Gmail by Google

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

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Mon, Apr 17, 2017 at 5:59 PM
To: cherrytanpian@ashi.org.ph

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

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO Q.C.
RECEIVED
MAY 0 2 2017
BY: ROBERT C. CAMACHO

For BIR Use Only BCS/ Item

1702-MX06/13P1

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

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

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

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

1 For [X] Calendar [ ] Fiscal
2 Year Ended (MM/20YY) 12/2016
3 Amended Return? [X] Yes [ ] No
4 Short Period Return? [ ] Yes [X] No
5 Alphanumeric Tax Code (ATC): IC 055 Minimum Corporate Income Tax (MCIT) [X]; IC 101 Regional Operating Headquarters [X]

Part I – Background Information

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

Part II – Total Tax Payable

(Do NOT enter Centavos)

16 Total Income Tax Due (Overpayment) *(From Part V Item 37D)*	3,900,194
17 Less: Total Tax Credits/Payments *(From Part V Item 38D)*	0
18 Net Tax Payable (Overpayment) *(Item16 Less Item 17)*	3,900,194
19 Add: Total Penalties *(From Part V Item 43)*	0
20 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 18 & 19) or (From Part V Item 44)*	3,900,194

21 If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*
[ ] To be refunded [ ] To be issued a Tax Credit Certificate (TCC) [ ] To be carried over as a tax credit for next year/quarter

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

Mercedes R Abad
MERCEDES R. ABAD

Signature over printed name of President/Principal Officer/Authorized Representative

Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory: PRESIDENT

Number of pages filed: 9

22 Community Tax Certificate (CTC) Number/SEC Reg. No.	0000193608	23 Date of Issue (MM/DD/YYYY)	07/24/1991
24 Place of Issue	METRO MANILA	25 Amount, if CTC	0

Part III – Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo	UNION	0024800	04/17/2017	3,900,194
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

BUREAU OF INTERNAL REVENUE
RDO 40 CUBAO Q.C.
RECEIVED
MAY 02 2017
BY: ROBERT C. CAMACHO

UNION BANK OF THE PHILS. CUBAO BRANCH
RDO CODE: 040
RECEIVED
SSA SSA INITIAL DATE
APR 18 2017

04/17/2017

Annual Income Tax Return
Page 2

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

1702-MX06/13P2

TIN	Registered Name
001-025-903-000-0	AHON SA HIRAP, INC.

Part IV – Basis of Tax Relief

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

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

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

Part V - Computation of Amount Payable per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
37 TOTAL INCOME TAX DUE (OVERPAYMENT) *(From Schedule 1 Item 16B/16C/16D) (To Part II Item 16)*	0.00	3,900,194	0	3,900,194
38 Less: Tax Credits/Payments *(From Schedule 8 Item 13) (To Part II Item 17)*	0	0	0	0
39 NET TAX PAYABLE (OVERPAYMENT) *(Item 37 Less Item 38) (To Part II Item 18)*	0	3,900,194	0	3,900,194
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)*				3,900,194

Part VI - Information - External Auditor/Accredited Tax Agent

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

46 TIN 000-889-941-000

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

48 TIN 101-825-674-000

49 BIR Accreditation No.	50 Issue Date *(MM/DD/YYYY)*	51 Expiry Date *(MM/DD/YYYY)*
07-000357-002-2015	02/05/2015	02/04/2018

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

*Please refer to Revenue District Offices

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

04/17/2017

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.

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 *(From Schedule 3 Item 8) and (From all of Part VIII Sched B Item 1)*	0	195,009,681	0	195,009,681
2 Less: Cost of Sales/Services *(From Schedule 3 Item 27) and (From all of Part VIII Sched B Item 2)*	26,324,691	0	0	26,324,691
3 Gross Income from Operation *(Item 1 Less Item 2)*	(26,324,691)	195,009,681	0	168,684,990
4 Add: Other Taxable Income not Subjected to Final Tax *(From Schedule 4 Item 4) & (From all of Part VIII Sched B Item 4)*	0	0	0	0
5 Total Gross Income/Gross Taxable Income *(Sum of Items 3 & 4)*	(26,324,691)	195,009,681	0	168,684,990
6 Ordinary Allowable Itemized Deductions *(From Schedule 5 Item 40) and (From all of Part VIII Sched B Item 6)*	154,762,941	0	0	154,762,941
7 Special Allowable Itemized Deductions *(From Schedule 6 Item 5) and (From all of Part VIII Sched B Item 7)*	0	0	0	0
8 NOLCO [only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the Tax Code] *(From Schedule 7A Item 8D) and (From all of Part VIII Sched B Item 8)*		0	0	0
9 Total Itemized Deductions *(Sum of Items 6, 7 & 8)*	154,762,941	0	0	154,762,941
10 Net Taxable Income/Net Income *(Item 5 Less Item 9)*	(181,087,632)	195,009,681	0	13,922,049
11 Applicable Income Tax Rate *(i.e., Special or Regular/Normal rate)*	0%	2.0%	30.0%	
12 Income Tax Due other than MCIT *(Item 5 OR Item 10 X Item 12)*	0.00	3,900,194	0	3,900,194
13 Less: Share of Other Govt. Agencies, if remitted directly		0	0.00	0
14 Net Income Tax Due to National Government *(Item 12 Less Item 13)*		3,900,194	0	3,900,194
15 MCIT *(2% of Gross Income in Item 5)*			0	0
16 Total Income Tax Due (Overpayment) *(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item12C or MCIT in Item 15C, whichever is higher); (Item 16D = Sum of Items 16B &16C) (To Part V Item 37B/37C/37D)*		3,900,194	0	3,900,194

Schedule 2 - Tax Relief Availment

Description	A. Total Exempt	B.Total Special	C.Total Regular	D.Total All Columns
1 Regular Income Tax Otherwise Due *(30% of the Net Taxable Income in Item 11A for Exempt & Item 11B for Special Rate)*	0	58,502,904		58,502,904
2 Special Allowable Itemized Deductions *(30% of the applicable Total in Schedule 6 Item 5)*	0	0	0	0
3 Sub-Total *(Sum of Items 1 and 2)*	0	58,502,904	0	58,502,904
4 Less: Income Tax Due *(From Sched 1Item 13B)*	0.00	3,900,194		3,900,194
5 Tax Relief Availment before Special Tax Credit *(Item 3 Less Item 4)*	0	54,602,710	0	54,602,710
6 Add: Special Tax Credits *(From Schedule 8 Item 10)*	0	0	0	0
7 Total Tax Relief Availment *(Sum of Items 5 & 6)*	0	54,602,710	0	54,602,710

Annual Income Tax Return

Page 4 – Schedule 3

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

1702-MX06/13P4

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

Schedule 3 - Sales/Revenues/Receipts/Fees	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sale of Goods/Properties	0	0	0	0
2 Sale of Services	0	195,009,681	0	195,009,681
3 Lease of Properties	0	0	0	0
4 Total *(Sum of Items 1 to 3)*	0	195,009,681	0	195,009,681
5 Less: Sales Returns, Allowances & Discounts	0	0	0	0
6 Net Sales/Revenues/Receipts/Fees *(Item4 Less Item 5) (To Schedule 1 Item 1)*	0	195,009,681	0	195,009,681

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

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

Schedule 3C - Cost of Services (For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
20 Direct Charges - Salaries, Wages & Benefits	0	0	0	0
21 Direct Charges - Materials, Supplies & Facilities	0	0	0	0
22 Direct Charges - Depreciation	0	0	0	0
23 Direct Charges - Rental	0	0	0	0
24 Direct Charges - Outside Services	0	0	0	0
25 Direct Charges - Others	26,324,691	0	0	26,324,691
26 Total Cost of Services *(Sum of Items 20 to 25) (To Item 27)*	26,324,691	0	0	26,324,691
27 Total Cost of Sales/Services *(Sum of Items 5, 19 & 26, if applicable) (To Schedule 1 Item 2)*	26,324,691	0	0	26,324,691

Annual Income Tax Return
Page 5 - Schedules 4 & 5

BIR Form No. 1702-MX June 2013

1702-MX06/13P5

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

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

Schedule 5 - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Advertising and Promotions	0	0	0	0
Amortizations (Specify on Items 2, 3 & 4)				
2 AMORTIZATION OF COMP. SOFTWARE	276,965	0	0	276,965
3	0	0	0	0
4	0	0	0	0
5 Bad Debts	0	0	0	0
6 Charitable Contributions	296,152	0	0	296,152
7 Commissions	0	0	0	0
8 Communication, Light and Water	5,128,561	0	0	5,128,561
9 Depletion	0	0	0	0
10 Depreciation	3,992,379	0	0	3,992,379
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	94,518	0	0	94,518
15 Interest	0	0	0	0
16 Janitorial and Messengerial Services	0	0	0	0
17 Losses	2,615,903	0	0	2,615,903
18 Management and Consultancy Fee	0	0	0	0
19 Miscellaneous	0	0	0	0
20 Office Supplies	5,722,787	0	0	5,722,787
21 Other Services	1,446,081	0	0	1,446,081
22 Professional Fees	929,426	0	0	929,426
23 Rental	3,401,874	0	0	3,401,874
24 Repairs and Maintenance (Labor or Labor & Materials)	0	0	0	0
25 Repairs and Maintenance (Materials/Supplies)	423,555	0	0	423,555
26 Representation and Entertainment	2,318,597	0	0	2,318,597
27 Research and Development	0	0	0	0
28 Royalties	0	0	0	0
29 Salaries and Allowances	95,300,657	0	0	95,300,657
30 Security Services	0	0	0	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	5,734,909	0	0	5,734,909
32 Taxes and Licenses	2,774,560	0	0	2,774,560
33 Tolling Fees	0	0	0	0
34 Training and Seminars	0	0	0	0
35 Transportation and Travel	11,371,705	0	0	11,371,705

