



CFA Society
Philippines

2020
2021

ANNUAL
REPORT

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MISSION

To lead in improving the quality and standards of the financial profession by:

- offering educational programs;
- creating awareness of the significance of the CFA designation among various constituent groups;
- being an advocate on behalf of industry issues; and
- encouraging ethical behavior for the ultimate benefit of the Philippine society.

VISION

To be recognized institution in the finance industry with members who are known for their integrity and professional excellence.

OUR HISTORY

1995

The Chartered Financial Analyst (CFA®) exam administered by the Association for Investment Management and Research (AIMR) headquartered in Charlottesville, Virginia, USA was first introduced in the Philippines with the support of the Capital Markets Development Council, Inc. (CMDCI).

1997

A group of CFA candidates, practitioners from the investment community, and members of the academe gathered form a local CFA society in response to the need to set higher standards for investment knowledge, competence, professionalism and, ethics in the local investment community. Thus, the Association of Investment Professionals-Manila was established.



2002

5th Year Anniversary Celebration

2004

AIMR changed the global organization's name to "CFA Institute," and the local society adopted this change immediately and assumed the name of CFA Society of the Philippines (CFA Society Philippines).



2007

10th Year Anniversary Celebration

OUR HISTORY



2012

Bolder Voice, Bolder Identity: the Rebranding of CFA Institute

15th Year Anniversary Celebration



2013

3 Society Excellence Awards

- Strategic Initiatives on Education
- Strategic Initiatives on Engagement
- Outreach - Most Innovative

awarded by CFA Institute



2014

Society Excellence Awards

Most Outstanding Society

awarded by CFA Institute



2015

Society Excellence Awards

Engagement Outreach

awarded by CFA Institute



2016

Highest Membership Growth Award

awarded by CFA Institute

OUR HISTORY



2017

20th Year Anniversary Celebration



2018

Society Awards
Most Outstanding Society

awarded by CFA Institute

Ang Susi Awards
Industry Development Award

awarded by Philippines Council for
Associations and Association Executives
(PCAEE)



2019

Ang Susi Awards
People Empowerment Award

awarded by Philippines Council for Associations and
Association Executives (PCAEE)



2020

SEC's 48th Anniversary
Capital Market Development Champion

awarded by Securities and Exchange Commission



2021

Society Excellence Awards
Most Outstanding Society

awarded by CFA Institute

BOARD OF DIRECTORS



President and Chairman of the Board
Dr. Robert B. Ramos, CFA, CIPM, CAIA
Rizal Commercial Banking Corporation



Trustee and Vice President
Ms. Cristina P. Arceo, CFA
China Banking Corporation



Trustee and Treasurer
Mr. John B. Balce, CFA
FTI Consulting Philippines, Inc.



Trustee and Vice President
Ms. Mary Jane T. Chiong, CFA
Bangko Sentral ng Pilipinas



Trustee and Vice President
Mr. Rodrigo Albert D. Maddatu, CFA
Pru Life UK Investments



Trustee and Vice President
Mr. George S. Ongkeko, Jr. CFA
Insurance Commission



Trustee and Vice President
Ms. Giovanna M. Vera, CFA
Century Pacific Food, Inc.



Corporate Secretary
Atty. Donald S. Onghanseng, CFA
Brankas Digital Technologies, Inc.



BOARD OF ADVISORS



Dr. Felixberto Bustos, CFA
Former President and CEO
National Home Mortgage Finance Corp.



Mr. Marvin Fausto
President
COL Investment Management, Inc.



Mr. Michael Ferrer
Chief Executive Officer
ATRAM Asset Management



Mr. Eduardo Francisco
President
BDO Capital Investment Corp.



Ms. April Tan, CFA
Chief Equity Strategist and VP
COL Financial Group, Inc.



Mr. Mark Yu, CFA
President for Retail and CFO
SEOIL Philippines, Inc.



SOCIETY STAFF



Ms. Rizchelle Sampang-Manaog, CPAE
Program Director



Mr. Rey Gargantilla
Program Associate



Ms. Precious Canoza-Miranda
Program Associate



Ms. Trisha Saquitán
Program Assistant



Mr. Blodymer Dalde
Admin Assistant



PRESIDENT'S MESSAGE

2021 continued to be a different and difficult year for a large part of the global population. The Philippines was not spared during this trying time. There were more challenges that we had to face and new issues that had to be resolved on a local and a global basis.

Even on the CFA exams front, the CFA Institute would continue to hold off exams during COVID surges. A common issue faced by regional candidates would need to reschedule their exams when local alert levels arose and exam centers would be closed.

As part of the CFA Society of the Philippines, a lot has continued to change. We are still not able to hold the any face to face events. We still could not bring to the country many of the distinguished speakers that we have brought in the past.

However, in spite of these limitations, we were able to adjust given the previous year in lockdown. Larger scale digital events were conducted. The digital avenues were no longer seen as a step down from our usual face to face events but rather as venues wherein we could reach larger markets.

We have also continued with the research projects of the society but now we have moved away utilizing digital tools and applications. The effect was ease of doing the research and better management of the costs associated by the project as seen in the continuing conduct of the Philippine Asset Management Study.

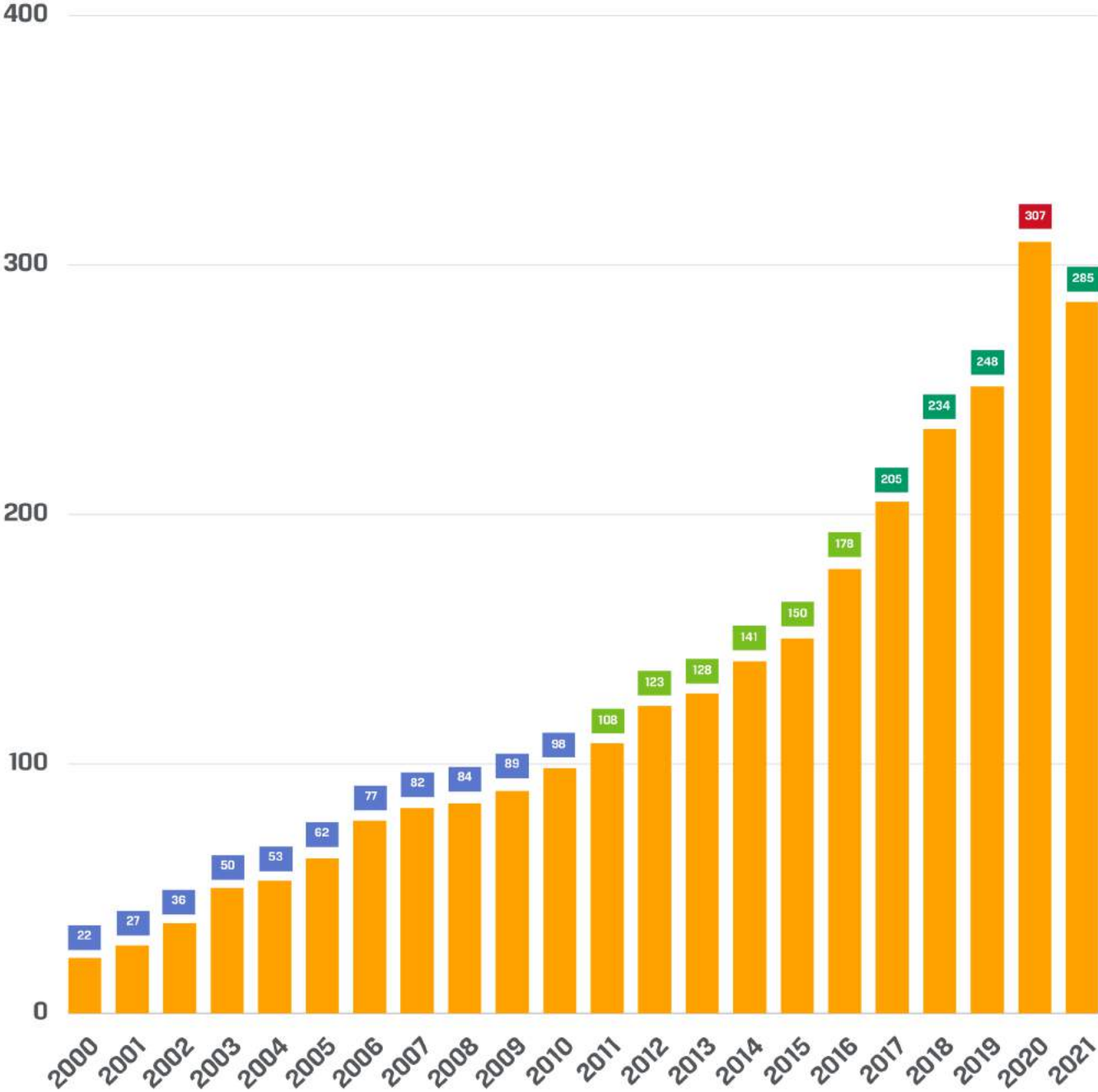
The Society, this year, has moved from adapting to thriving given the new normal. None of this would be possible if not for the efforts of all the society members.

