

MICARA ESTATES - TANZA HOMEOWNERS' ASSOCIATION, INC.

HLURB Registration Number: STR-1053

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

*(with comparative figures as at and for the
calendar year ending December 31, 2021)*

And Report of Independent Auditor



BY:.....



For BIR Use Only: BCS/Item:



Republic of the Philippines Department of Finance Bureau of Internal Revenue

BIR Form No. 1702-EX January 2018 (ENCS) v2 Page 1

Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income



1702-EX 01/18ENCS v2 P1

1 For Calendar Fiscal 2 Year Ended (MM/20YY) 3 Amended Return? 4 Short Period Return 5 Alphanumeric Tax Code (ATC)

Background Information

6 Taxpayer Identification Number (TIN) 7 RDO Code 8 Registered Name MICARA ESTATES- TANZA HOMEOWNERS' ASSOCIATION, INC. 9 Registered Address MICARA ESTATES- TANZA, ANTERO SORIANO, BRGY. SAHUD ULAN, TANZA, CAVITE 10 Date of Incorporation/Organization 11 Contact Number 12 Email Address hoassoc123@gmail.com 13 Method of Deductions 14 Legal Basis of Tax Relief / Exemption (Specify) 15 Investment Promotion Agency (IPA) / Government Agency (specify) 16 Registered Activity / Program (Registration Number) 17 Effectivity Date of Tax Relief / Exemption

PART II - TOTAL TAX PAYABLE (DO NOT ENTER CENTAVOS, 49 centavos or less drop down; 50 or more round up)

18 Tax Due 19 Less: Total Tax Credits/Payments 20 Total (Overpayment) 21 Add: Penalty - Compromise 22 TOTAL AMOUNT PAYABLE / (Overpayment) 23 Number of Attachments

We declare under the penalties of perjury that this return and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

Signature over Printed Name of President/Principal Officer/Authorized Representative: AMAN CALEBAL Signature over Printed Name of Treasurer/Assistant Treasurer: Annabel N. Raygo

Part III - Details of Payment

Table with 4 columns: Particulars, Drawee Bank/ Agency, Number, Date (MM/DD/YYYY), Amount. Rows include Cash/Bank Debit Memo, Check, Tax Debit Memo, and Others.

Machine Validation / Revenue Official Receipt Details [if not filed with an Authorized Agent Bank (AAB)] Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

DHSUD Region 4A RECEIVED JUN 26 2023 BY: [Signature]

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT
under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec.
27(C)] and Other Special Laws, with NO Other Taxable Income



1702-EX 01/18ENCS v2 P2

TIN
478 229 346 0000

Registered Name

MICARA ESTATES- TANZA HOMEOWNERS' ASSOCIATION, INC.

Part IV - Computation of Tax

(Do NOT enter Centavos; 49 centavos
or less drop down; 50 or more round up)

28 Sales/Receipts/Revenues/Fees	14,993,809.00
29 Less: Sales Returns, Allowances and Discounts	0.00
30 Net Sales/Receipts/Revenues/Fees (Item 28 less Item 29)	14,993,809.00
31 Less: Cost of Sales/Services	9,193,687.00
32 Gross Income from Operation (Item 30 Less Item 31)	5,800,122.00
33 Add: Other Income	1,800.00
34 Total Gross Income (Sum of Items 32 and 33)	5,801,922.00
Less: Deductions Allowable under Existing Law	
A. Itemized Deduction	
35 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	46,648.00
36 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0.00
37 Total Itemized Deductions (Sum of Items 35 and 36)	46,648.00
B. Optional Standard Deduction (OSD)	
38 OSD (40% of Item 34)(applicable to GPP per RA No. 10963)	0.00
39 Net Taxable Income / (Loss) (If Itemized: Item 34 Less Item 37; If OSD: Item 34 Less Item 38)	5,755,274.00
40 Tax Rate	0 %
41 Tax Due (Item 39 x Item 40) (To Part II Item 18)	0.00
Less: Tax Credits / Payments (attach proof)	
42 Prior Year's Excess Credits	0.00
43 Income Tax Payment from Previous Quarter/s	0.00
44 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0.00
45 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0.00
46 Foreign Tax Credits, if applicable	0.00
47 Tax Paid in Return Previously Filed, if this is an Amended Return	0.00
Other Tax Credits / Payments (specify)	
48	0.00
49	0.00
50 Total Tax Credits / Payments (Sum of Items 42 to 49) (To Part II Item 19)	0.00
51 Total (Overpayment) (Item 41 Less Item 50) (To Part II Item 20)	0.00

