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◆ **Accreditations**
SEC No. 0182-FR-1 (Mar. 25, 2016)
BOA/PRC Reg. No. 0250 (Dec. 31, 2017)
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NEA No. 2013-07-00011 (Jul. 20, 2016)
IC No. F-2014/017 (Oct. 23, 2017)
BSP (Jun. 30, 2016)

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
Katilingbanong Kaangayan Para sa Kasegurohan ug
Kalambuan – Mutual Benefit Association, Inc. (4K-MBA)

We have audited the accompanying financial statements of Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA) (*formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.*), which comprise the statements of financial position as at December 31, 2014 and 2013, and the related statements of profit or loss, changes in equity and cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA) (*formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.*), Inc., as of December 31, 2014 and 2013, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Quilab Cabilin Bato & Co

PTR No. 2668893 A
January 5, 2015
Cagayan de Oro City

April 13, 2015
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA)
(Formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.)

December 31	**2014**	2013
ASSETS		
Current Assets		
Cash *(Note 4)*	**₱18,808,679**	₱17,832,577
Accounts receivable from agents and others *(Note 5)*	**5,714,102**	5,443,351
Total Current Assets	**24,522,781**	23,275,928
Non-Current Assets		
Furniture, fixture and office equipment *(Note 6)*	**51,948**	49,450
Held-to-maturity investment *(Note 7)*	**6,000,000**	6,000,000
Available-for-sale financial assets *(Note 8)*	**855,810**	855,810
Total Non-Current Assets	**6,907,758**	6,905,260
	₱31,430,539	₱30,181,188
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Aggregate reserves for risks *(Note 9)*	**₱20,293,926**	₱18,351,115
Insurance contract liabilities *(Note 10)*	**229,370**	489,111
Trade and other payables *(Note 11)*	**470,925**	784,082
Total Current Liabilities	**20,994,221**	19,624,308
Fund Balances		
Guaranty Fund *(Note 12)*	**8,230,210**	7,794,850
General Fund	**2,206,108**	2,762,030
	10,436,318	10,556,880
	₱31,430,539	₱30,181,188

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS

Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA)
(Formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.)

Years Ended December 31	**2014**	2013
REVENUE *(Note 13)*		
Members' gross premium contributions	**₱8,707,209**	₱8,071,204
Less contributions to Guarantee Fund *(Note 12)*	**435,360**	403,561
Net members' premium contributions	**8,271,849**	7,667,643
Investments income	**598,494**	671,520
Others *(Note 14)*	**360,121**	526,693
	9,230,464	8,865,856
BENEFITS AND OPERATING EXPENSES		
Benefits and claims paid to members	**1,232,510**	2,487,289
Increase (decrease) in aggregate policy reserves *(Note 9)*	**2,158,648**	(1,314,638)
Salaries, wages, and employees' benefits *(Note 15)*	**2,842,505**	3,217,748
Collection costs	**1,998,297**	1,584,115
General and administrative expenses *(Note 16)*	**1,512,715**	1,460,611
Depreciation *(Note 8)*	**41,711**	102,211
	9,786,386	7,537,336
PROFIT (LOSS) FOR THE YEAR	**(₱555,922)**	₱1,328,520

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA)
(Formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.)

December 31	**2014**	2013
GUARANTY FUND		
Opening balances	**₱7,794,850**	₱7,391,289
Contributions during the period *(Note 12)*	**435,360**	403,561
Closing balances	**8,230,210**	7,794,850
GENERAL FUND		
Opening balances	**2,762,030**	1,433,510
Profit (loss) for the year	**(555,922)**	1,328,520
Closing balances	**2,206,108**	2,762,030
	₱10,436,318	₱10,556,880

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA)
(Formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.)

Years Ended December 31	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit for the year	**(₱555,922)**	₱1,328,520
Add back items not requiring cash:		
Depreciation *(Note 8)*	**41,711**	102,211
Provision for impairment losses on loans receivable *(Note 5)*	**12,000**	34,405
Increase (decrease) in aggregate reserves for life policies *(Note 9)*	**2,158,648**	(1,314,638)
Operating income before changes in working capital	**1,656,437**	150,498
Add (deduct):		
Increase in accounts receivable from agents and others *(Note 5)*	**(282,751)**	(1,640,796)
Increase (decrease) in trade and other payables *(Note 11)*	**1,629,654**	(1,147,953)
(Decrease) increase in insurance contract liabilities *(Note 10)*	**(259,741)**	339,861
Net Cash Provided from (Used for) Operating Activities	**2,743,599**	(2,298,390)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guaranty fund *(Note 12)*	**435,360**	403,561
Withdrawals from members' equity *(Note 9)*	**(2,158,648)**	1,314,638
Net Cash (Used for) Provided from Investing Activities	**(1,723,288)**	1,718,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to furniture, fixtures and office equipment *(Note 6)*	**(44,209)**	(84,325)
Investments in financial assets *(Notes 7 and 8)*	**–**	(575,810)
Net Cash Used for Investing Activities	**(44,209)**	(660,135)
NET INCREASE (DECREASE) IN CASH	**976,102**	(1,240,326)
OPENING CASH	**17,832,577**	19,072,903
CLOSING CASH *(Note 4)*	**₱18,808,679**	₱17,832,577

