Dasmariñas Village Association,Inc.
(A Non-stock, Not-for-profit Organization)

Financial Statements
December 31, 2022 and 2021

and

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

The Board of Governors
Dasmariñas Village Association, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dasmariñas Village Association, Inc. (the Association), a non-stock, non-profit association, which comprise the statements of assets, liabilities and fund balance as at December 31, 2022 and 2021, 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 significant 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs for SMEs, 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 has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 our 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.

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

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Report on the Supplementary Tax Information under Revenue Regulations (RR) 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Dasmariñas Village Association, Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

February 24, 2023

DASMARIÑAS VILLAGE ASSOCIATION, INC.
(A Non-stock, Not-for-profit Organization)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱164,337,844**	₱171,987,592
Short-term investments (Note 7)	**337,780,601**	352,026,554
Accounts receivable (Note 6)	**3,849,305**	6,927,663
Prepayments and other assets	**262,268**	460,009
Total Current Assets	**506,230,018**	531,401,818
Noncurrent Assets		
Available-for-sale financial assets (Note 8)	**53,234,200**	9,913,050
Property and equipment (Note 9)	**10,122,964**	8,373,088
Refundable deposits	**1,151,769**	1,251,769
Total Noncurrent Assets	**64,508,933**	19,537,907
TOTAL ASSETS	**₱570,738,951**	₱550,939,725
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts and other payables (Note 10)	**₱17,393,718**	₱17,884,330
Membership dues received in advance (Note 12)	**3,777,300**	13,989,915
Construction bond (Note 13)	**192,936,054**	205,409,004
Total Current Liabilities	**214,107,072**	237,283,249
Noncurrent Liabilities		
Pension liability - net (Note 11)	**519,153**	1,088,611
Provisions (Note 21)	**3,985,648**	3,985,648
Total Noncurrent Liabilities	**4,504,801**	5,074,259
Total Liabilities	**218,611,873**	242,357,508
Fund Balance		
Unappropriated	**261,087,043**	216,663,332
Appropriated (Note 19)	**90,000,000**	90,000,000
Unrealized gain on available-for-sale financial assets (Note 8)	**1,040,035**	1,918,885
Total Fund Balance	**352,127,078**	308,582,217
TOTAL LIABILITIES AND FUND BALANCE	**₱570,738,951**	₱550,939,725

See accompanying Notes to Financial Statements.

DASMARIÑAS VILLAGE ASSOCIATION, INC.
(A Non-stock, Not-for-profit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Permits and other fees (Note 14)	**₱42,529,628**	₱24,367,407
Interest income (Notes 5, 7 and 8)	**7,634,567**	4,643,230
	50,164,195	29,010,637
COSTS AND EXPENSES		
Direct Costs		
Security services	**34,812,347**	30,879,891
Garbage services	**17,134,066**	16,689,152
Street repairs and maintenance	**9,447,072**	8,748,039
Stickers and supplies	**3,939,607**	3,509,143
Street lights	**3,826,330**	4,283,579
Community affairs	**2,907,248**	1,962,549
Depreciation (Note 9)	**1,157,843**	1,125,840
	73,224,513	67,198,193
General and Administrative Expenses		
Personnel costs (Notes 11 and 15)	**15,527,097**	15,826,681
Professional fees	**5,112,064**	6,419,156
Depreciation and amortization (Note 9)	**3,458,814**	3,334,825
Communication and utilities	**3,088,635**	2,996,204
Stationery and supplies	**1,206,339**	1,598,912
Taxes and licenses	**921,940**	690,713
Repairs, sanitation and maintenance	**575,702**	240,546
Insurance	**433,986**	420,311
Meeting and representation expense	**141,358**	121,057
Miscellaneous (Note 9)	**2,180,906**	3,112,265
	32,646,841	34,760,670
TOTAL COSTS AND EXPENSES	**105,871,354**	101,958,863
DEFICIENCY OF REVENUE OVER COSTS AND EXPENSES BEFORE MEMBERS' SUPPORT	**(55,707,159)**	(72,948,226)
MEMBERS' SUPPORT		
Membership dues (Note 17)	**100,130,870**	88,955,961
EXCESS OF REVENUE AND MEMBERS' SUPPORT OVER COSTS AND EXPENSES	**44,423,711**	16,007,735
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent years:		
Unrealized gain (loss) on available-for-sale financial asset (Note 8)	**(878,850)**	85,050
TOTAL COMPREHENSIVE INCOME	**₱43,544,861**	₱16,092,785

