

Address:
2/F PNB Financial Center
Pres. Diosdado Macapagal Blvd.
1300 Pasay City



Telephone Numbers:
526-3131 to 60/ 891-6040 to 60
Locals: 2179 and 2180
Direct Line: 383-3694
Telefax: local 2299

September 1, 2022

ATTY. OLIVIA O. OBRERO - SAMSON

Director II

DOLE - Makati/Pasay Field Office

2/f ECC Building, Sen. Gil Puyat Avenue, Makati City



RE: **SUBMISSION OF THE PEMA 2021 AUDITED FINANCIAL STATEMENT**

Dear Director Samson:

In full compliance with the Omnibus Rules Implementing the Labor Code under Rule VII, Book V, we are pleased to submit the 2021 Audited Financial Statement covering the year then ended December 31, 2021 of the PHILNABANK EMPLOYEES ASSOCIATION (PEMA).

Accompanying our PEMA 2021 Audited Financial Statement are the following attachments:

1. Statement of Auditor's Representation;
2. Independent Auditor's Report (Auditor's Opinion);
3. Duly Notarized Statement of Management Responsibility;
4. Report of the Independent Certified Public Accountant to Accompany Income Tax Return in compliance with BIR Revenue Regulations; and,
5. Notes to Financial Statement.

Kindly acknowledge receipt.

Thank you


RONNIE T. ANTONIO
President

PHILNABANK EMPLOYEE'S ASSOCIATION

(PEMA)

(a national labor organization of the Philippine National Bank Employees)

FINANCIAL STATEMENTS AND NOTES

FOR THE YEAR ENDED

DECEMBER 31, 2021

AND

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

The Board of Directors

PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA)

2nd Floor, PNB Financial Center

Pres. Diosdado Macapagal Avenue, Pasay City

Report on the Financial Statements

I have examined the accompanying financial statements of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA), which comprise of the Statement of Assets, Liabilities and Members' Equity as at December 31, 2021, Statement of Revenue and Expenses, and Statement of Cash Flow and Account Balances for the year then ended, and a summary of significant accounting policies and other explanatory notes.

PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA) uses the modified accrual basis in recognizing the revenues for interest on bank deposits, membership dues, and other operating income/receipts. *(Note 2.3)*

Opinion

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA), as of December 31, 2021, and the results of its operations for the year then ended in accordance with Philippine Financial Reporting Standards for Non-Stock, Non-Profit Organizations.

Management Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Non-Stock, Non-Profit Organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

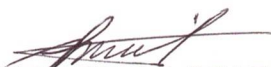
Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.


RAMON M. MARTINEZ
Certified Public Accountant
CPA License No. 59546
Valid until April 10, 2023
BOA Accreditation No. 5308
BIR Reg. 06-006430-001
PTR No, 9869125
City of Manila,

Date: July 8, 2022

Philnabank Employees Association (PEMA)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. ORGANIZATION

The **Philnabank Employees Association (PEMA)** is a duly organized labor organization of all rank and file employees of the Philippine National Bank and registered with the Department of Labor and Employment (DOLE) for the purpose of representing the Philippine National Bank regular rank-and-file employees on their right to organized and bargain collectively; and, on other employees issues and concern related to labor relations and worker's rights. It aims to promote and protect the rights and the general welfare of all employees, particularly the employees of the Philippine National Bank.

Philnabank Employee's Association (PEMA) maintain a national office located at the 2nd Floor, PNB FINANCIAL CENTER, PRES. D. MACAPAGAL AVENUE, PASAY CITY.

The accompanying financial statements were approved and authorized by the National Executive Board for presentation to the members and the public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES and OTHER NOTES

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

2.1 Basis of preparation

The financial statements were prepared under the historical cost basis, stated in the Philippine Peso as the functional currency used in the Philippine. All values represent absolute amounts except when otherwise indicated. The measurement bases are described in the accounting policies below.

