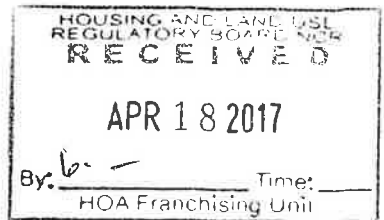


COVER SHEET

for
AUDITED FINANCIAL STATEMENTS



SEC Registration Number

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COMPANY NAME

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O	F	I	T		O	R	G	A	N	I	Z	A	T	I	O	N)												

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

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Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

Dasma.association@yahoo.com

Company's Telephone Number

843-7638

Mobile Number

Not applicable

No. of Stockholders

Not applicable

Annual Meeting (Month / Day)

2nd Sunday of March

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Bryan Spencer U. Yap

Email Address

Bryan.yap@lepantomining.com

Telephone Number/s

817-2040

Mobile Number

0917-810-9075

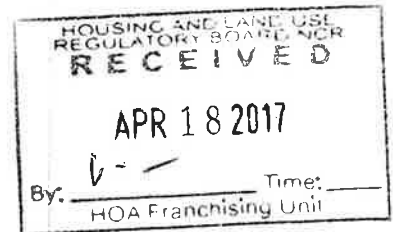
CONTACT PERSON'S ADDRESS

1970 Kasoy St. Dasmariñas Village, Makati 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 the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

INDEPENDENT AUDITOR'S REPORT



The Board of Governors
Dasmariñas Village Association, Inc.
1417 Campanilla Street
Dasmariñas Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dasmariñas Village Association, Inc. (the Association), which comprise the statements of assets, liabilities and fund balance as at December 31, 2016 and 2015, and 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.

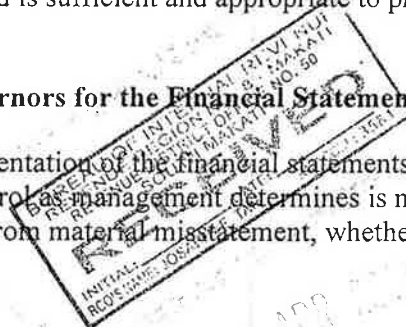
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards 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 The Board of Governors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS 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.

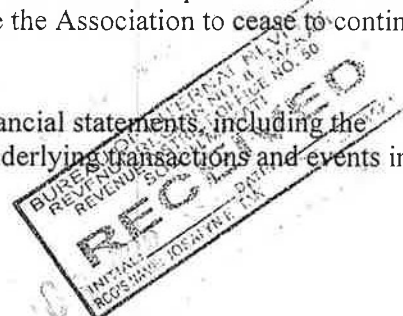
Those Board of Governors are responsible for overseeing the Association's financial reporting process.

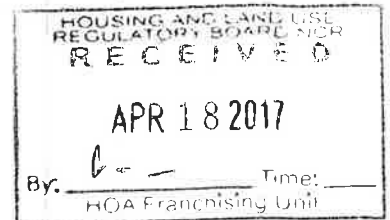
Auditor's Responsibilities for the Audit of the Financial Statements

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.





- 3 -

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 19 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 of Dasmariñas Village Association, Inc. The information has been subjected to the auditing procedures applied in our audit 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 a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Tielao

Jennifer D. Tielao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1507-A (Group A),

September 24, 2015, valid until September 23, 2018

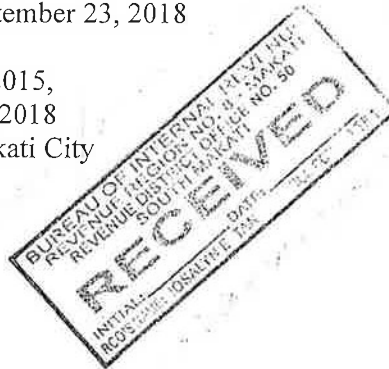
Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2015,

