CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(a Non-Stock, Non-Profit Organization)

Financial Statements

December 31, 2021 and 2020

and

Independent Auditor's Report

ENDRIGA, MANANGU & ASSOCIATES
Certified Public Accountants

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE

			As of December 31		
	Notes		**2021**		2020
ASSETS					
CURRENT ASSETS					
Cash	*3, 5*	**P**	**18,073,880**	P	6,701,951
Short-term investments	*3, 6*		**13,291,921**		7,215,222
Receivables	*3, 7*		**4,532,590**		8,588,284
Other current assets	*3, 8*		**331,247**		399,099
Total Current Assets			**36,229,638**		22,904,556
NONCURRENT ASSETS					
Available-for-sale investments	*3, 9*		**8,559,490**		8,075,090
Investments in associates	*3, 10*		**44,970,245**		47,905,174
Property and equipment - net	*3, 11*		**2,990,445**		3,625,672
Investment property	*3*		**4,800,000**		4,800,000
Retirement asset	*3, 13*		**2,385,698**		2,476,965
Other noncurrent assets	*3, 8*		**34,016**		27,160
Total Noncurrent Assets			**63,739,894**		66,910,061
TOTAL ASSETS		**P**	**99,969,532**	P	89,814,617
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	*3, 12*	**P**	**1,411,212**	P	2,813,032
Total Current Liabilities			**1,411,212**		2,813,032
FUND BALANCE	*3*		**98,558,320**		87,001,585
TOTAL LIABILITIES AND FUND BALANCE		**P**	**99,969,532**	P	89,814,617

See accompanying Notes to Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.

(A Non-Stock, Non-Profit Organization)

STATEMENT OF REVENUES AND EXPENSES

		For the Years Ended December 31	
	Notes	**2021**	2020
REVENUES	*3, 14*	**P 7,317,446**	P 1,379,870
PROGRAM EXPENSES	*3, 15*	**8,870,181**	9,319,302
GROSS INCOME		**(1,552,735)**	(7,939,432)
OPERATING EXPENSES	*3, 15*	**3,449,512**	3,624,170
LOSS FROM OPERATIONS		**(5,002,247)**	(11,563,602)
OTHER INCOME - NET	*3, 16*	**28,001**	907,429
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE SHARE IN TOTAL COMPREHENSIVE LOSS OF ASSOCIATES		**(4,974,246)**	(10,656,173)
SHARE IN TOTAL COMPREHENSIVE INCOME OF ASSOCIATES - NET	*3, 10*	**16,564,941**	5,604,970
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE INCOME TAX		**11,590,695**	(5,051,203)
PROVISION FOR INCOME TAX	*3, 18*	**33,960**	63,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		**P 11,556,735**	P (5,114,307)

See accompanying Notes to Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENT OF CHANGES IN FUND BALANCE

		As of December 31			
	Note		**2021**		2020
FUND BALANCE	*3*				
Balance at beginning of year		**P**	**87,001,585**	P	92,115,892
Excess (deficiency) of revenues over expenses			**11,556,735**		(5,114,307)
Balance at end of year		**P**	**98,558,320**	P	87,001,585

See accompanying Notes to Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.

(A Non-Stock, Non-Profit Organization)

STATEMENT OF CASH FLOWS

	Notes		For the Years Ended December 31 2021		2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (deficiency) of revenues					
over expenses before income tax		**P**	**11,590,695**	P	(5,051,203)
Adjustment for:					
Share in net income of associates	*10*		**(16,564,941)**		(5,604,970)
Dividend income	*10*		**(1,317,446)**		(1,379,870)
Depreciation	*11, 15*		**634,395**		737,178
Interest income on deposits	*16*		**(169,799)**		(339,265)
Retirement expense	*16*		**29,448**		74,925
Remeasurement gain (loss) on retirement plan	*13*		**241,955**		(640,433)
Operating loss before working capital changes			**(5,555,693)**		(12,203,638)
Decrease in:					
Receivables	*7*		**4,055,694**		2,628,958
Other current assets	*8*		**67,852**		245,702
Decrease in:					
Accounts payable and accrued expenses	*12*		**(1,401,820)**		(1,120,636)
Net cash flow used in operations			**(2,833,967)**		(10,449,614)
Dividend received	*10*		**20,817,316**		8,879,845
Interest received	*16*		**169,799**		339,265
Income tax paid	*18*		**(33,960)**		(63,104)
Net cash flow provided by (used in) operating activities			**18,119,188**		(1,293,608)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease on short-term investments	*6*		**(6,076,699)**		(236,304)
Increase in other noncurrent assets	*8*		**(6,856)**		(14,964)
Contributions to retirement plan assets	*13*		**(180,136)**		-
Loss of asset disposal	*11*		**832**		-
Acquisitions of:					
Investment in associates	*10*		**-**		(182,950)
Property and equipment	*11*		**-**		(297,504)
Available-for-sale investments	*9*		**(484,400)**		-
Net cash flow used in investing activities			**(6,747,259)**		(731,722)
NET INCREASE (DECREASE) IN CASH			**11,371,929**		(2,025,330)
CASH AT BEGINNING OF THE YEAR	*5*		**6,701,951**		8,727,281
CASH AT END OF THE YEAR		**P**	**18,073,880**	P	6,701,951

See accompanying Notes to Financial Statements.