I would like to say thank you to the society trustees, advisors, staff, members and volunteers for all the help that you have given the society during these times. Everyone's efforts are greatly needed and appreciated.

As we move towards the next fiscal year, we hope that we continue to learn as we **build a stronger and more resilient CFA Society Philippines.**

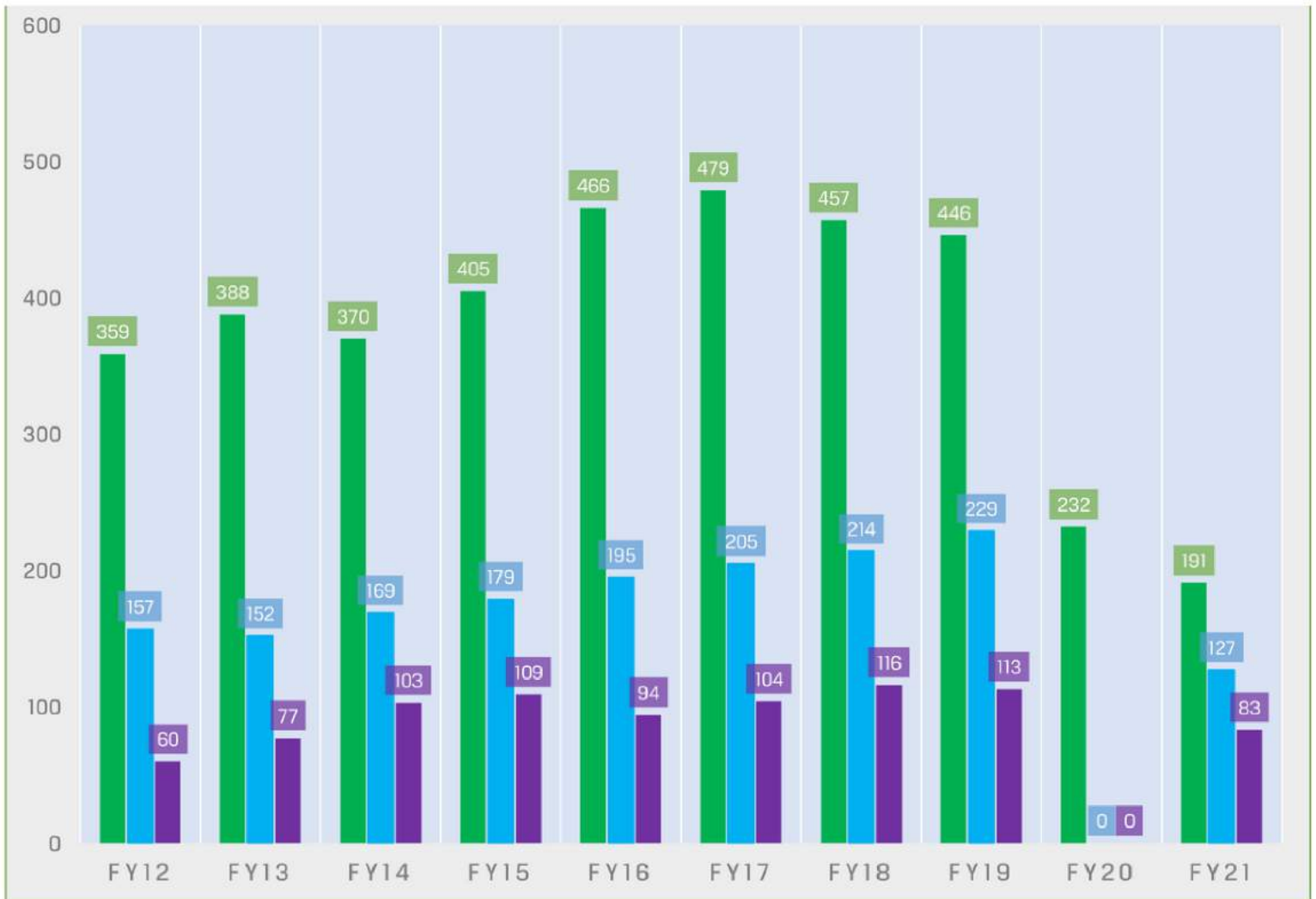
Dr. Robert B. Ramos, CFA, CIPM, CAIA
President and Chairman of the Board
CFA Society Philippines

