

COVER SHEET

1 3 9 5 1
S.E.C. Registration Number

V A L L E Y G O L F & C O U N T R Y
C L U B , I N C .
(Company's Full Name)

D O N C E L S O S . T U A S O N A V E .
B A R A N G A Y M U N T I N D I L A W
A N T I P O L O C I T Y
(Business Address: No. Street/City/Province)

ROSANNA R. ARGUELLES
Contact Person

8658-4901
Company Telephone Number

0 6 3 0
Month Day
Fiscal Year

SEC FORM 17 - A
FORM TYPE

09 4th Sunday
Month Day
Annual Meeting

Secondary License Type, If Applicable

C G F D
Dept. Requiring this Doc.

Amended Articles Number/Section

1,594
Total No. of Stockholders
Owning at Least One Board Lot

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number
Document I.D.

LCU
Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

Certification

I **CLIFF M. FRIEDMAN**, General Manager/Compliance Officer of **VALLEY GOLF & COUNTRY CLUB, INC.** with SEC registration number **13951** with principal office at **Don Celso S. Tuason Victoria Valley Antipolo City**, on oath state:


1. That on behalf of Valley Golf & Country Club, Inc., I have caused this **Annual Report (SEC Form 17-A) for the year ended June 30, 2020** to be prepared;
2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. That the company Valley Golf & Country Club, Inc. will comply with the requirements set forth in SEC Notice dated **June 24, 2020** for a complete and official submission of reports and/or documents through electronic mail; and
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this **OCT 07 2020** day of


CLIFF M. FRIEDMAN
Affiant

SUBSCRIBED AND SWORN to before me this **OCT 07 2020** day of

DDI NO 278
PAGE NO. 56
BOOK NO X
SERIES OF 2020


ANDREW V. FERRER
NOTARY PUBLIC UNTIL DEC. 31, 2021
PTR NO. 13760078A; 01/02/20
IBP OR NO. 039176; 01/02/20
Rizal Chapter / MCLE Compliance
No. VI-0028918, October 4, 2019
Roll No. 39811 / Appointment No. 20-25
No. 9 A. Bonifacio Ave., Cainta Rizal

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Fiscal Year Ended June 30, 2020
2. SEC Identification No. 13951
3. BIR Tax Identification No. 000-649-197
4. Exact name of issuer as specified in its charter - VALLEY GOLF & COUNTRY CLUB, INC.
5. Province, Country or other jurisdiction of incorporation or organization - Antipolo, City, Philippines.
6. (SEC Use only) Industry Classification Code
7. Address of principal office - Don Celso S. Tuason Ave. Victoria Valley, Antipolo, City
8. Issuer's telephone number - 658-4901 to 03, 658-4920, 658-0079 to 89
9. Former name, former address, and former fiscal year, if changed since last report - Not Applicable.
10. Securities registered pursuant to Sections 8 & 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each class	Number of Shares of Ordinary Shares Outstanding and Subscribed
---------------------	---

Common Shares	1,594 shares outstanding
---------------	--------------------------

11. Are any or all these securities listed on the Philippine Stock Exchange.

Yes _____ No X

12. Check whether the issuer :

(a) has filed all reports to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the RSA and RSA Rule 11(a)-1 there under and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes No

(b) has been subject to such filing requirements for the past 90 days.

Yes No

13. The market value of each share of stock of Valley Golf as of June 30, 2020 is P1,300,000.00 plus P112,000.00 transfer fee; for June 30, 2019 it was P800,000 plus P112,000 transfer fee; for June 30, 2018 it was P400,000.00 plus P112,000.00 transfer fee; for June 30, 2017 it was P312,000.00 plus transfer fee of P67,200 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate), and; for June 30, 2016 and 2015 it was at P250,000.00 plus transfer fee of P56,000 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate). For the years 2003 to 2014 market price is at P 400,000.00 to P 500,000.00 for Club subscription and P332,000 to P292,000 for third party market. Market prices were based on subscription rates and transactions processed in the club.

The aggregate market value therefore of the 1,594 issued and outstanding shares of Valley Golf at P1,412,000.00 is P2,250,728,000.00

14. Valley Golf is not involved in insolvency/suspension of payments proceeding during the preceding five years; this is not applicable to us.

DOCUMENTS INCORPORATED BY REFERENCE

A. Annual report to security holders

The Annual Report to stockholders contains the President's and Treasurer's Report, the Financial Report of the Independent Auditors, the accomplishments of the present Board of Directors, the pictures of the present Board of Directors, the roster of Committee members and various pictures of the events of the preceding year. The financial report and its discussion are incorporated in Part II – Operational and Financial Information, whereas the information on the Directors is included in Part III – Control and Compensation Information.

B. Proxy Form

The proxy form attached is the form sent to all stockholders in connection with the stockholders' meeting and included therein are the matters to be voted upon by the stockholders. This is incorporated in Part I – Business and General Information.

VALLEY GOLF & COUNTRY CLUB, INC.
ANNUAL GENERAL MEETING
September 27, 2020 at 4:00 P.M.
Via Live Streaming, VGCCI

PROXY
 No. _____ S-2020- ACCT. No.-- A

I, _____ the undersigned member of Valley Golf & Country Club, Inc. do hereby appoint, name and constitute:

or, in the absence and/or non-attendance of my PROXY the Chairman of the Meeting, (EXCEPT THAT THE CHAIRMAN MAY NOT VOTE FOR CANDIDATES to the Board of Directors), as my attorney-in-fact and proxy, to represent me at the ANNUAL GENERAL MEETING of Valley Golf & Country Club, Inc., to be held on 27 September 2020 at 4:00pm¹, and/or any postponements or adjournment(s) thereof, as fully and to all intents and purposes as I lawfully might or could do if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before him during such meeting or adjournment(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items as I have expressly indicated by marking with a check "✓" the appropriate box below. I also authorize my proxy to vote for any of the candidates for the Board of Directors except the candidates marked with an "X" under the "AGAINST" column:

ITEMS	ACTION		
	FOR	AGAINST	ABSTAIN
1. To vote for Quorum purposes only.			
2. To approve the minutes of the 2019 Annual stockholders' meeting.			
3. To approve the Company's 2020 Annual Report and Audited Financial Statements.			
4. To confirm and ratify all acts and resolutions of the Board of Directors & Management (July 1, 2019 to June 30, 2020 inclusive).			
5. To appoint External Auditors.			
6. Amendment of Par. 6 of the Articles of Incorporation to increase the number of Directors from the present 9 to 11 to make room for the election of 2 independent directors as required by law.			
7. Amendment of Article III, Section 1 of the By-Laws to allow annual meetings to be held by remote communications and participation by stockholders through remote communications or other alternative modes of communications.			

¹Stockholders may vote in person online from September 23 (starting at 8:00 a.m.) up to September 24, 2020 (5:00 p.m.). Voting by Proxyholders and attorneys-in-fact online shall be on September 25, 2020 from 8:00 a.m. to 5:00 p.m.

8. Amendment of Article IV, Section 1 of the By-Laws to the effect that the business and property of the Club shall be managed by a Board of eleven (11) directors composed of nine (9) regular directors and two (2) independent directors, and the manner of voting thereafter.			
9. All matters arising from the agenda (except the sale or disposition, total or partial, of the corporate assets).			
10. Election of the Board of Directors			
a. Renato "Rene" Balibag			
b. Jose Arsenio Isidro "John" Borromeo III			
c. Stephen C. Cruz			
d. Constantine L. Kochet Chua			
e. Rafael "Chino" S. Raymundo			
f. Others			

If no instructions are indicated on a returned and duly signed proxy or I left any items in blank, my PROXY may vote the membership certificates under my name on any blank item according to his sound discretion including electing members of the Board of Directors. By submitting this proxy, I hereby agree that I shall be counted as being present during the annual members' meeting for quorum purposes notwithstanding my or my proxy's physical absence during the meeting itself.

I understand that a proxy form that is returned without a signature shall not be valid. I also understand that should I choose to send back the signed proxy form online to the Club's website, I shall use my registered e-mail address to ensure the integrity of my vote otherwise the proxy shall be considered void.

Voting Rules

Each shareholder owning one share or his Proxy is entitled to cast one vote for as many positions for directors as are being voted upon or cumulate the votes and cast it in favor one or two candidates. Example -If there are 3 seats for directors open for voting, the shareholder or his proxy is entitled to 3 votes. He/she may either distribute the 3 votes among 3 candidates of his/her choice, cast all 3 votes in favor of one candidate or cast 2 votes in favor of 1 candidate and 1 vote for another candidate. If the shareholder owns more than one share, each share shall be entitled to 3 votes which he/she may distribute evenly or cumulate in favor of just one or two candidates.

Validation of Proxies

Proxy form shall be validated as these are received by the Club, provided that the proxy forms are submitted to the Club on or before 5:00 p.m. of September 20, 2020 which is consistent with the deadline provided under the Club's By-Laws.

Revocation of Proxies

A member giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the member decides to vote and actually votes online from Sept. 23 to 24, 2020

Signed this _____ at _____

Printed Name of Member

Signature of Member or Authorized Signatory

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND EMAIL BACK YOUR PROXY AT VALLEY WEBSITE USING YOUR REGISTERED EMAIL ADDRESS OR SEND IT THRU PRIVATE COURIER ON OR BEFORE 5:00 P.M. OF SEPTEMBER 20, 2020.

ADDRESS: VALLEY GOLF & COUNTRY CLUB, INC. DON CELSO S. TUASON AVE., ANTIPOLO CITY.

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

A.) DESCRIPTION OF BUSINESS.

1.) Business Development

Valley Golf & Country Club, Inc. is situated at the rolling hills of Antipolo, City, a private and non-profit club organized in 1958 by a group of golfers, well-known and influential businessmen headed by the late Don Celso S. Tuason. The property is about nine kilometers from EDSA and about seven kilometers from Antipolo. The site formerly owned by Hacienda Benito measures almost 210 hectares when it was originally purchased. On May 14, 1958, the original Articles of Incorporation was approved by SEC. At present the Club has an authorized capital stock of 1,800 shares at P 9,000 par value and 1,594 shares are issued and outstanding.

The building of this dream course has taken all of three years from the planning of the lay-out, the grading and the sculpturing of its contoured fairways and formidable greens, to the final touches on the tee-shaped clubhouse Architect Gabriel Formoso designed in the Malayan motif. To get the best playing possibilities from the saucer-shaped course, the Valley authorities brought in not one but two reputable golf course architects, an Englishman named Fred Smith and an Australian named Jas H. Scott. It is a tribute to their artistry, skill, and thoroughness that, except for two holes, their plans coincided almost exactly. It was Scott's lay-out which was finally accepted.

The original seven (7) Board of Directors were Celso S. Tuason, Aurelio Montinola, Sr., Ernest Kahn, Henry Belden, J. Antonio Araneta, Francisco Ortigas, Jr., and Jaime Velasquez. The course was opened for play on November 1961 and attracted a great traffic of players and aficionados. With this encouraging trend, the Club was expanded to accommodate another par-69, 18-hole course on the north in addition to its original south course in 1994.

The South Course is a par-72 championship layout, sits on 90 hectares of rolling hills and meandering brooks. It played host to the famed Philippine Open in 1975, 1983, 1991 and 2011. It was during the 1983 Philippine Open that American Jeff Lewis established the course record of 65.

On November 1991, Valley Golf for the first time, became the venue of XVI Southeast Asian Games Golf Championship.

Valley's greens are meticulously designed so that the golfer is challenged to use most, if not all, of his clubs in the bag. The terrain provides the contour which assures that no two shots will ever be alike. Some notable holes: the tight first, the picturesque Nos 4 and 10, the intriguing No. 16 and the short but tricky No. 18.

When play traffic increased at Valley, a nine-hole all-weather course with a par 36 layout spread over 50 hectares was added. Valley acquired from the

adjoining property owners through barter arrangements several parcels of land, enabling it to expand the nine holes into an 18-hole complex now known as the North Course (formerly Executive Course). This is open to non-members and tourists who wish to play at Valley. It exemplifies the finest the Philippines have to offer in international championship golf courses. Some notable holes: Hole No. 15 with its tee overlooking the entire golf course and a man-made terrace; and Hole No. 6 best known for its island green.

The North Clubhouse has been completed and was inaugurated last Nov. 1999. It is now fast becoming the favorite venue for tournaments and parties. We have a new Food & Beverage concessionaire in the North Clubhouse offering a variety of new menus and accepts catering for special events. The Men's Locker was recently renovated, and the Registration and Cashiering services was provided in the North Clubhouse. The tournament participants in the North Course and Non-members are required to register and avail of locker services in the North Clubhouse. A Sports Clubhouse equipped with modern sports facilities and other amenities that will suit every man's needs are still in the planning stages. The Main Clubhouse was renovated while preserving the original aesthetic design and concept of the architect as a reminder of the historical past of one of the oldest golf club in the country. The latest renovation is the Men's Locker Rooms which was completed and inaugurated last April 10, 2013. The new locker room is spacious and accommodating to the needs of the golfing public. The amenities include the air-conditioned locker rooms, newly rehabilitated wood lockers, sauna bath, clean bathrooms and a scenic pocket garden.

The South Course was rehabilitated into a world class golf course. The plans for the course upgrading and engineering studies were prepared by Planning Resources and Operations Systems, Inc. The Club hired the services of Eco-Turf and Turf Care Systems, Inc. as the Construction Manager and Golforce, Incorporated as the Contractor. Works started on the back 9 holes in August 2002 and was completed last October 2003 and it was playable in November 2003. As per approved plans the layout will not be changed only the drainage system will be improved and the course will be all weather. Funding came from the shares sold on installment basis and loan from members.

Rehabilitation works of the front nine South Course started in November 2003 and after completion was inaugurated on Nov. 20, 2004. Contract for labor for the rehabilitation was awarded to bidder Philgolf Development & Equip, Inc. in the amount of P 20,000,000.00. Materials were purchased in-house with an initial budget of P 31,500,000 and additional budget of P 4,000,000.00 for the bunker sand and P 1,552,000.00 for herring bone installation. As of June 30, 2005, total cost of the renovation stood at P 130,000,000 (gross of vat) or P 125,000,000.00 (net of vat)

During the fiscal year 2009 the Board approved the renovation plans of the Main Clubhouse. Phase 1 included the Executive Offices, Board room, function rooms, upper and lower veranda, and main lobby. With a total estimated cost of P 9 Million, the Board awarded the contract to Reyes Interiors for the amount of P 4.5 Million excluding the cost of plumbing fixtures, electrical fixtures, grillwork on veranda, gutter works, glass and aluminum panels, floor and wall

tiles and ceramic tiles on base columns. Works started on July 15, 2008 and were finished sometime in September 2009.

For the fiscal year 2010, restoration works were done to repair the damage caused by the typhoon Ondoy on the Club's properties. Total cost amounted to P 4,504,509.00, which was taken from the special assessment to members with a total billing of P 4,886,000.00. The balance of the funds was used to continue the riprap works in the South Course. Capital expenditures during the year included extension of Hole # 14 of the North Course, riprap of waterways in the South and North courses, concreting of the DCTA, purchase of varifold for the Founders' Hall and purchase of ground equipment.

For the fiscal year ending June 2011, the projects undertaken included the concreting of the Don Celso Tuason Avenue from the bridge gate up to Sumulong gate which was completed at the cost of P 5 Million. Other projects during the year include riprapping of slope protection at the South and North courses, repair of the Caddie House and construction of new gasoline station. We also purchased 3 units Flymowers, 3 units Backpack blowers and 3 units Rotary mowers. By July, Renovation of the Main Clubhouse resumed which included Phase 2 – Construction of Office Basement and the Coffee Bar with a budget of P 3.7 Million and P 450,000, respectively. Another project undertaken was the construction of the golf car parking shed amounting to P 1.5 Million

For the fiscal year ending June 2012, the projects undertaken included Phase 2 of the Renovation of the Main Clubhouse – Construction/Renovation of the Office Basement – P 4.31 Million, golf cart parking shed – P 1.08 Million, Air conditioning units for basement office – P1.21 Million, Coffee bar – P 512k and Valley Golf cart shed – P 478,000. Ongoing projects at the time included the improvement of motorpool area and Riprap/slope protection at Hole # 17 of the South Course. The equipment purchased during the year included the following: Fairway aerator, Flymowers, Rotary mowers, bush cutters, walk behind fertilizer spreader, backpack blowers, sound system, ID card maker and PABX telephone system.

For the fiscal year ending June 2013, the projects undertaken included Phase 3 of the Renovation of the Main clubhouse – which consisted of the Renovation of the Men's locker room with a total contract price of P5,000,000.00, (materials supplied by the Club amounted to P1,000,000.00), construction of the pocket garden for P 600,000, purchase of air con units for P430,000 and installation of double panel solar water heater for P675,000 (paid for with golf shares). The men's locker room in the North Clubhouse was likewise renovated at a cost of P535,000 and was used by members and guests from Jan. to Apr. 2013 during the renovation period of the locker room in the Main Clubhouse. Other projects undertaken were the: construction of the Wall of Honor – P88,000, satellite kitchen – P184,000, and guard house at Hole # 12 South Course – P201,000; Rehabilitation of the Koi Pond – P435,000; reblocking and asphalt overlay of DCTA – P 4 Million, and; riprapping works in the South Course – P191,000. Meanwhile, construction of the members' gym and lounge, renovation of the clinic and tee house in the North course were still on-going at the time. Equipment purchased included the greens mower with groomer – P615,000 and Danfoss variable speed pump control – P250,000.

For the fiscal year ending June 30, 2014 the on-going projects from the previous year that were completed included – the Men’s Lounge and Gym – P419,000, tee house in the North Course Hole # 4 – P467,000 and renovation of the clinic – P247,000. Other projects completed during the year were – Phase 2 of the reblocking and asphalt overlay of DCTA – P3.88 Million, installation of roofing for the golf cart area – P773,000, Kitchen exhaust system – P217,000 and kitchen hood fire suppression system – P150,000. On-going projects at the time were the sanding of fairways and improvement of bridges in the North Course. Various equipment were purchased during the year which included – 10 units Golf carts – P 2.65 Million, 1 unit greens mower with groomer – P640,000, 2 units walk behind rotary mower – P150,000, 2 units flymower – P110,000, 1 unit Truck mounted man lifter – P690,000 and 1 server and computers.

Other projects of the Club included the streamlining of operations and the outsourcing of the grounds maintenance for both the South and North Courses. The Board of Directors approved on Aug. 8, 2014 the engagement of the services of MJ Carr Golf Management, Inc. for the maintenance of both courses for a monthly service fee of P 2.7 Million inclusive of VAT for a period of three years. Likewise, a voluntary early retirement program for the employees was approved with payment of 125% and 150% of the basic pay for every year of service.