1. Corporate Information

CARD-Business Development Service Foundation, Inc. (the Foundation) is a non-stock, non-profit organization incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 2008. The Foundation is a member of the Center for Agriculture and Rural Development - Mutually Reinforcing Institutions (CARD-MRI) Group and was organized primarily to become CARD-MRI's main vehicle in integrating its micro-entrepreneur clients into the mainstream economy while being socially-responsible citizens by providing for their holistic range of business and social service needs.

The Foundation also aims to build a professional and sustainable business development service that can respond to the needs of CARD-MRI micro-entrepreneur clients in promoting, developing and expanding their business activities, and improving their quality of life. These activities include operating as an agent to market the member's products and assisting its members in assessing project feasibilities.

As a non-stock, non-profit organization operating for the promotion of social welfare, the Foundation falls under Section 30 (e) of the National Internal Revenue Code, as amended by Republic Act No. 8424, under which income from activities in pursuit of which the Foundation was organized, is generally exempt from tax. But income form its properties, real or personal, or from any activity conducted for profit is subject to income tax.

The Foundation’s principal office is located at 20 M.L. Quezon Street, City Subdivision, San Pablo City, Laguna.

2. Financial Reporting Framework

Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) as approved by the Financial Reporting Standards Council, Board of Accountancy and Securities and Exchange Commission (SEC).

In March 2018, the Philippine SEC mandated the use of Philippine Financial Reporting Standards for Small Entities (PFRS for SEs) starting January 1, 2019 for companies with total assets or total liabilities of between Three Million Pesos (P3,000,000) to One Hundred Million Pesos (P100,000,000).

On its own, the Foundation may be seen as needing to use the PFRS for SEs as mandated by the SEC. However, the SEC requires that the thresholds for deciding on the financial reporting framework to use be based on the consolidated total assets or total liabilities of the Foundation and its Subsidiaries. The consolidated total assets of the Foundation and its Subsidiary exceeded the PFRS for SEs' threshold for total assets or total liabilities. Hence, in accordance with the said SEC requirement, the Foundation availed of the exemption from applying the PFRS for SEs and continued to apply the PFRS for SMEs in 2019 (as it did in 2018).

However, in 2020, the Foundation lost its control over its Subsidiary and ceased to be a parent company in 2020, from being one in 2019. The management is expecting the Foundation's total assets or total liabilities to exceed the SEC requirement for PFRS for SEs in 2022. Hence, the Foundation will not transition to PFRS for SEs in 2021 and retain its reporting under PFRS for SMEs.

Basis of Preparation
These financial statements have been prepared on the historical cost basis unless otherwise indicated.

Functional and Presentation Currency
These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Foundation operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

3. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments
The Foundation classifies its financial instruments as either basic financial instruments or other financial instruments. Financial instruments are recognized only when the Foundation becomes a party to the contractual provisions of the contract.

Basic Financial Instruments
The Foundation's basic financial assets and liabilities are measured initially at transaction price (including transaction costs).

Basic Financial Instruments at amortized cost
The amortized cost of a financial instrument at the end of each reporting period is computed as the net of the amount at which the financial instrument is measured at initial recognition, minus any repayments of the principal, plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Effective Interest Method
The effective interest method is a method is calculation the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition.

Under the effective interest method, the amortized cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and the interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

Basic Financial Instruments measured at undiscounted amount
Short term debt instruments are measured at undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment).

Cash is included in this category.

Basic Financial Instruments measured at lower of cost or fair value
The Foundation has no basic financial instruments measured at lower or cost or fair value at the end of each reporting period.

Impairment of Financial Assets Measured at Cost or Amortized Cost
At the end of each reporting period, the Foundation assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the Foundation recognize an impairment loss in profit or loss immediately.

Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the Foundation about the following loss events:
- A breach of contract by the debtor, such as default or delinquency in interest or principal payments;
- The Foundation, for economic or legal reasons relating to the debtor's financial difficulty, granting the debtor a concession that the Foundation would not otherwise consider; or
- Significant financial difficulty of the debtor or the issuer or it has become probable that the debtor or the issuer will enter bankruptcy or other financial reorganization.

For an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Foundation reverses the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The Foundation recognizes the amount of reversal in profit or loss immediately.