2.2 Statement of Compliance

Accounting Standards

The financial statements of Philnabank Employees Association (PEMA) have been prepared in accordance with generally accepted accounting principles in the Philippines applicable to small and medium enterprises (SMEs) as set forth in Philippine Accounting Standards (PAS), taking in consideration other accounting procedures applicable to the organization being an non-profit, service oriented entity.

Regulatory Framework

The operations of the Philnabank Employees Association (PEMA) is also subject to the regulatory requirements of the Department of Labor and Employment as provided for in under Rule XVIII, Book V , Art. 241 of the Labor Code of the Philippines.. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

Income Tax

Philnabank Employees Association (PEMA) shall not apply the Philippine Accounting Standards for income taxes because of its tax-exempt privileges pursuant to "Article 242. of the Labor Code of the Philippines as amended by R.A.6715, However, in all other taxable transactions not under the coverage of tax exemption privileges, Philnabank Employees Association (PEMA) will comply with and will adopt the accounting standards for accounting for income taxes." Further, PEMA was granted by the Bureau of Internal Revenue a Certificate of Tax Exemption No. 966-018 dated May 24 2018 with validity for a period of three (3) years. The Tax Exemption Certificate is now pending renewal with the BIR.

2.3. Basis of Accounting

Accounting Peculiarities of a Labor Union. Generally, labor unions are governed by the Philippine Accounting Standards and the Philippine Financial Reporting Standards. In conformity with these accounting standards and in adherence to labor laws, issued policies, rules and regulations of the Department of Labor and Employment (DOLE) as well as the Bureau of Internal Revenue (BIR). Thus, as a rule, Philnabank Employees Association (PEMA) had to adopt the accrual basis of accounting. However, due to its fiduciary character and its revenue cannot be reckoned precisely, Philnabank Employees Association (PEMA) adopts the modified accrual basis of accounting. Under this method revenues are recognized when received rather than when the entitlement was established, and expenditures and liabilities are recognized in the period the associated obligations was incurred

To ensure the observance of limitations and restrictions placed on the use of resources available to the organization, PEMA adopted the principle of fund accounting in the maintenance of its accounts.

2.4 Property and Equipment

Property and equipment is stated at historical cost less accumulated depreciation. Depreciation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. Depreciation is taken up as an expense against property and equipment fund and credited to accumulated depreciation. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

3. **CASH.** This account represents the operational fund of PEMA. It includes cash on hand, cash in bank and deposits to cooperative maintained in specific designated account. These accounts are as follows:
4. **INVESTMENTS.** This represents various investments in stocks and bonds, as follows:

PEMA INVESTMENTS

Alpha Securities	Value/share	# of Shares	Amount		
Meralco	320.00	334	106,880.00		
Petron Corporation	6.99	1,875	13,106.25		
Phil. Nat'l Bank	52.00	115	5,980.00		
Rockwell	1.40	941	1,317.40		
Total					127,283.65
Philippine National Bank	Date Issued	Par Value	# of Shares		
Cert. # 450435		60.00	225	13,500.00	
Cert. #306890		100.00	14	1,400.00	
Cert. #258873		100.00	16	1,600.00	
Cert. #168400		100.00	160	16,000.00	
Cert. #211171		100.00	8	800.00	33,300.00
Ayala Land, Inc.					
Cert. # 027243	June 26, 2000	1.00	1,012	1,012.00	
Cert. # 012563	June 19, 1998	1.00	843	843.00	
Class B Cert # B-213755	June 18, 1997	1.00	843	843.00	
Class B Cert # B-184430	Sept. 5, 1996	1.00	1,125	1,125.00	
Class B Cert # B-145103	June 30, 1995	1.00	450	450.00	
Class B Cert # B-114431	July 15, 1994	1.00	360	360.00	
Class B Cert # B-086123	Aug 9, 1993	1.00	240	240.00	
Class B Cert # B-059994	Aug 5, 1992	1.00	200	200.00	5,073.00
Dev't Bank of the Phils.	Date Issued	Maturity Date	# of Cert	Face value	
TULONG SA BAYAN BONDS	Nov. 15, 1990	Nov. 15, 2000	20	1,000.00	20,000.00
TOTAL INVESTMENT IN BONDS and STOCKS					185,656.65
PNB Retirees Cooperative					77,532.94
Investment -Allianz PNB Insurance & Manulife Phil.					1,000,000.00
Sun Life Asset Management					300,000.00
PRU LIFE U.K.					250,000.00
TOGACHAT ACADEMY					50,000.00
TOTAL INVESTMENTS					1,863,189.59