For the fiscal year ending June 30, 2015, the following projects were completed:

1. Purchase of one (1) unit backhoe	P	3,303,571.43
2. Purchase of ten (10) units golf carts		2,800,000.00
3. Purchase of 4 units desk top computers		160,000.00
4. Purchase of 2 units 2 way radio		23,000.00
5. Repair of controller pump of the South course		150,714.29
6. Renovation of satellite kitchen		45,471.00
7. Driving range shot area		81,194.10
8. Additional golf cart storage		70,058.94
9. Purchase of copying machine		243,000.00
10. Purchase of 17 units Samsung Galaxy tablets		407,830.00
11. Purchase of 7 units transformer book		156,100.00
12. Purchase of 3 units brush cutters		37,500.00
13. Purchase of projector		33,900.00
14. Purchase of 2 units tru cut edger		40,850.00
15. Purchase of steel lockers		62,400.00
16. Improvement of bridges		226,555.98
17. Improvement of drainage in Hole # 5 South course		535,714.28
18. Improvement of driving range facilities		48,901.79
19. Renovation of Bag drop area		938,178.97
		<hr/>
		9,364,940.78

The following were the projects for Fiscal year 2016

PARTICULARS	AMOUNT DISBURSED
1. Controller for vertical turbine pump	P 621,012.58
2. Rehabilitation of bunker sand	P 2,817,418.14
3. Repair of pump in the North Course	P 186,000.00
4. Sound system for the Founders' Hall	P 363,248.45
5. Purchase of tablets, Laptop and printers	P 144,830.00
6. Purchase of Riso digital duplicator	P 125,000.00
7. Rehabilitation of the South course	P 5,454,400.38

The following were the projects for Fiscal year 2017

PARTICULARS	AMOUNT DISBURSED
1. Repair of South Course pump (total project cost is P3.25 Million)	P 1,346,277.66 1,395,843.28
2. Irrigation system	
3. Construction of Expansion of Men's Locker room	225,000.00
4. Renovation of Secondary & Sumulong gates	199,988.00
5. Purchase of 20 units golf carts	5,880,000.00
6. Purchase of 8 units desktop computers	187,500.00
7. Rehabilitation of bunker sand	3,035,840.85
8. Repair of Bag drop area Phase 2	600,317.38
9. Repair of Pump North Course	245,000.00
10. Rehabilitation of South Course	5,379,464.16
11. Purchase of Suzuki carry for water delivery	160,000.00
12. Purchase of 2 units projectors	64,000.00
	P 18,719,231.33

The following were the projects for Fiscal Year 2018

1. Repair of the Main Clubhouse roofing (on-going)	P 1,654,387.30
2. Rehabilitation of the North Course bunkers (on-going)	2,321,428.57
3. Purchase of Service Vehicle	1,241,800.00
4. Purchase of 15 units electric golf carts	4,410,000.00
5. Purchase of Emergency vehicle	743,107.40
6. Purchase of Tables, Chairs and Sofa	250,000.00
7. Purchase of 11 units desk top computers	311,000.00
8. Purchase pf 1 unit welding generator	235,200.00
9. Purchase of 10 units Air coolers	159,950.00
10. Purchase of Sophos firewall	150,000.00
	P 11,476,873.27

The following are the projects for Fiscal Year 2019

1. Dredging works at South Course Hole # 12, 16 And 17 and North Course Hole # 15 (on-going)	P 1,749,438.54
---	----------------

2. Filter for pumps	959,576.00
3. Zoysia Matrella Turf Nursery	1,021,645.93
4. Reblocking and Drainage Improvement of DCT Avenue (on-going)	6,759,003.65
5. Men's Locker Roofing	2,052,998.41
6. Purchase of Forward Truck	1,450,000.00
7. Purchase of Manlift Truck	840,000.00
8. Purchase of 10 units Electric Golf Carts	2,940,000.00
9. Purchase of 20 units Electric Golf Carts	<u>6,500,000.00</u>
	24,272,662.53

The following are the projects for the fiscal Year 2020:

1. Dredging works at South Course Hole # 12, 16 And 17 and North Course Hole # 15 (completed)	P	4,221,428.56
2. Reblocking and Drainage Improvement of DCT Avenue (completed)		7,945,491.82
3. Purchase of 10 units Electric Golf Carts		2,767,857.14
4. Rehab of greens at South Course		1,964,285.72
5. Repair of Bunker at South Course		1,848,701.10
6. Purchase of 2 units Pumps and Accessories		1,067,857.14
7. Improvement of Motorpool Area roofing		559,933.60

For the Fiscal year 2016, the Club engaged the services of Cafirma, Ong & Co., CPAs, represented by Mr. James A. Cafirma as the Internal Auditor of Valley Golf & Country Club, Inc. effective Jan. 12, 2016. This is the first time that the Club outsourced the Internal Audit services of the Club. The Club also entered into a Build Operate and Transfer Arrangement with Freeport Elite Resort Inc. for the construction and operation of the Driving Range for a period of 15 years. Another food and beverage concessionaire, Jay-J's Food Management, Inc. was engaged by Valley Golf for the North Clubhouse for a period of 3 years. On January 20, 2017, the Club entered into a three-year contract with Anix's House of Kare as the F & B Concessionaire for the Main Clubhouse.

For the Fiscal year 2018 the following are the significant contracts of Valley Golf. On October 2017, the Club engaged the services of Cubacub Law and Accounting Office as the Internal Auditor of Valley Golf & Country Club, Inc. Mr. Rizaldy Legaspi was hired as Golf Director effective Sept. 16, 2017. The contract with Smart Communications was renewed last Oct. 1, 2017 for another 10 years. Golf Course Maintenance Service Agreement was entered into between Valley Golf and VMJ Evergreen Golf Maintenance and Construction Corporation effective Jan. 1, 2018 up to Dec. 31, 2020.

For the Fiscal year 2019, the significant contracts are as follows: Mr. Dan L. Salvador III was hired as General Manager effective July 14, 2018, Mr. Eugene Bunyi was hired as Golf Director effective Dec. 1, 2018 and upon expiration of the contract of Cubacub Law and Accounting Office as Internal Auditors, the Board of Directors in their Regular Meeting last Oct. 20, 2018 approved the hiring of Miss Maria Cristina T. Odon as Internal Audit Head and Miss Rachel Ann F. Magsakay as Internal Audit Assistant effective Dec. 1, 2018. The Club entered into a Memorandum of Agreement with

Mulawin Homes Neighborhood Association Inc. on donation of a portion of a lot with an area of 1,362 sq. meters last Oct. 4, 2018. The Club hired a new security agency, Gold Cross Security and Investigation Agency Inc. last Dec. 1, 2018. On Jan. 17, 2019, the contract for the Reblocking and Improvement of Drainage of Don Celso Tuason Ave. with Verlin Konstrukt was approved by the Club. The dredging contract for the South and North courses was entered into with Z & S Diving and Marine Services Corp. last Jan. 21, 2019

For Fiscal Year 2020, the significant contracts are as follows: Abejo Rosario Tayag Santos Retainer Agreement, Dismantling and Installation of Motorpool Roofing, Rehabilitation of the Greens of the South Course and Rehabilitation of the Swimming pool.

The projects for implementation for Fiscal Year 2021 are as follows:

	Project Cost	Notes
PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER		
1 EQUIPMENT		
1 Three (3) units Desktop computers @ P50k each	150,000.00	For the Registration to replace partially defective units
2 Two (2) units Laptop including MS Office License @ P60k each	120,000.00	For Internal Audit and Admin
3 Two (2) units Printers @ P20k each	40,000.00	For MIS existing server and F & A Manager
4 One (1) unit UPS hardware 3000 VA	66,000.00	To replace defective unit of MIS
5 Server		Last purchase was in 2014. To upgrade existing IT infrastructure
Computer unit for Server	450,000.00	
Software/Windows Server Operating System	66,000.00	
Thirty (30) pcs. Client Access License @ P1,650 each	49,500.00	
Thirty (30) pcs. Patch cord	5,000.00	
Three (3) pcs. HUBS @P10K each	30,000.00	
6 MS Office 365 Renewal	217,000.00	For all departments
7 Google drive space for back up purposes	5,000.00	
8 Two (2) units Tablets @ P15,000 each	30,000.00	For Starters to monitor on-line tee times
9 Payroll System	350,000.00	
	1,578,500.00	
FISCAL YEAR 2020		
	Projected	Notes
1 GOLF COURSES		
South Course	Cost	

1	Construction of Filtration System at irrigation lakes for both the North and South Courses	1,000,000.00	In order to reduce maintenance costs on the pumps as well as reduce silt being irrigated onto the golf course. (500k/course)
2	Waterways Management to Include Control of Silt and Garbage at Hole #12 and entrance to #13 Waterway	1,500,000.00	To control siltation at #12 and allow for easy silt removal on an annual basis. Also, to catch garbage flow in 2 screens at the siltation wall, as well as an additional screen at entry #13 waterway.
3	Clearing works and restoration of ponds in Holes #2,4,5,6, and 7	3,400,000.00	The continuation of the desilting works of silt that has been built up over many years. After #12 siltation control has been implemented, this should be a one-time only project.
4	Additional maintenance for both courses but not covered by VMJ	500,000.00	Includes golf course maintenance such as cleaning work and hiring of casual workers.
5	Improvement of Bunkers	1,363,000.00	Replacement of silica sand to crushed marble
6	Herring Bones Drainage, trench drain		Project under review to determine primary needs location, as well as if the projects can be done in house with additional labor. Needs to be repriced.
7	Widening of Bag drop area	122,000.00	To accommodate more players during big tournaments.
8	Improvement of desilting/catch basin already included in #2 above		Installation of Sluce gate. Concreting of catch basin flooring, construction of ramp for access of equipment, rip rapping along the perimeter and installation of screen as garbage catch as noted in #2 above.
9	Zoysia Japonica	1,200,000.00	For fairways (1,000 sq.m.) per month at Php95 per sqm. In addition, we will harvest grass (essentially free of charge) from coring of North Greens.
10	Waterways upkeep team	465,000.00	4-person team to constantly monitor the upkeep and beautification of both North and South Waterways
1	North Course Rehabilitation of Turbine Pumps and/or purchase of new pumps for North and South	2,500,000.00	To help improve the efficiency of irrigation system and reduce electric consumption costs, as well as pump maintenance costs. It is critical that water filtration systems be installed before purchasing any new pumps.
2	Transfer of Starter house	250,000.00	To make the Starter house accessible for both front and back nine, and to make #1 and #10 tee visible from starter house

3	Improvement of bridges	2,500,000.00	So long as bridges are structurally sound, the aesthetics should be reviewed and considered under a total design and branding plan for all facilities.
3	Improvement of fences	700,000.00	Holes 3, 16 and other areas with low fences can be better protected and secured.
4	Improvement/Automation of North Course sprinkler and control system.	4,500,000.00	This plan would convert North Course irrigation to Semi-automatic system. It would rehabilitate the controller boxes previously purchased but not yet in use, at a cost of about P900k. The estimated cost of the installation and commissioning of the system has not yet been determined. It will be required to have an accurate set of as-built drawings (cost of 100K) to determine the installation costs. We should NOT move forward with the rehabilitation of the controller boxes as a separate project, until we know and approve the cost of the installation. To do one without the other, would be a waste of resources.
5	Repair of Tee boxes	1,000,000.00	Includes sod cutting of existing turf, re-leveling, sand capping and stolonizing. We will get stolens from our existing grass nurseries at no cost except manpower. I believe the budget is high for this project.
6	Riprap at Tee house # 14	300,000.00	Clearing of the areas and installing additional fence for aesthetic purposes.
7	Trellis for North Course	250,000.00	Waiting area beautification should be reviewed under total design and branding plan.
2	CLUBHOUSES, FACILITIES & OTHERS		
1	Sewerage Treatment Plant	3,000,000.00	Currently under study for implementation by Engineering.
2	Storeroom for Controllers' Files	250,000.00	
3	Drivers' Waiting Lounge	200,000.00	
4	Annual Improvement of Club Facilities	500,000.00	This includes the annual improvements on Club facilities such as clubhouse painting and course amenities. This also covers the preparation of the DCT Tournament.
5	Improvement of Don Celso Tuason Ave. Main Gate to Sumulong streetlights	300,000.00	To improve driving condition from Sumulong
6	Concrete epoxy sealing Main Gate to Ortigas gate	600,000.00	Sealing of minor cracks to prevent major cracks and reblocking works.

	7 Golf cart Parking Extension	2,000,000.00	Currently we have parking for only 50 carts leaving 50, club owned carts, exposed to the elements. Long term solution is to convert 2nd floor apartments of burned out building into good standard housing units. The 7 families currently living in the housing behind the motor pool will be moved to these units. The building that is currently their existing housing units will then be converted to a proper golf cart parking and storage facility. This is a VERY HIGH priority project to protect the company assets. Note, the final plan and costing is not developed, so this is provisionary budget only.
	8 Cabana and Pool	6,500,000.00	Previous budget was P6.5m. Bidding failed. It will require a redesign or re-budgeting.
	9 Architectural Design for the Veranda	300,000.00	
	PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER		
3	EQUIPMENT		
	1 One unit Laptop each for Controller, and Sports and Games	80,000.00	P45k controller, P35k for Grounds and S&G
	2 Printers:		
	Controllers - 2 units @ 15,000	30,000.00	
	Sports & Games - 1 unit @ 15,000	15,000.00	
	Audit - 1 unit @ 15,000	15,000.00	
	3 UPS for Server	79,500.00	
	4 Hubs for MIS - 3 pcs @ 10,000	30,000.00	
	5 Membership ID Maker	350,000.00	
	6 Scoring System	250,000.00	
	7 Data Privacy Audit	600,000.00	
	8 Club Management & Accounting System	4,000,000.00	
	9 Split type Aircon for Ladies' Locker	100,000.00	
	1 Generator Set for North Clubhouse	600,000.00	
	0		
	1 Floor Polisher	38,000.00	For North Clubhouse Locker Room
	1 Vacuum Cleaner	66,000.00	For North Clubhouse Locker Room
	2		
	1 Service Vehicle	1,200,000.00	
	3		
	1 Motorcycle for Messenger Reliever	75,000.00	
	4		
	1 Fire Resistant Vault for files of shares of	92,000.00	
	5 stock booklets		

1	Aircon for Warehouse Office	20,000.00	Old unit no longer working.
6			
1	Filing cabinets (8 units @ P8,000)	40,000.00	For Membership & Office of Pres.
7			
1	Woodchipper	130,000.00	To reduce wood to smaller chips
8			
1	Centralized Grease Trap	1,000,000.00	For the Main and North Clubhouse
9			
2	Rubber track pad	300,000.00	For the existing equipment to avoid additional damage to cart paths
0			
2	Backhoe loader (Bobcat brand)	1,500,000.00	My recommendation is to rent equipment in this regard if it is supplemental to the current equipment we own.
1			
2	Spray Gun Marker	10,000.00	For Operations
2			
	TOTAL	45,820,500.00	
	TOTAL PRIORITY 1	19,675,500.00	
	TOTAL PRIORITY 2	26,145,000.00	
		45,820,500.00	
	Absolute first priority	15,665,000.00	
		22,842,500.00	
		7,313,000.00	
		45,820,500.00	

Valley Golf does not have any bankruptcy, receivership, or similar proceedings.

Valley Golf does not have any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

2.) Business of Issuer

The main business of Valley Golf is golf and country club operations. Our main sources of income are monthly dues from the members and green fees from guests; they comprise 40% and 15% respectively of the gross income.

Valley Golf does not have foreign sales, distribution methods of products nor publicly announced new product.

International Opportunities - Being a member of Valley Golf & Country Club, Inc. allows the members the privilege of playing in foreign golf clubs like the Kelab Golf Negara Subang in Selangor, Malaysia; Singapore Island Golf and Country Club; and Royal Selangor Golf and Country Club in Kuala Lumpur, Malaysia. In the year 2002 we were able to establish reciprocal rights with Klub Golf Bogor Raya of Indonesia and Royal Palm Springs Golf Club of Malaysia. In

2017 the Club established reciprocity rights with the largest golf course operator in the world, Mission Hills Golf Club in China. Last June 18, 2019 another reciprocal agreement was signed between Valley Golf and Kelab Golf Sarawak.

The principal competitors near our area of operations are two privately owned golf courses, Forest Hills Golf and Country Club located in Cogeno, Antipolo City and Eastridge Golf & Country Club in Binangonan and one public course, Sun Valley Golf Course. These golf courses are relatively new and are still building up their membership base; whereas, Valley Golf having been in the business for 60 years old is already proud Golf Club with its roster of respectable membership. Valley Golf's lush greens and fairways are still the best in the area and very well maintained. The rainforest trees in our courses that have matured through the years have provided a canopy on the fairways and its majestic beauty is something that other golf courses cannot duplicate. The friendly atmosphere and the camaraderie of the entire membership and employees are what make our golf course unique. Eastridge has an 18-hole golf course and Forest Hills has a 36-hole golf course but Valley Golf's greens, fairways, trees, sand traps and meandering rivers will always make the difference. Each golf course may have its own unique characteristics, but Valley Golf's design and intriguing South Course is something that has always attracted the enthusiasm of golfers. The challenging contour of the courses will always make one's round of golf an enjoyable and unforgettable experience. Valley Golf's all weather South Course has already made its impact on the members and their guests.

Our competitors are marketing their new facilities and in anticipation of this Valley Golf rehabilitated the South Course into an all-weather golf course. We have completed phases 1 and 2 of the renovation of our Main Clubhouse including the Men's locker room, the restaurant/veranda area, and the offices to keep up with the modern trends in interior design while still maintaining the unique architecture of our clubhouse. Financially, Valley Golf is more stable than our competitors because our focus now is maintenance and constant improvement. Moreover, our Stockholders' Equity has long been built up unlike our competitors who are still selling shares of stock to augment their capital.

Valley Golf has no branch or subsidiaries, so we do not have transactions with related parties. The other parties we usually transact with are the suppliers of office, grounds and motorpool supplies. In Dec. 2015, the Club entered into a 3-year golf course maintenance agreement with MJ Carr Golf Management. Upon the expiration of the contract of MJ Carr, a Golf Course Maintenance Service Agreement was entered into between Valley Golf and VMJ Evergreen Golf Maintenance and Construction Corporation effective Jan. 1, 2018 up to Dec. 31, 2020. We have concessionaires for golf supplies, restaurants and driving range but these are not part of the Club's major sources of income. We do not have patents, trademarks, copyrights etc.

Valley Golf has an approved registration from BIR of its VAT and NON VAT activities. The Club keeps up to date its annual Municipal Business, Sanitary Permits and Real Property Taxes from the City Government of Antipolo.

A governmental regulation which affected the Club was the implementation of the CTRP. Before the CTRP, the Club was exempted from the payment of income tax as per Sec. 27 of the NIRC. By reason of the CTRP, the Club is now subject to 32 % income tax effective Jan. 1998 and upon recent amendments from the BIR our tax rate is now 30%.

The 26 International Financial Reporting Standards and revised International Accounting Standards by the Accounting Standards Council which took effect in January 2005 started affecting the financial reports of the Club for the fiscal year ending June 30, 2006. The significant effects are on the recognition of income tax expense and derecognition of deferred tax assets in the absence of definite plans that operations for the coming years shall result to net income after depreciation. Other minor effects were in the recording of interest income, capital gains, property plant and equipment and depreciation and lease-finance expenses.

In August 2012, the BIR issued Revenue Memorandum Circular No. 35-2012 – Clarifying the Taxability of Clubs Organized and Operated Exclusively for Pleasure, Recreation and Other Non-profit purposes. Under Revenue Memorandum Circular No. 35-2012, membership dues which were previously exempted from VAT and income tax by virtue of BIR Rulings issued by the then Commissioner Chato and Asst. Commissioner Roldan in 1996 and 2006, respectively, are now subject to VAT and income tax. Said Revenue Memo caused a significant impact in our finances and adversely affected our cash flow forcing the Board of Directors on Sept. 15, 2012 to increase membership dues effective Oct. 2012. The Club complied under protest with the mandate of Revenue Memorandum Circular No. 35-2012.

For fiscal year 2014, the Club applied certain accounting standards that require restatement of previous year's financial statements, particularly Revised PAS 19, Employees Benefits. This required all actuarial gains and losses to be recognized in the Other Comprehensive Income. Also, unvested past service costs previously recognized over the average vesting period, were recognized immediately, whether in income or loss, when incurred.

The Supreme Court issued a decision last August 13, 2019 that declared that Membership Dues, Assessments and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: a) "the income of recreational clubs from whatever source" that are subject to income tax; and b) part of the "gross receipts of recreational clubs" that are subject to VAT. The decision became final and executory last February 18, 2020. Valley Golf duly complied with the Supreme Court decision. As such, the related Input Vat on expenses, inventories, completed projects and additions to property and equipment that is use for maintenance, preservation and upkeep of the Club's general operations and facilities related to members are to form part of the recorded amount of expenses, inventory and Property and Equipment.

Being a golf course, we do not spend much for research and development since our major concern is the maintenance of the golf course. We sometimes test new products for our insecticides, fertilizers, sands and grounds equipment but these are either samples given for free or the amount involved is very minimal.