Part V - Tax Relief Availment

52 Regular Income Tax Otherwise Due (Item 39 of Part IV x Applicable Income Tax Rate)	1,438,818.00
53 Special Allowable Itemized Deductions (Item 36 of Part IV x Applicable Income Tax Rate)	0.00
54 Total Tax Relief Availment (Sum of Items 52 and 53)	1,438,818.00

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT
under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec.
27(C)] and Other Special Laws, with NO Other Taxable Income



Tax Identification Number (TIN)
478 229 346 0000

Registered Name
MICARA ESTATES- TANZA HOMEOWNERS' ASSOCIATION, INC.

Part VI - Schedules

(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)

Schedule 1 - Ordinary Allowable Itemized Deductions (attach additional sheet/s, if necessary)

1 Ammortizations	0.00
2 Bad Debts	0.00
3 Charitable and Contributions	0.00
4 Depletion	0.00
5 Depreciation	0.00
6 Entertainment, Amusement and Recreation	0.00
7 Fringe Benefits	1,354.00
8 Interest	0.00
9 Losses	0.00
10 Pension Trusts	0.00
11 Rental	0.00
12 Research and Development	0.00
13 Salaries, Wages, and Allowances	0.00
14 SSS, GSIS, Philhealth, HDMF, and Other Contributions	0.00
15 Taxes and Licenses	0.00
16 Transportation and Travel	500.00
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s) if necessary)	421.00
a Janitorial and Messengerial Services	0.00
b Professional Fees	0.00
c Security Services	18,480.00
d UTILITIES	0.00
e PRINTING AND DEVELOPING	1,550.00
f MISCELLANEOUS	2,500.00
g	21,843.00
h	0.00
i	0.00
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 35)	46,648.00

Schedule 2 - Special Allowable Itemized Deductions (attach additional sheet/s, if necessary)

Description	Legal Basis	Amount
1		0.00
2		0.00
3		0.00
4		0.00
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 36)		0.00

Schedule 3 - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

1 Net Income(loss) per Books	
Add: Non-Deductible Expenses/Other Income	5,760,657.00
2	
3	0.00
4 Total (Sum of Items 1 to 3)	0.00
Less: A) Non-Taxable Income and Income Subjected to Final Tax	5,760,657.00
5 INTEREST INCOME SUBJECTED TO FINAL TAX	
6	5,383.00
B) Special Deductions	0.00
7	
8	0.00
9 Total (Sum of Items 5 to 8)	0.00
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	5,383.00
	5,755,274.00



Cynthia Briola <hoassoc123@gmail.com>

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>
To: hoassoc123@gmail.com

Fri, Apr 28, 2023 at 4:38 PM

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 478229346000-1702EXv2018C-122022.xml

Date received by BIR: 17 April 2023

Time received by BIR: 02:07 PM

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:

Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

=====
DISCLAIMER
=====

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.



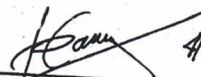
MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.

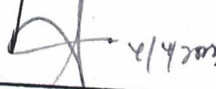
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

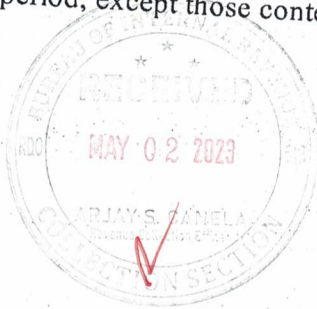
The Management of MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC. (the Association) is responsible for all information and representation contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

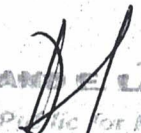
In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC. complete and correct in all material respects. Management likewise affirms that:

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


4/9/23
Damian G. Calebag
Vice-President


4/4/2023
Annabel N. Raygon
Treasurer




ATTY. ROLANDO E. LAS PIÑAS
Notary Public for Manila
Notarial Commission No. 2023/016
Until Dec 31, 2024
Roll of Attorney No. 84035
PTR No. 0822024 01/03/2023
IBP Membership No. 292700 01/05/2023
MCLE Exempted G.B.O. 1, s.2008

Signed this 31st day of March 2023

DOC. No. 114
PAGE No. 53
BOOK No. IX
SERIES OF 5027



**MICARA ESTATES-TANZA
HOMEOWNERS'
ASSOCIATION, INC.**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.** (the Association) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as 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 to do so.


