2017, as restated	₱900	₱217,762,590	₱—	(₱3,388,434)	₱214,375,056

Balances as at December 31, 2017, as reported					
Prior period adjustments	₱900	₱161,056,284	₱118,932,385	(₱3,388,434)	₱276,601,135
Balances as at December 31, 2017, as restated	—	56,706,306	(118,932,385)	—	(62,226,079)
Excess of revenues over expenses	900	217,762,590	—	(3,388,434)	214,375,056
Remeasurement gain on net retirement benefit liability	—	17,075,291	—	—	17,075,291
Balances as at December 31, 2018	₱900	₱234,837,881	₱—	5,901,615	5,901,615

See accompanying Notes to Financial Statements.



AHON SA HIRAP, INC. (A MICROFINANCE NGO)
(Formerly Ahon sa Hirap, Inc.)
(A Non-stock, Non-profit Organization)

NOTES TO FINANCIAL STATEMENTS
(With Comparative Information for 2017)

1. Reporting Entity

Ahon sa Hirap, Inc. (A Microfinance NGO) (formerly Ahon sa Hirap, Inc.) (the Organization) is a non-stock, non-profit organization incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 24, 1991. Its primary purpose is to help alleviate extreme poverty, to promote the generation of employment and regular income generating activities among poor households, and to promote and contribute exclusively to social welfare through the upliftment of the basis or disadvantaged sectors of society by providing advocacy, training, community organizing, and other similar activities. The organization obtains financial assistance from local and international agencies to finance its activities and projects.

In accordance with Republic Act (R.A.) No. 10693, "The Microfinance NGOs Act," which was approved by the President of the Philippines on November 3, 2015, the Organization being a microfinance non-government organization (NGO), is subject to two percent (2%) tax on its gross receipts from microfinance operations in lieu of all national taxes. The Organization was granted the certificate of tax exemption on March 28, 2017. Further, as required by R.A. No. 10693, the Board of Trustees (BOT) approved the amendments to the Organization's Articles of Incorporation and By-laws to include the word "Microfinance" in their corporate and trade names on April 22, 2017. The amendment to the Articles of Incorporation was approved by the SEC on June 22, 2018.

The Organization's registered office address is No.76, 8th Avenue, Cubao, Quezon City.

The Organization's financial statements as at and for the year ended December 31, 2018 were approved and authorized for issuance by the BOT on March 27, 2019.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Organization have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

The financial statements are presented in Philippine Peso, the Organization's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements of the Organization have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Organization recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to the financial statements:

- Note 6 - Financial Assets at FVPL
- Note 23 - Fair Value Measurement

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Organization adopted effective January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement* (and all previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or at fair value, through profit or loss or through other comprehensive income (OCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at FVPL that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be an objective evidence of impairment.

The derecognition provisions are carried over almost unchanged from PAS 39.

The Organization has applied the requirements of PFRS 9 retrospectively. The Organization's retrospective application of PFRS 9, however, did not result to a restatement of account balances in comparative periods or any adjustment in the opening retained earnings of the earliest period presented in the financial statements.

The following are the carrying amounts of the Organization's financial assets previously classified as loans and receivables under PAS 39 that are now classified and measured at financial assets at amortized cost under PFRS 9:

2018				
	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39	Carrying Amount under PFRS 9
Cash	Loans and receivables	Financial assets at amortized cost	₱150,195,946	₱150,195,946
Loans receivables	Loans and receivables	Financial assets at amortized cost	953,546,543	953,546,543
Other receivables*	Loans and receivables	Financial assets at amortized cost	19,818,286	19,873,020
Refundable deposits**	Loans and receivables	Financial assets at amortized cost	693,500	693,500
Restricted cash***	Loans and receivables	Financial assets at amortized cost	7,882,472	7,882,472
2017				
	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39	Carrying Amount under PFRS 9
Cash	Loans and receivables	Financial assets at amortized cost	₱71,785,360	₱71,785,360
Loans receivables	Loans and receivables	Financial assets at amortized cost	804,478,411	804,478,411
Other receivables*	Loans and receivables	Financial assets at amortized cost	15,166,629	15,228,245
Refundable deposits**	Loans and receivables	Financial assets at amortized cost	168,700	168,700
Restricted cash***	Loans and receivables	Financial assets at amortized cost	5,462,416	5,462,416

*Excluding nonfinancial assets amounting to ₱54,734 and ₱61,616 as at January 1, 2018 and 2017, respectively.

**Included under "Other current assets" account in the statement of assets, liabilities and fund balance.

***Included under "Other noncurrent assets" account in the statement of assets, liabilities and fund balance.

There are no changes in the classification and measurement of investments in unit investment trust fund (UITF) and financial liabilities. The Organization assessed that the adoption of PFRS 9, specifically on determining impairment loss, has no impact on the carrying amounts of the Organization's financial instruments.

- PFRS 15, *Revenue from Contract with Customers* – The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.). Further, the standard was subsequently amended to provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The Organization recognizes service income from administration and servicing of loans, and income from grants and donations. Revenues are recognized as follows:

- Service income are recognized at the point when services are rendered; and
- Grants and donations are recognized when the right to receive an asset is established.

The adoption of PFRS 15 has no significant impact in the timing of the Organization's revenue recognition.

New PFRS Issued But Not Yet Effective as at December 31, 2018

- PFRS 16, *Leases* – This standard replaces PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

The Organization is currently performing detailed assessment of the potential effect of this new standard. The actual impact of applying PFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the borrowing rate of the Organization as at January 1, 2019, the composition of the Organization's lease portfolio at that date, the Organization's latest assessment of whether it will exercise any lease renewal options and the extent to which the Organization chooses to use practical expedients and recognition exemptions. It is anticipated that the application of PFRS 16 will not have a significant impact on the amounts recognized in the financial statements.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Organization recognizes a financial asset or a financial liability in the statement of assets, liabilities and fund balance when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Organization recognizes the difference between the transaction price and the fair value (a “Day 1” difference) in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where the valuation model uses unobservable data, the difference between the transaction price and the fair value is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Organization determines the appropriate method of recognizing the “Day 1” difference.

Financial Assets

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Organization classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset at initial recognition largely depends on the Organization’s business model for managing the asset and its contractual cash flow characteristics.