March 4, 2015, valid until March 3, 2018

PTR No. 5908768, January 3, 2017, Makati City

February 23, 2017



APR 18 2017

By: Time:
HOA Franchising Unit**DASMARINAS VILLAGE ASSOCIATION, INC.****(A Nonstock, Not-for-profit Organization)****STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱238,019,954	₱188,722,538
Accounts receivable (Note 6)	911,571	1,192,522
Short-term investment (Note 7)	15,550,935	15,261,281
Prepayments	280,799	138,397
Total Current Assets	254,763,259	205,314,738
Noncurrent Assets		
Available-for-sale financial asset (Note 8)	26,135,412	36,098,357
Property and equipment (Note 9)	30,349,037	38,431,084
Refundable deposits	965,176	702,326
Net pension asset (Note 11)	2,038,568	-
Total Noncurrent Assets	59,488,193	75,231,767
TOTAL ASSETS	₱314,251,452	₱280,546,505
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts payable and accrued expenses (Note 10)	₱21,193,241	₱8,695,599
Membership dues received in advance (Note 12)	8,248,479	6,341,384
Construction bond (Note 13)	148,490,805	157,303,055
Total Current Liabilities	177,932,525	172,340,038
Noncurrent Liability		
Net pension liability (Note 11)	-	47,627
Total Liabilities	177,932,525	172,387,665
Fund Balance	136,348,462	108,224,793
Unrealized loss on available-for-sale financial asset (Note 8)	(29,535)	(65,953)
Total Fund Balance	136,318,927	108,158,840
TOTAL LIABILITIES AND FUND BALANCE	₱314,251,452	₱280,546,505

See accompanying Notes to Financial Statements.

APR 18 2017

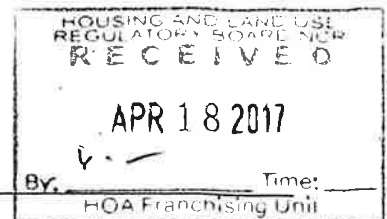
By: Time:
HOA Franchising Unit**DASMARINAS VILLAGE ASSOCIATION, INC.**
(A Nonstock, Not-for-profit Organization)**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2016	2015
REVENUE		
Stickers, permits and other fees (Note 14)	₱57,947,724	₱53,026,875
Interest income (Notes 5, 7 and 8)	3,382,773	2,298,648
Other income (Note 8)	108,346	—
	61,438,843	55,325,523
COSTS AND EXPENSES		
Direct Costs		
Security services	24,603,680	23,623,739
Street repairs and maintenance	20,730,853	33,572,925
Garbage services	9,492,876	9,819,326
Stickers and supplies	2,016,143	2,185,853
Street lights	1,752,383	963,452
Community affairs	569,725	266,073
Depreciation (Note 9)	340,820	500,276
	59,506,480	70,931,644
General and Administrative Expenses		
Personnel costs (Notes 11 and 15)	9,870,096	12,922,465
Depreciation and amortization (Note 9)	8,891,567	9,525,507
Professional fees and legal expenses	2,879,987	2,069,919
Communication and utilities	2,655,774	2,144,005
Stationery and supplies	970,533	942,483
Taxes and licenses	933,298	770,081
Insurance	380,289	365,772
Meeting and representation expense	185,604	116,656
Repairs, sanitation and maintenance	116,537	568,392
Loss on disposal of property and equipment (Note 9)	26,632	13,491
Miscellaneous	797,861	719,059
	27,708,178	30,157,830
DEFICIENCY OF REVENUE OVER COSTS AND EXPENSES BEFORE MEMBERS' SUPPORT	(25,775,815)	(45,763,951)
MEMBERS' SUPPORT		
Membership dues (Note 17)	53,899,484	54,661,974
EXCESS OF REVENUE AND MEMBERS' SUPPORT OVER COSTS AND EXPENSES	28,123,669	8,898,023
OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on available-for-sale financial asset (Note 8)	36,418	(60,485)
TOTAL COMPREHENSIVE INCOME	₱28,160,087	₱8,837,538

See accompanying Notes to Financial Statements.

DASMARINAS VILLAGE ASSOCIATION, INC.
(A Nonstock, Not-for-profit Organization)

STATEMENTS OF CHANGES IN FUND BALANCE



	Fund Balance	Unrealized gain (loss) on Available for sale financial asset (Note 8)	Total
As of December 31, 2015	₱108,224,793	(₱65,953)	₱108,158,840
Excess of revenue and members' support over costs and expenses	28,123,669	—	28,123,669
Other comprehensive income	—	36,418	36,418
As of December 31, 2016	₱136,348,462	(₱29,535)	₱136,318,927

	Fund Balance	Unrealized loss on Available for sale financial asset (Note 8)	Total
As of December 31, 2014	₱99,326,770	(₱5,468)	₱99,321,302
Excess of revenue and members' support over costs and expenses	8,898,023	—	8,898,023
Other comprehensive loss	—	(60,485)	(60,485)
As of December 31, 2015	₱108,224,793	(₱65,953)	₱108,158,840

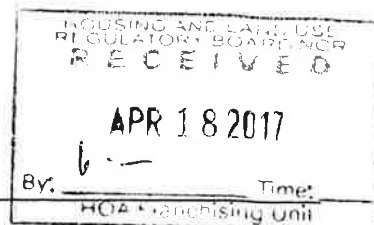
See accompanying Notes to Financial Statements.