The Club strictly adheres to all environmental laws. Sources of water are from the running creeks along the fairways and fertilizers used are all environmentally friendly and not hazardous to health. The Board signed a mutual environmental protection project and tree planting and seedling propagation with the DENR. Organic materials are being used for the maintenance of the greens and fairways. During the year 2001 the Club had undertaken the planting of around 300 golden coconut seedlings near the perimeter fence and within the golf course. Animals such as ducks and wild birds are allowed to roam within the creeks and fairways. In 2010, we constructed a greenhouse for seedlings of various trees and several tree saplings were planted in the courses or given to members. In our locker rooms, we had eliminated the use of plastics and styropor. Instead we made use of cloth bags and paper cups. We also eliminated the use of plastic cups in the fairways and clubhouse; instead, we are using paper cups.

Total number of employees is 82, all full time. We have 19 General Manager, Department Managers and Supervisors and 63 rank and file employees. The 63 rank and file are covered by a CBA which will expire on Oct. 2022. The breakdown of the employees are as follows; Office of the GM – 1, Golf Affairs – 21, Clubhouse – 20, Controllers - 18, Engineering –15, Administration/HR – 5 and Internal Auditor - 2. When we started engaging MJ Carr Golf Management for the maintenance of the golf courses, the Grounds Department was abolished. Our employees have never been on strike for the past three years neither are they threatening to strike. Supplemental benefits include free meals during overtime and holidays and special events in the Club, free coffee during break time and various gift items during Christmas seasons.

There is no major risk involved in the business of Valley Golf & Country Club.

The Club members' equity as of June 30, 2020 is P 244 Million. We do not issue unsecured bonds. Valley Golf has been in business for 62 years.

ITEM 2. DESCRIPTION OF PROPERTY

Seen from the air, the Main Clubhouse, which was designed by noted Filipino Architect Gabriel Formoso, takes on the unmistakable shape of a golf ball perched on a tee. The "golf ball " houses the Men's Locker Room. The " tee " houses the upper veranda, the golfers' lounge and a viewing deck where one can enjoy the action on the 9th or 18th green.

Adjacent to the Main Clubhouse are two swimming pools with cabanas for men and women. The swimming pools and cabanas are now being renovated to be at par with modern designs. The Club now has a state-of-the-art fully lighted for night use driving range with amenities such as coffee shop and restaurant,

sports bar, members' lounge, pro-shop and shower rooms. The driving range has two-level driving bays, all equipped with convex mirrors while the upper-level bays feature the revolutionary TMAX-GOLF motor less dispensers. Adequate parking near the Main Clubhouse is assured for as many as 200 cars.

The North Clubhouse is furnished with modern facilities, complete with restaurant, function rooms, locker rooms and offices. The restaurant is now being managed by a concessionaire as part of innovations being introduced to the membership.

a.) Location and area of the properties.

Valley Golf & Country Club, Inc. is located along Don Celso S. Tuason Ave., with entry and exit on Ortigas Ave., Extn. and Sumulong Highway. Total land area is 1,222,971 sq. meters, part of which is in Antipolo City and another part in Cainta, Rizal.

b.) Description and condition of the properties.

All properties are registered in the name of Valley Golf Club, Inc. and none of the properties are mortgaged nor encumbered. The Club does not lease any of its land.

Valley Golf does not intend to acquire any properties in the next twelve (12) months.

ITEM 3. LEGAL PROCEEDINGS

1. **Heirs of Victor Reyes vs. Valley Golf and Country Club, Inc.**
(SC GR No. 190641; CA-G.R Civil Case No. 80378; RTC-Makati City, Branch 138: Civil Case No. 01-528; SEC Case No. 01-97-5522)

This is a complaint by a former stockholder of VGCCI for reinstatement of playing rights and/or issuance of new shares of stocks. The complainant claims the auction sale in 1986 of his share for delinquency of his accounts was void for lack of notice to him. He is also claiming the amount of PhP20,000.00 as attorney's fees as well as costs of suit against the Club. In its Answer, the Club claims that the complainant's action is already barred by the statute of limitation and there was proper notice to him of his delinquency and the auction sale. As counterclaim, the Club is claiming PhP50,000.00 as moral damages, PhP50,000.00 as exemplary damages and PhP25,000.00 as attorney's fees. The Regional Trial Court has rendered judgment dismissing the complaint as there was no infirmity in the auction sale of complainant's share. Mr. Reyes has filed an Appeal with the Court of Appeals where the case is now pending. During the pendency of this appeal, the plaintiff passed away and the court, upon motion of his heirs, ordered their substitution as the plaintiffs.

On August 5, 2008, the Court of Appeals rendered a Decision reversing the decision of the Regional Trial Court and **declared the plaintiff (as**

substituted by his heirs) to be entitled to the reinstatement of his playing rights and/or the re-issuance of a new share of stock from Valley. The Court of Appeals said that the notice issued to the plaintiff as to the auction sale was defective as the registry receipt was not sufficiently authenticated and that even assuming there was notice of delinquency sent to the plaintiff, the payment of dues was the responsibility at the time of the playing guest to whom the playing rights of the share was assigned. The Club filed a Motion for Reconsideration on August 26, 2008 which was denied by the Court of Appeals in its Resolution dated November 25, 2009. On December 18, 2009, the Club filed a Petition for Review with the Supreme Court. The heirs of Victor Reyes already filed their Comment to which Valley Golf filed its Reply on 03 January 2011.

On 10 November 2015, the Supreme Court rendered its decision denying the Club's petition for review and affirming the Court of Appeals decision. On 16 February 2016, Valley Golf filed its Motion for Reconsideration. However, this was denied by the Supreme Court in its Notice dated 16 March 2016 which we received on 25 May 2016. An Entry of Judgment has been issued and hence, the decision has become final and executory. On 30 April 2018, undersigned counsel received a Motion for Issuance of Writ of Execution filed by the plaintiffs' counsel. We then filed on 11 May 2018 a Comment/Manifestation to the motion stating that while Valley Golf intends to comply with the Decision dated 05 August 2008 of the Court of Appeals which has already become final and executory, its compliance should be in accordance with law and consistent also with Valley Golf's own rules and procedures regarding stock ownership, transfer of shares and approval of membership and playing rights. The court in its Order dated 21 May 2018 has already granted the plaintiffs' Motion for Issuance of Writ of Execution. To forestall any inconvenience to Valley Golf and ensure orderly compliance with the Court of Appeals' decision, we met with plaintiffs' counsel on 30 May 2018 to explain to them the rules and procedures regarding stock ownership, transfer of shares and approval of membership and playing rights and inquired if plaintiffs are willing to accept a playing right instead of a golf share. Plaintiffs' counsel undertook to relay the information given to his clients and revert to us which to date, he has yet to do.

2. **Valley Golf and Country Club, Inc. vs. Gabina Maestre, et al.**
(Civil Case No. 09-8769, Branch 71 of the Regional Trial Court of Antipolo City)

This is a complaint for accion publiciana to recover possession of real property belonging to the Club under TCT No. 518354 currently being occupied by several squatters. The Club is seeking a decision from the Regional Trial Court ordering the defendants (about 37 in number), together with their families/households, and any and all persons claiming rights from them, at present and in the future, to vacate the subject properties in question and to restore the possession of the same to the Club. The Club is also seeking the payment of the attorney's fees in the amount of PHP50,000.00 acceptance fee and the amount of appearance fees, as and by way of attorney's fees, as well as for defendants to pay the costs of suit and litigation expenses.

Some of the defendants have filed an Answer claiming that they and their predecessors-in-interest have been in possession of the Club's property for more

than thirty (30) years which will entitle them to the ownership and possession of the property. They also claim that the Club's title is not valid since the property was acquired from the Manila Railway Company and that under a 1900s law, the railway company was bound to give the property back to the public once it is no longer used for railway operation. As counterclaim, defendants are claiming PHP500,000.00 as moral damages and PHP20,000.00 attorney's fees for each of them.

Valley Golf has previously filed a motion to declare in default some of the defendants who failed to file their Answer and this motion was already granted by the court. On 04 September 2013, in view of the failure of the defendants represented by counsel to file their Pre-Trial Brief, the court allowed Valley Golf to present its evidence *ex-parte*. These defendants filed a Motion for Reconsideration which Valley opposed and the court denied this motion. Valley Golf presented its evidence *ex-parte* and filed its Formal Offer of Evidence. The other defendants filed another Manifestation with Motion, seeking that they be allowed to present their own evidence which was denied by the court after Valley Golf filed its opposition.

On 02 September 2015, Valley Golf through its counsels received the Decision of the Regional Trial Court which declared Valley Golf as the lawful owner of the property and ordered it to be placed in possession of it and the defendants were ordered to vacate the same to surrender it peacefully to Valley Golf. Some of the defendants filed a Motion for Reconsideration to which Valley Golf filed its Comment/Opposition on 27 October 2015.

In the interval, Valley Golf signed in 2015 a Memorandum of Agreement with Malaya Valley Homeowners' Association, Inc., which, though not a party, claims to represent all the informal settlers on the subject property, some of which are already defendants in this case. Upon the instructions of the Board and management, Valley Golf's counsels filed a Motion for Approval of Compromise Agreement or the terms of the MOA. However, some of the individual defendants filed a Manifestation claiming that they did not sign and are vehemently opposing the Compromise Agreement (MOA).

On 24 October 2016, the RTC of Antipolo rendered an Order denying the Motion for Reconsideration of some of the defendants and approving the Compromise Agreement insofar as the defendants who were not opposing it. The defendants who filed the Motion for Reconsideration then filed a Notice of Appeal. On the other hand, upon the instructions of the Board of Directors, we filed on 21 December 2016 a Motion for Partial Reconsideration of the Order insofar as it approved the Compromise Agreement considering that a great number of defendants who are supposedly beneficiaries of the MOA are objecting to it thereby putting to naught the objective of the MOA to end the litigation, and that it will now be virtually impossible to implement the MOA based on its original terms and premises. The Motion for Partial Reconsideration was approved and defendants' Motion for Reconsideration was denied.

Some of the plaintiffs thereafter filed a Notice of Appeal from the Regional Trial Court's decision. On 19 June 2018, we received an Order from the Court of Appeals directing the defendants-appellants to file their Brief within forty five (45)

days from their receipt of the Order. We received a copy of the Brief of defendants-appellants on 06 August 2018. Valley Golf filed its Appellee's Brief on 30 October 2018. Defendants-appellants did not file any Reply Brief to Valley Golf's Brief. On 26 March 2019, we received a Resolution from the Court of Appeals stating that in the interest of justice, appellants are given twenty (20) days from notice within which to file reply brief, with warning that in case of non-compliance within the stated twenty (20) day period, the appeal will be deemed submitted for decision without reply brief.

On 10 September 2019, we received the Decision of the Court of Appeals which affirmed the Decision dated 16 July 2015 and Order dated 24 October 2016 of Branch 71 of the Regional Trial Court of Antipolo. Defendants filed a Motion for Reconsideration to which we filed a Comment/Opposition on 04 November 2019. On 10 January 2020, we received the Resolution from the Court of Appeals which denied the defendants' Motion for Reconsideration. On 29 January 2020, defendants through their counsel filed a Manifestation stating that they "discovered" that the property subject of the case was registered in the name of another party, Harmony Homes, Inc. and not Valley Golf. They then said that they will forego further appeal to the Supreme Court but will resist execution of the judgment on the ground that an alleged indispensable party, Harmony Homes, Inc. was not impleaded as a party and the judgment is null and void. We have verified this claim of the defendants with the engineer of Valley Golf and the latter has confirmed that the claims of defendants are false as subject property is indeed under the title of Valley Golf.

With the foregoing of appeal by defendants, the decision of the Court of Appeals has become final and executory and we expect the issuance of an Entry of Judgment. Once this is issued, the records of the case can be remanded back to the Regional Trial Court for the filing of a motion for issuance of writ of execution of the judgment.

3. **Jose B. Tayawa vs. Valley Golf & Country Club, Inc. , Jaime Victor Santos, Wilfredo G. Manahan, Albert G. Que, Leopoldo M. Garcia, and Albert D.G. San Gabriel**
(SCC Case No. 19-003, Regional Trial Court, Branch 70, Binangonan, Rizal)

The case filed by plaintiff, a member and stockholder of VGCCI as well as a Past President, is an Intra-Corporate Controversy insofar as the matter of his suspension of his membership by the Board of Directors for a period of one (1) year starting on 17 June 2019. As stated in his Complaint, he prayed that after due notice and hearing for the: 1) issuance of a Temporary Order valid for twenty (20) days for the immediate restoration of his full rights and privileges as member of VGCCI, 2) thereafter, but before the Temporary Order expires, 2) issuance of a Writ of Preliminary Mandatory Injunction for all defendants to immediately restore his full rights and privileges as member of Valley Golf, and that after trial, judgment be rendered: 3) dissolving the Writ of Preliminary Mandatory Injunction and replacing it with a Permanent Mandatory Injunction, 4) as First Cause of Action, declaring the 17 June 2019 Suspension Order as Null and Void, 5) as Second Cause of Action, ordering Defendant Board Members to pay him One Million and Five Hundred Thousand Pesos (Php1,500,000.00) as Moral Damages; 6) as Third Cause of Action, ordering Defendant Board Members to

pay him Three Million Pesos (Php3,000,000.00) as Exemplary Damages, and 7) on the Fourth Cause of Action, ordering Defendant Board Members to pay him the amount of Five Hundred Thousand Pesos (Php500,000.00) as Attorney's Fees and Costs of Litigation.

The dispute arose when the Board of Directors imposed upon plaintiff the penalty of suspension for one (1) year. As stated in the Notice of Suspension, the grounds for suspension was for acts of cheating, in particular, for knowingly, deliberately and with intent to make a mockery of the election of the directors submitting to Valley Golf and using without the authority of the authorized signatory of Solid State Multi Product Corporation the Request for Duplicate/New Proxy Form (RFD) as well as replacement proxies of Solid State for one candidate, as the authorized signatory of Solid State himself certified that he only signed one set of proxies in favour of another candidate.

In his Complaint, plaintiff alleges that he did not commit any forgery or cheating or submission of an unauthorized proxy and hence, he should not have been suspended. He argues that even assuming that there was sufficient evidence of wrongdoing on his part, the penalty of one (1) year suspension against him is harsh, oppressive and confiscatory since the Board of Directors has no authority to increase the penalty recommended by the Membership Committee. He also claims that there was no complaint against him to begin with and assuming there was, the complainant was not called upon to confirm the truthfulness and veracity of his complaint. He added that the defendant board members merely assumed the same and on the basis of their faulty reasoning and assumption, held that plaintiff cheated or has submitted an unauthorized proxy. Plaintiff claims that on procedural and substantive grounds, the Suspension Order should be declared null and void.

Plaintiff likewise claims that as a result of defendants' acts, he suffered serious anxiety, sleepless nights, besmirched reputation and social humiliation which is why he is claiming for moral damages. Plaintiff likewise accuses defendants of acting in wanton, fraudulent, reckless, malevolent and oppressive manner for which he is claiming exemplary damages. He is likewise claiming for attorney's fees and costs of suit.

On the other hand, defendant VGCCI and board members argue in their Answer with Compulsory Counterclaim claim that there is sufficient evidence or substantial evidence as required in administrative proceedings for defendants to conclude that plaintiff submitted and used proxies for the five (5) shares of Solid State without the authority of the latter. The authorized signatory of Solid State, sent a letter addressed to the directors certifying that he signed only one set of proxy forms in favour of another candidate, and not the candidate appearing in the proxy forms submitted by plaintiff, thereby disowning the proxy forms submitted by the plaintiff. Defendants allege that the plaintiff readily admitted that he does not know the president or any of the officers and directors of Solid State Multi-Products corporation. Hence, it would not be possible for plaintiff to be able to secure proxies duly signed by its authorized representatives. Thus, defendants argue that they were justified in concluding that without a doubt, plaintiff willfully and maliciously submitted and used the proxies of Solid State without being authorized to do so.

Defendants further argue that plaintiff was fully accorded procedural due process as he was allowed to give letters in response to the accusations against him and was even allowed to appear before the Board of Directors to air his side. They likewise state that the penalty of one (1) year suspension is not harsh, oppressive and confiscatory considering the gravity and seriousness of the offense committed by plaintiff. Defendants also argue that the penalty of one (1) year suspension is also within the power of the Board of Directors pursuant to the Revised Corporation Code, the Amended By-Laws of VGCCI and the Member's Handbook as well.

Defendants also denied the claims for moral damages, exemplary damages as well as attorney's fees for lack of any factual or legal bases. Defendants also claim that there is no basis for the court to grant plaintiff's prayer for a Writ of Preliminary Mandatory Injunction as he has not demonstrated any injury that is incapable of pecuniary estimation and no clear and unmistakable right on his part that was violated when he was suspended by defendant Board members.

As counterclaim, individual defendants claim that by reason of the filing of this baseless, unwarranted complaint against them, considering that they were only performing their duties as directors to defend the interest, honor and integrity of the corporation's election process, they have suffered serious anxiety, sleepless nights, besmirched reputation thereby entitling each of them to claim the amount of Five Hundred Thousand Pesos (Php500,000.00) as and by way of moral damages. And because of the malicious filing of the case which is devoid of any merit, defendant VGCCI was compelled to engage the service of counsel for which plaintiff should be held liable to pay Php175,000.00 acceptance fee, appearance fees of Php10,000.00 (partner) and Php7,500.00 (associate) for every appearance, pleading fees from Php10,000.00 to Php50,000.00, milestone fees and other litigation costs and costs of suit.

Proceedings were held before the Regional Trial Court of Binangonan, Antipolo to hear the plaintiff's prayer for a Writ of Preliminary Mandatory Injunction. Plaintiff completed his presentation of evidence and filed his Formal Offer of Exhibits to which defendants filed their Comment/Objections. Thereafter, Defendants presented their witnesses to oppose plaintiff's prayer for a Writ of Preliminary Mandatory Injunction.

After presentation of three (3) witnesses, the last hearing was scheduled for 25 March 2020 for the purpose of presenting defendants' last witness. However, this hearing was cancelled in view of the Enhanced Community Quarantine (ECQ) imposed by the Philippine government and no further hearings were set in view of the lockdown due to the COVID-19 pandemic. On 15 June 2020, defendants through counsel filed a Manifestation in Premises with the court manifesting that while defendants are willing to procure the attendance of the last witness, doing so may now be futile and inappropriate as the one year suspension of the plaintiff's membership already lapsed on 15 June 2020. Hence, the prayer for Writ of Preliminary Mandatory Injunction has become moot and academic. We have yet to receive any order or resolution from the court as to the Manifestation in Premises filed.

4. **Valley Golf and Country Club, Inc. (represented by Rosanna Arquelles) vs. Jetrick Nelson Tamayo**
(For Other Deceits, pending before Office of the Provincial Prosecutor of Rizal)

This is a criminal complaint for Other Deceits filed against Jetrick Nelson Tamayo, a person who was apprehended for having used fake Valley Golf car sticker in entering Don Celso Tuason Avenue on 16 October 2018. Upon his apprehension by Valley Golf's security guards, Tamayo admitted to using the fake Valley Golf car sticker and promised to pay the Php5,000.00 fine imposed by Valley Golf for the use of fake car stickers. However, he failed to do so. Demand letters were sent to him to pay the fine of Php5,000.00 but to no avail. Hence, Valley Golf authorized the filing of a criminal complaint for Other Deceits against him with the Office of the Provincial Prosecutor.

After the filing of the criminal complaint, we were informed that the Asst. Provincial Prosecutor decided not to hold preliminary investigations anymore and instead submitted the case for resolution. To date, we have yet to receive the prosecutor's Resolution.

The Club has a monthly retainer agreement with the Firm. Valley Golf and Country Club, Inc. has **no** outstanding/unpaid billing with our Firm as of June 30, 2020.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

For the fiscal year ended June 30, 2020, the Annual Stockholders' Meeting was held on Sept. 22, 2019. Out of the 1,594 issued and subscribed shares, 839 shares were represented by proxy or present in person, and majority being in attendance, the President, as Presiding Chairman, declared a quorum.