CFA SOCIETY PHILIPPINES ACTIVE MEMBERS 2000 - 2021

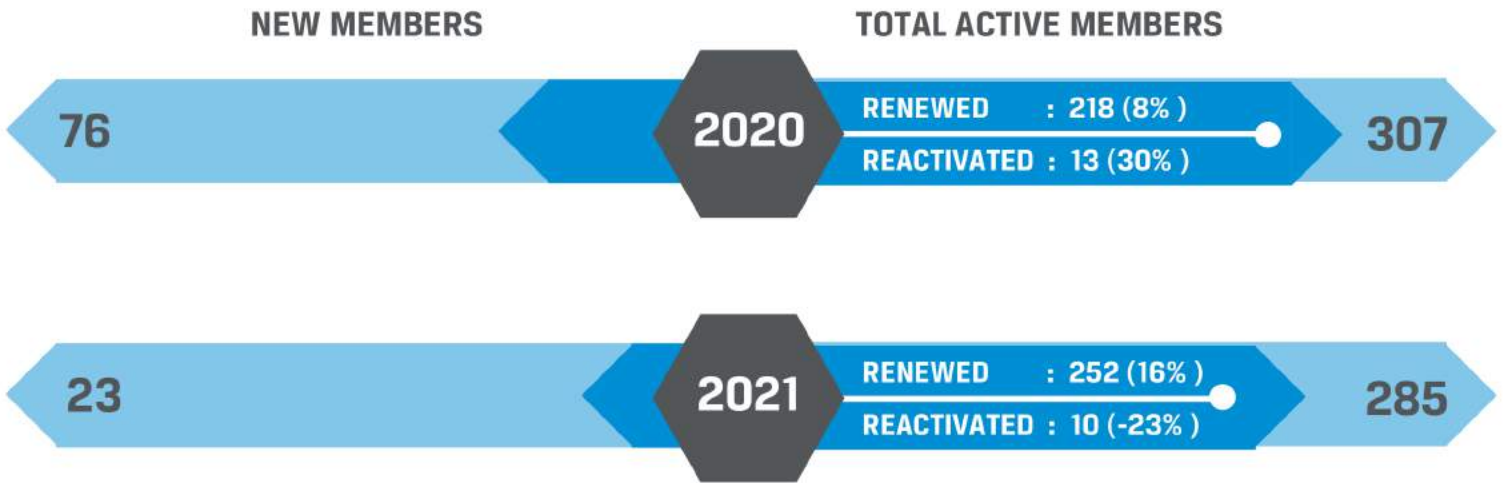


CFA SOCIETY PHILIPPINES CFA PROGRAM CANDIDATE REGISTRATIONS FY12-FY21

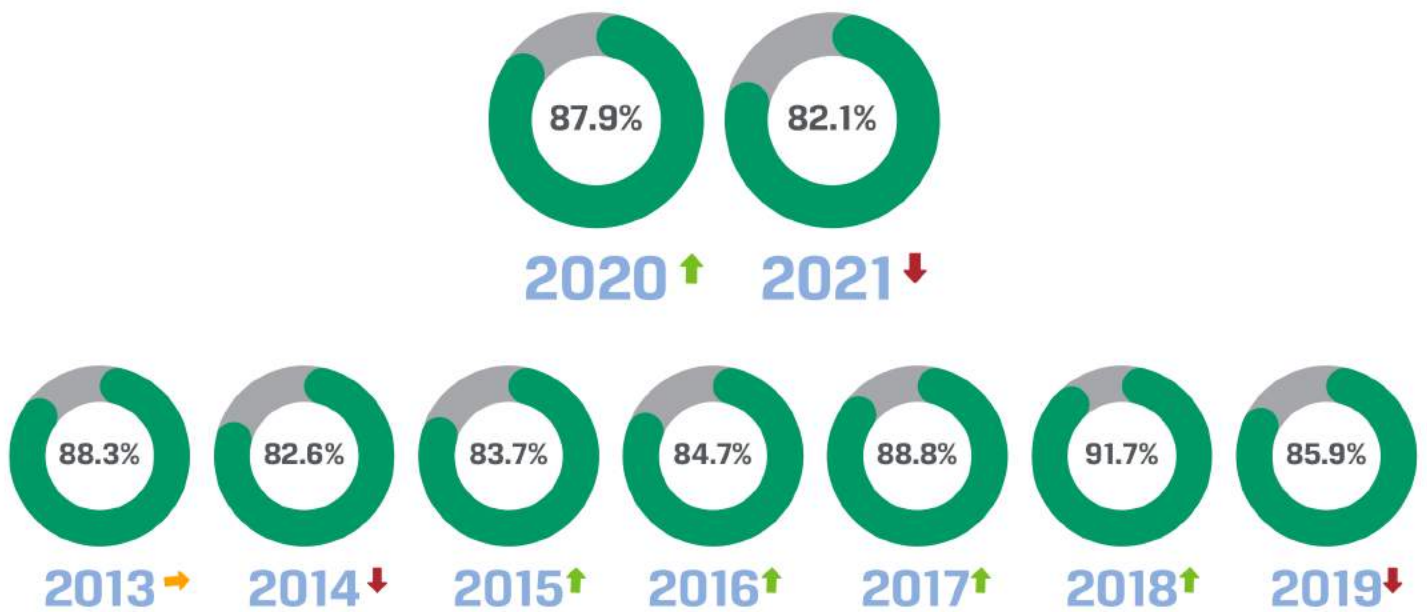
■ Level I
 ■ Level II
 ■ Level III



ACTIVE MEMBERSHIP OVERVIEW



Retention Rate FY13-21



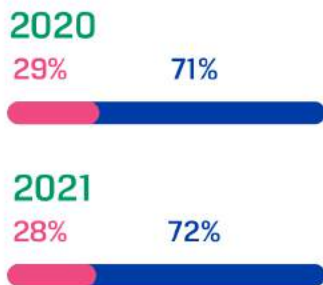
MEMBERSHIP DEMOGRAPHICS (AGE AND GENDER)

AVERAGE AGE

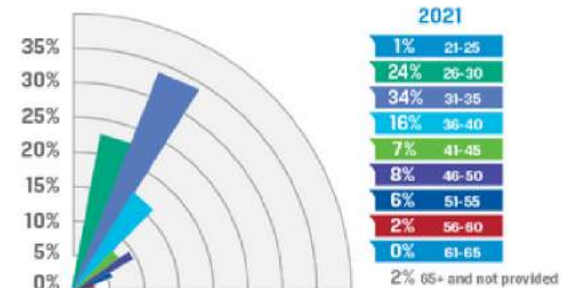
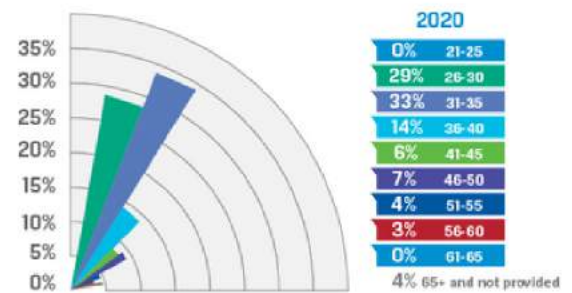
as of November 2021



GENDER DISTRIBUTION



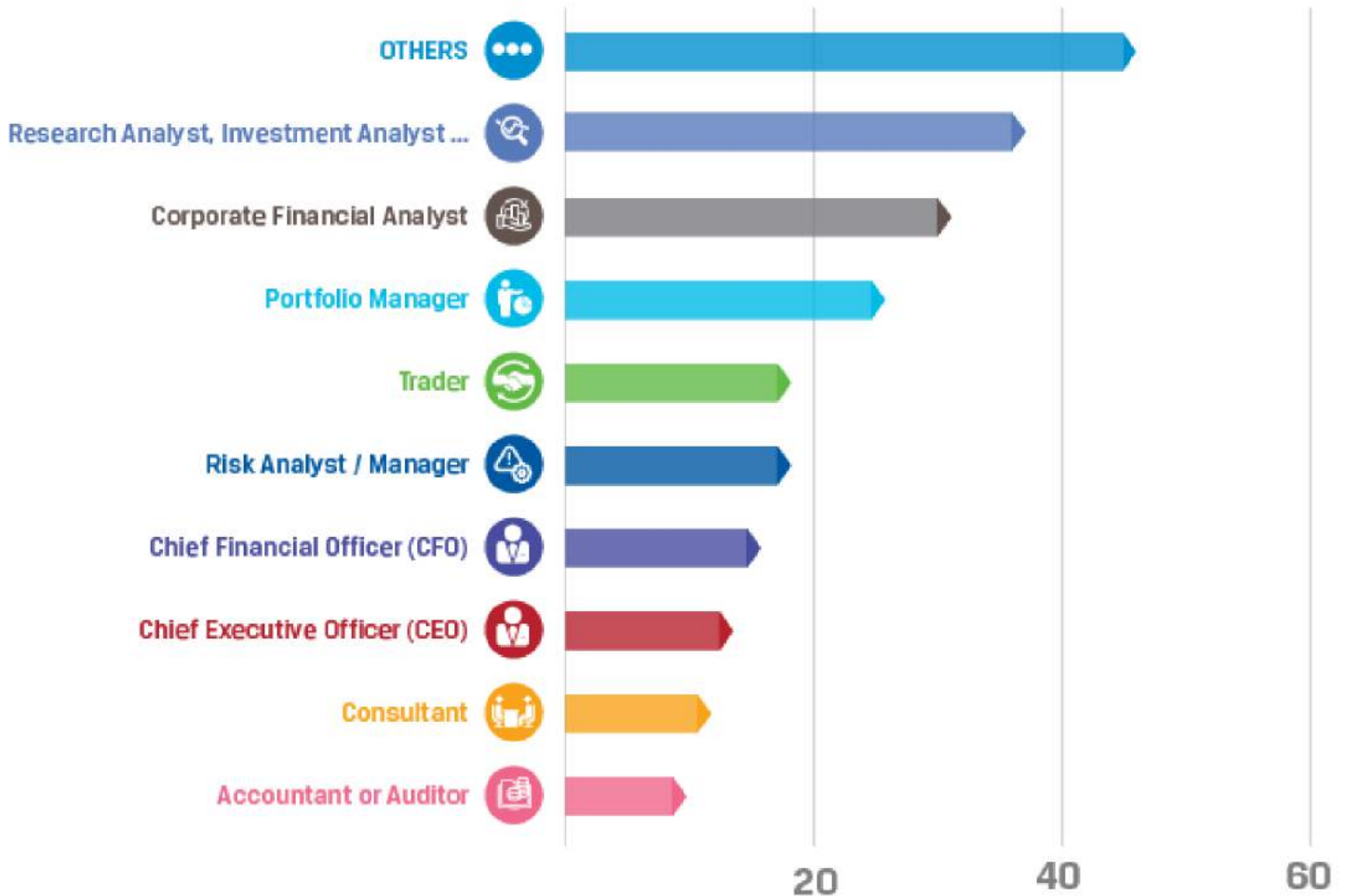
AGE DISTRIBUTION



MEMBERS OCCUPATIONS

TOP 10 ACTIVE MEMBER OCCUPATIONS

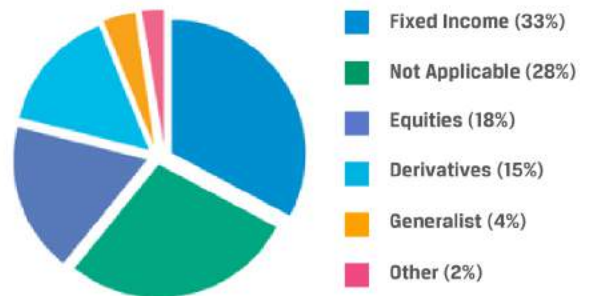
as of November 2021



TOP 10 MEMBER EMPLOYERS



PRIMARY INVESTMENT FOCUS





STRATEGIC OBJECTIVES

- Develop Future Professionals
- Deliver Member Value
- Increase Brand Awareness
- Build Market Integrity



DEVELOP FUTURE PROFESSIONALS



CFA INSTITUTE RESEARCH CHALLENGE

The annual global competition that provides university students with hands-on mentoring and intensive training in financial analysis. Competing teams conduct investment analysis and write research reports on specific company assignments, culminating in BUY, SELL, or HOLD recommendations.

