



ARDCI NGO GROUP, INC.  
(A Non-stock, Non-profit Organization)

INDEX TO THE SEPARATE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
Audited Financial Statements (AFS)  
DECEMBER 31, 2016

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**Financial Statements**

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Independent Auditors' Report dated April 12, 2017

Separate Statements of Financial Position as at December 31, 2016 and 2015

Separate Statements of Comprehensive Income for the years ended December 31, 2016 and 2015

Separate Statements of Changes in Fund Balance for the years ended December 31, 2016 and 2015

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**Supplementary Schedules**

Independent Auditors' Report on Supplementary Schedules dated April 12, 2017

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|--|------------|
| A. Schedule of Receipts or Income Other Than Contributions and Donations | Applicable |
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**ARDCI**  
NGO GROUP, INC.

(Formerly Agricultural and Rural Development for Catanduanes, Inc.)

SEC Registration No. I1998-00277 mobile no. +63-917-807-34-64

ARDCI Corporate Bldg, San Roque, 4800 Virac, Catanduanes visit us @ [www.ardci.org.ph](http://www.ardci.org.ph)

**CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE  
FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by the accounting and auditing standards for ARDCI NGO GROUP, INCORPORATED for the period ending December 31, 2016.

In discharging this responsibility, I hereby declare that I am the Senior Accountant II of ARDCI NGO Group, Incorporated, its subsidiaries and affiliated companies.

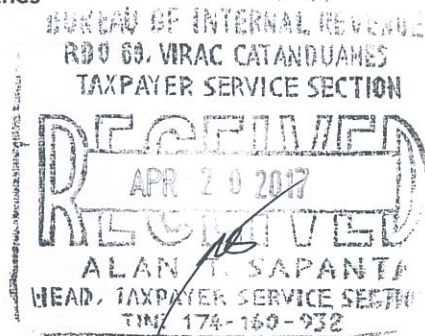
Furthermore, in my compilation services for the preparation of the Financial Statements, I was not assisted by or did not avail the services of Roxas Cruz Tagle and Co. (formerly Alba Romeo & Co.), which is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

  
PAUL M. TAJAN  
Professional Identification Card No. 0130006  
Valid until January 14, 2018  
Accreditation No. 0304  
Valid until January 14, 2019  
PTR No. 9523929, issued on February 28, 2017, Virac, Catanduanes

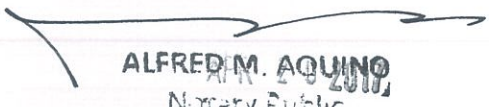
April 12, 2017  
Virac, Catanduanes

REPUBLIC OF THE PHILIPPINES )  
PROVINCE OF CATANDUANES )  
MUNICIPALITY OF VIRAC ) s.s.



SUBSCRIBED AND SWORN to before me by PAUL M. TAJAN, with Professional Identification Card No. 0130006, issued on November 9, 2009, this 12 APR 2017 in Virac, Catanduanes.

Doc. No. 256  
Page No. 53  
Book No. 377  
Series of 2017.

  
ALFRED M. AQUINO,  
Notary Public

Commission Expires on Dec. 31, 2018  
San Jose St. Virac, Catanduanes  
PTR 9521050 P / Jan. 3, 2017/Virac, Cat  
IBP O.R. 1045854. / Jan. 3, 2017 / Virac, Cat.  
MCLE Compliance No. V-0010738 / Sept 29, 2015  
Roll No. 3298.

# ARDCI

NGO GROUP, INC.

(Formerly: Agricultural and Rural Development for Catanduanes, Inc.)

SEC Registration No. I1998-00277 mobile no. +63-917-807-34-64

ARDCI Corporate Bldg, San Roque, 4800 Virac, Catanduanes visit us @ [www.ardci.org.ph](http://www.ardci.org.ph)

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of ARDCI NGO GROUP, INCORPORATED is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Roxas Cruz Tagle and Co. (formerly Alba Romeo & Co.), the independent auditors appointed by the members, has audited the financial statements of the Organization in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
ROGELIO S. BITOME  
Chairman of the Board

  
\_\_\_\_\_  
VICTOR T. BERNAL  
Executive Director

  
\_\_\_\_\_  
CORAZON D. ATANACIO  
Treasurer

Signed this 12<sup>th</sup> day of April, 2017.

## INDEPENDENT AUDITORS' REPORT

The Members and the Board of Trustees  
ARDCI NGO Group, Inc.  
(A Non-stock, Non-profit Organization)  
3rd Floor, ARDCI Corporate Building  
San Roque, Virac, Catanduanes

### Report on the Audit of the Separate Financial Statements

#### Opinion

We have audited the separate financial statements of ARDCI NGO Group, Inc. (A Non-stock, Non-profit Organization) (the "Organization"), which comprise the separate statements of financial position as at December 31, 2016 and 2015, and the separate statements of comprehensive income, separate statements of changes in fund balance and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate 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 audit opinion.

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

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

In preparing the separate 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.

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

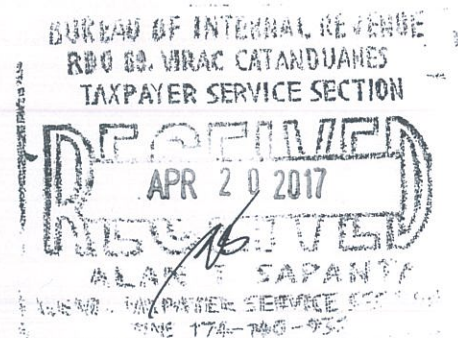
#### *Auditors' Responsibilities for the Audit of the Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 by the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 25 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 separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

**ROXAS CRUZ TAGLE AND CO.**  
(formerly *Alba Romeo & Co.*)



Leticia C. Tagle

Partner

CPA Certificate No. 0017358

Tax Identification No. 123-048-280

PTR No. 5917851, issued on January 9, 2017, Makati City

BOA/PRC Registration No. 0005, issued on December 1, 2015,  
effective until December 31, 2018

SEC Accreditation No. 1583-A (Individual), Group A, issued on September 6, 2016,  
effective until September 6, 2019

SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,  
effective until July 15, 2018

BIR Accreditation No. 08-001682-6-2014, issued on January 5, 2015,  
effective until January 4, 2018

Makati City  
April 12, 2017

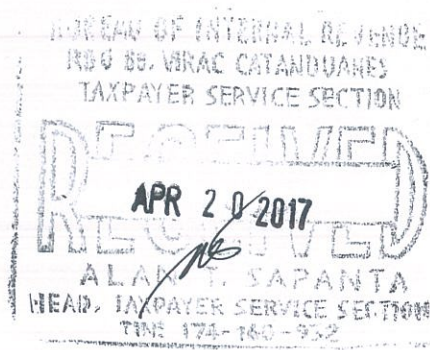


**ARDCI NGO GROUP, INC.**  
 (A Non-stock, Non-profit Organization)  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015



	Note		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash on hand and in banks	7	P168,234,254	P124,508,581
Loans and other receivables, net	8	1,440,826,612	1,233,530,693
Prepayments and other current assets	9	18,121,368	16,198,775
Total current assets		1,627,182,234	1,374,238,049
<b>Noncurrent assets</b>			
Loans and other receivables, net of current portion	8	-	22,031,136
Investment in subsidiaries	10	27,150,000	25,250,000
Property and equipment, net	11	80,941,686	84,272,746
Investment property, net	12	74,625,970	57,788,961
Intangible assets	13	2,908,120	3,271,635
Retirement benefit asset, net	19	19,590,659	9,014,339
Refundable deposits	14	874,975	874,975
Total noncurrent assets		206,091,410	202,503,792
<b>TOTAL ASSETS</b>		P1,833,273,644	P1,576,741,841
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Members' deposits	15	P482,561,670	P372,910,876
Accounts and other payables	16	62,009,842	45,312,324
Deferred income from government grants	17	387,064	387,064
Loans payable	18	294,529,633	487,290,225
Income tax payable	24	1,211,856	1,153,793
Total current liabilities		P840,700,065	907,054,282
<b>Noncurrent liabilities</b>			
Members' deposits, net of current portion	15	-	610,390
Deferred income from government grants, net of current portion	17	4,257,545	4,644,609
Loans payable, net of current portion	18	119,013,141	82,677,796
Total noncurrent liabilities		123,270,686	87,932,795
Total liabilities		963,970,751	994,987,077
<b>Fund balance</b>			
Actuarial loss on retirement liability	19	(17,939,324)	(17,939,324)
Accumulated income			
Appropriated	5	40,000,000	40,000,000
Unappropriated		847,242,217	559,694,088
Total fund balance		869,302,893	581,754,764
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		P1,833,273,644	P1,576,741,841

*(The notes on pages 5 to 63 are an integral part of these financial statements.)*



**ARDCI NGO GROUP, INC.**  
*(A Non-stock, Non-profit Organization)*  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Notes	2016	2015
Interest income	8	P661,295,551	P490,247,421
Interest expense	15, 18	<u>(50,582,589)</u>	<u>(46,991,604)</u>
Net interest income		610,712,962	443,255,817
Other operating income	20	<u>20,464,242</u>	<u>10,408,672</u>
		631,177,204	453,664,489
General and administrative expenses	21	<u>(310,804,477)</u>	<u>(258,661,197)</u>
Income from operations		320,372,727	195,003,292
Provision for impairment losses	8	<u>(28,367,518)</u>	<u>(12,682,841)</u>
Income before income tax		292,005,209	182,320,451
Provision for income tax	24	<u>(4,838,250)</u>	<u>(2,721,887)</u>
Net income for the year		287,166,959	179,598,564
Other comprehensive loss			
Item that will not be reclassified to profit or loss			
Actuarial loss on retirement liability	19	-	<u>(5,113,648)</u>
Net comprehensive income for the year		<u><u>P287,166,959</u></u>	<u><u>P174,484,916</u></u>

*(The notes on pages 5 to 63 are an integral part of these financial statements.)*

BUREAU OF INTERNAL REVENUE  
 KDO 18, VIRAC CATANBUANES  
 TAXPAYER SERVICE SECTION

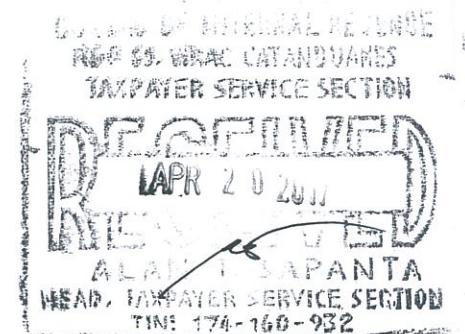
**RECEIVED**  
**APR 20 2017**

ALAN M. SAPANTA  
 HEAD, TAXPAYER SERVICE SECTION  
 TINE 174-160-932

**ARDCI NGO GROUP, INC.**  
*(A Non-stock, Non-profit Organization)*  
**SEPARATE STATEMENTS OF CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Accumulated income		Actuarial loss on retirement liability (Note 19)	Total
	Appropriated (Note 5)	Unappropriated (Note 5)		
Balance at January 1, 2015	P40,000,000	P379,717,936	(P12,825,676)	P406,892,260
Additional revolving fund	-	377,588	-	377,588
Appropriation for contingencies	-	-	-	-
Net income	-	179,598,564	-	179,598,564
Actuarial loss on retirement liability	-	-	(5,113,648)	(5,113,648)
Balance at December 31, 2015	40,000,000	559,694,088	(17,939,324)	581,754,764
Additional revolving fund	-	381,170	-	381,170
Appropriation for contingencies	-	-	-	-
Net income	-	287,166,959	-	287,166,959
Actuarial loss on retirement liability	-	-	-	-
Balance at December 31, 2016	P40,000,000	P847,242,217	(P17,939,324)	P869,302,893

*(The notes on pages 5 to 63 are an integral part of these financial statements.)*



## 2.6 Investment in subsidiaries

A subsidiary is an entity over which the Organization has the power to govern the entity's financial reporting policies generally accompanying a shareholding of more than one half of the voting rights. The Organization obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Organization controls another entity.

The Organization carries its investment at cost less any impairment in value. The carrying value of investment is reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss. Impairment losses recognized are not reversed.

## 2.7 Property and equipment

Land is stated at cost less any impairment in value and depreciable properties including building and land improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the asset to its intended use. Subsequent expenditures incurred after the asset has been put into operation are capitalized as additional cost of the asset when the resulting future economic benefit exceeds the originally assessed standard of performance of the asset. All other subsequent expenditures such as repairs and maintenance are recognized in profit or loss in the period the costs are incurred. Renewals and betterments, which improve the originally assessed standard of performance of the property, are capitalized to the appropriate property account.

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

Building	25 years
Furniture, fixtures and equipment	3 to 5 years
Land improvements	5 years

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

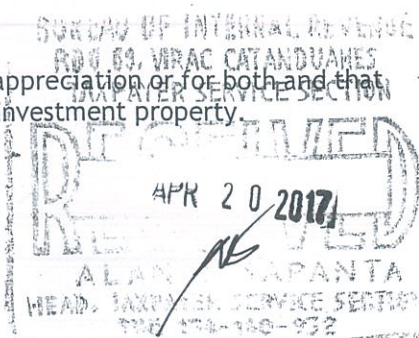
The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss arising from the disposal or retirement of an asset, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in profit or loss.

## 2.8 Investment property

Property that is held either to earn rental income or for capital appreciation or for both and that is not significantly occupied by the Organization is classified as investment property.



Investment property, consisting of a building, is initially stated at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any impairment in value.

The carrying amount of an investment property includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met, and includes the costs of day-to-day service of an investment property.

Expenditures incurred after the investment property has been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period of incurrence.

Depreciation of depreciable investment property is calculated on a straight-line basis over the estimated useful life of the property of 25 years from the date of acquisition. The accumulated impairment in value is established through impairment loss charged to current operations.

When an investment property is derecognized, is disposed of or is permanently withdrawn from use and no future benefit is expected from the disposal, any resulting gain or loss on the retirement or disposal of investment property, which is determined by comparing the proceeds with the carrying amount, is included in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for the subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Organization accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

## 2.9 Construction in-progress

Construction in-progress (CIP) represents capitalized expenses incurred in setting up or constructing new facilities or other assets. Depreciation starts when construction of these assets is completed and the asset is transferred to the respective category of property and equipment i.e., when the asset is put to commercial use.