At the ensuing election, the following were elected as Directors:

- | | | |
|---------------------------------------|---|-----------|
| 1. Mr. Carlo J. Carpio | - | 658 votes |
| 2. Mr. Reginald Benjamin V. San Pedro | - | 626 votes |
| 3. Mr. Pablito M. Gregore | - | 527 votes |

The other directors whose term of office continued are Messrs. Albert San Gabriel, Wilfredo Manahan, Atty. Jeremy Parulan, Albert DG. San Gabriel, Leopoldo Garcia and Atty. Ronald O. Solis.

Matters discussed during the Annual Stockholders' Meeting include the ratification of the acts of the Board of Directors from July 1, 2018 to June 30, 2019, approval of the minutes of the annual meeting held on September 23, 2018 and the election of the external auditor. On the election of the External Auditor, the stockholders resolved to elect Sycip Gorres Velayo & Co. as the Club's External Auditor for the fiscal year ending June 30, 2020.

The details of the discussion are as follows:

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF

VALLEY GOLF & COUNTRY CLUB, INC.

Held at the Board Room, Main Clubhouse
Valley Golf & Country Club, Inc.,
Don Celso Tuason Avenue, Antipolo City
22 September 2019 at 4:00 p.m.

TOTAL NUMBER OF SHARES OUTSTANDING	1,594
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	(839) (52.60%)

I. CALL TO ORDER

After the National Anthem, the President and Chairman of the Board of Directors, Mr. Jaime Victor J. Santos, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Rio Sesinando E. Venturanza, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Secretary confirmed that notices of the meeting were duly sent to all members of the Board of Directors together with a copy of the materials for the meeting.

Based on a certificate issued by the Club's stock transfer agent, Suremail Courier Services Inc., attesting to the mailing of the notices of the meeting to the Club's stockholders of record, the Secretary certified that notices of the meeting were sent to all stockholders of record as of 01 August 2019 . A copy of the certificate has been attached to these minutes pursuant to the instructions of the Chairman.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of the total 1,594 shares representing the outstanding capital stock of the Club, holders of a total of 839 shares of stock were present in person or by proxy representing an attendance of 52.60%. Accordingly, the Secretary certified that a quorum existed for the transaction of the business at hand.

At this juncture, Atty. Ricardo Fernandez raised a point of order. He questioned the supposed presence of quorum since a number of proxyholders are not present at the meeting. The Corporate Secretary explained that under the terms of the proxy earlier submitted by the proxyholders, the member who signed the proxy authorized the chairman of the meeting to vote on behalf of the member in the absence of the appointed proxy on all matters stated in the agenda except the election of directors. After further discussion and the matter being clarified, the meeting proceeded.

III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 23 September 2018 was dispensed with as the same had been previously circulated/distributed to the stockholders. The Chairman opened the floor for further questions about the Minutes of the 2018 Annual Stockholders' Meeting. No questions having been raised, the Minutes of the last stockholders' meeting was thereafter approved.

The votes for the Resolution on the approval of the Minutes of 2019 Annual Stockholders' Meeting are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	839 (52.60%)	0 (0.00%)	0 (0.00%)

Accordingly, the following resolution was thereafter passed:

“RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) held on 23 September 2018 is hereby approved.”

IV. MATTERS ARISING FROM THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

The Chairman, Mr. Jaime Victor J. Santos, opened the floor for inquiries relative to the previous year's minutes.

After a moment of silence, considering that no questions were raised, the Chairman proceeded with the next item on the agenda.

V. READING AND APPROVAL OF THE AGENDA

The Chairman, Mr. Jaime Victor J. Santos, informed the stockholders present of a slight change in the agenda consisting of a presentation by GM Cliff M. Friedman of his proposal for the Club's five (5) year plan entitled “*Valley Golf World Class Five Years and Beyond*”.

There being no objection, the Chairman asked GM Friedman to share his report to the stockholders.

VI. MAIN AGENDA

GM FRIEDMAN PRESENTATION: Five Year Plan for Valley Golf entitled “Valley Golf World Class Five Years and Beyond”

GM Friedman stated that the report was first presented during a board meeting and the Chairman has requested him to give the stockholders a glimpse of his presentation. He started by saying that it has always been Valley Golf’s Mission and Vision to become a world class golf course. His proposed 5-year plan is geared towards the achievement of this vision in a cost-effective way. By having such plan, arbitrary decisions of the board whose composition changes every year would be avoided. Instead, their efforts would reflect a cohesive course of action designed to achieve specific goals that would help bring the Club to world class status. The Club is blessed with two great golf courses. The South Course for him is one of the best championship golf courses in Southeast Asia while the North Course is spectacularly challenging in its own way. Presently, the Club has started plugging the South Course greens with Zoysia Matrella grass which is expected to be finished ahead of schedule by the first week of November. By February of next year, he expects the South Course to have excellent greens. The Club intends to convert the grass in the South Course fairways to Zoysia Japonica and work is already in progress. He expects the work to be completed in a year’s time. The drainage system is also being improved so there will be no standing water on the fairways and this is being done in-house to minimize expenses. Wastewater improvement which actually is a long-term project is also being undertaken by controlling the trash and flushing the silt to improve the quality of irrigation water. This way, the Club will save on costly pump repairs and improve playing conditions in the golf course.

Mr. Errol Collado commended the GM on his vision for the Club and suggested that the Board form a committee to oversee the Club’s long terms plans. The Chairman replied that the suggestion will be endorsed to the next board for action.

VII. PRESIDENT’S REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The Chairman, Jaime Victor J. Santos, noted that all stockholders have been provided copies of the Club’s Annual Report. Nevertheless, he reported that the Club has a number of on-going projects in coordination with VMJ to make sure the courses will be in tip-top shape. Despite the simultaneous works going on, cash flow remains healthy even without increasing the members’ monthly dues. Priority project during his administration was the greens.

Thereafter, the Treasurer, Mr. Wilfredo G. Manahan, requested the Club’s comptroller, Ms. Rosanna Arguelles, to provide the stockholders with a summary of the Club’s annual financial performance. She reported that for the fiscal year 2018-2019, revenues increased by ₱15 million compared to the last fiscal year’s while operating expenses increased by ₱16 million. Net income for the year is ₱6.96 million compared to last year’s ₱12 million or a decrease of ₱5.2 million.

Thereafter, the Chairman opened the floor for questions in regard to the 2018-2019 Annual Report on the Club's operations and Financial Statements.

Mr. Ferlu Sudario asked what the Club plans to do after the Supreme Court decision came out invalidating the VAT imposed by the BIR on the members' monthly dues. The Chairman replied that the BIR has yet to issue the pertinent regulations but efforts will be exerted to make sure that VAT paid by the Club will be recovered through appropriate tax credits. The Chairman noted though that senior members of the Club have not been charged VAT on their monthly dues.

A request was then made on the floor to revert golf cart rental being charged seniors back to ₱350 from the new rate of ₱700. The Chairman noted the request and said that he will endorse the matter to the incoming board of directors.

After further deliberations and upon motion duly made and seconded, the Annual Report together with the Audited Financial Statements for the Fiscal Year 1 July 2018 to 30 June 2019, was approved based on the results of the voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2018-2019 Annual Report and Financial Statements	893 (52.60%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“RESOLVED, that the 2018-2019 Annual Report on the operations of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) together with the Audited Financial Statements and accompanying notes for the fiscal year 1 July 2018 to 30 June 2019, is hereby approved.”

VII. RATIFICATION OF CORPORATE ACTS

The Chairman next presented the acts of the Club's Board of Directors and Management for Fiscal Year July 1, 2018 to June 30, 2019, including the disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the date of the last stockholders' meeting up to this meeting for the stockholders' confirmation, ratification, and approval.

Upon a motion to confirm, ratify, and approve all the acts of the Club's Board of Directors and management including the disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the date of the last stockholders' meeting up to date of the present meeting was duly made and seconded, and no objections thereto having been raised by any of the stockholders' present, the motion was then approved based on the following results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of all acts of the Board of Directors and Management from the date of the last stockholders' meeting up to the date of the present meeting.	893 (52.60%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that all acts of the Board of Directors and Management of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) for the period July 1, 2018 to June 30, 2019, including the disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the last stockholders’ meeting on 23 September 2018 up to the date of this meeting, are hereby confirmed, ratified and approved.”

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman informed the audience that, after deliberations and upon the recommendation of the Audit Committee, the Board of Directors approved the re-appointment of Sycip Gorres Velayo & Company (SGV & Co.) as the Club’s external auditor for the year 2019-2020.

No questions or objections having been raised by the stockholders present despite the opportunity given, the proposal to re-appoint SGV & Co. as the Club’s external auditor for year 2019-2020 was approved by the stockholders based on the following results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Re-appointment of Sycip Gorres Velayo & Company as External Auditor for 2019-2020	893 (52.60%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Club’) hereby approves the re-appointment of Sycip Gorres Velayo & Co. as the Bank’s external auditor, for Year 2019-2020.”

IX. ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the new members of the Board of Directors for the ensuing year.

The Chairman then mentioned the names of the nominees and informed the audience that the nominees, whose individual profiles appear in the Club's Information Statement and Annual Report, were duly screened by the Nomination Committee.

The Chairman called on the Chairman of the Commission on Elections (Comelec), Atty. Felipe T. Cuison, to preside over the election of the new Directors. The other members of the Comelec were Atty. Ben Delos Reyes, Jr., and Atty. Marcus Antonius T. Andaya. The following were the official nominees:

1.	Atty. Plaridel J. Bohol II
2.	Mr. Reginald Benjamin V. San Pedro
3.	Mr. Pablito M. Gregore
4.	Mr. Carlo J. Carpio
5.	Mr. Errol U. Collado
6.	Mr. Marcos C. Hermoso
7.	Mr. Noel S. Flores

After all votes cast were counted, the following persons were declared elected as new members of the Board of Directors of the Club for the year 2019-2020 after receiving the votes indicated opposite their names:

	Nominee	No. of Votes Received		
		In Person	By Proxy	Total
1.	Mr. Carlo J. Carpio	16	642	658
2.	Mr. Reginald Benjamin V. San Pedro	33	603	626
3.	Mr. Pablito M. Gregore	23	504	527

IX. AWARDING OF PLAQUE

Thereafter, the Chairman proceeded to the awarding of the plaque of appreciation to the outgoing Directors including himself.

The General Manager, Mr. Friedman, together with the members of the Comelec, awarded the plaque of appreciation to out-going Directors of Valley Golf and Country Club, Mr. Virgilio G. Bucat and Mr. Augusto A. Cruz, Jr., in recognition of their invaluable services to the Club as members of the Board and as Chairmen of various committees. Plaque of appreciation was likewise given to the outgoing President, Mr. Jaime Victor J. Santos, in recognition of his outstanding service to the Club as member of the Board, chairman of various committees and finally as President of the Club.

X. OTHER MATTERS

The Chairman opened the floor for discussion of other issues and/or unfinished business.

A. Ms. Cielo Fregil on the procedure to sanction erring members

Ms. Fregil asked why it takes the Club months before an erring member is penalized. She cited the case of a lady member who was caught cheating on her scorecard who was able to play several more tournaments before her case was decided. Dir. Manahan explained the existing procedure before disciplinary action can be imposed including giving the member concerned due process. Also, the Membership Committee meets only once a month and its recommendation is submitted for approval of the Board which also meets once a month.

The Chairman noted the valid concern raised and undertook to refer the matter to the next board for study on how to speed up disciplinary action process.

B. Mr. Renato Balibag request for 100% green fee discount for PASG

Mr. Balibag asked the Chairman to completely waive the green fees (from just 50% discount) being charged participants in the PASG which the Club and its senior members are going to host the following month. While the Club's association of senior members receive subsidy from the Club, this is hardly enough considering that there are 4 senior tournaments held every year and these are usually well attended. The senior's funds will be heavily depleted if they are going to foot the 50% green fee. He also requested that the senior's association be allowed to choose who among its members will represent the Club in intra-club senior tournaments. The Chairman noted the requests and promised to refer the matter to the next board for immediate action.

ADJOURNMENT

There being no other matters to be discussed, the meeting was thereupon adjourned.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

1.) Market Information

Valley Golf & Country Club, Inc. does not market its shares in the stock exchange and all stockholders have pre-emptive rights on the sale of club shares. Total number of authorized capital stock is 1,800 at P 9,000.00 par value. Valley Golf is a non-profit club and does not issue any stock or cash dividends.

The Board of Directors on their Special Meeting last June 22, 2009 approved the sale of 26 shares of stock with the following conditions:

1. The conditions of the sale are as follows:
 - 1.1 Cash basis
 - 1.1.1. Outright sale of shares at Php380,000.00 each (minimum price for the first batch). Transfer Fee shall not be applicable.
 - 1.1.2. For non-members, membership is subject to compliance to the Membership processing requirements and approval of the Membership Committee.
 - 1.1.3. All shares must be activated within 30 days pursuant to Article VII, Section 3, of the By-Laws and Section 7 of the Articles of Incorporation.
 - 1.2. Shares of stock will be sold in batches and prices as follows:

			Date of Sale
1.2.1.	First batch	- 3 shares of stock	P 380,000.00 June 26 – 30
1.2.2.	Second batch	- 3 shares of stock	P 400,000.00 Jul. 1 – Jul. 7 or after 1 st batch is sold whichever is earlier
1.2.3.	Third batch	- 3 shares of stock	P 425,000.00 Jul. 8 – Jul.14 or after 2 nd batch is sold whichever is earlier
1.2.4.	Fourth batch	- 3 shares of stock	P 450,000.00 Jul. 15- Jul. 22 or after 3 rd batch is sold whichever is earlier
1.2.5.	Fifth batch	- 3 shares of stock	P 475,000.00 Jul. 23 -Jul.31 or after 4 th batch is sold whichever is earlier

Note: Prices are subject to change without prior notice.
2. Sale will be as follows:
 - 2.1 From June 26 – July 7, 2009, only to proprietary members on record as of May 31, 2009. Proprietary members who are interested to buy shares after July 7, 2009 will be given priority.
 - 2.2 Assuming that shares are still available, Playing guests, Corporate Representatives, children and spouses of proprietary members will be allowed to buy shares beginning July 8, 2009.
 - 2.3 Assuming that shares are still available, Non-members will be allowed to buy beginning July 15, 2009.
3. The mechanics of the sale were as follows:
 - 3.1 Sales inquiry must be coursed through the Office of the President beginning June 26, 2009.
 - 3.2 Sale will be on a first come, first serve basis.
 - 3.3 If there are more than three (3) interested buyers at the same time, the winner will be selected by raffle.
 - 3.4 No reservations will be entertained.
4. Utilization of the proceeds of the sale:
 - 4.1. Payment of outstanding loans.
 - 4.2. To fund the 3-year development program

As of June 30, 2013, there were fifteen (15) shares sold from this issuance.

The Board of Directors in their regular meeting last Nov. 15, 2014 approved the following:

1. **INSTALLMENT SALE OF SHARES OF STOCK**
 - a.) Deferred payment of the share of stock and transfer fee.
 - b.) "All in selling price" of P 350k.
 - c.) Payable in 12 monthly installments.
 - d.) Membership of the buyers is subject to compliance with the Membership processing requirements and approval of the Membership Committee.

As of June 30, 2015, there were five (5) shares sold from this issuance.

For the fiscal years 2000 and 2001, the market price ranged from the club subscription rate of P 625,000.00 to P 500,000.00. For the year 2002 market price was between P 500,000.00 to P 450,000.00. For the years 2003 to 2014 market price ranged from P 400,000.00 to P 500,000.00 for Club subscription to P332,000 to P292,000 for third party market. Market prices included the transfer fee of P 112,000.00. For the fiscal year 2015 and 2016 the market price was P250,000.00 plus P56,000 transfer fee during the promo period or P112,000 after the promo. For the fiscal year 2017 the market price was P312,000.00 plus P67,2000 transfer fee during the promo period or P112,000 after the promo. The market value of the shares of stock of Valley Golf as of June 30, 2018 is P400,000.00 plus P112,000.00 transfer fee. For the Fiscal Year 2019, the market price is P800,000.00 plus P112,000.00 transfer fee. For the Fiscal Year 2020, the market price is P1,300,000.00 plus P112,000.00 transfer fee. Market prices were based on subscription rates and transactions processed in the Club.

2.) Holders

Total number of shares issued and outstanding as of June 30, 2020 is 1,594 shares. There is no individual or corporate stockholder who is the beneficial owner of at least five percent (5 %) of the total shares outstanding. The top twenty (20) shareholders are as follows:

	STOCKHOLDER	No. of Shares Owned	Amount subscribed	% Ownership	Citizenship
1	FENESTRAM CORPORATION	6	54,000.00	0.38%	Filipino
2	PAE VENTURES, INC	6	54,000.00	0.38%	Filipino
3	G7 PHILIPPINE PRINTING CORP.	5	45,000.00	0.31%	Filipino
4	MANILA ELECTRIC CO.	5	45,000.00	0.31%	Filipino
5	SOLID STATE MULTI-PROD. CORP.	5	45,000.00	0.31%	Filipino
6	SQUIRES BINGHAM CO., INC.	5	45,000.00	0.31%	Filipino
7	TDR, INCORPORATED	5	45,000.00	0.31%	Filipino
8	FIRST PHIL. HOLDING CORP.	4	36,000.00	0.25%	Filipino
9	MADRIGAL, VICENTE/GERARDO A.S.	4	36,000.00	0.25%	Filipino
10	METROPOLITAN BANK & TRUST CO.	4	36,000.00	0.25%	Filipino

11	PHILIPPINE NATIONAL BANK	4	36,000.00	0.25%	Filipino
12	RELIABLE ELECTRIC CO., INC.	4	36,000.00	0.25%	Filipino
13	CHEOK, EDWARD N.	3	27,000.00	0.19%	Filipino
14	CO, VAL CONSTANTINE L.	3	27,000.00	0.19%	Filipino
15	DEE C. CHUAN & SONS, INC.	3	27,000.00	0.19%	Filipino
16	SEVERO A. TUASON & CO.INC.	3	27,000.00	0.19%	Filipino
17	TUASON, SEVERO J.	3	27,000.00	0.19%	Filipino
18	CARMONA, MANUEL Y.	2	18,000.00	0.13%	Filipino
19	METROPOLITAN INSURANCE COMPANY	2	18,000.00	0.13%	Filipino
20	PHIL. LONG DISTANCE TEL. CO.	2	18,000.00	0.13%	Filipino

There is no acquisition, business combination or other reorganization that may affect the amount and percentage of the present equity holdings of each director and nominee and of all directors and officers as a group nor are there any present commitments to such persons with respect to the issuance of shares.

3.) Dividends

Valley Golf is a non-profit club and does not declare any form of dividends. Income earnings are being used for maintenance of the golf courses and to improve services to the members.

4.) Recent sales of unregistered or exempt securities.

Valley Golf has not sold any unregistered or exempt securities during the present and previous fiscal years.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

1. PLAN OF OPERATION

OBJECTIVES:

- a. To have a timely scheduled improvement of Club facilities and services.
- b. Profitability and financial liquidity for operations and to fund various projects.
- c. To ascertain that the ongoing processes for controlling operations throughout the organization are adequately designed and functioning in an effective manner.

ACTION PLAN:

1. Full implementation of the following priority capital expenditures:
 - a. Renovation of Ladies' Locker Room with a budget of P2.14 Million
 - b. Lower Lanai Multi-Purpose Room with a budget of P3.96 Million
 - c. Renovation of Guests' Locker Room with a budget of P965k

- d. Implementation of the new Club Management and Accounting System with a Budget of P4 Million by June 2021.
- e. Installation of CCTV Cameras on vital areas of operation in the Clubhouses with a budget of P500k by December 2021.

2. MANAGEMENT DISCUSSION AND ANALYSIS

The results of operations for the Fiscal Year ending June 30, 2020 is reflected in the Audited Financial Reports. Gross Revenue from Operations amount to Php139.70 Million or a decrease of Php12.15 Million from last year's figure of Php151.86 Million. Operating Expenses however increased from Php143.63 Million in 2019 to Php154.99 Million in 2020 or an increase of Php11.37 Million or 7.91%. Excess of revenue over expenses for the year amount to (P15.29 Million) or a decrease of Php23.52 Million from last year's excess of Php8.23 Million.

