

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 2 0 0 8 4 6

COMPANY NAME

F	I	R	E		S	E	R	V	I	C	E	S		M	U	T	U	A	L		B	E	N	E	F	I	T	
A	S	S	O	C	I	A	T	I	O	N	,	I	N	C	.													

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

R	M		4	1	8	,		1	4	5		U	N	I	O	N		S	Q	U	A	R	E		O	N	E		
C	O	N	D	O	M	I	N	I	U	M	,		1	5	T	H		A	V	E	N	U	E	,	B	R	G	Y	.
S	O	C	O	R	R	O		C	U	B	A	O	,	Q	U	E	Z	O	N		C	I	T	Y					

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

IC

COMPANY INFORMATION

Company's email Address	Company's Telephone Number	Mobile Number
fsmbai1@yahoo.com.ph	8709-2230	09213191450
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
N/A	APRIL 11, 2024	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

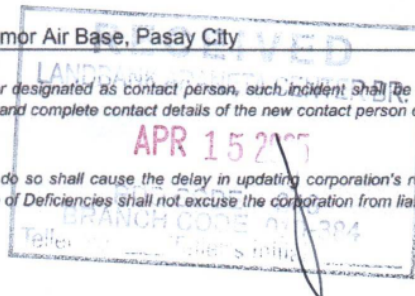
Name of Contact Person	Email Address	Telephone Number	Mobile Number
Henry M. Mojica	fsmbai1@yahoo.com.ph	8709-2230	09213191450

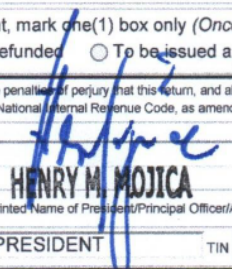
CONTACT PERSON's ADDRESS

P34-05 11 St. Villamor Air Base, Pasay City

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 with information and complete contact details of the new contact person designated.

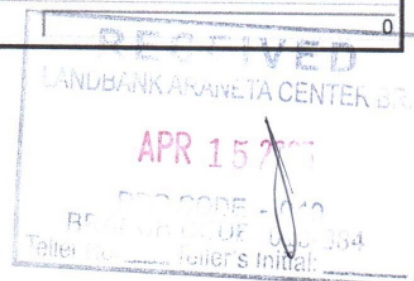
2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating corporation's records with the Commission and/or non-recipient of Notice of Deficiencies. Further, non-recipient of Notice of Deficiencies shall not excuse the corporation from liability for its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



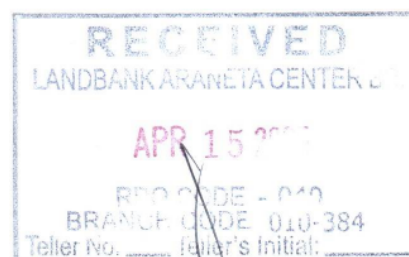
For BIR BCS/ Use Only Item:		 Republic of the Philippines Department of Finance Bureau of Internal Revenue		
BIR Form No. 1702-RT January 2018(ENCS) Page 1	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.		 1702-RT 01/18ENCS P1	
1 For ☒ Calendar ☐ Fiscal 2 Year Ended (MM/20YY) 12 - December 20 24		3 Amended Return? ☐ Yes ☒ No 4 Short Period Return ☐ Yes ☒ No		
5 Alphabetic Tax Code (ATC) IC 055-Minimum Corporate Income Tax (MCIT) ☒ IC010 - CORPORATION IN GENERAL - JAN 1, 2009 ☒				
Part I - Background Information				
6 Tax Identification Number (TIN) 232 - 920 - 434 - 00000		7 RDO Code 040		
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC				
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) UNIT 418 - A UNION SQUARE CONDOMINIUM, 15T AVENUE, CUBAO, QUEZON CITY				
9A ZIP Code 1109				
10 Date of Incorporation/Organization (MM/DD/YYYY) 01/18/2002		11 Contact Number 87092230		
12 Email Address fsmbai1@yahoo.com.ph				
13 Method of Deductions ☒ Itemized Deductions [Section 34 (A-J), NIRC] ☐ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]				
Part II - Total Tax Payable (Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)				
14 Tax Due		208,292		
15 Less: Total Tax Credits/Payments		0		
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15)		208,292		
Add: Penalties				
17 Surcharge		0		
18 Interest		0		
19 Compromise		0		
20 Total Penalties (Sum of Items 17 to 19)		0		
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Items 16 and 20)		208,292		
If Overpayment, mark one(1) box only (Once the choice is made, the same is irrevocable) ☐ To be refunded ☐ To be issued a Tax Credit Certificate (TCC) ☐ To be carried over as a tax credit for next year/quarter				
We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an authorized representative, indicate TIN and attach authorization letter)				
 HENRY M. MOJICA Signature over Printed Name of President/Principal Officer/Authorized Representative		 ROMEO M. NALTES Signature over Printed Name of Treasurer/Assistant Treasurer		
Title of Signatory PRESIDENT TIN 160324110		Title of Signatory TREASURER TIN 185240980		
Part III - Details of Payment				
Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others(Specify Below)				0
Machine Validation/Revenue Official Receipt Details [if not filed with an Authorized Agent Bank(AAB)]		Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		

APR 15 2008
BRANCH CODE - 040
BRANCH NAME - 010-384
Teller No. _____ Teller's Initial: _____

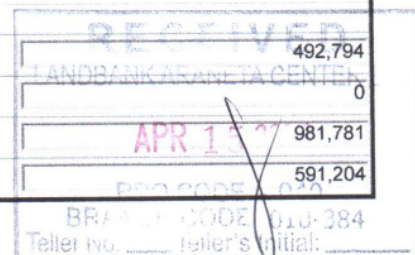
BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number(TIN) 232 920 434 00000		Registered Name FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC
Part IV - Computation of Tax (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
27 Sales/Revenues/Receipts/Fees	15,500,698	
28 Less: Sales Returns, Allowances and Discounts	0	
29 Net Sales/Revenues/Receipts/Fees (Item 27 Less Item 28)	15,500,698	
30 Less: Cost of Sales/Services	8,301,723	
31 Gross Income from Operation (Item 29 less Item 30)	7,198,975	
32 Add: Other Taxable Income Not Subjected to Final tax	3,215,633	
33 Total Taxable Income (Sum of Items 31 and 32)	10,414,608	
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions	9,330,610	
35 Special Allowable Itemized Deductions	0	
36 NOLCO (Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)	492,794	
37 Total Deductions (Sums of Items 34 to 36)	9,823,404	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (OSD) (40% of Item 33)	0	
39 Net Taxable Income/(Loss) <u>If itemized</u> : Item 33 Less Item 37; <u>If OSD</u> : Item 33 Less Item 38)	591,204	
40 Applicable Income Tax Rate	25 %	
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) (Item 39 x Item 40)	147,801	
42 MCIT Due (2% of Item 33)	208,292	
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)	208,292	
Less: Tax Credits/Payments(attach proof)		
44 Prior Year's Excess Credits Other Than MCIT	0	
45 Income Tax Payment under MCIT from Previous Quarter/s	0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0	
47 Excess MCIT Applied this Current Taxable Year	0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	
50 Foreign Tax Credits, if applicable	0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0	
52 Special Tax Credits	0	
Other Credits/Payments (Specify)		
53	0	
54	0	
55 Total Tax Credits/Payments (Sum of Items 44 to 54)	0	
56 Net Tax Payable (Overpayment) (Item 43 Less Item 55)	208,292	
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0	
58 Add: Special Tax Credits	0	
59 Total Tax Relief Availment (Sum of Items 57 & 58)	0	



BIR Form No. 1702-RT January 2018(ENCS) Page 3	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
Taxpayer Identification Number(TIN)		Registered Name
232 920 434 00000		FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC
Part VI - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s if necessary)		
1 Amortization		0
2 Bad Debts		0
3 Charitable and Other Contributions		0
4 Depletion		0
5 Depreciation		449,126
6 Entertainment, Amusement and Recreation		155,007
7 Fringe Benefits		0
8 Interest		0
9 Losses		0
10 Pension Trusts		0
11 Rental		42,000
12 Research and Development		0
13 Salaries, Wages and Allowances		2,247,700
14 SSS, GSIS, Philhealth, HDMF and Other Contributions		175,588
15 Taxes and Licenses		25,754
16 Transportation and Travel		17,116
17 Others(Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s), if necessary)		
a Janitorial and Messengerial Services		0
b Professional Fees		1,770,047
c Security Services		0
d LOAN IMPAIEMENT		431,285
e SERVICE FEE		555,000
f OTHER EMPLOYEE WELFARE AND BENEFIT		789,113
g MEMBERSHIP ENROLLMENT AND MARKETING		1,402,567
h 13TH MONTH PAY		197,248
i OTHERS		1,073,059
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17)		9,330,610
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)		
Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4)		0



BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4	
Taxpayer Identification Number(TIN) 232 920 434 00000		Registered Name FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC	
Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)			
1 Gross Income		0	
2 Less: Ordinary Allowable Itemized Deductions		0	
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)		0	
Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)			
Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s	
4	0	0	
5 2023	492,794	0	
6	0	0	
7	0	0	
Continuation of Schedule IIIA (Item numbers continue from table above)			
C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]	
4	0	0	
5	0	492,794	
6	0	0	
7	0	0	
8 Total NOLCO (Sum of Items 4D to 7D)	492,794		
Schedule IV - Computation of Minimum corporate Income Tax(MCIT)			
Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2023	147,800	208,292	60,492
2	0	0	0
3	0	0	0
Continuation of Schedule IV (Item numbers continue from table above)			
D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	60,492
2	0	0	0
3	0	0	0
4 Total Excess MCIT Applied (Sum of Items 1F to 3F)		0	
Schedule V - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)			
1 Net Income/(Loss) per Books		1,534,524	
Add: Non-deductible Expenses/Taxable Other Income			
2 EXCESS OF REPRESENTATION AND ENTERTAINMENT		38,461	
3		0	
4 Total (Sum of Items 1 to 3)		1,572,985	
Less: A) Non-Taxable Income and Income Subjected to Final Tax			
5 INTEREST INCOME		488,987	
6		0	
B) Special Deductions			
7 APPLICATION OF NOLCO		492,794	
8		0	
9 Total (Sum of Items 5 to 8)		981,781	
10 Net taxable Income (Loss) (Item 4 Less Item 9)		591,204	



Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: fsmbai1@yahoo.com.ph

Cc: mojica.henry1961@gmail.com

Date: Wednesday, April 23, 2025 at 12:48 PM GMT+8

Hi FIRE SERVICES MUTUAL BENEFIT ASSOCIATION INCORPORATED,

Valid files

- EAFS232920434ITRTY122024.pdf
- EAFS232920434AFSTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-7AE59DF0MNSXVX2VMRQTRYYZ023PWVS4S**
Submission Date/Time: **Apr 23, 2025 12:48 PM**
Company TIN: **232-920-434**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
QUEZON CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT ISSUED BY:



Independent Member of

PrimeGlobal





Fire Services Mutual Benefit Association, Inc.

Unit 418, 145 Union Square One Condominium, 15th Avenue, Brgy. Socorro Cubao, Quezon City M.M

E-mail Add: fsmbai1@yahoo.com.ph / fsmbai2004@gmail.com

Telephone No. (02) 8-709-2230/ (02) 8-935-6729

Cellphone No. 0921-3191-450 /0975-8612-902

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2024**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached financial statements for the year ended **December 31, 2024** and the accompanying Annual Income Tax Return are in accordance with the books and records of **FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.**, complete and correct in all material respects. Management likewise affirms that:

- The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Association's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

CSUPT JESUS P FERNANDEZ

Chairman of the Board

SSUPT HENRY M MOJICA, (RET.)

President

CSUPT RONEL M MALTEZO, (RET.)

Treasurer

SUBSCRIBED AND SWORN, to before me this **APR 14 2025**
at Quezon City. Affiant exhibiting his/her proof of
Identification.

ATTY. HILARIO M. UNTAYAO
NOTARY PUBLIC

Not. Com. Expires 31 December 2025
Roll No. 83825 - IBP No. 360062 (Head Office)
PTR No. 6989467-D (Jan. 2, 2025/QC)
MCLE No. VIII-0000996 (Until April 14, 2028)
26 Columbia St., Cubao, Quezon City

Doc. No. 1092
Page No. 94
Book No. W
Series of WKS



Fire Services Mutual Benefit Association, Inc.

Unit 418, 145 Union Square One Condominium, 15th Avenue, Brgy. Socorro Cubao, Quezon City M.M

E-mail Add: fsmbai1@yahoo.com.ph / fsmbai2004@gmail.com

Telephone No. (02) 8-709-2230/ (02) 8-935-6729

Cellphone No. 0921-3191-450 /0975-8612-902

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2024** and **2023**, 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 Association's ability to continue as 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 Association or to cease operations, or has no realistic alternative but to do so.

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

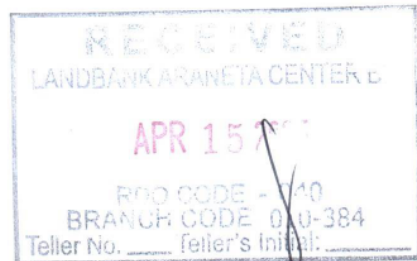
The Board of Trustees reviews and approves the financial statements including the schedules attached therein and submits the same to the members.

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC), the independent auditor appointed by the members, has audited the financial statements of the Association 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 audits.

CSUPT JESUS P FERNANDEZ
Chairman of the Board

SSUPT HENRY M MOJICA, (RET.)
President

CSUPT RONEL M MALTEZO, (RET.)
Treasurer



SUBSCRIBED AND SWORN, to before me this **APR 14 2025**
at Quezon City. Affiant exhibiting his/her proof of
identification.

Signed this ____ day of ____ 20__.

Doc. No. 7091
Page No. 40
Book No. W
Series of 1025

ATTY. HILARIO A. UNTAYAO
NOTARY PUBLIC

Not. Com. Expires 31 December 2025
Roll No. 83825 - IBP No. 360062 (Head Office)
PTR No. 6989467-D (Jan. 2, 2025/QC)
MCLE No. VIII-0000996 (Until April 14, 2028)
26 Columbia St., Cubao, Quezon City

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
RM 418, 145 Union Square One Condominium
15th Avenue, Brgy. Socorro Cubao
Quezon City

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.** (the Association), which comprise the statements of financial position as at **December 31, 2024** and **2023**, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at **December 31, 2024** and **2023**, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

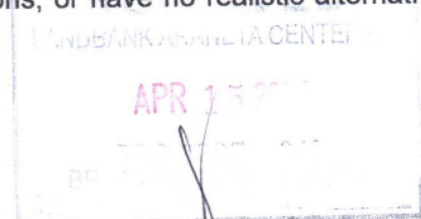
Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are independent of the Association 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 audits of the financial statements in the Philippines, and we have fulfilled our 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 basis for our opinion.

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

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

In preparing the financial statements, Management is responsible for assessing the Association'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 Association or to cease operations, or have no realistic alternative to do so.



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

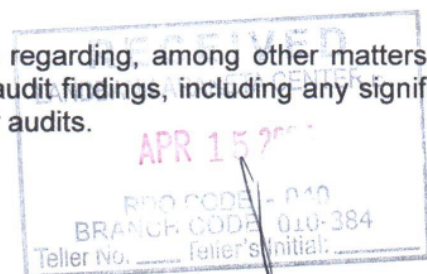
Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to 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 Association'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 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 28 to the financial statements, is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2021, December 7, 2021, valid until December 6, 2024

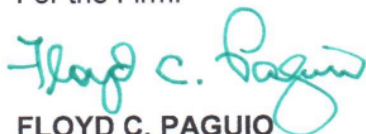
SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, July 5, 2023 valid until February 28, 2026

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

For the Firm:



FLOYD C. PAGUIO

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2021, December 7, 2021, valid until December 6, 2024

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

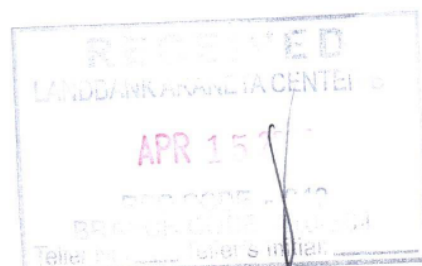
IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 10543034, issued on January 17, 2024, Muntinlupa City

April 15, 2025

Muntinlupa City, Metro Manila

NOT VALID WITHOUT SEAL



FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2024 and 2023

(In Philippine Peso)