Annual Income Tax Return

Page 6 - Schedules 5 to 8

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

1702-MX06/13P6

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

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

Others *[Specify below; Attach additional sheet(s), if necessary]*	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
36 PROGRAM EXPENSES	12,916,183	0	0	12,916,183
37 SUBSCRIPTION	4,398	0	0	4,398
38 LOSS ON FOREIGN EXCHANGE	13,731	0	0	13,731
39	0	0	0	0
40 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 39) (To Schedule 1 Item 6)*	154,762,941	0	0	154,762,941

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

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

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

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

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

	Net Operating Loss: Year Incurred	Net Operating Loss: A) Amount	B) NOLCO Applied Previous Year
4	2016	0	0
5		0	0
6		0	0
7		0	0

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

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

Schedule 8 - Tax Credits/Payments- Attach proof	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Prior Year's Excess Credits Other Than MCIT	0	0	0	0
2 Income Tax Payments under MCIT from Previous Quarter/s	0	0	0	0
3 Income Tax Payments under Regular/Normal Rate from Previous Quarter/s	0	0	0	0
4 Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4F)*	0	0	0	0
5 Creditable Tax Withheld from Previous Quarter/s	0	0	0	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	0	0

Annual Income Tax Return
Page 7–Schedules 8 to 10

BIR Form No. 1702-MX June 2013

1702-MX06/13P7

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

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

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

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

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

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

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

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per books	(181,087,632)	195,009,681	0	13,922,049
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)*	(181,087,632)	195,009,681	0	13,922,049
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)*	(181,087,632)	195,009,681	0	13,922,049

Annual Income Tax Return
Page 8 - Schedules 11 & 12

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

1702-MX06/13P8

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

Schedule 11- Balance Sheet

Assets	
1 Current Assets	903,360,621
2 Long-Term Investment	0
3 Property, Plant and Equipment – Net	34,560,991
4 Long-Term Receivables	6,618,545
5 Intangible Assets	406,167
6 Other Assets	3,685,500
7 **Total Assets** *(Sum of Items 1 to 6)*	948,631,824
Liabilities and Equity	
8 Current Liabilities	565,102,071
9 Long-Term Liabilities	144,303,407
10 Deferred Credits	0
11 Other Liabilities	24,013,962
12 **Total Liabilities** *(Sum of Items 8 to 11)*	733,419,440
13 Capital Stock	74,652,653
14 Additional Paid-in Capital	0
15 Retained Earnings	140,559,731
16 **Total Equity** *(Sum of Items 13 to 15)*	215,212,384
17 **Total Liabilities and Equity** *(Sum of Items 12& 16)*	948,631,824

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

REGISTERED NAME	TIN	Capital Contribution	% to Total
MERCEDES R. ABAD	102 908 080 000	0	0
MA. WIVINA L. DE VERA	217 613 406 000	0	0
MARICEL BALTAZAR	200 879 362 000	0	0
CHIARA B. DELA PAZ	123 093 092 000	0	0
HENRY JOSEPH M. HERRERA	108 746 890 000	0	0
GLORIA P. JIMENEZ	135 113 424 000	0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0
		0	0

Annual Income Tax Return
Page 9 - Schedules 13 & 14

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

1702-MX06/13P9

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

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

I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	187,788	37,558
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

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

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

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

19 Total Final Tax Withheld/Paid *(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)*	37,558

Schedule 14- Gross Income/Receipts Exempt from Income Tax

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

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

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

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

Gmail by Google

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

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Mon, Apr 17, 2017 at 5:59 PM
To: cherrytanpian@ashi.org.ph

This confirms receipt of your submission with the following details subject to validation by BIR:
File name: 001025903000-1702MX-1216V1.xml
Date received by BIR: 17 April 2017
Time received by BIR: 05:39 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

Gmail by Google

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

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Mon, Apr 17, 2017 at 5:59 PM
To: cherrytanpian@ashi.org.ph

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

Bureau of Internal Revenue

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, 2016 and 2015

VILLARUZ, VILLARUZ & CO., CPAs

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

April 8, 2017

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Ahon sa Hirap, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2016. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2016 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Ahon sa Hirap, Inc.,** complete and correct in all material respects. Management likewise affirms that:

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

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

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

Mercedes R. Abad
MA. WIVINA L. DE VERA
Chairman of the Board

Mercedes R. Abad
MERCEDES R. ABAD
President

CHIARA B. DE LA PAZ
Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO Q.C.
RECEIVED
MAY 0 2 2017
BY: ROBERT C. CAMACHO

A.I.GUTIERREZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

2F AB Sandoval Building
Shaw Blvd cor Oranbo Drive
Pasig City, Philippines
Telephone No: 631-9382
Telefax No: 631-0915

PRACTITIONER'S COMPILATION REPORT

TO THE MANAGEMENT OF:
AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
No. 76, 8th Avenue, Cubao, Quezon City

We have compiled the accompanying financial statements of **AHON SA HIRAP, INC**. based on the information you have provided. These financial statements comprise the statement of financial position as of December 31, 2016, statement of comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standards on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS). We have complied with relevant ethical requirements including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided us to compile these financial statements. Accordingly we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with Philippine Financial Reporting Standards.

MELECIA A. BIBAL
Partner
CPA Certificate No. 46938 (ID, valid until December 15, 2017)
Tax Identification No.100-740-429
BOA Accreditation No. 1032 (with extended validity until April 30, 2017
pursuant to Board Resolution No. 37, series of 2017)
PTR No.2762794 dated February 9, 2017 issued at Pasig City
BIR Accreditation No.07-000376-2-2015 (valid until January 28, 2018)

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO Q.C.
MAY 02 2017
BY: ROBERT C. CAMACHO

April 08, 2017
Pasig City

SUBSCRIBED AND SWORN TO BEFORE ME
THIS ____ day of APR 10 2017 AT
QUEZON CITY

Atty. HERMINIA A. BATI
Notary Public
Until December 31, 2018
PTR No 3121220 1/03/17
IBP No. 1054456 12/22/16
QUEZON CITY
ROLL No 43864
MCLE CC. -V-0005727, 01/28/2015
#5-5th Ave. Socorro
Cubao Quezon City

Doc. No. 27
Page No. 04
Book No. LLXXX
Series of 2017

Villaruz, Villaruz & Co., CPAs

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

We have audited the financial statements of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) as at and for the year ended December 31, 2016, on which we have rendered the attached report dated April 12, 2017.

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

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

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

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

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
CUBAO Q.C.
MAY 02 2017
RECEIVED
C. CAMACHO

By:

NORMITA L. VILLARUZ
CPA Certificate No. 36181
PRC ID No. 0036181 valid until September 20, 2018
PTR No. 4006714C issued on January 18, 2017 at Quezon City
BIR A. N. (Individual) 07-000357-2-2015 issued on February 5, 2015 effective until February 4, 2018
BIR A. N. (Firm) 07-000366-3-2015 issued on February 5, 2015 effective until February 4, 2018
SEC A.N. (Individual) as general auditors 0600-AR-2 issued on January 5, 2017 effective until January 4, 2020
SEC A.N. (Firm) as general auditors 0128-FR-3 issued on January 5, 2017 effective until January 4, 2020
T.I.N. 101-825-674
BOA/PRC Registration No. 0058 issued on December 1, 2015 effective until December 31, 2018

Quezon City, Philippines
April 12, 2017

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in fund balances, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AHON SA HIRAP, INC. (A Non-stock, Non-profit Organization) as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Emphasis of Matter – Tax Exemption Status

We draw attention to Note 1 of the financial statements, wherein on March 28, 2017, the Organization received from the BIR a Certificate of Tax Exemption No. 129-2017 exempting the Organization's donations and grants from income tax. However, all other income is subject to normal income tax. On March 30, 2017, the Organization filed its Protest with the BIR contesting the taxability of its other income related to its lending operations which fuels the total development of its members to be able to rise from all forms of poverty. The Organization is a non-profit Non-Governmental Organization which has been in operation for twenty-six (26) years, consistently transforming the poverty scene of the country and faithfully targets the marginalized using the Progress out of Poverty Index (PPI). It has helped more than 45,000 women in 8 provinces and consistently targets only the fringes of society (those who score below 60). Its mission states that it will develop the poor to rise above all forms of poverty, not just financial poverty. It offers Social Development programs attested by the Microfinance Council of the Philippines. It provides its members trainings and workshops for the total development of the human person, from value formation to financial literacy and caring for the environment. The Organization developed partnerships with local and international institutions to make it a flow-through of their corporate social responsibility (CSR) programs. It partnered with government and non-government organization to avail of both their financial and non-financial services for its members. The Organization states its faithful adherence to social performance management and pro-poor practices as evidenced by the Truelift Aspirant Practitioner Milestone received on May 10, 2016. It is now being evaluated externally for the next level if it truly lives up to its name which means "To rise out of poverty", being the government's partner in alleviating the plight of the poor in the country, in all aspects.