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DASMARINAS VILLAGE ASSOCIATION, INC.
(A Nonstock, Not-for-profit Organization)

STATEMENTS OF CASH FLOWS



	Years Ended December 31	
	2015	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue and members' support over costs and expenses	P28,123,669	P8,898,023
Adjustments for:		
Depreciation and amortization (Note 9)	9,232,387	10,025,783
Interest income (Notes 5, 7 and 8)	(3,491,119)	(2,298,648)
Net pension (income) expense (Note 11)	(1,151,604)	1,222,580
Loss on disposal of property and equipment (Note 9)	26,632	13,491
Realized loss on disposal of AFS financial assets (Note 8)	5,468	-
Reversal of allowance for doubtful accounts (Note 6)	-	(146,271)
Reversal of property plant and equipment (Note 9)	-	1,520,452
Reversal of construction bond (Note 13)	-	(7,580,584)
Operating income before working capital changes	32,745,433	11,654,826
Decrease (increase) in:		
Accounts receivable (Note 6)	522,022	(177,835)
Prepayments	(142,402)	42,842
Increase (decrease) in:		
Membership dues received in advance	1,907,095	1,470,349
Accounts payable and accrued expenses	12,497,642	(2,467,876)
Net cash generated from (used in) operations	47,529,790	10,522,306
Proceeds from:		
Short-term investment	15,261,281	-
Interest received	3,141,703	2,025,495
Payments for:		
Short-term investment	(15,550,935)	(15,261,281)
Retirement contribution (Note 11)	(934,591)	(2,000,000)
Net cash flows provided by (used in) operating activities	49,447,248	(4,713,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits received as construction bond (Note 13)	49,768,500	71,859,950
Proceeds from disposal of AFS financial assets (Note 8)	10,102,241	-
Payments for purchase of AFS financial asset (Note 8)	-	(26,164,947)
Increase in refundable deposits	(262,851)	(303,390)
Acquisitions of property and equipment (Note 9)	(1,176,972)	(1,960,553)
Refund of construction bond (Note 13)	(58,580,750)	(34,725,751)
Net cash flows provided by (used in) investing activities	(149,832)	8,705,309
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,297,416	3,991,829
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	188,722,538	184,730,709
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P238,019,954	P188,722,538

See accompanying Notes to Financial Statements.

APR 18 2017

By: 

Time: _____

HOA Franchising Unit

DASMARIÑAS VILLAGE ASSOCIATION, INC.
(A Nonstock, Not-for-profit Organization)**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 nonstock, 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 Loan Use Regulatory Board (HULRB). As of December 31, 2016, the certificate of registration from HULRB is yet to be issued to the Association upon completion of all the required documents.

All real estate owners and holders of long-term leases of lots in Dasmariñas Village Subdivision (the Subdivision), as defined in the Association's by laws, shall become members of the Association.

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.

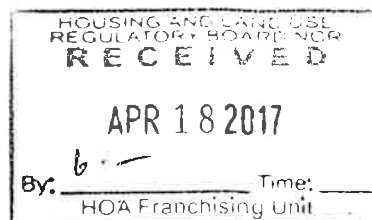
RMC No. 9-2013 states that Section 18 of Republic Act No. 9904 which exempts from taxation the association dues and income derived from rental are subject to certain conditions is an implied recognition by the Congress that such receipts are subject to tax under existing laws. For tax purposes, the association 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.

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

The accompanying financial statements were authorized for issue by the Board of Governors on February 23, 2017.

2. Basis of Preparation

The accompanying 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 accompanying 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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Short-term investment

Short term investment is convertible to cash for a term of more than 90 days to one year.

Financial Instruments

As appropriate, the Association classifies its financial instruments in the following categories:

(1) Basic financial instruments and (2) Other financial instruments. The following are basic financial instruments:

- Cash;
- A debt instrument that satisfies specific criteria;

Basic financial instruments are measured at their transaction price including transaction costs. If the contract constitutes a financing agreement, it is measured at the present value of future payments discounted at a market rate of interest for a similar instrument (this is not applicable to assets and liabilities classified as current, unless they incorporate a finance agreement).