Derecognition of financial assets
The Foundation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

Derecognition of financial liabilities
The Foundation derecognizes a financial liability (or a part of a financial liability) only when it is extinguished or when the obligation specified in the contract is discharged, is cancelled or has expired.

Any difference between the carrying amount of the financial liability (or any part of financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed are recognized in profit or loss.

Prepayments and Other Current Assets
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets represent assets of the Foundation which are expected to be realized or consumed within one year or within the Foundation's normal operating cycle whichever is longer. Other current assets are presented in the financial position at cost.

Investment in Associates
Associates are entities over which the Foundation has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting.

Under the equity method, an investment in associate is carried in the statement of assets, liabilities and fund balance at cost plus post-acquisition changes in the Foundation’s share in the net assets of the associate. The Foundation’s share in an associate’s post-acquisition earnings and other comprehensive income (OCI) are recognized in statement of revenues and expenses. Distributions received from an associate reduce the carrying amount of the investment. If the Foundation’s share of losses of an associate equals or exceeds the carrying amount of its investment in the associates, the Foundation discontinues recognizing its share of further losses. After the Foundation’s interest is reduced to zero, the Foundation shall recognize additional losses by a provision only to the extent that the Foundation has incurred legal or constructive obligations or has made payment on behalf of the associate. If the associate subsequently reports profits, the Foundation shall resume recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Investment Property
Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such asset cannot be reliably measured in which case the investment property acquired is measured at the carrying amount of the asset given up.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of revenues and expenses under ‘Gain on sale of investment properties’ in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against revenue in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Property and Equipment
Property and equipment are tangible assets that are held for use in the supply or services and for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measure at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of assets, liabilities and fund balance at cost less accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-Financial Assets
Non-financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicated is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Foundation estimate the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other asses within the Foundation.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Foundation will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

<u>Provisions and Contingencies</u>

Provisions
Provisions are recognized only when the Foundation has an obligation as a result of a past event; it is probable that the Foundation will be required to transfer economic benefits in settlement; and the amount of obligation can estimated reliably.

Provisions are recognized initially at the best estimate of the amount required to settle the obligation. Subsequently, the Foundation charged to the provision only those expenditures for which the provision was originally recognized.

Contingent Assets and Liabilities
Contingent assets and liabilities are not recognized in the statement of assets, liabilities and fund balance.

<u>Fund Balance</u>
This comprises of accumulated excess of revenues over expenses.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Program Sponsorships
Program sponsorships are recognized when there is a reasonable assurance that the Group will comply with the conditions attached to them, and that these program sponsorships will be received. Program sponsorships received for a specific purpose or with condition are initially recognized as a liability shown as 'Funds held-in-trust' under 'Accounts payable and accrued expenses' in the statement of assets, liabilities and fund balance, otherwise they are recorded under 'Revenues' in the statement of revenues and expenses.

Dividends
Dividend income is recognized when the Foundation's right to receive payment is established.

Interest income
Interest income on deposits in banks is recognized as interest accrues, taking into account the effective yield of the asset.

Other income
Other income is recognized only when cash is received.

Expenses
Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a lability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the Foundation between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the Foundation with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do no qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance as an asset.

Leases
Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

Related parties include members of key management personnel, including directors and officers of the Foundation and their close family members, and companies associated with these individuals. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Foreign Currency Transactions
Transactions in foreign currencies are translated into Philippine peso at exchange rates which approximate those prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rate prevailing as of reporting date. Exchange gains and losses arising from the settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of revenues and expenses.

Events after the Reporting Date
Events after the reporting date that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Events after the reporting date that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

4. Information About Key Sources of Estimation Uncertainty and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future.

4.1 Judgments in Applying the Entity's Accounting Policies
Management makes judgment in the process of applying the Group's accounting policies. Judgment that has significant effect on the reported amounts in the financial statements is discussed below:

4.1.1 Assessment of de facto control
The determination of control over another entity, other than the rebuttable presumption of ownership of more than half of the voting power requires significant judgment. In making judgment, the Foundation evaluates existence of control based on Policy on Basis of Consolidation.

In 2021 and 2020, the Foundation's ownership on its one associate is 44%. The Foundation assessed that it does not have significant control of MLNI .

4.2 Estimates
The key sources of estimation are uncertainties at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2.1 Credit losses on receivables
The Foundation reviews its receivables to assess impairment annually. In determining whether an impairment loss should be recorded, the Foundation makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of individual customer or group of customers, or national or local economic conditions that correlate with defaults on the receivables.

The carrying value of the receivables as of December 31, 2021 and 2020, is disclosed in Note 7. Details of allowance for credit losses of the Foundation's receivables are disclosed in Note 7.

4.2.2 Impairment of Available-for-sale investments
The Foundation assesses impairment on all of its equity instruments regardless of significance. Impairment of such assets requires estimation since the Foundation will approximate the amount that it would receive for the asset had it been sold at the reporting date.