	Notes	2024	2023
A S S E T S			
Current Assets			
Cash and cash equivalents	6	16,255,467	27,623,929
Receivables	7	1,913,038	2,012,340
Financial assets at amortized cost	8	14,300,379	14,012,114
Loans receivable	9	29,259,330	16,740,700
		61,728,214	60,389,083
Non-current Assets			
Property and equipment - net	10	2,472,578	2,867,409
Loans receivable - net of current portion	9	10,109,585	6,832,870
Deferred tax assets	24	167,867	205,935
		12,750,030	9,906,214
TOTAL ASSETS		74,478,244	70,295,297
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current Liabilities			
Accrued expenses and other payables	11	1,443,770	2,052,982
Liability on individual equity value	12	43,446,545	39,699,889
Basic contingent benefit reserve	13	527,900	404,690
Claims payable on basic contingent benefit	14	506,868	1,673,121
Other claims payable on basic policies	15	7,887,763	7,149,523
Income tax payable		208,292	107,376
		54,021,138	51,087,581
Non-current Liability			
Other long-term payables	16	2,532,911	2,571,683
TOTAL LIABILITIES		56,554,049	53,659,264
FUND BALANCE			
Free and unassigned funds	18	3,912,081	2,623,919
Assigned funds	18	14,012,114	14,012,114
TOTAL FUND BALANCE		17,924,195	16,636,033
TOTAL LIABILITIES AND FUND BALANCE		74,478,244	70,295,297

(See Notes to the Financial Statements)



FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)

	Notes	2024	2023
RECEIPTS	19	15,500,698	12,540,860
BENEFIT EXPENSES	20	(8,301,723)	(6,707,194)
EXCESS RECEIPTS OVER BENEFITS			
EXPENSE		7,198,975	5,833,666
OTHER INCOME	21	3,704,620	2,027,231
EXCESS RECEIPTS BEFORE OPERATING			
EXPENSES		10,903,595	7,860,897
OPERATING EXPENSES	22	(9,369,071)	(7,652,803)
EXCESS OF RECEIPTS OVER EXPENSES		1,534,524	208,094
INCOME TAX BENEFIT (EXPENSE)	23	(246,360)	98,559
NET INCOME		1,288,164	306,653
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		1,288,164	306,653

(See Notes to the Financial Statements)



FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
STATEMENTS OF CHANGES IN FUND BALANCE

For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)

	Note	Free and Unassigned Funds	Assigned Funds	Total Fund Balance
Balances at January 1, 2023		2,355,891	14,016,459	16,372,350
Usage of fund	18	(42,970)	-	(42,970)
Transfer from free and unassigned funds	18	4,345	(4,345)	-
Total comprehensive income		306,653	-	306,653
Balances at December 31, 2023	18	2,623,919	14,012,114	16,636,033
Assessment refund	18	(2)	-	(2)
Total comprehensive income		1,288,164	-	1,288,164
Balances at December 31, 2024	18	3,912,081	14,012,114	17,924,195

(See Notes to the Financial Statements)

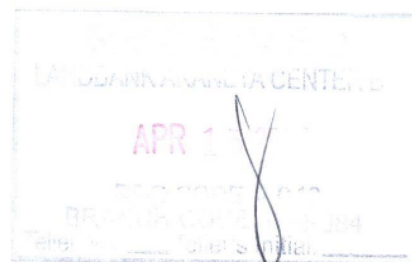
FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

(In Philippine Peso)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of receipts over expenses		1,534,524	208,094
Adjustments for:			
Interest income	6,8,9,21	(2,510,912)	(1,387,103)
Loan impairment loss	9,22	431,285	1,347,445
Depreciation	10	449,126	351,704
Operating cash flows before changes in working capital		(95,977)	520,140
Decrease (Increase) in operating assets:			
Receivables		99,302	928,664
Loans receivable		(16,226,630)	(14,494,053)
Prepaid withholding tax - compensation		-	9,958
Increase (Decrease) in operating liabilities:			
Accrued expenses and other payables		(609,212)	1,064,118
Liability on individual equity value		3,746,656	1,105,040
Basic contingent benefit reserve		123,210	29,572
Claims payable on basic contingent benefit		(1,166,253)	(388,898)
Other claims payable on basic policies		738,240	1,362,019
Other long-term payables		(38,772)	(174,386)
Cash used in operations		(13,429,436)	(10,037,826)
Income taxes paid		(107,376)	(71,919)
Interest received	6,8,9,21	2,510,912	1,387,103
Net cash used in operating activities		(11,025,900)	(8,722,642)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on settlement of financial asset at amortized cost	8	14,012,114	14,034,648
Additions on financial asset at amortized cost	8	(14,300,379)	(14,012,114)
Acquisition of property and equipment	10	(54,295)	(462,319)
Net cash used in investing activities		(342,560)	(439,785)
CASH FLOW FROM FINANCING ACTIVITIES			
Assessment refund	18	(2)	(42,970)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(11,368,462)	(9,205,397)
CASH AND CASH EQUIVALENTS AT JANUARY 1	6	27,623,929	36,829,326
CASH AND CASH EQUIVALENTS AT DECEMBER 31	6	16,255,467	27,623,929

(See Notes to the Financial Statements)



1. CORPORATE INFORMATION

FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC. (the Association) is a non-stock and non-profit corporation organized under the laws of the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on January 18, 2002. The Association aims to provide insurance, retirement, investments, and savings benefits to members and their families; to cultivate the values of thrift, industry and savings among members; to provide financial, material aid and comforts to members and their families in case of losses, disability, necessities, unemployment, old age, as may be authorized by statutes or regulations prescribed by competent authority; to foster brotherhood and mutual assistance among members; and in general, to do such acts and things and to undertake such activities not otherwise prohibited by law which are calculated to help members and their families and necessary for the accomplishment of the aims and purposes for which the Association has been organized.

The Association is a non-stock, non-profit entity that no part of the income, which the Association may obtain as an incident to its operation shall be distributed as dividends to its members, trustees or officers subject to the provisions of the Corporation Code on dissolution. Any profit obtained by the Association as a result of its operation, whenever necessary or proper shall be used for the furtherance of its purposes.

The Association is not subject to income tax under Section 30 (c) of the National Internal Revenue Code with respect to income received from its not-for-profit activities such as donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to income tax.

The Association's office is located at RM 418, 145 Union Square One Condominium, 15th Avenue, Brgy. Socorro Cubao, Quezon City and is domiciled in the Philippines.

Approval of Financial Statements

These financial statements were approved and authorized for issue by the Board of Trustees on April 15, 2025.

2. ADOPTION OF NEW AND REVISED PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)

The Philippine Financial Reporting Standards Council (PFRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and Philippine Financial Reporting Interpretations Committee (PFRIC) which have been approved by the PFRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Association. When applicable, the adoption of the new standards was made in accordance with their transitional recognizes, otherwise the adoption is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

2.01 New and Revised PFRSs that are Effective for the Current Year

The following new standards impacting the Association has been adopted in the annual financial statements for the year ended December 31, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.



- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7 *Financial Instruments: Disclosures* titled *Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

These amendments are not applicable to the Association.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments have no significant impact on the financial statements of the Association.

- Amendments to PAS 1, *Presentation of Financial Statements* – Non-current Liabilities with Covenants

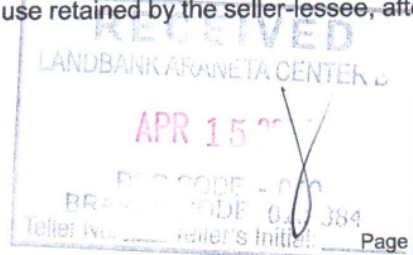
The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments have no significant impact on the financial statements of the Association.

- Amendments to PFRS 16, *Leases* – Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.



The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

The amendment is not applicable to the Association.

2.02 New Standards, Interpretations and Amendments In Issue But Not Yet Effective

At the date of authorization of these financial statements, the Association has not applied the following new and revised PFRS Standards that have been issued but are not yet effective.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates* titled *Lack of Exchangeability*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

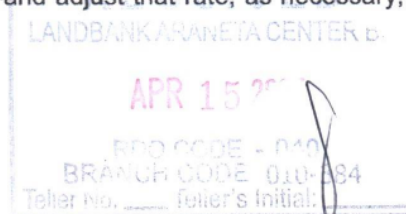
The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.



When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of PAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying PAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to PFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The members of the Association are currently assessing the impact of these amendments.

- *PFRS 18 Presentation and Disclosures in Financial Statements*

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the IASB has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The amendments have no significant impact on the financial statements of the Association.

- *PFRS 19 Subsidiaries without Public Accountability: Disclosures*

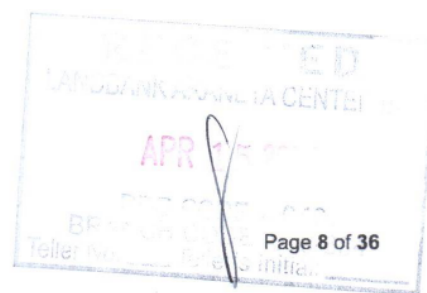
PFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.

PFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply PFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.



A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply PFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply PFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply PFRS 19 for a reporting period earlier than the reporting period in which it first applies PFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to PFRS 19. If an entity elects to apply PFRS 19 for an annual reporting period before it applied the amendments to PAS 21, it is not required to apply the disclosure requirements in PFRS 19 with regard to Lack of Exchangeability.

The amendments have no significant impact on the financial statements of the Association.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements of the Association have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

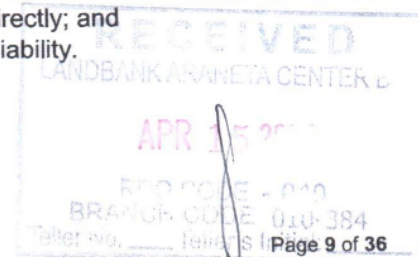
3.02 Basis of Accounting

The financial statements are prepared on a going concern basis under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2 *Share-based Payment*, leasing transactions that are within the scope of PFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2 *Inventories* or value in use in PAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



3.03 Presentation and Functional Currency

Items included in the financial statements of the Association are measured using Philippine Peso, the currency of the primary economic environment in which the Association operates (the "functional currency"). All information presented in Philippine Peso has been rounded to the nearest peso, except when otherwise specified.

3.04 Use of Judgments and Estimates

The preparation of the Association's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Association's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Association's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.05 Going Concern Assumption

The Association is not aware of any significant uncertainty that may cast doubts upon the Association's ability to continue as a going concern.

4. MATERIAL ACCOUNTING POLICIES

Material accounting and financial reporting policies applied by the Association in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Cash and Cash Equivalents

Cash includes cash in-banks and on-hand which are immediately available for use in the current operations. Cash is stated at face value. Cash equivalents are short-term, highly liquid investments held to meet short-term cash commitments rather than for investment or other purposes.

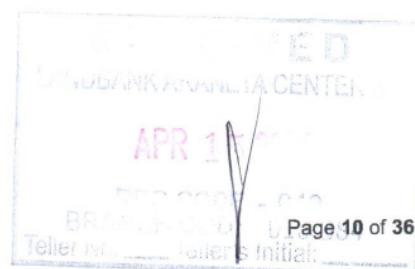
4.02 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the Association's statement of financial position when the Association becomes a party to the contractual provision of the instrument.

4.03 Financial Assets

4.03.01 Financial Assets - Initial Recognition and Measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit or loss (FVTPL).



The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant component or for which the Association has applied the practical expedient, the Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Association has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect a contractual cash flows while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

4.03.02 Financial Assets - Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

The Association has no financial assets classified as FVTOCI and FVTPL.

4.03.03 Financial Assets at Amortized Cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized.

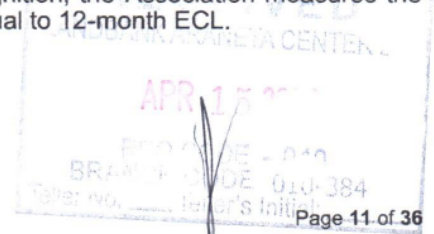
The Association's financial assets at amortized cost includes receivables, financial asset at amortized cost and loans receivables.

4.03.04 Impairment of Financial Assets

The Association recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Association recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The ECL on these financial assets are estimated using a recognized matrix based on the Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Association recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.



Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4.03.05 Measurement and Recognition of Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Association's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

If the Association has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Association measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Association recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

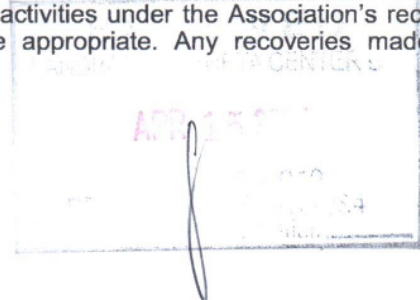
4.03.06 Derecognition of Financial Assets

The Association derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

4.03.07 Write-off of Financial Assets

The Association writes-off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Association's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.



4.04 Financial Liabilities and Equity

4.04.01 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Association are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Association's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Association's own equity instruments.

4.04.02 Financial Liabilities - Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Association's financial liabilities include accrued expenses and other payables, liability on individual equity value, basic contingent benefit reserve, claims payable on basic contingent benefit, other claims payable on basic policies and other long-term payables

4.04.03 Financial Liabilities - Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Association has not designated any financial liability as at fair value through profit or loss.

4.04.04 Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost (loans and borrowings) is the category most relevant to the Association. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

4.04.05 Derecognition of Financial Liabilities

The Association derecognizes financial liabilities when, and only when, the Association's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Association exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Association accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least ten (10) percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

4.05 Property and Equipment

Property and equipment are measured at cost less any accumulated depreciation and any impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

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

Major spare parts and stand-by equipment qualify as property and equipment when the Association expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

Estimated future dismantlement costs of items of property and equipment arising from legal or constructive obligations are recognized as part of statement of financial position and are measured at present value at the time when the obligation was incurred.

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

Building and building improvements	15 years
Transportation equipment	5 years
IT equipment	5 years
Furniture, fixtures and equipment	3 - 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.06 Impairment of Tangible Assets

At each reporting date, the Association reviews the carrying amounts of tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.07 Fund Balance

This represents the accumulated earnings of the Association reduced by whatever losses the Association may incur during a certain accounting period.

4.07.01 Assigned Funds

This includes portion of the fund balance which has been appropriated for special purposes. This includes funds assigned for guaranty fund which represents portion of the fund balance that is restricted as guaranty fund.

4.07.02 Free and Unassigned Funds

This represents portion of the fund balance that is not restricted

4.08 Short-term Employee Benefits

The Association recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Association to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses.

4.09 Provisions

Provisions are recognized when the Association has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

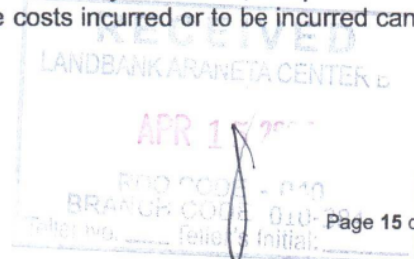
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.10 Revenue Recognition

Revenue is recognized to the extent that the revenue can be reliably measured, it is probable that the economic benefits will flow to the Association, and the costs incurred or to be incurred can be measured reliably.



4.10.01 Members' Contributions

This represents considerations given by the member in exchange for the promise of the Association to pay a stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the Association and/or membership certificates.

4.10.02 Interest Income

Interest income is recognized as interest accrues (taking into account the effective yield on the asset). Interest income on bank deposits and investments are recorded when earned and presented net of applicable final withholding tax, if applicable.

4.10.03 Other Income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Association and it can be measured reliably.

4.11 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the entity.

The Association recognizes expenses in the statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.12 Leases

The Association as Lessee

The Association applies the lease of low-value assets recognition exemption to leases of parking slot which is considered to be low value. Lease payments on leases of low value assets are recognized as expense on a straight-line basis over the lease term.

4.13 Taxation

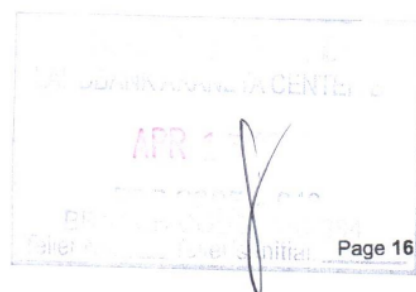
The Association is not subject to income tax under Section 30 (c) of the National Internal Revenue Code with respect to income received from its not-for-profit activities such as donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to income tax.

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.13.01 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Association's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision recognize is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The recognizes are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Association supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.



4.13.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and does not give rise to equal taxable and deductible temporary differences, at the time of the transaction. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Association is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Association expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The trustees reviewed the Association's investment property portfolios and concluded that none of the Association's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the trustees have determined that the 'sale' presumption set out in the amendments to PAS 12 is not rebutted. As a result, the Association has not recognized any deferred taxes on changes in fair value of the investment properties as the Association is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Association intends to settle its current tax assets and liabilities on a net basis.

4.13.03 Current and Deferred Tax for the Period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax-effect is included in the accounting for business combination.



Pursuant to Section 4 (bbbb) of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) and as implemented under Revenue Regulation No. 25-2020, the net operating loss of a business or enterprise for the taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of Bayanihan 2, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

In accordance with Republic Act (RA) No. 11534, known as "The Corporate Recovery or Tax Incentives for Enterprises Act" (CREATE Act), the salient provisions applicable to the Association are as follows:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum Corporate Income Tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023; and
3. The imposition of improperly accumulated earnings is repealed.