If interest is not at a market rate, the fair value would be future payments discounted at a market rate of interest. Other financial instruments are initially measured at fair value, which is usually their transaction price. This will exclude transaction costs.

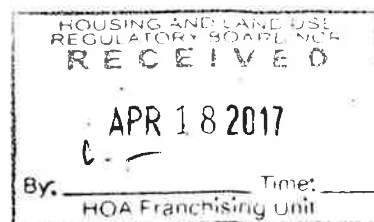
The basic financial instruments of the Association consist of cash and cash equivalents, accounts receivable, refundable deposit, short-term investment and available for sale financial assets.

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.

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 (loss) previously recognized in OCI is recognized as miscellaneous income (expense) in the statement comprehensive income. 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 the statement of comprehensive income as part of miscellaneous income 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.

Refundable Deposit

Refundable deposit pertains to security deposits made by the Association to public utility companies like Meralco, PLDT and Manila Water Company.

Accounts Payable and Accrued Expenses

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.

Accounts payable and accrued expenses are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of past event; (b) it is probable that an outflow of economic 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.

Impairment of Financial Assets

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.

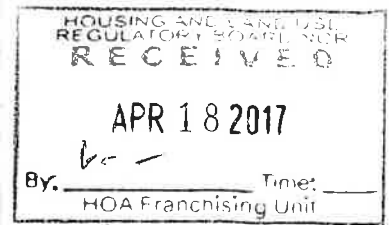
In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations 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 the statement of comprehensive income.

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 statement of financial position

Receivables

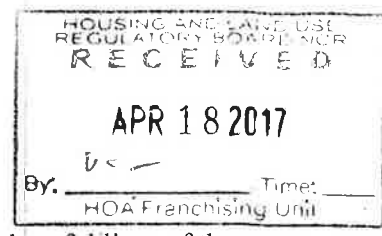
Receivables are recognized and carried at billed amount less allowance for any uncollectible amounts. Specific valuation allowances are provided when collections become doubtful and amounts expected to be received in settlement of the receivable are less than the amounts due. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

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. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.



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

	Years
Building and land 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.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is transferred to a specific category of property and equipment when the construction and other related activities necessary to prepare the property and equipment for their intended use are completed and the property and equipment are available for service.

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 of the related accumulated depreciation, if any, are removed from the accounts and any resulting gain or loss is credited or charged in the profit or loss.

Impairment of Nonfinancial Assets

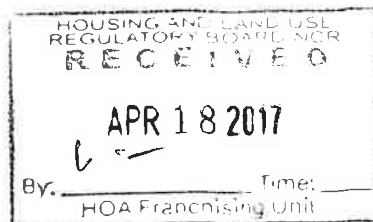
This accounting policy applies to the Association's property and equipment. An assessment is made at each reporting date to determine whether there is any indication of impairment of any long-lived assets, or whether there is any indication that an impairment loss previously recognized for an asset in 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, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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.

Remeasurements comprising actuarial gains and losses are recognized in full in the statement 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).

Construction Bond

Construction bond 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 Subdivision. 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.

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.

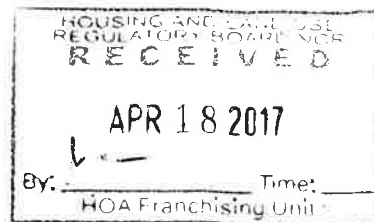
A portion of the balance in a fund may be committed to provide the funding for encumbrances or may be maintained at a certain level for working cash needs. Fund balance may be considered as a surplus or an excess only to the extent that it has not been committed, identified for a purpose, or is available 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.

Stickers, permits and other fees

Stickers and 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 statement 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.

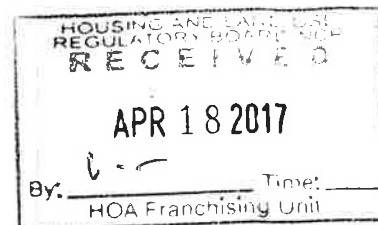
Deferred tax assets are measured at the highest amount that, on the basis of current or estimate future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in statement of comprehensive income. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that future taxable profits will be available against which the future income tax deductions can be utilized.

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 statement 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

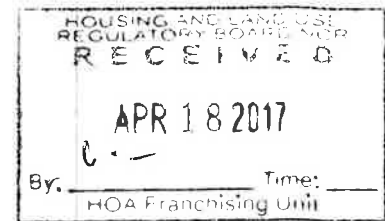
The preparation of the financial statements in compliance with PFRS for SMEs requires the Association to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities.