The carrying values of the Available-for-sale investments at cost and allowance for impairment losses as of December 31, 2021 and 2020 are disclosed in Note 9.

4.2.3 Present value of retirement obligation

The cost of defined retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

The expected rate of return on plan assets was based on the market prices prevailing on the date applicable to the period over which obligation are to be settled.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting dates.

The present value of the retirement asset and fair value of pan assets are disclosed in Note 13.

5. Cash

This account consists of:

		2021		2020
Cash in banks	**P**	**18,073,880**	P	6,681,851
Cash on hand		**-**		20,100
	P	**18,073,880**	P	6,701,951

Cash in banks consist of current and savings accounts that earn annual interest rates ranging from 0.0625% to 1.00% and 1.0% to 1.25% in 2021 and 2020. Interest income earned is disclosed in Note 16.

6. Short-term Investments

This account pertains to placements with affiliate banks which bear annual interest rates ranging from 2.00% to 2.50% and terms ranging from 181 to 365 days. As of December 31, 2021 and 2020, the short-term investments amounted to P13,291,921 and P7,215,222, respectively.

7. Receivables

This account consists of:

		2021		2020
Due from related parties	**P**	**3,672,884**	P	4,453,289
Receivable from employees		**1,030**		83,007
Others		**4,440,979**		4,409,063
		8,114,893		8,945,359
Less: allowance for credit losses		**3,582,303**		357,075
	P	**4,532,590**	P	8,588,284

Trade receivables pertain to transactions that arise from ordinary course of business and are non-interest bearing and generally collectible on 30-day period.

Others include receivables from suppliers used for the development of their products and businesses.

The movements in allowance for credit losses are as follows:

		2021		2020
Beginning balance	P	**357,075**	P	357,075
Additions		**3,225,228**		-
Write-offs		**-**		-
Ending balance	P	**3,582,303**	P	357,075

8. Other Assets

This account consists of:

		2021		2020
Current:				
Prepaid expenses - current portion	P	**124,887**	P	128,311
Refundable deposits		**206,360**		231,946
Other assets		**-**		38,842
		331,247		399,099
Noncurrent:				
Prepaid expenses - noncurrent portion		**34,016**		27,160
		34,016		27,160
	P	**365,263**	P	426,259

9. Available-for-sale Investments

The details of this account follow:

		2021		2020
Rags2Riches (R2R)	P	**5,000,000**	P	5,000,000
BotiCARD, Inc., 9.48% shares owned		**4,500,000**		4,500,000
CARD MRI Information Technology, Inc. (CMIT), 1.30% shares owned		**2,548,000**		2,066,600
CARD MRI Insurance Agency (CAMIA). 2.02% shares owned		**1,011,500**		1,008,500
CARD MRI Hijos Tours, Inc. (CMHT), 19.99% shares owned		**399,990**		399,990
CARD MRI Publishing House, Inc. (CMPuH), 19.99% shares owned		**100,000**		100,000
		13,559,490		13,075,090
Less: allowance for impairment losses		**5,000,000**		5,000,000
	P	**8,559,490**	P	8,075,090

In 2021, the Foundation paid P481,400 for the 4,814 shares with P100 par value of CARD MRI Information Technology Inc. (CMIT).

Dividends received from available-for-sale investments amounted to P1,317,446 and P1,379,870 in 2021 and 2020, respectively.

10. Investment in Associates

This account consists of the following investments in unquoted common shares:

		2021		2020
Acquisition cost				
Associates:				
CARD Leasing and Finance Corporation (CLFC) (30% shares owned)		**25,642,400**		25,642,400
Mga Likha Ni Inay, Inc. (MLNI) (44% shares owned in 2021 and 2020)		**2,215,900**		2,215,900
MicroVentures Inc. (MVI) (30% shares owned)		**1,786,105**		1,786,105
		29,644,405		29,644,405
Accumulated equity in net earnings				
Balance at beginning of year		**20,046,874**		21,941,879
Share in total comprehensive income of associates - net		**16,564,941**		5,604,970
Dividends received		**(19,499,870)**		(7,499,975)
		17,111,945		20,046,874
		46,756,350		49,691,279
Less: allowance for impairment losses		**1,786,105**		1,786,105
	P	**44,970,245**	P	47,905,174

MLNI
MLNI was registered with the SEC on May 8, 2014. The main purpose of MLNI is to engage in manufacturing, selling, advertising, promoting, consolidation, and trading of products of the members and clients of CARD-MRI Group. The Foundation has an ownership interest in MLNI of 44% in 2021 and 2020.

In 2020, the Foundation paid MLNI for its subscription payable that amounted to P182,950.