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA)
(Formerly Rural Bank of Talisayan – Mutual Benefits Association [RBT-MBA], Inc.)
As of and for the Years Ended December 31, 2014 and 2013

Note 1
Organization and Tax Exemption

The Rural Bank of Talisayan – Mutual Benefits Association (RBT-MBA), Inc. (Association) was organized by the borrowers of Rural Bank of Talisayan (Mis. Or.), Inc., "to promote the welfare of the marginalized sector of society, to extend financial assistance to members in the form of death benefits, medical expense subsidy, pensions, mortuary benefits and loan redemption facilities". It is governed by a Board of Trustees, which received no compensation. It was registered with the Securities and Exchange Commission (SEC) on July 5, 2006, and obtained secondary license from the Insurance Commission (IC) on September 6, 2006. It officially started operations in September 2006.

The Association obtained approval from the Securities and Exchange Commission for the change of its name to Katilingbanong Kaangayan Para sa Kasegurohan ug Kalambuan-Mutual Benefit Association, Inc. (4K-MBA), on March 14, 2014. The Association also subsequently obtained approval of the change from the Insurance Commission (IC).

The Association is holding office at North Abellanosa Street, Cagayan de Oro City. As at December 31, 2014, the Association has a total membership of 14,631.

In accordance with Section 30 (C) of the National Internal Revenue Code, as amended, the Association is exempted from the payment of taxes from income derived by it.

Note 2
Summary of Significant Accounting Policies

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards.

Basis of Preparation
The accompanying financial statements have been prepared using the historical cost basis, except for held-to-maturity investments, which have been measured at fair value. The financial statements are presented in Philippine peso, which is the Association's functional and presentation currency and all values are recorded to the nearest peso except when otherwise indicated. The accounting policies used in preparing these financial statements have been consistently applied since the previous period.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at statement of financial condition date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial condition date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of New and Amended Standards and Interpretations
The following standards have been adopted by the Association for the first time for the financial year beginning on or after 1 January 2014. The nature and impact of each new standard and interpretation adopted by the Association is detailed below. Note however that not all new standards and interpretations impact the Association's financial statements.

- IFRS 10 - *Investment Entities* - Amendments to IFRS 10
  The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, rather than consolidating them in its consolidated financial statements. Measurement at fair value through profit or loss must also be applied to an investment entity's separate financial statements. The amendments also introduce disclosure requirements for investment entities into IFRS 12 Disclosure of Interests in Other Entities and amend IAS 27 Separate Financial Statements.

  An investment entity is an entity that meets all of the following criteria (the definition):

  - It obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
  - It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
  - It measures and evaluates the performance of substantially all of its investments on a fair value basis.

  In assessing whether it meets the definition an entity is required to consider whether it has the following typical characteristics of an investment entity:

  - It has more than one investment
  - It has more than one investor
  - It has investors are not related parties of the entity
  - It has ownership interests in the form of equity or similar interests.

  Not meeting one or more of the typical characteristics does not preclude an entity from being an investment entity. However, it does indicate that additional judgment is required in determining whether the entity meets the definition of an investment entity. Accordingly, an investment entity that does not meet one or more of the typical characteristics is required to disclose the reasons for concluding that it is nevertheless an investment entity.

  An entity will not be disqualified from qualifying as an investment entity simply because: (a) it provides investment-related services (e.g. investment advisory services, investment management, investment support and administrative services), either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity. (b) if it provides management services, strategic advice and financial support to an investee, directly or through a subsidiary, but only if these activities are undertaken to maximize the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity.

  The amendment did not result in any effect on the Association's financial statements.

- *IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*
  The amendments address inconsistencies in current practice when applying the offsetting criteria. They clarify: (a) the meaning of 'currently has a legally enforceable right of set-off', and (b) that some gross settlement systems may be considered equivalent to net settlement.