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.

Judgment

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.



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. Determining the value in use of an asset involves the determination of the present value of future cash flows expected to be generated from the continued use and ultimate disposition of the asset and requires the Association to make estimates and assumptions that can materially affect the financial statements.

No impairment loss was recognized in 2016 and 2015 for the Association's property and equipment. As of December 31, 2016 and 2015, the carrying value of the Association's property and equipment amounted to ₱30,349,037 and ₱38,431,084, respectively (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 impairment losses

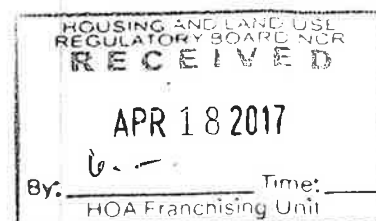
Allowances for doubtful accounts are estimated at a level considered adequate to provide for potential uncollectible receivables. The level of the allowance is evaluated by management based on factors that affect the collectability of the accounts. The Association reviews the age and status of receivables, and identifies accounts that are to be provided with allowances. 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, 2016 and 2015, the carrying amounts of accounts receivable amounted to ₱911,571 and ₱1,192,522, respectively, while allowance for impairment losses amounted to ₱132,083 in 2016 and 2015 (Note 6).

Estimating useful lives of property and equipment

The Association estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Association reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and amortization expense and decrease noncurrent assets.



There was no change in the useful lives of the property and equipment in 2016 and 2015. As of December 31, 2016 and 2015, the carrying value of the Association's property and equipment amounted to ₱30,349,037 and ₱38,431,084, respectively (Note 9). The related balances follow:

	2016	2015
Property and equipment – cost	₱132,413,530	₱131,582,854
Accumulated depreciation	102,064,493	93,151,770
Depreciation and amortization	9,232,387	10,025,783

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.

The related balances follow (Note 11):

	2016	2015
Defined benefit obligation	₱10,909,682	₱11,968,753
Plan assets	12,948,250	11,921,126
Pension asset (liability)	2,038,568	(47,627)

Deferred tax assets

The Association reviews its deferred tax assets at the end of each reporting period and provides a valuation allowance 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.

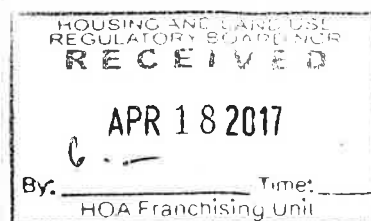
The deferred tax effects of the deductible temporary differences amounting to ₱37,350,483 and ₱43,230,090 as of December 31, 2016 and 2015, respectively, were fully provided with valuation allowance (Note 16).

5. Cash and Cash Equivalents

This account consists of:

	2016	2015
Petty cash and postage funds	₱40,000	₱95,000
Cash on hand	259,861	514,735
Current and savings accounts with banks	32,379,021	30,218,340
Cash equivalents	205,341,072	157,894,463
	₱238,019,954	₱188,722,538

Cash on hand pertains to undeposited checks as of year-end. Current and savings accounts with banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months and earn annual interest ranging from 0.55% to 1.88% in 2016 and 0.80% to 1.50% in 2015. Interest income earned on cash in banks amounted to ₱111,320 in 2016 and ₱58,952 in 2015. Interest income earned on cash equivalents amounted to ₱2,274,801 and ₱1,680,921 in 2016 and 2015, respectively.



6. Accounts Receivable

This account consists of:

	2016	2015
Accrued interest	₱629,369	₱388,298
Advances to a former employee	132,083	132,083
Unpaid membership dues	110,068	74,732
Others	172,134	729,492
	1,043,654	1,324,605
Less: allowance for impairment losses	132,083	132,083
	₱911,571	₱1,192,522

Accrued interest pertains to interest on cash equivalents and available-for-sale treasury notes.

Advances to a former employee are noninterest-bearing loans which is due and demandable. Allowance for impairment was provided for the full amount.

Unpaid membership dues constitute a lien on the property of the members.