Tulong sa Bayan bonds is a 10-year 8% Bond issued by Central Bank of the Philippines in 1990 by way of Fiscal and Authenticating Agent which is the Development Bank of the Philippines (DBP). As these were not redeemed on its maturity date, these bonds are now held at the National Treasury. It was only lately when the proper documents of PEMA investments were located and in this matter the Board authorizes the Treasurer to redeem these bonds, take into account all other investments and be reflected on the PEMA financial statements.

Investment to Allianz PNB Insurance made on January 26, 2018 under BR no. 2017-12-033 dated December 1, 2017.

Investment to Sun Life Asset Management made on February 20, 2018 intended for Retirement of PEMA staff as approved by the Board dated September 23, 2016.

On December 6, 2019 under Board Resolution Number 2019-12-021. PEMA made an investment to TOGACHAT Academy Philippines Inc. Fund was drawn from National Defense Fund account.

5. **PROPERTY AND EQUIPMENT.** Furniture, Fixtures and Equipment which are acquired through donation and/or fully depreciated but still being used in operation were valued at a nominal amount of One Peso (Php1.00) for financial reporting purposes. Equipment cost and office renovation expenses were depreciated/amortized for a period of five years (5) using straight line method.

6. **EXPENSES/DISBURSEMENTS**

PEMA expenses and disbursements are composed of Administrative, Members Benefits and Organizational Expenses; and, other cash movements in relation to its financial management functions.

7. **MEMBERS' EQUITY.** This represents fund account balances as for December 31, 2021.

8. **Supplementary Information Required Under Revenue Regulation 15-2010**

On November 25, 2010, the BIR issued Revenue Regulation 15-2010, which requires certain information on taxes, duties and licenses, fees paid or accrued during the taxable year to be disclosed as notes to financial statements. The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards; it is neither a required disclosure for financial statement reporting under the Department of Labor and Employment.

In due compliance with Philippine tax laws, PEMA in all other taxable transaction not under the coverage of tax exemption privileges complied with and will adopt accounting standards for accounting for income taxes.

Philippine National Bank Employees Association (PEMA), as a legitimate labor organization, is exempt from income tax pursuant to R.A.6715, "Article 242 of the Labor Code of the Philippine, as amended, to read as follows: "Rights of legitimate labor organization x x x. *Notwithstanding any provision of a general or special law to the contrary, the income, and the properties of legitimate labor organizations, including grants, endowments, gifts, donations and contributions they may receive from fraternal and similar organizations, local or foreign, which are actually, directly and exclusively used for their lawful purposes, shall be free from taxes, duties and other assessments. The exemptions provided herein may be withdrawn only by a special law expressly repealing this provision.*" Further, PEMA was granted by the Bureau of Internal Revenue a Certificate of Tax Exemption No. 966-018 dated May 24 2018 with validity for a period of three (3) years, now pending renewal.

- Nothing Follows -

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STATEMENT OF REPRESENTATION

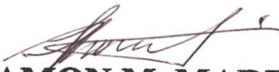
TO THE:

DEPARTMENT OF LABOR AND EMPLOYEMENT
Intramuros, Manila

In connection with my examination of the financial statements of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA) for the year ended December 31, 2021, which are to be submitted to the Department of Labor and Employment, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except, that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I comply with the generally accepted auditing standards promulgated by the Board of Accountancy. In case of any departure from such standards or any limitation in the scope of examination, I shall indicate the nature of the departure and the extent of limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That relative to the expression of my opinion on the said financial statements, I did not commit any acts discreditable to the profession as provided under the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.


