SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: CN200429482
Company Name: JMH MICROFINANCE, INC.
Industry Classification: 91990
Company Type: Non-stock Corporation

Document Information

Document ID: OST1060820228478118
Document Type: Financial Statement
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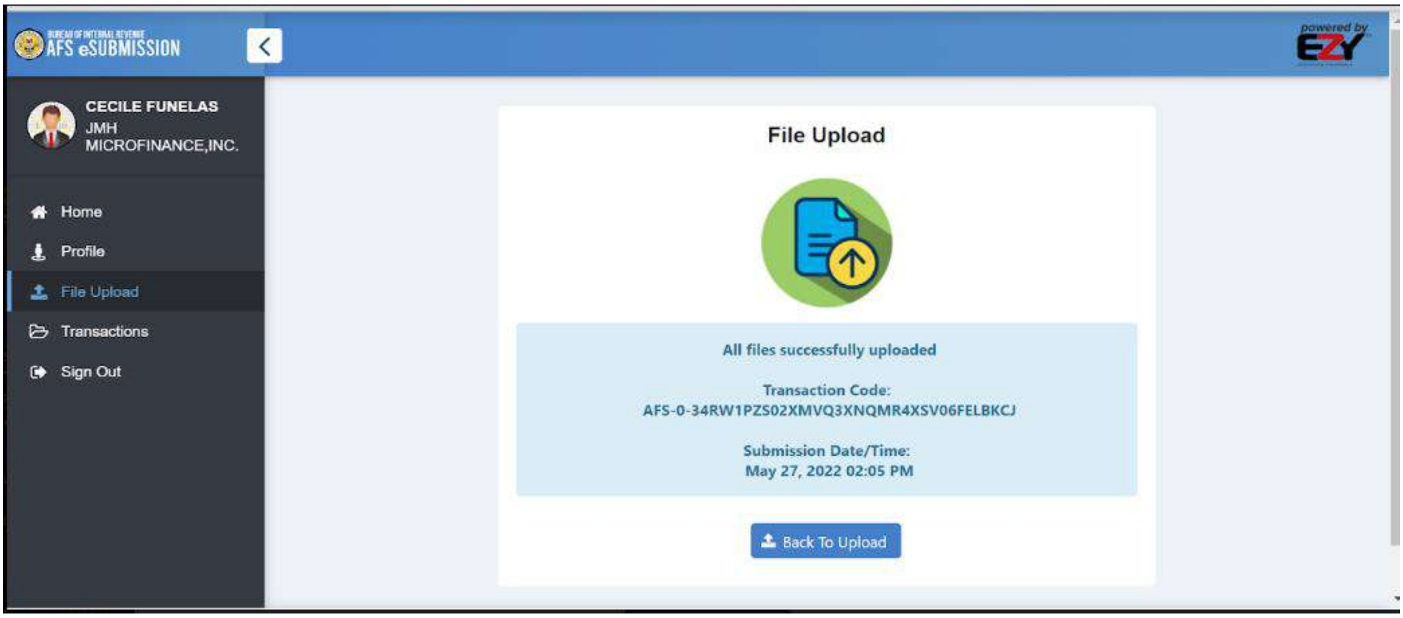
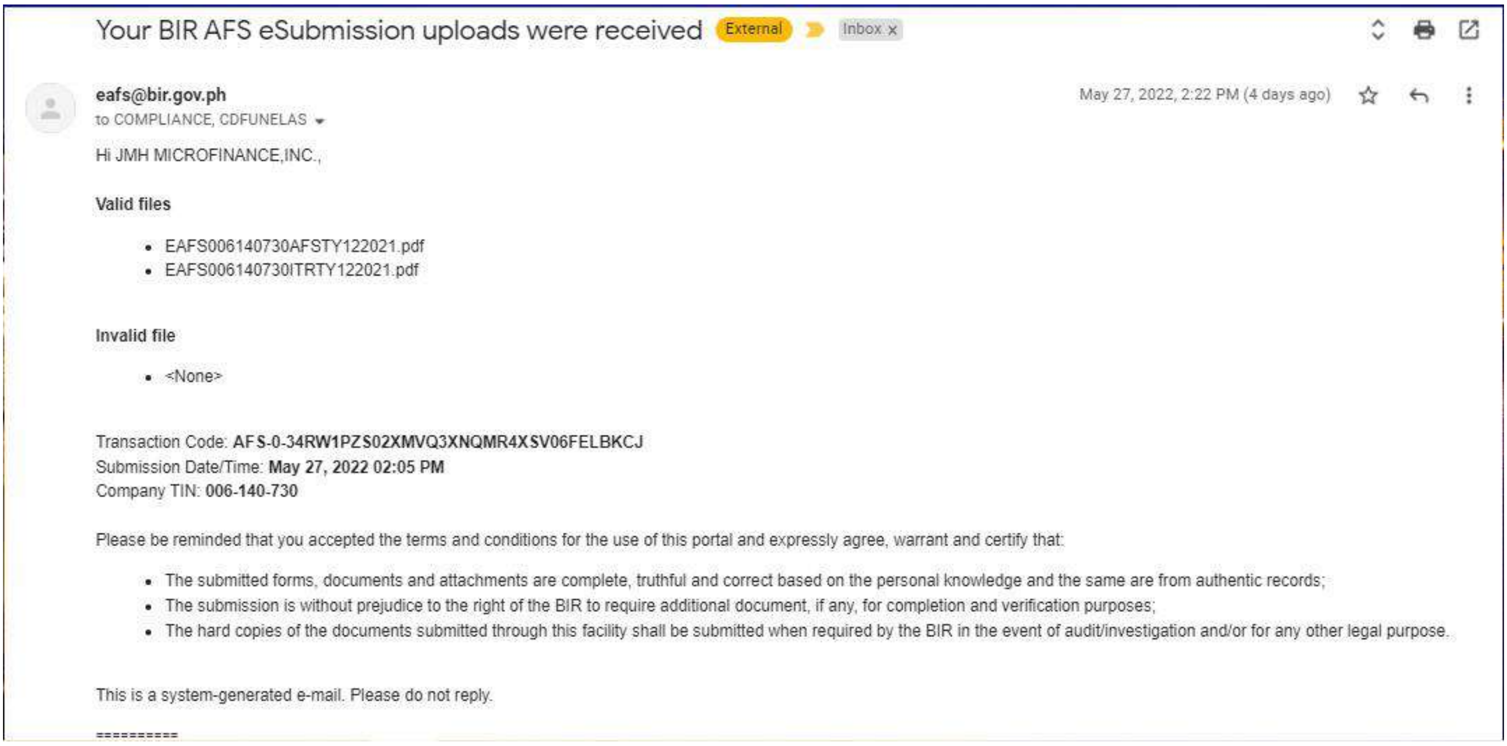
Period Covered: December 31, 2021
Submission Type: AFS with NSPO Form 1, 2, 3 and 4, 5, 6, Annual
Remarks: None