Details of unpaid membership dues as of December 31 follow:

	2016	2015
Unpaid membership dues:		
2016	₱60,676	₱—
2015	16,464	41,804
2014	16,464	16,464
2013	16,464	16,464
	₱110,068	₱74,732

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

The Association has no additional provision for impairment losses for the years ended December 31, 2016 and 2015. Movement of the allowance for impairment losses is as follows:

	2016	2015
Balance at January 1	₱132,083	₱278,354
Reversal	—	146,271
Balance at December 31	₱132,083	₱132,083

7. Short-term Investment

As of December 31, 2016 and 2015, investment in Treasury Bills amounting to ₱15,550,935 and ₱15,261,281, respectively, are for a term of more than 90 days to one (1) year and carry interest rate of 1.4% per annum. Interest income earned amounted to ₱142,005 and ₱223,564 in 2016 and 2015, respectively.

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8. Available-for-Sale Financial Asset

In 2013, the Association purchased a fixed rate treasury notes amounting to ₱9,999,363 which carries annual coupon rate of 1.63%, payable semiannually and has a maturity of 3 years. On April 25, 2016, these treasury notes were disposed of by the Association and received proceeds amounted to ₱10,102,241. Gain recognized from disposal amounted to ₱108,346 and was presented as "Other income" in the statement of comprehensive income.

In 2015, the Association purchased additional fixed rate treasury notes amounting to ₱15,845,762, with annual coupon rate of 2.71%, payable semiannually and has a maturity of 5 years. The Association also purchased 23,300 preferred shares amounting to ₱10,319,185.

Interest income on investment in available-for-sale financial asset amounted to ₱965,967 and ₱335,211 in 2016 and 2015, respectively. The Association's investment in debt security is classified as available-for-sale financial asset measured at fair value. The mark to market movement in the fair value are being recognized in OCI.

Composition of the Association's investments in available for sale follow:

	2016	2015
Cost		
Treasury notes	₱15,845,762	₱25,845,125
Preferred shares	10,319,185	10,319,185
Total	26,164,947	36,164,310
Unrealized loss	(29,535)	(65,953)
Balance as of December 31	₱26,135,412	₱36,098,357

Unrealized loss charged to OCI for investments in available for sale as of December 31 follow:

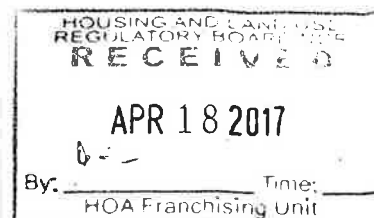
	2016	2015
Balance at January 1	(₱65,953)	(₱5,468)
Unrealized gain (loss) charged to OCI	30,950	(60,485)
Realized loss on disposal of AFS financial assets	5,468	—
Balance at December 31	(₱29,535)	(₱65,953)

9. Property and Equipment

The rollforward analysis of this account follows:

2016

	Building and Land Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Security and Park Equipment	Software and Licenses	Construction In Progress	Total
Cost							
At January 1	₱69,708,160	₱29,950,565	₱10,646,241	₱20,294,391	₱983,497	₱—	₱131,582,854
Additions	—	436,390	—	740,582	—	—	1,176,972
Disposals	—	(346,296)	—	—	—	—	(346,296)
At December 31	69,708,160	30,040,659	10,646,241	21,034,973	983,497	—	132,413,530
Accumulated Depreciation and Amortization							
At January 1	48,930,000	23,186,515	9,831,603	10,354,987	848,665	—	93,151,770
Depreciation and amortization	3,925,927	3,072,945	340,820	1,816,697	75,998	—	9,232,387
Disposals	—	(319,664)	—	—	—	—	(319,664)
At December 31	52,855,927	25,939,796	10,172,423	12,171,684	924,663	—	102,064,493
Net Book Value	₱16,852,233	₱4,100,863	₱473,818	₱8,863,289	₱58,834	₱—	₱30,349,037



2015

	Building and Land Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Security and Park Equipment	Software and Licenses	Construction In Progress	Total
Cost							
At January 1	₱68,933,170	₱29,796,494	₱10,650,973	₱19,851,079	₱958,497	₱1,515,720	₱131,705,933
Additions	774,990	717,251	—	443,312	25,000	—	1,960,553
Disposals	—	(563,180)	—	—	—	—	(563,180)
Adjustments	—	—	(4,732)	—	—	—	(4,732)
Reversal	—	—	—	—	—	(1,515,720)	(1,515,720)
At December 31	69,708,160	29,950,565	10,646,241	20,294,391	983,497	—	131,582,854
Accumulated Depreciation and Amortization							
At January 1	44,644,035	20,301,228	9,331,327	8,725,318	673,769	—	83,675,677
Depreciation and amortization	4,285,965	3,434,977	500,276	1,629,669	174,896	—	10,025,783
Disposals	—	(549,690)	—	—	—	—	(549,690)
At December 31	48,930,000	23,186,515	9,831,603	10,354,987	848,665	—	93,151,770
Net Book Value	₱20,778,160	₱6,764,050	₱814,638	₱9,939,404	₱134,832	₱—	₱38,431,084

Disposal of property and equipment in 2016 and 2015 were at carrying amount.