## 2.10 Intangible assets

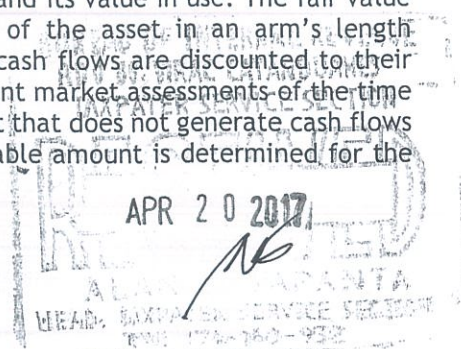
Intangible assets are recognized if the expected future economic benefits are probable, the cost or value of the asset can be measured reliably, and the asset does not result from expenditure incurred internally on an intangible item.

The capitalized costs of intangible assets were incurred to develop the computer software until it can be used to render service to customers. The intangible assets are to be amortized over a period of ten years using the straight-line method starting from the time the asset becomes available for use.

## 2.11 Impairment of non-financial assets

The carrying amounts of the Organization's non-financial assets, such as its property and equipment and investment property, are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of a non-financial asset is the greater of the asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.



Whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and an impairment loss is recognized in profit or loss.

An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss.

## 2.12 Deferred income on government grants

Government grants, including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the Organization will comply with any conditions attached to the grant and the grant will be received.

Grants are recognized as income over the period necessary to match them with the related cost, for which they are intended to compensate, on a systematic basis and should not be credited directly to members' equity.

## 2.13 Provisions and contingencies

Provisions are recognized when: (a) the Organization has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Organization expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is charged against profit or loss, net of any reimbursement. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the Organization's separate 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 Organization's separate financial statements but disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

## 2.14 Fund balance

Fund balance includes the one-time-payment of non-refundable membership fee, actuarial gains (losses) on retirement liability, and all appropriated and unappropriated current and prior period results.

Appropriated fund balance pertains to funds restricted for a particular purpose such as appropriation for building construction, contingency fund, and social development responsibility.

Unappropriated fund balance includes all current and prior period results as disclosed in the separate statement of comprehensive income and separate statement of changes in fund balance, free of any restriction.



## 2.15 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Organization and revenue can be reliably measured.

The additional specific recognition criteria for each type of revenue are as follows:

### *Interest income on loans and other receivables*

Interest income on loans and other receivables is recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Organization estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts.

### *Interest income on deposits and placements*

Interest income on deposits and placements is recognized as the interest accrues usually on a time proportion basis taking into account the effective yield on the asset or EIR. Interest income earned from deposits and placements in banks is presented net of applicable tax withheld by banks.

### *Service charges*

Service charges are related to the administration and servicing of loans and are recognized when the service has been provided.

### *Dividend income*

Dividend income from investment is recognized when the shareholder's right to receive payment has been established.

### *Other income*

Other income is recognized when earned.

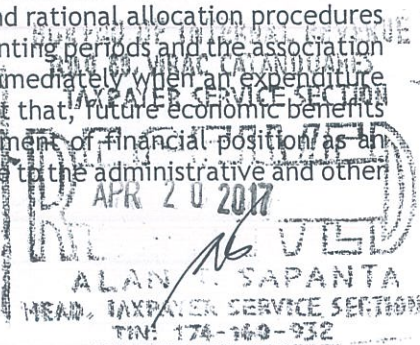
## 2.16 Interest expense

Interest expense on members' deposits is recognized in profit or loss when incurred. It is calculated using the effective interest method and is credited to the members' accounts regularly.

Interest incurred on loans payable is recognized in profit or loss when incurred.

## 2.17 Expense recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset. General and administrative expenses are costs attributable to the administrative and other business activities of the Organization.



## 2.18 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. If the amount paid for the current and past periods exceeds the amount payable for those periods, the Organization recognizes the excess as a current tax asset. The tax rates and tax laws used to compute the current tax are those that are enacted and substantively enacted as of the financial reporting date.

### *Deferred tax*

Deferred income tax is provided, using the balance sheet method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

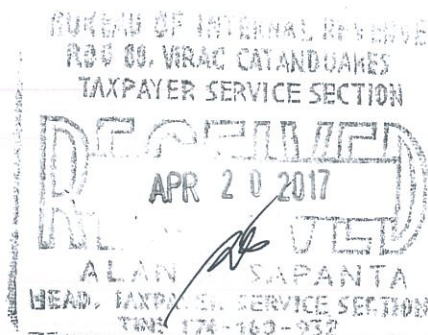
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

The Organization has not recognized deferred income tax as at December 31, 2016 and 2015. The management believes that the Organization will not benefit from it in the future periods due to its income tax exempt status pursuant to Section 30 (e) of the National Internal Revenue Code of 1997.

## 2.19 Employee benefits

### *Short-term benefits*

Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Organization to its employees include salaries and wages, short-term compensated absences, bonuses and non-monetary benefits.



## *Retirement benefits*

Post-employment benefit is provided to employees through a defined benefit plan.

Retirement benefit cost is determined using the projected unit credit method. This method reflects the services rendered by the employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. The components of defined benefit cost include service cost, net interest on the net defined benefit liability (asset) in profit or loss, and remeasurements of the net defined benefit liability (asset) in OCI. Remeasurements of the net defined benefit liability (asset) recognized in OCI shall not be reclassified to profit or loss in a subsequent period.

The retirement benefit liability recognized is the present value of the Organization's defined benefit obligation (DBO) as of financial reporting date. An actuary, using the projected unit credit method, calculates the DBO. The present value of the DBO is determined by discounting the estimated future cash outflows using risk-free interest rates of bonds that have terms to maturity approximating the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to OCI.

Past service costs are recognized immediately in profit or loss.

## **2.20 Leases**

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

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

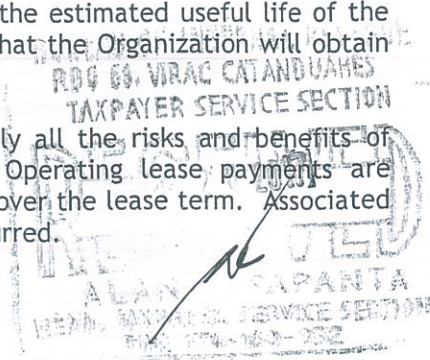
Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

### *Organization as lessee*

Finance leases, which transfer to the Organization substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss under Interest expense.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Organization will obtain ownership by the end of the lease term.

Leases which do not transfer to the Organization substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.



### *Organization as lessor*

Leases wherein the Organization substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Organization's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Organization's net investment outstanding in respect of the finance lease.

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term.

### **2.21 Related parties**

A related party is an entity or person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others, who have the ability to control, jointly control or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

### **2.22 Events after the financial reporting date**

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

### **NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The preparation of the separate financial statements in accordance with PFRS requires the Organization to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent 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 separate financial statements as they become reasonably determinable.

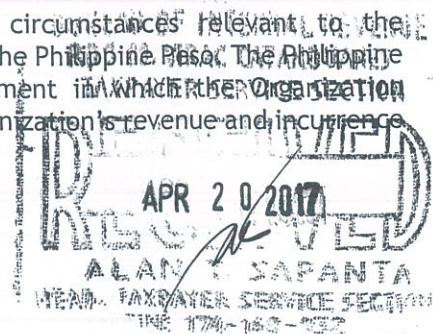
Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgments**

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 separate financial statements:

#### *(a) Determination of functional currency*

Based on the economic substance of the underlying circumstances relevant to the Organization, the functional currency is determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Organization operates. It is the currency that mainly influences the Organization's revenue and incurrence of various operating expenses.



(b) *Classification of financial instruments*

The Organization classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. The substance of a financial instrument, rather than its legal form, generally governs its classification in the separate statement of financial position.

The classification of financial assets and financial liabilities is set out in Note 6.

(c) *Determination of whether an arrangement contains a lease*

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

The Organization has entered into operating lease arrangements both as a lessee and as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the property covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

The Organization has determined that all significant risks and rewards of ownership of the property it leases on operating lease are not transferable to the Organization and all significant risks and rewards of ownership of the offices it leases out are retained within the Organization.

Rent expense charged to operations amounted to P11,045,471 and P9,388,895 for the years ended December 31, 2016 and 2015, respectively (Note 21).

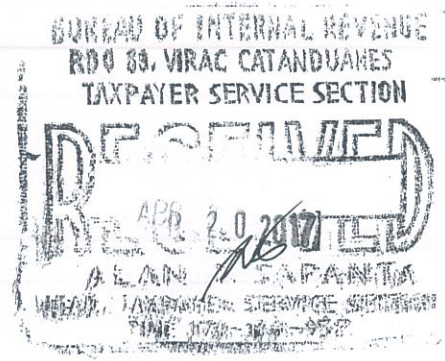
Rental income amounted to P1,383,000 and P1,497,000 for the years ended December 31, 2016 and 2015, respectively (Note 20).

Leases accounted for as operating lease are disclosed in Note 23.

(d) *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded in the separate statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation.

The Organization classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.



(e) *Contingent liabilities*

Judgment is exercised by management to distinguish between provision and contingencies. The Organization's policy on provisions and contingencies is discussed in Note 2.13. The Organization is a defendant in legal actions arising from normal business activities (Note 23).

**Estimates**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) *Allowance for impairment on loans and other receivables*

The Organization reviews its loans and other receivables at each financial reporting date to assess whether an impairment loss should be recognized in profit or loss. In particular, the management estimates the amount and timing of future cash flows based on a number of factors and calculates the impairment loss. Actual results may differ, at which event the Organization adjusts the impairment loss and ensures that allowance for it remains adequate.

The Organization observes the BSP criteria and guidelines in establishing specific allowance for impairment, which is based largely on the age of the loans.

Specific allowance for impairment on microfinance loans shall be set up immediately in accordance with the Portfolio-at-Risk (PAR) number of days of missed payment, as follows:

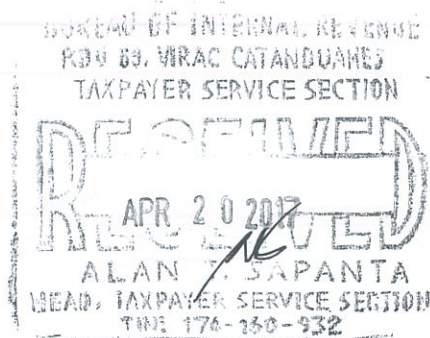
<u>No. of days missed payment</u>	<u>Required allowance</u>
PAR 1-30	2%
31-60 and/or loans restructured once	20%
61-90	50%
91 or more and/or loans restructured twice	100%

In addition to specific allowance on individually significant loans receivable, the Organization also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loan since it was granted. This collective allowance is based on changes in factors that are indicative of incurred losses, such as deterioration in payment status and underlying property prices, among others.

The allowance for impairment is established through provision for impairment losses charged to current operations. Loans are written off against the allowance for impairment when management believes that the collectability of the principal is unlikely.

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the Organization's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information is received that affects the amount estimated to be uncollectible.

Refer to Note 8 for the carrying amounts of loans and other receivables, and allowance for impairment as at December 31, 2016 and 2015.



*(b) Estimation of useful lives of property and equipment, investment property, and intangible assets*

The Organization estimates the useful lives of property and equipment, investment property, and intangible assets based on the period over which the assets are expected to be available for use. Their estimated useful lives 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, estimation of the useful lives of property and equipment, investment property, and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the foregoing factors.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment, and investment property would increase recorded general and administrative expenses and decrease non-current assets.

The carrying amounts of property and equipment, investment property, and intangible assets as at December 31, 2016 and 2015 are shown in Notes 11, 12 and 13, respectively.

*(c) Impairment of non-financial assets*

PFRSs require that an impairment review be performed when certain impairment indicators are present. The Organization assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Organization considers important which could trigger an impairment review include the following: a) significant underperformance relative to expected historical or projected future operating results; b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and c) significant negative industry or economic trends. The Organization's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.11. Though management believes that the assumptions used in the estimation of fair values reflected 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 of the Organization.

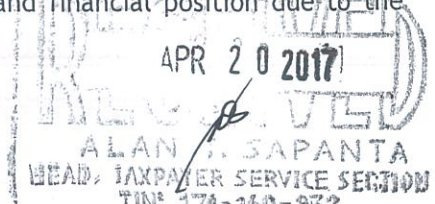
The carrying values of prepayments and other current assets, investment in subsidiaries, property and equipment, investment property, and intangible assets are disclosed in Notes 9, 10, 11, 12 and 13, respectively.

*(d) Estimation of liability for retirement benefits*

The determination of the Organization's obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in the notes to separate financial statements and include, among others, discount rates and expected rate of salary increases. The amounts of retirement benefit obligation and expense, and an analysis of the movements in the estimated present value of DBO are presented in Note 19.

**NOTE 4 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Organization is exposed to a variety of financial risks arising from its operating, investing and financing activities. The BOT has overall responsibility for the Organization's financial risk management, which includes establishment and approval of risk strategies, policies and limits. The main objective of the financial risk management is to minimize the adverse impact of financial risks on the Organization's financial performance and financial position due to the unpredictability of financial markets.



The Organization's principal financial instruments consist of cash on hand and in banks, loans and other receivables, members' deposits and loans payable. The main purpose of these financial instruments is to generate income and raise finances for the Organization's operations.

The main risks arising from the Organization's use of financial instruments are summarized as follows:

a. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

To mitigate credit risk, the Organization adopted and implemented the poverty assessment tool and the cash flow assessment tool as part of its selection process to measure the capacity of the business to cover the loan payment, the description of the client's business, purpose of loan and the sources of loan payment (primary and secondary). As such, branch and community development officers' (CDOs) performance has been strengthened.

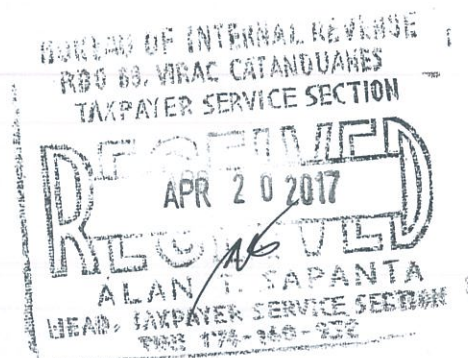
Implementation of loan tracking mechanism to monitor loan status, PAR, portfolio quality, repayment performance and history is made to mitigate risk. Furthermore, strict adherence to credit discipline is observed.