See accompanying Notes to Financial Statements

DASMARIÑAS VILLAGE ASSOCIATION, INC.
(A Non-stock, Not-for-profit Organization)

STATEMENTS OF CHANGES IN FUND BALANCE

	Fund Balance (Note 19)		**Unrealized Gain(Loss) on Available for-sale Financial Asset**	
	Unappropriated	**Appropriated**	(Note 8)	**Total**
At January 1, 2022	**₱216,663,332**	**₱90,000,000**	**₱1,918,885**	**₱308,582,217**
Excess of revenue and members' support over costs and expenses	**44,423,711**	**–**	**–**	**44,423,711**
Other comprehensive loss	**–**	**–**	**(878,850)**	**(878,850)**
Total comprehensive income	**44,423,711**	**–**	**(878,850)**	**43,544,861**
As of December 31, 2022	**₱261,087,043**	**₱90,000,000**	**₱1,040,035**	**₱352,127,078**
At January 1, 2021	₱200,655,597	₱90,000,000	₱1,833,835	₱292,489,432
Excess of revenue and members' support over costs and expenses	16,007,735	–	–	16,007,735
Other comprehensive income	–	–	85,050	85,050
Total comprehensive income	16,007,735	–	85,050	16,092,785
As of December 31, 2021	₱216,663,332	₱90,000,000	₱1,918,885	₱308,582,217

See accompanying Notes to Financial Statements

DASMARIÑAS VILLAGE ASSOCIATION, INC.
(A Non-stock, Not-for-profit Organization)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue and members' support over costs and expenses	**₱44,423,711**	₱16,007,735
Adjustments for:		
Depreciation and amortization (Note 9)	**4,616,657**	4,460,665
Pension expense (benefit) (Note 11)	**(569,458)**	788,051
Interest income (Notes 5, 7 and 8)	**(7,634,567)**	(4,643,230)
Loss on disposal of property and equipment (Note 9)	**–**	14,000
Operating income before working capital changes	**40,836,343**	16,627,221
Decrease (increase) in:		
Accounts receivable	**4,428,144**	(2,662,268)
Prepayments	**197,741**	(182,333)
Refundable deposits	**100,000**	(300,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(490,612)**	(529,708)
Provisions (Note 20)	**–**	(3,014,352)
Membership dues received in advance	**(10,212,615)**	12,755,726
Construction bond	**(12,472,950)**	24,466,699
Net cash flows provided by operating activities	**22,386,051**	47,160,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term investment	**352,026,554**	252,596,364
Placements of short-term investments	**(337,780,601)**	(352,026,554)
Purchase of available-for-sale financial asset (Note 8)	**(44,200,000)**	–
Acquisitions of property and equipment (Note 9)	**(6,366,533)**	(2,283,545)
Interest received	**6,284,781**	5,526,724
Net cash flows used in investing activities	**(30,035,799)**	(96,187,011)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,649,748)**	(49,026,026)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**171,987,592**	221,013,618
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱164,337,844**	₱171,987,592

See accompanying Notes to Financial Statements.

1. Corporate Information

Dasmariñas Village Association, Inc. (the Association) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 1, 1965 as a non-stock, not-for-profit organization organized to promote, advance and safeguard the interest, general welfare and well-being of the owners, lessees and occupants of the properties in Dasmariñas Village, Makati City.

The Association's records have been transferred from Securities and Exchange Commission (SEC) last January 26, 2006 to the Housing and Land Use Regulatory Board (HLURB) with registration number NCR-HOA-E-06-0001 dated Jan 25, 2006.

All real estate owners in Dasmariñas Village Subdivision (the Subdivision), as defined in the Association's by laws, shall become members of the Association. Holders of long-term leases, usufructuary, or legal occupant may also be a member upon submission to the Association of a written consent or authorization from the owner of the lot or house that he is legally occupying. Membership in the Association automatically ceases upon cessation of a member to be an owner or lessee.

The Association's registered address and principal place of business is 1417 Campanilla Street, Dasmariñas Village, Makati City.

On February 24, 2023, the Board of Governors authorized the President and Treasurer to approve the issuance of the financial statements. The Association's financial statements were authorized for issuance by the President and Treasurer on February 24, 2023.