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Submission Date/Time: **May 27, 2022 02:05 PM**
Company TIN: **006-140-730**

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

J M H M I C R O F I N A N C E , I N C .

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

C R H B U I L D I N G , S A L U G A N , C A M A L I G ,
A L B A Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@jmhfi.com	431-0706	0998-582-8550

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	1ST MONDAY OF MAY	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CHARISMA D. LASCOTA	cdlacosta@jmhfi.com	431-0706	0998-582-8550

CONTACT PERSON's ADDRESS

CRH BUILDING, SALUGAN, CAMALIG, ALBAY

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 this deficiencies.

JMH MICROFINANCE INC.
(Formerly: J. M. Honrado Foundation, Inc.)
(A Microfinance Non-Government Organization)
CAMALIG, ALBAY - PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

C O N T E N T S

JMH Microfinance, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **JMH MICROFINANCE, INC.** (the "Company"), is responsible for the preparation and fair presentation of financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the members of the Company.

Alas, Oplas & Co., CPAs, the independent auditors appointed by the members for the years ended December 31, 2021 and 2020, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

PAULO R. HONRADO
Chairman of the Board

CHARISMA D. LASCOTA
President

JOSE ROLANDO A. PERLADO JR.
Chief Financial Officer

Signed this 10th day of May, 2022.