In a more detailed analysis of our Revenue sources, the significant decreases are from our Green Fees by Php4.20 Million, Green Fee Coupons by Php0.97 Million, Assessment for Road Maintenance by Php1.82 Million, Transfer Fee by Php1.04 Million, Concessionaires' Fee by Php1.36 Million, Golf Cart Rental by Php0.31 Million, Self Insurance Fund & Service Fee by Php0.32 Million, Proshop Rental by Php0.24 Million Tournament Fee by Php0.75 Million, Gain on Settlement by Php4.35 Million, Gain on Sale of Property by Php2.77 Million and Interest Income by Php0.11 Million. On the other hand the following revenue sources increased during the year Service Charge by Php1.04 Million, Road Users' Fee by Php1.51 Million, Miscellaneous Income by Php3.34 Million.

Our Operating Expenses increased due to maintenance works concentrated in our golf courses and clubhouses as part of the Club's effort to give back to our members our excess revenues. The projects include purchase of Zoysia Japonica for the rehabilitation of the fairways in the South Course - P115,469, Repair of Pumps - P716,205, Maintenance of the Nursery - P657,174, Repair of Backhoe - P164,964, Repair of Riprap in the North Course - P114,285, Labor costs for painting in the Clubhouses - P 158,442, Repair of the satellite kitchen - P60,035 and Cleaning of Lagoons - P652,827. External factors such as the 2.5% inflation rate in the later part of 2020, the implementation of the Supreme Court decision that declared that Membership Dues, Assessments and fees of similar nature collected by Clubs do not constitute as: a) "the income of recreational clubs from whatever source" that are subject to income tax; and b) part of the "gross receipts of recreational clubs" that are subject to VAT, thus the related Input Vat on expenses that is use for maintenance, preservation and upkeep of the Club's general operations and facilities related to members are to form part of the recorded amount of expenses and the Covid 19 pandemic affected our expenses.

During the year the Treasury was able to finance various projects such as the Rehabilitation of the Greens in the South Course, Repair of Bunkers in the South Course, Improvement of the Motorpool roofing, Renovation of Swimming pool, Installation of Electronic Locks for the Men's Lockers, Purchase of 10 units Electric Golf Carts and 1 unit Ice Maker.

We would like to note the unfavorable variances in our Balance Sheet that resulted from the closure of the Club Operations for almost three months during the Covid 19 quarantine period . Our Current Assets decreased by Php10.80 Million, from Php70.49 in 2019 to Php59.69 Million in 2020. Our Property and Equipment decreased by Php4.48 Million. Our total assets for the Fiscal year 2020 are Php295.58 Million. Our Liabilities however, increased by Php3.21 Million due to provision for probable claims and payables to suppliers that are not yet due.

The market value of our shares of stock has reached Php1.3 Million plus transfer fee of P112,000. Our keen business decisions, the continuing development of our golf courses and the upward trend of the golf clubs' market are contributing factors for our achievement. The Board is committed in its effort to maintain the steady increase in the market value of our shares of stock. The scheme to gradually return the exclusivity of the Club but at the same time introducing alternative revenue sources to cushion the financial impact is a matter we are considering to pursue.

Valley Golf has no liquidity problems on its operations and projects and does not anticipate any liquidity problems in the future. All interest payments are being paid on due date and funds are available for the termination of loans when the need arises. All trade payables are paid based on the credit terms.

There are no seasonal aspects that had a material effect on the financial condition or results of operation.

There are no events that will trigger direct or contingent financial obligation that is material to Valley Golf. There is no anticipated default or acceleration of obligation.

There are no off-balance sheet transactions, arrangements, obligations or other relationships of the Club with unconsolidated entities or other persons created during the fiscal year.

There are no material commitments for capital expenditures.

There are no other trends, events or uncertainties that would have a material favorable or unfavorable impact on net sales or revenues.

There are no significant elements of income or loss that did not arise from Valley Golf's continuing operations.

The **FINANCIAL SOUNDNESS INDICATORS** are as follows:

1. **CURRENT RATIO** - represents the ratio of current assets against current liabilities. This ratio represents the liquidity of the Club or the available current assets to settle the current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

	As of June 30, 2020	as of June 30, 2019
Current Assets	59,693,051.00	70,490,715.00
Current Liabilities	44,735,954.00	45,837,718.00
Current Ratio	1.33	1.54

This above ratio indicates that the Club is less liquid as compared to last year. The principal cause of the decline in the liquidity ratio is the closure of the Club due to the pandemic and the policy not to accept guests thus the decrease in Cash and Cash equivalents by P12,665,531. Current Liabilities however increased due to the increase in Accrued provision for probable claims by P4,790,929.

2. **ACID TEST RATIO** – the ratio is an indicator of whether the Club has sufficient short-term assets to cover its short-term liabilities. This ratio is more useful in certain situations than the Current Ratio, also known as the working capital ratio, since it ignores assets such as inventory, which may be difficult to quickly liquidate.

$$\text{Acid Test Ratio} = \frac{\text{Current Assets Less Inventory}}{\text{Current Liabilities}}$$

	As of June 30, 2020	as of June 30, 2019
Current Assets less Inventory	55,848,377.00	66,328,409.00
Current Liabilities	44,735,954.00	45,837,718.00
Acid Test Ratio	1.25	1.45

The amount of Current Assets less Inventory for Fiscal year 2020 decreased to P55.85 Million from P66.33 Million in 2019 or a decrease of P10.48 Million, whereas the Current Liabilities decreased by P1.10 Million. The decrease in the ratio indicates that the Club is more liquid in FY 2019 than in FY 2020.

3. **SOLVENCY RATIOS** – are ratios that are calculated to judge the financial position of the Club from a long-term solvency point of view. These ratios measure the club's ability to satisfy its long-term obligations and are closely tracked by stockholders and investors to understand and appreciate the ability of the business to meet its long-term liabilities and help them to assess the long-term investment of their funds in the business.
 - a. **LONG-TERM DEBT TO EQUITY RATIO** – aims to determine the amount of long-term debt the Club has undertaken vis-à-vis the Equity and helps in finding leverage of the business. The ratio also helps in identifying how much long-term debt the Club has to raise compared to its equity contribution.

$$\text{Long-Term Debt to Equity Ratio} = \frac{\text{Long-Term Debt}}{\text{Total Equity}}$$

	As of June 30, 2020	as of June 30, 2019
Long-Term Liabilities	8,127,786	3,810,281
Total Members' Equity	242,712,820	263,548,671
Long Term Debt to Equity Ratio	.03	.01

The increase in the Long-Term Debt Ratio from .01 in FY 2019 to .03 in FY 2020 indicates the increase in the long-term debt by P4.32 Million in relation to the equity of the Club.

- b. DEBT TO TOTAL ASSETS RATIO-** this represents the ratio of total liabilities to total assets or the assets available to settle outstanding liabilities of the Club. This is used to assess the total leverage of the business. The higher the ratio, the higher the leverage and higher the financial risk on account of a heavy debt obligation on the part of the business.

$$\text{Debt to Total Assets Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

	As of June 30, 2020	as of June 30, 2019
Total Liabilities	52,863,740	49,647,999
Total Assets	295,576,560	313,196,670
Debt to Total Assets Ratio	0.18	0.16

Liabilities for the year increased by P3,215,741, while assets decreased by P17,620,110 thereby increasing the ratio. The decrease in assets is greater than the decrease in liabilities, therefore there are less assets to settle the outstanding liabilities of the Club.

- c. PROPRIETARY RATIO –** this ratio establishes between Stockholders' funds and total assets of the business. It indicates the extent to which stockholders funds have been invested in the assets of the business.

$$\text{Proprietary Ratio} = \frac{\text{Total Members' Equity}}{\text{Total Assets}}$$

	As of June 30, 2020	as of June 30, 2019
Total Members' Equity	242,712,820	263,548,671

Total Assets	295,576,560	313,196,670
Asset to Equity Ratio	0.82	0.84

The ratio decreased from 0.84 in FY 2019 to 0.82 in FY 2020, the lower the ratio the higher the leverage and comparatively more is the financial risk on the part of the Club.

4. **DEBT TO EQUITY RATIO** - the ratio is used to evaluate a company's financial leverage. It is a measure of the degree to which a company is financing its operation through debt versus wholly-owned funds. More specifically, it reflects the ability of shareholders equity to cover all outstanding debts in the event of a business downturn.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Members' Equity}}$$

	As of June 30, 2020	as of June 30, 2019
Total Liabilities	52,863,740	49,647,999
Total Members' Equity	242,712,820	263,548,671
Debt to Equity Ratio	0.22	0.19

This shows that in 2020 the ratio increased and thus the total liabilities comprise a higher percentage of the total stockholders' equity. This resulted from the increase of the Accrued Provision for Probable Claims by P4.79 Million and Retirement Benefit Obligation by P4.33 Million.

5. **ASSET TO EQUITY RATIO** – measures the proportion of the Club's assets that has been funded by the Stockholders

$$\text{Asset to Equity Ratio} = \frac{\text{Total Assets}}{\text{Total Members' Equity}}$$

	As of June 30, 2020	as of June 30, 2019
Total Assets	295,576,560	313,196,670
Total Members' Equity	242,712,820	263,548,671
Asset to Equity Ratio	1.22	1.19

The Total Assets decreased by P17.62 Million in Fiscal Year 2020 while the Stockholders' Equity decreased by P20.83 Million thus the ratio increased, therefore more of the assets were funded by shareholders than funded by debt.

6. **INTEREST RATE COVERAGE RATIO** – measures the number of times a company can make interest payments on its debt with its earnings before interest and taxes. It is a debt ratio and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.

$$\text{Interest rate coverage ratio} = \frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Expense}}$$

	as of December 31, 2019	as of June 30, 2019
EBIT	(15,289,709)	8,229,674
Interest Expense	0	0
Interest Rate Coverage Ratio	0	0

This ratio is not applicable since the Club has no outstanding loan.

7. **RETURN ON EQUITY** – is calculated by dividing net income by shareholders' equity. This is a profitability ratio that measures the ability of a firm to generate profits from its shareholders investments in the company. The Return on Equity ratio shows how much profit each Peso of stockholders' equity generates.

$$\text{Return on Equity} = \frac{\text{Net Income (Loss)}}{\text{Total Members' Equity}}$$

	As of June 30, 2020	as of June 30, 2019
Net Income (Loss)	(17,198,344)	6,965,564
Total Members' Equity	242,712,820	263,548,671
Return on Equity	(.07)	.03

The operations for Fiscal Year 2020 resulted to a net loss of (P17,198,344) thus the Return on Equity Ratio is negative .07 which is lower by 1.00 to the .03 in previous fiscal year. Each peso of Members' Equity suffered a loss of (.07) in FY 2020.

8. **RETURN ON ASSETS (ROA)** - measures the amount of profit the company generates as a percentage of the value of its total assets.

$$\text{Return on Assets} = \frac{\text{Net Income/(Loss)}}{\text{Average Total Assets}}$$

	As of June 30, 2020	as of June 30, 2019
Net Income/ (Loss)	(17,198,344)	6,965,564
Average Total Assets	295,576,560	313,196,670
Return on Assets	(0.06)	0.02

Operations for Fiscal Year 2020 resulted to a net loss of (P17,198,344) as compared to net income of P6,965,564 in Fiscal year 2019 or lower by P24,163,908 and thus the rate of return on assets also decreased.

9. **NET PROFIT MARGIN** – is a financial ratio used to calculate the percentage of profit a company produces from its total revenue. It measures the amount of net profit a company obtains per Peso of revenue gained.

$$\text{Net Profit Margin} = \frac{\text{Net Income/(Loss)}}{\text{Total Revenue}}$$

	As of June 30, 2020	as of June 30, 2019
Net Income/ (Loss)	(17,198,344)	6,965,564
Total Revenue	139,704,496	151,856,633
Net Profit Margin	(12.31%)	4.59%

Since the operations for the Fiscal year 2020 resulted to a net loss of (17,198,344), the Net Profit Margin is (12.31%) which is 16.9% lower than last year's 4.59%.

10. OTHER RATIOS

EARNING PER SHARE (EPS) - this represents the net income per share of stock issued and outstanding and subscribed. The resulting number serves as an indicator of a company's profitability.

$$\text{Earnings Per Share} = \frac{\text{Net Income/(Loss)}}{\text{Common Shares Outstanding}}$$

	As of June 30, 2020	as of June 30, 2019
Net Income/ (Loss)	(17,198,344)	6,965,564
Common Shares Outstanding	1,594	1,594
Debt to Total Assets Ratio	(10,789.42)	4,369.86

For the Fiscal Year ended June 30, 2020 the net loss per share is (P10,789.42) while for the Fiscal year ended June 30, 2019 the net income per share was P4,369.86. Net loss for the year is (P17,198,344) or a decrease of P24,163,908 from the net income of P6,965,564 for the year ended June 30, 2019.

The following are the details of the operations of the Club for the year 2020

A. OPERATING RESULTS

1. Revenues – revenues decreased from P151,856,633 in 2019 to P139,704,496 in 2020 or a decrease of P12,152,137 or 8.00%. Significant sources of the decrease are the Green Fees that decreased by P4,200,532

and the Assessment for Road Maintenance that decreased by P1,817,327. Other Revenue sources that showed decreases include Golf cart rental by P314,848, Green Fee coupons by P968,347, Transfer Fee by P1,040,000, Concessionaires' Fee Main Clubhouse by P965,037, Concessionaires' Fee North Clubhouse by P396,062, Pro-shop rental by P243,557, Locators' Fee by P361,225, Self Insurance Fee by P184,200, Service Fee on Non Members by P136,257, Tournament Fee by P751,056 and Rental of Driving Range by P84,912.

Revenue sources that increased in the year 2020 include Patronage Fee by P60,320, Service Charge by P1,044,279, Golf Cart Storage by P116,433, Road Users' Fee by P1,508,459, Monthly Dues by P185,577 and Miscellaneous Income by P3,337,803.

Decrease in Green Fee is due to the decrease in total number of non-member golfers who played in our courses from 23,027 in 2019 to 17,780 guests in 2020 brought about by the Covid 19 Pandemic quarantine restrictions that closed the operations of the Club for almost three (3) months and since Mar. 17, 2020 the Club has not allowed guests to play in accordance with IATF Guidelines. Assessment for road maintenance decreased due to decrease in quantity sold because of the closure of the Club. Golf cart rental decreased due to decrease in number of rentals by 1,164 units, from 14,070 in 2019 to 12,906 in 2020 because of the closure of the Club's operations during the pandemic and non-acceptance of guests. Income from Green Fee coupons decreased due to non-availment of the coupons purchased by Prime Sports because of the restrictions on the acceptance of guests during the quarantine period. Decrease in Transfer Fee is mainly due to the decrease in number of members willing to sell or transfer their shares to 3rd party, 1st degree and foreigner. Decrease in Concessionaires' Fee was due to decrease in total sales of Main Clubhouse Anix's by P7.53 Million, sales of North Clubhouse Jayj's by P5.66 Million and Pro-shop Rental by P243,557 for this fiscal year. Locators' Fee decreased because of the Board Resolution that cancelled the imposition of the Locators' Fee and instead the establishments along Don Celso Tuason will pay the Road Users' Fee. The Self Insurance Fee, Service Fee and Tournament Fee decreased because of the decrease in the number of guests. Rental of Driving Range decreased because of the waiver of the rental fee for 3.5 months during the quarantine period.

Patronage Fee increased due to increase in number of members who availed of the food and beverage of the concessionaires. Service Charge increased because for the fiscal year 2020 there were 41 new members, 31 corporate members and 89 renewals. Golf cart storage fee increased due to conversion of some units from gasoline to electric with the difference in billing by P200 per unit. Increase in Road User's Fee is due to increase in passing thru vehicles by P1.5 Million. Monthly Dues increased due to assignment of playing rights of the Proprietary Members, thus higher membership dues from playing rights members. Miscellaneous Income increase due to change in accounting treatment of accounts receivable from concessionaires by P3.94 Million.

2. **Cost and Expenses** - For the fiscal year 2020 the total cost of services and general and administrative expenses amount to P154,994,205 or an increase of P11.37 Million or 7.91% from previous year's figure of P143,626,959

Personnel Expenses decreased from P30,380,488 in 2019 to P29,334,697 or a decrease of P1,045,791 or 3%. Salaries and Wages decreased by P673,437 because of the resignation of the Golf Director and the salary of the General Manager recorded as Outside Services. Meal Allowance increased by P4,760, 13th month Pay decreased by P48,528, Vacation, Sick leave increased by P74,228, Overtime decreased by P208,260, SSS, Philhealth and ECC increased by P126,638, Bonus and Gratuity Pay decreased by P186,722, Retirement Benefit Expense decreased by P105,931, Employee of the year decreased by P49,000 and Training and Seminar increased by P20,461.

Supplies decreased from P19,373,244 in 2019 to P18,354,808 in 2020 or a decrease of P1,018,437 or 5%. Stationeries and office supplies decreased by P157,653, Gasoline and Oil Supplies increased by P2,843,272, Repairs & Maintenance decreased by P3,314,704, Toilet and cleaning supplies increased by P225,645, Janitorial supplies decreased by P201,495, Medical and Dental supplies increased by P84,742 and Service supplies decreased by P120,036. Swimming pool supplies decreased by P96,795, Linen supplies increased by P126,264, Motorpool and Ground supplies decreased by P19,091 and Miscellaneous supplies decreased by P398,887.

Utilities increased from P12,681,377 in 2019 to P14,673,327 in 2020 or an increase of P1,991,950 or 16%. Electricity increased by P100,539, Communication by P253,995 and Water by P1,637,416.

Outside Services increased from P35,848,969 in 2019 to P42,377,884 in 2020 or an increase of P6,528,916 or 18%. Legal Fees increased by P866,597, Retainers Fee by P1,675,742, Security Services by P1,362,817, Golf Course Maintenance by P2,018,639 and Maintenance Crew by P1,153,975. Audit Fees decreased by P54,351, Laundry Services by P194,504 and Internal Audit Services by P300,000.

Sundries increased from P17,853,997 in 2019 to P18,270,256 in 2020 or an increase of P416,258 or 2%. Taxes and Licenses increased by P1,027,601, Insurance by P122,027, Ads & Publication by P30,756, Marketing Expenses by P55,155, Provision for inventory obsolescence by P55,483 and Miscellaneous by P580,630. Transportation & travel decreased by P45,759, Board, Committee and Stockholders Meeting by P151,132, Dues &

Registration fees by P32,318, Promotional and Industrial by P186,603, Bank Charges by P32,262, Self-insurance expense by P120,506 and Tournament expenses by P886,813.

B. BALANCE SHEET ACCOUNTS

1. Cash and cash equivalents – went down from P46,752,642 in 2019 to P34,087,111 or a decrease of P12,665,531 or 27.1%. Decrease resulted from the net cash generated from operating activities amounting to P5.53 which is lower by P15.8 Million from last year's P21.33 Million due to the net loss in the results of the operations of the Club. Net cash flow used in investing activities amounting to (P18.19) Million due to additions of property and equipment amounting to P17.93 Million offset by disposals of Land Improvements of P153,745, Ground Tools, Service Machinery & Equipment of P789,588, Furniture and fixtures of P35,179 and Transportation Equipment of P1,026,783.
2. Trade and other receivables – went up from P14,049,760 in 2019 to P16,987,794 in 2020 or an increase of P2,938,034 or 20.9%. Increase was due to increase in Members account by P805,550 and Other Receivables by P2,375,695 while Allowance for doubtful accounts increased by P243,212.
3. Other current assets – decreased from P9,688,312 in 2019 to P8,618,146 in 2020 or a decrease of P1,070,166 or 11%. Decrease resulted from decrease in supplies inventory and recoverable input vat amounting to P317,631 and P290,113 respectively. Another source of the decrease is the short term investment of P666,224.
4. Property and equipment – decreased from P233,177,487 in 2019 to P228,695,886 in 2020 or a decrease of P4,481,601 or 1.9%. The decrease was due to Improvements in the South Course such as the Rehabilitation of the Greens – P1,964,285, Rehabilitation of Bunkers – P1,848,704 and Purchase of two units pumps and accessories – P1,210,491. Other increases include Reblocking along Don Celso Tuason Ave. – P7,945,491, Dredging of Ponds both in the South and North Courses – P4,221,428, Purchase of 10 units Electric Golf Carts – P2,767,857, Purchase of Operations and Maintenance Equipment – P2,501,304 and Improvement in the Motorpool Area roofing – P559,933. However, the Accumulated Depreciation increased by P20,556,954 thus the Property and Equipment decreased.
5. Investment properties – went down from P2,911,947 in 2019 to P349,053 in 2020 or a decrease of P2,562,894 or 88%. Depreciation for the fiscal year 2020 for the North clubhouse is P2.56 Million.
6. Deferred tax asset – amount for year ended June 30, 2020 is P684,991. This figure is arrived at deducting the Provision for deferred tax the year recognized in the Net Loss in the amount of P1,853,545 and adding the Other Comprehensive Income of P1,558,931.