2. Basis of Preparation

The financial statements of the Association have been prepared using the historical cost basis, except for available-for-sale financial assets carried at fair value. Amounts are presented in Philippine Peso (₱), which is also the Association's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The financial statements of the Association have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

3. Summary of Significant Accounting Policies

Changes in Accounting Policy and Disclosure
The accounting policies adopted in the preparation of the Association's financial statements are consistent with those of the previous financial year.

Financial Instruments
The Association applied the recognition and measurement provisions of PAS 39, *Financial Instruments: Recognition and Measurement* to account for all its financial instruments as allowed under PFRS for SMEs.

Date of recognition
The Company recognizes a financial asset or a financial liability in the statements of assets, liabilities and fund balance when it becomes a party to the contractual provisions of the instrument.

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs.

Financial assets can be classified in any of the following categories: held-to-maturity (HTM) financial assets, financial assets at FVPL, available-for-sale (AFS) financial assets and loans and receivables. Financial liabilities can be classified as at FVPL or as other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net, of any related income tax benefits.

As of December 31, 2022 and 2021, the Association's financial instruments primarily consist of loans and receivables, AFS financial assets, and other financial liabilities.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. These are included in current asset if maturity is within 12 months from reporting date otherwise, these are classified as noncurrent asset.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included under "Interest income" in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

This accounting policy applies primarily to the Association's cash and cash equivalents, short-term investments, accounts receivables, and refundable deposits (see Notes 5, 6 and 7).

AFS Financial Assets
AFS financial assets are non-derivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in other comprehensive income (OCI).

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized in profit or loss. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate (EIR).

Dividends earned on holding AFS financial assets are recognized in profit or loss when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in the statement of comprehensive income.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

The Association classifies its treasury notes and investments in preferred shares as AFS financial assets (see Note 8).

Other Financial Liabilities
Issued financial liabilities or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies primarily to the Association's accounts and other payables and construction bonds (see Notes 10 and 13).

<u>Impairment of Financial Assets</u>
The carrying value of all financial assets is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is a process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments.

The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Association's long-term investment strategy.

Derecognition of Financial Assets and Liabilities

Financial asset

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

(a) the rights to receive cash flows from the asset have expired;

(b) the Association retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

(c) the Association has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Where the Association has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Association's continuing involvement in the asset.

Financial liability

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

Offsetting Financial Instruments

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

Prepayments

Prepayments are carried at cost less amortized portion. These mainly consist of prepaid insurance and advances to employees that are subject to liquidation.

Property and Equipment

The Association measures all items of property and equipment after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Factors such as change in how an asset is used, significant unexpected wear and tear, technological advancement and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present and if current expectations differ, the residual value should be reviewed.

The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. To be recognized as asset, the Association must have control over the economic benefits expected to be derived from such asset. Control over an asset is the ability of the entity to direct the use of the asset so as to obtain economic benefits. The Association has right to direct the use of an asset if the entity can direct how and for what purpose the asset is used.

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

	Years
Building and other improvements	3-20
Furniture, fixtures and equipment	3-10
Transportation equipment	3-5
Security and park equipment	2-10
Software and licenses	5

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both useful life of an asset and its residual value, if any, are reviewed annually.

The asset's residual value, estimated useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Impairment of Nonfinancial Assets

This accounting policy applies to the Association's property and equipment. An assessment is made at each reporting date to determine whether there is any indication of impairment of any long-lived assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less costs to sell.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the year in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognized, but not in excess of the amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization), had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Retirement Benefits

The Association has a funded, noncontributory defined benefit retirement plan, administered by a trustee, covering their regular and permanent employees. Pension expense is actuarially determined using the projected unit credit method.

This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Pension expense includes current service cost plus amortization of past service cost, experience adjustments and changes in actuarial assumptions over the expected average remaining working lives of the covered employees.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Actuarial gains and losses are recognized in full in the statements of comprehensive income.

The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

Fund Balance

Fund balance is the difference between the Association's assets and liabilities. Fund balance is increased when revenues exceed expenses for the reporting period. Correspondingly, fund balance is decreased when expenses exceed revenues. A positive fund balance represents a financial resource available to finance expenses of the following period. A deficit fund balance can only be recovered by having revenues exceed expenses in the following period.

A portion of the balance in a fund may be committed and restricted to provide the funding for planned projects of the Association. Fund balance may be considered as a surplus or an excess only to the extent that it has not been committed, identified for a purpose, or is available for re-appropriation to a different purpose.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The Association assesses its revenue arrangements against specific criteria in order to determine that it is acting as a principal in all its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized.