Regine Roldan <roroldan@jmhfi.com>

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Wed, Apr 13, 2022 at 3:38 PM
To: roroldan@jmhfi.com

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Bureau of Internal Revenue

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

To the Members and the Board of Trustees
JMH MICROFINANCE, INC.
(Formerly: J. M. Honrado Foundation, Inc.)
(A Microfinance Non-Government Organization)
CRH Building, Salugan,
Camalig, Albay

We have examined the financial statements of **JMH MICROFINANCE, INC.** for the years ended December 31, 2021 and 2020 on which we have rendered the attached report dated May 10, 2022.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the said Company has no stockholders, being a non-stock, non-profit organization.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

RYAN A. SABUG
Partner
CPA License No. 0111183
BIR A.N. 08-006531-001-2020, issued on February 24, 2020; effective until February 23, 2023
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period
TIN 232-158-286-000
PTR No. 8852806, issued on January 4, 2022, Makati City

May 10, 2022
Makati City, Philippines

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Trustees
JMH MICROFINANCE INC.
(Formerly: J. M. Honrado Foundation, Inc.)
(A Microfinance Non-Government Organization)
CRH Building, Salugan, Camalig, Albay

Opinion

We have audited the financial statements of **JMH MICROFINANCE INC.** ("the Company"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2021 and 2020, and the statements of revenue over expenses, statements of changes in fund balance and statements of cash flows for the years then ended, 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 Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

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 Company 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 of the financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The Supplementary Information Required under Revenue Regulations Nos. 15-2010 and 19-2011

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information Required under Revenue Regulations Nos. 15-2010 and 19-2011 on taxes, duties and license fees paid or accrued during the taxable year, taxable income, and deductions in Notes 25 and 26 to the financial statements are 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 **JMH MICROFINANCE INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

RYAN A. SABUG
Partner
CPA License No. 0111183
BIR A.N. 08-006531-001-2020, issued on February 24, 2020; effective until February 23, 2023
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period
TIN 232-158-286-000
PTR No. 8852806, issued on January 4, 2022, Makati City

May 10, 2022
Makati City, Philippines

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	**2021**	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	**56,199,501**	19,227,269
Loans receivable – net	6	**299,453,975**	145,403,310
Accounts receivable and other receivables	7	**586,888**	816,408
Other current assets	8	**7,650,429**	8,720,628
Total Current Assets		**363,890,793**	174,167,615
Non-current Assets			
Investment	9	**3,163,115**	–
Property and equipment – net	10	**19,666,431**	21,791,564
Deferred tax asset	20	**–**	20,131
Total Non-current Assets		**22,829,546**	21,811,695
TOTAL ASSETS		**386,720,339**	195,979,310
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Microsavings	11	**107,030,506**	64,638,076
Accounts payable and other payable	12	**72,543,731**	29,964,035
Income tax payable		**907,724**	423,561
Loans payable - current	13	**77,223,481**	23,521,994
Total Current Liabilities		**257,705,442**	118,547,666
Non-current Liability			
Loans payable – net of current portion	13	**29,957,080**	18,914,374
Deferred tax liability	20	**40,779**	–
Total Liabilities		**287,703,301**	137,462,040
Fund Balance	14	**99,017,038**	58,517,270
TOTAL LIABILITIES AND FUND BALANCE		**386,720,339**	195,979,310

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF REVENUES OVER EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	**2021**	2020
REVENUE AND OTHER INCOME	15	**154,090,096**	72,330,873
COST AND EXPENSES			
Operating costs	16	**(82,487,204)**	(52,643,560)
Administrative expenses	16	**(27,969,694)**	(16,583,769)
		(110,456,898)	(69,227,329)
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX		**43,633,198**	3,103,544
INCOME TAX EXPENSE	20	**(3,133,430)**	(1,436,278)
EXCESS OF REVENUE OVER EXPENSES		**40,499,768**	1,667,266

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Members' Contribution (Note 14)	Accumulated Savings (Note 14)	Total
Balance, December 31, 2019	**22,344,532**	**34,505,472**	**56,850,004**
Additional contribution	–	–	–
Excess of revenue over expenses	–	1,667,266	1,667,266
Balance, December 31, 2020	**22,344,532**	**36,172,738**	**58,517,270**
Additional contribution	–	–	–
Excess of revenue over expenses	–	40,499,768	40,499,768
Balance, December 31, 2021	**22,344,532**	**76,672,506**	**99,017,038**

