

# Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs  
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## INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Trustees  
**COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.**  
*(A Non-Stock Savings and Loan Association)*  
Villamor Air Base, Pasay City

Independent Member of  
**BKR International**

### Opinion

We have audited the financial statements of **COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.** (the "Association") which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in members' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

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

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

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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



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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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## **The Supplementary Information Required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1075 and Revenue Regulations Nos. 15-2010 and 19-2011**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary Information required under BSP Circular No. 1075 in Note 33, and Revenue Regulations Nos. 15-2010 and 19-2011 on taxes, duties and license fees paid or accrued during the taxable year, taxable income, and deductions in Notes 31 and 32 to the financial statements, are presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of **COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **ALAS, OPLAS & CO., CPAs**

BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022

BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024

SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period

TIN 002-013-406-000

By:



**RYAN A. SABUG**

Partner

CPA License No. 0111183

BIR A.N. 08-006531-001-2020, issued on February 24, 2020; effective until February 23, 2023

SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period

TIN 232-158-286-000

PTR No. 8852806, issued on January 4, 2022, Makati City

March 31, 2022

Makati City, Philippines

**COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**  
**In Philippine Peso**

	Notes	2021	2020
<b>ASSETS</b>			
Cash	8	875,248,334	813,520,480
Financial assets at fair value through other comprehensive income	9	3,500	3,500
Loans receivable – net	10	7,916,072,621	8,915,487,311
Advances to members	11	265,314,953	284,023,728
Property and equipment – net	12	105,300,059	107,594,043
Other assets	13	168,869,458	486,585,006
<b>TOTAL ASSETS</b>		<b>9,330,808,925</b>	<b>10,607,214,068</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposit liabilities	14	2,426,253,504	2,858,481,846
Bills payable	15	570,424,812	1,523,700,278
Accrued and other payables	16	471,911,451	400,150,038
Retirement benefit obligation	19	–	6,985,536
Income tax payable		826,460	43,928
Total Liabilities		3,469,416,227	4,789,361,626
<b>MEMBERS' EQUITY</b>			
Capital contribution	22	3,888,129,581	3,946,254,365
Surplus reserves	23	395,362,592	336,525,087
Surplus free	24	1,584,878,213	1,548,731,484
Actuarial loss on defined benefit plan	19	(6,977,688)	(13,658,494)
Total Members' Equity		5,861,392,698	5,817,852,442
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>9,330,808,925</b>	<b>10,607,214,068</b>

*See Notes to Financial Statements.*

**COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**In Philippine Peso**

	Notes	2021	2020
<b>INTEREST INCOME</b>			
Loans receivable	10	<b>1,179,493,008</b>	1,249,038,987
Bank deposits	8	<b>1,638,364</b>	2,871,266
		<b>1,181,131,372</b>	1,251,910,253
<b>INTEREST EXPENSE</b>			
Deposit liabilities	14	<b>(154,772,848)</b>	(182,808,166)
Bills payable	15	<b>(59,084,768)</b>	(91,891,322)
Lease liability	16	<b>(91,235)</b>	(154,555)
<b>NET INTEREST INCOME</b>		<b>967,182,521</b>	977,056,210
<b>PROVISION FOR CREDIT LOSSES</b>	25	<b>(116,738,797)</b>	(11,725,971)
<b>NET INTEREST INCOME AFTER PROVISION</b>		<b>850,443,724</b>	965,330,239
<b>OTHER INCOME</b>	20	<b>64,085,233</b>	38,978,455
		<b>914,528,957</b>	1,004,308,694
<b>OPERATING EXPENSES</b>	18	<b>(294,430,017)</b>	(268,098,883)
<b>INCOME BEFORE TAX</b>		<b>620,098,940</b>	736,209,811
<b>INCOME TAX EXPENSE</b>	21	<b>(822,800)</b>	(43,928)
<b>INCOME FOR THE YEAR</b>		<b>619,276,140</b>	736,165,883
<b>OTHER COMPREHENSIVE LOSS</b>			
Items that will not be reclassified to statement of comprehensive income:			
Actuarial gain (loss) on defined benefit plan	19	<b>6,680,806</b>	(5,196,251)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>625,956,946</b>	730,969,632

See Notes to Financial Statements.

**COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**In Philippine Peso**

	Capital contribution (Note 22)	Surplus reserves (Note 23)	Surplus free (Note 24)	Other comprehensive income (loss) (Note 19)	Total members' equity
<b>Balance at December 31, 2019</b>	<b>3,657,229,843</b>	<b>270,744,597</b>	<b>1,373,548,022</b>	<b>(8,462,243)</b>	<b>5,293,060,219</b>
Transaction with members:					
Additional capital contributions	407,808,952	—	—	—	407,808,952
Withdrawal of capital contribution	(118,784,430)	—	—	—	(118,784,430)
Increase in withdrawable share reserves	—	5,780,490	(5,780,490)	—	—
Increase in reserve for office premises and equipment	—	60,000,000	(60,000,000)	—	—
Dividend declaration	—	—	(462,821,048)	—	(462,821,048)
Distribution of loyalty incentives	—	—	(32,380,883)	—	(32,380,883)
Total transaction with members	289,024,522	65,780,490	(560,982,421)	—	(206,177,409)
Comprehensive income:					
Income for the year	—	—	736,165,883	—	736,165,883
Actuarial loss on defined benefit plan	—	—	—	(5,196,251)	(5,196,251)
Total comprehensive income	—	—	736,165,883	(5,196,251)	730,969,632
<b>Balance at December 31, 2020</b>	<b>3,946,254,365</b>	<b>336,525,087</b>	<b>1,548,731,484</b>	<b>(13,658,494)</b>	<b>5,817,852,442</b>
Transaction with members:					
Additional capital contributions	423,984,615	—	—	—	423,984,615
Withdrawal of capital contribution	(482,109,399)	—	—	—	(482,109,399)
Decrease in withdrawable share reserves	—	(1,162,495)	1,162,495	—	—
Increase in reserve for office premises and equipment	—	60,000,000	(60,000,000)	—	—
Dividend declaration	—	—	(519,807,766)	—	(519,807,766)
Distribution of loyalty incentives	—	—	(25,991,564)	—	(25,991,564)
Adjustments	—	—	21,507,424	—	21,507,424
Total transaction with members	(58,124,784)	58,837,505	(583,129,411)	—	(582,416,690)
Comprehensive income:					
Income for the year	—	—	619,276,140	—	619,276,140
Actuarial gain on defined benefit plan	—	—	—	6,680,806	6,680,806
Total comprehensive income	—	—	619,276,140	6,680,806	625,956,946
<b>Balance at December 31, 2021</b>	<b>3,888,129,581</b>	<b>395,362,592</b>	<b>1,584,878,213</b>	<b>(6,977,688)</b>	<b>5,861,392,698</b>

See Notes to Financial Statements.

**COMPOSITE WING SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**In Philippine Peso**

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before tax		<b>620,098,940</b>	736,209,811
Adjustments for:			
Provisions for credit losses	25	<b>116,738,797</b>	11,725,971
Depreciation	12,18	<b>10,112,281</b>	10,757,226
Retirement benefit expense	19	<b>8,294,920</b>	7,251,391
Gain on disposal of property and equipment	12,20	<b>(3,305,841)</b>	(146,428)
Interest Income on bank deposits		<b>(1,638,364)</b>	(2,871,266)
Interest expense on lease liability	16	<b>91,235</b>	154,555
Loss on lease modification	12,20	<b>4,791</b>	—
Gain on cancellation of lease	12,20	<b>(606)</b>	(1,435)
Operating cash flows before working capital changes		<b>750,396,153</b>	763,079,825
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Loans receivable		<b>904,183,317</b>	336,494,592
Other assets		<b>331,347,986</b>	(465,184,831)
Increase in:			
Deposit liabilities		<b>(432,228,342)</b>	8,798,660
Accrued and other payables		<b>71,445,415</b>	107,944,448
Cash used in operations		<b>1,625,144,529</b>	751,132,694
Contributions to the retirement fund	19	<b>(22,232,088)</b>	(12,000,000)
Interest received		<b>1,638,364</b>	2,871,266
Income tax paid		<b>(40,268)</b>	—
Net cash generated from operating activities		<b>1,604,510,537</b>	742,003,960
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of property and equipment	12	<b>(7,112,482)</b>	(6,192,424)
Proceeds from sale of property and equipment	12	<b>4,866,342</b>	146,428
Net cash used in investing activities		<b>(2,246,140)</b>	(6,045,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments made on bills payable	15	<b>(1,253,275,466)</b>	(954,282,233)
Dividends paid	11	<b>(501,098,992)</b>	(489,508,340)
Withdrawal of capital contribution	22	<b>(482,109,399)</b>	(118,784,430)
Additional capital contribution	22	<b>423,984,615</b>	407,808,952
Proceeds from availment of bills payable	15	<b>300,000,000</b>	743,000,000
Distribution of loyalty incentives	24	<b>(25,991,564)</b>	(32,380,883)
Long-term lease payments	16	<b>(2,045,737)</b>	(2,563,186)
Net cash used in financing activities		<b>(1,540,536,543)</b>	(446,710,120)
<b>NET INCREASE IN CASH</b>		<b>61,727,854</b>	289,247,844
<b>CASH AT BEGINNING OF YEAR</b>		<b>813,520,480</b>	524,272,636
<b>CASH AT END OF YEAR</b>	8	<b>875,248,334</b>	813,520,480

See Notes to Financial Statements.