The Organization's Board of Trustees in its meeting dated April 8, 2017 approved the provisioning of 2% gross receipts tax from its gross receipts for the year ended December 31, 2016 in accordance with Revenue Regulations No. 3-2017, implementing the tax provision of Republic Act No.10693 also known as "Microfinance NGOs Act", amounting to P3,900,194 as disclosed in Note 14 of the financial statements.

The provision for income tax based on the 2% of gross receipts comparatively approximates the income taxes due based on normal income tax, and therefore, our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and additional disclosure requirements on schedules in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

By:

NORMITA L. VILLARUZ
CPA Certificate No. 36181
PRC ID No. 0036181 valid until September 20, 2018
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Quezon City, Philippines
April 12, 2017

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 7
RDO 40 CUBAO Q.C.
MAY 02 2017
C. CAMACHO

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015
(All amounts in Philippine Peso)

ASSETS

	Notes		2016		2015
CURRENT ASSETS					
Cash and cash equivalents	2, 6	P	**77,247,776**	P	54,202,694
Financial assets held at fair value through profit or loss	2, 7		**10,311,531**		10,060,503
Loans receivable, net - current	2, 8		**804,478,411**		452,377,798
Interest receivable	2, 8		**1,631,807**		1,293,461
Other receivables	2, 9		**6,977,893**		4,607,967
Prepayments and other current asset	2, 10		**2,713,203**		2,040,116
Total Current Assets			**903,360,621**		524,582,539
NON-CURRENT ASSETS					
Loans receivables, net - non-current	2, 8		**6,618,545**		3,470,856
Property and equipment, net	2, 11		**34,560,991**		24,161,535
Intangible asset, net	2, 12		**406,167**		423,547
Other non-current assets	2, 13		**3,685,500**		6,694,301
Total Non-current Assets			**45,271,203**		34,750,239
TOTAL ASSETS		P	**948,631,824**	P	559,332,778

LIABILITIES AND FUND BALANCES

	Notes		2016		2015
CURRENT LIABILITIES					
Accruals and other payables	2, 14	P	**45,553,461**	P	12,313,768
Fund savings - current	2, 15		**48,809,844**		21,762,859
Loans payable - current	2, 16		**467,751,517**		182,347,377
Interest payable	2, 16		**2,987,249**		2,506,635
Total Current Liabilities			**565,102,071**		218,930,639
NON-CURRENT LIABILITIES					
Fund savings - non-current	2, 15		**38,000,958**		69,312,227
Loans payable - non-current	2, 16		**106,302,449**		111,876,320
Retirement benefits liability	2, 17		**17,892,184**		16,129,954
Resilience fund	2		**6,121,778**		2,137,260
Total Non-current Liabilities			**168,317,369**		199,455,761
TOTAL LIABILITIES			**733,419,440**		418,386,400
FUND BALANCES					
Members' contributions	2, 19		**68,462,935**		3,219,047
Donated equity	2, 20		**8,201,771**		8,201,771
Reserve for retirement plan	2, 17		**(2,835,972)**		(3,571,925)
Other reserves	2, 21		**823,919**		823,419
Net surplus	2		**140,559,731**		132,274,066
TOTAL FUND BALANCES			**215,212,384**		140,946,378
TOTAL LIABILITIES AND FUND BALANCES		P	**948,631,824**	P	559,332,778

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2016 and 2015
(All amounts in Philippine Peso)

	Notes		2016		2015
RECEIPTS					
Finance income	2, 22	P	**179,518,010**	P	130,476,842
Service charges - Salamat Fund	2		**15,341,441**		28,231,130
Grants and donations	2, 23		**12,780**		517,234
Other receipts	2, 24		**401,258**		315,417
Total Receipts			**195,273,489**		159,540,623
EXPENSES					
Personnel expenses	2, 25		**101,035,565**		86,726,185
Administrative expenses	2, 26		**40,811,791**		32,281,686
Finance expenses	2, 27		**30,224,886**		22,875,730
Program expenses	2, 28		**12,915,582**		5,616,656
Total Expenses			**184,987,824**		147,500,257
EXCESS OF RECEIPTS OVER EXPENSES			**10,285,665**		12,040,366
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will never be reclassified to profit or loss					
Remeasurements of retirement benefits liability	2, 17		**735,953**		(856,404)
TOTAL COMPREHENSIVE INCOME		P	**11,021,618**	P	11,183,962

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF CHANGES IN FUND BALANCES
For the years ended December 31, 2016 and 2015
(All amounts in Philippine Peso)

	Note	Members' contributions	Donated equity (Note 20)	Reserve for retirement plan	Other reserves (Note 21)	Net surplus	Total fund balance
Balances, January 1, 2015		P 1,753,128	P 8,201,771	P (2,715,521)	P 831,819	P 121,132,909	P 129,204,106
Excess receipts over expenses before reclassifications		-	-	-	-	12,040,366	12,040,366
Increase in members' contribution and donated equity	19	1,465,919	-	-	-	-	1,465,919
Release of savings fund	2	-	-	-	(8,400)	-	(8,400)
Remeasurements of retirement benefits liability	17			(856,404)	-	-	(856,404)
Transfer to resilience fund	2	-	-	-	-	(899,209)	(899,209)
Balances, December 31, 2015		P 3,219,047	P 8,201,771	P (3,571,925)	P 823,419	P 132,274,066	P 140,946,378
Excess of receipts over expenses before reclassifications		-	-	-	-	10,285,665	10,285,665
Increase in members' contribution and donated equity	19	297,221	-	-	-	-	297,221
Release of savings fund	2	-	-	-	500	-	500
Remeasurements of retirement benefits liability	17			735,953	-	-	735,953
Transfer from compulsary fund	18	64,946,667	-	-	-		64,946,667
Transfer to resilience fund	2	-	-	-	-	(2,000,000)	(2,000,000)
Balances, December 31, 2016		P 68,462,935	P 8,201,771	P (2,835,972)	P 823,919	P 140,559,731	P 215,212,384

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2016 and 2015
(All amounts in Philippine Peso)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of receipts over expenses		P 10,285,665	P 12,040,366
Adjustments for:			
Interest expense	27	25,032,907	19,847,368
Depreciation and amortization	11, 12, 26	4,269,344	3,562,167
Impairment of loss	26	2,615,903	1,285,476
Retirement benefits expense	17	2,804,523	8,438,829
Re-measurement of retirement benefit obligation	17	735,953	(856,404)
Unrealized foreign exchange loss	26	13,731	52,777
Unrealized loss (gain) on financial assets at FVPL	24, 26	(251,028)	335,246
Interest income	6	(150,230)	(315,417)
Net adjustments in cost and accumulated amortization of intangible assets		-	(307,270)
Excess of receipts over expenses before working capital changes		45,356,768	44,083,138
Decrease (Increase) in:			
Loans receivable, net - current		(352,100,613)	(155,108,174)
Installment contract receivable		-	1,392,019
Interest receivable		(338,346)	4,457,405
Other receivables		(2,369,926)	7,735,209
Prepayments and other current asset		(673,087)	1,040,218
Increase (Decrease) in:			
Accruals and other payables		33,239,693	7,935,943
Interest payable		480,614	(325,338)
Fund savings - current		27,046,985	7,836,541
Cash used in operations		(249,357,912)	(80,953,039)
Interest received	6	150,230	315,417
Benefits paid to employees	17	(306,340)	(135,262)
Interest paid		(24,552,293)	(20,172,706)
Net cash used in operating activities		(274,066,315)	(100,945,590)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in non-current loans receivable		(3,147,689)	4,196,919
Acquisition of property and equipment	11	(15,621,582)	(5,176,698)
Acquisition of computer software	12	(268,156)	(18,253)
Purchase of plan asset		-	(5,000,000)
Decrease (Increase) in other noncurrent assets		414,650	(263,865)
Fund savings received for the year		(31,311,269)	9,803,448
Net cash provided by (used in) investing activities		(49,934,047)	3,541,551
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in loans payable		279,830,269	2,432,326
Increase in members' contribution	18, 19	65,243,888	1,465,919
Net increase in resilience fund		1,984,518	918,089
Contribution to (Release of) fund savings		500	(8,400)
Net cash provided by financing activities		347,059,175	4,807,934
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(13,731)	(52,777)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		23,045,082	(92,648,882)
CASH AND CASH EQUIVALENTS, January 1	6	54,202,694	146,851,576
CASH AND CASH EQUIVALENTS, December 31	6	P 77,247,776	P 54,202,694

(See Notes to Financial Statements)

AHON SA HIRAP, INC.
(A Non-stock, Non-profit Organization)
NOTES TO FINANCIAL STATEMENTS
As at and for the years ended December 31, 2016 and 2015
(All amounts in Philippine Peso unless otherwise stated)

NOTE 1 - GENERAL INFORMATION

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

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

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

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

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

Board had also approved the rebate of 6% (of the 46% diminishing rate) service and admin charges on portfolio in 2016 to be returned to members in the form of withdrawable savings and/or health services.