Permits and other fees

Permits are recognized upon issuance while other fees are recognized when the earning process is complete.

Interest income

Interest income is recognized as it accrues.

Costs and Expenses

The Association's costs and expenses are those that arise in the course of ordinary operations of the Association. Expenses are recognized in the statements of comprehensive income as incurred.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting dates.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

Members' Support
Membership dues computed on the basis of a fixed rate per square meter of lot occupied by the homeowner or member are recognized when due. Membership dues received in advance are shown as part of liabilities in the statements of assets, liabilities and fund balance. Donations are recognized upon receipt or accrued when there is reasonable assurance of receipt.

Fund Accounting
The accounts of the Association are maintained in accordance with the principle of fund accounting to ensure observance of limitations and restrictions placed on the use of resources available to the Association. This is the procedure by which resources for various purposes are classified for accounting and financial reporting purposes into funds that are in accordance with specified activities and objectives. Separate accounts are maintained for each fund, if any. Funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group, if applicable.

Provisions
Provisions are recognized when the Association has: (a) a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. Where the Association expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting financial year-end and adjusted to reflect current best estimates.

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS for SMEs requires the Association to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements, as they become reasonably determinable.

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

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

Recognition of capitalizable property and equipment
The Association recognizes assets in accordance with PIC Q&A 2016-03 which states that an item is defined as an asset if it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured reliably. The Association believes that the Association has control over the capitalized property and equipment and has the ability to direct the use of the asset so as to obtain economic benefits.

Impairment of nonfinancial assets
The Association assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indicators of impairment include significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset and significant negative economic trends. If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

No impairment loss was recognized in 2022 and 2021 for the Association's property and equipment since there are no indicators of impairment. As of December 31, 2022 and 2021, the carrying value of the Association's property and equipment amounted to ₱10,122,964 and ₱8,373,088, respectively (see Note 9).

Estimates and Assumptions

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

Allowance for doubtful accounts

Allowance for doubtful accounts is estimated at a level considered adequate to provide for potential uncollectible receivables. The level of the allowance is evaluated by management based on factors that affect the collectability of the accounts. The Association reviews the age and status of receivables, and identifies accounts that are to be provided with allowance. The amount and timing of recorded expenses for any period would therefore differ depending on the judgments and estimates made for each period.

As of December 31, 2022 and 2021, the carrying amounts of accounts receivable amounted to ₱3,849,305 and ₱6,927,663, respectively, while allowance for doubtful accounts amounted to ₱132,083 as of December 31, 2022 and 2021 (see Note 6).

Impairment of available for sale investments

The Association assess investments if whether there is an indication that the carrying amount of an asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. However, PAS 39 makes it clear that a decline in fair value to less than cost is not necessarily an impairment. The key issue is to determine whether a decline in value below cost is accompanied by objective evidence of impairment.

A "significant or prolonged decline" in the fair value of an investment in an instrument below its cost is also being considered by the Association as an objective evidence of impairment. The Association generally considers "significant" as decline of 20% or more below the original cost of the investment, and "prolonged" as twelve (12) months or more. The reference is to a "significant" or" prolonged decline", not a significant and prolonged decline.

As of December 31, 2022 and 2021, the carrying amount of the AFS investments amounted to ₱53,234,200 and ₱9,913,050, respectively (see Note 8).

Pension cost

The determination of the Association's pension liability and cost for retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount and salary increase rates. While the Association believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension expense and obligation.

As of December 31, 2022 and 2021, the defined benefit obligation amounted to ₱11,570,632 and ₱14,018,779, respectively (see Note 11).

Deferred tax assets

The Association reviews its deferred tax assets at the end of each reporting period and derecognizes it to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The deferred tax effects of the deductible temporary differences amounting to ₱53,357,239 and ₱49,996,851 as of December 31, 2022 and 2021, respectively, were not recognized (see Note 16).

Provisions and contingencies
The estimate of the amount of probable loss arising from third party claims is based on management's assessment of the probability of all possible outcomes and analysis of potential results. Provision for probable loss amounted to ₱3,985,648 as of December 31, 2022 and 2021 (see Note 20).