7. Other non-current assets – increased from P863,123 in 2019 to P1,334,964 in 2020 or an increase of P471,841 or 54.7%. Increase is due to Computerization Project in the amount of P245,000 and Advances to Suppliers of P295,400.00
8. Trade and other payables – decreased from P24,514,832 in 2019 to P16,276,250 in 2020 or a decrease of P8,238,582 or 33.6%. Decrease was due to decrease in Accounts Payable by P5.39 Million, Accounts Payable Others by P 2.28 Million and Payable to Organizations, Lessors and Cooperative by P928,606
9. Members' Deposits and Others went up from P13,547,957 in 2019 to P15,484,520 in 2020 or an increase of P1,936,563 or 14.3%. Increase resulted from refundable cash deposits from members, Credit balances of former members and advance payments made by the members to avail of the 1 month discount promo of the Club upon payment of 1 year monthly dues.
10. Retirement benefit obligation –increased from P3,645,579 in 2019 to P7,976,808 in 2020 or an increase of P4,331,229 or 118.8% due to increase in the present value of benefit obligation as per actuarial valuation.
11. Members' Equity –decreased from P263,548,671 in 2019 to P242,712,820 in 2020 or a decrease of P20,835,851 or 7.9%.

Fiscal Year 2019

A. OPERATING RESULTS

- 1 Revenues – revenues increased from P131,024,822 in 2018 to P151,856,633 in 2019 or an increase of P20,831,811 or 15.90%. Significant sources of the increase are the Green Fees that increased by P3,251,793 and the Assessment for Road Maintenance that increased by P3,390,991. Other Revenue sources that showed increases include Golf cart rental by P1,169,199, Transfer Fee by P880,000, Service Charge by P1,459,529, Locker rental by P54,321, Concessionaires' Fee Main Clubhouse by P578,223, Golf Cart Storage Fee by P280,386, Road Users' Fee by P1,886,913, Self Insurance Fee by P114,643, Service Fee on Non Members by P58,124, Tournament Fee by P683,268, Locators Fee by P112,459 and Miscellaneous Income by P2,058,769.

Revenue sources that decreased in the year 2019 include Patronage Fee by P123,609, Green Fee coupons by P516,623 and Monthly Dues by P84,493.

Increase in Green Fee is due to the increase in total number of non-member golfers who played in our courses from 21,458 to 23,028 guests. Increase in Road User's Fee is due to increase in passing thru vehicles by P2.04 Million. Golf cart rental increased due to additional 30 units electric golf carts that were purchased during the year and increase in number of rentals by 1,609

units, from 12,461 in 2018 to 14,070 in 2019. Increase in Transfer Fee is mainly due to the increase in number of members willing to sell or transfer their shares to 3rd party, 1st degree and foreigner. Increase in Concessionaires' Fee was due to increase in total sales of Main Clubhouse Anix's by P4.6 Million for this fiscal year. Service Charge increased because for the fiscal year 2019 there were 26 new members and 96 renewals all at full rate as compared to the discounted promo rates in fiscal year 2018. Golf cart storage fee increased due to increase in number of golf carts in storage from 385 units in 2018 to 408 units in 2019 or an increase of 23 units. Assessment for road maintenance increased due to increase in the prices of the car stickers and increase in quantity sold by 1,440 pcs. Miscellaneous Income increase due to change in accounting treatment of accounts receivable from concessionaires by P1 Million, Income from wheel clamping by P94k and fake stickers by P178k.

- 2 Cost and Expenses - For the fiscal year 2019 the total cost of services and general and administrative expenses amount to P143,626,959 or an increase of P25.26 Million or 21.34% from previous year's figure of P118,363,066

Personnel Expenses increased from P27,400,954 in 2018 to P30,380,488 in 2019 or an increase of P2,979,534 or 11%. Salaries and Wages increased by P1,927,451 CBA increase of P550.00 and in-house hiring of Internal Auditor and Golf Director. Corresponding increases in overtime, SSS, Philhealth, 13th month pay and the Employee of the Year incentive program. Meal Allowance increased by P110,400, 13th month Pay increased by P184,739, Vacation, Sick leave increased by P173,60, Overtime increased by P261,440, SSS, Philhealth and ECC increased by P195,862, Bonus and Gratuity Pay increased by P195,998 and Training and Seminar decreased by P127,155.

Supplies increased from P13,393,444 in 2018 to P19,373,244 in 2019 or an increase of P5,979,801 or 45%. Stationeries and office supplies increased by P184,773, Gasoline and Oil Supplies by P255,416, Repairs & Maintenance by P5.37 Million, Toilet and cleaning supplies by P72,590, Janitorial supplies by P196,501, Medical and Dental supplies by P40,432 and Service supplies by P20,841. Swimming pool supplies decreased by P5,332, Linen supplies by P4,311, Motorpool and Ground supplies by P64,643 and Miscellaneous supplies by P103,296.

Utilities increased from P10,093,474 in 2018 to P12,681,377 in 2019 or an increase of P2,587,903 or 26%. Electricity increased by P2,591,755 and Communication by P67,612. Water decreased by P71,463.

Outside Services increased from P31,299,532 in 2018 to P35,848,969 in 2019 or an increase of P4,549,436 or 15%. Legal Fees increased by P492,7220, Audit Fees by P181,120, Security Services by P1,337,657, Laundry Services by P69,050 and Maintenance Crew by P2,725,331. Retainers Fee decreased by P1,434 and Internal Audit Services by P269,035

Sundries increased from P17,931,275 in 2018 to P17,853,997 or a decrease of P77,278 or .43%. Taxes and Licenses increased by P504,393,

Transportation and Travel by P48,136, Insurance by P59,637, Board, Committee and Stockholders Meeting by P164,877, Marketing Expenses by P140,345, Dues & Registration fees by P31,313, Promotional and Industrial by P160,639, Bank Charges by P84,830 and Miscellaneous by P1,084,212. Prompt payment discount decrease by P263,214, Self-insurance expense by P179,079, Write-off on inventory loss by P72,909, Tournament expenses by P1,693,277 and Provision for inventory obsolescence by P55,483.

B. BALANCE SHEET ACCOUNTS

1. Cash and cash equivalents – went up from P44,044,150 in 2018 to P46,752,642 in 2019 or an increase of P2,708,492 or 6.15%. Increase resulted from the net cash generated from operating activities amounting to P20.16 Million due to the positive operating results of the Club. Net cash flow used in investing activities amounting to P17.45 Million due to additions of property and equipment amounting to P25.79 Million offset by proceeds from sale of property & equipment and proceeds from sale of investment property amounting to P3.7 Million and P4.9 Million, respectively.
2. Trade and other receivables – went up from P11,865,726 in 2018 to P14,049,761 in 2019 or an increase of P2,184,035 or 18.41%. Increase was due to increase in Members account by P1,840,015 and Other Receivables by P344,019.
3. Other current assets – went up from P7,285,053 in 2018 to P9,688,312 in 2019 or an increase of P2,403,259 or 32.99%. Increase resulted from increase in supplies inventory mainly attributable to sprinklers and deferred input tax amounting to P1,036,186 and P655,368 respectively. Another source of the increase is the short term investment of P666,224.
4. Property and equipment – went up from P226,576,571 in 2018 to P233,177,487 in 2019 or an increase of P6,600,916 or 2.91%. The increase was due to purchase of transportation & operations equipment of P12.82 Million, Construction in Progress – DCTA Road Reblocking of P6.82 Million and Construction in Progress – Dredging of Ponds of P1.59 Million.
5. Investment properties – went down from P5,580,860 in 2018 to P2,911,947 in 2019 or a decrease of P2,668,913 or 47.82%. Depreciation for the fiscal year 2018 for the North clubhouse is P2.66 Million.
6. Deferred tax asset – amount for year ended June 30, 2019 is P979,605. This figure is arrived at deducting the deferred tax liability of P1,418,786 from the deferred tax asset of P2,398,390
7. Other non-current assets – went down from P874,372 in 2018 to P863,123 in 2019 or a decrease of P11,249 or 1.29%. Decrease is due to the depreciation of the Computer Software.
8. Trade and other payables – went up from P17,735,086 in 2018 to P24,514,832 in 2019 or an increase of P6,779,746 or 38.23%. Increase was due to unpaid portion of the installment purchase of 20 units golf cart in the amount of P3

Million, suppliers for the Don Celso Tournament that are net yet due in the amount of P1.76 Million and payable to previous security agency of P929,990.

9. Members' Deposits and Others went up from P11,884,375 in 2018 to P13,547,957 in 2019 or an increase of P1,663,582 or 14%. Increase resulted from former members account on the sale of delinquent shares through public auction, refundable cash deposits from members and advance payments made by the members to avail of the 1 month discount promo of the Club upon payment of 1 year monthly dues.
10. Retirement benefit obligation –decreased from P5,189,476 in 2018 to P3,645,579 in 2019 or a decrease of P1,543,897 or 29.75% due to decrease in the present value of benefit obligation as per actuarial valuation.
11. Members' Equity –increased from P255,917,285 in 2018 to P263,548,671 in 2019 or an increase of P7,631,386 or 2.98%.

ITEM 7. FINANCIAL STATEMENTS

Attached Reports :

1. Statement of Management Responsibility
2. Audited Financial Statements for 2020 and 2019
3. Schedules A – G under RSA Rule 68

VALLEY GOLF &

ANTIPOLO CITY, PHILIPPINES
P.O. BOX 202 Q. PLAZA, CAINTA
TELS. 658-4901 TO 03, 658-4919 TO 20
FAX NO. 658-4918

COUNTRY CLUB, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

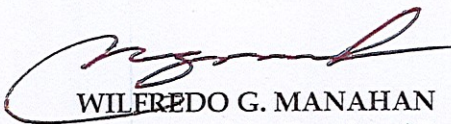
The management of Valley Golf & Country Club, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended June 30, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Club'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 Club or to cease operations, or has no realistic alternative but to do so.

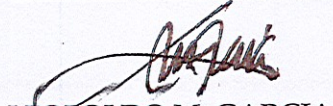
The Board of Directors is responsible for overseeing the Club's financial reporting process.

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

Sycip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders for the years ended June 30, 2020 and 2019, respectively, has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



WILFREDO G. MANAHAN
Chairman of the Board and President



LEOPOLDO M. GARCIA
Treasurer

SEP 25 2020

Signed this _____ day of _____.

SEP 25 2020

SUBSCRIBED AND SWORN TO before me this _____ at
CAINTA, RIZAL. Affiant exhibiting to me his/her Tax Identification as
indicated before his/her name and signature above.

Doc. No. 470
Page No. 94
Book No. IX
Series of 2020

Andrew V. Ferrer
ANDREW V. FERRER
NOTARY PUBLIC UNTIL DEC. 31, 2021
PTR NO. 13760078A; 01/02/20
IBP OR NO. 089176; 01/02/20
Rizal Chapter / MCLE Compliance
No. VI-0028918, October 4, 2019
Roll No. 39811 / Appointment No. 20-25
No. 9 A. Bonifacio Ave., Cainta Rizal

Elda Jugo

From: eafs@bir.gov.ph
Sent: October 8, 2020 01:57 PM
To: INFO@VALLEYGOLF.COM.PH
Cc: ELDAJUGO@VALLEYGOLF.COM.PH
Subject: Your BIR AFS eSubmission uploads were received

HI VALLEY GOLF AND COUNTRY CLUB, INC.,

Valid files

- EAFS000649197OTHTY062020-03.pdf
- EAFS000649197AFSTY062020.pdf
- EAFS000649197OTHTY062020-02.pdf
- EAFS000649197OTHTY062020-04.pdf
- EAFS000649197OTHTY062020-05.pdf
- EAFS000649197OTHTY062020-01.pdf
- EAFS000649197ITRTY062020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2XNX3XR204SVXVP2TNMXZT3SZ0QZMQYYQN**
Submission Date/Time: **Oct 08, 2020 01:56 PM**
Company TIN: **000-649-197**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

=====
DISCLAIMER
=====

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

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



ANTIPOLO CITY, PHILIPPINES
P.O. BOX 202 Q. PLAZA, CAINTA
TELS. 658-4901 TO 03, 658-4919 TO 20
FAX NO. 658-4918

COUNTRY CLUB, INC.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of Valley Golf and Country Club, Inc. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended June 30, 2020. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended June 30, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of Valley Golf and Country Club, Inc. complete and correct in all material respects. Management likewise affirms that:

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

Signature:
Chairman of the Board and President


WILFREDO G. MANAHAN

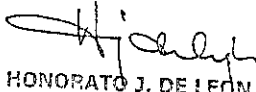
Signature:
Treasurer:


LEOPOLDO M. GARCIA

Signed this SEP 30 2020
day of _____

SUBSCRIBED AND SWORN TO before me this SEP 30 2020 at _____
Affiant exhibiting to me his/her Tax Identification
Number as indicated below his/her name and signature above.

Doc. No. 471
Page No. 95
Book No. VLV
Series of 2020


ATTY. HONORATO J. DE LEON JR.
NOTARY PUBLIC
Until December 31, 2020
Roll of Attorneys No. 27541
MCLE Compliance No. VI-0017458
ISP NO. 089512; Jan 06, 2020 RSM
PTR No. 7357764; Jan. 03, 2020 Antipolo City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	9	5	1					
---	---	---	---	---	--	--	--	--	--

COMPANY NAME

V	A	L	L	E	Y	G	O	L	F	&	C	O	U	N	T	R	Y	C	L	U	B	,	I	N	
C	.	(A	N	O	N	P	R	O	F	I	T	O	R	G	A	N	I	Z	A	T	I	O	N)

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

D	O	N	C	E	L	S	O	S	.	T	U	A	S	O	N	A	V	E	.	A	N	T	I	
P	O	L	O	C	I	T	Y																	

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

<p>Company's Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">info@valleygolf.com.ph</div>	<p>Company's Telephone Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">658-4901 to 03</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">N/A</div>
<p>No. of Stockholders</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">1,594</div>	<p>Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">4th Sunday of September</div>	<p>Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">June 30</div>

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

<p>Name of Contact Person</p> <div style="border: 1px solid black; padding: 2px;">Rosanna R. Arguelles</div>	<p>Email Address</p> <div style="border: 1px solid black; padding: 2px;">rosannaarguelles@valleygolf.com.ph</div>	<p>Telephone Number/s</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">658-4901</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">0920-9762-483</div>
--	---	--	--

CONTACT PERSON'S ADDRESS

Block 4A Lot 21, Modena St., Trails of Maia Alta, Brgy. Dalia, Antipolo City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors
Valley Golf & Country Club, Inc.
Don Celso S. Tuason Ave.
Antipolo City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valley Golf & Country Club, Inc. (a nonprofit organization) (the Club), which comprise the statements of financial position as at June 30, 2020 and 2019, and the statements of income, statements of comprehensive income, statements of changes in members' equity and statements of cash flows for each of the three years in the period ended June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at June 30, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended June 30, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits 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 Club in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 and fair presentation of the financial statements in accordance with PFRSs, 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

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



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 Club'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 Club'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 Club 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.





Building a better
working world

- 3 -

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 50 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 the management of Valley Golf & Country Club, 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.

SYCIP GORRES VELAYO & CO.

Peter John R. Ventura

Peter John R. Ventura

Partner

CPA Certificate No. 0113172

SEC Accreditation No. 1735-A (Group A),

January 15, 2019, valid until January 14, 2022

Tax Identification No. 301-106-741

BIR Accreditation No. 08-001998-140-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 8125315, January 7, 2020, Makati City

August 29, 2020



VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱34,087,111	₱46,752,642
Trade and other receivables (Note 5)	16,987,794	14,049,761
Other current assets (Note 6)	8,618,146	9,688,312
Total Current Assets	59,693,051	70,490,715
Noncurrent Assets		
Property and equipment (Note 7)	228,695,886	233,177,487
Investment properties (Note 8)	349,053	2,911,947
Trust fund (Note 9)	4,818,615	4,773,793
Deferred tax assets - net (Note 24)	684,991	979,605
Other noncurrent assets (Note 10)	1,334,964	863,123
Total Noncurrent Assets	235,883,509	242,705,955
TOTAL ASSETS	₱295,576,560	₱313,196,670
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱16,276,250	₱24,514,832
Members' deposits and others (Note 12)	15,484,520	13,547,957
Contract liabilities (Note 13)	7,164,515	6,755,189
Accrued provision for probable claims (Note 14)	5,810,669	1,019,740
Total Current Liabilities	44,735,954	45,837,718
Noncurrent Liabilities		
Retirement benefit obligation (Note 26)	7,976,808	3,645,579
Other noncurrent liability (Note 20)	150,978	164,702
Total Noncurrent Liabilities	8,127,786	3,810,281
Total Liabilities	52,863,740	49,647,999
Members' Equity		
Capital stock (Note 15)	14,346,000	14,346,000
Contributions in excess of par value	201,627,772	201,627,772
Accumulated excess of revenues over expenses (Note 15)	26,739,048	47,574,899
Total Members' Equity	242,712,820	263,548,671
TOTAL LIABILITIES AND MEMBERS' EQUITY	₱295,576,560	₱313,196,670

See accompanying Notes to Financial Statements.



VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF INCOME

	Years Ended June 30		
	2020	2019	2018
REVENUES			
Revenue from contracts with customers (Note 16)	₱123,666,014	₱135,105,293	₱-
Rentals (Note 20)	15,343,492	15,945,144	13,886,742
Interest income (Notes 4 and 9)	694,990	806,196	507,362
Members' dues (Note 17)	-	-	52,394,200
Green fees (Note 18)	-	-	22,220,657
Assessment for road maintenance	-	-	11,920,146
Transfer fees	-	-	5,810,000
Concessionaires' fees (Note 19)	-	-	5,155,832
Patronage fees (Note 17)	-	-	3,657,382
Service charge on playing guests	-	-	2,872,531
Miscellaneous income (Notes 7, 8, 16 and 18)	-	-	12,599,970
	139,704,496	151,856,633	131,024,822
COST AND EXPENSES			
Cost of services (Note 21)	131,011,939	123,749,600	102,378,411
General and administrative (Note 22)	23,982,266	19,877,359	15,984,655
	154,994,205	143,626,959	118,363,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES			
	(15,289,709)	8,229,674	12,661,756
PROVISION FOR INCOME TAXES (Note 24)			
	1,908,635	1,264,110	479,366
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	(₱17,198,344)	₱6,965,564	₱12,182,390

See accompanying Notes to Financial Statements.