The Organization recognizes the need to mitigate member's risk exposure in the form of introducing insurance as a form of protection against threat or possibility of loss.

The Organization adopts a strong Internal Audit Unit with clear audit plans and procedures to anticipate, detect and correct deviations from the system and ensure proper compliance with approved policies and procedures. Assurance that cash collection and disbursements are in place to minimize transaction costs and eliminate unnecessary costs. Regular spot audit of both branches and SLS is done by the Internal Audit Unit to eliminate irregularities that lead to fraud and losses. The Organization consistently reviews its delinquency management and loan recovery policies to support high repayment rates and operational viability.

The Organization's maximum exposure to credit risk before collateral held or other credit enhancements as at December 31 follows:

	2016	2015
Cash in banks (Note 7)	P168,184,254	P124,458,581
Loans and other receivables, net (Note 8)	1,440,826,612	1,255,561,829
Refundable deposits (Note 14)	874,975	874,975
	<u>P1,609,885,841</u>	<u>P1,380,895,385</u>

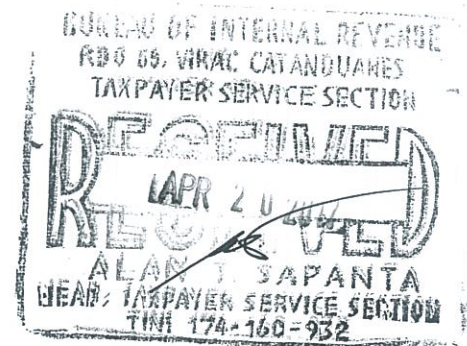


The aging analyses of financial assets are as follows (gross of allowance for impairment):

	2016						
	Total	Neither past due nor Impaired	Past due but not impaired				Impaired
			30 days	31-60 Days	61-90 Days	> 90 days	
Cash in banks (Note 7)	P168,184,254	P168,184,254	P-	P-	P-	P-	P-
Loans and other receivables (Note 8)	1,504,259,553	1,399,374,995	194,963	1,026,688	2,522,158	101,140,749	-
Refundable deposits (Note 14)	874,975	874,975	-	-	-	-	-
	<b>P1,673,318,782</b>	<b>P1,568,434,224</b>	<b>P194,963</b>	<b>P1,026,688</b>	<b>P2,522,158</b>	<b>P101,140,749</b>	<b>P-</b>

	2015						
	Total	Neither past due nor Impaired	Past due but not impaired				Impaired
			30 days	31-60 Days	61-90 Days	> 90 days	
Cash in banks (Note 7)	P124,458,581	P124,458,581	P-	P-	P-	P-	P-
Loans and other receivables (Note 8)	1,290,627,252	1,265,326,878	10,308,125	923,945	972,204	13,096,100	-
Refundable deposits (Note 14)	874,975	874,975	-	-	-	-	-
	<b>P1,415,960,808</b>	<b>P1,390,660,434</b>	<b>P10,308,125</b>	<b>P923,945</b>	<b>P972,204</b>	<b>P13,096,100</b>	<b>P-</b>



*Credit quality per class of financial assets*

The credit quality of financial assets is determined based on the Organization's historical experience with the corresponding parties.

Cash in banks - based on the nature of the counterparty and the Organization's internal rating system. The counterparty has the apparent ability to satisfy its obligation, thus, there is a high probability of collection.

Loans and other receivables - high grade and low risk accounts are neither past due nor impaired accounts which are fully secured by collateral and with good loan collection status. Standard grade and medium risk accounts are neither past due nor impaired accounts and are partially secured. Substandard grade pertains to either secured or clean loans with history of default payments.

Refundable deposits - The counterparty has the apparent ability to satisfy its obligation with least likelihood of default.

The tables below show the credit quality by class of financial assets as at December 31:

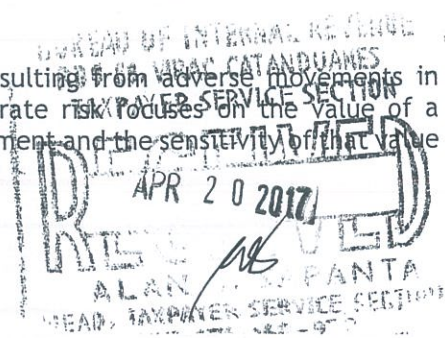
	2016			
	Neither past due nor impaired			
	High	Standard	Substandard	Total
	Grade	grade	Grade	
Cash in banks (Note 7)	P168,184,254	P-	P-	P168,184,254
Loans and other receivables (Note 8)	1,399,374,995	-	-	1,399,374,995
Refundable deposits (Note 14)	874,975	-	-	874,975
	<u>P1,568,434,224</u>	<u>P-</u>	<u>P-</u>	<u>P1,568,434,224</u>
	2015			
	Neither past due nor impaired			
	High	Standard	Substandard	Total
	Grade	grade	Grade	
Cash in banks (Note 7)	P124,458,581	P-	P-	P124,458,581
Loans and other receivables (Note 8)	1,265,326,878	-	-	1,265,326,878
Refundable deposits (Note 14)	874,975	-	-	874,975
	<u>P1,390,660,434</u>	<u>P-</u>	<u>P-</u>	<u>P1,390,660,434</u>

b. Market risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, equity prices and other market changes. The Organization's market risk is manageable within conservative bounds. The Organization has not engaged in trading financial instruments in 2016 and 2015.

*Interest rate risk*

Interest rate risk is the risk to earnings or capital resulting from adverse movements in interest rates. The economic perspective of interest rate risk focuses on the value of a financial instrument in the current interest rate environment and the sensitivity of that value to changes in interest rates.



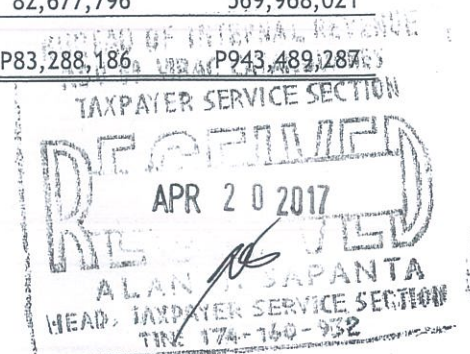
To ensure a fair margin of profitability, the Organization keeps a reasonable spread between interest rates on loans and members' deposits. Interest rates are reviewed from time to time to anticipate future losses and minimize interest expense on members' deposits.

The following table demonstrates the sensitivity of income before income tax and members' equity for the years ended December 31, 2016 and 2015 to a reasonably possible change in interest rates, with all other variables held constant:

Increase (decrease) in market basis points	2016		2015	
	1%	-1%	1%	-1%
Effect on income before income tax	2,582,248	(2,582,248)	2,106,917	(2,106,917)
Effect on members' equity	2,582,248	(2,582,248)	2,106,917	(2,106,917)

The maturity profile of the Organization's interest-bearing financial instruments follows:

	2016		
	Within 1 year	Beyond 1 year	Total
<b>Financial assets</b>			
Cash in banks (Note 7)	P168,184,254	P-	P168,234,254
Loans and finance lease receivables (Note 8)	1,449,307,556	-	1,449,307,556
	<u>P1,617,491,810</u>	<u>P-</u>	<u>P1,617,491,810</u>
<b>Financial liabilities</b>			
Members' deposit (Note 15)	P482,561,670	P-	P482,561,670
Loans payable (Note 18)	294,529,633	119,013,141	413,542,774
	<u>P777,091,303</u>	<u>P119,013,141</u>	<u>P896,104,444</u>
<b>2015</b>			
	Within 1 year	Beyond 1 year	Total
<b>Financial assets</b>			
Cash in banks (Note 7)	P124,458,581	P-	P124,458,581
Loans and other receivables (Note 8)	1,209,012,185	22,031,136	1,231,043,321
	<u>P1,333,470,766</u>	<u>P22,031,136</u>	<u>P1,355,501,902</u>
<b>Financial liabilities</b>			
Members' deposit (Note 15)	P372,910,876	P610,390	P373,521,266
Loans payable (Note 18)	487,290,225	82,677,796	569,968,021
	<u>P860,201,101</u>	<u>P83,288,186</u>	<u>P943,489,287</u>



The interest rates for the interest-bearing financial instruments are as follows:

	2016		2015	
	Within 1 year	Beyond 1 year	Within 1 year	Beyond 1 year
<b>Financial assets</b>				
Cash in banks	0.13% - 5%	-	0.13% - 5%	-
Loans and other receivables	10% - 34%	10% - 17%	10% - 34%	10% - 17%
<b>Financial liabilities</b>				
Members' deposits	5% - 7%	5% - 7%	5% - 7%	5% - 7%
Loans payable	3.5% - 13%	3.5% - 13%	3% - 13%	3% - 13%

*Foreign exchange risk*

The Organization has no significant exposure to foreign currency risks as most transactions are denominated in Philippine Peso, its functional currency. However, the Organization pays US\$300 to ENCASH for the annual license fee on the use of ATMs.

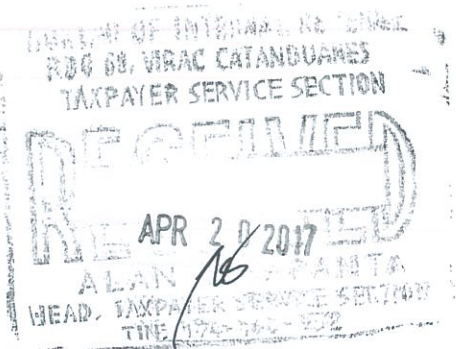
c. Liquidity risk

Liquidity risk is the risk from an entity's inability to meet obligations when they become due because of its inability to liquidate assets or obtain adequate funding. The Organization ensures that sufficient liquid assets are available to meet short-term funding and regulatory requirements.

The Organization's liquidity and cash positions are monitored on a daily basis. The Organization maintains sufficient liquidity reserves in the form of high-yielding deposits with banks. The Organization has also obtained sufficient liquidity lines from other banks and non-bank lending institutions that can relieve financial pressures in the event of an extraordinary demand for liquidity. Further, the Organization actively rediscounts loans with entities that have given the Organization more than sufficient rediscounting lines.

The following tables summarize the maturity profile of financial instruments based on contractual undiscounted cash flows.

The maturity grouping of financial instruments is based on the remaining period from the end of the financial reporting period to the contractual maturity date. For financial liabilities, when the counterparty has a choice of when the amount is to be paid, the liability is allocated to the earliest period in which the Organization can be required to pay.

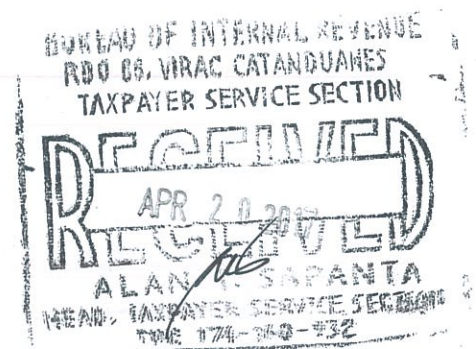


	2016				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
<b>Financial assets</b>					
Cash on hand and in banks (Note 7)	P168,234,254	P-	P-	P-	P168,234,254
Loans and other receivables (Note 8)	39,486,092	87,688,968	1,288,391,728	25,259,824	1,440,826,612
Refundable deposits (Note 14)	-	-	-	874,975	874,975
	<u>207,720,346</u>	<u>87,688,968</u>	<u>1,288,391,728</u>	<u>26,134,799</u>	<u>1,609,935,841</u>
<b>Financial liabilities</b>					
Members' deposit (Note 15)	482,561,670	-	-	-	482,561,670
Accounts and other payables (Note 16)*	17,400,980	33,247,141	8,311,785	-	58,959,906
Loans payable (Note 18)	-	89,939,925	204,589,708	119,013,141	413,542,774
	<u>499,962,650</u>	<u>123,187,066</u>	<u>212,901,493</u>	<u>119,013,141</u>	<u>955,064,350</u>
Net assets (liabilities)	<u>(P292,242,304)</u>	<u>(35,498,098)</u>	<u>1,075,490,235</u>	<u>(92,878,342)</u>	<u>654,871,491</u>

\*excluding government liabilities

	2015				
	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
<b>Financial assets</b>					
Cash on hand and in banks (Note 7)	P124,508,581	P-	P-	P-	P124,508,581
Loans and other receivables (Note 8)	33,339,404	76,480,642	1,123,710,647	22,031,136	1,255,561,829
Refundable deposits (Note 14)	-	-	-	874,975	874,975
	<u>157,847,985</u>	<u>76,480,642</u>	<u>1,123,710,647</u>	<u>22,906,111</u>	<u>1,380,945,385</u>
<b>Financial liabilities</b>					
Members' deposit (Note 15)	354,845,203	3,124,822	14,940,851	610,390	373,521,266
Accounts and other payables (Note 16)*	12,605,153	24,634,344	6,158,586	-	43,398,083
Loans payable (Note 18)	-	12,128,428	475,161,797	82,677,796	569,968,021
	<u>367,450,356</u>	<u>39,887,594</u>	<u>496,261,234</u>	<u>83,288,186</u>	<u>986,887,370</u>
Net assets (liabilities)	<u>(P209,602,371)</u>	<u>P36,593,048</u>	<u>P627,449,413</u>	<u>(P60,382,075)</u>	<u>P394,058,015</u>

\*excluding government liabilities



**NOTE 5 - CAPITAL MANAGEMENT**

The primary objective of the Organization’s capital management is to ensure the ability of the Organization to have sufficient capital to underpin the Organization’s risk-taking activities, and continue as a going concern and maintain a strong credit rating.

The BOT has the overall responsibility for monitoring the Organization’s capital structure and making the necessary adjustments to address the risks and adapt to changes in economic conditions and regulatory requirements.