RAMON M. MARTINEZ
Certified Public Accountant
CPA License No. 59546
Valid until April 10, 2023
BOA Accreditation No. 5308
Valid until April 10, 2022
BIR Reg. 06-006430-001
PTR No, 9869125
City of Manila

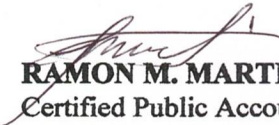
Date: July 8, 2022

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
TO ACCOMPANY INCOME TAX RETURN**

The Bureau of Internal Revenue
RDO-51, Pasay City

I have examined the financial statements of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA). for the year ended December 31, 2021, on which I have rendered the attached report.

In compliance with BIR Revenue Regulations, I am stating that I am not related by consanguinity or affinity to any trustee or officer of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA).


RAMON M. MARTINEZ
Certified Public Accountant
CPA License No. 59546
Valid until April 10, 2023
BOA Accreditation No 5308
Valid until April 10, 2022
BIR Reg. 06-006430-001
PTR No, 9869125
City of Manila,

Date: July 8, 2022

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA) is responsible for all information and representations contained in the financial statements for the year ended December 31, 2021. The financial statements have been prepared in conformity with the Philippine Financial Reporting Standards for Non-Stock, Non-Profit Organizations and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Association's external auditor:

- (i) all management deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data;
- (ii) material weaknesses in the internal controls; and
- (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The President, Vice President and Treasurer reviews the financial statements before such statements are approved and submitted to the National Executive Board of the Philnabank Employees Association (PEMA).

RAMON M. MARTINEZ, the independent auditor appointed by the National Executive Board, has examined the financial statements of the PEMA in accordance with Philippine Standards of Auditing and has expressed its opinion upon completion of such examination, in its report to the Board of Directors.

Done, July 22, 2022


MARKWIN H. CASEDA
Treasurer


GINA GRETA F. FUNTEMAYOR
Vice President


RONNIE T. ANTONIO
President

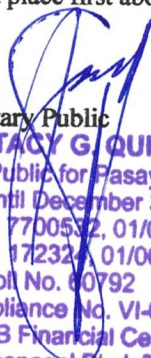
ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PASAY CITY) S.S

Before me, a Notary Public for and in the City of Pasay, this 24 day of August, 2022, personally appeared Markwin H. Caseda, Gina Greta F. Funtemayor, and Ronnie T. Antonio, all with competent evidence of their identity, known to me to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed and that of the principal they represent. This instrument refers to the Audited Financial Statement of Philnabank Employees Association (PEMA) for the year 2021.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No. 347
Page No. 70
Book No. XIV
Series of 2022.


Notary Public
ATTY. STACY G. QUINSAY
Notary Public for Pasay City
Extended until December 31, 2022
PTR No. 7700532, 01/06/22
IBP No. 17232, 01/06/22
Rol. No. 00792
MCLE Compliance No. VI-0022726
9Th Floor, PNB Financial Center, Pres.
Diosdado Macapagal Blvd. Pasay City
Appointment No. 19-38

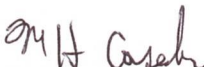
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representation 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 representation contained in all the other tax returns for the reporting period.

In this regard, the Management PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA). affirms that the attached Audited Financial Statements for the fiscal year ended December 31, 2021, are in accordance with the books and records of complete and correct in all material respects. Management likewise affirms that:

- a) The Annual Income Tax Return shall be 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 Bureau of Internal Revenue.
- b) Any disparity of figured in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No.8-2007 and other relevant issuances; and,
- c) That PHILNABANK EMPLOYEE'S ASSOCIATION (PEMA) shall file all applicable tax returns, reports and statements required to be files under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable for the reporting period, except those contested in good faith.