VALLEY GOLF & COUNTRY CLUB, INC.**(A Nonprofit Organization)****STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended June 30		
	2020	2019	2018
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(₱17,198,344)	₱6,965,564	₱12,182,390
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains (losses) on defined benefit obligation (Note 26)	(5,196,438)	951,175	(97,117)
Income tax effect	1,558,931	(285,353)	29,135
	(3,637,507)	665,822	(67,982)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱20,835,851)	₱7,631,386	₱12,114,408

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.**(A Nonprofit Organization)****STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

	Years Ended June 30		
	2020	2019	2018
CAPITAL STOCK (Note 15)			
Issued and outstanding:			
Balance at beginning of year	₱14,346,000	₱14,346,000	₱14,337,000
Issuance of shares	—	—	9,000
Balance at end of year	14,346,000	14,346,000	14,346,000
CONTRIBUTIONS IN EXCESS OF PAR VALUE			
Balance at beginning of year	201,627,772	201,627,772	201,403,972
Premium on shares issued	—	—	223,800
Balance at end of year	201,627,772	201,627,772	201,627,772
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 15)			
Balances at beginning of year	47,574,899	39,943,513	27,829,105
Excess (deficiency) of revenues over expenses	(17,198,344)	6,965,564	12,182,390
Re-measurement gains (losses) on defined benefit obligation - net of tax	(3,637,507)	665,822	(67,982)
Total comprehensive income	(20,835,851)	7,631,386	12,114,408
Balance at end of year	26,739,048	47,574,899	39,943,513
TOTAL MEMBERS' EQUITY	₱242,712,820	₱263,548,671	₱255,917,285

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses before income taxes	(P15,289,709)	P8,229,674	P12,661,756
Adjustments for:			
Depreciation and amortization (Notes 7, 8 and 10)	25,040,564	21,978,752	18,194,589
Movement in retirement benefit obligation	(865,209)	(592,722)	(594,571)
Interest income (Notes 4 and 9)	(694,990)	(806,196)	(507,362)
Gain on sale of property and equipment and investment properties (Notes 7, 8 and 16)	(320,536)	(7,442,159)	(7,020,564)
Provision for expected credit losses on receivables (Note 5)	243,212	(7,067)	-
Interest expense (Note 22)	10,575	10,081	49,808
Reversal of inventory obsolescence	-	(55,483)	-
Loss on write-off of property and equipment	-	-	4,482
Transfer fee on issuance of share	-	-	(60,000)
Operating income before working capital changes	8,123,907	21,314,880	22,728,138
Decrease (increase) in:			
Trade and other receivables	(3,139,966)	(2,093,772)	1,722,954
Other current assets	1,015,076	(3,716,636)	(2,648,305)
Increase (decrease) in:			
Trade and other payables	(8,238,582)	6,779,746	3,677,173
Accrued provision for probable claims	4,790,929	-	-
Members' deposits and others	1,936,563	1,663,582	2,176,361
Contract liabilities	409,326	1,204,989	-
Membership dues paid in advance	-	-	329,400
Payable to contractor	-	(4,523,504)	-
Net cash generated from operations	4,897,253	20,629,285	27,985,721
Interest received	639,987	709,274	653,631
Interest paid	(10,575)	(10,081)	(49,808)
Net cash flows generated from operating activities	5,526,665	21,328,478	28,589,544
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 7 and 28)	(17,926,910)	(25,794,656)	(16,198,106)
Decrease (increase) in:			
Other noncurrent assets	(541,000)	(120,373)	2,325,635
Trust fund	(44,822)	(162,639)	(319,104)
Proceeds from sale of:			
Property and equipment (Note 7)	320,536	3,100,000	2,375,000
Investment properties (Note 8)	-	4,357,682	5,300,000
Net cash flows used in investing activities	(18,192,196)	(18,619,986)	(6,516,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,665,531)	2,708,492	22,072,969
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	46,752,642	44,044,150	21,971,181
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P34,087,111	P46,752,642	P44,044,150

See accompanying Notes to Financial Statements.



VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Valley Golf & Country Club, Inc. (the Club) was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on May 14, 1958 as a nonprofit organization for a term of 50 years up to 2008. The Club's corporate life was extended for another 50 years from May 15, 2008 as confirmed and ratified by the stockholders on November 18, 2007 and was subsequently approved by the SEC on April 29, 2008. On July 17, 1963, the SEC granted the Club a secondary license to sell its securities to the public.

The primary purpose of the Club is to foster and promote the game of golf and operate and maintain a golf course and country club and, generally, to do and perform all such acts and things, and exercise such powers as are ordinarily done, performed and exercised by social and athletic clubs and associations.

Prior to 2012, the Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

On August 3, 2012, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 35-2012 clarifying that clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes are subject to income tax and value-added tax (VAT) on their income from whatever source, including but not limited to membership fees, assessment dues, rental income, and service fees.

On August 13, 2019, the Supreme Court declared that membership fees, assessment dues, and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to VAT". Accordingly, the Club did not collect the related output VAT for membership fees, assessment dues, and fees of similar nature.

The registered office of the Club, which is also its principal place of business, is located at Don Celso S. Tuason Ave., Antipolo City.

The Club's Board of Directors (BOD) approved the issuance of the financial statements as at June 30, 2020 and 2019 and for each of the three years in the period ended June 30, 2020 on August 29, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Club have been prepared on a historical cost basis and are presented in Philippine peso (₱), which is the Club's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated. The financial statements provide comparative information in respect of the previous period.



Statement of Compliance

The financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Club has adopted the following new accounting pronouncements starting July 1, 2019. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance.

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the entity is the lessor.

The Club adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in July 1, 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Club will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The Club has no lease contracts where the Club is the lessee. Accordingly, the adoption of PFRS 16 had no impact on the financial statements of the Club.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs 2015-2017 Cycle*
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
 - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*



Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Club intends to adopt the following pronouncements when they become effective.

Effective beginning on or after July 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after July 1, 2021

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.



Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is held as a constituent of an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Amendments to this standard will have no impact on the Club's financial position or performance since it has no investments in an associate or joint venture.

Summary of Significant Accounting Policies

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to insignificant risk of changes in value.



Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement of Financial Assets

Financial assets are measured at fair value on initial recognition, and are subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing the financial assets. With the exception of trade receivables that do not contain a significant financing component the Club initially measures a financial asset at its fair value plus, in the case of financial assets not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

The Club's financial assets are in the nature of financial assets at amortized cost. As at June 30, 2020 and 2019, the Club has no financial assets classified as FVOCI and FVTPL.

Subsequent Measurement of Financial Assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

The Club measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of income when the asset is derecognized, modified or impaired.



The Club's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments under "Other current assets" and trust fund (see Notes 4, 5, 6, and 9).

Impairment of Financial Assets

The Club recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash in bank and cash equivalents, short-term deposits under "Other current assets" account and trust fund, the Club applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Club's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Club considers a financial asset in default when contractual payments are more than 30 days past due.

For trade and other receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Definition of default

The Club considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Club, in full (without taking into account any collaterals held by the Club).

Irrespective of the above analysis, the Club considers that default has occurred when a financial asset is more than 120 days past due unless the Club has reasonable and supportable information to demonstrate that a more conservative default criterion is more appropriate.



Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having
- d) granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- or
- f) the disappearance of an active market for that financial asset because of financial difficulties.

The Club implements a policy on its receivables, wherein members in the delinquent list or those with accounts that are past due for a certain period are reported to the BOD. The respective shares of the members or of the juridical entities they represent shall be ordered sold by the BOD, through an auction, to satisfy the claims of the Club.

Write-off policy

The Club writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Club's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized the statement of income.

Derecognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Club retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Club has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Club has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Club's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Club could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Club's continuing involvement is the amount of the transferred asset that the Club may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Club's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.



Financial Liabilities

Initial Recognition and Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivative designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in case of loans borrowings and payables, net of directly attributable transaction costs.

The Club has no financial liabilities at FVTPL and derivative instruments as at June 30, 2020 and 2019.

Subsequent Measurement of Financial Liabilities

Loans and borrowings and Payables

This is the category most relevant to the Club. After initial recognition, loans and borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category applies to trade and other payables and members' deposit and others (see Notes 11 and 12).

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Club assesses that it has currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Club and all of the counterparties.

Fair Value Measurement

The Club measures financial instruments and non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Club.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Club uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Club determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Club has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories

Inventories consist of gasoline, maintenance supplies, spare parts, office supplies and others. Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in, first-out method.

NRV of the saleable merchandise is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. NRV of gasoline, maintenance supplies, spare parts and others is the estimated replacement costs. In determining NRV, the Club considers any adjustment necessary for spoilage, breakage and obsolescence. An allowance for inventory obsolescence is determined based on a regular review and management evaluation of movement and condition of supplies.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment losses, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when the recognition criteria are met. Expenditures incurred after the property and



equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the period when the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

<u>Category</u>	<u>Number of Years</u>
Land improvements	3-50
Building and structures	5-50
Ground tools and services machinery and equipment	3-10
Furniture, fixtures and equipment	3-10
Transportation equipment	5

Construction in progress is stated at cost. Depreciation is computed when the construction is completed.

The remaining useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties consist of land and building held for rentals or capital appreciation or both. Except for land, investment property is stated at cost less accumulated depreciation and impairment in value for building. The cost of the investment property comprises its purchase price and other direct costs. Depreciation on the building is computed on a straight-line basis over the estimated useful life of 20 years. Land is stated at cost less any impairment in value.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of the change in use.

Gains or losses resulting from the sale of an investment property are recognized in statement of income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of income in the year of retirement or disposal.

Computer Software

Computer software included as part of "Other noncurrent assets" is initially recognized at cost. Following initial recognition, computer software is carried at cost, less accumulated amortization and any accumulated impairment in value.



Computer software is amortized on a straight-line basis over its estimated useful economic life of three (3) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the computer software is available for use. The period and method of amortization for the computer software are reviewed at each end of the reporting period. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the statement of income in the expense category consistent with the function of the computer software.

Impairment of Property and Equipment, Investment Properties and Computer Software

The Club assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists, the Club makes a formal estimate of recoverable amount. The nonfinancial asset's estimated recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or group of nonfinancial assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of the nonfinancial asset exceeds its estimated recoverable amount, the nonfinancial asset is considered impaired and is written down to its estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset. Fair value less costs to sell is the amount obtainable from the sale of the nonfinancial asset or cash-generating unit in an arm's-length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the nonfinancial asset.

Impairment losses of continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired nonfinancial asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the nonfinancial asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its estimated recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

Capital Stock

Capital stock is measured at par value for all shares issued.

Contribution in Excess of Par Value

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the members.

Accumulated Excess of Revenue Over Expenses

Accumulated excess of revenue over expenses represents accumulated net profits (losses).



Revenue Recognition (upon adoption of PFRS 15)

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements, except for the concessionaire services, because it typically controls the goods or services before transferring them to the customer.

The following are the Club's performance obligations:

Membership Dues

Membership dues pertains to monthly member's dues and administration fee charged to the Club's members and past Club presidents, respectively. Revenues are recognized over time when membership dues are due and demandable, net of any discount. Any advance payments are recorded under "Contract liabilities" account in the statement of financial position.

(i) *Variable Consideration*

- a. Discount on annual dues are provided to the members when they pay the annual dues in advance. The discount is equivalent to one-month membership dues and is presented as a reduction to the revenue recognized.
- b. Discount on prompt payments are provided to members when they pay their account balance in full within one month after billing. To estimate the variable consideration for the expected discount on prompt payments, the Club applies the most likely amount.

Sports and Recreation

Sports and recreation pertain to fees charged for use of the Club's golf and swimming pool facilities. This also includes the service fee charged for every play of golf. Revenues are recognized overtime when the related services have been rendered.

(i) *Variable Consideration*

- a. Discount on green fees are provided to guests when they purchase coupons which may be redeemed at a later date. Upon redemption, the green fee revenue recognized is net of the discount.

Assessment for Road Maintenance

Assessment for road maintenance is income generated from the use of the Club's main road, Don Celso S. Tuason Avenue. Revenues are recognized overtime when the related services have been rendered.

Corporate Services

Corporate services pertain to fees charged by the Club for processing members transactions. This includes transfer fees and service charge on playing guests. Transfer fees are transaction fees for transfers of members shares of stocks. Service charges on playing guests are transaction fees or cash requirements in order to process the Club's playing rights to outside individuals. Revenues are recognized overtime when the related services have been rendered.

Concession Fees

Concession fees pertains to a fee charged by the Club to its concessionaires in exchange for the right granted to the later to render food and beverage services and sale of goods to its members and guests. The amount of the commission income is based on the terms of the concessionaires' agreements. The Club acts as an agent on its concession agreements since it does not have control over the specified goods or services that will be delivered by the concessionaires to the Club's members and guests. Revenues are recognized at a point in time when the concessionaire has delivered the goods to the members and guests and the related services have been rendered.



Revenue from Special Events

Revenue from special events pertains to fees charged for golf tournaments and Club's social events. Revenue is recognized overtime upon occurrence of the event.

Patronage Fees

Patronage fees are consumables that members are entitled to for the consumption of food provided by the Club's concessionaire. Revenue are recognized overtime upon determination of the expired and unconsumed portion of the minimum required purchase of food and beverage, subject to the Club's policy. Any advance payments are recorded under "Contract liabilities" account in the statement of financial position.

Sale of Properties

Revenue from sale of properties are recognized at the point in time when control of the asset is transferred to the customer. The Club considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of properties, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Surcharge on Past Due Accounts

Surcharge on past due accounts are penalties charged to members with delinquent accounts for over 45 days from the statement or cut-off date of the later statement of account until the account is paid in full. Revenues are recognized at a point in time upon collection of the amount charged to the member for delayed payment.

Contract Balances

Receivables

A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Club performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Club performs under the contract.

Revenue Recognition (prior to adoption of PFRS 15)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the amount of revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes or duties. The Club has generally concluded that it is the principal in its revenue arrangements, except for the concessionaire services, because it typically controls the goods or services before transferring them to the customer.



The following specific recognition criteria must also be met before revenue is recognized:

Membership Dues

Members' dues are recognized monthly as the fees become due. Any advance payments for membership dues are recognized as a liability and credited to "Membership dues paid in advance" account in the statement of financial position.

Green Fees

Green fees are income generated from use of the golf course by member's guest and walk-in customers.

Assessment for Road Maintenance

Assessment for road maintenance is income generated from the use of the Club's main road, Don Celso S. Tuason Avenue. Revenues from road usage is recognized upon the sale of car stickers and tickets.

Rentals and Concessionaires' Fees

Rentals and concessionaires' fees are recognized when the service is rendered in accordance with the terms of the agreements entered into by the Club.

Transfer Fees

Transfer fees are recognized when the shares of stocks have been transferred.

Patronage Fees

Patronage fees are consumables that members are entitled to for the consumption of food provided by the Club's concessionaire. These are recognized monthly as the fees expire.

Service Charge on Playing Guests

Service charges on playing guests are transaction fees or cash requirements in order to process the Club's playing rights to outside individuals. These are recognized when the service is rendered.

Golf Cart Storage

Golf cart storage is income generated from the safekeeping and storage of member's golf carts.

Interest Income

Interest is recognized as income when it accrues, taking into account the effective yield on the asset.

Miscellaneous Income

Miscellaneous income are recognized as the earning process occurs and collection is reasonably assured.

Interest Income

Interest is recognized as income when it accrues, taking into account the effective yield on the asset.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.



Leases – accounting policies applied before July 1, 2019

Determination of Whether an Arrangement Contains a Lease

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Leases – accounting policies applied on or after July 1, 2019

Determination of Whether an Arrangement Contains a Lease

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Club as a Lessor

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Retirement Benefit Obligation

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Club's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and the prior period are measured at the amount expected to be recovered from or paid to the taxation authority. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each financial reporting period.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial



recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

The Club offsets deferred tax assets and deferred tax liabilities if and only if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

For the non-VAT registered activities, the amount of VAT passed on from its purchase of goods or service is recognized as part of the cost of goods/asset acquired or as part of expense item, as applicable.

Provisions

Provisions are recognized when the Club has a present obligation (legal and constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement.

Contingencies

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



Events After the Reporting Date

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

3. Significant Accounting Judgments, Estimates, and Assumptions

The preparation and fair presentation of the accompanying financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the financial statements and the accompanying notes. The judgments and estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Future event may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimate are reflected in the financial statements as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Judgments

In the process of applying the Club's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Revenue from contracts with customers

The Club applied the following judgement that significantly affect the determination of the amount of revenue from contracts with customers:

- *Principal versus agent considerations*

The Club enters into contracts with its concessionaires to perform, on their behalf, sale of goods and services to its members. The Club determined that it does not control the goods before they are transferred to customers. The following factors indicate that the Club does not control the goods before they are being transferred to customers. Therefore, the Club determined that it is an agent in these contracts.

- The Club is not primarily responsible for fulfilling the promise to provide the goods or services.
- The Club's revenue is in the form of a fixed commission income as established in the concession contract with the concessionaires.
- The Club does not have inventory risk before or after the goods has been transferred to the customer.
- The Club has no discretion in establishing the price for the goods and services.

Operating Lease - Club as Lessor

The Club has entered into commercial property leases. The Club has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.



Rental income pertaining to these leases for the years ended June 30, 2020, 2019 and 2018 amounted to ₱15.3 million, ₱15.9 million, and ₱13.9 million, respectively (see Note 20).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of Provision for Expected Credit Losses (ECLs) of Trade and Other Receivables

The Club uses a provision matrix to calculate ECLs for its trade and other receivables. The provision rates are based on days past due of each member that have similar loss pattern. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions expected to deteriorate over the next year which can lead to an increased number of defaults in its members, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Club's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Receivables from members that are considered as delinquent for a certain period and the amount due the Club has exceeded the credit limit of members as maybe fixed by the BOD from time to time shall be reported to the BOD and their shares of the juridical entities they represent shall thereafter be ordered sold by the BOD at auction to satisfy the claims of the Club as stated in the By-laws. It shall be absolutely prohibited to auction the share of a member whose overdue/delinquent account does not exceed such member's credit limit. As approved by the BOD, the members' credit limit shall be fixed at ₱50 thousand. A member may pay the overdue account at any time before the auction sale.

The carrying value of trade and other receivables amounted to ₱17.0 million and ₱14.0 million as at June 30, 2020 and 2019, respectively. Allowance for ECL amounted to ₱2.0 million and ₱1.8 million as at June 30, 2020 and 2019, respectively (see Note 5).

Estimation of Useful Lives of Property and Equipment and Investment Properties

The Club estimates the useful lives of property and equipment and investment properties based on the period over which the Club's property and equipment and investment properties are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, the Club's estimation of the useful lives of property and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

As of June 30, 2020, and 2019, there were no changes made in the estimated useful lives of the Club's property and equipment and investment properties. The carrying amount of property and equipment as of June 30, 2020 and 2019 amounted to ₱228.7 million and ₱233.2 million, respectively (see Note 7). The carrying amount of investment properties as of June 30, 2020 and 2019 amounted to ₱0.3 million and ₱2.9 million, respectively (see Note 8).



Determining Retirement Benefit Costs

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuation. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, turnover rate and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at end of the reporting periods.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

Retirement benefit obligation amounted to ₱8.0 million and ₱3.6 million as of June 30, 2020 and 2019, respectively (see Note 26).

Assessing Recoverability of Deferred Tax Assets

The Club reviews the carrying amounts of deferred tax assets at each reporting date and reduced the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Club can generate sufficient taxable profit to allow all or part of its deferred taxable assets to be utilized.

As of June 30, 2020 and 2019, the Club's net deferred tax assets amounted to ₱0.7 million and ₱1.0 million, respectively (see Note 24).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱20.4 million and ₱10.4 million as of June 30, 2020 and 2019, respectively (see Note 24).

Provisions and Contingencies

The Club is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with its counsel handling the defense in these matters and is based upon an analysis of potential results. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Club's financial position and results of operations. It is possible, however, that the future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

The Club has accrued provision for probable claims amounting to ₱5.8 million ₱1.0 million as of June 30, 2020 and 2019, respectively (see Note 14).

4. **Cash and Cash Equivalents**

	2020	2019
Cash on hand	₱130,000	₱683,475
Cash in banks	10,304,474	23,516,221
Cash equivalents	23,652,637	22,552,946
	₱34,087,111	₱46,752,642



Cash on hand consists of fund for daily operating expenses and undeposited collections. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short term deposits made for varying periods of up to three (3) months and earns interest at the respective short-term deposit rates.

Interest income earned amounted to ₱0.7 million, ₱0.8 million and ₱0.5 million in 2020, 2019 and 2018, respectively.

