

**CENTER FOR AGRICULTURE AND RURAL
DEVELOPMENT (CARD), INC.**

Financial Statements, December 31, 2003 and 2002

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Center for Agriculture and Rural Development (CARD), Inc.
(A Nonstock, Nonprofit Organization)

We have audited the accompanying statements of assets, liabilities and fund balance of Center for Agriculture and Rural Development (CARD), Inc. as of December 31, 2003 and 2002, and the related statements of revenues and expenses, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of Center for Agriculture and Rural Development (CARD), Inc. as of December 31, 2003 and 2002, and its revenues and expenses and its cash flows for the years then ended in accordance with generally accepted accounting principles in the Philippines.

Punongbayan & Araullo

PTR No. 7050340

January 13, 2004

Makati City

March 20, 2004

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2003 AND 2002

	2003	2002
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	P 153,028,157	P 79,157,553
Loans receivable - net <i>(Notes 4, 10 and 11)</i>	326,160,815	215,182,448
Other receivables <i>(Notes 5, 6, and 10)</i>	44,820,185	29,365,948
Total Current Assets	524,009,157	323,705,949
NON-CURRENT ASSETS		
Investments in shares of stock and bonds <i>(Notes 7 and 14)</i>	41,832,911	27,113,060
Property and equipment - net <i>(Notes 8 and 10)</i>	78,370,914	64,283,246
Total Non-current Assets	120,203,825	91,396,306
TOTAL ASSETS	P 644,212,982	P 415,102,255
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses <i>(Note 9)</i>	P 62,172,883	P 48,127,585
Current portion of interest-bearing loans <i>(Notes 4, 5, 8 and 10)</i>	58,135,951	42,043,159
Due to members and staff <i>(Notes 4 and 11)</i>	96,043,948	60,740,041
Total Current Liabilities	216,352,782	150,910,785
NON-CURRENT LIABILITIES		
Interest-bearing loans <i>(Notes 4, 5, 8 and 10)</i>	217,779,793	101,644,105
Total Liabilities	434,132,575	252,554,890
FUND BALANCE <i>(Note 12)</i>	210,080,407	162,547,365
TOTAL LIABILITIES AND FUND BALANCE	P 644,212,982	P 415,102,255

See Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
REVENUES		
Administrative <i>(Note 4)</i>	P 105,232,061	P 59,136,084
Program development <i>(Note 6)</i>	35,504,513	15,209,265
Service fees <i>(Note 6)</i>	33,674,440	23,800,324
Grants	10,162,468	9,382,058
Others <i>(Notes 6, 7 and 14)</i>	16,874,085	17,416,404
	201,447,567	124,944,135
COSTS AND EXPENSES		
Salaries, wages and employee benefits <i>(Note 13)</i>	61,579,396	33,655,679
Interest <i>(Note 10)</i>	23,500,729	10,039,701
Provision for expenses <i>(Note 9)</i>	16,000,000	5,456,872
Provision for probable losses <i>(Note 4)</i>	8,983,835	1,651,510
Depreciation and amortization <i>(Note 8)</i>	7,917,534	6,295,685
Staff training and development	6,768,818	7,936,566
Supplies and materials	4,951,227	2,225,915
Transportation and travel	4,911,450	3,606,645
Donation <i>(Note 6)</i>	4,000,000	-
Other administrative expenses <i>(Note 14)</i>	15,301,536	13,760,112
	153,914,525	84,628,685
EXCESS OF REVENUES OVER EXPENSES	P 47,533,042	P 40,315,450

See Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
FUND BALANCE AT BEGINNING OF YEAR	P 162,547,365	P 122,231,915
EXCESS OF REVENUES OVER EXPENSES	<u>47,533,042</u>	<u>40,315,450</u>
FUND BALANCE AT END OF YEAR	<u>P 210,080,407</u>	<u>P 162,547,365</u>

See Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	P 47,533,042	P 40,315,450
Adjustments for:		
Depreciation and amortization	7,920,717	6,295,685
Equity in net earnings of an affiliate	(2,583,151)	(3,667,396)
Unrealized foreign currency gain	(1,630,608)	(948,306)
Gain on disposal of property and equipment	(237,000)	(258,750)
Operating income before working capital changes	51,003,000	41,736,683
Increase in loans receivable	(110,978,367)	(63,010,941)
Increase in other receivables	(15,454,237)	(10,660,003)
Increase in accounts payable and accrued expenses	14,045,298	23,011,463
Increase in due to members and staff	35,303,907	12,636,462
Net Cash From (Used in) Operating Activities	(26,080,399)	3,713,664
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(21,771,385)	(22,227,868)
Acquisitions of investments in shares of stocks and bonds	(13,000,000)	(1,399,200)
Cash dividends	863,300	542,100
Net Cash Used in Investing Activities	(33,908,085)	(23,084,968)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from interest-bearing loans	132,228,480	52,938,811
 EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	1,630,608	948,306
 NET INCREASE IN CASH AND CASH EQUIVALENTS		
	73,870,604	34,515,813
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	79,157,553	42,990,230
 CASH AND CASH EQUIVALENTS AT END OF YEAR		
	P 153,028,157	P 79,157,553

See Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Nonstock, Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. CORPORATE INFORMATION

Center for Agriculture and Rural Development (CARD), Inc. (the "Organization") was incorporated in the Philippines on October 14, 1986. The Organization holds a 43.165% interest in Card Rural Bank (Card Bank), Inc. (Card Bank).

The Organization was registered with the Securities and Exchange Commission on March 6, 1987 primarily to undertake, directly finance and assist research and development work and/or economic evaluation for the development and improvement of the quality of life of people in underdeveloped and depressed areas. Being not organized for profit and since no part of its net income inures to the benefit of any private individual or member, the Organization falls under Section 30 (e) of the Tax Reform Act of 1997 and as such, income from activities in pursuit of the purpose for which the Organization was organized is exempt from income tax.

The registered office of the Organization is located at 20 M. L. Quezon Street, City Subdivision, San Pablo City.

The Organization operates within the Philippines and has 471 employees as of December 31, 2003 (259 employees in 2002).

The financial statements of the Organization for the year ended December 31, 2003 were authorized for issue by the Organization's Executive Director on March 20, 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with the generally accepted accounting principles in the Philippines on a historical cost basis.

The accounting policies have been consistently applied by the Organization and are consistent with those used in the previous year, except for the adoption of new accounting standards as stated in the next page.

Adoption of New Accounting Standards

In 2003, the Organization adopted the following Statements of Financial Accounting Standards ("SFAS")/International Accounting Standards ("IAS") issued by the Accounting Standards Council ("ASC") which became effective on January 1, 2003, that are relevant to the Organization:

SFAS 8A	:	Deferral of Foreign Exchange Differences
SFAS 10/IAS 10	:	Events After the Balance Sheet Date
SFAS 37/IAS 37	:	Provisions, Contingent Liabilities and Contingent Assets

The Organization's adoption of the new accounting standards did not result in any adjustments to the financial statements of prior years.

In 2002 and prior years, the Organization adopted the new pronouncements issued by the ASC which became effective in those years.

New Accounting Standards Effective Subsequent to 2003

The following new accounting standards issued by the ASC will be effective subsequent to 2003:

- SFAS 17/IAS 17, *Leases*. This new standard prescribes the accounting policies and disclosures to be applied to finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. SFAS 17/IAS 17 requires a lessee to recognize finance leases as assets and liabilities in its balance sheet. As of December 31, 2003, the Organization has existing leases covering certain office premises which are presently accounted for as operating leases. Based on the initial evaluation of the Organization, such leases will not qualify as finance leases under SFAS 17/IAS 17. Hence, the Organization believes that its adoption of SFAS 17/IAS 17, at the beginning of 2004, will not have material effects on the Organization's financial statements.
- SFAS 21/IAS 21, *The Effects of Changes in Foreign Exchange Rates*. This new accounting standard requires the recognition of foreign exchange differences as income or as expenses in the period in which they arise and allows capitalization of foreign exchange losses only under certain restrictive conditions. Under the Organization's current policy covering foreign exchange transactions, exchange gains or losses are recognized in income for the period in which they arise. Accordingly, the Organization has initially determined that the effect of its adoption of SFAS 21/IAS 21 on January 1, 2005 will not be material.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