ASHI is a non-profit NGO which has been in operation for 26 years consistently transformed the poverty scene of the country. To date, it has helped more than 45,000 women in 8 provinces using the Grameen methodology. It is the only microfinance institution which faithfully targets the marginalized using the Progress out of Poverty Index (PPI). Consistently, it targets only the fringes of society (those who score below 60). But truly, it is more than a microfinance institution. The Organization's mission states that it will develop the poor to rise above all forms of poverty, not just financial poverty. It offers Social Development programs attested by the Microfinance Council of the Philippines. It provides its members trainings and workshops for the total development of the human person, from value formation to financial literacy and caring for the environment. The Organization developed partnerships with local and international institutions to make it a flow-through of their corporate social responsibility (CSR) programs. It partnered with government and non-government organization to avail of both their financial and non-financial services for its members. The Organization faithfully adheres to social performance management and pro-poor practices as evidenced by the Truelift Aspirant Practitioner Milestone received on May 10, 2016. It is now being evaluated externally for the next level if it truly lives up to its name which means "To rise out of poverty", being the government's partner in alleviating the plight of the poor in the country, in all aspects.

The Organization has four hundred seventeen (417) and three hundred forty-one (341) employees as at December 31, 2016 and 2015, respectively.

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

The financial statements have been authorized for issuance on April 8, 2017, by Ms. Mercedes R. Abad, President, on behalf of the BOT.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and statement of compliance

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

These financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss and investment for the retirement fund which are measured at fair value. The financial statements are presented in Philippine Peso, the Organization's functional currency.

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Organization's financial statements are consistent with those of the previous financial year. There are no new and amended standards and interpretations, which became effective beginning January 1, 2016. The adoption of these new and amended standards and interpretations did not have significant impact on the Organization's financial statements.

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

Amendments to PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* – The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Annual Improvements to PFRS (2012-2014 cycle) – This contains non-urgent but necessary amendments standards. Following is the amendment to PAS 19, Employee benefits:

- PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

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

These are new PFRS, revisions, amendments to existing standards, annual improvements and interpretations that are effective for periods subsequent to December 31, 2016 and are relevant to the Organization's operations, however, the adoption is not expected to have an impact on the financial statements:

Effective in 2017:

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

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

Effective in 2018:

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

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

Effective in 2019:

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

2.3 Financial instruments

2.3.1 Classification

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

2.3.1.1 Financial assets

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

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

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

b. *Loans and receivables*

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

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

c. *Available-for-sale financial assets*

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

Investment in MIDAS Foundation Inc. falls under this category.

d. *Held-to-maturity investments*

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

The Organization has no financial assets under category (d) as at December 31, 2016 and 2015.

2.3.1.2 Financial liabilities

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

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

Other liabilities at amortized cost

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

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

2.3.2 Recognition and measurement

(a) *Date of recognition*

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

(b) *Initial recognition and measurement*

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

(c) *Subsequent measurement*

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

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

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

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

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

2.3.3 Derecognition

Financial assets

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

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

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

Financial liabilities

An Organization shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, e.g., when the obligation specified in the contract is discharged, cancelled or has expired. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized as other income (loss) in the statements of comprehensive income.

2.3.4 Offsetting of financial instruments

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

2.3.5 Fair value of financial instruments

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

- For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:
  - Using recent arm's length market transactions,
  - Reference to the current fair value of another instrument that is substantially the same, and
  - A discounted cash flow analysis or other valuation models.

2.3.6 Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Organization's financial assets held at FVPL are classified under Level 1.

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

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

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

2.3.7 Impairment of financial assets

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

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

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

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

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

Provision for impairment losses on loans receivable amounts to P1,150,155 and P3,028,362 (Note 8) for the year ended December 31, 2016 and 2015, respectively. Impairment of advances amounts to P21,752 and P1,285,476 (Note 27) for the years ended December 31, 2016 and 2015, respectively.

2.4 Cash and cash equivalents

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

Cash equivalents are short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and are subject to an insignificant risk of change in value.

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

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

2.6 Loans receivable

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

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

2.7 Installment contract receivable

This was fully settled in March 2015 and this account pertains to outstanding receivable from sale of land for The Tulong Pabahay Program with 41,831 square meter lot at Brgy. Bagong Silang, Molino, Bacoor, Cavite particularly for the relocation of Members of Ahon sa Hirap, Inc.

2.8 Other receivables

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

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

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

2.9 Prepayments and other current assets

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

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

2.10 Property and equipment, net

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

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

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

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

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

Land is measured at cost.

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

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

2.11 Intangible asset, net

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

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

The Organization shall measure an intangible asset initially at cost.

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

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

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

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

2.12 Other non-current assets

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

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

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

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

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

2.13 Impairment of non-financial assets

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

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

2.14 Accruals and other payables

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

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

2.15 Fund savings

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

2.16 Loans payable

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

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

2.17 Resilience fund

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

2.18 Fund balance

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

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

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

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

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

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

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

2.19 Receipts and expenses recognition

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

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

(i) Finance income

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

(ii) Service charges from Salamat Fund

These represent service fees charged to members that are recognized as "receipts" in the statements of comprehensive income upon release of the loan. These fees are equivalent to 5% of the original general and group fund loans granted during the year and amount to P 15,341,441 and P28,231,130 as at December 31, 2016 and 2015, respectively.

(iii) Grants and donations

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

(iv) Other receipts

This pertain to gain from fair value re-measurement of financial assets held at FVTPL and Interest income on bank deposits which is recognized when earned, net of final tax.

(v) Expenses

Program costs and expenses are recognized when incurred.

2.20 Leases

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

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

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

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

d. There is a substantial change to the asset.

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

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

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

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

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

2.21 Foreign currency-denominated transactions

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

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

2.22 Employee benefits

2.22.1 Short-term employee benefits

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

2.22.2 Retirement benefits

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

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

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

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

- When the related restructuring costs are recognized,
- When the related termination benefits are recognized, and
- When the plan amendment or curtailment occurs.

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

2.23 Related party transactions and relationships

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

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

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

2.24 Tax Exemption Status

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

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

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

2.25 Subsequent events

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

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

Non-adjusting subsequent event as at December 31, 2016 is disclosed in Note 1.

NOTE 3 - CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

		2016		2015
Total liabilities	P	733,419,440	P	418,386,400
Total fund balance		215,222,384		140,946,378
Debt to equity ratio		3.41:1		2.97:1

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

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS .

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

4.1 Critical management judgments in applying accounting policies

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

a. Lease agreements

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

b. Functional currency

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

c. Provisions

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

Provision for impairment losses on loans receivable amounts to P1,150,155 and P3,028,362 (Note 8) for the year ended December 31, 2016 and 2015, respectively. Impairment of advances amounts to P21,752 and P1,285,476 (Note 27) for the years ended December 31, 2016 and 2015, respectively.

d. Contingencies

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

As discussed in Note 1, the Organization has filed its Protest with the BIR contesting the taxability of its receipts per certificate of exemption issued by the BIR wherein, the all receipts, except donations and grants, are subjected to normal income tax. As a result, the Organization decided not to recognize potential liability for income taxes.

4.2 Critical accounting estimates and assumptions

a. Estimating allowance for impairment of loans receivable

The Organization provides allowance for doubtful accounts based on an analysis using the net flow rate and averaged at 2.2% of the outstanding receivables as at year end. However, allowance for doubtful accounts is maintained at a level considered adequate to cover potential losses on the Organization's long outstanding receivables.

The carrying value of loans receivable amounts to P811,096,956 and P455,848,654 (Note 8) as at December 31, 2016 and 2015, respectively.
Allowance for impairment loss or loan loss reserve amounts to P18,248,458 and P17,234,299 (Note 8) as at December 31, 2016 and 2015, respectively.

b. Estimated useful lives of property and equipment

The management estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property and equipment (Note 2.10) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on the Organization's collective assessment of industry practice, internal evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

c. Impairment of property and equipment and intangibles

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

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

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

The carrying value of property and equipment amounts to P34,560,991 and P24,161,535 (Note 11) for the years ended December 31, 2016 and 2015, respectively.