5. Cash and Cash Equivalents

	2022	2021
Cash on hand	**₱65,000**	₱65,000
Cash in banks	**38,772,545**	22,101,624
Cash equivalents	**125,500,299**	149,820,968
	₱164,337,844	₱171,987,592

Cash on hand pertains to petty cash and postage funds. Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value. Cash equivalents earn annual interest ranging from 0.2% to 4.4% and 0.2% to 0.75% in 2022 and 2021, respectively.

Interest income earned on cash in banks amounted to ₱18,968 and ₱20,045 in 2022 and 2021, respectively. Interest income earned on cash equivalents amounted to ₱141,600 and ₱261,982 in 2022 and 2021, respectively.

6. Accounts Receivable

	2022	2021
Accrued interest	**₱3,578,143**	₱2,228,357
Advances to employees	**257,483**	303,082
Unpaid membership dues	**88,375**	73,850
Others (Note 14)	**57,387**	4,454,457
	3,981,388	7,059,746
Less allowance for doubtful accounts	**132,083**	132,083
	₱3,849,305	₱6,927,663

Accrued interest pertains to interest on cash equivalents, short-term investments and available-for-sale treasury notes.

Advances to employees are noninterest-bearing loans which is due and demandable.

Allowance for doubtful accounts was provided for the full amount of advances to former employee amounting to ₱0.13 million.

Unpaid membership dues constitute a lien on the property of the concerned members. Details of unpaid membership dues follow:

	2022	2021
Unpaid membership dues:		
2022	**₱88,375**	₱–
2021	–	73,850
	₱88,375	₱73,850

Others mainly consist of receivable from sponsorships and rental of the Association's facilities.

The Association has not recognized additional provision for doubtful accounts for the years ended December 31, 2022 and 2021.

7. Short-term Investments

As of December 31, 2022 and 2021, investment in Treasury Bills amounting to ₱337,780,601 and ₱352,026,554, respectively, are for a term of more than 90 days to one (1) year which carries interest rate ranging from 0.40% to 3.20% and 0.40% to 1.22% respectively, per annum. Interest income earned amounted to ₱5,926,238 and ₱3,893,668 in 2022 and 2021, respectively.

8. Available-for-Sale Financial Assets

The Association also purchased 23,300 preferred shares amounting to ₱10,319,185 in 2015. In 2020, the Association's fixed rate treasury notes matured and proceeds amounted to ₱15,845,762.

In 2020, the Association also redeemed 4,400 of its preferred shares at ₱330,000.

In 2022, the Association purchased fixed-rate bonds amounting to ₱44,200,000.

The composition of the Association's investments in AFS financial assets as of December 31 follow:

	2022	2021
Cost		
Bonds	**₱44,200,000**	₱–
Preferred shares	**9,989,185**	9,989,185
Total	**54,189,185**	9,989,185
Accumulated impairment loss		
At beginning and end of year	**(1,995,020)**	(1,995,020)
Unrealized gain	**1,040,035**	1,918,885
Balance as of December 31	**₱53,234,200**	₱9,913,050

Unrealized gain charged to OCI for investments in AFS financial asset as of December 31 follow:

	2022	2021
Balance at January 1	**₱1,918,885**	₱1,833,835
Unrealized gain charged to OCI	**(878,850)**	85,050
Balance as at December 31	**₱1,040,035**	₱1,918,885

Interest income on investment in AFS financial asset amounted to ₱1,547,761 and ₱467,535 in 2022 and 2021, respectively.

9. Property and Equipment

2022

	Building and Other Improvements	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Security and Park Equipment**	**Software and Licenses**	**Construction In- Progress**	**Total**
Cost							
At January 1	**₱34,257,203**	**₱18,206,405**	**₱7,037,191**	**₱2,502,561**	**₱326,417**	**₱–**	**₱62,329,777**
Additions	**–**	**1,569,400**	**761,000**	**3,823,703**	**92,430**	**120,000**	**6,366,533**
At December 31, 2022	**₱34,257,203**	**₱19,775,805**	**₱7,798,191**	**₱6,326,264**	**₱418,847**	**₱120,000**	**₱68,696,310**
Accumulated Depreciation and Amortization							
At January 1	**31,653,241**	**15,128,062**	**4,965,499**	**1,887,259**	**322,628**	**–**	**53,956,689**
Depreciation and amortization	**1,361,465**	**1,471,162**	**1,157,843**	**622,659**	**3,528**	**–**	**4,616,657**
At December 31, 2022	**33,014,706**	**16,599,224**	**6,123,342**	**2,509,918**	**326,156**	**–**	**58,573,346**
Net Book Value	**₱1,242,497**	**₱3,176,581**	**₱1,674,849**	**₱3,816,346**	**₱92,691**	**₱120,000**	**₱10,122,964**