As at December 31, 2018 and 2017, the Organization does not have financial assets at FVOCI.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not “solely for payment of principal and interest”, and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Organization may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Organization had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2018 and 2017, the Organization’s investments in UITF are classified under this category.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. 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 and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2018 and 2017, the Organization's cash, loans receivable, other receivables, refundable deposits and restricted cash are classified under this category.

Reclassification. The Organization reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

Impairment of Financial Assets at Amortized Cost. The Organization recognizes an allowance for ECL for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Organization expects to receive, discounted at an approximation to the asset's original effective interest rate.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Organization compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Organization also considers reasonable and supportable information, that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition.

The Organization considers a financial asset in default when contractual payments are past due (1-day past due for loans receivable and 30-days past due for other financial assets at amortized cost) unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Organization may also consider a financial asset to be in default when internal or external information indicates that the Organization is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Organization. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- the right to receive cash flows from the asset has expired;
- the Organization retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Organization has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Organization has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Organization’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Organization could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Organization classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2018 and 2017, the Organization does not have financial liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Organization having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2018 and 2017, the Organization's accounts payable and accrued expenses (excluding statutory payables), capital build-up (CBU), funds held in trust, loans payable and other noncurrent liability are classified under this category.

CBU represents interest bearing cash deposits collected from program members for purposes of maintaining the compensating balance which can be used to settle the members' outstanding loans receivable in case of default.

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

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Organization; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Organization does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets, liabilities and fund balance if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of assets, liabilities and fund balance.

Prepayments

Prepayments, including supplies, are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment, or to be consumed in operations, and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Organization, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of property and equipment:

	Number of Years
Building and building improvements	10 to 20
Office equipment	2 to 5
Office furniture and fixture	2 to 5
Transportation equipment	5 to 10

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization, and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Intangible Asset

Computer software classified as intangible asset are stated at cost less accumulated amortization and any impairment in value. The initial cost of intangible asset consists of its purchase price and any directly attributable costs of preparing the asset for its intended use. Intangible asset is determined to have a finite life and amortized over its useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The useful lives of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Organization. Intangible asset is generally amortized on a straight-line basis over 3 or 5 years.

When intangible asset is retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of property and equipment, intangible asset, and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Fund Balance

Fund balance represents the cumulative balance of the Organization's contributions, excess of revenues over expenses, and cumulative rereasurement gains or losses on net retirement benefit liability.

Revenue Recognition

Revenue from contract with members and other third parties is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Organization perform its obligations; (b) the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Organization's performance does not create an asset with an alternative use to the Organization and the Organization has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Organization also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Organization has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized:

Service Income. Income related to the administration and servicing of a loan is recognized as income when services are rendered.

Grants and Donations. Income from grants and donations is recognized when the right to receive an asset is established.

Other Income. Income from other sources is recognized when earned during the period.

Interest Income

Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Program Expenses. Program expenses are recognized as expense when the services are rendered.

Administrative Expenses. Administrative expenses pertain to cost of administering the business. These are expensed as incurred.

Finance cost. Finance cost is recognized in profit or loss using the effective interest method.

Employee Benefits

Short-term Employee Benefits. The Organization recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits are measured on an undiscounted basis and is included as part of "Accounts payable and accrued expenses" account in the statement of assets, liabilities and fund balance.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary. When the calculation results in a potential asset for the Organization, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Organization recognizes service costs, comprising of current service costs and interest expense in profit or loss.

The Organization determines the net interest expense by applying the discount rate to the net defined benefit liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses, are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Organization is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

Leases

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

- a. there is 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 fulfillment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

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

Organization as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Related Party Transactions

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

Provisions and Contingencies

Provisions. Provisions are recognized when the Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Organization expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies. Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements 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 the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments, and make accounting estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Organization believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgments, accounting estimates and assumptions made by the Organization:

Judgments

Classification of Lease Commitments - Organization as Lessee. The Organization has lease agreements for its branch office spaces. The Organization has determined that the risks and rewards related to the leased properties are retained by the lessors. Accordingly, the leases are accounted for as operating leases.

Rental expense amounted to ₱7,598,199 and ₱5,555,341 in 2018 and 2017, respectively (see Note 21).

Tax Contingency. The Organization received assessments for deficiency taxes. Significant judgment is involved in determining if there is a need for tax provision. Management and legal counsel of the Organization believes that the final settlement, if any, on the tax assessment will not have material effect on the financial position of the Organization. It is possible, however, that the changes in judgment and estimate relating to this tax position may affect the results of operations of the Organization.

Estimates and Assumptions

Assessment for Impairment Losses on Financial Assets at Amortized Cost. The Organization determines the allowance for impairment losses in accordance with the ECL model, under general approach, based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case impairment loss is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Organization considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and,
- Actual or expected significant adverse changes in the operating results of the borrower.

The Organization also considers financial assets that are past due (1-day past due for loans receivable and 30-days past due for other financial assets at amortized cost) to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Organization recognized impairment losses on the following financial assets:

	Note	2018	2017
Loans receivable	7	₱10,401,400	₱16,343,234
Other receivables	8	8,125,206	–

The Organization wrote-off allowance for impairment loss on loans receivable amounting to ₱22,781,591 and ₱1,502,394 in 2018 and 2017, respectively (see Note 7).

The Organization has assessed that the impairment loss on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Organization only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for impairment loss on other financial assets at amortized cost was recognized in 2018 and 2017.

The carrying amounts of financial assets at amortized cost are as follows:

	Note	2018	2017
Cash	5	₱63,080,438	₱150,195,946
Loans receivable	7	959,479,053	953,546,543
Other receivables*	8	9,061,950	19,818,286
Refundable deposits**	9	1,082,800	693,500
Restricted cash***	12	7,492,968	7,882,472

*Excluding nonfinancial assets amounting to ₱23,323 and ₱54,734 as at December 31, 2018 and 2017, respectively.