As of December 31, 2020, the Foundation lost its control over MLNI and has no: a) power over more than half of the voting rights by virtue of an agreement with other investors; b) power to govern the financial and operating policies of the entity under a statute or an agreement; c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

CLFC
CLFC was incorporated to extend credit facilities to consumer and industrial, commercial or agricultural enterprises by direct lending, or by discounting or factoring commercial papers or account receivables or by buying and selling contracts without quasi-banking activities. Its principal place of business is located in M.L. Quezon Street, City Subdivision, San Pablo City, Laguna.

In 2021 and 2020, dividends received from CLFC amounted to P19,499,870 and P7,499,975, respectively.

MVI
MVI is responsible for creating a network among micro to small businesses, medium and large enterprises, and other supporting institutions. MVI aims to provide sustainable livelihood at the grassroots level, particularly focusing on introducing new businesses and supply chain strategies aimed at providing access to health services, and other basic commodities. Its principal place of business is located in 39-A N. Reyes Street, Varsity Hills, Quezon City, 1100 Metro Manila.

As of December 31, 2021 and 2020, investment in MVI has been fully impaired.

11. Property and Equipment - Net

The details of this account as of December 31, 2021 are as follows:

		Building		Building Improvements		Transportation Equipment		Office Furniture, Fixtures and Equipment		Total
Cost:										
Balance at beginning of year	P	3,800,000	P	719,004	P	62,500	P	2,670,778	P	7,252,282
Additions		-		-		-		-		-
Disposals		-		-		(62,500)		(1,612,458)		(1,674,958)
Balance at end of year		3,800,000		719,004		-		1,058,320		5,577,324
Accumulated Depreciation										
Balance at beginning of year		774,366		390,222		62,499		2,399,523		3,626,610
Depreciation		253,899		210,846		-		169,650		634,395
Disposals		-		-		(62,499)		(1,611,627)		(1,674,126)
Balance at end of year		1,028,265		601,068		-		957,546		2,586,879
Net Carrying Value	**P**	**2,771,735**	**P**	**117,936**	**P**	**-**	**P**	**100,774**	**P**	**2,990,445**

The details of property and equipment as of December 31, 2020 are as follows:

		Building		Building Improvements		Transportation Equipment		Office Furniture, Fixtures and Equipment		Total
Cost:										
Balance at beginning of year	P	3,800,000	P	517,000	P	62,500	P	2,575,278	P	6,954,778
Additions		-		202,004		-		95,500		297,504
Disposals		-		-		-		-		-
Balance at end of year		3,800,000		719,004		62,500		2,670,778		7,252,282
Accumulated Depreciation										
Balance at beginning of year		520,466		201,055		62,499		2,105,412		2,889,432
Depreciation		253,900		189,167		-		294,111		737,178
Disposals		-		-		-		-		-
Balance at end of year		774,366		390,222		62,499		2,399,523		3,626,610
Net Carrying Value	P	3,025,634	P	328,782	P	1	P	271,255	P	3,625,672

The cost of fully-depreciated property and equipment still in use amounted to P1,184,207 and P1,922,228 as of December 31, 2021 and 2020, respectively.

Depreciation on property and equipment is included in the following expenses:

		2021		2020
Project related expenses (Note 15)	**P**	**456,764**	P	530,768
Administrative expenses (Note 15)		**177,631**		206,410
	P	**634,395**	P	737,178

12. Accounts Payable and Accrued Expenses

This account consists of:

		2021		2020
Subscription payable (Note 19)	**P**	**1,110,310**	P	2,435,659
Accrued expenses		**241,915**		274,041
Statutory payables		**55,660**		39,667
Accounts payable (Note 19)		**3,327**		63,665
	P	**1,411,212**	P	2,813,032

Subscription payable represents the liability for subscription to shares of stocks of BotiCARD, Inc.

Accrued expenses include vacation leave credits, bonuses, professional fees, program monitoring and evaluation, and other expenses.

Statutory payables include withholding taxes, SSS, HDMF, and PhilHealth contributions payable.

13. Retirement Benefits

The Foundation, CARD Bank Inc., CARD MRI Development Institute, Inc., CARD Mutual Benefit Association, Inc., CARD SME Bank, Inc., CAMIA, CMIT, CARD Employees Multi-Purpose Cooperative, Responsible Investments for Solidarity and Empowerment Financing Co., BotiCARD Inc., CLFC, MLNI, CARD MRI Property Management, Inc., CMPH, CMHT, CARD MRI Rizal Bank, Inc. and CARD, Inc., maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP is valued using the projected unit cost method and is financed solely by the Group and its related parties.

MERP comply with the requirements of Republic Act No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

The latest actuarial valuation report covers reporting period as of December 31, 2021 and 2020.