Done, July 22, 2022


MARKWIN H. CASEDA
Treasurer


RONNIE T. ANTONIO
President


GINA GRETA F. FUNTEMAYOR
Vice President

PHILNABANK EMPLOYEES ASSOCIATION (PEMA)
2F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City
Statement of Cash Flow and Fund Account Balances
For the Year Ender December 31, 2021

CASH PROVIDED FROM OPERATION:

EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	3,485,842.00
Add (Deduct)	
Depreciation	32,350.15
Fund Transfer (net)	(2,030,969.20)
Fund Equity Balance	2,239,455.18
Total from operation	<u>3,726,678.13</u>

CASH PROVIDED FROM (USED TO) INVESTING ACTIVITIES

Earnings in coop investment	1,537.47
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TOTAL	<u>1,531.47</u>
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CASH PROVIDED FROM (USED TO) FINANCING ACTIVITIES	0
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Increase (Decrease) in Cash	3,529,548.77
Add: January 1, Balance	9,092,174.97
December 31, Cash Balance	<u>12,621,723.74</u>

Fund Account Balances	<u>2 0 2 1</u>
PEMA Fitness Gym	12,478.16
Local Council Fund	831,132.34
Calamity fund	1,231,705.31
Special projects	200,192.30
National Defense Fund	1,786,764.75
Mutual Aid Benefit Fund	2,713,182.05
PEMA NUBE - General Fund	429,855.08
PEMA Savings Fund	5,416,413.75
Total Cash Balances	<u>12,621,723.74</u>
	(0.00)

PHILNABANK EMPLOYEES ASSOCIATION (PEMA)
2nd Floor PNB FINANCIAL CENTER
Pres. D. Macapagal Avenue, Pasay City

STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
AS AT DECEMBER 31,2021

	Notes	2021	
ASSETS:			
Cash and Cash Equivalent	3	12,621,723.74	
Investment in Cooperative	4	77,532.94	
Investment -Allianz PNB Insurance & Manulife Phil.		1,000,000.00	
Investment -Sun Life Asset Management		300,000.00	
Investment -PRU LIFE U.K.		250,000.00	
Investments in Bond and Stocks	4	185,656.65	
Investment in TOGACHAT Academy		50,000.00	1,863,189.59
Furniture , Fixtures and Equipment	5	671,945.35	
Less: Accumulated Depreciation		(613,872.06)	58,073.29
TOTAL ASSETS			14,542,986.62
LIABILITIES:			
MEMBERS' EQUITY			
	2, 9		11,044,257.64
Balance, January 1			
Adjustment: Fund used to:			
Fund Allocation (net)		(1,865,439.42)	
Calamity Assistance		(77,320.00)	
LCF Expensse		(316,158.93)	
Total Prior Year Fund Used			(2,258,918.35)
Balance from Pror year Fund			8,785,339.29
Excess of Receipt Over Disbursements			3,518,192.15
Balance, December 31,			12,303,531.44
Equity on Special Projects		200,192.30	
Equity on investments		1,863,189.59	
Reserved for Retirement Fund		118,000.00	
Property and Equipment Fund		58,073.29	2,239,455.18
TOTAL MEMBERS' EQUITY			14,542,986.62
TOTAL LIABILITIES AND EQUITY			14,542,986.62

0.00

PHILNABANK EMPLOYEES ASSOCIATION (PEMA)
2F, PNB Financial Center, Pres. D. Macapagal Blvd., Pasay City

Statement of Revenue and Expenses
For the Year Ender December 31, 2021

	2021
REVENUES	
PEMA Dues	7,653,241.07
Interest Income from bank deposit	4,439.33
Interest Income in coop investment	1,531.47
TOTAL REVENUES	7,659,211.87
LESS: (see Schedule of Expenses)	
ADMINISTRATIVE AND MEMBERS BENEFITS EXPENSES	1,902,128.00
ORGANIZATIONAL EXPENSES	2,270,867.00
TOTAL EXPENSES	4,172,995.00
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	3,485,842.00
Addback Depreciation Expense	32,350.15
SAVINGS (Deficits)	3,518,192.15