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

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

Glaiza C. Azurin, the independent auditor appointed by the members, has audited the financial statements of the Association in accordance with Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such audit.



Damian G. Calebag
Vice-President



Annabel N. Raygon
Treasurer



Signed this 31st day of March 2023

DOC. NO. 113
PAGE NO. 23
BOOK NO. 17
SERIES OF 2023

ATTY. ROLAND E. LAS PIÑAS
Notary Public for Manila
Notarial Commission No. 2023/016
Until Dec 31, 2024
Roll of Attorney No. 84035
PTR No. 0822024 01/03/2023
IBP Membership No. 292700 01/05/2023
MCLE Exempted G.B.O. 1, s.2008

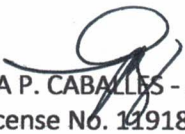
STATEMENT REQUIRED BY SECTION 8-A, REVENUE REG. NO. V-20

**TO THE MEMBERS AND BOARD OF TRUSTEES
MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.
MICARA PLAZA, MICARA ESTATES - TANZA, ANTERO SORIANO,
BRGY. SAHUD ULAN, TANZA, CAVITE.**

I have audited the financial statements of **MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.** the calendar year ended December 31, 2022, on which I have rendered my report dated April 24, 2023.

In compliance with Section 8-A, Revenue Regulation V-20, I am stating the following:

1. That the taxes paid or accrued by the above taxpayer for the year ended December 31, 2022 are shown in the schedule of taxes and licenses attached to the income tax return.
2. That I am not related by consanguinity or affinity to the Management and Board of Directors;
3. That I, as an Individual Practitioner, or my staff, have no financial interest to the Association or any family relationships with its management.


GLAIZA P. CABALLES - AZURIN, CPA
PRC license No. **149189**
PRBOA No. **4800** - valid until April 27, 2024
BIR Accreditation No. **09-005369-001-2023** – valid until March 13, 2026
TIN **223-630-714-000**
PTR No. **CI2169996**, January 03, 2023, Imus City, Cavite

April 24, 2023
City of Imus, Cavite

REPORT OF INDEPENDENT AUDITOR

TO THE MEMBERS AND BOARD OF TRUSTEES
MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.
MICARA PLAZA, MICARA ESTATES - TANZA, ANTERO SORIANO,
BRGY. SAHUD ULAN, TANZA, CAVITE.

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.** (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statement income, statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all respects, the financial position of **MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.** as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) for Small Entities (SEs).

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSA). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of my report. I am independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippine (Philippine Code of Ethics), and I have fulfilled my other responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from materials misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are consider 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 PSA, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Corporation'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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

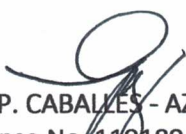
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I described these matters in my auditors' report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

My 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 Nos. 19-2011 and 15-2010 in notes to the financial statements, respectively, 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 **MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.** The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.




GLAIZA P. CABALLES - AZURIN, CPA
PRC license No. 119189
PRBOA No. 4800 - valid until April 27, 2024
BIR Accreditation No. 09-005369-001-2023 – valid until March 13, 2026
TIN 223-630-714-000
PTR No. CI2169996, January 03, 2023, Imus City, Cavite

April 24, 2023
City of Imus, Cavite

MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENTS OF FINANCIAL POSITION

As of December 31

	2022	2021
ASSETS		
Current Assets		
Cash (Note 5)	P13,885,654	P7,070,953
Receivables (Note 6)	165,805	-
Total Current Assets	14,051,459	7,070,953
Noncurrent Assets		
Miscellaneous deposits (Note 7)	106,360	75,710
	P14,157,819	P7,146,663
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Accounts and other payables (Note 8)	P2,763,684	P1,513,184
Members' Equity		
General fund (Note 9)	11,394,135	5,633,479
	P14,157,819	P7,146,663

See accompanying Notes to the Financial Statements.



MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENTS OF INCOME AND MEMBERS' EQUITY

For the Years Ended December 31

	2022	2021
REVENUE		
Association dues (Note 11)	₱14,993,809	₱12,195,587
Interest and other fees (Note 11)	7,182	96,371
	15,000,991	12,291,958
EXPENSES		
Cost of services (Note 12)	9,193,687	8,629,308
Administrative expenses (Note 12)	46,648	392,149
	9,240,335	9,021,457
EXCESS OF REVENUE OVER EXPENSES	5,760,656	3,270,501
MEMBERS' EQUITY AT BEGINNING OF YEAR	5,633,479	2,362,978
MEMBERS' EQUITY AT END OF YEAR	₱11,394,135	₱5,633,479

See accompanying Notes to the Financial Statements.



MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.
(A Non-Stock, Not-for-Profit Organization)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	₱5,760,656	₱3,270,501
Adjustments for interest income (Note 5)	(5,383)	(6,365)
Operating income before working capital changes	5,755,273	3,264,136
Increase in receivables	(165,805)	-
Increases in miscellaneous deposits	(30,650)	(10,000)
Increase (decrease) in accounts and other payables	1,250,501	(2,629,887)
Net cash generated by operations	6,809,318	624,249
Interest received	5,383	6,365
Net cash generated by operating activities	6,814,701	630,614
NET INCREASES IN CASH	6,814,701	630,614
CASH AT BEGINNING OF YEAR	7,070,953	6,440,339
CASH AT END OF YEAR (Note 5)	₱13,885,654	₱7,070,953

See accompanying Notes to the Financial Statements.

MICARA ESTATES-TANZA HOMEOWNERS' ASSOCIATION, INC.

(A Non-Stock, Not-for-Profit Organization)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

1. General Information

Micara Estates-Tanza Homeowners' Association, Inc. (the Association) is a non-stock, not-for-profit organization, organized under the laws of the Philippines for the purpose of promoting and advancing the best interest, general welfare and prosperity, as well as safeguarding the well-being of its homeowners. The Association was registered with the Housing and Land Use Regulatory Board (HLURB) on November 4, 2015 with HLURB registration No. STR-1053. The Association promulgates its policies and regulations through a governing body known as the Board of Trustees (BOT).

As a non-stock, not-for-profit organization, the Association is exempt from payment of income tax under Section 30(e) of the National Internal Revenue Code (the Code). However, income of whatever kind and character of the Association from any property, real or personal, shall be subjected to income tax as provided for under the Code.

The Association's registered office address, which is also its principal place of business, is located at Micara Plaza, Micara Estates - Tanza, Antero Soriano, Brgy. Sahud Ulan, Tanza, Cavite.

Approval of the Financial Statements

The accompanying financial statements of the Association for the years ended December 31, 2022 and 2021 were authorized for issue by the Association's BOT on March 31, 2023.

2. Basis of Preparation

Basis of Financial Statements Preparation

The Association's financial statements have been prepared under the historical cost method and are presented in Philippine Peso (₱), the Association's functional currency. All amounts are rounded off to the nearest peso amount unless otherwise indicated.

Statement of Compliance

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs) as approved by the Financial Reporting Standards Council, Board of Accountancy, and SEC. As allowed by Section 3.24, *Financial Statement Presentation*, the Association presented only a statement of income and members' equity since the Association has no items of other comprehensive income in any of the periods for which the financial statements are presented. The "Excess of revenue over expenses" is the Association's "Net profit or loss".

The financial statements have been prepared using the measurement bases specified by PFRS for SEs for each type of assets, liabilities, income, and expenses. The measurement bases are more fully described in accounting policies in the succeeding pages.

The preparation of financial statements in accordance with PFRS for SEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

PFRS for SEs

Small entities are defined as entities that:

- Do not have public accountability; and
- Publish general purpose financial statements for external users.

An entity has public accountability if:

- It files, or it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; or
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. Most banks, credit unions, insurance brokers or dealers, mutual funds and investment banks would meet this second criterion.