The principal assumptions used in determining pension for the defined benefit plans of the Foundation as of December 31, 2021 and 2020 are shown below:

	2021	2020
Discount rate	**5.09%**	3.81%
Salary increase rate	**5.00%**	3.00%

In addition to the Foundation's defined benefit retirement plan, the Foundation also operates defined contribution plan referred to as "Hybrid Plan" which provides a retirement benefit equal to 100% of the member's employer accumulated value (the Foundation's contributions of 8% plan salary to Fund A plus credited earnings) and 100% of the member's employee accumulated value (member's own contributions up to 10% of plan salary to Fund B plus credited earnings), if any, provided that in no case shall 100% of the employee accumulated value in Fund A be less than 100% of plan salary for every year of credited service.

The amounts recognized in the statement of assets, liabilities and fund balance follows:

		2021		2020
Fair value of plan assets	P	**(5,974,900)**	P	(5,667,911)
Present value of defined benefit obligation		**2,042,694**		1,805,222
Effect of asset ceiling		**1,546,508**		1,385,724
Net defined benefit asset	P	**(2,385,698)**	P	(2,476,965)

The retirement benefit expense recognized in Profit or Loss (P&L) follows:

		2021		2020
Current service cost	P	**127,287**	P	187,401
Interest - net		**(97,839)**		(112,476)
Remeasurement (gain) loss on retirement plan		**241,955**		(640,433)
	P	**271,403**	P	(565,508)

The movements in the net retirement asset follows:

		2021		2020
Balance at the beginning of the year	P	**2,476,965**	P	1,911,457
Retirement income (expense)		**(29,448)**		(74,925)
Remeasurement gain (loss) on retirement plan		**(241,955)**		640,433
Contributions paid		**(180,136)**		-
Balance at the end of the year	P	**2,025,426**	P	2,476,965

The movements in the present value of pension obligation follows:

		2021		2020
Balance at the beginning of the year	P	**1,805,222**	P	2,654,850
Current service cost		**127,287**		187,401
Interest cost		**68,779**		147,079
Transfer from plan assets		**1,849**		237,615
Actuarial changes arising from changes in:				
demographic assumptions		**(7,046)**		(4,593)
financial assumptions		**161,185**		(60,338)
experience		**(114,582)**		(1,356,792)
Balance at the end of the year	P	**2,042,694**	P	1,805,222

The movements in the fair value of plan assets follows:

		2021		2020
Balance at the beginning of the year	P	**5,667,911**	P	5,331,471
Interest		**219,414**		301,945
Transfer from plan assets		**1,849**		237,615
Contributions		**180,136**		-
Return on plan assets, net of interest		**(94,410)**		(203,120)
Balance at the end of the year	P	**5,974,900**	P	5,667,911

The changes in remeasurement (gain) loss on retirement plan follows:

		2021		2020
Return on plan assets, net of interest	**P**	**94,410**	P	203,120
Actuarial changes arising from changes in:				
demographic assumptions		**(7,046)**		(4,593)
financial assumptions		**161,185**		(60,338)
experience		**(114,582)**		(1,356,792)
Effect of asset ceiling		**107,988**		578,170
Total	**P**	**241,955**	P	(640,433)

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and reduction in future contributions. The fair value of plan assets by each class as at the end of the reporting period are as follows:

	2021	2020
Cash and cash equivalents	**40.74%**	46.28%
Quoted debt instruments	**48.53%**	42.58%
Loans receivables	**8.46%**	0.00%
Mutual funds	**0.00%**	0.49%
Other	**2.27%**	10.65%
	100.00%	100.00%

All plan assets do not have quoted prices in an active market except for government securities. Cash and cash equivalents are deposited in reputable financial institutions and related parties and are deemed to be standard grade. Mutual fund, loans and other assets are unrated.

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Foundation's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		2021			2020		
		Increase	**Decrease**		Increase		Decrease
Discount rate	**P**	**252,178**	**(214,662)**	P	228,964	P	(193,959)
Future salary increase		**249,830**	**(216,736)**		228,510		(197,124)

The average duration of the defined benefit obligation at the end of each reporting period is 11.4 years and 11.7 years in 2021 and 2020, respectively.

Shown below is the 10-year maturity analysis of the undiscounted benefit payments of the Foundation:

		2021		2020
Less than 1 year	P	**113,322**	P	111,017
More than 1 year to 5 years		**525,497**		478,440
More than 5 years to 10 years		**855,314**		724,937
	P	**1,494,133**	P	1,314,394

14. Revenues

Details of revenues are as follows:

		2021		2020
Program sponsorships (Note 19)	P	**6,000,000**	P	-
Dividend income		**1,317,446**		1,379,870
	P	**7,317,446**	P	1,379,870

15. Expenses

a. Program Related Expenses

Details of program related expenses are as follows:

		2021		2020
Compensation and employee benefits	P	**2,420,040**	P	2,296,097
Bad debts expense		**2,322,164**		720,000
Outsourced services		**1,228,268**		551,791
Rental		**699,572**		655,518
Depreciation		**456,764**		530,768
Supplies and materials		**359,261**		560,370
Transportation and travel		**286,587**		2,213,137
Miscellaneous		**270,738**		442,131
Repairs and maintenance		**181,337**		34,258
Insurance		**162,214**		188,276
Management and professional fees		**124,767**		43,197
Information technology		**88,543**		272,596
Program monitoring and evaluation		**78,028**		121,581
Seminars and meetings		**71,455**		133,570
Utilities		**39,331**		174,415
Communication		**33,521**		66,834
Training and development		**24,288**		210,326
Retirement expense		**21,203**		-
Research and documentation		**2,100**		63,259
Janitorial, messengerial and security		**-**		41,178
	P	**8,870,181**	P	9,319,302

Miscellaneous includes renewal of business permits and licenses, advertising and publicity, product development and packaging, and supervision and examination.

b. Operating Expenses

Details of operating expenses are as follows:

		2021		2020
Compensation and employee benefits	P	941,126	P	892,926
Bad debts expense		903,064		280,000
Outsourced services		477,660		214,585
Rental		272,056		254,923
Depreciation		177,631		206,410
Supplies and materials		139,713		217,921
Transportation and travel		111,450		860,664
Miscellaneous		105,286		171,939
Repairs and maintenance		70,520		13,323
Insurance		63,083		73,218
Management and professional fees		48,520		16,799
Information technology		34,433		106,009
Program monitoring and evaluation		30,344		47,282
Seminars and meetings		27,788		51,944
Utilities		15,296		67,828
Communication		13,036		25,991
Training and development		9,445		81,793
Retirement expense		8,245		-
Research and documentation		816		24,601
Janitorial, messengerial and security		-		16,014
	P	3,449,512	P	3,624,170

Miscellaneous includes renewal of business permits and licenses, advertising and publicity, product development and packaging, and supervision and examination.

16. Other Income (Charges) - Net

Details of this account are as follows:

		2021		2020
Remeasurement gain (loss) on retirement plan	P	(241,955)	P	640,433
Interest income from cash in bank and short term investments		169,799		339,265
Others		100,157		2,656
Retirement expense		-		(74,925)
	P	28,001	P	907,429

In 2021, others mainly consist of a bad debt recovery from a housing loan.

17. Lease

As a Lessee

The Foundation leases office premises, as well as staff houses of its employees. The lease contracts are from one to two years, and are renewable upon mutual agreement between the Foundation and the lessors.

The future aggregate minimum lease payments under operating leases are as follows:

		2021		2020
Operating leases:				
Not later than one year	**P**	**131,074**	P	101,053
Later than one year and not later than five years		**6,316**		6,316
Total	**P**	**137,389**	P	107,368

The total rent expenses recognized in 2021 and 2020 amounted to P971,628 and P910,441, respectively.

18. Income Tax

As stated in Note 1, the Foundation is exempt from the payment of income tax on revenue received by it as such organization. However, the Foundation's income of whatever kind and character from any of its properties, real or personal, or any activity conducted for profit, regardless of disposition, shall be subject to income tax.

The provision for income tax in 2021 and 2020 consists of:

		2021		2020
Current:				
Final tax on interest income from bank deposits	**P**	**33,960**	P	63,104
	P	**33,960**	P	63,104

Reconciliation of accounting income (loss) against taxable income (loss) follows:

		2021		2020
Accounting income (loss)	**P**	**11,590,695**	P	(5,051,203)
Add/Less: Reconciling items				
Retirement income (expense)		**29,448**		74,925
Contributions to retirement plan asset		**(180,136)**		-
Remeasurement (gain) loss on retirement plan		**241,955**		(640,433)
Interest income subject to final tax		**(169,799)**		(339,265)
Penalties and surcharges		**-**		19,935
Bad debts expense		**3,225,228**		1,000,000
Non-taxable income		**(23,882,387)**		(6,984,840)
Taxable loss	**P**	**(9,144,996)**	P	(11,920,881)

19. Related Party Transactions

Related party transactions pertain to transfers of resources, services or obligations between related parties, regardless of whether a price is charged. Related party transactions are recorded upon actual transfer of resources, services or obligations. Related party transactions are reported under 'Receivables' or 'Accounts payable and accrued expenses' accounts in the statement of assets, liabilities and fund balance, as appropriate.

Related parties include trustees, members, officers, employees and entities (affiliates) where trustees, members and officers hold key management positions. Transactions with these related parties include normal banking transactions, interest and non-interest bearing advances or loans, accounts receivable and accounts payable. These transactions are made substantially on the same terms as other individuals and business of comparable risks and are generally settled in cash.

Transactions with Retirement Plans

Certain post-employment benefit plans are considered as related parties. Part of the plan assets are invested in time deposits and special savings accounts with the affiliated banks (Note 13).

Other Related Party Transactions

Transactions between the Group and its affiliates within the CARD MRI also qualify as related party transactions.