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		**43,633,198**	3,103,544
Adjustments for:			
Provision for probable losses	6	**12,739,721**	2,859,797
Depreciation	10	**3,746,173**	3,783,051
Interest income from bank deposits	5	**(49,007)**	(34,661)
Unrealized gain on investment	9	**(163,115)**	–
Operating income before working capital changes		**59,906,970**	9,711,731
(Increase) decrease in:			
Loans and receivables		**(166,828,214)**	4,150,288
Accounts receivable and other receivable		**229,521**	424,564
Other current assets		**1,070,201**	(1,018,202)
Increase (decrease) in:			
Savings deposit		**42,392,431**	(485,247)
Accounts and other payables		**41,673,622**	1,790,760
Cash generated from (used in) operations		**(21,555,469)**	14,573,894
Income tax paid		**(1,682,286)**	(1,058,890)
Interest income received		**49,007**	34,661
Net cash generated from (used in) operating activities		**(23,188,748)**	13,549,665
CASH FLOWS FROM INVESTING ACTIVITY			
Additions to investment	9	**(3,000,000)**	–
Additions to property and equipment	10	**(1,583,213)**	(193,510)
Net cash used in investing activities		**(4,583,213)**	(193,510)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on loans payable	13	**136,900,000**	18,914,374
Payment of loans payable	13	**(72,155,807)**	(22,108,591)
Net cash generated from (used in) financing activities		**64,744,193**	(3,194,217)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**36,972,232**	10,161,938
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**19,227,269**	9,065,331
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**56,199,501**	19,227,269

See Notes to Financial Statements.

1. CORPORATE INFORMATION

JMH MICROFINANCE INC. *(Formerly: J.M. Honrado Foundation, Inc.)* “the Company” a microfinance non-government organization (NGO) was organized and registered with the Securities and Exchange Commission (SEC) on October 7, 2004 with SEC Registration No. CN200429482 and Bureau of Internal Revenue with Tax Identification No. 006-140-730.

The Company's primary purpose of which is it to implement a microenterprise development strategy and provide microfinance programs, products and services such as a microcredit and microsavings. (As amended on April 25, 2017)

Being not organized for profit and since no part of its excess of revenue over expenses inures to the benefit of any private individual or member, the Company falls under Section 30(e) of the Tax Reform Act of 1997 and, as such, income from activities in pursuit of the purpose for which the Company was organized is exempt from income tax.

On August 16, 2016, the implementing rules and regulations (IRR) of Republic Act (RA) No. 10693 or otherwise known as Microfinance NGOs Act was approved and implemented. The IRR of RA10693 requires Microfinance NGOs to be established as non-stock, non-profit corporation with a capital contribution of at least One Million pesos and include the word "Microfinance” in the corporate and trade name of the Microfinance NGO seeking accreditation.

On May 16, 2017, the SEC approved the amended articles of incorporation Article I, II and III, which states the following:

- Article I – Registered Name: From J.M. Honrado Foundation, Inc. change to JMH MICROFINANCE, INC.
- Article II - Primary Purpose
- Article III - Transferring the principal office address of from 1620 National Highway Purok 2, Bañag, Daraga, Albay transferred to CRH Building Salugan, Camalig, Albay.

On March 28, 2018, the Company was deemed an accredited Microfinance NGO by the Microfinance NGO Regulatory Council (the Council) after having been certified by the SEC to no derogatory information on March 15, 2018. In accordance with RA 10693, the Company shall be entitled to avail of the two percent (2%) gross receipts tax on its income from microfinance operations.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Statement of Compliance

The Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) identifies which entities are qualified and covered by the standard, provides an option for qualified entities in application of the PFRS for SMEs and specifies the financial reporting standards for qualified entities. The Company qualifies as a Small and Medium-sized Entity (SME) and accordingly, availed of the option to apply the PFRS for SMEs that became effective in 2009.

During 2021, the Company breached the threshold for medium-sized entities under Revised Securities Regulation Code (SRC) Rule 68. If an entity that uses PFRS for SMEs in a current year breaches the ceiling of the size criteria at the end of that current year, and the change is considered “significant and continuing”, the entity shall transition to the applicable financial reporting framework in the next accounting period. The management is still taking into consideration relevant factors to determine whether the events that caused the change are considered significant and continuing.

The Company's financial statements for the period ended December 31, 2021 and 2020 is prepared under accounting policies that comply with the PFRS for SMEs.

2.02 Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, except where PFRS for SMEs requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

2.03 Presentation and Functional Currency

The accompanying financial statements are stated in Philippine Peso and amounts are rounded to the nearest Peso, unless otherwise stated. The Company's functional and presentation currency is the Philippine Peso as it reflects the primary economic environment in which the Company operates.

2.04 Use of Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.05 Going Concern Assumption

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

In addition to the above, the SEC has issued a memorandum circular on March 26, 2018 changing the quantitative threshold for total assets to ₱100 million to ₱350 million or total liabilities of ₱100 million to ₱250 million to qualify for PFRS for SMEs.