For the fiscal year 2021, Ateneo de Manila University won the 13th Local Finals . Here are the [8 schools who participated](#).

- Ateneo De Manila University
- De La Salle University - Manila
- San Beda University - Manila
- University of San Carlos
- University of Santo Tomas
- University of the Philippines Cebu
- University of the Philippines Dilliman
- University of the Philippines Iloilo/Visayas

Since CFA Society Philippines joined this annual global competition, the country has won 5 regional and 3 global championships.

- 2018-2019 Global Champion
 - 2018 - 2019 Ateneo de Manila University
 - Local, Regional and Global Champions
 - Subject Company: D&L Industries, Inc.
- 2009 - 2010 Global Champion
 - 2009 - 2010 University of the Philippines-Diliman
 - Local, Regional and Global Champions
 - Subject Company: Energy Development Corporation
- 2013-2014 Global Champion
 - 2013 - 2014 University of the Philippines-Diliman
 - Local, Regional and Global Champions
 - Subject Company: Meralco



DEVELOP FUTURE PROFESSIONALS



UNIVERSITY INFORMATION SESSION

CFA Society Philippines conduct information sessions in universities to create awareness about the different programs of CFA Institute. The target was 10 university information sessions. At the end of the fiscal year, it was able to successfully hold 12 university information sessions. Here is the list of schools.

- o UP JFA: The Fintern
- o UP JPIA Asset 2020
- o UMAK JFINEX: General Assembly
- o DLSU-D JFINEX Financial Wellness: Bouncing Back to Your Financial Goals
- o AdU JFINEX: CFA Orientation
- o SHC JFINEX BREAK: Unlocking the Hidden Code to Financial Literacy
- o SBCA JFINEX: Let's Get FIT - Flexible and Improve Together
- o UP JFA Philippine Financial Summit 2021
- o SLSU JFINEX: FinFest 2021 Finance in Borderland
- o DLSU-D JFINEX: Infosession
- o SLU JFINEX: Info Session
- o De La Salle University MAFIA - Info Session



EMPLOYER INFORMATION SESSION

Another part of CFA Society Philippines effort in introducing professionals in the investment management industry to the different programs of CFA Institute is through the conduct of information sessions with employers. For this fiscal year, it [conducted 2 employer info sessions](#).

- o Rizal Commercial Banking Corporation
- o Standard Chartered Bank

ACCESS SCHOLARSHIP

Under the Access Scholarship Program of CFA Institute, [CFA Society Philippines awarded 47 scholarship slots](#) out of 62 applications. This is through the effort of the Scholarship Committee who evaluated all the applications and identified the deserving applicants.



DEVELOP FUTURE PROFESSIONALS



STUDENT ORGANIZATION AFFILIATE PROGRAM

The Student Organization Affiliate Program is designed to facilitate collaboration between CFA Society Philippines and student finance organizations that share the goal of advancing the careers and financial wellness of its members. Through the creation of the Student Organization Affiliate Program, CFA Society Philippines seek to strengthen existing partnerships with organizations that are working toward the same goal.

Target of 27 Student Orgs

10%



Now, it has grown to 31 Student Organization Affiliates from 23 of 2020.

- Adamson University
- Ateneo de Davao University
- Ateneo de Manila University
- Bulacan State University - Malolos
- Cavite State University - Imus
- De La Salle University - Dasmariñas
- Dr. Filemon C. Aguilar Memorial College of Las Piñas
- Lyceum of the Philippines University - Manila
- Manuel S. Enverga University Foundation - Lucena
- National Univeristy - Manila
- New Era University - Quezon City
- Notre Dame University - Cotabato
- Olivarez College - Parañaque
- Polytechnic University of the Philippines - Manila
- Rizal Technological University - Mandaluyong
- Sacred Heart College - Lucena
- Saint Louis College - La Union
- Saint Louis College - Baguio
- San Beda College - Alabang
- San Beda University - Manila
- Southern Luzon State University - Lucban
- Tarlac State University
- Technological Institute of the Philippines - Manila
- University of Makati
- University of San Carlos
- University of Santo Tomas
- University of the East - Manila
- University of the Philippines - Diliman
- Xavier University - Ateneo de Cagayan



DEVELOP FUTURE PROFESSIONALS



CAREER GUIDE WEBINAR SERIES

With CFA Society Philippines' thrust to develop the future investment professionals of our nation, it launched the "Invest in Your Career to Reach the Top" webinars featuring the eight career paths in the investment industry that a student or a young professional can take part and choose from - Equity Research, Regulatory Authority, Corporate Finance, Trading, Financial Technology, Risk Management, Data Science and Consulting.

1,667



Total attendees

- Equity Research

Mr. Charles William Ang, CFA



- Corporate Finance

Mr. Mark Yu, CFA



- Fund Management

Mr. Basil Jason Go, CFA



- Financial Technology

Mr. Nichel Gaba, CFA



- Trading

Mr. Rod Barit, CFA



- Data Science

Ms. Mary Grace Bacus, CFA



- Risk Management

Ms. Juliet Dytoc, CFA



- Consulting

Mr. John Balce, CFA

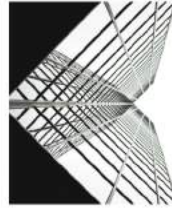


CBT FOR CFA EXAMS

Conducted information session for the overview of the CBT CFA Exams.



DELIVER MEMBER VALUE



JOB POSTING

21 job postings. Below the target of 25 for the fiscal year.

WEBINARS

CFA Society Philippines conducted a total of 16 webinars over the fiscal year with the help of CFA Institute, Moody's, Financial Modeling Institute, Bureau of Treasury and Valens Research:

- o Financial Modeling Best Practices
- o Giving Voice to Values
- o Premyo Bonds 2
- o Integrating ESG Factors into Investment Analysis: What, Why and How
- o Value Investing: Evolution and Application
- o Forecast Event
- o Inclusion Matters
- o Digital Wealth Management
- o Checking and Reviewing Financial
- o Calculating TRUE EARNING POWER: Advanced Financial Analysis Beyond GAAP/PFRS
- o Inside Asean Episode 1- Can the Philippines regain its credit strengths?
- o Inside Asean Episode 2 - Philippine banks in a tepid recovery
- o The Case of the Mutual Fund Sector webinar

765



Total attendees

ESG Disclosure Standards Webinars Exclusive to Regulators

- o Bureau of Treasury
- o Securities and Exchange Commission
- o Bangko Sentral ng Pilippines

200



Total attendees

WORKSHOPS

Conducted 2 workshops

- o Ethical Decision Making Workshop
- o Basic Financial Modeling and Valuation

43



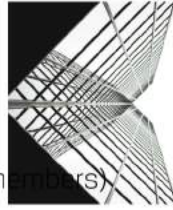
Total attendees



DELIVER MEMBER VALUE



ANNUAL FORECAST EVENT
A total attendance of 84 (40 of which are members)



SOCIETY AWARDS

The winners of the 2021 Most Outstanding Society award have demonstrated the most exceptional across-the-board performance. There are four categories-based on membership size and the [CFA Society Philippines won for its size category of 150-349 members](#).

Solid leadership and good strategic planning helped CFA Society Philippines respond well to the global pandemic and successfully navigate the new normal. The local Society delivered operational excellence, membership value, increased brand awareness, and built market integrity.

ANNUAL FORECAST EVENT

There were a [total of 84 participants, 40 of which are members of CFA Society Philippines](#).