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 (6) 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.

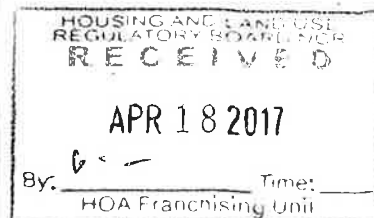
All tax assessments arising out of or imposed because of the ownership or possession of the leased premises shall be borne by the Association.

Depreciation and amortization charged to costs and expenses follows:

	2016	2015
General and administrative expenses	₱8,891,567	₱9,525,507
Direct costs	340,820	500,276
	₱9,232,387	₱10,025,783

Fully depreciated assets amounting ₱62,500,770 and ₱58,277,039 as of December 31, 2016 and 2015, respectively, are still in active use.

No property and equipment were pledged as security to the Association's obligation in 2016 and 2015.



10. Accounts Payable and Accrued Expenses

This account consists of:

	2016	2015
Accounts payable	₱12,033,433	₱3,274,095
Accrued expenses	7,198,997	3,636,183
Christmas fund	642,431	702,131
Employees' educational and loan fund	112,619	78,214
Other payables	1,205,761	1,004,976
	₱21,193,241	₱8,695,599

Accounts payable represent amounts owed to contractor, suppliers and vendors which are noninterest-bearing.

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

Other payables consist mainly of withholding taxes payable, deposits from players for the Association's tournaments and from canteen concessionaires.

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.

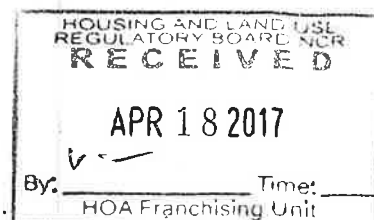
The following tables summarize the components of net pension expense, the net pension liability, the changes in the present value of pension obligation, the changes in fair value of plan assets, the composition of plan assets and the principal assumptions used in the actuarial valuation as at December 31, 2016 and 2015.

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

	2016	2015
Interest cost	₱610,406	₱553,712
Current service cost	489,089	649,891
Expected return on plan assets	(357,634)	—
Actuarial loss (gain) recognized	(1,893,465)	18,977
Net pension expense (income)	(₱1,151,604)	₱1,222,580

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

	2016	2015
Benefit obligation	₱10,909,682	₱11,968,753
Plan assets	(12,948,250)	(11,921,126)
Net pension liability (asset)	(₱2,038,568)	₱47,627



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

	2016	2015
Present value of the benefit obligation, beginning	₱11,968,753	₱10,857,095
Interest cost	610,406	553,712
Current service cost	489,089	649,891
Actuarial loss on obligation	(2,158,566)	—
Benefits paid	—	(91,945)
Present value of the benefit obligation, ending	₱10,909,682	₱11,968,753

Changes in fair value of plan assets follow:

	2016	2015
Fair value of plan assets, beginning	₱11,921,126	₱10,032,048
Contributions paid	934,591	2,000,000
Actuarial loss on plan assets	(265,101)	(18,977)
Expected return on plan assets	357,634	—
Benefits paid	—	(91,945)
Fair value of plan assets, ending	₱12,948,250	₱11,921,126

The plan assets are maintained with a trustee bank.

The distribution of plan assets as of December 31, 2016 and 2015 follows:

	2016	2015
Cash and cash equivalents	₱12,334,006	₱11,229,182
Investment in equity securities	417,000	219,659
Investment in debt securities	211,869	476,800
Receivables	17,412	15,693
	12,980,287	11,941,334
Less accrued trust fees and other payables	(32,037)	(20,208)
	₱12,948,250	₱11,921,126

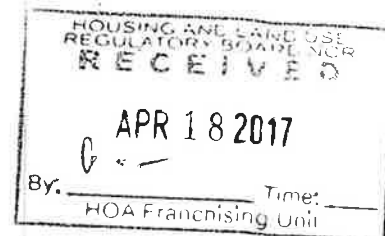
The actual return on plan assets amounted to ₱92,533 and ₱530,611 in 2016 and 2015, respectively.