Current versus Non-current Classification

The Company presents assets and liabilities in the statement of assets, liabilities and fund balance on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or

- Cash and cash equivalents unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

3.01 Financial Assets

Financial assets are classified as either ‘basic financial assets’ or ‘other financial assets’.

3.01.01 Basic Financial Assets
The Company recognizes basic financial assets only when the entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at the transaction price including transaction costs unless the arrangement constitutes a financing transaction.

The Company’s basic financial assets as presented in the statements of assets, liabilities and fund balance comprise of cash and cash equivalent, loans receivable and accounts receivable and other receivables.

a. Cash and cash equivalents

In the statements of cash flows, cash includes cash on hand, cash in bank, cash fund and cash equivalents. The Company recognized cash and cash equivalents as current asset when the cash and cash equivalents is not restricted from being exchanged or used to settle liability for at least twelve months after the end of the reporting period.

Cash on hand includes undeposited cash collections. Cash in bank includes demand deposits which are unrestricted as to withdrawal. Petty cash fund are cash set aside for current purposes.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preference shares acquired within a short period of their maturity and with a specified redemption date.

Cash is valued at face value.

The Company recognizes cash and cash equivalents as current assets when the cash and cash equivalents are not restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

b. *Loans receivable*

Loans receivable pertains to interest bearing loan assistance granted to qualified beneficiaries in the different communities where the Company operates.

Loans receivable are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

c. *Accounts receivable and other receivables*

Accounts receivable and other receivables are amounts due from customers for services performed in the normal operation of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

3.01.02 Other Financial Assets
The Company's other financial assets as presented in the statements of assets, liabilities and fund balance comprise of its investment in Manulife Chinabank Life Assurance Corporation.

The investment is recognized initially at transaction price and subsequently measured at fair value.

3.01.03 Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the statements of assets, liabilities and fund balance when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.01.04 Impairment of Financial Assets Measured at Cost or Amortized Cost
At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the Company recognizes an impairment loss in the statement of revenue over expenses immediately.

Financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it has become probable that the debtor will enter bankruptcy or other financial reorganization; and
- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

For instruments measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Company shall reverse the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The Company shall recognize the amount of reversal in profit or loss immediately.

3.01.05 Derecognition of Financial Assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company derecognizes the asset and any rights and obligations retained or created in the transfer.

3.02 Property and Equipment

Property and equipment, except land is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Expenditures incurred after the item has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building	-	10 years
Transportation equipment	-	5 years
Furniture, Fixtures and other Equipment	-	3 years

The residual values, useful lives and method of depreciation of the assets are reviewed and adjusted, if appropriate at each reporting date. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is credited or charged to current operations. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset the depreciation of that asset is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property and equipment are recognized in the statement of revenue over expenses in the period of retirement or disposal.

3.02.01 Impairment of Property and Equipment other than Inventories
At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of revenue over expenses.

If impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of assets) in prior years. A reversal of impairment loss is recognized immediately in the statement of revenue over expenses.

3.03 Financial Liabilities and Equity Instruments

3.03.01 Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

3.03.02 Financial Liabilities
Financial liabilities are initially measured at the transaction price including transaction costs except for those that are measured at fair value through profit and loss (FVTPL), unless the arrangement constitutes a financing transaction. Such financial liabilities will be subsequently measured at amortized cost using the effective interest method or those classified as current liabilities will be measured at the undiscounted amount of cash expected to be paid.

The Company has no financial liabilities at FVTPL as of December 31, 2021 and 2020.

3.03.03 Derecognition of Financial Liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

3.04 Fund Balance

3.04.01 Capital Contribution
Capital contribution pertains to the donation received by the Company. The capital contribution is measured at the fair value of the consideration received at the date of contribution.

3.04.02 Accumulated Savings
The amount included in fund balances includes accumulated excess of revenues over disbursement reduced by funds returned to funding agencies/partners and other adjustments. Funds returned to funding agencies/partners are recognized as a liability and deducted from fund balances in accordance with specific provision of the contract related to the funds. Fund balances may also include effect of change in accounting policy as may be required by the provisions of new accounting standards and interpretations.

3.05 Provisions, Contingent Liabilities and Contingent Assets

3.05.01 Provisions
Provisions are recognized when, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount the Company would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

The Company reviews the provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at the reporting date. Any adjustments to the amounts previously recognized shall be charged to statement of revenue over expenses.