The panelists were:

- Mr. Dan Fineman
- Mr. Gilbert Lopez
- Mr. Jun Neri
- Mr. Raul Ruiz, CFA

The moderator of the panel discussion was:

- Ms. April Tan, CFA

PRESTIGE AWARDS

The Prestige Awards Committee considered the long-term career achievements of the nominees and not only those that pertain to a single year or most recent year. Professional criteria to were evaluated included, but not limited to, professional achievement, experience, training and education in finance, investment, and leadership; ethical conduct in dealing with others; a highly developed sense of professionalism; leadership and an abiding desire to advance the profession; and service to CFA Society Philippines and the finance and investment industry. Non-professional criteria that were evaluated included, but not limited, to participation in non-CFAP affairs such as civic, religious, charitable, educational, or other activities.



DELIVER MEMBER VALUE



PRESTIGE AWARDS

Outstanding Charterholder of the Year : Ms. Mari Toni Bautista, CFA

The CFA Society Philippines' Outstanding Charterholder of the Year Award (OCYA) is an individual recognition to a CFA charterholder who has contributed significantly to the investment industry as an exceptional and inspirational leader; and to the advancement of the investment management profession by exemplifying the highest standard of ethics, education and professional excellence.

Most Promising Charterholder of the Year : Atty. Julio Bucoy, CFA

The CFA Society Philippines' Most Promising Charterholder of the Year Award (MPCYA) is an individual recognition to a CFA charterholder who is in early stages of his/her career but has promoted the CFA brand through various means; and has been notably involved in the thrusts and advocacies of the local society and the CFA Institute by similarly representing the highest standard of ethics, education and professional excellence.

BLOOMBERG HACKATHON

CFA Society Philippines organized the Bloomberg Hackathon in partnership with Bloomberg. A first for the Society. The were 7 teams participated in this event.

Here are the winners:

- o **Top of the Quant Award**
 - **A Quantamental Framework for Systematic Global Tactical Asset Allocation**
Sun Life
Ms. Chelsea Lim, Mr. Rod Barit, CFA and Mr. Francis Alcausin
 - **Risk On / Risk Off Meter**
Sun Life
Ms. Nicole San Juan, CFA, Mr. Marlo de Guzman and Mr. Ivan Corcuera
- o **Most Popular App**
 - **BOP: The Bond Optimizer**
Bureau of Treasury
Mr. Armin Paul Allado, Mr. Miguel Victor Santos and Ms. Patricia Agabin



INCREASE BRAND AWARENESS



MEMBERSHIP RENEWAL CAMPAIGN

Implemented a 3-month renewal campaign leveraging on the toolkit provided by CFA Institute. Society gave out complimentary Society-branded face mask as incentive for members who renew on or before July 31. The Society is glad to report that through this campaign, there were 25 reactivations. Member retention target reached.

DIGITAL CONGRATULATORY AD

The Society published the digital congratulatory ad to recognize its newest CFA charterholders.

See facebook post here:

<https://www.facebook.com/cfasociety.philippines/photos/a.199903046711151/4507928622575217/>

ASIA-PACIFIC RESEARCH EXCHANGE

ARX-branded webinars and uploaded content

- o Bonds 101
- o Invest in Your Career to Reach the Top: Equity Research
- o Invest in Your Career to Reach the Top - Corporate Finance
- o Invest in Your Career to Reach the Top - Data Science
- o Invest in Your Career to Reach the Top - Fund Management
- o Invest in Your Career to Reach the Top - Regulatory Authority
- o Invest in Your Career to Reach the Top - Risk Management
- o Invest in Your Career to Reach the Top - Trading
- o Invest in Your Career to Reach the Top - Consulting
- o Assessment of the Asset Management Industry in the Philippines: The Mutual Fund Sector
- o Digital Wealth Management
- o Checking and Reviewing a Financial Model
- o Value Investing: Evolution and Application



BUILD MARKET INTEGRITY



STUDY ON THE ASSET MANAGEMENT

Completed the second phase of the "Study on the Philippine Asset Management Industry" focusing on [Mutual Funds](#) with the help of Asian Institute of Management and Fund Managers Association of the Philippines. To view and download the complete study, see here: <https://bit.ly/MFSectorResearchStudy>

ETHICAL DECISION-MAKING WORKSHOPS

The Society has conducted 2 [Ethical Decision-Making Workshops](#) within the fiscal year.

BEST MANAGED FUNDS OF THE YEAR

Here are the winners of the Best Managed Funds of the Year.

- Bond - MT (Peso - FVPL)
 - ATRAM Total Return Peso Bond Fund
- Bond - MT (Dollar FVPL) AUB Gold Dollar Fund
- Bond - MT (Dollar - HTM)
 - ALFM Dollar Bond Fund
- Bond - LT (Peso - FVPL)
 - SB Peso Bond Fund
- Bond - LT (Dollar - FVPL)
 - Odyssey Philippine Dollar Bond
- Fund Balanced (Peso)
 - UnionBank PHP Balanced Fund
- Balanced (Dollar)
 - Sun Life Prosperity Dollar Advantage Fund
- Equity (Peso)
 - Rizal Equity Fund
- Equity (Dollar)
 - BPI Global Equity Fund-of-Funds

View all the winners here: <https://bit.ly/BMFOYWinners>

SOCIETY VOLUNTEERS



Mr. Raph Aaron Letaba, CFA

- Academic Relations



Mr. Francis Viernes, CFA

- Academic Relations
- ARX Chair



Mr. Charles William Ang, CFA

- Career Guide Webinar Series
- CFA Institute Investment Research Challenge



Mr. Bret Urmeneta, CFA

- Academic Relations



Mr. Basil Jason Go, CFA

- Academic Relations
- Career Guide Webinar Series



Mr. Mark Yu, CFA

- Academic Relations
- Career Guide Webinar Series



Mr. Rob Barit, CFA

- Academic Relations
- Career Guide Webinar Series



Mr. Edward Fernandez, CFA

- Academic Relations



Mr. Chase Gaerlan, CFA

- Academic Relations

SOCIETY VOLUNTEERS



Ms. Gladys Reyes, CFA

- Academic Relations



Mr. Ernesto Francisco, CFA

- Academic Relations



Mr. Nichel Gaba, CFA

- Career Guide Series



Ms. Mary Grace Bacus, CFA

- Career Guide Series



Ms. Juliet Dytoc, CFA

- Career Guide Series



Mr. Grant Cheng, CFA

- Academic Relations



Mr. Alvin Tan, CFA

- IRC Chair



Mr. Jerome Go, CIPM

- Academic Relations



Ms. Melloney Awit, CFA

- Academic Relations

COVER SHEET

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S.E.C. Registration Number

COMPANY NAME

C H A R T E R E D F I N A N C I A L A N A L Y S T
 S O C I E T Y O F T H E P H I L I P P I N E S .
 I N C .

PRINCIPAL OFFICE

U N I T 1 8 0 4 M E D I C A L P L A Z A ,
 S A N M I G U E L A V E . O R T I G A S C E N T E R
 B R G Y . S A N A N T O N I O , P A S I G C I T Y

A A F S
 FORM TYPE

C R M D
 Department requiring the report

N / A
 Secondary License Type, if Applicable

COMPANY INFORMATION

info@cfphilippines.org
 Company's Email Address

86376968
 Company Telephone Number

091755904166
 Mobile Number

N/A
 Total No. of Stockholders

N/A
 Annual Meeting (Month/Day)

August 31
 Fiscal Year (Month/Day)

CONTACT PERSON INFORMATION

Mr. Donald Onghangseng
 Contact Person

donald.onghangseng@gmail.com
 Email Address

N/A
 Telephone Number

CONTACT PERSON'S ADDRESS

5 Wood St. Barangay Matandang Balara, Quezon City

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

OFFICE COPY

**CHARTERED FINANCIAL ANALYST
SOCIETY OF THE PHILIPPINES, INC.**

AUDITED FINANCIAL STATEMENTS

**As at and for the year ended
August 31, 2021 and 2020**

VICENTE V. BLAZA II

Certified Public Accountant

2901, 29F One Corporate Center, Meralco Ave., Corner
Julia Vargas Ave., Ortigas, Pasig City
0998-9714759*09273931260
Email address: vinceii.blaza@gmail.com

REPORT OF INDEPENDENT AUDITOR

THE BOARD OF TRUSTEES

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

Unit 1804 Medical Plaza San Miguel Ave.,
Ortigas Center Brgy. San Antonio
Pasig City

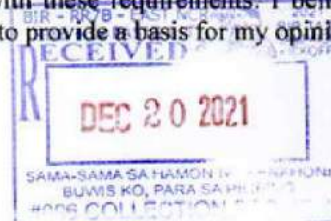
Opinion

I have audited the financial statements of Chartered Financial Analyst Society of the Philippines, Inc. (the **Company**), which comprise the statements of financial position as at August 31, 2021 and 2020, and the statements of 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 material respects, the financial position of the **Company** as at August 31, 2021 and 2020 and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for Small Entities).