Based on the physical inspection of fixed assets, the management has assessed that there are no impairment losses to be recognized for the years ended December 31, 2016 and 2015.

Carrying value of intangible asset amounts to P406,167 and P423,547 as of December 31, 2016 and 2015, respectively.

d. Impairment of non-financial assets

The Organization's policy on estimating the impairment of non-financial assets is discussed in Note 2.13. Though management believes that the assumptions used in estimation of fair values in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

e. Estimating retirement benefits liability

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

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

NOTE 5 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

5.1 Credit risk management

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

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

	2016					
			Past Due but not Impaired			
	Total	Neither Past Due nor Impaired	<90 days	91 - 365 days	>365 days	Impaired
Cash and cash equivalents	P 77,247,776	P 77,247,776	P -	P -	P -	P -
Financial assets held at FVPL	10,311,531	10,311,531	-	-	-	-
Loans receivable - gross	829,345,414	810,928,988	6,923,006	2,313,841	680,538	8,499,041
Interest receivable	1,631,807	1,631,807	-	-	-	-
Other receivables	6,977,893	6,977,893	-	-	-	-
Prepaid rents	366,329	366,329	-	-	-	-
Available-for-sale securities	400,000	400,000	-	-	-	-
Security deposits	353,700	353,700	-	-	-	-
	P 926,634,450	P 908,218,024	P 6,923,006	P 2,313,841	P 680,538	P 8,499,041

	2015					
			Past Due but not Impaired			
	Total	Neither Past Due nor Impaired	<90 days	91 - 365 days	>365 days	Impaired
Cash and cash equivalents	P 54,191,929	P 54,191,929	P -	P -	P -	P -
Financial assets held at FVPL	10,060,503	10,060,503	-	-	-	-
Loans receivable - gross	473,082,953	447,506,893	3,636,064	4,705,697	-	17,234,299
Interest receivable	1,293,461	1,293,461	-	-	-	-
Other receivables	4,607,967	4,607,967	-	-	-	-
Prepaid rents	362,012	362,012	-	-	-	-
Available-for-sale scurities	400,000	400,000	-	-	-	-
Security deposits	266,200	266,200	-	-	-	-
	P 544,265,025	P 518,688,965	P 3,636,064	P 4,705,697	P -	P 17,234,299

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

	As at December 31, 2016						
		Grade A		Grade B		Grade C		Total
Cash and cash equivalents	P	77,247,776	P	-	P	-	P	77,247,776
Financial assets held at FVPL		10,311,531		-		-		10,311,531
Loans receivable		810,928,988		9,917,385		8,499,041		829,345,414
Interest receivable		1,631,807		-		-		1,631,807
Other receivables		6,977,893		-		-		6,977,893
Prepaid rents		366,329		-		-		366,329
Available-for-sale securities		400,000		-		-		400,000
Security deposits		353,700		-		-		353,700
	P	908,218,024	P	9,917,385	P	8,499,041	P	926,634,450

	As at December 31, 2015							
		Grade A		Grade B		Grade C		Total
Cash and cash equivalents	P	54,191,929	P	-	P	-	P	54,191,929
Financial assets held at FVPL		10,060,503		-		-		10,060,503
Loans receivable		447,506,893		25,576,060		-		473,082,953
Interest receivable		1,293,461		-		-		1,293,461
Other receivables		4,607,967		-		-		4,607,967
Prepaid rents		362,012		-		-		362,012
Available-for-sale securities		400,000		-		-		400,000
Security deposits		266,200		-		-		266,200
	P	518,688,965	P	25,576,060	P	-	P	544,265,025

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

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

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

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

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

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

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

The Organization has different types of loans receivable:

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

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

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

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

Other loan portfolio - Prior to 2015, Enterprise Loans are given to Enterprising ASHI Members and Non-Members within ASHI covered areas through a maximum credit line of P250,000 in partnership with Insol Development Foundation. The partnership with INSOL had been severed in 2015 and is now on the closure stage. Rebuilding (APROOT) Loans are expanded House Repair Loan to ASHI Members availing of the APROOT Housing Program in Pangil, Laguna. AGAP/SHIELD Loans are Agricultural Loans given to ASHI Members, particularly in Antique Area.

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

- Other receivables pertain to collectibles from employees, individuals, and organizations for payment of their expenses by the Organization, advances to officers and employees and loans to employees amounting to P6,977,893 and P4,607,967, as at December 31, 2016 and 2015, respectively, which are assessed to be low risk and are collectible by the Organization until maturity date.

- Prepaid rents pertain to advance payments for the Organization's rental amounting to P366,329 and P362,012 as at December 31, 2016 and 2015, respectively. These are presented as current and non-current asset depending on the terms of lease agreements.

- Security deposits pertain to refundable deposit agreement to service providers for the Organization's rental, electrical and communication requirements amounting to P353,700 and P266,200 as at December 31, 2016 and 2015, respectively. These are presented as current and non-current asset depending on the terms of lease agreements.

5.2 Liquidity risk management

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

As at December 31, 2016 and 2015, the Organization's financial liabilities have contractual maturities as follows:

2016	Note		Current Within 12 months		Non-current
Accruals and other payables**	14	P	40,291,868	P	-
Fund savings	15		48,809,844		38,000,958
Interest payable	16		2,987,249		-
Loans payable	16		467,751,517		106,302,449
		P	559,840,478	P	144,303,407

2015	Note		Current Within 12 months		Non-current
Accruals and other payables **	14	P	11,060,095	P	-
Fund savings	15		21,762,879		69,312,227
Interest payable	16		2,506,635		-
Loans payable	16		182,347,377		111,876,320
		P	217,676,986	P	181,188,547

** *excluding statutory payables such as SSS, PHIC, HDMF, withholding and gross receipts taxes.*

The Organization's current assets exceed current liabilities by P338,406,050 and P305,651,900 as at December 31, 2016 and 2015, respectively, computed as follows:

		2016		2015
Total current assets	P	903,508,121	P	524,582,539
Total current liabilities		565,102,071		218,930,639
	P	338,406,050	P	305,651,900

5.3 Foreign exchange risk

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

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

Currency	Volatility rate		Effect on profit before tax 2015
Foreign currency denominated assets			
US Dollar	-0.04%	P	169
Euro	-3.61%		66,626
		P	66,795

5.4 Fair value estimation of financial assets and liabilities

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

	Notes		2016 Cost		Fair Value
Financial assets:					
Cash and cash equivalents	6	P	77,247,776	P	77,247,776
Financial assets held at FVPL	7		10,311,531		10,311,531
Loans receivable, net	8		829,345,414		829,345,414
Interest receivable	8		1,631,807		1,631,807
Other receivables	9		6,977,893		6,977,893
Prepaid rents	10, 29		366,329		366,329
Security deposits	29		353,700		353,700
Available-for-sale securities	13		400,000		400,000
		P	926,634,450	P	926,634,450
Financial liabilities:					
Accruals and other payables**	14	P	40,291,868	P	40,291,868
Fund savings	15		86,810,802		86,810,802
Interest payable	16		2,987,249		2,987,249
Loans payables	16		574,053,966		574,053,966
		P	704,143,885	P	704,143,885

			2015	
	Notes		Cost	Fair Value
Financial assets:				
Cash and cash equivalents	6	P	54,191,929 P	54,191,929
Financial assets held at FVPL	7		10,060,503	10,060,503
Loans receivable, net	8		473,082,953	473,082,953
Interest receivable	8		1,293,461	1,293,461
Other receivables	9		4,607,967	4,607,967
Prepaid rents	10, 29		362,012	362,012
Security deposits	29		266,200	266,200
Available-for-sale securities	13		400,000	400,000
		P	544,265,025 P	544,265,025
Financial liabilities:				
Accruals and other payables**	14	P	11,060,095	11,060,095
Fund savings	15		91,075,106	91,075,106
Interest payable	16		2,506,635	2,506,635
Loans payables	16		294,223,697	294,223,697
		P	398,865,533 P	398,865,533

*** excluding statutory payables such as SSS, PHIC, HDMF, withholding and gross receipts taxes.*

.NOTE 6 - CASH AND CASH EQUIVALENTS

This account consists of:

		2016		2015
Cash in banks	P	66,936,245	P	49,235,196
Cash equivalents		10,311,531		4,956,733
Revolving fund		-		10,765
	P	77,247,776	P	54,202,694

Cash in banks include regular current and savings deposits which earn interest at prevailing bank deposit rates. Cash equivalents pertain to the Organization's short-term time deposits which earn interest ranging from 0.25% to 0.75% per annum with maturity of 60days subject to rollover upon management's decision. Due to the short-term nature of such transactions, the carrying value approximates the fair value of the temporary cash investments.

Total interest income earned, net of final tax, amounts to P150,230 and P315,417 in 2016 and 2015, respectively, for both time deposits and regular current and savings accounts.

Unrealized foreign exchange loss on the restatement of the above cash in banks charged to statements of comprehensive income amounts to P 13,731 and P52,777 for the years ended December 31, 2016 and 2015, respectively.