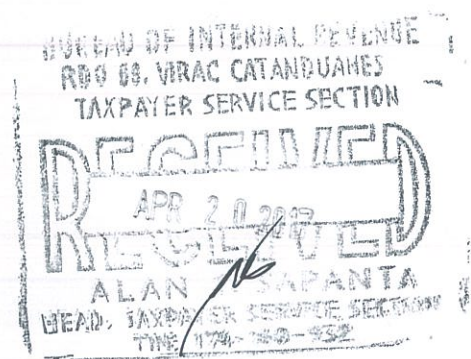
The Organization regards the following items as the fund it manages as at December 31:

	<u>2016</u>	<u>2015</u>
Fund balance		
Appropriated	P40,000,000	P40,000,000
Unappropriated	847,242,217	559,694,088
	<u>887,242,217</u>	<u>P599,694,088</u>

The movements in the unappropriated portion of members’ equity are as follows:

	<u>2016</u>	<u>2015</u>
Balance at January 1	P559,694,088	P379,717,936
Additional revolving fund	381,170	377,588
Profit for the year	287,166,959	179,598,564
Balance at December 31	<u>P847,242,217</u>	<u>P559,694,088</u>

Revolving fund pertains to non-refundable membership fees collected from the new members.



## NOTE 6 - FINANCIAL INSTRUMENTS

The following table summarizes the carrying values of the Organization's financial assets and financial liabilities at December 31:

	2016	2015
<b>Financial assets</b>		
Loans and receivables		
Cash on hand and in banks (Note 7)	P168,234,254	P124,508,581
Loans and other receivables (Note 8)	1,440,826,612	1,255,561,829
Refundable deposits (Note 14)	874,975	874,975
	<u>P1,609,935,841</u>	<u>P1,380,945,385</u>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
Members' deposit (Note 15)	P482,561,670	P373,521,266
Accounts and other payables (Note 16)*	58,959,906	43,398,083
Loans payable (Note 18)	413,542,774	569,968,021
	<u>P955,064,350</u>	<u>P986,887,370</u>

\*excluding government liabilities

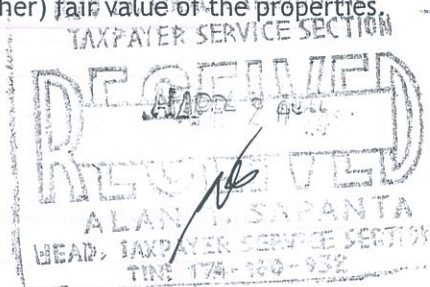
The above carrying values of financial assets and financial liabilities, carried at amortized cost, approximate their fair values due to the relatively short-term nature of the financial instruments (except for loans and other receivables, and loans payable, which are interest bearing instruments) and their being subject to insignificant risk of changes in value.

As discussed in Note 2.4, the disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

### Fair value determination of non-financial assets

	2016			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Investment property	P74,625,970	P-	P-	P74,625,970
	2015			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Investment property	P57,788,961	P-	P-	P57,788,961

Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties.



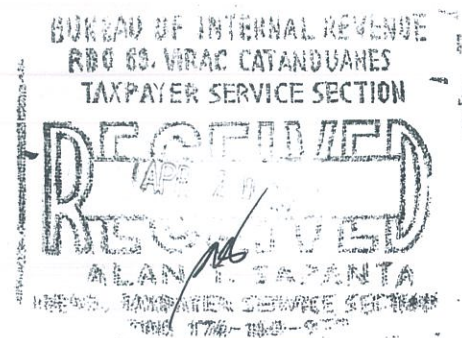
*Significant unobservable inputs*

- Size** Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
- Shape** Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
- Location** Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
- Time element** An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.

*Income, expense, gains or losses on financial instruments*

Items of income, expense, gains or losses with respect to financial assets and financial liabilities in the separate statement of comprehensive income are as follows:

	<u>2016</u>	<u>2015</u>
Interest income from:		
On loans and receivables (Note 8)	P661,295,551	P490,247,421
On bank deposits (Note 7)	353,766	418,193
On finance lease receivable (Note 20)	200,810	33,664
	<u>P661,850,127</u>	<u>P490,699,278</u>
Interest expense on:		
On loans payable (Note 18)	P29,751,218	P31,488,166
On members' deposits (Note 15)	20,831,371	15,503,438
	<u>P50,582,589</u>	<u>P46,991,604</u>
Provision for probable losses on		
Loans and receivables (Note 8)	<u>P28,367,518</u>	<u>P12,682,841</u>



**NOTE 7 - CASH ON HAND AND IN BANKS**

The details of the account at December 31 are as follow:

	2016	2015
Cash in banks	P168,184,254	P124,458,581
Cash on hand	50,000	50,000
	<u>P168,234,254</u>	<u>P124,508,581</u>

Cash in banks generally earns interest at the daily bank deposit rates ranging from 0.13% to 5% per annum in 2016 and in 2015. Interest earned for the years ended December 31, 2016 and 2015 amounted to P353,766 and P418,193, respectively (Note 20).

**NOTE 8 - LOANS AND OTHER RECEIVABLES, NET**

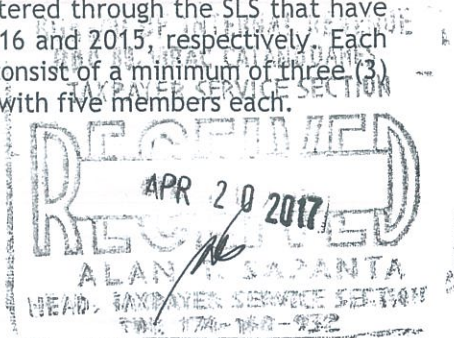
The details of the account at December 31 are as follow:

	2016	2015
Loans		
Micro-business loans (MBLs)	P1,152,146,078	P984,589,682
Multi-purpose loans (MPLs)	245,923,015	209,690,655
Staff loans	35,091,196	27,853,475
Emergency Loans	9,571,276	-
Individual loans	5,060,263	6,156,339
Employee loans	593,955	1,480,270
	<u>1,448,385,783</u>	<u>1,229,770,421</u>
Accounts receivable	29,832,442	23,404,364
Due from related parties (Note 22)	18,402,102	18,511,815
Interest receivable	6,717,453	17,667,752
Finance lease receivable	921,773	1,272,900
	<u>1,504,259,553</u>	<u>1,290,627,252</u>
Allowance for credit losses	<u>(63,432,941)</u>	<u>(35,065,423)</u>
	<u>P1,440,826,612</u>	<u>P1,255,561,829</u>

Loans and other receivables are classified as follows:

	2016	2015
Current	P1,440,826,612	P1,233,530,693
Non-current	-	22,031,136
	<u>P1,440,826,612</u>	<u>P1,255,561,829</u>

Loans receivable represents loans to members who are administered through the SLS that have been established through each of the 59 and 57 branches in 2016 and 2015, respectively. Each branch has 40 to 50 SLS under its supervision and each SLS may consist of a minimum of three (3) Guarantee Groups (GG) for new SLS, and six (6) GGs for old SLS with five members each.



Through ARDCI's technical and financial assistance, the SLS groups identify, determine and implement financially viable micro-business to enable the farmers and fisherfolks to save and manage their own resources efficiently, thus, growing into self-sustaining agro-entrepreneurs in Catanduanes.

MBLs are intended to increase the income-generating projects of the members. They are payable in 12, 24, 37 or 50 equal weekly premiums with interest at 24% and 34% per annum on the principal amount in Catanduanes and branches operating outside the province, respectively.

MPLs are intended for any emergency needs, house acquisition and/or improvements, acquisition of assets, hospitalization, etc. of SLS members, payable in 12, 24, 37 and 50 equal weekly premiums with interest at 24% and 34% per annum on the principal amount in Catanduanes and branches operating outside the province, respectively.

The maximum loanable amount for MBLs and MPLs is P200,000, provided that the member reaches three-year membership with consistent quality membership status taking into consideration the household cash flow of each member, stability and responsibility, entrepreneurship, repayment behavior and reputation in the community.

Staff loans are intended for the regular employees of the Organization, with a maximum repayment term of 60 months and a maximum loanable amount of P500,000 or resignation benefit whichever is higher, with interest rate of 10% per annum.

Emergency Loans are intended to augment the needs of members in times of emergency with a maximum loanable amount of P10,000 payable within a maximum term of 6 months depending on Cash Flow.

Individual loans are intended to make affordable credit facility to help micro entrepreneurs develop and expand their businesses and self-employment opportunities. Members can avail loan up to P1,500,000 with a maximum repayment term of 24 months and interest rate of 17% per annum.

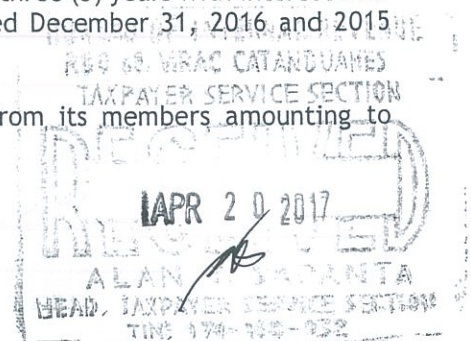
Employee loans are intended to make viable credit to employees designed to help reduce employee stress caused by financial obligations, to improve an employee's financial fitness through access to short term and affordable loans and to help those employees fill up the gap in their needs for additional capital to finance for existing business enterprise.

Loans receivable amounting to P488,407,456 and P560,995,476 as at December 31, 2016 and 2015, respectively, has been pledged as collateral for loans from financial institutions (Note 18).

Accounts receivable includes unliquidated cash advances, receivable from the insurance unit, receivable from Social Security System (SSS) for advances for maternity benefits and receivable from Philippine Life Financial Assurance Corp. (PhilLife) and Country Bankers Life Insurance Corporation (CBLIC).

Finance lease receivable represents car and motorcycle loans granted to the Organization's employees particularly to CDOs. This loan is executed under a loan agreement with ARDCI employees. Car loan was recently offered to managerial and supervisory employees of the Organization payable over five (5) years. The motorcycles are initially registered under the Organization's name and upon full payment of the loan, the Certificate of Registration is transferred to the employees. The maximum term of the loan is three (3) years with interest rate of 13% in 2016 and 2015. Interest earned for the years ended December 31, 2016 and 2015 amounted to P200,810 and P33,664, respectively (Note 20).

The Organization collected accounts previously written-off from its members amounting to P917,522 for the year ended December 31, 2015 (Note 20).



Interest earned from loans and other receivables for the years ended December 31, 2016 and 2015 amounted to P661,295,551 and P490,247,421 respectively.

The movements in allowance for impairment are as follows:

	2016	2015
At January 1	P35,065,423	P22,382,582
Provision for credit losses	28,367,518	12,682,841
	<u>P63,432,941</u>	<u>P35,065,423</u>

#### NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the account at December 31 are as follows:

	2016	2015
Stationery and supplies on hand	P11,661,712	P10,417,257
Prepayments	6,459,656	5,781,518
	<u>P18,121,368</u>	<u>P16,198,775</u>

Stationery and supplies on hand include unused passbooks, office and medicine supplies and promotional T-shirts and calendars to be given to members at SLS meetings. Prepayments pertain to the unexpired portion of the Organization's fidelity and health insurance for the staff.

#### NOTE 10 - INVESTMENT IN SUBSIDIARIES

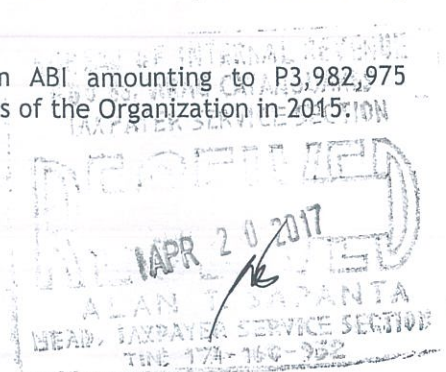
The account represents the Organization's investments in the shares of stock of ABI and ARDCI Corporate Inn. Details of the investments are as follows:

	2016	2015
Investment in:		
ARDCIBank	P20,250,000	P20,250,000
ARDCI Corporate Inn	6,900,000	5,000,000
	<u>P27,150,000</u>	<u>P25,250,000</u>

The investment in ABI represents the Organization's 79.66% and 79.91% ownership in the issued and outstanding shares of stock of ABI as at December 31, 2016 and 2015, respectively, which is accounted for using the cost method.

In 2015, the Organization subscribed to 50,000 common shares of the 200,000 authorized common shares of ARDCI Corporate Inn with a par value of P100 per share for P5,000,000. An additional 19,000 common shares with a par value of P100 per share for P1,900,000 was subscribed to in 2016. Said subscription represents the Organization's 98.55% and 99.97% ownership in the issued and outstanding shares of stock of ARDCI Corporate Inn as at December 31, 2016 and 2015, respectively.

In 2016, the Organization received dividend income from ABI amounting to P3,982,975 (Note 20). No dividend was declared or paid by the subsidiaries of the Organization in 2015.