**Included under "Other current assets" account in the statement of assets, liabilities and fund balance.

***Included under "Other noncurrent assets" account in the statement of assets, liabilities and fund balance.

Estimation of Useful Lives of Property and Equipment and Intangible Asset. The Organization reviews annually the estimated useful lives of property and equipment and intangible asset based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates and assumptions due to physical wear and tear, and technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates and assumptions brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment and intangible asset would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property and equipment and intangible asset in 2018 and 2017.

Assessment for Impairment of Nonfinancial Assets. The Organization assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

The relevant factors that the Organization considers in deciding whether to perform an asset impairment review include, among others, the following:

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

In determining the present value of the estimated future cash flows expected to be generated from the continued use of the assets, the Organization is required to make estimates and assumptions on the timing and amount of cash flows that can materially affect the financial statements.

No impairment loss on nonfinancial assets was recognized in 2018 and 2017. As at December 31, 2018 and 2017, the carrying amounts of nonfinancial assets are summarized below:

	Note	2018	2017
Other current assets*	9	₱5,520,517	₱3,726,083
Property and equipment	10	48,366,897	44,793,466
Intangible asset	11	–	111,111
Other noncurrent assets**	12	3,368,500	3,368,500

*Excluding refundable deposits amounting to ₱1,082,800 and ₱693,500 as at December 31, 2018 and 2017, respectively.

**Excluding restricted cash amounting to ₱7,492,968 and ₱7,882,472 as at December 31, 2018 and 2017, respectively.

Determination of Retirement Benefits. The determination of the liability and cost of retirement benefit is dependent on the assumptions used in calculating such amounts. These assumptions are described in Note 20 to the financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Organization's assumptions are recognized in OCI and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Organization believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

The net retirement benefit liability amounted to ₱21,153,221 and ₱22,496,868 as at December 31, 2018 and 2017, respectively (see Note 20).

4. Prior Period Adjustments

The following is the summary of the financial impact of prior period adjustments on the Organization's financial statements:

	December 31, 2017			Ref.
	As Previously Reported	Effect of Adjustment	As Restated	
Assets:				
Cash	₱158,078,418	(₱7,882,472)	₱150,195,946	a
Other noncurrent assets	3,368,500	7,882,472	11,250,972	a
Liabilities:				
Accounts payable and accrued expenses	44,154,682	10,678,168	54,832,850	b
Capital build-up	–	146,255,972	146,255,972	b,c
Funds held in trust	–	7,882,472	7,882,472	b
Fund savings	102,590,533	(102,590,533)	–	b
Fund balance:				
Excess of revenues over expenses	161,056,284	56,706,306	217,762,590	b,c
Other fund balance	118,932,385	(118,932,385)	–	c

	January 1, 2017			
	As Previously Reported	Effect of Adjustment	As Restated	Ref.
Assets:				
Cash	₱77,247,776	(₱5,462,416)	₱71,785,360	<i>a</i>
Other noncurrent assets	3,685,500	5,462,416	9,147,916	<i>a</i>
Liabilities:				
Accounts payable and accrued expenses	48,540,710	8,918,930	57,459,640	<i>b</i>
Capital build-up	–	99,375,165	99,375,165	<i>b,c</i>
Funds held in trust	–	5,462,416	5,462,416	<i>b</i>
Fund savings	86,810,802	(86,810,802)	–	<i>b</i>
Fund balance:				
Excess of revenues over expenses	141,382,750	49,718,997	191,101,747	<i>b,c</i>
Other fund balance	76,664,706	(76,664,706)	–	<i>c</i>

The following are the nature of reclassifications and restatements in the December 31, 2017 and January 1, 2017 statement of assets, liabilities and fund balance of the Organization:

(a) Reclassification of restricted cash from “Cash” to “Other noncurrent assets” amounting to ₱7,882,472 and ₱5,462,416 in 2017 and 2016, respectively. Restricted cash represent noninterest-bearing cash deposits from members of the Organization that are restricted as to withdrawal subject to approval of the members of the Organization (see Note 15).

(b) Details of reclassification and restatement of this account are as follows:

- Reclassification of service income generated from microfinance activities, amounting to ₱6,370,723 in 2017 and ₱38,000,958 in 2016 and prior years, recognized under “Fund savings” to “Excess of revenues over expenses”.
- Reclassification of compensating balance collected from members recorded under “Fund savings” to “CBU” amounting to ₱39,658,212 and ₱34,428,498 in 2017 and 2016, respectively.
- Reclassification of cash receipt to be held in trust by the Organization from “Fund savings” to “Funds held in trust” amounting to ₱7,882,472 and ₱5,462,416 in 2018 and 2017, respectively.
- Reclassification of other payables recognized under “Fund savings” to “Accounts payable and accrued expenses” amounting to ₱10,678,168 and ₱8,918,930 in 2018 and 2017, respectively.

(c) Details of reclassification and restatement of this account are as follows:

- Reclassification of service income generated from microfinance activities, amounting to ₱616,586 in 2017 and ₱3,516,268 in 2016 and prior years, recognized under “Other fund balance” to “Excess of revenues over expenses”.
- Reclassification of donations received in previous years recognized under “Other fund balance” to “Excess of revenues over expenses” amounting to ₱8,201,771 in 2017 and 2016.
- Reclassification of compensating balance collected from members recognized under “Other fund balance” to “CBU” amounting to ₱106,597,760 and ₱64,946,667 in 2017 and 2016, respectively.

5. Cash

Cash includes cash on hand and in banks amounting to ₱63,080,438 and ₱150,195,946 (as restated, see Note 4) as at December 31, 2018 and 2017, respectively. Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Interest income earned on cash in banks amounted to ₱157,406 and ₱203,474 in 2018 and 2017, respectively (see Note 7).

6. Financial Assets at FVPL

This account consists of investments in UITF measured at fair value amounting to ₱9,523,240 and ₱10,469,714 as at December 31, 2018 and 2017, respectively. Unrealized loss on financial assets at FVPL amounted to ₱946,474 in 2018. Unrealized gain on financial assets at FVPL amounted to ₱158,183 in 2017.

The Organization's financial asset at FVPL as at December 31, 2018 and 2017 is carried at fair value based on sources classified under the Level 1 category. The fair value of financial asset at FVPL is based on quoted market prices or bidding dealer price quotations from active markets as at reporting date (see Note 23).