Basis for Opinion

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



Vicente V. Blaza II, CPA

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for Small Entities), 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 material misstatement, whether due to fraud or error, and to issue an auditor's 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in appendix A of this auditor's report. This description, which is located below, forms part of my auditor's report.

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

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. 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.

VICENTE V. BLAZA II

CPA Certificate No. 0094711

FIN: 912-544-026-000

PRC/BOA Accreditation No. 5779

Valid until June 1, 2023

BIR Accreditation No. 07-000039-002-2019

Valid until January 25, 2022

PTR No. 7234216

Issued on January 5, 2021 at Pasig City



Pasig City
Philippines
December 15, 2021

Vicente V. Blaza II, CPA

APPENDIX A

As part of an audit in accordance with Philippine Standards on Auditing (PSAs), 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 Company'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 Company'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. My 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management 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.

Supplemental Written Statement Required by:
BIR Revenue Regulations No. V-1, Section 8-A
BUREAU OF INTERNAL REVENUE


And
SEC SRC Rule 68 (3) (b)
SECURITIES AND EXCHANGE COMMISSION

THE BOARD OF TRUSTEES
CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.
Unit 1804 Medical Plaza San Miguel Ave.,
Ortigas Center Brgy. San Antonio
Pasig City

I have examined the financial statements of the Chartered Financial Analyst Society of the Philippines, Inc. for the year ended August 31, 2021 and 2020, on which I have rendered the attached report dated December 15, 2021.

In compliance with SRC Rule 68, I am stating that the said Company has no shareholder being a Professional organization.

In compliance with BIR Revenue Regulations V-1, Section 8-A, I am stating that I do not have any financial interest Chartered Financial Analyst Society of the Philippines, Inc. or any family relationships with its president, manager, or principal shareholders.



VICENTE V. BLAZA II
CPA Certificate No. 0094711
TIN: 912-544-026-000
PRC/BOA Accreditation No. 5779
Valid until June 1, 2023
BIR Accreditation No. 07-000039-002-2019
Valid until January 25, 2022
PTR No. 7234216
Issued on January 5, 2021 at Pasig City

Pasig City
Philippines
December 15, 2021

2020 - 2021 Audited Financial Statements and Income Tax Return

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

STATEMENTS OF FINANCIAL POSITION As of August 31, 2021 and 2020 (Amounts in Philippine Pesos)



ASSETS

CURRENT ASSETS

Cash and cash equivalents	3	5,373,505	8,606,733
Receivables	4	282,306	151,429
Inventory	5	254,200	254,200
Other current assets	6	724,695	943,716
Total current assets		6,634,706	9,956,078

NON-CURRENT ASSETS

Property and equipment, net	7	178,091	286,894
Investments	8	10,227,218	6,849,011
Deferred tax asset	16	77,417	224,392
Total non-current assets		10,482,726	7,360,297

TOTAL ASSETS

17,117,432 17,316,375

LIABILITIES AND FUND BALANCE

LIABILITIES

Current liabilities

Trade and other payables	9	64,129	34,129
Deferred revenues	10	-	1,130,500
Other current liabilities	11	52,298	64,208
Income tax payable		-	-
Total current liabilities		116,427	1,228,837

NON-CURRENT LIABILITIES

Deferred tax liabilities	16	9,772	-
Total non-current liabilities		9,772	-

TOTAL LIABILITIES

126,199 1,228,837

FUND BALANCE

16,991,233 16,087,538

TOTAL LIABILITIES AND FUND BALANCE

17,117,432 17,316,375



See accompanying notes to the financial statements.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

STATEMENTS OF INCOME

For the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
REVENUES	12	5,583,924	11,319,669
COST OF SERVICE	13	1,428,775	6,600,175
GROSS PROFIT		4,155,149	4,719,494
OPERATING EXPENSES	14	3,759,325	3,987,595
EXCESS OF REVENUES OVER EXPENSES		395,824	731,899
OTHER INCOME/(EXPENSE)	15	583,231	(649,055)
EXCESS OF REVENUES OVER EXPENSES BEFORE TAX		979,055	82,844
PROVISION FOR INCOME TAX	16		
Current		-	-
Deferred		75,360	(91,070)
EXCESS OF REVENUES OVER EXPENSES AFTER TAX		<u>903,695</u>	<u>173,914</u>



CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

STATEMENTS OF CHANGES IN FUND BALANCE

For the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

	<u>Total</u>
2021	
Beginning balance	16,087,538
Excess of income over expenses for the year	<u>903,695</u>
Balances as at August 31, 2021	<u>16,991,233</u>
2020	
Beginning balance	15,913,624
Excess of income over expenses for the year	<u>173,914</u>
Balances as at August 31, 2020	<u>16,087,538</u>

See accompanying notes to the financial statements.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		979,055	82,844
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	7	263,202	321,757
Unrealized foreign exchange loss		(48,861)	558,503
Unrealized (gain) loss on investments		(275,935)	133,557
Prior period adjustment			
Increase/decrease in:			
Receivables		(130,878)	(2,403)
Inventories		-	(104,138)
Other current assets		300,408	1,877,586
Trade and other payables		30,000	(26,107)
Deferred revenues		(1,130,500)	(4,222,457)
Other current liabilities		(11,909)	(3,262)
Cash used in operating activities		(25,418)	(1,384,120)
Income tax paid		-	(194,038)
Net cash used in operating activities		(25,418)	(1,578,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	7	(154,400)	(112,212)
Additional investments		(3,378,206)	-
Net cash used for investing activities		(3,532,606)	(112,212)
Decrease in cash and cash equivalents		(3,558,024)	(1,690,370)
CASH AND CASH EQUIVALENTS			
Beginning		8,606,733	10,855,606
Effect of unrealized gain on investments on cash and cash equivalents		275,935	-
Effect of exchange rate changes on cash and cash equivalents		48,861	(558,503)
End	3	5,373,505	8,606,733

See accompanying notes to the financial statements.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

Chartered Financial Analyst Society of the Philippines, Inc. ("the Company") was registered as in the Philippines with the Securities and Exchange Commission (SEC) on October 9, 1977 primarily to promote and enhance the competence and integrity of investment professionals in the Philippines:

- a) By affiliating with the Chartered Financial Analyst (CFA) Institute as well as to cooperate with them in globalizing the perspective of local investment professionals,
- b) by conducting educational activities aimed at continuing education for improving the practice of investment management and research and promoting and assisting candidates in their preparation for the CFA examination,
- c) by promoting and carrying out research work in financial analysis and disseminating the results of such research,
- d) by making investment professionals uphold the legal duties and ethical responsibilities in its highest standards through adoption of the International Code of Ethics and the Standards of Professional Conduct,
- e) by advocating where appropriate, amendments in security laws for the benefit of all concerned and updating regulations governing financial institutions and
- f) by defending the interest of the investing public.

The Company has its registered office address, which is also its principal place of business, at Unit 1804 Medical Plaza San Miguel Ave. Ortigas Center Brgy San Antonio, Pasig City.

These financial statements as at and for the year ended August 31, 2021 were approved and authorized for issuance by the Company's Board of Trustees on December 15, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) *Philippine Financial Reporting Standards for Small Entities*

The Philippine Financial Reporting Standards for Small Entities which is effective for annual periods beginning on or after January 1, 2019, with early application permitted, has been adopted by the Philippine Financial Reporting Standards Council on December 13, 2017 and approved by the Board of Accountancy and Philippine Regulation Commission on February 20, 2018. On March 20, 2018, the SEC approved the adoption of PFRS for Small Entities as part of its rules and regulations on financial reporting.

(b) *Statement of compliance with Philippine Financial Reporting Standards (PFRS) for Small Entities*

The financial statements of the Company as at and for the year ended August 31, 2020 are the first financial statements prepared in accordance with the PFRS for Small Entities. They have been prepared under the historical cost basis.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In preparing these financial statements, the Company's opening statement of financial position was prepared as at September 1, 2019, the Company's transition date, from PFRS for Small Medium-sized Entities (PFRS for SMEs) to PFRS for Small Entities.