Small entities are those that meet all the following criteria:

- Have total assets of between ₱ 3 million and ₱ 1 00 million or total liabilities of between ₱ 3 million and ₱ 1 00 million. If the entity is a parent company, the said amounts shall be based on the consolidated figures;
- Are not required to file financial statements under Part II of SRC Rule 68;
- Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
- Are not holders of secondary licenses issued by regulatory agencies.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the Association's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current and Noncurrent Classification

The Association presents assets and liabilities in statements of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, if any, are classified as noncurrent assets and liabilities.

Basic Financial Assets

Financial assets are classified as either "basic financial assets" or "other financial assets". The Association recognizes basic and other financial assets only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are measured at their transaction price, including transactions costs. Other financial instruments are initially measured at fair value, which is usually their transaction price. This excludes transaction costs. Subsequent to initial recognition, basic financial assets are measured at amortized cost using effective interest rate. All other financial instruments are measured at fair value at reporting date except for equity instruments (and related contracts that would result in delivery of such instruments) that are not publicly traded and whose fair value cannot be reliably determined which is measured at cost less impairment.

As of December 31, 2022 and 2021, the Association's basic financial assets pertain to statements of financial position captions "Cash", "Receivables" and "Miscellaneous deposits". The Association has no other financial assets as of December 31, 2022 and 2021.

Cash

Cash is presented in the statement of financial position at face amount. This includes cash on hand and in bank. Cash in bank earns interest at the prevailing bank deposit rates.

Amortized Cost

The amortized cost of a financial instrument at each reporting date is the net of the following amounts:

- 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; and
- Minus 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 of calculating the amortized cost of a debt instrument and of allocating finance income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of Financial Instruments Measured at Amortized Cost

At the end of each reporting period, the Association assesses whether there is objective evidence of impairment of any financial assets that are measured at amortized cost. If there is objective evidence of impairment, the Association recognizes an impairment loss in profit or loss immediately.

The Association assesses impairment either individually or grouped on the basis of similar credit risk characteristics.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- It has become probable that the debtor will enter bankruptcy or other financial reorganization; and
- Observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

Other factors may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates.

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of Financial Assets

The Association derecognizes a financial asset only 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 the risks and rewards of ownership of the asset to another entity.

Impairment of Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the

increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as an income.

Financial Liabilities

The Association shall recognize financial liability only when the Association becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at the transaction price including transaction costs. Financial liabilities are classified either at FVTPL or at amortized cost.

Financial Liabilities at Amortized Cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with finance cost recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating finance cost over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

As of December 31, 2022 and 2021, the Association's financial liabilities at amortized cost pertain to the "Accounts and other payables" account in the statements of financial position.

Derecognition of Financial Liabilities

The Association derecognizes financial liabilities when, and only when, the Association's obligations are discharged, cancelled or expired.

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

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Related Party Disclosures

A related party is a person or entity that is related to the Association that is preparing its financial statements. A person or a close member of that person's family is related to Association if that person has control or joint control over the Association, has significant influence over the Association, or is a member of the key management personnel of the Association or of a parent of the Association.

An entity is related to the Association if any of the following conditions applies:

- The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.

- The entity is controlled or jointly controlled by the person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Association and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Members' Equity

Members' equity represents the net cumulative balance of excess or deficiency of revenue over expenses.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Association and the revenue can be measured reliably. Revenue is measured by reference to the fair value of the consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized at a point in time. The following specific recognition criteria must also be met before revenue is recognized:

Association Dues

The Association's dues are computed based on the respective rate per square meter of area occupied by each member as provided by the BOT. Association dues are recorded as revenue, net of discounts, when collected by the Association or its collecting agent.

Interest Income

Interest income is recognized as it accrues, taking into account the effective yield of the assets.

Other Fees

Income from other sources, if any, is recognized when earned.

Expenses

Expenses are recognized in the statements of income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statements of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

Taxes

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 authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. As of December 31, 2022 and 2021, the Association's revenues are tax exempt.

Provisions

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

Contingencies

Contingent liabilities are not recognized in financial statements. These 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

The Association identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Association's financial position at the end of the reporting period are reflected in the financial statements. Events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Estimates and Assumptions

The preparation of the accompanying financial statements in compliance with PFRS for SEs requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change.

The effects of any changes will be reflected in the financial statements as they become reasonably determinable. Actual results could differ from such judgments and estimates. Accounting 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.