5. Trade and Other Receivables

	2020	2019
Members	₱13,430,509	₱12,624,960
Others	5,587,396	3,211,700
	19,017,905	15,836,660
Less allowance for ECL	2,030,111	1,786,899
	₱16,987,794	₱14,049,761

Receivables from members, which are due 30 days after billing date, are noninterest-bearing and constitute a lien on the members' shares.

Other receivables consist mainly of the share of the concessionaires and maintenance provider for the security services and electricity of the access roads around the Club, advances made to officers and employees and receivables from concessionaires and various organizations which are settled within 30-90 days' term.

As of June 30, 2020, and 2019, the aging analysis of trade and other receivables are as follows:

	2020	2019
Not more than 30 days outstanding	₱8,819,108	₱8,167,851
Beyond 30 days outstanding:		
31-60 days	1,726,116	2,378,158
61-90 days	2,108,575	961,631
Over 90 days	6,364,106	4,329,020
	₱19,017,905	₱15,836,660

The movements in allowance for ECLs are as follows:

	2020	2019
Balances at beginning of year	₱1,786,899	₱1,793,966
Provision (Note 22)	243,212	4,066
Write-off	-	(11,133)
Balances at end of year	₱2,030,111	₱1,786,899



6. Other Current Assets

	2020	2019
Supplies inventory at NRV	₱3,844,674	₱4,162,305
Prepayments	2,578,441	2,645,648
Creditable withholding tax (CWT)	784,165	494,211
Short-term investments	-	666,224
Others	1,410,866	1,719,924
	₱8,618,146	₱9,688,312

Supplies inventory include gasoline and oil stocks, grounds materials, office, shop and maintenance supplies and construction materials.

As of June 30, 2020, and 2019, the balance of supplies inventory is as follows:

	2020	2019
Supplies inventory at cost	₱3,844,674	₱4,245,718
Less allowance for inventory obsolescence	-	83,413
Supplies inventory at NRV	₱3,844,674	₱4,162,305

Prepayments pertain to prepaid taxes and licenses, prepaid medical expenses and prepaid insurance premiums.

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs which are claimed against the income tax due, represents excess of the tax payable and carried over in the succeeding period for the same purpose.

Short-term investments consist of time deposits with maturities of more than three (3) months but less than one (1) year, and earn interest at the respective short-term investment rates.

Others pertain to advances on purchases and deferred input VAT.

7. Property and Equipment

	2020							Total
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	
Cost:								
Balances at beginning of year	₱9,400,307	₱301,783,634	₱56,671,803	₱33,392,903	₱5,368,185	₱30,784,950	₱8,408,934	₱445,810,716
Additions	-	1,355,681	-	3,966,786	-	2,941,838	9,662,605	17,926,910
Disposals	-	(153,745)	-	(789,588)	(35,179)	(1,026,783)	-	(2,005,295)
Transfers	-	15,979,910	552,827	50,548	-	-	(16,583,285)	-
Balances at end of year	9,400,307	318,965,480	57,224,630	36,620,649	5,333,006	32,700,005	1,488,254	461,732,331
Accumulated depreciation:								
Balances at beginning of year	-	131,968,035	37,766,871	22,990,139	5,366,171	14,542,013	-	212,633,229
Depreciation (Notes 21 and 22)	-	11,943,315	1,971,489	3,795,332	1,801	4,696,574	-	22,408,511
Disposals	-	(153,745)	-	(789,588)	(35,179)	(1,026,783)	-	(2,005,295)
Balances at end of year	-	143,757,605	39,738,360	25,995,883	5,332,793	18,211,804	-	233,036,445
Net book values	₱9,400,307	₱175,207,875	₱17,486,270	₱10,624,766	₱213	₱14,488,201	₱1,488,254	₱228,695,886



In 2019, the Club sold parcel of land with a carrying value of ₱8 thousand. Proceeds from the sale of land amounted to ₱4.4 million resulting to a gain of ₱4.4 million (see Note 16). In 2018, the Club sold a parcel of land with a carrying value of ₱7 thousand. Proceeds from sale of land amounted to ₱5.3 million resulting to a gain on sale of ₱4.7 million (see Note 16).

Based on the latest appraisal reports submitted by Top Consult, Inc., independent appraiser, dated June 3, 2020 and August 15, 2020, the fair value of the land with aggregate land area of 9,029 sqm. and building with total floor area of 2,271 sqm., amounted to ₱45.2 million and ₱31.8 million, respectively. Based on the appraisal report submitted by Top Consult, Inc., independent appraiser, dated June 14, 2019, the fair value of the land with aggregate land area of 9,577 sqm. and building with total floor area of 2,271 sqm., amounted to ₱45.1 million and ₱32.7 million, respectively.

Rental income earned from investment property amounted to ₱0.3 million in 2020, 2019 and 2018 (see Note 20). Direct expenses related to investment properties consist mainly of amortization amounting to ₱2.6 million in 2020 and ₱2.7 million in 2019 and 2018, respectively.

9. Trust Fund

Pursuant to the resolution passed by the members on September 12, 1982 and as provided for in the Club's by laws, the trust fund committee is empowered to invest the Valley Golf Trust Fund, which in no case shall be less than the original amount of ₱3.5 million, in leading universal banks in the country.

The members' resolution further states that all proceeds from future sale of shares and real property, including all amortizations due on the sale of shares previously sold, shall accrue to the trust fund and that 85% of the interest income of the fund shall be made available for the maintenance and repair of the golf course. The remaining 15% of said interest income shall accrue to and form part of the fund.

On May 21, 1989, the members' resolution was amended stating that, "the proceeds of the sale of any real property of the Club or shares of stock to be used for capital expenditure and other infrastructure project shall not form part of the Valley Golf Trust Fund. However, any excess thereof shall form part of the Valley Golf Trust Fund".

Trust fund balance amounted to ₱4.8 million as at June 30, 2020 and 2019. Interest income recognized for the trust fund amounted to ₱45 thousand, ₱31 thousand and ₱32 thousand for the years ended June 30, 2020, 2019 and 2018, respectively.

10. Other Noncurrent Assets

	2020	2019
Refundable deposit	₱742,297	₱741,697
Computer software	297,267	121,426
Advances to suppliers	295,400	—
	<u>₱1,334,964</u>	<u>₱863,123</u>

Refundable deposit pertains to deposits to utility companies. The carrying amounts of the deposits are regarded as its amortized cost since the timing of the refund or settlement of the deposits could not be reasonably estimated.



Advances to suppliers relate to the installation of new pump and purchase of various equipment.

The movement of computer software is as follows:

	2020	2019
Cost:		
Balance at beginning and end of year	₱2,015,752	₱2,557,552
Additions	245,000	78,400
Balance at end of year	2,860,952	2,615,952
Accumulated amortization:		
Balance at beginning of year	2,494,526	2,362,904
Amortization (Notes 21 and 22)	69,159	131,622
Balance at end of year	2,563,685	2,494,526
Net book value	₱297,267	₱121,426

11. Trade and Other Payables

	2020	2019
Trade	₱5,018,457	₱12,691,821
Accrued expenses	5,387,722	4,323,784
Organizations and cooperative	4,919,926	5,848,532
VAT payable	417,535	790,400
Concessionaires	138,893	450,504
Others	393,717	409,791
	₱16,276,250	₱24,514,832

Trade payables are unsecured, noninterest-bearing and are payable to suppliers within 30 days.

Accrued expenses are obligations on the basis of normal credit terms and do not bear interest. These pertain to accruals made for outside services, utilities and other various accruals. These are normally settled throughout the next financial year.

Organizations and cooperative are loans and advances by the employees from the association which are payable on demand.

Concessionaires pertains to collections received by the Club for and on behalf of the concessionaires.

Other payables mainly consist of withholding tax payables and tournament deposits.



12. Members' Deposits and Others

	2020	2019
Due to former members	₱8,132,582	₱7,699,969
Cash deposits	7,100,000	5,580,000
Security deposit	251,938	267,988
	<u>₱15,484,520</u>	<u>₱13,547,957</u>

Due to former members consist mainly of proceeds from auction sale of shares, payable to former members and other advance payments made by them.

Cash deposit pertains to deposits made by playing guests. Any unpaid liabilities will be deducted from this account and the excess will be refunded upon resignation of the playing guest.

Security deposit pertains to various deposits received by the Club from its concessionaires and lessee and is to be refunded at the end of their respective agreements.

13. Contract Liabilities

	2020	2019
Membership dues paid in advance (Note 17)	₱5,660,800	₱6,099,800
Green fee coupons	1,254,788	376,024
Tournament deposit	199,008	171,429
Others	49,919	107,936
	<u>₱7,164,515</u>	<u>₱6,755,189</u>

Membership dues paid in advance represents advance collection of monthly membership dues which are applied in the next financial year.

Green fee coupons are issued to Freeport Elite Resorts, Inc. which operates a driving range facility within the Club at a discounted price. The coupons are issued at different prices. These coupons are then sold to Korean guests of the Club also at a discounted price.

Tournament deposits pertains to advance payments of the Club's members made for an upcoming golf tournament.

Others pertains to the advance payments of the members for dues and fees, and for golf cart storage and locker rentals.

14. Accrued Provision for Probable Claims

Accrued provision for probable claims pertains to the estimated liability to resolve various probable claims against the Club. Any payment of actual claims against the Club requires the approval of the BOD.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.



As of June 30, 2020, and 2019, accrued provision for probable claims amounted to ₱5.8 million and ₱1.0 million, respectively.

15. Members' Equity

Capital Stock

	Shares		Amount	
	2020	2019	2020	2019
Common shares - ₱9,000 par value Authorized - 1,800 shares				
Issued	1,594	1,594	₱14,346,000	₱14,346,000

Accumulated Excess of Revenues Over Expenses

	2020	2019
Accumulated excess of revenues over expenses	₱27,480,815	₱44,679,159
Other comprehensive income (loss) (Note 26): <i>Item not to be reclassified into profit or loss in subsequent periods:</i>		
Beginning balance	2,895,740	2,229,918
Re-measurement gains (losses) on defined benefit obligation	(3,637,507)	665,822
Ending balance	(741,767)	2,895,740
Total	₱26,739,048	₱47,574,899

16. Revenue from Contracts with Customers

The table below presents the disaggregation of the Club's revenue from contracts with customers:

	2020	2019
Nature of services		
Membership dues (Note 17)	₱52,957,284	₱52,771,707
Sports and recreation (Note 18)	20,965,399	26,505,536
Assessment for road maintenance	15,390,417	16,060,509
Corporate services	11,026,339	11,022,061
Revenue from special events	8,591,704	9,053,591
Concessionaires' fee (Note 19)	4,129,714	5,730,543
Patronage fees (Note 17)	3,594,094	3,533,774
Surcharge	560,172	797,904
Sale of properties (Notes 7 and 8)	320,536	7,442,159
Others	6,130,355	2,187,509
Total	₱123,666,014	₱135,105,293



	2020	2019
Timing of revenue recognition		
Services transferred over time	₱118,655,592	₱121,134,687
Goods transferred at a point in time	5,010,422	13,970,606
	₱123,666,014	135,105,293

Assessment for road maintenance are toll fees charged by the Club to users of the Club's main road, Don Celso S. Tuason Avenue. A specified fix rate is charged for different type of motor vehicles.

Revenue from special events are fees charged to the Club's members for golf tournaments held at the Club. This also includes assessment fees to the Club's members for Club's social events. Tournament fees and assessment fees included under "Miscellaneous income" account in 2018 amounted to ₱2.3 million.

Surcharge are penalties charged to members with delinquent accounts for over 45 days from the statement or cut-off date. A surcharge of 5% shall be imposed on any account that remains delinquent including interest of 1% a month until the account is paid in full. Surcharges included under "Miscellaneous income" account in 2018 amounted to ₱0.8 million.

Others pertains to income earned by the Club from corkage, commission on art display and sale of scraps. These other income amounting to ₱1.3 million were included under "Miscellaneous income".

17. Membership Dues and Patronage Fees

Membership Dues

Membership dues and assessments are collected by the Club from its members primarily to cover expenses related to the maintenance and, for that matter, are utilized for improvements in the Club's facilities. The collection of these dues and assessments does not arise from any sale of goods or services but are imposed to cover and defray necessary expenses related to the maintenance of, and improvements in, the Club's facilities and as such, no part of the Club's income inures to the benefit of any of its members.

Members' dues recognized amounted to ₱53.0 million, ₱52.8 million and ₱52.4 million in 2020, 2019 and 2018, respectively.

Member's dues paid in advance by its existing members amounted to ₱5.7 million and ₱6.1 million as at June 30, 2020 and 2019, respectively. Members' dues paid in advance is considered as a contract liability of the Club to its members. In 2019, upon the adoption of PFRS 15, members' dues paid in advance is considered as a contract liability of the Club to its members.

Patronage Fees

Patronage fees are monthly consumables that members are entitled for the consumption of food and beverage provided by the Club's concessionaires that has expired and unconsumed.

Patronage fees recognized amounted to ₱3.6 million, ₱3.5 million and ₱3.7 million in 2020, 2019 and 2018, respectively.



18. Sports and Recreation

Green Fees

Green fees are generated from the use of the Club's golf courses. The Club has two golf courses: the North and South course. The North course is open to its members, their guests, and walk-in customers while the South course is open to its members and their guests only.

On September 30, 2016, the Club entered into agreement with Freeport Elite Resort, Inc. to purchase 1,000 coupons and another 1,000 coupons upon consumption of all coupons previously purchased. The green fees from Freeport Elite Resort, Inc. amounted to ₱0.1 million, ₱1.0 million and ₱1.6 million in 2020, 2019 and 2018, respectively.

The Club's aggregate green fees earned amounted to ₱21.0 million, ₱26.5 million and ₱22.2 million in 2020, 2019 and 2018, respectively. Service fees included under "Miscellaneous income" account in 2018 amounted to ₱1.3 million.

19. Concessionaires' Fees

	2020	2019	2018
Food and beverage services	₱3,374,760	₱4,735,860	₱4,149,021
Retail services	725,972	969,528	986,132
Spa and barbershop services	28,982	25,155	20,679
	₱4,129,714	₱5,730,543	₱5,155,832

Concession agreements entered into by the Club are shown below:

Food and Beverage Services

- a) Jay-j's Food Management, Inc. (JFMI), a local food concessionaire and the Club entered into a concession agreement whereby JFMI manages the food and beverage operations of the Club located at the North Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales including special functions contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from August 1, 2016 up to July 31, 2019. On June 15, 2019, the contract was extended for a period of three (3) months, starting from August 1, 2019 up to October 31, 2019. On August 16, 2019 the contract was subsequently extended for a period of six (6) months, starting November 1, 2019 until April 30, 2020. On February 29, 2020 the contract was extended for another three (3) months, starting from May 1, 2020 up to July 31, 2020. The concessionaire fee recognized from JFMI amounted to ₱1.1 million in 2020 and ₱1.5 million in 2019 and 2018.
- b) Anix's House of Kare-kare (AHK), a local food concessionaire and the Club entered into a concession agreement whereby AHK manages the food and beverage operations of the Club at the Main Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales for the first six (6) months of operations and 10% plus VAT of the monthly gross sales for the succeeding months or ₱100,000 whichever is higher including catering services contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from January 20, 2017 up to January 19, 2020, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The agreement was extended on January 20, 2020 until



June 30, 2020. This extension revised the concessionaire fee to 7% plus VAT of the monthly gross sales.

The concessionaire fee recognized from AHK amounted to ₱2.3 million, ₱3.3 million and ₱2.7 million in 2020, 2019 and 2018, respectively.

Retail Shop

Pacsport Phils, Inc. was awarded the concession to operate a retail sales outlet, inside the Clubhouse to serve the members, guests and dependents, exclusively. In consideration for operating the outlet, the Club charges a basic minimum monthly concession fee of ₱65,000 or 15% of their gross sales per month inclusive of VAT, whichever is higher. The agreement is for a period of two years from March 15, 2016 up to May 14, 2018.

On July 9, 2018, the contract was renewed and shall be effective for a period of two (2) years, starting from March 15, 2018 up to May 14, 2020. The contract provides that the concessionaire shall pay a fee of ₱70,000 or 15% of their gross sales per month inclusive of value added tax, whichever is higher. The concessionaire fees from Pacsport Phils, Inc. amounted to ₱0.7 million, ₱0.9 million and ₱1.0 million in 2020, 2019 and 2018, respectively.

20. Rentals

	2020	2019	2018
Golf cart rental	₱8,843,670	₱9,158,518	₱7,989,319
Golf cart storage	3,139,648	3,012,128	2,662,047
Venue and room fee	942,009	1,078,320	738,168
Locker rental	946,098	944,084	889,763
Pullcart rental	591,150	736,645	629,685
Driving range	432,119	517,032	507,089
Communication cell site (Note 8)	305,404	305,404	287,655
Others	143,394	193,013	183,016
	₱15,343,492	₱15,945,144	₱13,886,742

Golf carts, pull carts, and lockers pertain to rental fees charged to members and guests. The Club provides for pull carts to its members and guests in exchange for a rental fee for every play of golf. However, the players may opt to rent a golf cart instead, thus, the pull cart fee will be waived. Rentals of golf carts and lockers are for the use of the golf carts provided by the Club for its members. Rentals of lockers are for the use of the Club's locker rooms.

Golf cart storage pertains to rental fees charged to members for keeping the golf carts in reserve within the Club's premises.

On September 16, 2016, the Club entered into a Build-Lease-Transfer agreement with a third party to construct a Double Deck Driving Range with amenities located at the north course. The agreement includes a lease term of fifteen (15) years which commenced on July 8, 2017. The lessee shall pay a monthly lease of ₱25,000, inclusive of VAT, subject to a 10% escalation starting on the third (3rd) year. As part of the agreement, the lessee shall pay ₱450,000 representing one (1) year advance rental and six (6) months security deposits.



The future minimum rental commitment under this operating lease as of June 30, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Within one (1) year	₱463,014	₱518,452	₱267,857
More than one (1) year but not more than five (5) years	2,586,577	2,586,577	1,245,123
More than five (5) years	3,114,974	3,632,005	6,250,133
	₱6,164,567	₱6,737,036	₱7,761,115

The excess of principal amount of the refundable security deposits over its fair value, at inception date of operating lease, is presented under "Other noncurrent liability" amounting to ₱0.2 million and its current portion under "Trade and other payables" amounting to ₱13 thousand in the statement of financial position. Straight-line amortization of deferred rent amounted to ₱13 thousand in 2020 and 2019.

The Club leases the north clubhouse's rooftop to a local telecommunications company to be used as a cell site under certain conditions. Monthly rental amounts to ₱15,000, subject to a 4.5% escalation starting on the fourth (4) year. The lease period is from October 1, 2007 to September 30, 2017, renewable for a period to be mutually agreed upon by the parties. The contract was renewed in 2017 for a period of 10 years which took effectivity on October 1, 2017 and expiring on September 30, 2027. The lessee shall pay ₱23,197, inclusive of VAT, subject to a 4.5% escalation starting on the second year of the new lease period.

The future minimum lease commitment under this operating lease as of June 30, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Within one (1) year	₱305,404	₱305,404	₱305,404
More than one (1) year but not more than five (5) years	1,527,020	1,527,020	1,527,020
More than five (5) years	381,755	687,159	992,563
	₱2,214,179	₱2,519,583	₱2,824,987

Others pertain to rental fees from the Club's housing and employee's canteen.

21. Cost of Services

	2020	2019	2018
Outside services	₱37,925,988	₱33,891,093	₱30,025,468
Depreciation and amortization (Notes 7, 8, and 10)	24,748,395	21,751,957	17,907,874
Personnel cost (Note 23)	22,479,363	22,206,954	21,407,116
Utilities	14,068,617	12,066,285	9,588,934
Supplies	9,868,403	7,644,658	7,178,936
Repairs and maintenance	7,551,955	10,855,913	5,497,280
Club events	6,090,755	5,495,985	-
Others	8,278,463	9,836,755	10,772,803
	₱131,011,939	₱123,749,600	₱102,378,411