The useful life and depreciation method applied to items of property and equipment are reviewed periodically to ascertain that the same are consistent with the asset's expected pattern of economic benefits.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Organization and the revenue can be reliably measured. Revenues are recognized as follows:

- (a) Grants – grants received for a specific purpose are initially recognized as a liability to the donors, otherwise, these grants are recorded in the books as income upon receipt. Unutilized grants are shown as Funds Held-in Trust under Accounts Payable and Accrued Expenses account in the statement of assets, liabilities and fund balance.
- (b) Administrative income – interest income from loans granted to members are recognized upon collection.
- (c) Service fees – the 4% service fees, which are deducted from loans availed by members prior to the release of the loans, are recorded upon collection.

Foreign Currency Transactions

The accounting records of the Organization are maintained in Philippine pesos. Foreign currency transactions during the year are translated into Philippine pesos at exchange rates which approximate those prevailing on that date. Foreign currency monetary assets, liabilities, at the date of the statement of assets, liabilities, and fund balance are translated into Philippine pesos at exchange rates which approximate those prevailing on that date. Exchange gains and losses are recognized in income for the period.

Employee Benefits

The Organization's pension cost is determined using the accrued benefit actuarial cost method. The cost of providing benefits under the plan is determined using the projected unit credit actuarial valuation method, which utilizes the normal cost, actuarial accrued liability and unfunded actuarial liability concepts. Past service costs are amortized over the expected remaining working lives of employees.

3. CASH AND CASH EQUIVALENTS

This account consists of:

	<u>2003</u>	<u>2002</u>
Cash on hand and in banks	P 83,924,068	P 48,797,309
Time deposits	<u>69,104,089</u>	<u>30,360,244</u>
	<u>P 153,028,157</u>	<u>P 79,157,553</u>

Time deposits have an average maturity of 30 days and effective interest rates per annum ranging from 4% to 6% in 2003 and 5% to 6% in 2002.

4. LOANS RECEIVABLE

This account consists of the following loan types granted to members:

	<u>2003</u>	<u>2002</u>
Repayable project assistance	P 269,351,489	P 154,359,231
Sagip loans	69,406,864	62,935,172
Special loans	565,148	1,598,069
CARD Loan Acceleration Program	<u>-</u>	<u>681,455</u>
Total	339,323,501	219,573,927
Allowance for probable losses	(<u>13,162,686</u>)	(<u>4,391,479</u>)
Net	<u>P 326,160,815</u>	<u>P 215,182,448</u>

As of December 31, 2003 and 2002, loans receivable with net realizable values of P120,599,119 and P46,456,912, respectively, are used as collateral for interest-bearing loans with equivalent outstanding balances as of those dates (see Note 10). Loans granted to members are partially secured by the Center fund (see Note 11).

5. OTHER RECEIVABLES

This account is composed of the following:

	<u>2003</u>	<u>2002</u>
Due from Card Bank (see Notes 6 and 10)	P 31,937,933	P 21,821,998
Housing loans	4,348,520	-
Motor loans (see Notes 6 and 10)	1,211,163	1,387,240
Others	<u>7,322,569</u>	<u>6,156,710</u>
	<u>P 44,820,185</u>	<u>P 29,365,948</u>

Due from Card Bank and motor loans receivable totaling P33,149,096 and P23,209,238 as of December 31, 2003 and 2002, respectively, are used as collateral of interest-bearing loans with equivalent outstanding balances as of those dates (see Note 10).