The amendments are part of the IASB's offsetting project. As part of that project, the IASB also separately issued Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) which is mandatory for periods beginning on or after 1 January 2014.

The amendment did not result in any effect on the Association's financial statements.

- *IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS39*
  The amendments introduce a narrow scope exception that would allow the continuation of hedge accounting under IAS 39 (and IFRS 9) when a derivative is novated, subject to the following criteria: (1) the novation comes as a consequence of laws or regulations (or the introduction of laws or regulations), (2) the parties to the hedging instrument agree that one or more clearing counter parties replace their original counterparty to become the new counterparty of each party, and (3) any changes to the hedging instrument are limited only to those that are necessary to effect such a replacement of the counterparty.

  These changes are limited to those that are consistent with the terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty, and include: (a) changes in collateral requirements, (b) tights to offset receivables and payables balances, and (c) charges levied.

  The amendment did not result in any effect on the Association's financial statements.

- *IAS 36 - Recoverable Amount Disclosures for Non-financial Assets – Amendments to IAS 36*
  The amendments align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use, and require an entity to:

  1) Disclose the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU)
  2) Disclose the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique
  3) To expand and clarify the disclosure requirements when an assets (CGUs) recoverable amount has been determined on the basis of fair value less disposal, including:
     - The level of the fair value hierarchy1 within which the fair value measurement of the asset (cash-generating unit) is categorized in its entirety (without taking into account whether the 'costs of disposal' are observable)
     - For fair value measurements categorized within Level 21 and Level 31 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity is required to disclose that change and the reason(s) for making it
     - For fair value measurements categorized within Level 21 and Level 31 of the fair value hierarchy, each key assumption on which management has based its determination off air value less costs of disposal. Key assumptions are those to which the asset's (CGU's)recoverable amount is most sensitive
     - The discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

  The amendment did not result in any effect on the Association's financial statements.

- *IFRIC 21 - Levies*
  IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

A levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/ or regulations), except for:

a) Outflows of resources within the scope of other IFRSs (e.g. income taxes under IAS 12
b) Income Taxes)
c) Fines or other penalties relating to breaches of the legislation.

The following factors do not create or imply the existence of an obligating event:

- Preparation of the financial statements under the going concern principle
- Economic compulsion of the entity.

The recognition of a levy liability occurs progressively so long as the obligating event itself occurs over a period of time.
If the levy is subject to a minimum threshold, recognition of a levy liability occurs only at the point the minimum threshold is breached, and not before

The amendment did not result in any effect on the Association's financial statements.

New and Revised IFRSs in Issue but not yet Effective
The Association has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(a) IFRS 9 - Financial Instruments, which will become effective for annual periods beginning on or after January 1, 2018, with earlier application permitted;
(b) IFRS 15 – Revenue from Contracts with Customers, which will become effective for annual periods beginning on or after January 1, 2017, with earlier application permitted;
(c) Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations, which will become effective for annual periods beginning on or after January 1, 2016, with earlier application permitted;
(d) Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization, which will become effective for annual periods beginning on or after January 1, 2016, with earlier application permitted;
(e) Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants, which will become effective for annual periods beginning on or after January 1, 2016, with earlier application permitted;
(f) Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions, which will become effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

There are no other PFRSs or Philippine Interpretation IFRIC that are not yet effective that would be expected to have a material impact on the financial statements of the Association.

Financial Assets
Financial assets, which are recognized when the Association becomes a party to a contractual term of the financial instrument, include cash and other financial instruments. The Association classifies its financial assets, when available, in the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and available for sale (AFS) securities. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Association commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The Association has no financial assets at FVTPL.

The Association's financial assets consist only of the following:

- *Loans and Receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise with the Association provides money, goods and services directly to the debtor with no intention of trading the receivables. Included in this category are financial assets arising from insurance contracts, such as amounts due from policyholders and members of the mutual benefit association, agents and brokers, reinsures and accounts with officers and employees. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

  The Association's loans and receivables comprise 'cash and cash equivalents' and 'receivable from agents and others' in the statements of financial position. Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of changes in value and are free of any encumbrances. The Association has no cash equivalents at the end of the year.

  Loans and receivables are subsequently carried at amortized cost using the effective interest method.