7. Loans Receivable

This account consists of:

	2018	2017
Loans receivable	₱980,188,161	₱986,635,842
Less allowance for impairment losses	20,709,108	33,089,299
	₱959,479,053	₱953,546,543

Loans receivable pertain to loans granted to qualified program members from the different communities where the Organization operates. Loans receivable are collected every week and earn a monthly interest of 1.50% to 3.80% in 2018 and 2017 based on outstanding balance.

Moreover, the Organization collects CBU from its program members for purposes of maintaining the compensating balances in relation to the loans receivable. This can be used to settle the program members' outstanding balance in case of default. CBU amounted to ₱195,047,051 and ₱146,255,972 as at December 31, 2018 and 2017, respectively (see Note 14).

Loans receivable are presented in the statement of assets, liabilities and fund balance as at December 31 as follows:

	2018	2017
Current	₱959,082,581	₱951,965,520
Noncurrent	396,472	1,581,023
	₱959,479,053	₱953,546,543

The noncurrent portion of loans receivable pertains to victim calamity loans that earn annual interest of 20% and payable within seven (7) years.

The aging analysis of the gross loan portfolio is as follows:

	2018	Percentage to Total	2017	Percentage to Total
Current	₱964,258,773	98.37%	₱808,310,623	81.93%
1-30 days	2,518,113	0.26%	116,834,595	11.84%
31-60 days	1,815,567	0.19%	23,292,882	2.36%
61-90 days	1,885,325	0.19%	7,882,450	0.80%
More than 90 days	9,710,383	0.99%	30,315,292	3.07%
	₱980,188,161	100.00%	₱986,635,842	100.00%

The balance and movements of allowance for impairment losses on loans receivable are as follows:

	2018	2017
Balance at beginning of year	₱33,089,299	₱18,248,459
Provision	10,401,400	16,343,234
Write-off	(22,781,591)	(1,502,394)
Balance at end of year	₱20,709,108	₱33,089,299

Receivables amounting to ₱22,781,591 and ₱1,502,394 in 2018 and 2017, respectively, were written off.

Impairment loss presented in the statement of comprehensive income consists of:

	Note	2018	2017
Loans receivables		₱10,401,400	₱16,343,234
Other receivables	8	8,125,206	-
		₱18,526,606	₱16,343,234

Details of interest income are as follows:

	Note	2018	2017
Loans receivable		₱321,998,413	₱289,857,741
Cash in banks	5	157,406	203,474
		₱322,155,819	₱290,061,215

Loans receivable amounting to ₱980,188,161 and ₱986,635,842 serve as collateral for loans payable as at December 31, 2018 and 2017, respectively (see Note 16).

8. Other Receivables

This account consists of:

	2018	2017
Accounts receivable	₱16,415,690	₱12,274,330
Receivables from officers and employees	723,222	1,086,302
Others	71,567	6,512,388
	17,210,479	19,873,020
Less allowance for impairment losses	8,125,206	-
	₱9,085,273	₱19,873,020

Accounts and other receivables are generally unsecured, noninterest-bearing and collectible within one (1) year.

Receivable from officers and employees are cash advances subject to liquidation within one (1) month from the date of transaction and loans to officers and employees payable through salary deduction within one (1) year.

Other receivables are presented in the statement of assets, liabilities and fund balance as at December 31 as follows:

	2018	2017
Current	₱7,085,273	₱19,873,020
Noncurrent	2,000,000	-
	₱9,085,273	₱19,873,020

9. Other Current Assets

This account consists of:

	2018	2017
Supplies	₱4,564,581	₱3,174,308
Refundable deposits	1,082,800	693,500
Prepayments:		
Rent	953,186	508,571
Utilities	2,750	14,351
Others	-	28,853
	₱6,603,317	₱4,419,583

10. Property and Equipment

The balances and movements in this account as at and for the years ended December 31, 2018 and 2017 are as follows:

2018						
	Land	Building and Improvements	Office Equipment	Office Furniture and Fixture	Transportation Equipment	Total
Cost						
Balances at beginning of year	P31,536,624	P13,687,239	P15,111,236	P2,657,178	P596,952	P63,589,229
Additions	-	148,910	9,972,172	992,611	-	11,113,693
Disposal	-	-	(166,500)	-	-	(166,500)
Balances at end of year	31,536,624	13,836,149	24,916,908	3,649,789	596,952	74,536,422
Accumulated Depreciation and Amortization						
Balances at beginning of year	-	8,788,913	8,477,268	1,181,244	348,338	18,795,763
Depreciation and amortization	-	1,384,712	5,189,211	828,169	110,566	7,512,658
Disposal	-	-	(138,896)	-	-	(138,896)
Balances at end of year	-	10,173,625	13,527,583	2,009,413	458,904	26,169,525
Carrying Amounts	P31,536,624	P3,662,524	P11,389,325	P1,640,376	P138,048	P48,366,897

2017						
	Land	Building and Improvements	Office Equipment	Office Furniture and Fixture	Transportation Equipment	Total
Cost						
Balances at beginning of year	P23,622,413	P12,874,854	P9,869,316	P1,519,297	P389,452	P48,275,332
Additions	7,914,211	812,385	5,241,920	1,137,881	207,500	15,313,897
Balances at end of year	31,536,624	13,687,239	15,111,236	2,657,178	596,952	63,589,229
Accumulated Depreciation and Amortization						
Balances at beginning of year	-	7,451,488	5,349,923	643,825	269,105	13,714,341
Depreciation and amortization	-	1,337,425	3,127,345	537,419	79,233	5,081,422
Balances at end of year	-	8,788,913	8,477,268	1,181,244	348,338	18,795,763
Carrying Amounts	P31,536,624	P4,898,326	P6,633,968	P1,475,934	P248,614	P44,793,466

11. Intangible Asset

This account pertains to the cost of computer software. The balance and movements in this account as at December 31, 2018 and 2017 are as follows:

	2018	2017
Cost		
Balance at beginning of year	P1,355,607	P1,330,607
Additions	-	25,000
Balance at end of year	1,355,607	1,355,607
Accumulated Amortization		
Balance at beginning of year	1,244,496	924,440
Amortization	111,111	320,056
Balance at end of year	1,355,607	1,244,496
Carrying Amount	P-	P111,111

Depreciation and amortization expense presented under "Administrative expense" account in the statement of comprehensive income consists of:

	Note	2018	2017
Property and equipment	10	₱7,512,658	₱5,081,422
Intangible asset		111,111	320,056
		₱7,623,769	₱5,401,478

12. Other Noncurrent Assets

This account consists of:

	2018	2017 (As restated - see Note 4)
Restricted cash	₱7,492,968	₱7,882,472
Others	3,368,500	3,368,500
	₱10,861,468	₱11,250,972

Restricted cash represent noninterest-bearing cash deposits from members of the Organization that are restricted as to withdrawal subject to approval of the members of the Organization (see Note 15).