Revolving fund refers to the amount set aside to cover disbursements for recurring transactions for Head Office staff and field personnel. The fund is maintained under an imprest system to be replenished when the fund reaches a certain minimum balance or is near depletion.

NOTE 7 - FINANCIAL ASSETS HELD AT FVPL

The Organization's financial assets held at FVPL pertain to investments in mutual funds that are primarily invested in fixed income and equity securities. As at December 31, 2016 and 2015, investments in FVPL amount to P10,311,531 and P10,060,503 comprising of 3,318,283 units with a net asset value per unit (NAVPU) of P3.11 and P3.03, respectively. Fair value of the FVPL is categorized under level 1 of the fair value hierarchy.

Gain (Loss) from fair value re-measurement recognized for the years ended December 31, 2016 and 2015 amounts to P251,028 (Note 24) and (P335,246) (Note 26), respectively.

NOTE 8 - LOANS.RECEIVABLE, NET

This account consists of:

The timing of collection determines the classification of loans receivable as follows:

		2016		2015
Regular loan				
General loan:				
ASHI 1,2,3	P	425,081,013	P	284,273,518
Quick loan		207,622		-
Flexible (Special loan)		8,499,041		12,831,092
		433,787,675		297,104,610
Incentive loan:				
Educational loan				6,049,849
House repair loan		1,397,514		20,578,387
Combined loan		172,394,911		82,285,398
Pure It loan		28,325,454		18,074,695
Gazlite loan		707,800		-
SSS/Philhealth Program		133,532		
		202,959,211		126,988,329
Other loan portfolio:				
Enterprise loan		6,618,545		7,667,775
Rebuilding (APROOT)		1,885,747		1,906,439
AGAP Loan		32,626,381		3,791,794
Others		7,092,722		3,335,677
		48,223,395		16,701,685
Total		684,970,281		440,794,624
Less: Allowance for impairment losses		18,248,459		16,080,795
Regular loan, net		666,721,823		424,713,829
Special loan - net				
Emergency loan		143,974,582	P	-
Group fund loan		393,753		32,176,358
Staff micro loans		6,799		111,971
Total		144,375,133		32,288,329
Less: Allowance for impairment losses		-		1,153,504
Special loan, net		144,375,133		31,134,825
	P	811,096,956	P	455,848,654

		2016		2015
Current	P	804,478,411	P	452,377,798
Non-current		6,618,545		3,470,856
	P	811,096,956	P	455,848,654

Accrued interest receivables amounts to P1,631,807 and P1,293,461 for the years ended December 31, 2016 and 2015, respectively.

Loans receivables are broadly classified into four main categories:

Category	Type	Terms	Condition	Source
General	ASHI 1	payable in 25, 50, or 100 weeks; 25% per annum	The applicant must be a poor woman (bottom 50% poor); maximum loanable amount of P20,000.00; unsecured; not subject to loan restructuring. Loanable amount per cycle: Cycle 1: 5,000 Cycle 2: 10,000 Cycle 3: 15,000 Cycle 4: 20,000	PCFC**, OIKO, LBP, Union Bank
	ASHI 2	payable in 25, 50, or 120 weeks; 25% per annum	The applicant must be a poor woman (bottom 50% poor); maximum loanable amount of P40,000; unsecured; not subject to loan restructuring Loanable amount per cycle: Cycle I: 25,000 Cycle 2: 30,000 Cycle 3: 35,000 Cycle 4: 40,000	PCFC**, OIKO LBP, Union Bank
	ASHI 3	payable in 25, 50, or 100 weeks; 25% per annum	The applicant must be a poor woman (bottom 50% poor); maximum loanable amount of P50,000; unsecured; not subject to loan restructuring Loanable amount per cycle: Cycle 1: 45,000 Cycle 2: 50,000	PCFC**, OIKO LBP, Union Bank
	Flexible	payable in 25 weeks (Assessment every after 6 months) Interest rates are according to promissory notes	Active members that fall into deep distress (sickness, calamity) eventuated to loss of business; maximum loanable amount is according to the promissory note; unsecured; not subject to loan restructuring	PCFC**, OIKO LBP, Union Bank

Category	Type	Terms	Condition	Source
Incentive	Educational	payable in 25 or 50 weeks; 25% per annum	The applicant must have a current Individual Credit Rating of 98%-100% and must be in the ASH1-1 Loan Cycle 1.The General Loan must be current. It requires at least 4 complete groups within the Center; maximum loanable amount is P20,000 unsecured; not subject to loan restructuring	PCFC**, OIKO, LBP, Union Bank
	House repair	payable in 50 or 100 weeks; 25% per annum	The applicant must have a current Individual Credit Rating of 98%-100% and must be in the ASH1-1 Loan Cycle 1.The General Loan must be current. It requires at least 4 complete groups within the Center; maximum loanable amount is P20,000 unsecured; not subject to loan restructuring	PCFC**, OIKO LBP, Union Bank
	Market day	payable in 1,2,3 or 4 weeks; 6% per month	The applicant must have a current Individual Credit Rating of 98%-100% and must be in the ASH1-1 Loan Cycle 2.The General Loan must be current. It requires at least 4 complete groups within the Center; maximum loanable amount is P10,000 unsecured; not subject to loan restructuring	PCFC**, OIKO LBP, Union Bank
Other	Enterprise	payable in 3 months to 5 years ;3% per month	The applicant must be an ASHI or INSOL member or both. With 98-100% credit performance in ASHI. Enterprise Loan replaces the General Loan. She must at least 6 months members of INSOL and have attended trainings; maximum loanable amount is P250,000; covered by Post dated checks; not subject to loan restructuring	PCFC** LBP, Union Bank
	Rebuilding (APROOT)	payable in 1 year to 10 years; 6% per annum	The applicant must be an ASHI member with an Attendance Rate of 98% and Repayment Rate of 100%. She must be a victim of Calamity or her house is situated in a Danger Zone area and willing to undergo "Bayanihan or Sweat Equity" and must be in a Loan Cycle 2; maximum loanable amount is P110,000; unsecured; not subject to loan restructuring	CORDAID-PEF
	AGAP*	full payment upon Harvest of crops; 3% per month	The applicant must be an AGAP Member and willing to undergo training. He/she must belong in a farming sector with a land of up to 5 hectares and below. Maximum loanable amount is P25,000; unsecured; not subject to loan restructuring	NLDC*** LBP, Union Bank
	Others	payable in 2 to 5 years; 13% per annum	Other loans from other fund pertain to loans extended to members for housing, agriculture, microenterprises. not subject to loan restructuring.	PCFC** LBP, Union Bank

Category	Type	Terms	Condition	Source
Special	Group fund loan	depending on amount, subject to 5% salamat fund.	The Group Fund Loan can be used for all types of personal and emergency needs. There must be at least 3 active members in a group, all five members may avail at the same time. Only 50% of the Group savings balance may be outstanding at one time.	Compulsory Fund
	Staff micro	payable in 2 to 5 years; 13% per annum	The applicant must be an Organization's Employee with a good track record. Maximum loanable amount is P150,000; deducted from salary and covered by postdated checks; not subject to loan restructuring. No longer available.	PCFC**

LBP - Land Bank of the Philippines
AGAP - ASHIGrameen Agricultural Program
***PCFC - People's Credit and Finance Corporation*
****NDLC - National Livelihood and Development Corporation*

For the purposes of managing risks, loans receivable are divided into two types as regular portfolio and special portfolio.

The Special Portfolio (Staff Micro Loans and Group Fund Loans) is funded by donated equity and members' contribution (Compulsory Savings). This is separately reported from the Regular Portfolio.

The Organization provided allowance for impairment losses based on management's specific review of outstanding receivable as at December 31, 2016 and 2015. Allowance for impairment losses are maintained at a level considered adequate to cover potential losses on the Organization's long outstanding receivables.

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

		2016		2015
Beginning balance	P	17,234,299	P	14,168,342
Provision during the year		1,150,155		3,028,362
Adjustments		(135,995)		37,595
Ending balance	P	18,248,458	P	17,234,299

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

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

NOTE 9 - OTHER RECEIVABLES

This account consists of:

		2016		2015
Accounts receivable	P	4,049,915	P	3,263,021
Loan to employees		656,779		1,143,570
Advances to officers and employees		61,616		33,803
Loan receivable - others		2,209,583		167,573
	P	6,977,893	P	4,607,967

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

Loans to employees include personal loans obtained from the Organization, which are non-interest-bearing if taken from the ASH Funds (for medical and educational purposes) and interest bearing if taken from the employee loans and savings fund (for house repair, equipment and business loans) payable through salary deduction for a period of 6 months to 2 years.