- *HTM Investments*
  These are also non-derivative financial assets with fixed or determinable payments and fixed date of maturity. These are mostly investments in restricted time deposits with maturity of one (1) year or more, and which management has the express intentions of holding to maturity. These investments are measured at amortized cost using the effective interest method. If there is objective evidence that the investment has been impaired, it is measured at present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

- *Available-for-Sale Financial Asset*
  This is a non-derivative financial asset that is either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. This represents the Association's equity in a new cooperative organized to provide its members with mortuary services. The Association's equity is not more than 20% of the cooperative's total equity. The Association intends to hold on to the investments for a longer period of time. The investment is recognized initially at fair value plus transaction costs and subsequently carried at fair value. Unrealized gains or losses are reported as a separate component of equity until the investment is derecognized or determined to be impaired. On derecognition or impairment, gains and losses previously reported in equity is transferred to the income statement.

  Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

  When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.
  Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognized in the statement of profit or loss as part of other income when the Association's right to receive payments is established.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of Financial Assets
For assets carried at amortized cost, the Association assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or 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 where 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 loans and receivables category, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Association may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

For assets classified as available for sale, the Association assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Association uses the criteria used in assets carried at amortized cost. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of profit or loss.

Financial Liabilities
Financial liabilities include trade and other payables, claims payable and unearned premium contributions, which are measured at amortized cost using effective interest rate method. Financial liabilities are recognized when the Association becomes a party to the contractual agreement of the instrument. All interest and related charges are recognized as an expense in the income statement under the caption Interest Expense.Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

Trade and other payables are initially recognized at their nominal value and subsequently measured at amortized cost less settlement payments.

Furniture, Fixtures and Office Equipment
Furniture, fixtures and office equipment are stated at cost less accumulated depreciation. Such cost includes the cost of replacing part of such furniture, fixtures and office equipment when that cost is incurred, if the recognition criteria are met. Interests incurred on borrowed funds used to finance the construction of properties during the construction period are capitalized. Other borrowing costs are expensed. An item of furniture, fixtures and office equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which is five (5) years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits arising from the renovations will flow to the organization.

The carrying values of Association's furniture, fixtures and office equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of Association's furniture, fixtures and office equipment is the greater of 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.

Impairment of Non-financial Assets
The Association's furniture, fixtures and office equipment and other assets are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting the market conditions less cost to sell, and value in use, based on an internal evaluation of discounted cash flow. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the previously recognized impairment loss.

Actuarial Policies
Actuarial liabilities (reserves for life policy and members' equity) are computed by the Consulting Actuary of the Association using actuarial practices generally accepted in the Philippines. Actuarial liabilities and other policy liabilities represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, and expenses on in-force policies.

In calculating actuarial liabilities, assumptions must be made about the timing and amount of many events, including death, investment, inflation, policy termination, expenses, taxes, premiums and commissions. The Association uses best estimate assumptions for expected future experience. Uncertainty is inherent in the process, as no one can accurately predict the future. Some assumptions relate to events that are anticipated to occur many years in the future and are likely to require subsequent revision.

Additional provisions are included in the actuarial liabilities to provide for possible adverse deviations from the best estimates. If the assumption is more susceptible to change or if the actuary is less certain about the underlying best estimate assumption, a correspondingly larger provision is included in the actuarial liabilities. In determining these provisions, the Association ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and the extent of uncertainty present in making that assumption, and (b) in total, the cumulative effect of all provisions is reasonable with respect to the total actuarial liabilities. With the passage of time and resulting reduction in estimation risk, the provisions are released into income. The best estimate assumptions and margins for adverse deviations are reviewed annually and revisions are made where deemed necessary and prudent.

Recording of Claims from Policyholders
Claims incurred comprise settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the year, whether reported or not.

Income and Cost Recognition
The Association recognizes income and expenses as follows:

(a) Premium contributions are recorded as income in the period in which the risk commences. The proportion of the premiums written relating to periods of risk after the balance sheet date is carried forward to subsequent accounting periods as unearned premiums, so that earned premiums relate to risks carried during the accounting period.

(b) Members' gross contributions are allocated as follows: (a) 50% goes to the reserve for members' equity, intended for members' entitlements of equity value after three (3) full years of continuous membership in the Association, representing 50% of the total membership dues collected less claims paid; (b) 25% goes to cover basic benefits of members; (c) 5% goes to guarantee fund, and (d) the remaining 20% goes to general operations, to cover administrative costs.

(c) Interests earned from bank deposits are carried in the books net of taxes.

(d) Grants and donations received are valued at fair market value at the time the grants are received.

(e) Cost and expenses are recognized in the income statement upon utilization of the service or at the date they are incurred.

Leases
The Association determines whether an arrangement is, or contains a lease based on the substance of the arrangements. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset.