13. Accounts Payable and Accrued Expenses

This account consists of:

	2018	2017 (As restated - see Note 4)
Accounts payable	₱22,867,606	₱21,489,261
Accruals for:		
Rebates	10,141,465	10,141,465
Interest	3,260,296	4,810,820
Others	3,003,331	2,786,616
Micro-insurance payable	8,843,786	7,026,805
Statutory payables	2,186,803	8,577,883
	₱50,303,287	₱54,832,850

Accounts payable and accrued expenses are generally settled in varying periods, within one (1) year, depending on arrangements with creditors.

Micro-insurance payable pertains to the unremitted amount of insurance contribution of members of the Organization to the insurance underwriter.

14. Capital Build-Up

CBU represents interest-bearing micro-savings deposits of program members of the Organization. CBU is also considered a compensating balance that can be used to settle the program member's outstanding loans receivable in case of default. CBU will be returned to program members when they leave the program or upon withdrawal after the loan cycle, provided that loans availed have been fully paid.

The balance and movements in this account as at December 31, 2018 and 2017 are as follows:

	2018	2017 (As restated - see Note 4)
Balance at beginning of year	₱146,255,972	₱99,375,165
Contribution	199,477,991	131,711,127
Withdrawal/applied	(150,686,912)	(84,830,320)
Balance at end of year	₱195,047,051	₱146,255,972

CBU earns annual interest rates ranging from 4.0% to 6.0% per annum in 2018 and 2017.

15. Funds Held in Trust

Funds held in trust amounting to ₱7,492,968 and ₱7,882,472 (as restated, see Note 4) as at December 31, 2018 and 2017, respectively, represent noninterest-bearing cash deposits from members of the Organization and are restricted as to withdrawals subject to approval of the members of the Organization. These funds will be used for recreational activities of the members of the Organization (see Note 12).

16. Loans Payable

This account is presented in the statement of assets, liabilities and fund balance as follows:

	2018	2017
Current	₱503,254,993	₱584,296,630
Noncurrent	87,871,504	158,548,189
	₱591,126,497	₱742,844,819

The Organization has outstanding loans from various financial institutions with interest rates ranging from 4.5% to 8.0% and 4.5% to 7.0% per annum in 2018 and 2017, respectively, payable within one (1) year to three (3) years.

Details of finance costs recognized in the statement of comprehensive income are as follows:

	2018	2017
Loans payable	₱41,559,298	₱36,851,208
CBU	1,395,366	3,234,992
Bank charges	113,910	120,924
	₱43,068,574	₱40,207,124

Collateral

Loans payable to various local banks and financial institutions are secured by the Organization's loans receivable amounting to ₱980,188,161 and ₱986,635,842 as at December 31, 2018 and 2017, respectively.

Debt Covenants

The Organization's loans payable contain restrictive covenants as follows:

- Portfolio at risk (PAR) > 30 days (including restructured loans) not exceeding 5%;
- Operational self-sufficiency ratio not lower than 100% at all times;
- Debt-to-equity ratio not higher than 4; and
- Submission of annual Poverty Probability Index (PPI) report.

As at December 31, 2018, the Organization is in compliance with all the requirements of its debt covenants.

The schedule of maturities of loans payable as at December 31, 2018 follows:

Year	Amount
2019	₱503,254,993
2020	66,200,912
2021	21,670,592
	₱591,126,497

Reconciliation of Liability Arising from a Financing Activity

The table below details changes in the Organization's liability arising from a financing activity:

	2018	2017
Balance at beginning of year	₱742,844,819	₱574,053,966
Cash changes:		
Payments of principal	(739,082,775)	(646,131,022)
Proceeds from loan availments	587,364,453	814,921,875
	₱591,126,497	₱742,844,819

17. Related Party Transactions

The details of the Organization's transactions with its related parties as at and for the years ended December 31, 2018 and 2017 are as follows:

Related Party	Nature of Transaction	Amount of Transaction		Outstanding Balance		Terms and Conditions
		2018	2017	2018	2017	
Personnel costs						
Key management personnel	Short-term employee benefits	₱2,692,500	₱2,971,000	₱-	₱-	Noninterest-bearing; unsecured; payable in cash
	Retirement benefit costs	82,955	73,750	384,989	409,443	
				₱384,989	₱409,443	

Compensation of the Board of Trustees

There was no compensation provided to the BOT in 2018 and 2017.

18. Program Expenses

This account consists of:

	Note	2018	2017
Personnel costs	20	₱131,831,583	₱102,397,943
Transportation and travel		20,856,482	17,070,076
Supplies		11,998,132	11,587,011
Meetings and representation		4,274,393	3,656,662
Trainings and seminars		3,692,022	8,500,533
Utilities		1,857,020	1,819,709
Others		1,456,712	1,847,639
		₱175,966,344	₱146,879,573

19. Administrative Expenses

This account consists of:

	Note	2018	2017
Personnel costs	20	₱30,570,058	₱36,486,215
Taxes and licenses		13,769,385	14,005,969
Depreciation and amortization	11	7,623,769	5,401,478
Rent	21	7,598,199	5,555,341
Utilities		6,736,686	5,492,628
Supplies		4,677,658	3,624,854
Transportation and travel		4,090,036	1,531,137
Repairs and maintenance		3,975,692	6,252,471
Professional fees		1,367,699	711,768
Meetings and representation		1,241,025	632,063
Insurance		161,993	88,820
Others		1,316,080	4,720,416
		₱83,128,280	₱84,503,160

20. Personnel Costs

This account consists of:

	2018	2017
Salaries and wages	P102,216,711	P83,007,013
Other employee benefits	55,626,962	51,824,923
Retirement benefit costs	4,557,968	4,052,222
	P162,401,641	P138,884,158

Personnel costs are classified in the statement of comprehensive income as follows:

	Note	2018	2017
Program expenses	18	P131,831,583	P102,397,943
Administrative expenses	19	30,570,058	36,486,215
		P162,401,641	P138,884,158

Retirement Benefits

The Organization has a funded, noncontributory defined benefit retirement plan covering all its qualified regular employees. The retirement benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The funded benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The latest valuation report was dated March 15, 2019. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under Republic Act No. 7641.