2021

	Building and Other Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Security and Park Equipment	Software and Licenses	Total
Cost						
At January 1	₱34,057,203	₱16,816,179	₱7,037,191	₱1,851,242	₱326,417	₱60,088,232
Additions	200,000	1,432,226	–	651,319	–	2,283,545
Disposal	–	(42,000)	–	–	–	(42,000)
At December 31, 2021	34,257,203	18,206,405	7,037,191	2,502,561	326,417	62,329,777
Accumulated Depreciation and Amortization						
At January 1	29,552,809	14,123,324	3,839,659	1,691,070	317,162	49,524,024
Depreciation and amortization	2,100,432	1,032,738	1,125,840	196,189	5,466	4,460,665
Disposal	–	(28,000)	–	–	–	(28,000)
At December 31, 2021	31,653,241	15,128,062	4,965,499	1,887,259	322,628	53,956,689
Net Book Value	₱2,603,962	₱3,078,343	₱2,071,692	₱615,302	₱3,789	₱8,373,088

No property and equipment were pledged as security to the Association's obligations as of December 31, 2022 and 2021.

Loss arising from the sale of property and equipment amounted to ₱14,000 in 2021 (nil in 2022), which is recorded in "Miscellaneous" under "General and Administrative Expenses" of the Association's statements of comprehensive income.

Depreciation and amortization charged to costs and expenses follows:

	2022	2021
General and administrative expenses	**₱3,458,814**	₱3,334,825
Direct costs	**1,157,843**	1,125,840
	₱4,616,657	₱4,460,665

On July 31, 1968, the developer of the subdivision has donated street lots, which have an assessed value of ₱1.00 per square meter at the time of donation. Under the terms of the donation, the donated property shall be used and maintained as private roads or streets for the use of the members of the Association, their families, personnel and domestic help and, under reasonable conditions and restrictions, by the general public. In the event that the properties are no longer used as such, the same shall automatically revert to the donor.

The Association leases in perpetuity (co-terminus with the corporate life of the Association) from Makati Development Corporation six parcels of land within the subdivision at a nominal rent of ₱1.00 a year. Under the terms of the lease, the property shall be used exclusively as park and playground for the recreation, athletic and social activities of the members of the Association and the residents of the area; provided, however, that the Association, subject to the prior consent of the lessor, may reserve and dedicate a portion of the leased premises for the construction of the Community Center Building.

All tax assessments arising out of or imposed because of the ownership or possession of the leased premises shall be borne by the Association.

10. Accounts and Other Payables

	2022	2021
Accounts payable	**₱10,630,890**	₱7,438,920
Accrued expenses	**3,251,877**	6,248,419
Refundable deposits payable	**600,000**	600,000
Employees' educational, loan and Christmas funds	**323,198**	773,402
Other payables	**2,587,753**	2,823,589
	₱17,393,718	₱17,884,330

Accounts payable represent amounts owed to suppliers and vendors which are noninterest-bearing. This also includes deposits from residents for payment to third-party inspector of the residents' property under construction.

Accrued expenses consist mainly of accruals for payments for security services.

Refundable deposits payable pertains to deposits for move-in requirements of certain tenants. These are returned to the tenants upon clearance.

Employees' educational, loans and Christmas funds pertain to Association's funds for regular employees deducted in advance against employees' salary. These funds are returned to employees within a year.

Other payables consist mainly of withholding taxes payable and unidentified deposits from residents.

Accounts payable and accrued expenses are obligations on the basis of normal credit terms and are non-interest bearing and are expected to be settled in the next 12 months.

11. Retirement Plan

The Association has a funded, noncontributory defined benefit retirement plan administered by a trustee covering substantially all of its employees. The benefits are based on years of service and compensation on the last year of employment.

The following tables summarize the components of net pension expense, the net pension liability, the changes in the present value of pension obligation, the changes in fair value of plan assets, the composition of plan assets and the principal assumptions used in the actuarial valuation as at December 31, 2022 and 2021.