**NOTE 11 - PROPERTY AND EQUIPMENT, NET**

The details and movements of the Organization's property and equipment are as follows:

	2016					
	Building	Land	Land and building improvements	Furniture, fixtures and equipment	Construction in progress	Total
<b>Cost</b>						
At January 1, 2016	P32,258,369	P16,953,309	P1,170,175	P56,331,622	P17,745,224	P124,458,699
Additions	9,799,955	1,200,000	4,085,305	8,091,269	6,280,018	29,456,547
Retirement	-	-	-	(319,085)	-	(319,085)
Reclassification (Note 12)	-	-	-	-	(19,599,909)	(19,599,909)
<b>At December 31, 2016</b>	<b>42,058,324</b>	<b>18,153,309</b>	<b>5,255,480</b>	<b>64,103,806</b>	<b>4,425,333</b>	<b>133,996,252</b>
<b>Accumulated depreciation</b>						
At January 1, 2016	8,114,842	-	251,209	31,819,902	-	40,185,953
Depreciation (Note 21)	1,473,643	-	101,388	11,612,667	-	13,187,698
Retirement	-	-	-	(319,085)	-	(319,085)
<b>At December 31, 2016</b>	<b>9,588,485</b>	<b>-</b>	<b>352,597</b>	<b>43,113,484</b>	<b>-</b>	<b>53,054,566</b>
<b>Net book value</b>						
<b>At December 31, 2016</b>	<b>P32,469,839</b>	<b>P18,153,309</b>	<b>P4,902,883</b>	<b>P20,990,322</b>	<b>P4,425,333</b>	<b>P80,941,686</b>

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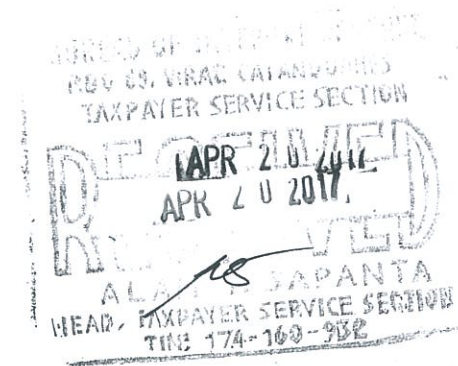
2015

	Building	Land	Land and building improvements	Furniture, fixtures and equipment	Construction in progress	Total
<b>Cost</b>						
At January 1, 2015	P31,820,767	P16,953,309	P1,399,662	P43,762,702	P360,446	P94,296,886
Additions	-	-	208,115	12,638,339	17,384,778	30,231,232
Retirement	-	-	-	(69,419)	-	(69,419)
Reclassification	437,602	-	(437,602)	-	-	-
<b>At December 31, 2015</b>	<b>32,258,369</b>	<b>16,953,309</b>	<b>1,170,175</b>	<b>56,331,622</b>	<b>17,745,224</b>	<b>124,458,699</b>
<b>Accumulated depreciation</b>						
At January 1, 2015	6,744,838	-	149,820	21,040,020	-	27,934,678
At January 1, 2015	1,370,004	-	101,389	10,849,301	-	12,320,694
Depreciation (Note 21)	-	-	-	(69,419)	-	(69,419)
Retirement	8,114,842	-	251,209	31,819,902	-	40,185,953
<b>At December 31, 2015</b>						
<b>Net book value</b>	<b>P24,143,527</b>	<b>P16,953,309</b>	<b>P918,966</b>	<b>P24,511,720</b>	<b>P17,745,224</b>	<b>P84,272,746</b>

The Organization retired fully depreciated assets amounting to P319,095 and 69,419 as at December 31, 2016 and 2015, respectively.

The cost of fully depreciated assets of the Organization still in use amounted to P15,313,803 and P6,303,937 as at December 31, 2015 and 2014, respectively.

There are no items of property and equipment used as security for any liabilities of the Organization as at December 31, 2016 and 2015.



Management believes that there is no indication of impairment on the Organization's property and equipment as the net carrying amount is higher than its recoverable amount.

**NOTE 12 - INVESTMENT PROPERTY, NET**

The details of and movements in the Organization's investment property, consisting of a building, are as follows:

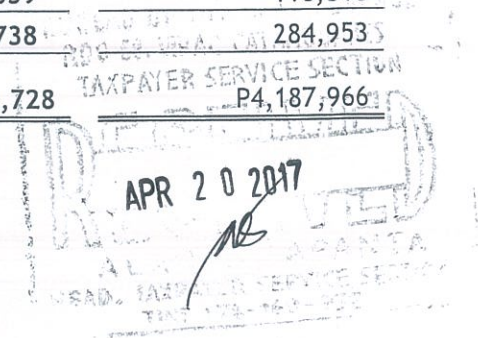
	2016	2015
<b>Cost</b>		
At January 1	P63,504,353	P63,504,353
Additions (Note 11)	19,599,909	-
At December 31	<u>83,104,262</u>	<u>63,504,353</u>
<b>Accumulated depreciation</b>		
At January 1	5,715,392	3,175,218
Depreciation (Note 21)	2,762,900	2,540,174
At December 31	<u>8,478,292</u>	<u>5,715,392</u>
Net book value at December 31	<u><u>P74,625,970</u></u>	<u><u>P57,788,961</u></u>

The foregoing net book value of the building approximates its fair value as at December 31, 2016 and 2015 as determined by the Organization's engineers, and is within Level 3 of the fair value hierarchy (Note 6).

The rental income from investment property amounted to P1,383,000 and P1,497,000 for the years ended December 31, 2016 and 2015, respectively (Note 20).

The details of the operating expense arising from the investment property are as follows:

	2016	2015
<i>Expenses that generated rental income during the period</i>		
Depreciation (Note 21)	P2,762,900	P2,540,174
Repairs and maintenance	492,985	449,353
Building insurance	134,494	122,631
Power, light and water	158,270	177,558
Security and janitorial services	726,341	613,297
	<u>4,274,990</u>	<u>3,903,013</u>
<i>Expenses that did not generate rental income during the period</i>		
Repairs and maintenance	92,304	85,591
Insurance	25,999	23,358
Power, light and water	52,576	59,186
Security and janitorial services	138,859	116,818
	<u>309,738</u>	<u>284,953</u>
	<u><u>P4,584,728</u></u>	<u><u>P4,187,966</u></u>



**NOTE 13 - INTANGIBLE ASSETS**

Intangible assets consist of costs incurred to develop a software to be used for the Organization's operations. The carrying amount of the intangible assets amounted to P2,908,120 and P3,271,635 as at December 31, 2016 and 2015, respectively.

The details of and movements in this account are as follows:

	2016	2015
Balance at January 1	P3,271,635	P1,827,500
Additions	-	1,807,650
Amortization (Note 21)	(363,515)	(363,515)
Balance at December 31	<u>P2,908,120</u>	<u>P3,271,635</u>

There are no intangible assets pledged as security for the Organization's liabilities.

Management sees no conditions of impairment in the Organization's intangible asset and has not recognized any impairment in value.

**NOTE 14 - REFUNDABLE DEPOSITS**

Refundable deposits pertain to deposits made with Electronic Network Cash Tellers, Inc. (ENCASH) for the Automated Teller Machine installed at branches in Caramoran, San Andres, Irosin, Caramoan, Baras and Tagkawayan. The contract is for five (5) years starting 2010, and shall be renewed for another five (5) years. The contract requires the Organization to pay a one-time license fee for each ATM amounting to US\$1,500, together with the corresponding US\$300 annual license fees, and a refundable deposit amounting to P874,975 as at December 31, 2016 and 2015. These deposits will be refunded upon contract termination.

In 2015, the Organization did not renew the contract for the ATM installed in Viga and in 2016, the refund was collected from ENCASH. The refundable deposits pertaining to unexpired contracts remain as noncurrent asset.

**NOTE 15 - MEMBERS' DEPOSITS**

This account pertains to members' contributions in the form of compulsory and voluntary savings, each earning annual interest of 5% to 7% for the years ended December 31, 2016 and 2015, respectively, computed based on the average daily balance. Compulsory savings are withdrawable upon termination of membership from the Organization and can be used to offset up to 90% of the members' outstanding loan balance. Voluntary deposits pertain to optional savings account of the members and are withdrawable anytime.

The details of this account are as follows:

	2016	2015
Compulsory	P389,777,374	P304,110,575
Voluntary	92,784,296	69,410,691
	<u>P482,561,670</u>	<u>P373,521,266</u>



	<u>2016</u>	<u>2015</u>
Current	P482,561,670	P372,910,876
Noncurrent	-	610,390
	<u>P482,561,670</u>	<u>P373,521,266</u>

The noncurrent portion of the members' deposit pertains to the compulsory savings of the members who have loans with maturities beyond one (1) year.

Interest expense for the years ended December 31, 2016 and 2015 amounted to P20,831,371 and P15,503,438, respectively.

#### NOTE 16 - ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

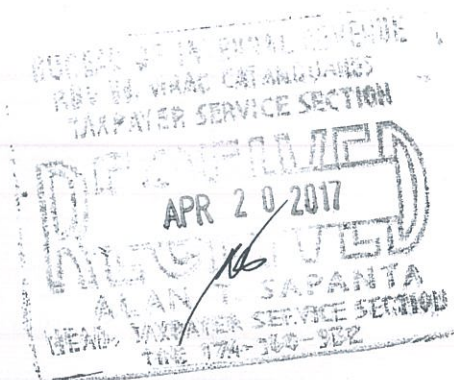
	<u>2016</u>	<u>2015</u>
Accounts payable	P44,770,909	P28,775,098
Government liabilities	3,049,936	1,914,241
Accrued interest payable	2,588,718	3,556,790
Accrued expenses	1,574,068	1,275,942
Due to related parties (Note 22)	10,026,211	9,790,253
	<u>P62,009,842</u>	<u>P45,312,324</u>

Accounts payable includes the following: (a) liabilities to contractors, (b) liabilities to suppliers, (c) claims, (d) premiums and membership fees collected by the Organization from members, net of claims and administrative expenses to be remitted to PhilLife.

Due to related parties include the outstanding loan balances of deceased ABI members and former ABI employees already collected by the Organization but not yet remitted to ABI, unpaid hotel services of ARDCI Corporate Inn provided to the Organization and unremitted premiums, contributions and membership fees to ARDCIMBA (Note 22).

#### NOTE 17 - DEFERRED INCOME FROM GOVERNMENT GRANTS

In 2003, CatAg transferred its assets to the Organization through a deed of donation for the purpose of continuing the banking needs of CatAg's target group in Catanduanes. The transfer was credited as deferred income from government grants and is to be amortized as income for a period of 25 years.



The details of and movements in this account are as follows:

	2016	2015
Cost	P9,676,639	P9,676,639
Accumulated depreciation		
At January 1	4,644,966	4,257,902
Amortization (Note 20)	387,064	387,064
At December 31	5,032,030	4,644,966
Net book value	4,644,609	5,031,673
Current portion	387,064	387,064
Non-current portion	P4,257,575	P4,644,609

#### NOTE 18 - LOANS PAYABLE

The details of this account are as follows:

	2016	2015
Banking institutions	P116,243,444	P256,965,272
Other financial institutions	297,299,330	313,002,749
	<u>P413,542,774</u>	<u>P569,968,021</u>

The movements in the account are as follows:

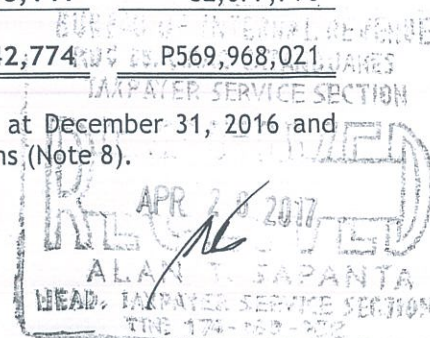
	2016	2015
Balance at January 1	P569,968,021	P396,984,729
Proceeds	318,594,100	657,137,563
Payments	(594,032,488)	(484,154,271)
Balance at December 31	<u>P294,529,633</u>	<u>P569,968,021</u>

Loans payable represents loan rediscounting facility availed from financial institutions with annual interest rates of 3.5% to 13% and 3% to 13% in 2016 and 2015, respectively.

The following table shows the breakdown of loans payable by contractual maturity dates:

	2016	2015
Due within one year	P294,529,633	P487,290,225
Due beyond 1 year but not more than 5 years	119,013,141	82,677,796
	<u>P413,542,774</u>	<u>P569,968,021</u>

Loans receivable amounting to P488,407,456 and P560,995,476 as at December 31, 2016 and 2015, respectively, has been pledged as collateral for said obligations. (Note 8).



Interest expense on loans payable for the years ended December 31, 2016 and 2015 amounted to P29,751,474 and P31,488,166, respectively.

No other assets and restrictions are pledged in relation to the loans availed as at December 31, 2016 and 2015.

#### NOTE 19 - RETIREMENT BENEFITS

The Organization has a funded, non-contributory defined benefit plan covering all of its regular officers and employees. The plan provides for optional and normal retirement benefits, and death and disability benefits to its members. The normal retirement benefit is equivalent to 125% of plan salary for every year of credited service.

Actuarial Advisers, Inc., a SEC-registered firm of independent certified professional actuaries, made the latest actuarial valuation report as of December 31, 2015. Based on the report, it is assumed that the Organization initially applied the Amended PAS 19(R) on January 1, 2011. 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. The Organization obtains actuarial valuation report every two years except if any material transactions and other material changes in circumstances occur. The latest actuarial valuation date is December 31, 2015.

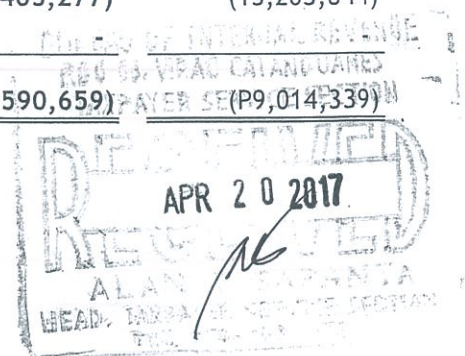
Since the Organization is dealing with long-term obligations and uncertainties, assumptions are necessary for estimating both the accumulated benefits and the amount the Organization needs to invest to provide those benefits. These assumptions can be made in good faith, or they can be used to minimize any adverse impact on corporate earnings. The Organization needs to review the assumptions, in relation to current economic trends and expectations, in order to evaluate the reasonableness of these assumptions.