The components of retirement benefit costs are as follows:

	2018	2017
Current service cost	P3,275,647	P3,089,622
Net interest cost	1,282,321	962,600
	P4,557,968	P4,052,222

The components of net retirement benefit liability recognized in the statement of assets, liabilities and fund balance are as follows:

	2018	2017
Balance at beginning of year	P22,496,868	P17,892,184
Retirement benefit costs	4,557,968	4,052,222
Remeasurement loss (gain)	(5,901,615)	552,462
Balance at end of year	P21,153,221	P22,496,868

The funded status of the retirement plan as at December 31 are as follows:

	2018	2017
Present value of the retirement liability	P26,368,711	P27,745,563
Fair value of plan assets	5,215,490	5,248,695
Net retirement benefit liability	P21,153,221	P22,496,868

The following tables present the changes in the present value of the retirement liability and fair value of the plan assets:

Present Value of the Retirement Liability

	2018	2017
Balance at beginning of year	P27,745,563	P22,946,687
Current service cost	3,275,647	3,089,622
Interest cost	1,581,497	1,234,532
Remeasurement loss (gain) recognized in OCI:		
Change in financial assumptions	(8,346,671)	(1,522,801)
Change in demographic assumptions	(1,826,369)	-
Experience adjustments	3,939,044	1,997,523
Balance at end of year	P26,368,711	P27,745,563

Fair Value of Plan Assets

	2018	2017
Balance at beginning of year	P5,248,695	P5,054,503
Interest income	299,176	271,932
Remeasurement loss on changes in financial assumptions	(332,381)	(77,740)
Balance at end of year	P5,215,490	P5,248,695
Actual return on plan assets	(P33,205)	P194,192

The principal assumptions used in determining the net retirement benefit liability of the Organization are shown below:

	2018	2017
Discount rate	7.53%	5.70%
Salary increase rate	3.00%	3.00%

Sensitivity analysis on the defined benefit liability as at December 31 is as follows:

	Change in Assumption	2018	2017
Discount rate	+1.00%	(P3,445,906)	(P4,144,557)
	-1.00%	4,181,153	5,131,733
Salary increase rate	+1.00%	P4,338,132	P4,909,846
	-1.00%	(3,614,791)	(4,050,825)

The sensitivity analysis above has been determined based in a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative gain (loss) on remeasurement of retirement benefit recognized in the statement of assets, liabilities and fund balance are follows:

	2018	2017
Balance at beginning of year	(P3,388,434)	(P2,835,972)
Remeasurement gain (loss)	5,901,615	(552,462)
Balance at end of year	P2,513,181	(P3,388,434)

21. Leases

The Organization has various cancellable lease commitments for the offices spaces of its branches. The terms of lease agreements range from one (1) to five (5) years.

Rental expense amounted to P7,598,199 and P5,555,341 in 2018 and 2017, respectively (see Note 19).

22. Financial Risk Management Objectives and Policies

Risk Management Framework

The BOT has overall responsibility for the establishment and oversight of the Organization's risk management framework. The BOT has delegated to the senior management the responsibility for developing and monitoring the Organization's financial risk in line with the strategies, policies and limits set by the BOT.

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

The senior management is responsible for monitoring compliance with the Organization's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Organization.

The main financial risks arising from the Organization's use of financial instruments include market risk, credit risk and liquidity risk. The BOT regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Market Risk

The Organization is exposed to market risks, primarily those related to foreign currency and interest rate. The Organization's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, limits on investments in each sector and market.

Management actively monitors these exposures as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization's foreign exchange risk results primarily from movements of the Philippine Peso against the US Dollar with respect to foreign currency-denominated cash in banks.

For purposes of restating the outstanding balances of the Organization's foreign currency denominated cash in banks as at December 31, 2018 and 2017, the exchange rate applied was ₱52.58 and ₱49.93 per \$1, respectively.

The Organization periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk. The Organization believes that its profile of foreign currency exposure on its assets is within conservative limits for a financial institution engaged in the type of business in which the Organization is engaged.

As at December 31, 2018 and 2017, the Organization has minimal exposure to foreign currency risk.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Organization follows a prudent policy on managing its financial assets and liabilities so as to ensure that exposures to fluctuations in interest rate are kept within acceptable limits.

The Organization has minimal interest rate risk because loans receivable and loans payable are set at fixed nominal interest rates.

Credit Risk

The Organization's exposure to credit risk arises from the failure of its counterparty in fulfilling its financial commitments to the Organization under the prevailing contractual terms. Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, loans receivable, other receivables, refundable deposits and restricted cash.

Loans receivable and other financial assets at amortized cost

The Organization limits its exposure to credit risk on loans receivable by transacting mainly with recognized and creditworthy members that have undergone its credit evaluation and approval process. The Organization avoids over-indebtedness of members by preventing multiple memberships and limiting the maximum amount of loans by ₱300,000. Further, the Organization invests its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

In addition, other financial assets are entered into with counterparties with good credit standing and relatively low risk of defaults. Further, these are monitored on an on-going basis to ensure timely collections.

It is the Organization's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Organization considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Organization also considers financial assets that are past due (1-day past due for loans receivable and more than 30-days past due for other financial assets at amortized cost) to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The Organization provided impairment loss on loans and other receivables amounting to ₱18,526,606 and ₱16,343,234 in 2018 and 2017, respectively.

The Organization wrote-off of allowance for impairment loss on loans receivable amounting to ₱22,781,591 and ₱1,502,394 in 2018 and 2017, respectively.