6. RELATED PARTY TRANSACTIONS

In the normal course of business, the Organization has transactions with certain related parties described below:

a. Lease of properties

The Organization leases to Card Bank office spaces for Card Bank's head office and branch operations. Rent income from these leases amounted to P3,512,500 and P2,440,000 for the years ended December 31, 2003 and 2002, respectively, and are included as part of Other Revenues in the statement of revenues and expenses (see Note 14). There are no outstanding receivables arising from these lease agreements as of December 31, 2003 and 2002.

b. Program development costs

The Organization charges Card Bank with program development costs which pertain to expenditures incurred by the Organization in developing a branch prior to the Bank's takeover. Total charges for program development costs amounted to P35,504,513 in 2003 and P15,209,265 in 2002. Outstanding receivables arising from program development costs, included as part of Due from Card Bank in the Other Receivables account, amounted to P6 million as of December 31, 2003 (see Note 5).

c. Advances

The Organization grants Card Bank noninterest-bearing cash advances for working capital requirements. The outstanding balance of these cash advances amounted P27.9 million and P28.1 million as of December 31, 2003 and 2002, respectively, and are included as part of Other Receivables account in the statement of assets, liabilities and fund balance (see Note 5).

d. Loans receivable guaranteed by CARD Mutual Benefit Association, Inc. (CARD MBAI)

All the members of the Organization automatically become a member of Card MBAI. Every week, members are required to pay P10 which the Organization collects on behalf of Card MBAI. The liability of the Organization arises from the collections of the weekly contribution less the 2% service fee and any claims paid to members on behalf of Card MBAI. The 2% service fee is based on total collections of P10 plus 1.5% of the total loan releases per month.

e. Motor loan receivables

The Organization grants its senior management car and housing financial assistance, which bears annual interest of 7% in 2003 and 2002 (see Note 5). Total loans granted in 2003 and 2002 aggregated to P5,559,683 and P1,387,240, respectively.

f. Donation to Card MBAI

In 2003, the Organization donated P4 million to CARD MBAI for the purpose of undertaking community development projects.

7. INVESTMENTS IN SHARES OF STOCK AND BONDS

This account consists of:

	<u>2003</u>	<u>2002</u>
Card Bank – 43.165% owned in 2003 and 2002 (86,330 shares in 2003 and 2002)		
At equity (common stock):		
Acquisition cost		
Balance at beginning of year	P 7,591,000	P 5,000,000
Acquisitions during the year	<u>-</u>	<u>2,591,000</u>
Balance at end of year	<u>7,591,000</u>	<u>7,591,000</u>
Accumulated equity in net earnings:		
Balance at beginning of year	7,769,460	4,644,164
Equity in net earnings for the year	2,583,151	3,667,396
Cash dividends received	(<u>863,300</u>)	(<u>542,100</u>)
Balance at end of year	<u>9,489,311</u>	<u>7,769,460</u>
At cost (preferred stock):		
Balance at beginning of year	10,752,600	11,944,400
Acquisitions (disposals) during the year	<u>5,000,000</u>	(<u>1,191,800</u>)
Balance at end of year	<u>15,752,600</u>	<u>10,752,600</u>
Sub-total	<u>32,832,911</u>	<u>26,113,060</u>
Others – At Cost		
Investment in shares of stocks of Catholic Relief Services	1,000,000	1,000,000
Investment in bonds	<u>8,000,000</u>	<u>-</u>
Sub-total	<u>9,000,000</u>	<u>1,000,000</u>
Total	<u>P 41,832,911</u>	<u>P 27,113,060</u>

Equity in net earnings of Card Bank is included as part of Other Revenues account in the statement of revenues and expenses (see Note 14). In 2003, the Organization paid for additional subscription to 25,000 common shares of Card Bank with P200 par value. The proposed increase in Card Bank's authorized capital stock is pending approval of the BSP and SEC.

The investment in bonds will mature in 2006.