Further, pursuant to Sections 6, 7 and 13 of RA No. 11534, as implemented under Revenue Regulation Nos. 4-2021, 5-2021 and 8-2021, and as clarified by Revenue Memorandum Circular Nos. 65-2021 and 67-2021, RMC No. 69-2023 informs the public and all concerned that effective July 1, 2023, the minimum corporate income tax (MCIT) rate for domestic and resident foreign corporations, including offshore banking units and regional operating headquarters, shall now revert to two percent (2%) based on gross income.

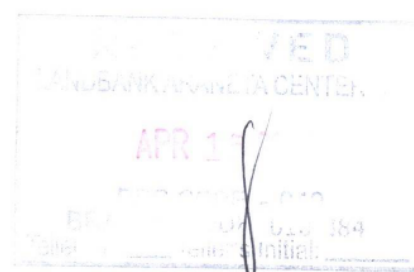
4.14 Events After the End of the Reporting Period

The Association identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Association's position at the reporting date, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.



5.01.01 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Association determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Association monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Association's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

5.01.02 Significant Increase in Credit Risk

As explained in Note 4.03.05, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Association takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5.02 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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.

5.02.01 Estimating Useful Lives of Assets

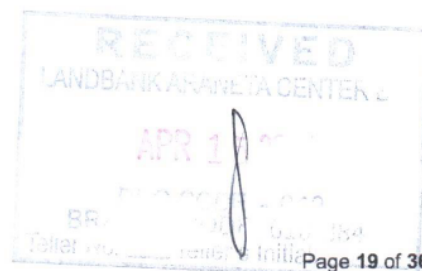
The useful lives of the Association's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Association's assets. In addition, the estimation of the useful lives is based on Association's 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 factors mentioned above. 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 would increase the recognized operating expenses and decrease non-current assets.

The useful lives and depreciation method of the Association's property and equipment has not changed during 2024 and 2023.

5.02.02 Estimating Asset Impairment

The Association performs an impairment review when certain impairment indicators are present.

Determining the fair value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Association to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Association to conclude that property, plant and equipment, investments and intangible assets associated with an acquired business is impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.



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

As at December 31, 2024 and 2023, Management believes that the recoverable amounts of the Association's property and equipment exceed their carrying amounts, accordingly, no impairment loss was recognized in both years.

5.02.03 Contingencies

Basic contingent benefit reserve is set on membership certificates to meet contractual obligation, other than the member's equity value, as it falls due.

5.02.04 Assessing Provisions for Expected Credit Losses

The Association uses a provision matrix to calculate ECLs for loans receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Association will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Association recognized impairment loss on loans receivable amounting to P431,285 and P1,347,445 in 2024 and 2023, respectively, as disclosed in Notes 9 and 22.

6. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents include cash in-banks, cash on-hand and time deposit that earns interest at the prevailing bank deposits rates.

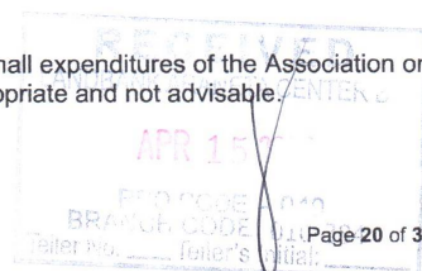
The details of the Association's cash and cash equivalents are as follows:

	2024	2023
Cash in-banks	P 10,246,900	P 21,021,315
Cash equivalents	5,887,983	6,492,614
Cash on-hand	120,584	110,000
	P 16,255,467	P 27,623,929

Cash in-banks consist of current and savings accounts in different banks, earning interest at prevailing bank deposit rates. Total interest income earned on cash in-banks amounted to P11,507 and P8,976 in 2024 and 2023, respectively, and forms part of the other income in Note 21.

Cash equivalents pertain to short-term time deposits with term of three (3) months or less to local banks which do not earn interest.

Cash on-hand pertains to petty cash fund used to defray small expenditures of the Association on its day-to-day operations when issuance of check is inappropriate and not advisable.



7. RECEIVABLES

The Association's receivables consist of:

		2024		2023
Due from officers and employees	P	1,910,894	P	1,998,538
Members' assessment receivable		2,144		2,143
Members' contributions due and uncollected		-		11,659
	P	1,913,038	P	2,012,340

Due from officers and employees pertain to duly approved cash advances for official business to officers and employees, subject to liquidation in accordance with the Association's policy.

Members' contribution due and uncollected represents contributions that are due but uncollected at the end of the reporting period on all membership certificates which are classified as in force on the Association's valuation records.

Members' assessment receivable which represents assessment on members arising from any impairment on the reserves as may be determined by the Insurance Commission that remains unpaid as of valuation date.

8. FINANCIAL ASSETS AT AMORTIZED COST

Transaction Date	Maturity Date	Face Value	Premium (Discount)	Carrying Value
July 17, 2024	July 16, 2025	P 15,058,000	P (757,621)	P 14,300,379
August 2, 2023	July 31, 2024	14,399,000	(386,886)	14,012,114
August 4, 2022	August 3, 2023	13,270,000	764,648	14,034,648

Financial assets at amortized cost represents guaranty deposits assigned and transferred to the Insurance Commission to serve as security for the benefit of the members and the creditors of the Association.

Total value of investments at amortized cost amounted to P14,300,379 and P14,012,114 as of December 31, 2024 and 2023, respectively.

The investment has a term of one (1) year and earning interest at 4.5% to 5.95% annually. Total interest earned for the years ended December 31, 2024 and 2023 amounted to P477,480 and P693,537, respectively, and forms part of the other income in Note 21.

None of the above investments were used as collateral to secure any of the Association's liabilities.

There was no objective evidence that warrants the impairment of the above investment, thus, no impairment loss was recognized.

9. LOANS RECEIVABLE

This account consists of:

		2024		2023
Membership certificate loans	P	3,435,123	P	1,191,044
Others		35,933,792		22,382,526
Total loans receivable	P	39,368,915	P	23,573,570
Less: Current portion		29,259,330		16,740,700
Non-current portion	P	10,109,585	P	6,832,870

Movements in the account are as follows:

		2024		2023
Balance at January 1	P	23,573,570	P	10,426,962
Additions		36,274,127		19,216,103
Collections		(20,047,497)		(4,722,050)
Impairment loss		(431,285)		(1,347,445)
Balance at December 31	P	39,368,915	P	23,573,570

Membership certificate loans represent the outstanding balances of loans granted to members at prescribed interest rates, fully secured by the members' equity value of their respective certificates. The term of the loans are usually eighteen (18) months. The Association, in accordance with the membership certificate's provisions, will apply an automatic contribution loan to cover any payments that are due on the certificate but have not yet been paid during the grace period. Interest earned amounted to P115,551 and P60,921 for the years ended 2024 and 2023, respectively, and forms part of other income in Note 21.

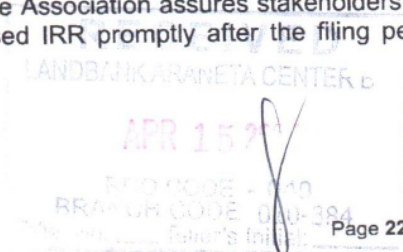
Other loans receivable consists of outstanding balances of salary loans granted to members at prescribed interest rates, fully secured by the members' retirement benefit from the Bureau of Fire Protection, in which event such loan shall become a first lien on the proceed thereof. Total interest earned for years ended 2024 and 2023 amounted to P1,906,374 and P623,669, respectively, and forms part of the other income in Note 21.

The Insurance Commission (IC), in its findings dated 20 December 2024 (received by the Association on 6 February 2025), provisionally admitted the "Other Loans" receivable account amounting to P16,692,768.00, granted to members as part of the 2023 Annual Statement verification. This provisional admittance positively impacted the 2023 financial position, adjusting the Fund Balance to P7,020,883.29 (from a deficit of P9,671,884.71) and improving the Risk-Based Capital (RBC) ratio to 126% (from -1,310%).

During 2024, the Association further increased its member loan portfolio to P39,368,915, reflecting its commitment to supporting members' financial needs. These loans remain subject to the IC's directive to formalize loan terms and conditions in the amended Implementing Rules and Regulations (IRR).

While the Association acknowledges the IC's requirement to amend its IRR (as highlighted in the 2023 findings), the compressed timeline between the receipt of the IC's feedback (February 6, 2025) and the statutory deadline for filing the 2024 financial statements has limited the completion of the revised IRR. Management emphasizes its full commitment to compliance and is actively collaborating with legal advisors to expedite the drafting process.