3.05.02 Contingent Liabilities and Contingent Assets
Contingent liabilities and contingent assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

3.06 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

3.06.01 Interest Income
Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized using the effective interest method.

3.06.02 Other Income
Income from other sources is recognized when earned during the period and the amount of revenue can be measured reliably.

3.07 Cost and Expense Recognition

Cost and expenses are recognized in the statement of revenue over expenses when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the statement of revenue over expenses in following manner:
- on the basis of a direct association between costs incurred and the earning of specific items of income; or
- immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance as an asset.

3.08 Employee Benefits

3.08.01 Short-term Benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses, non-monetary benefits, and other short-term benefits.

3.08.02 Post-employment Benefits
The Company has a funded, noncontributory, defined benefit retirement plan covering all qualified employees. Employees' normal retirement benefits will be computed equal to 100% of plan salary for every year of credited service.

The Company recognizes its retirement benefit obligation using the accrual approach. Under the accrual approach, the accrued monthly benefit that will be recognized is set by the management and the Board of Trustees.

3.08.03 Termination Benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.09 Leases

3.09.01 Company as Lessee
Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Related Parties and Related Party Transactions

3.10.01 Related Parties
Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions are also considered to be related parties. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

3.10.02 Related Party Transactions
A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

3.11 Income Tax

3.11.01 Income Subject to Preferential Tax
Under Republic Act No. 10693, also known as Microfinance NGOs Act, the preferential tax rate covers only NGOs that operate as microfinance for the poor and low-income individuals. Also, the preferential tax based on gross receipts should only refer to lending activities and insurance commissions integral to the qualified lending activities of the Company.

3.11.02 Income Subject to Regular or Minimum Corporate Income Tax
All other income not generated from lending activities and insurance commissions are subject to all applicable taxes.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

3.12 Events After the End of the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements while subsequent events that do not require adjustments (non-adjusting events) are disclosed in the notes to financial statements when material.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

4.01.01 Distinction between Provisions and Contingencies
Judgment is exercised by Management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3. As of December 31, 2021 and 2020, the Company has determined that no contingencies will materially affect the Company's financial statements, hence no provision is recognized.

4.01.02 Functional Currency
The Company has determined that its functional currency is the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates.

4.01.03 Classification of Cost and Expenses
The Company determines the classification of costs and expenses as either service costs or administrative expenses. Classification of costs and expenses to cost of services are determined on the basis of direct association with the servicing activities of the Company. All other costs and expenses are classified as operating expenses.

4.01.04 Classification of Leases
In making an evaluation, judgment is used in determining lease classification into operating leases or finance leases. The title does not pass at the end of the lease term. The rent paid to the lessor for the space is increased to market rent at regular intervals. As substantially all the risks and rewards of the office space are with the lessor based on these qualitative factors, it was judged that the entire lease is an operating lease.

4.01.05 Classification of Financial Instruments
The Company classifies a financial instrument, or its components parts, on initial recognition, as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial condition.

4.01.06 Recognition of Deferred Tax
Management’s judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred income tax assets can be recognized. A deferred tax asset is recognized if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognized in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination.

Deferred tax asset recognized amounted to nil and ₱20,131 as of December 31, 2021 and 2020, respectively, as disclosed in Note 20.

4.02 Key Sources of Estimation Uncertainty

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

4.02.01 Estimating Allowance for Probable Losses
The Company assesses whether objective evidence of impairment exists for loans receivable that are individually significant, and collectively for loans receivable that are not individually significant. Allowance for probable losses is maintained at a level considered adequate to provide for potentially uncollectible receivable. The level of allowance is based on the aging of loans receivable, past collection experience and other factors that may affect its collectability. The allowance is established through charges to income in the form of provision for probable losses. In addition, the Company uses the estimation of allowance for probable losses mandated by the Microfinance NGO Regulatory Council.

4.02.02 Useful Lives of Property and Equipment
The useful lives of each item of the Company's property and equipment acquired are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar asset. The estimated useful life of each asset is 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 the assets.

As of December 31, 2021 and 2020, the net carrying value of the Company’s property and equipment amounted to ₱19,666,431 and ₱21,791,564, respectively, as disclosed in Note 10.