The retirement benefit liability recognized in the separate statements of financial position as at December 31 follows:

	<u>2016</u>	<u>2015</u>
Present value of DBO at December 31	P16,737,189	P13,910,232
Fair value of plan asset at December 31	<u>36,327,848</u>	<u>22,924,571</u>
Net retirement benefit asset at December 31	<u>(P19,590,659)</u>	<u>(P9,014,339)</u>

The movements in the net retirement benefit asset recognized in the separate statements of financial position are as follows:

	<u>2016</u>	<u>2015</u>
Retirement benefit liability at January 1	(P9,014,339)	(P2,920,945)
Transfer (to) from a subsidiary (Note 22)	311,942	(247,145)
Amount recognized in profit or loss (Note 21)	2,515,015	2,243,947
Amount recognized in OCI - actuarial loss	-	5,113,648
Contributions	(13,403,277)	(13,203,844)
Benefits paid directly by the Organization		
Retirement benefit asset at December 31	<u>(P19,590,659)</u>	<u>(P9,014,339)</u>



Changes in the present value of the DBO are as follows:

	2016	2015
Present value of DBO at January 1	P13,910,232	P11,875,311
Interest cost	-	615,141
Current service cost	2,515,015	2,395,252
Defined benefit cost recognized in profit or loss	2,515,015	3,010,393
Actuarial (gain) loss from:		
Changes in financial assumptions	-	505,772
Experience	-	(1,405,984)
Changes in demographic assumptions	-	171,885
Defined benefit cost recognized in OCI	-	(728,327)
Benefits paid	-	-
Transfer (to)/from a subsidiary (Note 22)	311,942	(247,145)
Present value of DBO at December 31	P16,737,189	P13,910,232

Changes in the fair value of plan assets are as follows:

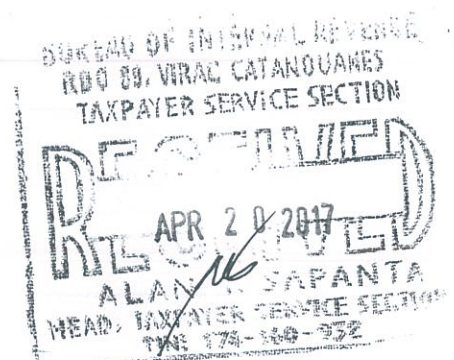
	2016	2015
Fair value of plan assets at January 1	P22,924,571	P14,796,256
Asset return in net interest cost recognized in profit or loss	-	766,446
Contributions	13,403,277	13,203,844
Remeasurement - plan assets recognized in OCI	-	(5,841,975)
Fair value of plan assets at December 31	P36,327,848	P22,924,571

There was no plan amendment, curtailment or settlement recognized in 2016 and 2015.

The defined benefit cost recognized in profit or loss is shown under general and administrative expenses (Note 21).

Amount recognized in profit or loss follows:

	2016	2015
Current service cost	P2,515,015	P2,395,252
Net interest cost	-	(151,305)
	P2,515,015	P2,243,947



Amount recognized in OCI follows:

	2016	2015
Actuarial gains - DBO	P-	P728,327
Remeasurement - plan assets	-	(5,841,975)
	<b>P-</b>	<b>(P5,113,648)</b>

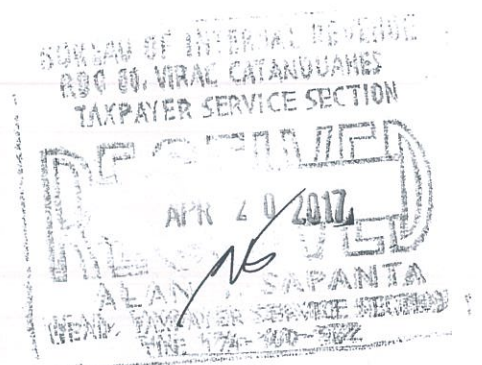
The cumulative actuarial losses in OCI amounted to P17,939,324 in 2016 and 2015.

The principal actuarial assumptions used to determine the present value of the DBO of the Organization as at December 31 are as follows:

	2016	2015
Discount rate	5.02%	5.02%
Salary increase rate	5.00%	5.00%

The sensitivity of the DBO to changes in the principal actuarial assumptions as at December 31, 2016 and 2015 follows:

Principal assumptions	Increase (Decrease) in assumption	Effect on retirement liability (in Philippine Peso)	
		2016	2015
Discount rate	0.50%	(P1,841,143)	(P1,530,169)
	-0.50%	2,107,324	1,751,391
Salary increase rate	1%	4,374,531	3,635,661
	-1%	(3,417,849)	(2,840,565)



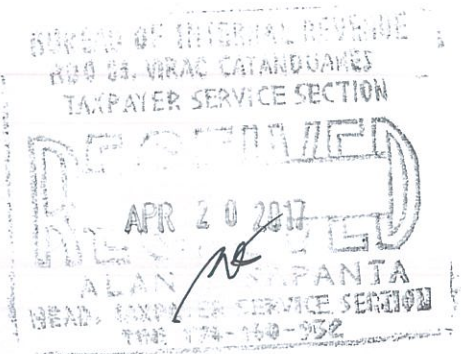
**NOTE 20 - OTHER OPERATING INCOME**

The details of the account are as follow:

	<u>2016</u>	<u>2015</u>
Dividend income (Note 10)	P3,982,975	-
Share in Credit Group Life Insurance (CGLI)	3,623,895	3,448,307
Rental income (Notes 12 and 23)	1,383,000	1,497,000
Service charges	785,764	262,174
Amortization of deferred income from government grants (Note 17)	387,064	387,064
Interest from deposits in banks (Note 7)	353,766	418,193
Interest on finance lease receivable (Note 8)	200,810	33,664
Convenience charge	200,540	372,867
Recovery of previously written off accounts	-	917,522
Miscellaneous income	9,546,428	3,071,881
	<u>P20,464,242</u>	<u>P10,408,672</u>

The share in CGLI pertains to the Organization's 30% share in the CGLI premiums on loan releases. During the year, the Organization transferred some of its members' insurance coverage from PhilLife to ARDCIMBA. Further, the Organization no longer shares in the collected CGLI premiums on loan releases to members who were transferred to ARDCIMBA.

Miscellaneous income includes passbook fee, ID fee, printing fee and overages.

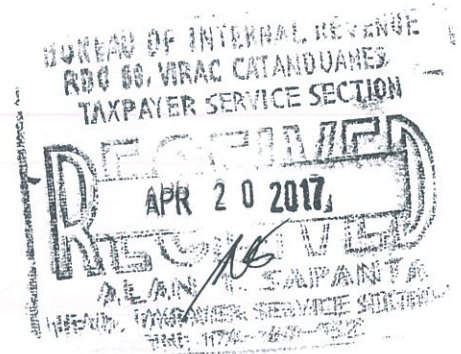


**NOTE 21 - GENERAL AND ADMINISTRATIVE EXPENSES**

The details of the account are as follows:

	2016	2015
Salaries, wages and employee benefits	P196,836,682	P148,764,008
Depreciation and amortization (Notes 11, 12 and 13)	16,314,113	15,224,383
Transportation, fuel and oil	14,123,829	15,360,002
Microfinance-related expenses	11,059,307	18,753,737
Rental (Note 23)	11,045,471	9,388,895
Security and janitorial services	9,446,954	7,942,710
Communication, light and water	7,882,043	6,369,522
Supplies	7,648,790	2,975,824
Trainings and seminars	6,915,883	4,479,791
Insurance	5,016,984	2,899,898
Professional fee	3,793,459	3,481,658
Taxes and licenses	2,865,944	1,622,377
Retirement (Note 19)	2,515,015	2,243,947
Documentary stamp tax (DST)	2,173,621	3,095,561
Advertising	2,057,244	1,671,602
Repairs and maintenance	1,759,237	1,631,270
Fines, Penalties and dues	1,321,637	2,335,926
Representation	1,170,368	2,501,688
Charitable contributions	1,077,738	1,255,974
Organization charges	908,402	678,661
Research and development costs	413,264	194,183
Finance charges	93,000	1,012,343
Fringe benefit tax	-	321,129
Miscellaneous	4,365,492	4,456,108
	<u>P310,804,477</u>	<u>P258,661,197</u>

Miscellaneous expenses include various expenses incurred by the Organization's head office and other branches, deficiency taxes paid, and write-off of unidentified receivables.



## NOTE 22 - RELATED PARTY TRANSACTIONS

Transactions with related parties consist mainly of non-interest bearing cash advances to affiliates.

Due from ARDCIMBA arises from the Organization's cash transfer and payment of all expenses attributed to the operation of ARDCIMBA, acquisition of property, purchase of supplies, regular/special meetings of the BOTs of ARDCIMBA, collections fees and CGLI benefit claims (Note 8).

Due from ABI represents the receivable arising from expenses paid by the Organization on behalf of ABI (Note 8).

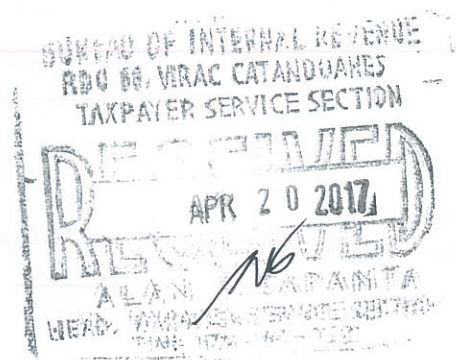
Due from ARDCI Corporate Inn represents the receivable arising from expenses paid by the Organization on behalf of ARDCI Corporate Inn (Note 8).

Due to ARDCIMBA represents unremitted membership fees, premiums and contributions collected from the members (Note 16).

Due to ABI represents the outstanding loan balances of deceased ABI members and former ABI employees already paid and received by the Organization but not yet remitted to ABI (Note 16).

Due to ARDCI Corporate Inn represents the unpaid hotel services provided to the Organization (Note 16).

Key management is defined as those with position of area manager and above who are involved in the decision-making process of the Organization.



The amount of outstanding balances and the details of due to/from related parties, including their terms and conditions, security, nature of the consideration to be provided in settlement, and details of any guarantees given or received are as follows:

2016

Related party	Relationship/ category		Due from related parties (Note 8)	Due to related parties (Note 16)	Allowance for impairment	Terms and conditions	Security	Nature of the consideration to be provided in settlement	Guarantees given or received
ARDCIMBA	Related party under common control	Balance at January 1, 2016	P16,522,474	P8,920,937	P223,253	Non- interest bearing, unsecured, negotiable	N/A	Cash	N/A
		Cash transferred to ARDCIMBA	-	-	-				
		Assets transferred to ARDCIMBA	-	-	-				
		Operating expenses shouldered by ARDCI	4,736,752	-	-				
		Pre-operating expenses paid in cash	-	-	-				
		Collection fees	-	-	-				
		CGLI claims	-	6,914,540	-				
		Unremitted members' contributions, dues and fees	-	3,019,133	-				
		Unremitted premiums	(4,212,705)	(8,920,937)	-				
		Provision for impairment losses	-	N/A	(223,253)				
	Balance at December 31, 2016		<u>P17,046,521</u>	<u>P9,933,673</u>	<u>P-</u>				

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ABI	Subsidiary	Balance at January 1, 2016	1,200,830	261,472	P-	Non-interest bearing, unsecured, negotiable	N/A	Cash	N/A
		General and administrative expenses	(458,768)	(257,649)	-				
		Payments	-	-	-				
		Transfer of retirement liability (Note 19)	(311,942)	-	-				
		Unremitted collection	-	-	-				
		Provision for impairment losses	-	N/A	-				
		Balance at December 31, 2016	<u>P430,120</u>	<u>P3,823</u>	<u>P-</u>				

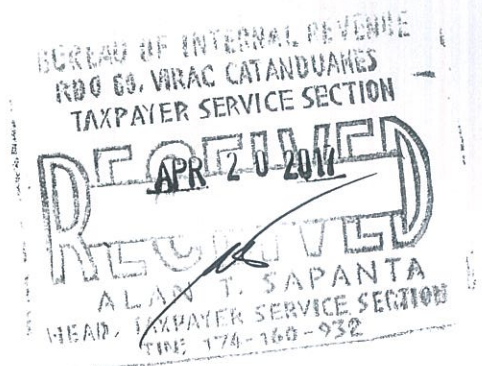
2016

Related party	Relationship/ category		Due from related parties (Note 8)	Due to related parties (Note 16)	Allowance for impairment	Terms and conditions	Security	Nature of the consideration to be provided in settlement	Guarantees given or received
ARDCI Corporate Inn	Subsidiary	Balance at January 1, 2016	P788,511	P607,844	P-	Non-interest bearing, unsecured, on demand	N/A	Cash	N/A
		Hotel expenses	7,609,631	-	-				
		Rent expense	720,000	-	-				
		Collections	(8,192,681)	-	-				
		Services rendered	-	1,919,120	-				
		Payments	-	(2,438,249)	-				
		Provision for impairment losses	-	N/A	-				
		Balance at December 31, 2016	<u>P925,461</u>	<u>88,715</u>	<u>P-</u>				
		Total	<u>P18,402,102</u>	<u>P92,538</u>	<u>P-</u>				

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2015

Related party	Relationship/ category		Due from related parties (Note 8)	Due to related parties (Note 16)	Allowance for impairment	Terms and conditions	Security	Nature of the consideration to be provided in settlement		Guarantees given or received
								Cash	N/A	
ARDCIMBA	Related party under common control	Balance at January 1, 2015	P10,374,358	P-	P-	Non-interest bearing, unsecured, negotiable	N/A	Cash	N/A	
		Cash transferred to ARDCIMBA	1,249,354	-	-					
		Assets transferred to ARDCIMBA	72,885	-	-					
		Operating expenses shouldered by ARDCI	5,397,176	-	-					
		Pre-operating expenses paid in cash	(903,896)	-	-					
		Collection fees	121,240	-	-					
		CGLI claims	211,357	-	-					
		Unremitted members' contributions, dues and fees	-	6,107,490	-					
		Unremitted premiums	-	2,813,447	-					
		Provision for impairment losses	-	N/A	223,253					
	Balance at December 31, 2015		<u>P16,522,474</u>	<u>P8,920,937</u>	<u>P223,253</u>					
ABI	Subsidiary	Balance at January 1, 2015	P3,856,190	P6,250	P-	Non-interest bearing, unsecured, negotiable	N/A	Cash	N/A	
		General and administrative expenses	(2,655,360)	-	-					
		Payments	-	-	-					
		Transfer of retirement liability (Note 19)	-	247,145	-					
		Unremitted collection	-	8,077	-					
		Provision for impairment losses	-	N/A	-					
		Balance at December 31, 2015		<u>P1,200,830</u>	<u>P261,472</u>	<u>P-</u>				



2015

Related party	Relationship/ category		Due from related parties (Note 8)	Due to related parties (Note 16)	Allowance for impairment	Terms and conditions	Security	Nature of the consideration to be provided in settlement	Guarantees given or received
ARDCI Corporate Inn	Subsidiary	Balance at January 1, 2015	P723,492	P292,821	P-	Non-interest bearing, unsecured, on demand	N/A	Cash	N/A
		Hotel expenses	3,411,339	-	-				
		Rent expense	720,000	-	-				
		Collections	(4,066,320)	-	-				
		Services rendered	-	3,324,719	-				
		Payments	-	(3,009,696)	-				
		Provision for impairment losses	-	N/A	-				
		Balance at December 31, 2015	P788,511	P607,844	P-				
<b>Total</b>	<b>P18,511,815</b>	<b>P9,790,253</b>	<b>P223,253</b>						

The provision for doubtful debts related to the amount of outstanding balance of the Organization's receivable from a related party and the expense recognized during the period in respect of bad or doubtful debts due from related parties are as follows:

Name of related party	Relationship/category	Provision for doubtful accounts	
		2016	2015
ARDCIMBA	Related party under common control	P-	P223,253
ABI	Subsidiary	-	-
ARDCI Corporate Inn	Subsidiary	-	-
		<b>P-</b>	<b>P223,253</b>

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The advances to related parties are payable on demand. However, the Organization has no intention to collect yet from its related parties as of December 31, 2016 and 2015, respectively.