Net pension expense (income) included in "personnel costs" under general and administrative expenses account in the statements of comprehensive income follows:

	2022	2021
Current service cost	**₱808,675**	₱777,832
Net interest expense	**37,012**	10,219
Actuarial gain recognized	**(1,415,145)**	–
Pension expense (benefit)	**(₱569,458)**	₱788,051

The funded status and amounts recognized in the statements of assets, liabilities and fund balance for the retirement plan as of December 31, 2022 and 2021 follow:

	2022	2021
Benefit obligation	**₱11,570,632**	₱14,018,779
Plan assets	**(11,051,479)**	(12,930,168)
Pension liabilities – net	**₱519,153**	₱1,088,611

Changes in the present value of the defined benefit obligation follow:

	2022	2021
Present value of the benefit obligation, beginning	**₱14,018,779**	₱13,399,008
Interest cost	**476,638**	455,566
Current service cost	**808,675**	777,832
Actuarial gain on obligation	**(1,685,180)**	(464,768)
Benefits paid	**(2,048,280)**	(148,859)
Present value of the benefit obligation, ending	**₱11,570,632**	₱14,018,779

Changes in fair value of plan assets follow:

	2022	2021
Fair value of plan assets, beginning	**₱12,930,168**	₱13,098,448
Interest income	**439,626**	445,347
Actuarial loss on plan assets	**(270,035)**	(464,768)
Benefits paid	**(2,048,280)**	(148,859)
Fair value of plan assets, ending	**₱11,051,479**	₱12,930,168

The plan assets are maintained with a trustee bank. The actual (loss)/return on plan assets amounted to ₱169,591 and (₱19,421) in 2022 and 2021, respectively.

The distribution of plan assets as of December 31, 2022 and 2021 follows:

	2022	2021
Cash and cash equivalents	**₱8,566,957**	₱12,482,299
Investment in debt securities	**2,153,279**	210,457
Investment in equity securities	**340,500**	297,000
Receivables	**46,740**	6,791
	11,107,476	12,996,547
Less accrued trust fees and other payables	**(55,997)**	(66,379)
	₱11,051,479	₱12,930,168

Movement in the net pension liabilities during the year follows:

	2022	2021
At beginning of year	**₱1,088,611**	₱300,560
Pension expense (benefit) (Note 15)	**(569,458)**	788,051
At end of year	**₱519,153**	₱1,088,611

The principal assumptions used in determining pension benefits are as follows:

	2022	2021
Discount rate	**7.10%**	3.40%
Salary increase rate	**5.00%**	5.00%

Maturity profile of benefits payment is as follows:

One to five years	₱8,406,124
6 to 10 years	8,208,088
11 to 15 years	5,869,788
16 years and up	11,737,491
Total	₱34,221,491

12. **Membership Dues Received in Advance**

This account pertains to advance collection of membership dues from property owners or lessees which are recognized as members' support in the proper period. Advance collections amounted to ₱3,777,300 and ₱13,989,915 as of December 31, 2022 and 2021, respectively.

13. **Construction Bond**

This account pertains to cash deposits from members or their contractors, as required by the Association before any house construction or major renovation work is undertaken within the village.

The construction bond ensures that village properties are not destroyed or damaged through the course of the construction. It is non-interest bearing and refundable upon completion of the construction or renovation work and upon presentation of receipts and determination of the depositor's liability for any violation of the Association's regulations relating to said construction or renovation.

The movement in this account follows:

	2022	2021
Balance at January 1	**₱205,409,004**	₱180,942,305
Deposits	**70,469,000**	48,341,066
Refunds and reversal	**(82,941,950)**	(23,874,367)
Balance at December 31	**₱192,936,054**	₱205,409,004

14. Permits and Other Fees

Entry permits are issued to homeowners, residents and others on a yearly basis.

In 2012, the Association entered into a lease agreement with Globe Telecom, Inc. (Globe) for the rental of sidewalks and portion of park inside the village for the latter's telecommunication facilities. The lease contract shall be for the period of 5 years commencing on May 15, 2012 and shall expire on March 14, 2017, renewable for 5 years subject to renegotiations at the option of the Lessee. Monthly rental fee amounted to ₱100,000, net of all taxes.

In 2013, an addendum to the agreement was made to recognize additional monthly rental of ₱100,000, net of all taxes, subject to 4.5% escalation starting on the 3rd year of the lease period.

On March 14, 2017, the lease agreement has expired. However, Globe exercised its option to continue its services to the members of the Association and continuously pay its monthly rental under the same term to the Association. For the years ended December 31, 2022 and 2021, the Association recognized rental income amounting to ₱2,568,000 for both years. Outstanding receivables reported under "Accounts Receivable" as of December 31, 2022 and 2021 amounted to nil and ₱4,298,190, respectively (Note 6).