Impairment of receivables

The Association evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the receivables, including, but not limited to the average age of receivables, collection experience and historical loss experience. There were no impairment losses required to be recognized on the Association's receivables in 2022 and 2021 because based on Management's judgments and estimates, these receivables are collectible from the collecting agent and there is no instances of default. The carrying value of receivables are shown in Note 6.

Impairment of nonfinancial assets

The Association assesses the value of its nonfinancial assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and require the Association to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Association to conclude that its nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Association's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Association believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Association's assessment of recoverable values and may lead to future additional impairment charges. An impairment review is performed when events or changes in circumstances indicate that the carrying value may not be recoverable. Management has determined that there are no events or changes in circumstances in 2022 and 2021 that may indicate that the carrying value of nonfinancial assets may not be recoverable.

5. Cash

Cash consists of on hand and in bank amounting to **₱13,885,654** and **₱7,070,953** as of December 31, 2022 and 2021, respectively. Cash in bank earns interest at the prevailing bank deposit rates and are immediately available for use in the Association's current operations. This represents an account in a reputable local bank. The Association reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

Interest income earned, net of final tax, amounted to **₱ 5,383** and **₱6, 365** in 2022 and 2021, respectively (see Note 11).

6. Receivables

This account consists of receivable from collecting agent amounting to **₱165,805** and nil as of December 31, 2022 and 2021, respectively.

Receivable from collecting agent pertains to unremitted Association dues paid by the Homeowners. This is noninterest-bearing and is normally collected within 30 days.

As of December 31, 2022 and 2021, no provision for doubtful accounts was recorded since based on Association's estimates, these are all collectible.

7. Miscellaneous Deposits

This account pertains to meter deposits to a utility company. Miscellaneous deposits amounted to **₱106,360** and **₱75,710** as of December 31, 2022 and 2021, respectively.

8. Accounts and Other Payables

This account consists of accrued expenses amounting to **₱2,763,684** and **₱1,513,184** as of December 31, 2022 and 2021, respectively.

Accrued expenses include unpaid billings related to security and janitorial agency, repairs and maintenance, electricity, water, collection services fees and professional fees.

Accounts and other payables are noninterest bearing and are due to be settled within one (1) year.

9. General Fund

The Association, being a non-stock, non-profit organization is not maintaining equity among its members or any of its officers. Cumulative fund balances include all current and prior period results as disclosed in the statements of income and members' equity. It is used for general current needs and in meeting the obligations arising from general operations. It includes all net assets with uses not restricted by members, by BOT or by law.

Assessment for expenses and capital expenditures

As provided for in the Association's By-Laws, each member is liable for the common expenses of the Association. Accordingly, each member is assessed for expenses related to the administration, maintenance, operation, repair, restoration or replacement of the common areas and other portions of the property managed by the Association, as well as taxes and other expenses on such areas and property. The assessments are in proportion to each member's proprietary interest or participation in the Association.

General Fund Management Objectives, Policies and Procedures

The primary objective of the Association's general fund management is to ensure that it maintains a strong fund balance and healthy ratios in order to support its operations and provide high quality of services to the homeowners. The Association manages its general fund balance and makes adjustments to in light of changes in economic conditions. The Association, as a non-stock, not-for-profit organization, is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing the general fund during the years ended December 31, 2022 and 2021.

10. Taxes

As a non-stock, not-for-profit organization, the Association is exempt from payment of income tax under Section 30(e) of the Code. However, income of whatever kind and character of the Association from any property, real or personal, shall be subjected to income tax as provided for under the Code.

Based on the exception cited in Section 18 of RA No. 9904, the Association is still in the process of completing necessary documents before submitting the tax exemption application with the BIR.

Tax Reform for Acceleration and Inclusion (TRAIN) Law

Section 34 (Y) of Republic Act (RA) No. 10963, or the "Tax Reform for Acceleration and Inclusion (TRAIN)" that took effect in January 1, 2018 states that Association dues, membership fees, and other assessments and charges collected on purely reimbursement basis by the homeowners' associations and condominium corporations established under RA No. 9904 (Magna Carta for Homeowners and Homeowners' Association) and RA No. 4726 (The Condominium Act), respectively, shall be exempt from VAT.