The Association accounts for its rental of office space as operating lease. The Association's lease to the building does not transfer to the Association all the risks and benefits of ownership of the assets. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term. For capitalized leasehold improvements, the Association depreciates the assets over the shorter of the estimated useful lives of the asset or the lease term.

Employee Benefits
The Association does not provide its employees with post-retirement benefits. The Association's employees are provided with the following benefits:

- *Retirement Benefit Obligation*
  Retirement benefits are provided to employees through a defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for the benefits of the retirement plan remains with the Association, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Association's defined benefit retirement plan covers all regular. The Association, however, has not yet provided for this obligation in view of the relatively young workforce that constitutes its human resource pool.

- *Termination Benefits*
  Termination benefits are payable when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial condition date are discounted to present value.

- *Compensated Absences*
  Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the statement of financial condition date. The amounts recognized are included in Trade and Other Payables account in the statement of financial condition at the undiscounted amount that the Association expects to pay as a result of the unused entitlement.

Provisions and Contingent Liabilities
Provisions, if any, are recognized when the Association has legal or constructive obligations as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation and estimate can be made of the amount obligation. Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial condition date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of related provision.

Provisions are reviewed at each statement of financial condition date and adjusted to reflect the current best estimate. In those cases where the possible outflow of the economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of the asset are considered contingent assets, hence, are not recognized in the financial statements. No contingent liabilities have been incurred during the year.

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

Note 3
Significant Accounting Estimates and Judgments

The preparation of the financial statements in accordance with PFRS requires the Association to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following critical accounting estimates and judgments may be applicable, among many other possible areas not presented in the Association's financial statements:

Impairment of AFS Financial Assets
The Association determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Association evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, an its operational and financing cash flows.

Allowance for Impairment of Insurance Receivable
Allowance is made for specific accounts, where objective evidence of impairment exists. The Association evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Association's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience, and historical loss experience. The recorded losses for any period would therefore differ based on the judgments and estimates made

Estimating Useful Lives of Property and Equipment
The Association reviews annually the estimated useful lives of its property and equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset accounts.

Impairment of Non-financial Assets
The Association assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific asset, the recoverable amount represents the net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Bank is required to make estimates and assumptions that can materially affect the Association's financial statements.

Retirement Benefits
The determination of the Association's obligation and cost for pension and other employee benefits is dependent on the selection of certain assumptions used by management in calculating such amounts. While the Association believes that the assumptions used are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect employee benefit obligations.

Provisions and Contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

Note 4
Cash

This account is composed of the following:

December 31	**2014**	2013
Cash in banks	**₱18,748,679**	₱17,772,577
Revolving Fund	**60,000**	60,000
	₱18,808,679	₱17,832,577

The effective interest rate on short-term bank deposits ranges from 3.25% to 6.25%, maturing in 30 to 361 days. A portion of the short-term bank deposits serves as additional funding for the Association's Guarantee Fund. Please see Note 12. Interest income earned amounted ₱350,193 and ₱376,762 in 2014 and 2013, respectively.

Note 5
Receivable from Agents and Others

This account consists of the following:

December 31	**2014**	2013
Receivable from collection agents	**₱4,412,673**	₱4,270,710
Loans receivable – members	**894,002**	656,163
Accrued interest receivable	**90,513**	100,543
Investment in SICAT	**117,000**	117,000
Prepaid expenses	**145,633**	155,332
Accounts receivable – others	**157,634**	236,236
	5,817,455	5,535,984
Less allowance for impairment losses	**103,353**	92,633
	₱5,714,102	₱5,443,351

The main office and the branches of Rural Bank of Talisayan (Mis. Or.), Inc. and the main office and branches of Alejandro Go Beltran Development Foundation, Inc. serve as collecting agents of the Association. They remit the collections regularly to the Association. The loans receivable consists of balances from members' availment of the Association's equity loan. Active members who are three years and above are qualified to avail the equity loan for emergency purposes of not more than 80% of their equity value. Accrued interest receivable represents the interest accrued on the investments. The Investment in Social Initiative Against Catastrophe (SICAT) represents the Association's initial investment in a corporation formed to provide financial and technical assistance to its members and to coordinate with other organizations/networks for the strengthening of efforts in the area of disaster risk reduction and management.

Management believes the accounts were not impaired at the end of the year.

Note 6
Furniture, Fixtures and Office Equipment

This consists of the following items which are recorded in the books at costs.