15. Personnel Costs

	2022	2021
Salaries and wages	**₱12,328,445**	₱11,783,819
Pension expense (benefit) (Note 11)	**(569,458)**	788,051
Other employee benefits	**3,768,110**	3,254,811
Balance at December 31	**₱15,527,097**	₱15,826,681

Salaries and wages are the remuneration paid to its regular employees.

Other employee benefits account is comprised of allowances such as meal, transportation and rice subsidy and contributions to SSS, Philhealth and Pag-Ibig.

16. **Income Tax**

No part of the income of the Association inures to the benefit of any officer, member or private individual. As such, the Association is exempt from the payment of income tax on income related to its operations and activities as provided for under Section 30 (C) of the National Internal Revenue Code of 1997. However, on January 29, 2013, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 9-2013 which clarifies the taxability and vatability of association dues, membership fees and other assessments/charges collected by homeowners' associations from its members and tenants.

RMC No. 9-2013 states that Section 18 of Republic Act No. 9904 which exempts from taxation the association dues and income derived from rental are subject to certain conditions is an implied recognition by the Congress that such receipts are subject to tax under existing laws. For tax purposes, the association dues, membership fees and other assessments/charges collected by a homeowners' association constitute income payments or compensation for beneficial services it provides to its members and tenants are subject to income tax and value-added tax (VAT), subject to certain exceptions.

In 2018, Revenue Regulation (RR) No. 13-2018 Section 4.109-1 (y) states that Association dues, membership fees, and other assessments and charges collected on a purely reimbursement basis by homeowners' associations and condominium corporations established under Republic Act No. 9904 (Magna Carta for Homeowners and Homeowners' Association) and Republic Act No. 4726 (The Condominium Act), respectively, are VAT-exempt transactions.

There are no provision for income tax in 2022 and 2021 as the Association is in a tax loss position.

As of December 31, 2022, net operating loss carryover (NOLCO) that can be claimed as deduction from future taxable income and used/expired is shown below:

Inception Year	Amount	Expirations	Balance	Expiry Year
2019	₱50,469,632	₱50,469,632	₱–	2022
2020	71,765,501	–	71,765,501	2025
2021	77,752,272	–	77,752,272	2026
2022	63,911,183	–	63,911,183	2025
	₱263,898,588	₱50,469,632	₱213,428,956	

The unexpired NOLCO as of December 31, 2022 and 2021 amounted to ₱212,290,041 and ₱199,987,405, respectively. The deferred tax effect on NOLCO as of December 31, 2022 and 2021 amounted to ₱53,357,239and ₱49,996,851, respectively. However, the Association deemed that there is not enough taxable income in the future from which NOLCO may be applied. Accordingly, no deferred tax asset was recognized on the NOLCO.

The Association's NOLCO incurred in 2020 and 2021 can be claimed as deduction against future taxable income over five (5) years. The extension of its validity as a deduction against future taxable income from three (3) years to five (5) years, is pursuant to the issuance of Revenue Regulation No. 25-2020, implementing Section 4 of the Bayanihan To Recover As One or Bayanihan 2 Act.

17. Membership Dues

Membership dues are collected from members to cover the revenue deficiency and for special projects. This consists of Association dues assessed, garbage fees and special assessment amounting to ₱100,130,870 and ₱88,955,961 in 2022 and 2021, respectively.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related party if they are subject to common control.

Related parties may be individuals (being members of key management personnel, significant shareholders and/ or their close family members) or other entities and include entities which are under the significant influence of related parties of the Association. As of and for the years ended December 31, 2022 and 2021, the Association has no significant transactions with related parties.

There are no long-term, share-based or other compensation arrangement with key management personnel.

19. Appropriated Fund

On December 14, 2017, the Board of Governors approved the appropriation of ₱90,000,000 fund for the construction of an underground 2-level parking lot at Campanilla Park which is expected to be completed within three (3) years. As of December 31, 2022, the construction has not yet commenced.

20. Provisions

Provisions of ₱3,985,648 as of December 31, 2022 and 2021 was recognized for estimated losses on claims by a third party. The information usually required by Section 21 of PFRS for SMEs, *Provisions and Contingencies*, is not disclosed on the grounds that it can be expected to prejudice the Association's position.