11. Revenue

Revenue accounts are recognized to the extent that it is probable that the economic benefits will flow to the Association and the amount can be reliably measured. This includes association dues and interest income from bank accounts, as stated in the Association's Articles and By-Laws.

Association dues

This account refers to association dues collected from homeowners. Homeowners are required to pay association dues amounting to ₱ 500 to ₱ 600 per month depending on the type of units acquired by the Homeowners. Association dues collected in 2022 and 2021 amounted to **₱14,993,809** and **₱12,195,587**, respectively.

Interest and other fees

Breakdown of interest and other fees account of the Association follows:

	2022	2021
Interest from cash in bank (Note 5)	₱5,383	₱6,365
Other fees		
Shuttle service collection	-	53,765
Car stickers	1,799	36,241
	₱7,182	₱96,371

Proceeds from other fees are used by the Association in the production of car stickers, shuttle operations (service tickets and maintenance) and Village maintenance.

12. Expenses

Cost of services

Cost of services includes direct and indirect costs incurred in order to provide security and maintain cleanliness and orderliness of the Village. This consists of:

	2022	2021
Security services	₱3,645,741	₱3,416,386
Garbage collection	2,821,350	2,315,250
Janitorial	1,349,283	1,301,402
Power and light	688,367	419,529
Collection fee	376,920	505,043
Grass cutting	309,091	665,008
Repairs and maintenance	2,060	4,890
Water	875	1,800
	₱9,193,687	₱8,629,308

Collection fee pertains to the amount charged by the collecting agent which is 5% of the amount collected.

Administrative expenses

This account consists of:

	2022	2021
Gas and oil	₱21,843	₱101,568
Professional fee	18,480	16,800

Printing	2,500	45,900
Communication	1,550	5,280
Representation	1,354	423
Taxes and licenses	500	500
Transportation	421	220,778
Legal and notarial	-	900
	₱46,648	₱392,149

13. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Association; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual. Transactions between related parties are based on terms similar to those offered to nonrelated parties.

Compensation of Key Management Personnel

Key management includes the members of the BOT, all members of management and other Association officers. There are no other short-term or long-term employee benefits payments and loans to or loans from members of the BOT and officials of the Association.

Disclosure on Related Party Transactions Form (BIR Form 1709)

The Association is not covered by the requirements and procedures for related party transactions provided under Revenue Regulations (RR) 34-2021. As such, the Association is not required to submit BIR Form 1709, Transfer Pricing Documentation (TPD) and other supporting documents.

14. Financial Instruments Information

The Association's financial instruments as of December 31 follow:

	2022	2021
Financial Assets:		
<i>Basic financial assets</i>		
Cash	₱13,885,654	₱7,070,953
Receivables	165,805	-
Miscellaneous deposits	106,360	75,710
Financial Liabilities:		
<i>Financial liabilities at amortized cost</i>		
Accounts and other payables	₱2,763,684	₱1,513,184

15. Events after Balance Sheet Date

There were no events after the reporting date that need to be disclosed for the years ended December 31, 2022 and 2021.

16. Commitment and Contingencies

There were no significant commitments and contingencies involving the Association as of December 31, 2022 and 2021.

17. Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. There were no going concern issues that need to be disclosed involving the Association as of December 31, 2022.

18. Supplementary Information Required Under Revenue Regulations 15-2010

On November 15, 2010, the 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 PFRSs and such other standards and/or conventions that may heretofore be adopted, in the Notes to the Financial Statements, information on taxes, duties and license fees paid or accrued during the taxable year. The Association reported and paid the following taxes for the year ended December 31, 2022:

Value-added Tax (VAT)

Under RA No. 10963, or the TRAIN Law that took effect on January 1, 2018, the collection of the Association's membership dues and other assessments shall be exempt from VAT since these are collected on purely reimbursement basis.

Other Taxes and Licenses for 2022

This includes all other taxes, local and national, including licenses and permit fees included as "Taxes and Licenses" account under the "Administrative Expenses" caption in the statement of income and member's equity. Details of taxes and licenses in 2022 follow:

National	
Annual Registration (BIR)	₱500

Landed Costs, Custom Duties and Tariffs

The Association has no importation transactions for the year ended December 31, 2022.

Excise Tax

The Association has no purchases of products that were subject to excise tax for the year ended December 31, 2022.