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

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

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSET

This account consists of:

		2016		2015
Prepaid supplies	P	2,288,571	P	1,532,904
Prepaid rent		224,329		318,262
Security deposit		168,700		186,200
Prepaid expansion		28,853		-
Prepaid utilities		2,750		2,750
	P	2,713,203	P	2,040,116

NOTE 11.- PROPERTY AND EQUIPMENT, NET

Details of property and equipment as at December 31, 2016 and 2015 are as follows:

		Building and structures		Office equipment		Office furniture and fixtures		Transportation Equipment		Land		Total
Gross carrying amount												
January 1, 2015	P	26,715,805	P	8,367,573	P	2,220,026	P	367,550	P	5,115,736	P	42,786,690
Additions		988,664		3,447,198		569,419		2,417		169,000		5,176,698
Adjustments		(6,600,000)		-		-		-		6,600,000		-
December 31, 2015		21,104,469		11,814,771		2,789,445		369,967		11,884,736		47,963,388
Additions		141,423		3,069,697		590,436				11,820,026		15,621,582
Adjustments		(8,371,038)		(5,015,152)		(1,860,584)		19,485		(82,349)		(15,309,638)
December 31, 2016		12,874,854		9,869,316		1,519,297		389,452		23,622,413		48,275,332
Accumulated depreciation												
January 1, 2015		13,214,626		5,803,071		1,569,301		157,879		-		20,744,877
Depreciation		1,200,842		1,690,568		361,506		88,043		-		3,340,959
Adjustments		4,681		(219,587)		(48,725)		(20,352)		-		(283,983)
December 31, 2015		14,420,149		7,274,052		1,882,082		225,570		-		23,801,853
Depreciation		1,290,093		2,355,375		271,988		74,923		-		3,992,379
Adjustments		(8,258,754)		(4,279,504)		(1,510,245)		(31,388)		-		(14,079,891)
December 31, 2016	P	7,451,488	P	5,349,923	P	643,825	P	269,105	P	-	P	13,714,341
Carrying amount												
As at December 31, 2015	P	6,684,320	P	4,540,719	P	907,363	P	144,397	P	11,884,736	P	24,161,535
As at December 31, 2016	P	5,423,366	P	4,519,393	P	875,472	P	120,347	P	23,622,413	P	34,560,991

The above property and equipment have not been used as collateral for a loan.

NOTE 12 - INTANGIBLE ASSET, NET

This account pertains to the cost of internally developed computer software for customization for the Organization's loan tracking and accounting system.

Details of intangible asset as at December 31, 2016 and 2015 are as follows:

		2016		2015
Cost				
Balance at beginning of the year	P	1,123,091	P	1,139,228
Addition		268,156		18,253
Adjustments		(60,640)		(34,390)
Balance at end of the year		1,330,607		1,123,091
Accumulated amortization				
Balance at beginning of the year		699,544		432,280
Amortization during the year		276,965		221,207
Adjustments		(52,069)		46,057
Balance at end of the year		924,440		699,544
	P	406,167	P	423,547

NOTE 13 - OTHER NON-CURRENT ASSETS

This account consists of:

		2016		2015
APROOT rebuilding program	P	2,958,000	P	6,160,051
Investment in shares of stocks		400,000		400,000
Other noncurrent assets		327,500		134,250
	P	3,685,500	P	6,694,301

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

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

Investment in shares of stocks represents ordinary investment in MIDAS Foundation, Inc. Of 800,000 subscribed shares at P1 par value, 50% paid subscription amounting to P400,000, equivalent to 16.67% share in the investee. The investment in MIDAS is the Organization's contribution as one of its Founding Member.

Security deposits pertain to noncurrent portion of refundable deposit agreement to service providers for the Organization's rental, electrical, and communication requirements amounting to P353,700 and P266,200 as at December 31, 2016 and 2015, respectively. These are presented as noncurrent asset and other current assets.

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

NOTE 14 - ACCRUALS AND OTHER PAYABLES

This account consists of:

	Note		2016		2015
Accrual for rebates		P	23,141,465	P	-
Micro-insurance partnerships payable			7,280,367		2,686,698
Accounts payable			5,706,332		8,190,836
Accrued expenses payable			4,163,704		283,762
Accrual for gross receipts tax			3,900,194		-
SSS, PHIC and HDMF premiums payable			856,990		683,810
SSS and HDMF loans payable			263,660		267,744
Withholding tax payable	32.6i & ii		240,749		200,918
		P	45,553,461	P	12,313,768

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

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

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

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

The Organization's Board of Trustees in its meeting dated April 8, 2017 approved the provisioning of 2% gross receipts tax from its gross receipts for the year ended December 31, 2016 in accordance with Revenue Regulations No. 3-2017, implementing the tax provision of Republic Act No.10693 also known as "Microfinance NGOs Act", amounting to P3,900,194 and recognized 6% service and admin charges on portfolio rebates of P23,141,465 as discussed in Note 1.

NOTE 15 - FUND SAVINGS

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

This account consists of:

		2016		2015
Voluntary savings:				
Personal fund	P	33,764,866	P	8,110,796
Children's fund		663,632		3,846,592
		34,428,498		11,957,388
Compulsory savings:				
Compulsary fund		-		37,552,564
Kabalikat fund		38,000,958		31,759,663
KMSB fund		845,000		324,451
		38,845,958		69,636,678
Special savings fund:				
Trust fund		10,193,667		7,273,374
Center fund		3,342,679		2,206,896
Philhealth fund		-		750
		13,536,346		9,481,020
	P	86,810,802	P	91,075,086

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

		2016		2015
Current	P	48,809,844	P	21,762,859
Non-current		38,000,958		69,312,227
	P	86,810,802	P	91,075,086

The following are the three types of fund savings:

1. Voluntary Savings

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

   1.2 Children's Fund is a voluntarily savings by members specifically for the purpose of saving for the education of members' children. This is restricted from withdrawal of up to two (2) years and earns interest of 4% per annum. Pre-termination fee will be imposed for withdrawal before maturity.

2. Compulsory Savings

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

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

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

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

3. Special Savings Fund

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

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

3.3 Philhealth Fund represents voluntary savings by members for premium payment to Philhealth. The amount is being collected during center meetings and remitted to the Head Office. Head office remits to Philhealth the annual premium of P2,400 per member. This is assistance by ASHI to promote health security among members.

NOTE 16 - LOANS PAYABLE

This account consists of:

		2016		2015
Current	P	467,751,517	P	182,347,377
Non-current		106,302,449		111,876,320
	P	574,053,966	P	294,223,697

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

Creditor	Expiration of contract	Terms (in years)	Interest rate per amount		2016		2015
Land Bank of the Philippines	2019	1	6.00%	P	281,800,000	P	-
People's Credit and Finance Corporation (PCFC)	2021	3-5	4.50%		138,318,965		242,382,636
Oikocredit, EDCS, UA	2019	3	7.00%		83,750,001		51,606,061
Union Bank	2018	1	6.00%		70,000,000		-
Fr. Raymon D. Bodson, CICM		indefinite	Nil		180,000		180,000
Generoso G. Octavio		indefinite	Nil		5,000		55,000
				P	574,053,966	P	294,223,697

Interest expense recognized in statements of comprehensive income amounts to P24,220,527 and P18,134,709 for the years ended December 31, 2016 and 2015, respectively (Note 27).

Interest payable consists of:

Creditor		2016		2015
Land Bank of the Philippines	P	1,023,133	P	-
Oikocredit, EDCS, UA		910,313		781,778
People's Credit and Finance Corporation (PCFC)		843,803		1,628,446
Union Bank		210,000		-
Others (OC)		-		96,411
	P	2,987,249	P	2,506,635

NOTE 17 - RETIREMENT BENEFITS LIABILITY

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

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

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

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

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

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

The following information is based on the latest actuarial valuation reports with December 31, 2016 and 2015 as the valuation date by an independent actuarial firm.

The movement in the present value of the retirement benefits liability recognized in the books is as follows:

		2016		2015
Balance at beginning of the year	P	21,104,880	P	11,969,983
Interest cost		1,032,029		636,803
Current service cost		2,015,768		1,929,670
Past service cost		-		6,005,356
Benefit paid directly from book reserves		(306,340)		(135,262)
Actuarial loss due to changes in financial assumption		(2,012,190)		1,151,808
Actuarial gain due to experience		1,112,540		(453,478)
	P	22,946,687	P	21,104,880

During the year, the Organization established a trust fund with a fair value P 5,054,503 as at December 31, 2016.

Movement of plan asset during the year is as follows:

		2016		2015
Beginning balance	P	4,974,926	P	-
Contributions		-		5,000,000
Income		243,274		133,000
Remeasurement		(163,697)		(158,074)
	P	5,054,503	P	4,974,926

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

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

		2016		2015
Present value of the defined benefit liability	P	22,946,687	P	21,104,880
Fair value of plan asset		(5,054,503)		(4,974,926)
	P	17,892,184	P	16,129,954

The amount of retirement benefit expense for the years ended December 31, 2016 and 2015 recognized in the statements of comprehensive income is as follows:

	Note		2016		2015
Current service cost		P	2,015,768	P	1,929,670
Past service cost			-		6,005,356
Interest cost			1,032,029		636,803
Income from plan asset			(243,274)		(133,000)
	25	P	2,804,523	P	8,438,829

The amount of actuarial gain (loss) on retirement benefit obligation due to remeasurement of the net defined liability presented as other comprehensive income in the statements of comprehensive income amounts to P735,935 and (P856,404) in 2016 and 2015, respectively, and outstanding balance presented in the statements of changes in fund balance amounts to P 2,835,972 and P3,571,925 for the years ended December 31, 2016 and 2015, respectively.