8. PROPERTY AND EQUIPMENT

A reconciliation of the carrying amounts at the beginning and end of 2003 and the gross carrying amounts and the accumulated depreciation and amortization of property and equipment are shown below:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Transportation Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2003, net of accumulated depreciation and amortization	P 30,043,174	P 23,397,576	P 3,218,332	P 3,388,660	P 4,235,504	P 64,283,246
Additions	8,273,532	6,141,889	1,943,742	7,129,529	4,754,647	28,243,339
Disposals/Reclassification			(4,736)	(193,029)	(6,037,189)	(6,234,954)
Depreciation and amortization charge for the year		(3,279,801)	(2,312,452)	(2,328,452)		(7,920,712)
Balance at December 31, 2003, net of accumulated depreciation and amortization	<u>P 38,316,706</u>	<u>P 26,259,664</u>	<u>P 2,844,881</u>	<u>P 7,996,701</u>	<u>P 2,952,962</u>	<u>P 78,370,914</u>
January 1, 2003 Cost	P 30,043,174	P 28,872,228	P 8,266,358	P 6,264,817	P 4,235,504	P 77,682,080
Accumulated depreciation and amortization		(5,474,652)	(5,048,026)	(2,876,157)		(13,398,834)
Net carrying amount	<u>P 30,043,174</u>	<u>P 23,397,576</u>	<u>P 3,218,332</u>	<u>P 3,388,660</u>	<u>P 4,235,504</u>	<u>P 64,283,246</u>
December 31, 2003 Cost	P 38,316,706	P 34,824,117	P 8,907,737	P 12,041,262	P 2,952,962	P 97,042,784
Accumulated depreciation and amortization		(8,564,453)	(6,062,856)	(4,044,561)		(18,671,870)
Net carrying amount	<u>P 38,316,706</u>	<u>P 26,259,664</u>	<u>P 2,844,881</u>	<u>P 7,996,701</u>	<u>P 2,952,962</u>	<u>P 78,370,914</u>

Real estate property with net carrying amount of P1,217,347 as of December 31, 2003 and 2002 are used as collateral on interest-bearing loans amounting to P70,000,000 and P30,000,000 as of December 31, 2003 and 2002, respectively (see Note 10).

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable and Accrued Expenses consist of:

	<u>2003</u>	<u>2002</u>
Accrued expenses	P 30,969,216	P 19,698,155
Funds held in-trust	22,496,043	24,643,094
Accounts payable	<u>8,707,624</u>	<u>3,786,336</u>
	<u>P 62,172,883</u>	<u>P 48,127,585</u>

Funds held in-trust represents grants that are allocated for a specific purpose which will be returned to the donor by the Organization if the specific purpose is not complied with.

Accrued expenses include provisions for expenses amounting to P23 million in 2003 and P5.4 million in 2002.

10. INTEREST-BEARING LOANS

This account represents the outstanding balance of loans obtained from the following local and foreign financing companies, the proceeds of which were used as a revolving loan fund for the microfinancing operations of the Organization:

	<u>2003</u>	<u>2002</u>
Current:		
People's Credit and Finance Corporation (PCFC)	P 29,561,951	P 15,180,622
Oikocredit	18,500,000	-
Bilance	3,500,000	507,638
Grameen Foundation	3,324,000	19,554,899
Plan International	3,250,000	1,800,000
Fundacion Santiago	-	1,000,000
Catholic Relief Services	-	4,000,000
	<u>58,135,951</u>	<u>42,043,159</u>
Noncurrent:		
PCFC	91,037,168	31,276,290
Oikocredit	51,500,000	30,000,000
Grameen Foundation	50,942,625	10,367,815
Plan International	13,800,000	13,000,000
Bilance	<u>10,500,000</u>	<u>17,000,000</u>
	<u>217,779,793</u>	<u>101,644,105</u>
	<u>P 275,915,744</u>	<u>P 143,687,264</u>

The Oikocredit loans are secured by real properties (see Note 8) while the PCFC loans are secured by the Organization's loans receivables with equivalent net realizable values (see Note 4). Other loans specify for their collateral the Organization's properties in general (see Note 5).