Management did not note any transition adjustment in the financial statements prepared from PFRS for SMEs to PFRS for Small Entities.

(c) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Philippine Peso (PhP), which is the Company's functional and presentation currency.

2.2 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other current payables. The Company does not have complex financial instruments.

2.3 Basic financial instruments

(a) *Initial measurement*

On initial recognition, a basic financial instrument is measured at transaction price, unless the arrangement is in effect a financing transaction. In this case, it is the present value of the future payment discounted using a market rate.

(b) *Subsequent measurement*

At the end of each reporting period, basic financial instruments are measured as follows: 1) Debt instruments at amortised cost using the effective interest rate method; 2) Commitments to receive a loan at cost (which could be nil) less impairment; 3) Investments in non-convertible or non-puttable shares at fair value if the shares are publicly traded or fair value can be measured reliably, otherwise at cost less impairment.

(c) *Impairment of financial instruments measured at cost or amortized cost*

Where there is any objective evidence of impairment of financial assets measured at cost or amortized cost, an impairment loss is recognized immediately in profit or loss.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Where an asset is 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 in a sale at the reporting date.

(a) *Derecognition of financial assets*

The Entity only derecognizes a financial asset when: 1) The rights to the cash flows from the assets have expired or are settled; 2) The entity has transferred substantially all the risks and rewards relating to the financial asset; or 3) It has retained some significant risks and rewards but has transferred control of the asset to another party. The asset is therefore derecognized, and any rights and obligation created or retained are recognized.

(b) *Derecognition of financial liabilities*

Financial liabilities are derecognized only when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

2.4 Cash and cash equivalents

Cash includes cash in banks and petty cash fund. Cash in banks are deposits held at call with banks. The Company reconciles the book and bank balances regularly as part of its cash monitoring and internal control measures. Petty Cash Fund is used for small payments not covered by checks.

Cash equivalents, if any, are short-term, highly liquid investments that are readily convertible to known amount of cash with original or remaining maturities of three months or less and that are subject to an insignificant risk of change in value.

2.5 Trade and other receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.6 Inventory

Inventory is consists of review materials stated at historical cost.

2.7 Other current assets

Other current assets are measured at cost and mainly represent deferred charges, prepayments, input taxes and creditable withholding taxes. Prepayments represent expenses not yet incurred but already paid in cash. Subsequently, these are charged to the statement of income as these are consumed in operations or as these expire with the passage of time.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property and equipment

Property and equipment are measured initially at its historical cost. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, property and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The Entity adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Entity. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation and amortization commence once the assets are available for use.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Furniture and equipment	3-5 years
Leasehold improvements	3 years

Leasehold improvements are amortized over the estimated useful life of the improvements.

The property and equipment's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The property and equipment's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

2.9 Impairment of assets

Assets such as property and equipment are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator 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 Company estimates 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 assets within the Company.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company 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 prior years.

2.10 Trade and other payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are non-interest bearing.

Other Payables include accrued expenses and statutory obligations. Accrued expenses include unpaid administrative expenses at the reporting date. Statutory liabilities consist of obligations to SSS, Pag-ibig, Philhealth and Bureau of Internal Revenue.

Trade and other payables are initially recorded at their transaction price and subsequently measured at amortized cost.

2.11 Provisions

Provisions are recognized when: the Company has an obligation as a result of past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

When the effect of time value is material, provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in the provisions due to passage of time are recognized in profit or loss.

2.12 Fund balance

Fund balance includes all current and prior period results as reported in the statement of income.

2.13 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, returns and value-added tax. The Company recognizes revenue to the extent that it is probable those future economic benefits will flow to the entity and that the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of services*

Service income is recognized upon performance of the contractually agreed tasks between the Company and the customers.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenues are recognized upon receipt of funding for grants/projects which will be implemented in the following year.

(b) *Interest income*

Interest income on bank deposit is recognized on a time-proportion basis using the effective interest method.

(c) *Other income*

All other income items are recognized when earned or when the right to receive payment is established.

2.14 Cost and expense recognition

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

2.15 Employees' compensation and other benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term employee benefits given by the Company to its employees include salaries and wages, bonus, contributions for social security, home development fund and PhilHealth.

2.16 Lease – Entity as lessee

The Company leases their office space. Payments made under leases (net of any incentives received from the lessor) are charged to profit or loss when incurred.

2.17 Income taxes

The Company adopts the deferred income taxes method for taxation. The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the counties where the company's subsidiaries operate and generate taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.18 Related party

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The key management personnel of the Company are also considered to be related parties.

2.19 Contingencies

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

2.20 Events after reporting date

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

3. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2021	2020
Petty cash fund	20,000	20,000
Cash in bank – local currency	3,900,472	1,303,647
Cash in bank – foreign currency	1,453,033	7,136,619
Cash in PayPal account	-	146,467
	5,373,505	8,606,733

Cash in banks consist of deposits from reputable local banks which earn interest at the prevailing bank deposit rates.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

4. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	2021	2020
Trade receivables	168,909	122,949
Advances to suppliers	113,397	28,480
	282,306	151,429

Trade receivables are non-interest bearing and generally on a 30-day term. Other receivables primarily pertain to employee loan and amount collectible for overpayment made to a consultant.

5. INVENTORY

This account consists of the following:

	2021	2020
Inventory	254,200	254,200

This represents the review materials on hand as at year end.

6. OTHER CURRENT ASSETS

This account consists of the following:

	2021	2020
Deferred expenses	44,018	335,036
Creditable income tax	307,491	281,908
Prepaid taxes	259,079	177,691
Security deposit	85,523	85,523
Minimum Corporate income tax (MCIT)	-	81,388
Prepaid rent	-	52,000
Input VAT	13,548	-
Creditable percentage tax withheld	11,557	11,558
Other prepayments	3,479	-
	724,695	1,025,104

Deferred expenses represent payments made for project expenses which will be implemented in the following year.

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

7. PROPERTY & EQUIPMENT

Property and Equipment consists of:

	Leasehold improvements	Furniture and Fixture	Office Equipment	Total
Cost	496,874	24,989	1,222,496	1,744,359
Beginning balance		-	125,920	125,920
Additions		-	-	
Transfer		-	28,480	28,480
	<u>496,874</u>	<u>24,989</u>	<u>1,376,896</u>	<u>1,898,759</u>
Accumulated depreciation				
Beginning balance	399,380	24,989	1,033,096	1,457,465
Additions	97,494	-	165,709	263,202
Disposal	-	-	-	-
	<u>496,874</u>	<u>24,989</u>	<u>1,198,805</u>	<u>1,720,667</u>
Carrying amount				
At August 31, 2021	-	-	178,091	178,091
At August 31, 2020	<u>97,494</u>	-	<u>189,400</u>	<u>286,294</u>

	Leasehold improvements	Furniture and Fixture	Office Equipment	Total
Cost				
Beginning balance	496,874	24,989	1,110,286	1,632,149
Additions	-	-	112,210	112,210
Disposal	-	-	-	-
	<u>496,874</u>	<u>24,989</u>	<u>1,222,496</u>	<u>1,744,359</u>
Accumulated depreciation				
Beginning balance	233,755	24,989	876,964	1,135,708
Additions	165,625	-	156,132	321,757
Disposal	-	-	-	-
	<u>399,380</u>	<u>24,989</u>	<u>1,033,096</u>	<u>1,457,465</u>
Carrying amount				
At August 31, 2020	<u>97,494</u>	-	<u>189,400</u>	<u>286,894</u>

CHARTERED FINANCIAL ANALYST SOCIETY OF THE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended August 31, 2021 and 2020

(Amounts in Philippine Pesos)

8. INVESTMENTS

This account consists of the following:

	2021	2020
Investment in trust fund	3,449,902	3,367,612
Investment in equity securities and mutual fund	3,189,134	2,981,399
Investment in bonds	3,588,182	500,000
	10,227,218	6,849,011

9. TRADE AND OTHER PAYABLES

This account consists of the following:

	2021	2020
Accounts payable	1,110	1,110
Accrued expenses	60,870	30,000
Other payables	2,149	3,019
	64,129	34,129

Accounts payable are non-interest bearing and are normally settled on 15-30 days settlement terms.