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

		2016		2015
Economic assumptions:				
Discount rate		5.38%		4.89%
Salary increase rate		3.00%		3.00%
Employee data:				
No. of employees		422		339
Average age in years		28.50		29.30
Average years of past service		5.00		5.20
Annual covered compensation	P	81,425,502	P	68,766,318

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

		2016		2015
Decrease in the discount rate		-18.9%		-19.8%
Increase in present value of retirement benefit liability	P	4,347,780	P	4,186,767
Increase in the discount rate		15.3%		15.9%
Decrease in present value of retirement benefit liability		(3,508,127)		(3,361,393)
Increase in salary increase rate assumption		18.2%		19.0%
Increase in present value of retirement benefit liability		4,176,061		4,005,123
Decrease in salary increase rate assumption		-15.0%		-15.6%
Decrease in present value of retirement benefit liability		(3,445,627)		(3,291,467)
No attrition rates		20.9%		21.9%
Increase in present value of retirement benefit liability		4,807,031		4,623,229

NOTE 18 - MEMBERS' CONTRIBUTION

During the year, the Organization transferred P64,946,667 of compulsory fund to members' contribution.

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

NOTE 19 - MEMBERS' FEE AND ANNUAL DUES

This account consists of:

		2016		2015
Kabalikat membership fees and annual dues				
Balance, beginning of the year	P	3,219,047	P	1,753,128
Additions during the year		297,221		1,465,919
Balance, end of the year	P	3,516,268	P	3,219,047

NOTE 20 - DONATED EQUITY

There were no additional donated equity received for the years 2016 and 2015. Outstanding balance as at December 31, 2016 and 2015 amounts to P8,201,771.

NOTE 21 - OTHER RESERVES

This account represents ASH Funds generated from consultancy, training, and seminars amounting to P823,919 and P831,419 as at December 31, 2016 and 2015, respectively. The employees of the Organization are allowed to avail of a loan from this reserve.

NOTE 22 - FINANCE INCOME

This account pertains to interest income earned from loan portfolio amounting to P179,518,010 and P130,476,842 for the years ended December 31, 2016 and 2015, respectively.

NOTE 23 - GRANTS AND DONATIONS

This account consists of:

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

Sources of funds		2015	Activities
ASHI Members	P	208,656	For religion consultation activities
Anonymous		88,345	For resilience fund
ASHI Members		68,408	For branch christmas party activities
ASHI Members		66,998	For branch anniversary activities
ASHI Members		60,332	For member's general assembly
ASHI Members		20,495	For kalasang bayan event
Mercedes R. Abad		2,000	For resilience fund
Virginia V. Penalosa		2,000	For resilience fund
	P	517,234	-

NOTE 24 - OTHER RECEIPTS

This account consists of:

	Note		2016		2015
Gain on fairvalue of financial assets	7	P	251,028	P	-
Interest income from banks	6		150,230		315,417
		P	401,258	P	315,417

NOTE 25 - PERSONNEL EXPENSES

This account consists of:

	Note		2016		2015
Salaries and wages		P	58,912,350	P	47,929,912
Staff benefits and other allowances			26,623,938		17,427,189
SSS, Philhealth and HDMF contributions			5,734,909		4,585,678
Psychological testing and training fees			4,154,581		6,137,444
Health and other personnel insurance			2,805,263		2,207,133
Retirement expenses	17		2,804,523		8,438,829
		P	101,035,565	P	86,726,185

NOTE 26 - ADMINISTRATIVE EXPENSES

This account consists of:

	Notes		2016		2015
Transportation and travel		P	11,371,705	P	8,298,939
Office supplies			5,722,787		3,188,709
Depreciation and amortization	11, 12		4,269,344		3,562,167
Rent	29		3,401,874		3,409,894
Utilities			3,144,587		2,391,272
Taxes and licenses	32.4, 32.5		2,774,560		1,596,059
Impairment loss	2.3, 2.13		2,615,903		1,285,476
Meetings and representation			2,319,196		2,171,046
Communication			1,983,973		1,817,052
Auditing and accounting fees			694,116		704,264
Repairs and maintenance			423,555		1,322,221
Contributions and donations			296,152		73,688
Professional and consultancy fees			235,311		584,990
Insurance cost			94,518		67,151
Loss on foreign exchange difference	31		13,731		52,777
Subscriptions			4,398		4,298
Loss on fair value of financial assets	7		-		335,246
Security expense			-		22,250
Penalties					4,000
Other administrative expenses			1,446,081		1,389,887
		P	40,811,791	P	32,281,386

NOTE 27 - FINANCE EXPENSE

This account consists of:

	Note		2016		2015
Interest expense on borrowings	16	P	24,220,527	P	18,134,709
Gross receipts tax	14		3,900,194		-
Impairment losses on loans receivable	8		1,150,155		3,028,362
Interest on client savings			227,432		307,104
Bank charges			141,629		133,583
Other financing cost			584,949		1,271,972
		P	30,224,886	P	22,875,730

NOTE 28 - PROGRAM EXPENSES

This account consists of:

		2016		2015
KMSB benefit	P	7,370,714	P	136,946
Member's micro enterprise trainings and workshop		1,547,493		691,597
Anniversary expenses		1,087,776		488,716
Planning and evaluation expenses		1,009,565		1,219,603
Micro-credit program development		721,526		337,029
Competency based training		622,182		2,069,882
Technical Assistance		330,597		-
Continuing education		138,846		286,239
Gifts and giveaways		50,283		64,504
Books and publications		36,600		322,140
	P	12,915,582	P	5,616,656

NOTE 29 - LEASES

The Organization leases office premises occupied by most of its branches and its regional offices for one year, renewable upon mutual agreement of both parties. The related security deposit amounting to P 353,700 and P 266,200 is classified under prepayments and other current assets and other non-current assets in 2016 and 2015, respectively.

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

Rent expense charged against current operations as administrative expenses amounted to P3,401,874 and P3,409,894 (Note 26) as at December 31, 2016 and 2015, respectively.

NOTE 30 - INCOME TAX

Income tax related disclosures are in Note 1, 2.24 and 4.1.

NOTE 31 - FOREIGN CURRENCY DENOMINATED ASSETS

The account consists of:

		2016		2015
In USD				
Cash	$	4,668	$	8,043
Year end closing exchange rate		49.720		47.166
	P	232,083	P	379,356
In EURO				
Cash	€	-	€	509
Short-term investments		-		35,199
	€	-	€	35,708
Year end closing exchange rate		51.840		51.741
	P	-	P	1,847,571
Total	P	232,083	P	2,226,927

Foreign exchange loss charged to operations for the years ended December 31, 2016 and 2015 amounts to P 13,731 and P 52,777, respectively.

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

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 15-2010 which requires certain tax information as at and for the year ended December 31, 2016 to be disclosed in the notes to financial statements. The additional required disclosures are discussed below:

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the year 2016:

32.1 Value-Added Tax

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

32.2 Landed cost, customs duties and tariffs

The Organization has no importation activities for the year.

32.3 Excise taxes

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

32.4 Documentary stamp taxes

This account consists mostly of documentary stamp taxes paid for local borrowings from People's Credit and Finance Corporation and Oikocredit, Land Bank of the Philippines, and Union Bank amounting to P 2,093,525.

32.5 Other taxes, local and national

This account consists of taxes and licenses paid as follows:

Local taxes:		
Business permit, residence tax and barangay clearance	P	632,287
National taxes:		
Final withholding taxes		-
Documentary stamp taxes		2,093,525
Realty property tax		32,248
BIR annual registration		16,500
	P	2,774,560

32.6 Withholding taxes

The Organization's withholding taxes are as follows:

i. Withholding tax on compensation

Total withholding payable for the year	P	3,590,573
Less: Payments made from January to November		3,359,449
	P	231,124

ii. Expanded withholding tax

Total withholding payable for the year	P	744,846
Less: Payments made from January to November		735,221
	P	9,625

32.7 Tax assessment

In 2015, the Organization received a notice letter from BIR for an audit of 2013 transactions in connection with the application for tax exemption. After the examination conducted in 2016, the Organization received a Formal Letter of Demand from the BIR dated January 13, 2017. The letter contains deficiency tax assessment on Percentage Tax, Expanded Withholding Tax and Compromise Penalty amounting to P8,197,382, P495,907, and P55,000, respectively. The Organization had submitted a letter of protest for reconsideration last January 23, 2017 which the BIR had responded on February 27, 2017, designating two BIR staff to conduct the re-investigation.

32.8 Tax cases

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