Failure to submit the amended IRR for IC approval may result in the reclassification of all Other Loans as non-admitted assets in future examinations. The Association assures stakeholders that compliance remains a priority and will finalize the revised IRR promptly after the filing period concludes.



The Association recognized impairment loss on loans receivable amounting to P431,285 and P1,347,445 in 2024 and 2023, respectively.



10. PROPERTY AND EQUIPMENT - net

The carrying amounts of the Association's property and equipment are as follows:

		Building and Building Improvements		IT Equipment		Transportation Equipment		Furniture, Fixtures and Equipment		Total
Cost										
Balance, January 1, 2024	P	4,678,120	P	774,123	P	1,477,584	P	825,336	P	7,755,163
Additions		45,500		-		-		8,795		54,295
Balance, December 31, 2024	P	4,723,620	P	774,123	P	1,477,584	P	834,130	P	7,809,458
Accumulated Depreciation										
Balance, January 1, 2024	P	1,982,923	P	640,054	P	1,477,583	P	787,194	P	4,887,754
Depreciation		378,174		58,115		-		12,837		449,126
Balance, December 31, 2024	P	2,361,097	P	698,169	P	1,477,583	P	800,030	P	5,336,880
Carrying Amounts	P	2,362,523	P	75,954	P	1	P	34,100	P	2,472,578

		Building and Building Improvements		IT Equipment		Transportation Equipment		Furniture, Fixtures and Equipment		Total
Cost										
Balance, January 1, 2023	P	4,249,120	P	774,123	P	1,477,584	P	792,017	P	7,292,844
Additions		429,000		-		-		33,319		462,319
Balance, December 31, 2023	P	4,678,120	P	774,123	P	1,477,584	P	825,336	P	7,755,163
Accumulated Depreciation										
Balance, January 1, 2023	P	1,699,648	P	581,083	P	1,477,583	P	777,736	P	4,536,050
Depreciation		283,275		58,971		-		9,458		351,704
Balance, December 31, 2023	P	1,982,923	P	640,054	P	1,477,583	P	787,194	P	4,887,754
Carrying Amounts	P	2,695,197	P	134,069	P	1	P	38,142	P	2,867,409

The Association has no property and equipment with restricted title nor pledged as security for any liability as at December 31, 2024 and 2023.

No impairment loss was recognized for the year ended December 31, 2024.

11. ACCRUED EXPENSES AND OTHER PAYABLES

The components of accrued expenses and other payables are as follows:

	2024	2023
Accrued expenses	P 192,664	P 802,858
SSS and Pag-ibig loans	8,214	5,921
SSS, Pag-ibig and Philhealth contribution	22,330	19,965
Withholding tax payable	23,889	-
Others	1,196,673	1,224,238
	P 1,443,770	P 2,052,982

Accrued expenses pertain to the accrual of professional fees.

Other payables represent overpayment of the members in their corresponding loans for the year.

12. LIABILITY ON INDIVIDUAL EQUITY VALUE

In accordance with the provisions of the Insurance Code of the Philippines, as amended by RA No. 10607 dated August 15, 2013 (the "Insurance Code"), every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least fifty percent (50%) of the total membership dues collected from the members. The equity is payable to the members upon termination of their membership in the Association. In accordance with the same Code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year. Liability on individual equity value of the Association as of December 31, 2024 and 2023 amounted to P43,446,545 and P39,699,889, respectively.

Increase in individual equity value amounted to P5,831,208 and P1,211,048 for the years ended December 31, 2024 and 2023, respectively.

13. BASIC CONTINGENT BENEFIT RESERVE

This represents the total actuarial reserve amounting to P527,890 and P404,690 as of December 31, 2024 and 2023, respectively, set-up by the Association pertaining to the basic life benefit that is in force at the end of the reporting period. It refers to the amount of liability which the Association establishes for a certificate to meet the contractual obligation as it falls due.

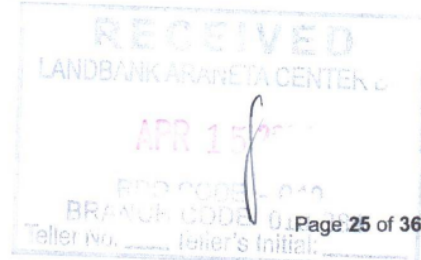
14. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents the sum of the individual claims on legal certificate amounting to P506,868 and P1,673,121 as of December 31, 2024 and 2023, respectively. This has already occurred but on which notice has not yet been received by the Association. This estimate takes into account any policy reserve liability set up by the Association and any amount recoverable from the reinsurers.

15. OTHER CLAIMS PAYABLE ON BASIC POLICIES

The account represents unclaimed members equity for retired and terminated members amounting to P7,887,763 and P7,149,523 as of December 31, 2024 and 2023, respectively.

The account is expected to be applied within the next reporting date.



16. OTHER LONG-TERM PAYABLES

This account pertains to the unclaimed equity savings of the members of the Association amounting to P2,532,911 and P2,571,683 as of December 31, 2024 and 2023, respectively.

17. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel

No remuneration was given by the Company to its directors and other members of key management personnel during 2024 and 2023.

The Company is not covered by the requirements and procedures for related party transactions provided under Revenue Regulation No. 34-2020 as at December 31, 2024 and 2023.

18. FUND BALANCE

18.01 Assigned Funds

The Association, in compliance with the Sec. 405 of the Insurance Code, has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for license to operate a mutual benefit association. Any accrual to such fund, be it interest earned or dividend additions on moneys or securities so deposited, may be withdrawn by the Association if there is no pending benefit claim against it, including interest thereon or dividend additions.

Any increase in the guaranty fund must be in accordance with Sec. 410 of the Insurance which provides that every mutual benefit association must accumulate and maintain, out of periodic dues collected from its members, sufficient reserves for the payment of claims or obligations for which it shall hold funds in securities satisfactory to the Commissioner consisting of bonds of the Government of the Philippines, or any of its political subdivisions and instrumentalities, or in such other good securities as may be approved by the Commissioner. Also, a reserve liability shall be established in accordance with actuarial procedures and shall be approved by the Commissioner.

Movements in the account are as follows:

		2024		2023
Balance at January 1	P	14,012,114	P	14,016,459
Transfer to (from) free and unassigned funds		-		(4,345)
Balance at December 31	P	14,012,114	P	14,012,114

18.02 Free and Unassigned Funds

Free and unassigned funds represent all current and prior year earnings as disclosed in statements of comprehensive income.

The movements in the Association's free and unassigned funds are as follows:

		2024		2023
Balance, January 1	P	2,623,919	P	2,355,891
Assessment refund		(2)		(42,970)
Transfer from (to) assigned funds		-		4,345
Utilization		-		-
Net income during the year		1,288,164		306,653
Balance, December 31	P	3,912,081	P	2,623,919

The transfer of assigned funds amounting to nil to free and unassigned fund is to reconcile the balance of the assigned funds with the balance of the financial asset at amortized cost.

The utilization of free and unassigned funds pertains to refunds to members with floating equity reserves.

19. RECEIPTS

The Association's receipts are as follows:

	2024	2023
Members' contribution - Basic fund	P 13,119,328	P 10,598,857
Members' contribution - General fund	2,381,370	1,942,003
	P 15,500,698	P 12,540,860

Member's contributions represent considerations given by the member in exchange for the promises of the Association to pay stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the Association and/or membership certificates.

Basic fund pertains to the collection of the Association of members' contribution for basic benefits.

General fund pertains to the collection of the Association of members' contribution for other benefits.

20. BENEFIT EXPENSES

The Association's benefit expenses are as follows:

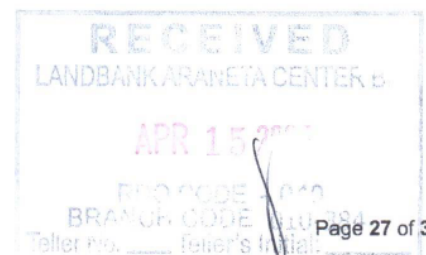
	2024	2023
Benefit expense	P 2,271,628	P 5,449,574
Others	6,030,095	1,257,620
	P 8,301,723	P 6,707,194

20.01 Benefit Expense

The Association's benefit expense consists of:

	2024	2023
Benefits/claims expenses - refund	P 2,271,628	P 5,026,068
Benefits/claims expenses - death	-	421,522
Benefits/claims expenses - basic	-	1,984
	P 2,271,628	P 5,449,574

Benefits/claims expense represents the aggregate losses and claims, including refund of equity value, if any, against the Association arising from the certificates and insurance contracts issued to members. This can be further classified into basic and optional premium.