Compensation of key management personnel for the years ended December 31, 2016 and 2015 amounted to P5,240,436 and P3,452,188, respectively. The total staff loans receivable from key management amounted to P4,221,777 and P8,002,634 as at December 31, 2016 and 2015, respectively.

## NOTE 23 - CONTINGENCIES AND COMMITMENTS

### Legal cases

The Organization is involved in cases that arise in the normal course of business. The management believes that the outcome of the cases will not materially affect the financial condition and performance of the Organization.

### Leases

#### *As a lessee*

The Organization leases most of its program and field offices for a period of one year, renewable upon mutual agreement of the parties.

The future minimum lease payments as at December 31 are as follows:

Period	Amount	
	2016	2015
Not later than one year	P9,956,500	P5,214,392
Later than one year but not later than five years	3,553,213	1,872,656

Total rent expense recognized in profit or loss for the years ended December 31, 2015 and 2014 amounted to P11,045,471 and P9,388,895, respectively (Note 21).

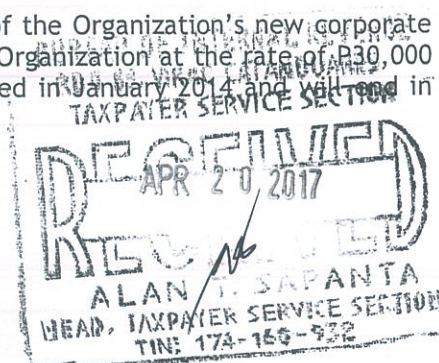
#### *As a lessor*

Certain floors of the Organization's new corporate building are being leased out to its subsidiaries under operating lease. Details are as follows:

In 2013, ABI transferred its office from Bato, Catanduanes to Virac, Catanduanes. Its new office is located at the ground floor of the Organization's new corporate building. ABI leases its new office from the Organization at the rate of P30,000 per month for a period of ten (10) years, which commenced in December 2013 and will end in November 2023.

ARDCI Corporate Inn started its operations in October 2013. Its registered office and business of operations is located at the Organization's new corporate building. ARDCI Corporate Inn occupies the ARDCI Corporate Building's fourth (4th) floor to seventh (7th) floor which include the view deck and are being leased from the Organization at a total rate of P60,000 per month for a period of ten (10) years, which commenced in November 2013 and will end in October 2023.

ARDCIMBA transferred its office to the second (2nd) floor of the Organization's new corporate building. ARDCIMBA's new office is being leased from the Organization at the rate of P30,000 per month for a period of ten (10) years, which commenced in January 2014 and will end in December 2023.



The future minimum lease payments receivable as at December 31 are as follows:

Period	Amount	
	2016	2015
Not later than one year	P1,440,000	P1,440,000
Later than one year but not later than five years	5,760,000	6,060,000
Later than five years	2,880,000	3,060,000

Rental income recognized for the years ended December 31, 2015 and 2014 amounted to P1,383,000 and P1,497,000, respectively (Note 20).

#### NOTE 24 - INCOME TAXES

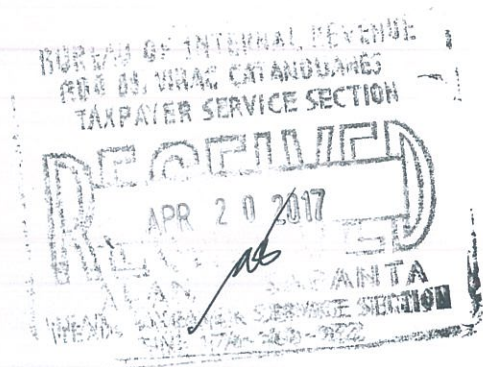
The Organization, being a non-stock, not-for-profit organization operating for social welfare purposes, is exempt from income tax pursuant to Section 30 (e) of the National Internal Revenue Code of 1997. However, income derived from whatever kind and character from any of their properties, real or personal, or from any of their activities conducted for profit, is subject to the regular income tax.

The Organization was granted a Certificate of Tax Exemption on July 24, 2002 pursuant to RA No. 8425, otherwise known as the *Social Reform and Poverty Alleviation Act*. On September 17, 2010, the Organization made amendments to its Articles of Incorporation including the change in corporate name. As a result, the Organization was required by the Bureau of Internal Revenue (BIR) to secure another Certificate of Tax Exemption. The Organization has been in compliance with the submission of requirements to secure the Certificate of Tax Exemption. The request for the new certificate, however, is still pending as of the date of the approval of the separate financial statements.

During the year, the Organization became liable for taxes arising from its income and gains on transactions outside the allowed activities of an entity registered under the Social Reform and Poverty Alleviation Act.

- Provision for income tax consists of current tax expense amounting to P6,629,634 and P2,721,887 for the years ended December 31, 2016 and 2015.
- A numerical reconciliation between the tax expense computed at the statutory income tax rate and the actual expense follows:

	2016	2015
Provision for income tax computed at 30%	P6,139,273	P3,122,602
Adjustments for:		
Nontaxable income	-	(275,257)
Income subject to final tax	(1,301,023)	(125,458)
Non-deductible expense	-	
	<u>P4,838,250</u>	<u>P2,721,887</u>



c. Movements in income tax payable follow:

	2016	2015
At January 1	P1,153,793	P2,337,424
Charged to profit or loss	6,429,634	2,721,887
Income tax paid	(4,708,187)	(3,832,018)
Prepaid tax - creditable	(72,000)	(73,500)
At December 31	<u>P2,803,240</u>	<u>P1,153,793</u>

The Organization has not recognized deferred tax asset from its actuarial loss on retirement liability amounting to P1,534,094 as at December 31, 2016 and 2015. The management believes that the Organization will have no benefit in the future periods from the said actuarial loss since it will never be reclassified to profit or loss.

Further, deferred income taxes arising from other temporary differences were not recognized because the management believes there are no future benefits that will be derived from these temporary differences since the Organization is exempt from income tax.

**NOTE 25 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE**

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to separate financial statements in addition to the disclosures mandated under PFRS.

**A. REVENUE REGULATIONS (RR) NO. 15-2010**

In compliance with the requirements of RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended December 31, 2016:

**1. Documentary stamp tax (DST)**

The DST paid/accrued amounted to:

Transaction	Amount	DST thereon
Loan instruments	<u>P437,607,241</u>	<u>P2,173,621</u>

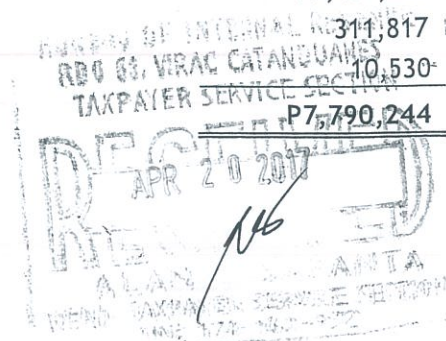
**2. Taxes and licenses**

Permits and licenses	<u>P2,865,944</u>
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**3. Withholding taxes**

The amount of withholding taxes paid/accrued for the year follows:

- a. Taxes on compensation and benefits P7,467,897
- b. Expanded withholding taxes 311,817
- c. Percentage tax 10,530



**4. Tax cases/assessments**

On July 24, 2014, the Organization received a Preliminary Assessment Notice from the BIR Revenue Region No. 10 Legazpi City, Albay ascertaining that the Organization is still liable for the total amount P40,663,852, inclusive of legal increments. On September 17, 2014, the Organization received a Formal Letter of Demand from the BIR Revenue Region No. 10 Legazpi City, Albay ascertaining that the total tax still due amounts to P41,460,662, inclusive of legal increments.

On October 24, 2014, the Organization sent a Request for Reconsideration and Reinvestigation to BIR's Formal Letter of Demand and received by the BIR Revenue Region No. 10 Legazpi City, Albay on October 29, 2014. As of the audit report date, the decision for the Organization's Request for Reconsideration and Reinvestigation is still pending with the BIR. The Organization will have 30 days to file a Petition for Review with the Court of Tax Appeals upon receipt of the BIR's decision.

On September 24, 2015, the Organization paid deficiency tax on expanded withholding tax amounting to P324,719 and the corresponding surcharge and interest of P81,180 and P467,408, respectively.

**B. REVENUE REGULATIONS NO. 19-2011**

RR No. 19-2011 issued on December 9, 2011 requires the disclosure of the schedules of taxable revenues, cost of sales/services, non-operating and taxable other income, itemized deductions, taxes and licenses and other significant tax information in the notes to separate financial statements. The Organization's transactions are a mix of exempt and subject to regular tax rate. It does not have transactions subject to special rate.

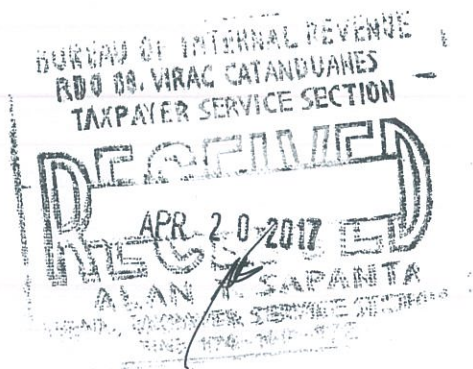
Following are the required schedules in compliance with the aforesaid revenue issuances:

**1. Revenue**

	Exempt	Special rate	Regular rate
Interest income on loans and receivables	P661,295,551	P-	P-

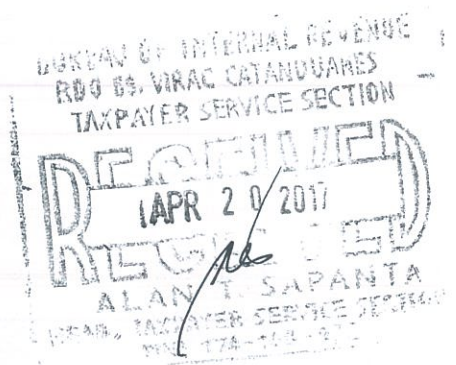
**2. Cost of services**

	Exempt	Special rate	Regular rate
Salaries, wages and benefits	P147,505,534	P-	P-
SSS, GSIS, Philhealth, HDMF, and other contributions	7,105,152	-	-
Interest expense	50,582,589	-	-
	P205,193,275	P-	P-



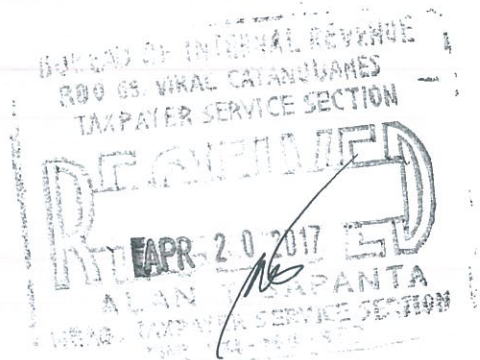
3. Other operating income

	Exempt	Special rate	Regular rate
Share in Credit Group Life Insurance (CGLI)	P-	P-	P3,623,895
Rental income (Note 12 and 23)	-	-	1,383,000
Service charges	-	-	785,764
Amortization of deferred income from government grants (Note 17)	-	-	387,064
Interest from deposits in banks (Note 7)	-	-	353,766
Interest on finance lease receivable (Note 8)	-	-	200,810
Convenience charge	-	-	200,540
Miscellaneous income	-	-	9,546,428
	P-	P-	P16,481,267



4. Itemized deductions

	Exempt	Special rate	Taxable
Salaries and allowances	P40,554,888	P-	P-
Depreciation	16,314,113	-	-
Rental	11,045,471	-	-
Fuel and oil	8,768,818	-	-
Security services	9,446,954	-	-
Transportation and travel	5,355,011	-	-
Communication, light and water	7,882,043	-	-
Office supplies	7,648,790	-	-
Insurance	5,016,984	-	-
Representation and entertainment	1,170,368	-	-
Management and consultancy fee	1,701,622	-	-
Trainings and seminars	5,009,585	-	-
Director's fees	1,906,298	-	-
Advertising and promotions	2,057,244	-	-
Repairs and maintenance (labor or labor and materials)	1,759,237	-	-
Taxes and licenses SSS, GSIS, Philhealth, HDMF, and other contributions	2,865,944	-	-
Charitable contributions	1,671,108	-	-
Professional fees	1,077,738	-	-
Interest	93,000	-	-
Research and development	413,264	-	-
Miscellaneous	4,365,492	-	-
Others:			
Microfinance-related expenses	11,059,307	-	-
Retirement contribution	13,403,277	-	-
DST	2,173,621	-	-
Organization charges	908,402	-	-
	<b>P165,760,416</b>	<b>P-</b>	<b>P-</b>



## INDEPENDENT AUDITORS' SUPPLEMENTAL SCHEDULES

The Members and the Board of Trustees  
ARDCI NGO Group, Inc.  
*(A Non-stock, Non-profit Organization)*  
3rd Floor, ARDCI Corporate Building  
San Roque, Virac, Catanduanes

We have audited, in accordance with Philippine Standards on Auditing (PSAs), the separate financial statements of the ARDCI NGO Group, Inc. *(A Non-stock, Non-profit Organization)* (the "Organization") as at and for the years ended December 31, 2016 and 2015 and have issued our report thereon dated April 12, 2017. Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The schedules listed in the Index to the Separate Financial Statements and Supplementary Schedules are presented for the purposes of complying with the Securities Regulation Code (SRC) Rule 68, As Amended, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2013, and are not part of the basic separate financial statements. Such schedules are the responsibility of the management. The schedules have been subjected to the auditing procedures applied in our audit for the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

**ROXAS CRUZ TAGLE AND CO.**  
*(formerly Alba Romeo & Co.)*



Leticia C. Tagle  
Partner

CPA Certificate No. 0017358

Tax Identification No. 123-048-280

PTR No. 5917851, issued on January 9, 2017, Makati City

BOA/PRC Registration No. 0005, issued on December 1, 2015,  
effective until December 31, 2018

SEC Accreditation No. 1583-A (Individual), Group A, issued on September 6, 2016,  
effective until September 6, 2019

SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,  
effective until July 15, 2018

BIR Accreditation No. 08-001682-6-2014, issued on January 5, 2015,  
effective until January 4, 2018

Makati City  
April 12, 2017

ARDCI NGO GROUP, INC.