Annual interest rates on these loans range from 2% to 12% in 2003 and 3% to 12% in 2002 and are payable in various annual, semi-annual and quarterly installments until 2010.

The maturities of non-current interest bearing loans as of December 31, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Between 2 years and 3 years	P 102,301,698	P 49,079,388
Beyond 3 years but not more than five years	<u>115,478,095</u>	<u>52,564,717</u>
	<u>P 217,779,793</u>	<u>P 101,644,105</u>

11. DUE TO MEMBERS AND STAFF

This account is composed of the following:

	<u>2003</u>	<u>2002</u>
Center fund	P 95,718,499	P 60,407,450
Others	<u>325,449</u>	<u>332,591</u>
	<u>P 96,043,948</u>	<u>P 60,740,041</u>

Center fund represents the contributions of the members amounting to P20 per week which can be withdrawn anytime. This fund serves as partial security for the loans granted to members (see Note 4).

12. FUND BALANCE

This account represents the accumulated excess of revenues over expenses for the current and prior years.

13. EMPLOYEE BENEFITS

The Organization, CARD Bank and CARD MBAI maintain a funded and formal noncontributory retirement plan – the Multi-Employer Retirement Plan of Card Bank (Multi-Employer Plan) – covering all of regular employees. The plan has a projected unit cost format and is financed solely by the Organization and two other related companies. The plan complies with the requirement of Republic Act No. 7641 (Retirement Law) and provides lump sum benefits upon retirement, death, total and permanent disability, involuntary separation (except cause) or voluntary separation after completion of at least ten years of service with the participating companies.

Total retirement benefit expense amounted to P5,252,818 and P3,385,001 for the years ended December 31, 2003 and 2002, respectively and is shown as part of Salaries, Wages and Other Employee Benefits account in the statements of revenue and expenses. The annual contribution to the retirement plan covers the current service cost (P3,194,920) and the amortization of the past service cost (P2,057,898).

As of July 1, 2003, the latest valuation date, the actuarially computed unfunded past service liability of the Organization amounted to P18,360,173. The actuarial assumptions that were used in determining retirement benefit costs follow:

- Salary increases at 15% per annum; and
- Return on plan assets at 8% per annum.

As of July 1, 2003, the combined fund net assets of the Multi-Employer Plan maintained in a deposit with Card Bank amounted to P34,576,117.

14. OTHER REVENUES AND OTHER ADMINISTRATIVE EXPENSES

These accounts are composed of the following:

	<u>2003</u>	<u>2002</u>
Other revenues:		
Training and management fee	P 5,392,383	P 5,467,499
Rent (see Note 6)	3,240,000	2,440,000
Interest	2,815,417	3,118,716
Equity in net earnings of Card Bank (see Note 7)	2,583,151	3,667,396
Miscellaneous	<u>2,843,134</u>	<u>2,722,493</u>
	<u>P 16,874,085</u>	<u>P 17,416,104</u>
Other administrative expenses:		
Program monitoring and evaluation	P 2,947,359	P 1,971,183
Office rental	2,094,464	863,176
Security, janitorial and messengerial	1,684,562	1,419,876
Communication and postage	1,586,514	1,315,008
Insurance	1,451,173	759,453
Repairs and maintenance	1,405,864	1,537,611
Utilities	791,994	675,814
Representation	642,956	410,570
Client training and development	609,682	749,740
Taxes and licenses	537,677	333,235
Research and documentation	282,713	1,286,251
Miscellaneous	<u>1,266,578</u>	<u>2,438,195</u>
	<u>P 15,301,536</u>	<u>P 13,760,112</u>

15. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of the Organization's operations which are not reflected in the accompanying financial statements. As of December 31, 2003, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Organization's financial statements.