December 31	**2014**	2013
Office equipment	**₱685,095**	₱663,895
Leasehold improvements	**122,239**	122,239
Furniture and fixtures	**95,197**	94,483
	902,531	880,617
Less accumulated depreciation	**850,583**	831,167
	₱51,948	₱49,450

The reconciliation of the movements of the accounts during the year follows:

	Office Equipment	*Leasehold Improvements*	*Furn. And Fixtures*	***Total***
Cost				
Opening balances, January 1, 2013	₱589,825	₱118,439	₱88,028	**₱796,292**
2013 additions	74,070	3,800	6,455	**84,325**
Closing balances, December 31, 2013	663,895	122,239	94,483	**880,617**
2014 additions	21,200	–	23,009	**44,209**
2014 retirement/adjustment	–	–	(22,295)	**(22,295)**
Closing balances, December 31, 2014	685,095	122,239	95,197	**₱902,531**
Accumulated Depreciation				
Opening balances, January 1, 2013	531,168	118,439	79,349	**728,956**
2013 additions	83,277	3,800	15,134	**102,211**
Closing balances, December 31, 2013	614,445	122,239	94,483	**831,167**
2014 additions	25,886	–	15,825	**41,711**
2014 retirement/adjustment			(22,295)	**(22,295)**
Closing balances, December 31, 2014	640,331	122,239	88,013	**850,583**
Net Book Value				
December 31, 2013	**₱49,450**	**₱–**	**₱–**	**₱49,450**
December 31, 2014	**₱44,764**	**₱–**	**₱7,184**	**₱51,948**

Note 7
Held-to-Maturity Investments

The held-to-maturity investment represents treasury bills with face value of ₱6,000,000, when it matures on August 1, 2012. In accordance with the provisions of the Insurance Code of the Philippines, the Association assigned the whole amount to the Insurance Commission (IC) for the benefit and security of policyholders and creditors of the Association.

Interest income earned amounted ₱248,301 and 248,804 in 2014 and 2013, respectively.

Note 8
Available-for-Sale Financial Assets

This consists of the following items:

December 31	**2014**	2013
Fonus Cooperative	**₱750,000**	₱750,000
FPSD Cooperative	**100,810**	100,810
MASS-SPECC Cooperative	**5,000**	5,000
	₱855,810	₱855,810

Investment income earned amounted ₱0 and ₱46,454 in 2014 and 2013, respectively. Management believes the investments were not impaired at the end of the year.

Note 9
Aggregate Reserves for Risks

This consists of the following reserves:

December 31	**2014**	2013
Reserves for members' equity	**₱18,543,100**	₱17,018,399
Reserves for credit life insurance	**1,717,386**	1,000,612
Reserves for life policies	**33,440**	332,104
	₱20,293,926	₱18,351,115

In accordance with the provisions of the Insurance Code, every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association. In accordance with the same Code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year. The reserve for life policies represents the amount which is considered adequate to cover future guaranteed benefits as they become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premiums.

The movements of the reserves during the year are as follows:

December 31, 2014	*Reserves for Credit Life Insurance*	*Reserves for Members' Equity*	*Reserves for Life Policies*	***Total***
Provisions during 2007		₱2,560,284	₱85,343	**₱2,645,627**
Provisions during 2008		3,432,048	32,768	**3,464,816**
Provisions during 2009		4,859,761	(55,289)	**4,804,472**
Provisions during 2010		2,851,865	1,934	**2,853,799**
Provisions during 2011	₱1,631,540	2,560,962	(11,152)	**4,181,350**
Provisions during 2012	(357,511)	2,256,492	(8,915)	**1,890,066**
Provisions during 2013	(273,417)	(1,503,013)	287,415	**(1,489,015)**
Provisions during 2014	716,774	1,524,701	(298,664)	**1,942,811**
	₱1,717,386	₱18,543,100	₱33,440	**₱20,293,926**

The amount of aggregate reserves for members' equity and reserves for life policies for the years ended December 31, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007, have been computed and certified by the Consulting Actuary of the Association to be in accordance with commonly accepted actuarial standards consistently applied and that the legal policy reserves and other actuarial items are fairly stated in accordance with sound actuarial principles.

Note 10
Insurance Contract Liabilities

This account consists of the following:

December 31	2014	2013
Incurred but not reported claims	**₱128,370**	₱279,611
Claims due and unpaid	**90,000**	167,250
Claims resisted/denied	**6,250**	7,250
Claims in course of settlement	**4,750**	35,000
	₱229,370	₱489,111

Claims due and unpaid benefits represent claim benefits that have been processed and that the Association recognizes liability on the claims by the member or its beneficiaries. The aggregate liability includes checks payments that are still outstanding at the accounting office for various reasons like returned/staled checks, undelivered checks to addressees either because the addressees changed addresses or refused to accept payment, etc.