The Organization's maximum exposure of credit risk exposure without taking into account other credit risk enhancement or credit risk mitigating feature is shown below:

Credit Quality Analysis of Other Financial Assets

	2018			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Financial assets at amortized cost:				
Cash	₱63,080,438	₱-	₱-	₱63,080,438
Loans receivables	954,616,186	4,862,867	20,709,108	980,188,161
Other receivables	9,061,950	-	8,125,206	17,187,156
Restricted cash	7,492,968	-	-	7,492,968
Refundable deposit	-	1,082,800	-	1,082,800
	₱1,034,251,542	₱5,945,667	₱28,834,314	₱1,069,031,523

*Excluding nonfinancial assets amounting to ₱23,323 as at December 31, 2018.

	2017			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Financial assets at amortized cost:				
Cash	₱150,195,946	₱-	₱-	₱150,195,946
Loans receivables	767,138,218	186,408,325	33,089,299	986,635,842
Other receivables	19,818,286	-	-	19,818,286
Restricted cash	7,882,472	-	-	7,882,472
Refundable deposit	-	693,500	-	693,500
	₱945,034,922	₱187,101,825	₱33,089,299	₱1,165,226,046

*Excluding nonfinancial assets amounting to ₱54,734 December 31, 2017.

The Organization has no significant concentration of credit risks with any single counterparty or group of counterparties having similar characteristics.

Liquidity Risk

Liquidity risk arises from the possibility that the Organization may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Organization's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The following tables present the maturity profile of the Organization's financial liabilities as at December 31, 2018 and 2017 based on contractual undiscounted payments:

	December 31, 2018		Total
	Within 1 Year	More than 1 Year	
Financial liabilities at amortized cost:			
Accounts payable and accrued expenses*	₱48,116,484	₱-	₱48,116,484
CBU	195,047,051	-	195,047,051
Funds held in trust	7,492,968	-	7,492,968
Loans payable	503,254,993	87,871,504	591,126,497
	₱753,911,496	₱87,871,504	₱841,783,000

*Excluding statutory payables amounting to ₱2,186,803.

	December 31, 2017		Total
	Within 1 Year	More than 1 Year	
Financial liabilities at amortized cost:			
Accounts payable and accrued expenses*	₱46,254,967	₱-	₱46,254,967
CBU	146,255,972	-	146,255,972
Funds held in trust	7,882,472	-	7,882,472
Loans payable	584,296,630	158,548,189	742,844,819
	₱784,690,041	₱158,548,189	₱943,238,230

*Excluding statutory payables amounting to ₱8,577,883.

Capital Management

The primary objective of the Organization's capital management is to secure ongoing financial needs of the Organization to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize shareholder value.

The Organization manages its capital structure and makes adjustments, if necessary, whenever there are changes in economic conditions and business activities. In order to manage the capital structure, the Organization may adjust its borrowings or raise equity.

The Organization is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended December 31, 2018 and 2017.

23. Fair Value Measurement

The following tables present the carrying amount and fair value of the financial asset and liability of the Organization as at December 31, 2018 and 2017:

	Note	Carrying Amount	2018		
			Fair Value		
			Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset for which Fair Value is Disclosed					
Financial assets at FVPL	6	P9,523,240	P9,523,240	P-	P-
Liability for which Fair Value is Disclosed					
Financial liability at amortized cost - Loans payable	16	P591,126,497	P-	P590,673,043	P-

	Note	Carrying Amount	2017		
			Fair Value		
			Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset for which Fair Value is Disclosed					
Financial assets at FVPL	6	P10,469,714	P10,469,614	P-	P-
Liability for which Fair Value is Disclosed					
Financial liability at amortized cost - Loans payable	16	P742,844,819	P-	P742,386,912	P-

The Organization used the following techniques to determine fair value measurements:

- *Financial assets at FVPL.* The Organization's investments in UITF as at December 31, 2018 and 2017 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.
- *Loans Payable.* The fair value of loans payable is estimated as the sum of all the future cash flows, discounted using the prevailing market rates of interest for instruments with similar maturities. The discount rates used range from 4.5% to 8.0% and 4.5% to 7.0% as at December 31, 2018 and 2017, respectively. The fair valuation is classified under Level 2 category.

The financial assets and liabilities of the Organization whose carrying amounts approximate their fair values or their fair value cannot be reliably determined as follows:

	2018	2017
Financial Assets		
Financial assets at amortized cost:		
Cash	₱63,080,438	₱150,195,946
Loans receivable	959,479,053	953,546,543
Other receivables*	9,061,950	19,818,286
Refundable deposits	1,082,800	693,500
Restricted cash	7,492,968	7,882,472
	₱1,040,197,209	₱1,132,136,747
Financial Liabilities		
Financial liabilities at amortized cost:		
Accounts payable and accrued expenses**	₱48,116,484	₱46,254,967
CBU	195,047,051	146,255,972
Funds held in trust	7,492,968	7,882,472
Loans payable	591,126,497	742,844,819
	₱841,783,000	₱943,238,230

*Excluding nonfinancial assets amounting to ₱23,323 and ₱54,734 as at December 31, 2018 and 2017, respectively.

**Excluding statutory payables amounting to ₱2,186,803 and ₱8,577,883 as at December 31, 2018 and 2017, respectively.

24. Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

The information for 2018 required by the above regulations is presented below.

Value-Added Tax (VAT)

The Organization, being a non-stock, non-profit Organization engaged in microfinance operations, is exempt from VAT and is subject to 2% tax based on gross receipts from microfinance operations in lieu of all national taxes in accordance with R.A. No. 10693, "The Microfinance NGOs Act". The Act was approved by the President of the Philippines on November 3, 2015.

Gross Receipts Tax

Gross receipts tax (GRT) declared by the Organization and the revenues subject to GRT amounted to ₱6,718,486 and ₱335,924,281, respectively, for the year ended December 31, 2018. This is included as part of "Taxes and licenses" account in the statement of comprehensive income.

The revenues subject to GRT are based on gross receipts while revenues presented in the statement of comprehensive income are measured in accordance with PFRS.

The Organization paid gross receipts tax amounting to ₱6,624,377 in 2018. Gross receipts tax payable amounting to ₱94,109 is presented under "Accounts payable and accrued expenses" account in the statement of assets, liabilities and fund balance as at December 31, 2018.