20.02 Other Benefit Expenses

This account consists of:

		2024		2023
Increase in liability on individual equity value	P	5,831,207	P	1,211,048
Increase in reserve for basic contingent benefit		123,210		29,572
Collection fees		75,678		17,000
	P	6,030,095	P	1,257,620

Increase in liability on individual equity represents the net change in the liability on individual equity value for basic benefit for the current year due to the withdrawal of equity and additional contributions.

Increase (Decrease) in reserve for basic contingent benefit pertains to the net change in the reserve for basic benefit for the current year.

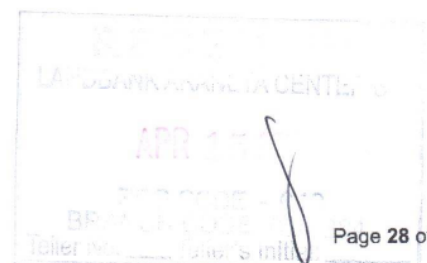
Collection fees pertains to fees paid to individual and partner institutions for collection services.

21. OTHER INCOME

This account consists of:

	Notes		2024		2023
Interest income - loans	9	P	1,906,374	P	623,669
Service income			1,053,248		536,633
Interest income - investments	8		477,480		693,537
Interest income - MCL	9		115,551		60,921
Interest income - banks	6		11,507		8,976
Penalties and surcharges			-		30,993
Miscellaneous			140,460		72,502
		P	3,704,620	P	2,027,231

Penalties and surcharges represent the amounts of penalties and surcharges imposed upon members due to late payments of contributions and/or premiums.



22. OPERATING EXPENSES

The account is composed of the following operating expenses:

	Notes	2024	2023
Salaries and wages	P	2,247,700	P 1,688,051
Technical and professional fee		1,770,047	1,183,742
Membership enrollment and marketing		1,402,567	459,705
Other employee welfare and benefits		789,113	467,057
Service fee		555,000	553,000
Office supplies		486,615	91,672
Depreciation	10	449,126	351,704
Loan impairment loss	9,22	431,285	1,347,445
Meetings and conferences		279,743	11,535
13th month pay		197,248	176,961
Representation		193,467	127,034
Utilities		176,034	155,861
SSS, Pag-ibig and Philhealth contributions		175,588	867,028
Rentals		42,000	42,000
Taxes and licenses		25,754	32,357
Bank charges		22,600	21,058
Travel		17,116	24,105
Repairs and maintenance		10,976	11,761
Miscellaneous		97,092	40,727
	P	9,369,071	P 7,652,803

Rentals pertain to parking fees paid by the Association for the year.

Miscellaneous expenses pertain to notarial fee, supervision fee and other expenses incurred in submission of annual statement to Insurance Commission.

23. INCOME TAXES

Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	2024	2023
Current tax expense	P (208,292)	P (107,376)
Deferred tax benefit	(38,068)	205,935
	P (246,360)	P 98,559

A numerical reconciliation between tax expense and the product of accounting income multiplied by the tax rate in 2024 and 2023 follows:

	2024	2023
Accounting income	P 1,534,524	P 208,094
Tax expense at 20%	P (383,631)	P (41,619)
Tax effect:		
Excess of representation over limit	(9,615)	(325)
Effect of change in tax rate	24,639	-
Income subject to final tax	122,247	140,503
	P (246,360)	P 98,559

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The Association's NOLCO for the year 2023 that can be carried over for the next three (3) consecutive taxable years is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2023	P 492,794	P -	P 492,794	P -	P -	2026

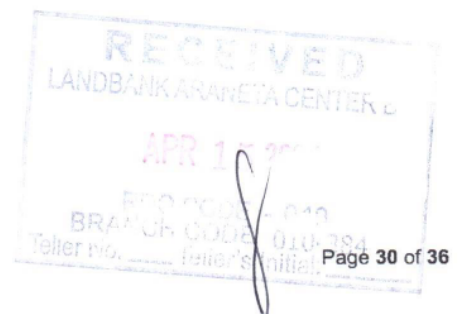
Details of Association's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2024	P 208,292	P -	P -	P -	P 208,292	2027
2023	107,376	-	-	-	107,376	2026
	315,668	P -	P -	P -	P 315,668	

24. DEFERRED TAX ASSETS

The components of the Association's deferred tax assets and their respective movements are as follows:

	NOLCO	MCIT	Total
Balance, January 1, 2023	P 98,559	107,376	P 205,935
Recognized in profit or loss	-	-	-
Balance, December 31, 2023	P 98,559	107,376	P 205,935
Recognized in profit or loss	(246,360)	208,292	(38,068)
Balance, December 31, 2024	P (147,801)	315,668	P 167,867



25. FAIR VALUE MEASUREMENTS

25.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Association's financial assets and financial liabilities as of December 31, 2024 and 2023 are presented below:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P 16,255,467	P 16,255,467	P 27,623,929	P 27,623,929
Receivables*	13,038	13,038	13,803	13,803
Financial asset at amortized cost	14,300,379	14,300,379	14,012,114	14,012,114
Loans receivable	29,259,330	29,259,330	23,573,570	23,573,570
	P 59,828,214	P 59,828,214	P 65,223,416	P 65,223,416
Financial Liabilities				
Accrued expenses and other payables**	P 1,389,337	P 1,389,337	P 808,779	P 808,779
Liability on individual equity value	43,446,545	43,446,545	39,699,889	39,699,889
Basic contingent benefit reserve	527,900	527,900	404,690	404,690
Claims payable on basic contingent benefit	506,868	506,868	1,673,121	1,673,121
Other claims payable on basic policies	7,887,763	7,887,763	7,149,523	7,149,523
Other long-term payables	2,532,911	2,532,911	2,571,683	2,571,683
	P 56,291,324	P 56,291,324	P 52,307,685	P 52,307,685

*Excluding due from officers and employees amounting to P1,910,894 and P1,998,537 in 2024 and 2023, respectively.

**Excluding payable to statutory and other payables amounting to P1,242,892 and P1,244,203 in 2024 and 2023, respectively.

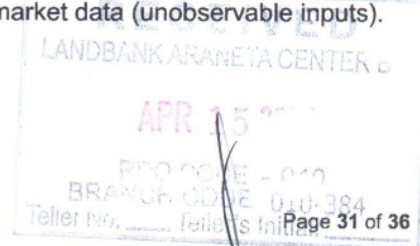
The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

25.02 Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



26. FINANCIAL RISK MANAGEMENT, POLICIES AND PROCEDURES

The Association has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk

This note presents information about the Association's exposure to each of the above risks, the Association's objectives, policies and processes for measuring and managing risks, and the Association's management of capital.

The main purpose of the Association's dealings in financial instruments is to fund its operations and capital expenditures.

The Board of Trustees has overall responsibility for the establishment and oversight of the Association's risk management framework. The Board of Trustees, through the Executive Committee, is responsible for developing and monitoring the Association's risk management policies. The committee identifies all issues affecting the operations of the Association and reports regularly to the Board of Trustees on its activities.

The Association's risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. All risks faced by the Association are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Association's operations and detriment forecasted results.

The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

26.01 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association's credit risk arises principally from the Association's trade and other receivables.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all members requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the members' current credit worthiness and appropriate to the anticipated volume of activities.

The investment of the Association's cash resources is managed so as to minimize risk while seeking to enhance yield. The Association's holding of cash and money market placements exposes the Association to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Association consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The treasury policy sets aggregate credit limits of any one counterparty and Management annually reviews the exposure limits and credit ratings of the counterparties.

Receivable balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The carrying amount of financial assets as at December 31, 2024 and 2023 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates is as follows:

	2024	2023
Cash and cash equivalents (excluding cash on-hand)	P 16,134,884	P 27,513,929
Receivables*	13,038	13,803
Financial asset at amortized cost	14,300,379	14,012,114
Loans receivable	29,259,330	23,573,570
	P 59,707,631	P 65,113,416

*Excluding due from officers and employees amounting to P1,910,894 and P1,998,537 in 2024 and 2023 respectively.

The table below shows the credit quality by class of financial assets of the Association:

2024				
	Neither Past Due nor Impaired			
	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents (excluding cash on-hand)	P 16,134,884	P -	P -	P 16,134,884
Receivables*	13,038	-	-	13,038
Financial asset at amortized cost	14,300,379	-	-	14,300,379
Loans receivable	29,259,330	-	-	29,259,330
	P 59,707,631	P -	P -	P 59,707,631

*Excluding due from officers and employees amounting to P1,910,894 in 2024.