Movement in the net pension liabilities (assets) during the year follows:

	2016	2015
At beginning of year	₱47,627	₱825,047
Pension expense (income)	(1,151,604)	1,222,580
Contributions	(934,591)	(2,000,000)
At end of year	(₱2,038,568)	₱47,627

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

	2016	2015
Discount rate	3.90%	5.10%
Salary increase rate	5.00%	5.00%



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.

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. These deposits are 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:

	2016	2015
Balance at January 1	₱157,303,055	₱127,749,439
Deposits	49,768,500	71,859,950
Refunds and reversal	(58,580,750)	(42,306,334)
Balance at December 31	₱148,490,805	₱157,303,055

The amount of refunds and reversal includes reversal of construction bond amounting to ₱7,580,583 for the year ended December 31, 2015 (nil for the year ended December 31, 2016).

14. Stickers, Permits and Other Fees

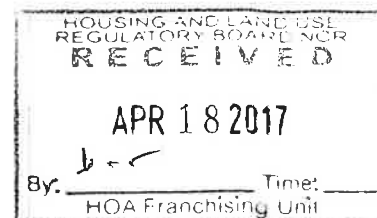
Car stickers and entry permits are issued to homeowners, residents and others on a yearly basis.

In 2012, the Association entered into a lease agreement with Globe Telecom, Inc. 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. For the years ended December 31, 2016 and 2015, the Association recognized rental income amounting to ₱2,531,840 and ₱2,145,000, respectively.

15. Personnel Costs

	2016	2015
Salaries and wages	₱8,372,267	₱8,652,975
Net pension (income) expense (Note 11)	(1,151,604)	1,222,580
Other employee benefits	2,649,432	3,046,910
Balance at December 31	₱9,870,095	₱12,922,465



16. Income Tax

There is no provision for income tax in 2016 and 2015 since management believes that the Association has met the conditions of RMC No. 9-2013 for its membership dues and other income to be tax-exempt.

As of December 31, 2016, net operating loss carryover (NOLCO) that can be claimed as deduction from future taxable income and used/expired is shown below:

Inception Year	Amount	Applications/ Expirations	Balance	Expiry Year
2013	₱48,275,067	₱48,275,067	—	2016
2014	46,593,259	—	46,593,259	2017
2015	49,231,974	—	49,231,974	2018
2016	28,676,376	—	28,676,376	2019
	₱172,776,676	₱48,275,067	₱124,501,609	

The recognized deferred tax assets on NOLCO as of December 31, 2016 and 2015 amounted to ₱37,350,483 and ₱43,230,090, respectively. However, the Association deemed that there is not enough taxable income in the future from which NOLCO may be applied. Accordingly, a full valuation allowance was recognized on the deferred tax asset.

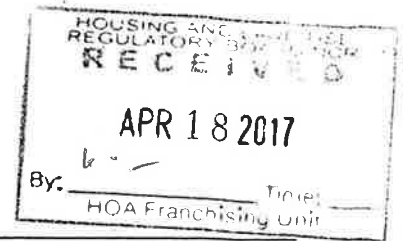
17. Membership Dues

Membership dues are collected from members to cover the revenue deficiency and for special projects.

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 where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Association or of any entity that is a related party of the Association.

Related parties may be individuals or corporate entities (referred to as affiliates). Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent. In the regular course of business, the Association's significant transactions with related parties pertain to short-term compensation and benefits of key management personnel amounting to nil in 2016 and 2015. There is no long-term, share-based or other compensation arrangement with key management personnel.



19. Supplementary Tax Information under Revenue Regulations (RR) 15-2010

The Association reported and paid the following taxes for the year ended December 31, 2016:

Value Added Tax (VAT)

The Association has none to report.

Information on the Association's Importations

The Association does not undertake importation activities.

Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees included as "Taxes and licenses" under "General and Administrative Expenses" account in the statements of comprehensive income. Details of other taxes and licenses in 2016 follow:

Real estate taxes	₱902,741
Licenses and permits fees	30,057
Community taxes	500
	<u>₱933,298</u>

The Company has no excise taxes paid on locally produced excisable items and imported excisable items and documentary stamp taxes.

Withholding Taxes

Details of taxes withheld in 2016 follow:

Expanded withholding taxes	₱838,402
Withholding taxes on compensation and benefits	794,307
	<u>₱1,632,709</u>

Tax Assessments and Cases

The Association has no deficiency tax assessments or any tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the Bureau of Internal Revenue as of December 31, 2016.