Accrued expenses include unpaid fees and other administrative expenses. These accounts are expected to be settled within 12 months.

10. DEFERRED REVENUES

This account consists of the following:

	2021	2020
Deferred revenues	-	1,130,500

Deferred revenues are funding received in advance for grants/projects which will be implemented in the following year.

11. OTHER CURRENT LIABILITIES

This account consists of the following:

	2021	2020
Value-added tax	8,498	31,677
Withholding tax payables	29,600	14,714
SSS, PHIC, HDMF contributions payable	14,200	17,817
	52,298	64,208

SSS, PHIC and HDMF and withholding tax payables are measured at their nominal values and subsequently decreased by settlement payments. Obligations to the government are remitted on the following month after being withheld from various income recipients.

12. REVENUES

This account consists of the following:

	2021	2020
Tax-exempt revenues		
Membership dues	812,316	678,461
Taxable revenues	-	-
Conference/workshop fees	1,244,680	6,561,823
Operational funding	2,327,974	2,393,478
Grants/funding	-	386,273
Review/exam fees	998,954	984,188
Sponsorship	200,000	315,446
	5,583,924	11,319,669

The Society derives its revenues from fees and services usual to the operations of a professional membership organization. The major contributor to gross revenues is the receipts from conference/workshop fees and grants/funding.

13. COST OF SERVICE

This account consists of the following:

	<u>2021</u>	<u>2020</u>
Events		
Conference/workshop fees	423,161	4,158,040
Grants/funding	642,827	1,248,141
Review/exam fees	333,797	724,263
Miscellaneous	28,990	469,731
	<u>1,428,775</u>	<u>6,600,175</u>

14. OPERATING EXPENSES

	<u>2021</u>	<u>2020</u>
Salaries, wages and benefits	2,092,056	2,022,153
Employee benefits	317,063	363,512
Depreciation expense	263,202	321,757
Rent expense	230,500	252,336
Professional fees	190,886	305,945
SSS, Philhealth and HDMF contributions	153,180	129,044
Transportation and travel	144,638	77,438
Utilities	115,733	143,403
Staff expenses	86,411	53,742
Marketing	51,147	24,521
Taxes and licenses	30,564	22,341
Supplies and printing	7,628	34,956
Donation	-	150,000
Meeting	26,550	38,650
Training and seminar	-	15,579
Miscellaneous	49,767	32,218
	<u>3,759,325</u>	<u>3,987,595</u>

15. OTHER INCOME/(EXPENSE)

	2021	2020
Interest income	2,805	14,621
Dividend income	48,731	71,909
Other income	206,899	28,365
Foreign exchange gain (loss)	48,861	(558,485)
Unrealized gain/(loss) on short term investments	275,935	(205,465)
	583,231	(649,055)

16. TAXATION

The component of tax expense as reported in the statement of income is as follows:

	2021	2020
Provision for income tax		
Current		-
Deferred	75,360	(91,070)
	75,360	(91,070)

Regular income tax

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statement of income is as follows:

	2021	2020
Income tax expense (benefit) at statutory income tax rate of 20% (2020: 30%)	195,811	24,853
Addition to/(reduction in) income tax resulting from tax effects of:		
Non-taxable income	(227,396)	(163,471)
Foreign exchange gain/loss	(121,473)	115,616
Interest subjected to final tax	(561)	(4,386)
Provision for income tax at effective income tax rate	(153,619)	(27,388)

Tax rate used for the reconciliation is the corporate income tax rate of 20% (2020 - 30% under the National Internal Revenue Code (NIRC) of the Philippines.

Net operating loss carryover (NOLCO)

Under Section 244 of the National Internal Revenue Code of the Philippines of 1997, the net operating loss of business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income, shall be carried over as deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

However, such corporation cannot enjoy the benefit of NOLCO for as long as it is subject to MCIT in any taxable year.

Minimum corporate income tax (MCIT)

A Minimum Corporate Income tax (MCIT) of 1% (2020 - 2%) of the gross income as of the end of a taxable year is imposed upon any domestic corporation beginning on the fourth taxable year immediately following the year in which the corporation commenced its business operations.

	2021	2020
Revenues (excluding non-taxable membership fees)	4,771,608	10,641,207
Cost of sales	1,428,775	6,600,175
Gross income	3,342,833	4,041,032
Other income	206,899	28,367
	3,549,732	4,069,399
 MCIT	 35,497	 81,388

Deferred tax assets and liabilities

The Company's deferred tax asset and deferred tax liability are composed of the following:

	2021	2020
Deferred tax assets (liabilities)		
MCIT	35,497	-
Net operating loss carryover	153,619	27,388
Unrealized foreign exchange loss 2020	(111,700)	115,616
Unrealized foreign exchange gain	(9,772)	-
	67,644	143,004

17. COMMITMENTS

Operating lease commitments – Company as lessee

The Company executed contract of lease for their office premises. The contract cover one year from March 12, 2021 to March 11, 2022 with an option to renew at terms mutually agreed upon by both parties. Total rent expense for the year ended December 31, 2021 and 2020 amounted to Php 235,500 and Php 252,336 respectively.

18. POST REPORTING DATE EVENTS

Since December 2019, the spread of Covid-19 has severely impacted many local economies around the world. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures are taken to contain the spread of the virus, which includes quarantines, travel bans, personal distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended August 31, 2021 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Company for future periods.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

a) CREATE Law

On February 3, 2021, the Bicameral Conference Committee of the House of Representatives and the Senate approves the proposed amendments to the National Internal Revenue Code of 1997, as amended, under the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Bill.

The following are the key features of the proposed CREATE bill that are relative to the Company:

Corporate Income Tax (CIT)

Starting July 1, 2020, CIT rate for corporations will be reduced as follows:

- a. Reduced CIT rate of 20% shall be applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated).
- b. Reduced CIT rate of 25% shall be applicable to all other domestic and resident foreign corporations.

For the period beginning July 01, 2020 until June 30, 2023, minimum corporate income tax rate shall be 1%, instead of 2%.

- a. Improperly accumulated earnings tax is repealed.
- b. The option to be taxed at 15% of gross income if allowed by the President subject to certain conditions is repealed.

Deductions from Gross Income

Due to the proposed reduction in CIT rate, interest arbitrage shall be reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

VAT Exempt Transactions

Additional VAT exempt on sale or importation of the following goods from January 1, 2021 to December 31, 2023:

- a. capital equipment, its spare parts and raw materials, necessary to produce personal protective equipment component;
- b. all drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19;
- c. drugs, including raw materials, for the treatment of COVID-19 approved by the FDA for use in clinical trials

VAT exemption of sale or importation of prescription drugs and medicines for cancer, mental illness, tuberculosis, and kidney diseases will start on January 1, 2021 instead of January 1, 2023.

The CREATE bill was signed into law on March 26, 2021 and the transitory income tax rates were used in the computation of the 2020 annual income tax in accordance with Revenue Regulation 5-2020.

b) Approval of financial statements

On December 15, 2021 the Board of Directors approved the Company's financial statements for the fiscal year ended August 31, 2021

20. SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NOS. 15-2010

Revenue Regulation (RR) No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and /or procedural requirements in connection with the preparation and submission of financial statements and income tax returns.

Below is the additional information required by RR No. 15-2010:

(a) Output Value added tax

	Amount
Collections from revenues—zero rated	45,000
Collections from revenues - vatable	1,421,070
Output VAT on collections from revenues-vatable	170,528

Revenue shown in the statement of income is recognized as stated in Note 12. Sales shown above are based on receipts/collections.

(b) Input Value added tax

	2021
Current year's purchases:	
I. Goods other than capital goods	-
II. Services	-
III. Capital good not exceeding one million	-
IV. Others	-
Total input tax/credits during the year	-
Total input taxes applied against output taxes	-

(c) Other taxes and licenses

	<u>2021</u>
Business permit and barangay clearance	30,064
BIR registration fee	500
Documentary stamp tax	-

(d) Withholding taxes

The amount of withholding taxes paid/accrued for the year amounted to:

	<u>2021</u>
Expanded withholding taxes	26,476
Withholding tax compensation	169,412

21. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2020 financial statements were reclassified to conform to the 2021 financial statements presentation as follows.

	<u>As reported</u>	<u>As reclassified</u>
Investments	Current assets	Non-current assets