2023				
	Neither Past Due nor Impaired			
	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents (excluding cash on-hand)	P 27,513,929	P -	P -	P 27,513,929
Receivables*	13,803	-	-	13,803
Financial asset at amortized cost	14,012,114	-	-	14,012,114
Loans receivable	23,573,570	-	-	23,573,570
	P 65,113,416	P -	P -	P 65,113,416

*Excluding due from officers and employees amounting to P1,998,537 in 2023.

The credit quality of the financial assets was determined as follows:

Receivables

- High grade – These are receivables from counterparties with no default in payment.
- Medium – These are receivables from counterparties with up to three defaults in payment.
- Low – These are receivables from counterparties with more than three defaults in payment.

Cash in banks are considered good quality (High Grade) as this pertains to deposits in reputable banks.

26.02 Liquidity Risk Management

Association manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Association's remaining contractual maturity for its non-derivative financial liability with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Association can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Association may be required to pay.

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	Within 1 Year	1 - 5 Years	Over 5 Years	Total
December 31, 2024				
Accrued expenses and other payables*	P 1,389,337	P -	P -	P 1,389,337
Liability on individual equity value	43,446,545	-	-	43,446,545
Basic contingent benefit reserve	527,900	-	-	527,900
Claims payable on basic contingent benefit	506,868	-	-	506,868
Other claims payable on basic policies	7,887,763	-	-	7,887,763
Other long-term payables	-	2,532,911	-	2,532,911
	P 53,758,413	P 2,532,911	P -	P 56,291,324

*Excluding payable to statutory and other payables amounting to P1,242,892 in 2024.

	Within 1 Year	1 - 5 Years	Over 5 Years	Total
December 31, 2023				
Accrued expenses and other payables*	P 808,779	P -	P -	P 808,779
Liability on individual equity value	39,699,889	-	-	39,699,889
Basic contingent benefit reserve	404,690	-	-	404,690
Claims payable on basic contingent benefit	1,673,121	-	-	1,673,121
Other claims payable on basic policies	7,149,523	-	-	7,149,523
Other long-term payables	-	2,571,683	-	2,571,683
	P 49,736,002	P 2,571,683	P -	P 52,307,685

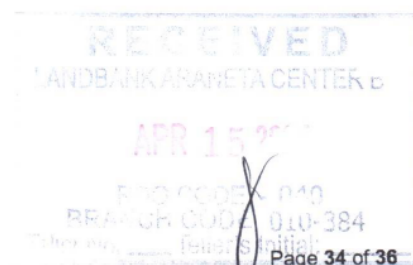
*Excluding payable to statutory payables amounting to P1,244,203 in 2023.

	Within 1 Year	1 - 5 Years	Over 5 Years	Total
December 31, 2024				
Cash and cash equivalents	P 16,255,467	P -	P -	P 16,255,467
Receivables*	13,038	-	-	13,038
Financial asset at amortized cost	14,300,379	-	-	14,300,379
Loans receivable	-	29,259,330	-	29,259,330
	P 30,568,884	P 29,259,330	P -	P 59,828,214

	Within 1 Year	1 - 5 Years	Over 5 Years	Total
December 31, 2023				
Cash and cash equivalents	P 27,623,929	P -	P -	P 27,623,929
Receivables*	13,803	-	-	13,803
Financial asset at amortized cost	14,012,114	-	-	14,012,114
Loans receivable	-	23,573,570	-	23,573,570
	P 41,649,846	P 23,573,570	P -	P 65,223,416

*Excluding due from officers and employees amounting to P1,910,894 and P1,998,537 in 2024 and 2023 respectively.

The Association's total current liabilities as at December 31, 2024 and 2023 amounted to P54,021,138 and P51,087,581 which are less than its total current assets of P61,728,214 and P60,389,083. Thus, the Association has sufficient funds to pay for its current liabilities and has minimal liquidity risk.



27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Association's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Association sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Association's Corporate Treasury has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Association's external environment and the risks underlying the Association's business operations and industry.

The Association manages its capital structure and makes adjustments to it in light of challenges in economic conditions. To maintain or adjust the capital structure, the Association may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Association monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to trade and other payables, due to related parties, loans payable, income tax payable and deposits for future stock subscriptions. Total equity comprises mainly of the capital stock, additional paid-in capital and retained earnings.

Under Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607), mutual benefit associations are required to establish a guaranty fund by depositing with the Insurance Commission an initial amount of five million pesos (P5,000,000) in cash, or in government securities with a total value equal to such amount, to answer for any valid benefit claim of any of its members. The Association has complied with this requirement.

Insurance Memorandum Circular (IMC) No. 11-2006 which provides for the adoption of the Risk-based Capital (RBC) Framework for mutual benefit associations (MBAs) to establish the required amounts of members' equity to be maintained by MBAs in relation to their investment and insurance risk, requires every MBA to maintain a minimum RBC ratio of 100% and not fail the Trend Test. The Association, having an RBC ratio of 143.73% as of December 31, 2023, is in compliance with the requirements of the said IMC.

The gearing ratio at end of the reporting period was as follows:

	2024	2023
Debt	P 56,554,049	P 53,659,264
Cash	16,255,467	27,623,929
Net Debt	P 40,298,582	P 26,035,335
Equity	17,924,195	16,636,033
Net debt to equity ratio	2.25:1	1.56:1

Debt is defined as long and short-term borrowings, as described in Notes 11,12,13,14,15 and 16, while equity includes all fund balance and reserves of the Association that are managed as fund balance.

28. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS 15 – 2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

Below are the additional information required by RR 15 – 2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The details of the Association's taxes, duties and licenses fees paid or accrued in 2024 are as follows:

28.01 VAT Output and Input Tax

The Association is a non-VAT registered Association engaged in the business of life insurance.

28.02 Excise Tax

The Association had no excise tax in 2024.

28.03 Documentary Stamp Tax

The Association had no documentary stamp tax in 2024.

28.04 Other Taxes and Licenses

An analysis on the Association's other taxes and licenses and permit fees paid or accrued during the year is as follows:

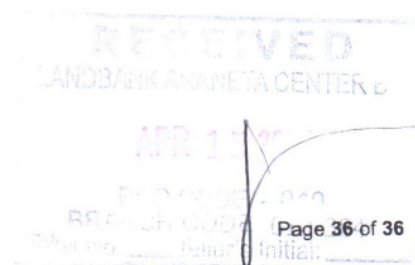
Business permits and licenses	P	8,382
Business clearance		2,150
Real property tax		14,464
Others		758
	P	25,754

28.05 Withholding Taxes

The Company had withholding taxes on compensation amounting to P98,835 in 2024.

28.06 Deficiency Tax Assessments and Tax Cases

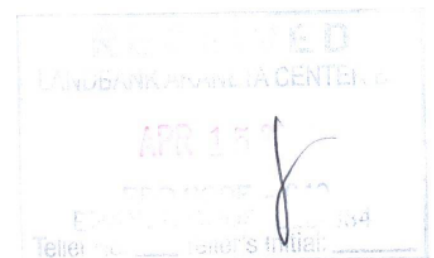
As at December 31, 2024, the Association had no ongoing tax assessment and no outstanding tax cases with the Bureau of Internal Revenue (BIR) or any other court or bodies outside of the BIR.



FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION

For the Years Ended December 31, 2024 and 2023

	2024	2023
Total Audit Fees	110,000	90,000.00
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees	110,000	90,000.00
Audit and Non-audit fees of other related entities		
	2024	2023
Audit fees	-	-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	-	-



SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Members and the Board of Trustees
FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.
RM 418, 145 Union Square One Condominium
15th Avenue, Brgy. Socorro Cubao
Quezon City

We have audited the financial statements of **FIRE SERVICES MUTUAL BENEFIT ASSOCIATION, INC.** for the year ended **December 31, 2024**, on which we have rendered the attached report dated April 15, 2025.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager, or principal members of the Association.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Association has no stockholders being a non-stock, not-for-profit Association.

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2021, December 7, 2021, valid until December 6, 2024

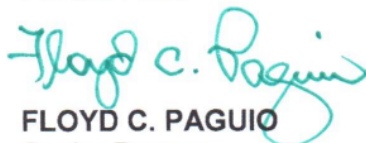
SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, July 5, 2023 valid until February 28, 2026

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

For the Firm:



FLOYD C. PAGUIO

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2021, December 7, 2021, valid until December 6, 2024

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 10543034, issued on January 17, 2024, Muntinlupa City

April 15, 2025

Muntinlupa City, Metro Manila

NOT VALID WITHOUT SEAL