Documentary Stamp Taxes (DST)

DST paid for the year ended December 31, 2018 amounted to ₱5,960,366 related to the availment of loans.

All Other Local and National Taxes

Other local and national taxes paid by the Organization for the year ended December 31, 2018 consist of:

License and permit fees	₱1,043,966
Real property taxes	46,567
	<hr/>
	₱1,090,533

Withholding Taxes

Withholding taxes paid for by the Organization for the year ended December 31, 2018 consist of:

Final withholding taxes	₱1,275,022
Tax on compensation and benefits	783,693
Expanded withholding taxes	319,977
	<hr/>
	₱2,378,692

Tax Assessments

The Organization has outstanding final assessment notice for deficiency taxes for the taxable year 2015 amounting to ₱43,220,641.

The management believes, based on the consultation with the Organization's legal counsel, that the final settlement, if any, would not adversely affect the Organization's financial position or results of operation.

Tax Cases

The Organization has no outstanding tax cases as at December 31, 2018.

SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES
CITY OF QUEZON CITY

I, MERCEDES R. ABAD, FILIPINO, of legal age designated as PRESIDENT of AHON SA HIRAP, INC. (A MICROFINANCE NGO) and I, ESTRELLA S. ANDRES, FILIPINO, of legal age designated as TREASURER, both with business addresses located at 276 8th AVE. CUBAO QC, do hereby certify the accuracy and completeness of the following schedules for the year ended December 31, 2018:

- Schedule of Receipts or Income Other than Contributions and Donations

Loans collection	A	₱1,695,670,634
Proceeds from borrowings	B	587,364,453
Interest income received on loans and bank deposits	C	325,131,460
Capital build-up collection	D	199,477,991
Service income	E	12,693,411
Collection of receivables – net	F	2,662,541
Others	G	1,390,211
Total cash receipts		₱2,824,390,701

The nature of each item in the schedule of receipts or income other than contributions and donations is as follows:

- A This pertains to collections of loans due from the Organization's program members.
- B This pertains to proceeds from loans payable obtained by the Organization from various lenders.
- C This pertains to collections of interest from loans receivables and bank deposits.
- D This pertains to collection of capital build-up from the Organization's program members.
- E This pertains to collections of loan processing fees from the Organization's program members.
- F This pertains to collections of receivable of the Organization.
- G This includes collections of funds held in trust and penalty fees from program members.

- Schedule of Contributions and Donations (see Annex A)

- Schedule of Disbursements

SOURCE/ACTIVITY

Operating Expense		
Loans disbursements	H	₱1,689,222,953
Withdrawals of capital build-up		150,686,912
Personnel costs		128,131,595
Travel and transportation		20,856,482
Supplies		11,998,132
Meetings and representation		4,274,393
Training and development		3,692,022
Utilities		1,857,020
Others		33,490,444
		2,044,209,953
Administrative Expense		
Personnel costs		29,712,078
Taxes and licenses		13,769,385
Rental		8,042,814
Utilities		6,725,085
Supplies		6,067,931
Travel and transportation		4,090,036
Repairs and maintenance		3,975,692
Professional fees		1,367,699
Meetings and conferences		1,241,025
Insurance		161,993
Others		1,401,137
		76,554,875
Financing Activities		
Payments of borrowings	I	739,082,775
Interest paid		43,109,822
		782,192,597
Investing Activity		
Acquisitions of property and equipment		11,113,693
Total cash disbursements		₱2,914,071,118

The detail of disbursement which is more than 10% of the total cash disbursements is as follows:

- H This pertains to loans released to the Organization's program members during the year.
- I This pertains to principal payments of outstanding loans of the Organization during the year.

I HEREBY DECLARE UNDER PENALTIES OF PERJURY THAT THE FOREGOING ATTESTATIONS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Mercedes R. Abad
MERCEDES R. ABAD

Position PRESIDENT

TIN: 102-908-080-000

QUEZON CITY

SUBSCRIBED and sworn to before me, in the City / Municipality of _____, this day of APR 15 2019 2018 by _____ with (ID Type and No.) issued at (Place), on (Date).

Estrella S. Andres
ESTRELLA S. ANDRES
Position TREASURER

TIN: 178 227 077 060

SUBSCRIBED and sworn to before me, in the City / Municipality of **QUEZON CITY**, this day of APR 15 2019 2018 by _____ with (ID Type and No.) issued at (Place), on (Date).

Notary Public
Doc. No. 192
Page No. 25
Book No. CCLV
Series of: 7119

Herminia A. Bati
ATTY. HERMINIA A. BATI
NOTARY PUBLIC
UNTIL DECEMBER 31, 2019
Commission Under NP-0017 (2019-2020)
PTR No. 5928054 / 01-03-2019
IEP No. 054001 / 11-13-2018
QUEZON CITY
ROLL No. 43864
MCLE CC-V-0005727, 01-28-2015
5 - 15th Ave., Socorro
Cubao Quezon City

SCHEDULE OF CONTRIBUTIONS/DONATIONS

Name of Foundation/Organization AHON SA HIRAP, INC. (A MICROFINANCE NGO)	SEC Registration No. ANO91-193608
For the year ended December 31, 2018	

(a) No.	(b) Name and address	(c) Nationality	(d) Total Contributions	(e) Type of Contribution
1	Water.org Kansas City, Missouri 64108, USA	U.S. Citizen	₱ 2,238,909	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution
2	Jollibee Foods Corporation F. Ortigas Jr. Road Pasig City, Philippines	Filipino	320,000	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution
3	Others (aggregate of all contributions which are individually below P 100,000.00) -by nationality	Filipino	6,000	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution

¹A **contributor or donor** includes individuals, partnerships, corporations, associations, trusts and organizations.

²If **supranational organization**, indicate place of principal office or domicile.

³**Contributions or donations** reportable on the Schedule are contributions, donations, grants, bequests, devises, and gifts of money or property, amounting to ₱100,000 or more from each contributor or donor.

Part II	Noncash Property
---------	------------------

(a) No. from part 1	(b) Description of noncash property given	(c) Fair market value or estimate	(e) Date received
-	N/A	-	N/A