SCHEDULE OF STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share- based Payment Transactions **			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures **		✓	
<b>PFRS 8</b>	Operating Segments			✓
<b>PFRS 9</b>	Financial Instruments		✓	
	Financial Instruments (2010 version)		✓	
	Financial Instruments: Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)		✓	
	Financial Instruments (2014 or final version) **		✓	
<b>PFRS 10</b>	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture **		✓	
<b>PFRS 11</b>	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
<b>PFRS 13</b>	Fair Value Measurement	✓		
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers **			✓
<b>PFRS 16</b>	Leases **		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative **		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses **			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	✓		
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendments to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture **			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendments to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for Construction of Real Estate *			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
	Annual Improvements to PFRSs (2009-2011 Cycle)			✓
	- PFRS 1, First-time Adoption of Philippine Financial Reporting Standards: Repeated Application of PFRS 1 and Borrowing Costs	✓		
	- PAS 1, Presentation of Financial Statements: Clarification of the Requirements for Comparative Information			✓
	- PAS 16, Property, Plant and Equipment: Classification of Servicing Equipment			✓
	- PAS 32, Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments			✓
	- PAS 34, Interim Financial Reporting: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016	Adopted	Not Adopted	Not Applicable
Annual Improvements to PFRSs (2010-2012 Cycle) - PFRS 13 (Amendment), Fair Value Measurement: Short-term Receivables and Payables - PFRS 2 (Amendment), Share-based Payment: Definition of Vesting Condition - PFRS 3 (Amendment), Business Combinations: Accounting for Contingent Consideration in a Business Combination	✓		✓  ✓
- PFRS 8 (Amendments), Operating Segments: Aggregation of Operating Systems and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets - PAS 16 (Amendment), Property, Plant and Equipment and PAS 38 (Amendment), Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Depreciation - PAS 24 (Amendment), Related Party Disclosures: Key Management Personnel - PAS 38, Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization		✓  ✓  ✓	✓
Annual Improvements to PFRSs (2011-2013 Cycle) - PFRS 1 (Amendment), First-time Adoption of Philippine Financial Reporting Standards: Meaning of "Effective PFRSs" - PFRS 3 (Amendment), Business Combinations: Scope Exceptions for Joint Arrangements - PFRS 13 (Amendment), Fair Value Measurement: Portfolio Exception - PAS 40 (Amendment), Investment Property: Clarifying the Interrelationship between PFRS 3 and PAS 40 When Classifying Property as Investment Property or Owner-Occupied Property		✓	✓  ✓  ✓
Annual Improvements to PFRSs (2012-2014 Cycle) - PFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations: Changes in Methods of Disposal - PFRS 7 (Amendment), Financial Instruments: Disclosures - Servicing Contracts - PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Report - PAS 19 (Amendment), Employee Benefits: Regional Market Issue Regarding Discount Rate - PAS 34 (Amendment), Interim Financial Reporting: Disclosure of Information "Elsewhere in the Interim Financial Report"			✓  ✓  ✓  ✓  ✓

\* Deferred

\*\* Issued but not yet effective

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

I 1 9 9 8 - 0 0 2 7 7

### COMPANY NAME

A R D C I N G O G R O U P , I N C .  
( A N o n - s t o c k , N o n - p r o f i t  
O r g a n i z a t i o n )

### PRINCIPAL OFFICE ( No./Street/Barangay/City/Town/Province)

3 R D F L O O R , A R D C I C O R P O R A T E  
B U I L D I N G , S A N R O Q U E , V I R A C ,  
C A T A N D U A N E S

Form Type

S S C E P

Department requiring the report

M R D

Secondary License Type, if Applicable

### COMPANY INFORMATION

Company's Email Address

ardci\_oceo@yahoo.com

Company's Telephone Number/s

N/A

Mobile Number

09088130551/09178073463

No. of Stockholders

N/A

Annual Meeting (Month / Day)

3RD TUESDAY OF APRIL

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

MS. EVELYN TEVES

Email Address

tevesevelyn@yahoo.com

Telephone Number/s

N/A

Mobile Number

0917-8073463

### CONTACT PERSON'S ADDRESS

CAVINITAN, VIRAC, CATANDUANES

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof within information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

# ARDCI

NGO GROUP, INC.

(Formerly Agricultural and Rural Development for Catanduanes, Inc.)

SEC Registration No. 11998-00277 mobile no. +63-917-807-34-64

ARDCI Corporate Bldg, San Roque, 4800 Virac, Catanduanes visit us @ [www.ardci.org.ph](http://www.ardci.org.ph)

## RECEIPTS

Interest income	P661,295,551
Other operating income	16,481,267
<b>TOTAL RECEIPTS</b>	<b>677,776,818</b>

## DISBURSEMENTS

Cost of services	
Interest expense	50,582,589
Salaries, wages and employee benefits	154,610,686
	<b>205,193,275</b>
General and administrative expenses	
Salaries and allowances	40,554,888
Rental	11,045,471
Fuel and oil	8,768,818
Security services	9,446,954
Transportation and travel	5,355,011
Communication, light and water	7,882,043
Office supplies	7,648,790
Insurance	5,016,984
Representation and entertainment	1,170,368
Management and consultancy fee	1,701,622
Trainings and seminars	5,009,585
Director's fees	1,906,298
Advertising and promotions	2,057,244
Repairs and maintenance (labor or labor and materials)	1,759,237
Taxes and licenses	2,865,944
SSS, GSIS, Philhealth, HDMF, and other contributions	1,671,108
Charitable contributions	1,077,738
Professional fees	2,091,837
Interest	93,000
Research and development	413,264
Microfinance-related expenses	11,059,307
Retirement contribution	13,403,277
Documentary Stamps Tax	2,173,621
Organization charges	908,402
Miscellaneous	4,365,492
	<b>149,446,303</b>

*J.S*

*Atanacio*

**NON-CASH DISBURSEMENTS**

Provision for credit losses	28,367,518
Depreciation	16,314,113
	<u>44,681,631</u>

**TOTAL DISBURSEMENTS**

399,321,209

**EXCESS OF RECEIPTS OVER DISBURSEMENTS**


P278,455,609

We, ROGELIO S. BITOME, BOT Chairman of ARDCI NGO GROUP, INC., Filipino, of legal age, married and presently holding office at ARDCI CORPORATE Bldg., San Roque, Virac, Catanduanes;

AND

CORAZON dL. ATANACIO, Treasurer of ARDCI NGO GROUP, INC., Filipino, of legal age, married and presently holding office at ARDCI CORPORATE Bldg., San Roque, Virac, Catanduanes,

after having been duly sworn to in accordance with law, do hereby certify that the above are true and correct.


  
\_\_\_\_\_  
ROGELIO S. BITOME  
Chairman, BOT

  
\_\_\_\_\_  
CORAZON dL. ATANACIO  
Treasurer

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ 2016 for and in Virac Catanduanes, affiants exhibiting to me his/her Community Tax Certificate (CTC) as follows:

Name	TIN	Place of Issue
ROGELIO S. BITOME	175995617	Virac, Catanduanes
CORAZON dL. ATANACIO	166452573	Virac, Catanduanes

Doc No. 257  
Page No. 53  
Book No. 377  
Series of 2017

  
**ALFRED M. AQUINO**  
Notary Public  
Commission Expires on Dec. 31, 2018  
San Jose St. Virac, Catanduanes  
PTR 9521050 P / Jan. 3, 2017 / Virac, Cat  
IBP O.R. 1045854 / Jan. 3, 2017 / Virac, Cat.  
MCLE Compliance No. V-0010738 / Sept 29, 2015  
Roll No. 32981

**NOTARIZED CERTIFICATION**

We, ROGELIO S. BITOME, BOT Chairman of ARDCI NGO GROUP, INC., Filipino, of legal age, married and presently holding office at ARDCI Corp. Bldg., San Roque, Virac, Catanduanes;

AND

CORAZON dL. ATANACIO, Treasurer of ARDCI NGO GROUP, INC., Filipino, of legal age, married and presently holding office at at ARDCI Corp. Bldg., San Roque, virac, Catanduanes;

after having been duly sworn to in accordance with law, do hereby certify that the following are true and correct:

**1) SCHEDULE OF RECEIPTS OR INCOME OTHER THAN CONTRIBUTIONS AND DONATIONS**

Source	Unrestricted	Restricted		Total
		Permanent	Temporary	
<i>ActionAid:</i>				
Global Agriculture and Food Security Program (GAFSP) Grant	-	-	-	-
<i>Catholic Relief Services:</i>				
Fair Trade Program Grant	-	-	-	-
<i>International Monetary Fund:</i>				
Civic Program Grant	-	-	-	-
<i>Lannan Foundation:</i>				
Literary Program Grant	-	-	-	-
<i>Philippine Charity Sweepstakes Office (PCSO):</i>				
Endowment Program Grant	-	-	-	-
<i>Rockefeller Brothers Fund:</i>				
Charles E. Culpeper Arts and Culture Grants Program	-	-	-	-
<i>The Henry Smith Charity:</i>				
Medical Research Grant	-	-	-	-
<i>US Environmental Protection Agency:</i>				
Community Action for a Renewed Environment (CARE) Grant	-	-	-	-
<i>Worldbank:</i>				
Global Development Marketplace Grant	-	-	-	-
Social Development Civil Society Fund	-	-	-	-
The Education Service Contracting (ESC) Program Grant	-	-	-	-
<i>Donations of P1,001 to 10,000</i>	-	-	-	-
<i>Donations of P1,000 or less</i>	-	-	-	-
<b>Total</b>	-	-	-	-

*R.S.*

*Atanacio*

2) SCHEDULE OF CONTRIBUTIONS AND DONATIONS - *see separate file "Annex A" (PDF)*

3) APPLICATION OF FUNDS

Activity/Program/Project	Status	Project Officer-in-charge			Project Office	
		Complete Name	Complete Address	Contact Number	Complete Address	Contact Number
n/a	n/a	n/a	n/a	n/a	n/a	n/a

4) SCHEDULE OF DISBURSEMENTS

Activity	Amount
n/a	n/a

15  
 10/20/2010

**5) SUPPORTING DOCUMENTS TO THE ABOVE INFORMATION**

Activity/Program/Project	Document Ref.	Certification
n/a	n/a	n/a

This affidavit is executed in compliance with the requirements of the Securities Regulation Code (SRC) Rule 68, As Amended, Part I, par. 4(B).

IN WITNESS WHEREOF, we have hereunto set our hands this \_\_\_\_ day of \_\_\_\_\_ 2016 in Virac, Catanduanes, Philippines.

*RC*  
**ROGELIO S. BITOME**  
 Chairman, BOT  
 Affiant

*Corazon DL. Atanacio*  
**CORAZON DL. ATANACIO**  
 Treasurer  
 Affiant

SUBSCRIBED AND SWORN to before me this 12 APR 2017 day of \_\_\_\_\_ 2017 for and in Virac Catanduanes, affiants exhibiting to me his/her Taxpayer's Identification No. as follows:

Name	TIN	Place of Issue
ROGELIO S. BITOME	175995617	Virac, Catanduanes
CORAZON dL. ATANACIO	166452573	Virac, Catanduanes

Doc. No. 258  
 Page No. 53  
 Book No. 377  
 Series of 2017

*Alfred M. Aquino*  
**ALFRED M. AQUINO**  
 Notary Public  
 Commission Expires on Dec. 31, 2018  
 San Jose St. Virac, Catanduanes  
 PTR 9521050 P / Jan. 3, 2017 / Virac, Cat.  
 IBP O.R. 1045854 / Jan. 3, 2017 / Virac, Cat.  
 MCLE Compliance No. V-0010738 / Sept 29, 2016  
 Roll No. 32981

SCHEDULE OF CONTRIBUTIONS/DONATIONS

<b>Name of Foundation/Organization</b> AEDCI NGO GROUP, INCORPORATED	<b>SEC Registration No.</b> I1998-00277
<b>For the year ended</b> DECEMBER 31, 2016	

**Part I Contributors/Donors<sup>1</sup>**

(a) No.	(b) Name and address	(c) Nationality <sup>2</sup>	(d) Total Contributions	(e) Type of Contribution <sup>3</sup>
1	N/A	N/A	P. N/A	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
3			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
4			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
5			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
6			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
7			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
8			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
9			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
10			P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
11	Others (aggregate of all contributions which are individually below P100,000.00) - by nationality		P.	Cash <input type="checkbox"/> Noncash <input type="checkbox"/>

<sup>1</sup> A contributor or donor includes individuals, partnerships, corporations, associations, trusts and organizations.

<sup>2</sup> If supranational organization, indicate place of principal office or domicile.

<sup>3</sup> Contributions or donations reportable on the Schedule are contributions, donations, grants, bequests, devises, and gifts of money or property, amounting to P100,000.00 or more from each contributor or donor.

*AS* *Asignans*

<b>Name of Foundation/Organization</b> AEDCI NGO GROUP, INCORPORATED	<b>SEC Registration No.</b> I1998-00277
<b>For the year ended</b> DECEMBER 31, 2016	

**Part II Noncash Property**

(a) No. from Part I	(b) Description of noncash property given	(c) Fair Market Value (or estimate)	(d) Date received
1	N/A	P N/A	N/A
2		P	
3		P	
4		P	
5		P	
6		P	
7		P	
8		P	
9		P	
10		P	

Signed under oath by the following:

Signature   
Printed Name of President ROGELIO S. BITOME

Signature   
Printed Name of Treasurer CORAZON D.L. ATANACIO

Signed this 12 day of APRIL, 2017