Claims in the course of settlement are claims reported and unpaid at the end of the year pending submission of documentary requirements. No decision has yet been made whether to deny or to pay the claim.

Incurred but not reported claims are claims reported beyond the reporting date whose date of claim happened three months before the reporting date. For 2014, claims reported in the months of November 2014, December 2014 and January 2015 whose date of death/claim is before November 1, 2014 are included in this category. Resisted or denied claims are claim benefit applications whose benefit payments are being contested/resisted by the Association due to infraction(s) of the Association's Rules and Regulations.

The amounts recorded as insurance contract liabilities were certified by the Association's Actuary to be in accordance with sound actuarial principles.

Note 11
Trade and Other Payables

This account consists of the following:

December 31	2014	2013
Accrued expenses	**₱340,187**	₱699,867
Retirement benefit obligations	**92,474**	45,631
Unremitted contributions to Government agencies	**25,764**	26,084
Cash bond	**12,500**	12,500
	₱470,925	₱784,082

The Association's regular/permanent employees are provided with retirement benefits beginning 2013, based on the 2% of the gross salaries of the entitled employees. The policy defines the amount of retirement benefit an employee will receive at the time of retirement or separation from service. The legal obligation on the payment of the retirement benefits to the employees remains with the Cooperative.

The Cooperative however has not yet established funding for its retirement benefit obligations.

Total pension expenses charged to operations amounted to ₱46,843 and ₱45,631 in 2014 and 2013, respectively.

Note 12
Guarantee Fund (Members' Contributions)

This represents the amount required by the Insurance Commission (IC) to be established to guarantee the benefits and security of policyholders and creditors of the Association, in accordance with the provisions of the Insurance Code of the Philippines.

The following is the accounting of the Fund:

December 31	**2014**	2013
Opening balances	**₱7,794,850**	changed from
Contribution from members representing 5% of total premiums received	**435,360**	403,561
Closing balances	**₱8,230,210**	₱7,794,850

The Guarantee Fund (Members' Contributions) is funded by the following:

December 31	**2014**	2013
HTM investment assigned to the Insurance Commission (IC) *(Note 6)*	**₱6,000,000**	₱6,000,000
Portion of time deposits *(Note 4)*	**2,230,210**	1,794,850
	₱8,230,210	₱7,794,850

Note 13
Members' Contribution and Fund Balances

The Association's members are charged Twenty Pesos (₱20.00) contributions per week during their active membership in the Association. In accordance with the provisions of its By-Laws, the Association allocates the contributions as follows:

(a) 50% is allocated as reserve for members' equity intended for the members' entitlements of equity value after three (3) full years of continuous membership in the Association, representing 50% of the total membership dues collected less claims paid;

(b) 25% is intended to cover basic benefits such as payments for death or permanent disability claims of a member or its legal spouse, or any of the members' biological and/or legally adopted children who are singe and more than 21 years old but disabled and incapacitated to work. If single without children, the members' legal dependents include the member's biological parents less than 60 years old. If a member is single and with children, the member's legal dependents are the biological and/or legally adopted children who are two weeks old to 21 years old or more but disabled and incapacitated to work;

(c) 5% is intended as additional guarantee fund, and (d) 20% is intended to cover administrative costs and expenses.

Every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association.

Note 14
Other Income

Years Ended December 31	**2014**	2013
Membership fees	**₱244,089**	₱401,645
Other income	**116,032**	125,048
	₱360,121	₱526,693

The membership fees substantially represent the one-time application fee of ₱300 charged to new members, which is non-refundable and does not form part of the members' accumulated and refundable contributions.

Note 15
Details of Salaries, Wages and Employees' Benefits

Years Ended December 31	**2014**	2013
Salaries and wages	**₱1,964,177**	₱2,084,358
Counterpart contributions to SSS, PHIC and HDMF	**730,886**	985,764
Other benefits	**147,442**	147,626
	₱2,842,505	₱3,217,748

Note 16
Details of General and Administrative Expenses

Years Ended December 31	**2014**	2013
Transportation and travel	**₱185,168**	₱173,367
Taxes, licenses and fees	**184,797**	79,482
Rent	**163,800**	163,800
Membership fees and dues	**161,091**	55,000
Light and water	**130,390**	111,810
Professional fees	**107,946**	105,004
Supplies and materials	**87,914**	86,201
Meetings, conferences and staff development	**87,350**	141,402
General Assembly	**38,460**	29,382
Promotions and networking	**36,460**	89,341
Social and Community services	**27,797**	–
Provision for impairment loss	**12,000**	34,405
Membership training and development	**–**	32,335
Communications	**–**	23,204
Miscellaneous	**289,542**	335,878
	₱1,512,715	₱1,460,611

Note 17
Related Party Transactions

In the ordinary course of trade or business, the Association has transactions with its related parties which include its Board of Trustees, members of various committees and its officers and employees, who are also members of the Association. These transactions are made substantially on the same terms and conditions as with other members of comparable risks. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash.