Related party transactions of the Foundation by category of related party are presented below:

		2021	
Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Affiliates			
Cash in bank		**P 17,100,225**	This pertains to checking and savings accounts with an annual interest rate ranging from 0.0625% to 1.00%.
Deposits	**P 28,758,735**		
Withdrawals	**15,535,111**		
Due from affiliates		**-**	This pertains to receivables from an affiliate.
Billings	**236,513**		
Collections	**236,513**		
Accounts payable		**1,060**	This pertains to shared expenses on utilities and expenses during seminars and meeting
Billings	**443,446**		
Payments	**442,504**		
Program sponsorships	**6,000,000**		This pertains to program sponsorship granted by CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC. (A Microfinance NGO) to the Foundation to support the implementation of its existing programs and joint venture project.
Associates			
Due from associates		**3,672,884**	This pertains to the shared expenses shouldered by the Group (unimpaired, due, and demandable)
Billings	**66,850**		
Collections	**847,254**		
Accounts payable		**-**	This pertains to the unpaid shared expenses shouldered by the affiliates.
Billings	**116,511**		
Payments	**116,511**		

Category	Amount / Volume	2020 Outstanding Balance	Nature, Terms and Conditions
Affiliates			
Cash in bank		P 3,876,601	This pertains to checking and savings account with annual interest rate ranging from 0.5% to 1.8%.
Deposits	P 14,229,219		
Withdrawals	14,525,419		
Due from affiliates		-	This pertains to a program sponsorships from an affiliate.
Billings	762,726		
Collections	767,826		
Accounts payable		2,119	This pertains to shared expenses on utilities and expenses during seminars and meeting
Billings	5,188,737		
Payments	5,200,010		
Associates			
Due from associates		4,498,638	This pertains to the shared expenses shouldered by the Group (unimpaired, due and demandable)
Billings	8,090,608		
Collections	8,854,324		
Accounts payable		4,710	This pertains to the unpaid shared expenses shouldered by the affiliates.
Billings	335,161		
Payments	750,296		

Remunerations of Trustees and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly. The Foundation considers the members of the BOT and senior management to constitute key management personnel.

The compensation of key management personnel amounted in 2021 and 2020 to P1,223,302 and P1,163,199, respectively.

20. Subsequent event

a. CREATE Act

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Foundation are as follow:

- Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2021, to June 20, 2023;
- Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
- The imposition of improperly accumulated earnings is repealed.

The Foundation assessed the effect of the changes mentioned above and there is no material effect on its statement of assets, liabilities, and fund balance and statement of revenues and expenses.

b. COVID-19 Impacts and Subsequent Events

Since December 31, 2019 to December 31, 2021, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. In the Philippines, varying quarantine measures were implemented beginning on March 17, 2020.

The Foundation's management has assessed and addressed the impacts of COVID-19. As of December 31, 2021 and 2020, all COVID-19 determinable impacts on the Foundation's 2021 financial statements, as well as other subsequent events, that are adjusting events have been adjusted. Other determinable subsequent events that were not adjusting events have been disclosed as needed.

The Foundation was not severely impacted by COVID-19. Its services continued to be delivered. The Foundation received donations in 2021 which helped in its funding and liquidity requirements for its operations.

21. Approval for the Release of Financial Statements

The accompanying financial statements were reviewed and approved for release by the Board of Trustees on March 26, 2022.

22. Supplementary Information Required by the Bureau of Internal Revenue

Revenue Regulation (RR) No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS for SMEs and such other standards and/or conventions, taxes, duties, and license fees paid or accrued during the taxable year. Following is the required information under RR No. 15-2010 for the year ended December 31, 2021:

a. Withholding taxes

		2021
Tax on compensation and benefits	P	68,026
Expanded withholding taxes		82,056
	P	150,082

b. Other taxes paid

The following are the other taxes paid by the Foundation during the year recognized under 'Taxes and licenses' account:

		2021
Business permits and licenses	P	**4,548**
Certification fees and documentary stamp taxes		**3,484**
Annual registration fee		**500**
	P	**8,532**

c. Tax assessments and cases

The Foundation did not receive any tax assessments nor did it have tax cases under preliminary investigation, litigation and/or prosecution in any courts or bodies outside the administration of BIR.

II. Revenue Regulation (RR) No. 34-2021

On December 21, 2021, the Bureau of Internal Revenue issued RR No. 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents. Under the said RR, companies are required to disclose if they are not covered by Section 2 of the RR which provides the taxpayers required to file and submit Form 1709 Information Return on Related Party Transactions, together with the Annual Income Tax Return. The supplementary information below is presented for purposes of filing with the Bureau of Internal Revenue and is not required by the PFRS for SMEs.

The Foundation is not covered by the requirements and procedures for related party transactions provided under RR 34-2020.