The Association has no associates, affiliates and joint venture projects. The following summarizes transactions with related parties:

- The Association accepts insurance business from the borrowers of Rural Bank of Talisayan (Mis. Or.), Inc. and from the beneficiaries of Alejandro Go Beltran Development Foundation, Inc. and authorizes these institutions to collect premium contributions from these members for certain commissions. Total premiums collected from these institutions amounted to ₱2,485,741 in 2014 and ₱2,494,565 in 2013.
- The Association also extends cash advances to employees and directors.
- The key management compensation during 2014 and 2013 follow:

Years Ended December 31	**2014**	2013
Salaries and wages	**₱360,000**	₱360,000
Employees' benefits	**72,000**	96,000
	₱432,000	₱456,000

Note 18
Capital Management Objectives, Policies and Procedures

The Association maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The Association's Board of Trustees reviews regularly its capital structure and considers the cost of capital and the risks associated with each class of capital. The level of capital maintained is usually higher than the minimum capital requirements set by the Insurance Commission (IC).

Management regularly monitors the capital requirements of the Association, taking account of future balance sheet growth, profitability, and any anticipated regulatory changes, in order to ensure that the Association is at all times able to meet the forecast future minimum capital requirements.

The Association's overall strategy remains unchanged from the past year.

Note 19
Risk Management Objectives and Policies

The Association is exposed to a variety of risks in performing its activities. Its risk management is coordinated by its Board of Trustees. It is principally exposed to insurance risk, the risk that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Association has not accessed the facilities of reinsurers, hence it is assuming full responsibility for the insurance risks.

The Association is also exposed to a variety of financial risks. Its strategy focuses principally on securing short to medium term cash flows by minimizing exposures to financial markets. The Association does not actively engage in the trading of financial assets nor does it write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. It likewise has little exposure to interest rate risk as its investments and deposits have fixed interest rates. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date. Among these assets, the potential effect of losses from its AFS financial assets is significantly reduced by placing the investments in safe Government securities.

As at December 31, 2014, the Association's financial assets are composed of the following:

December 31, 2014	*Neither Past Due Nor Impaired*	*Past Due But Not Impaired*	*Total*
Cash	₱18,808,679	₱–	**₱18,808,679**
Receivables from agents and others	1,404,782	4,412,673	**5,817,455**
Held-to-maturity investments	6,855,810	–	**6,855,810**
Total	₱27,069,271	₱4,412,673	**₱31,481,944**
	86%	14%	**100%**

The Association is likewise exposed to liquidity or funding risk, the risk that it will encounter difficulty in raising funds to meet commitments associated with financial instruments. It may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing to repay a contractual obligation; or insurance liabilities falling due for payment earlier than expected; or inability to generate cash inflows as anticipated. Management addresses this issue by maintaining its available cash resources in demand deposits or time deposits that can be pre-terminated anytime and in such volume as to ensure that it meets its obligations on time.

The maturity profile of the Association's financial liabilities is as follows:

December 31, 2014	*Due in One Year*	*Due Over One Year*	*Total*
Insurance contract liabilities	₱229,371	₱–	**₱229,371**
Trade and other payables	470,925	–	**470,925**
	₱700,296	₱–	**₱700,296**
	100%		**100%**

Note 20
Events After Reporting Date

There were no events after reporting date that would require disclosures or adjustments on the financial statements of the Association.

Note 21
Approval of Financial Statements

The Association's financial statements as of December 31, 2014, and for the year then ended, were authorized for issue by the Board of Trustees on April 13, 2015.

Note 22
Details of Taxes, Licenses and Fees

In accordance with the supplementary information required under Revenue Regulations No. 15-2010, the Association discloses the following:

Years Ended December 31	**2014**	2013
Supervision	**₱98,067**	₱30,000
Business permits	**25,545**	17,228
IC license renewal	**45,450**	15,000
Other taxes	**12,000**	13,716
Community Tax Certificate	**1,408**	1,406
Barangay clearance	**1,000**	1,000
Fire protection	**827**	632
BIR registration	**500**	500
	₱184,797	₱79,482