In Philippine Peso

5. CASH AND CASH EQUIVALENT

Cash and cash equivalent consist of:

		2021		2020
Cash in bank	₱	**54,966,054**	₱	16,277,699
Cash on hand		**999,178**		1,967,382
Petty cash fund		**151,493**		134,500
Others		**82,776**		847,688
Total	₱	**56,199,501**	₱	19,227,269

Cash in banks earn interest at the rate of 0.50% to 2% per annum in 2021 and 2020.

Interest income earned from bank deposits and investments amounted to ₱49,007 and ₱34,661 for the years ended December 31, 2021 and 2020, respectively, as disclosed in Note 15.

Others pertain to G-Cash load wallet of the Company.

There were no restrictions in the Company's cash and cash equivalents as of December 31, 2021 and 2020.

6. LOANS RECEIVABLE

The Company's loans receivable consists of:

		2021		2020
Current	₱	**301,413,387**	₱	131,877,060
Past due		**13,533,567**		19,743,178
Gross Loans Receivable		**314,946,954**		151,620,238
Unearned interest income		**–**		(3,986)
Allowance for probable losses		**(15,492,979)**		(6,212,942)
	₱	**299,453,975**	₱	145,403,310

In Philippine Peso

Breakdown of gross loan receivable as to loan product and performance is as follows:

	2021		
Loan Product	**Current**	**Past Due**	**Total**
Microfinance Loans			
KABUHAYAN	229,439,451	10,468,728	239,908,179
AGAP	33,584,662	2,443,316	36,027,978
KAAGAPAY	5,436,265	164,516	5,600,781
Educational Loan	6,975,292	161,046	7,136,338
AKAP	2,452,203	39,115	2,491,318
SOLAR	542,413	26,970	569,383
SSS	297,875	–	297,875
WASH	91,085	47,322	138,407
Sub-total	278,819,246	13,351,013	292,170,259
Agri Loans			
ACPC	19,212,228	–	19,212,228
Employee Loan			
Employee Loan	1,868,897	83,118	1,952,015
Motor vehicle scheme	1,513,016	99,436	1,612,452
Sub-total	3,381,913	182,554	3,564,467
Total	**301,413,387**	**13,533,567**	**314,946,954**

	2020		
Loan Product	Current	Past Due	Total
Microfinance Loans			
KABUHAYAN	110,290,543	15,434,689	125,725,232
AGAP	6,584,460	3,139,982	9,724,442
KAAGAPAY	9,269,908	700,775	9,970,683
Educational Loan	1,948,298	323,323	2,271,621
SOLAR	617,459	105,365	722,824
SSS	52,498	2,216	54,714
WASH	78,827	36,828	115,655
Sub-total	128,841,993	19,743,178	148,585,171
Employee Loan			
Employee Loan	1,192,407	–	1,192,407
Motor vehicle scheme	1,842,660	–	1,842,660
Sub-total	3,035,067	–	3,035,067
Total	131,877,060	19,743,178	151,620,238

Loans Receivables consist of KABUHAYAN Loan Program which stands for "Kaunlaran sa Buhay Hango sa Yaman ng Negosyo" and AGAP Loan Program which stands for "Alalay sa Ganap na Pagnenegosyo" which are group and individual loan, respectively. The purpose of the loan is for starting or additional capital of the clients. KABUHAYAN earns interest of 3.5% per month nominal / 5.73% per month diminishing for a maximum of nine (9) months to pay.

Interest income earned from loans receivable amounted to ₱152,101,743 and ₱72,296,212 for the years ended December 31, 2021 and 2020, respectively, as disclosed in Note 15.

In Philippine Peso

In 2021, the company introduced a stand-alone loan package called AKAP loan which means "Alalay na Kagamitan at Aparato sa Pagnenegosyo" to provide access and opportunity for member clients to be more efficient and effective with their businesses through the help of modern technology. The following are the terms and charges of the said loan program:

Loan Type	Amount	Term	Charges
AKAP Loan	Varies based on the actual price of the gadgets availed	6 to 9 months	• 3.15% nominal or 5.73% diminishing interest per month • Unlad-Kalinga • 20% fixed savings as compensating balance

Movement of allowance for probable losses on loans receivable is disclosed below:

		2021		2020
Balance, beginning	₱	**6,212,942**	₱	4,699,162
Additional provision		**12,739,721**		2,859,797
Reversal		**(3,459,684)**		(1,346,017)
	₱	**15,492,979**	₱	6,212,942

7. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The account consists of:

		2021		2020
Due from employees	₱	**488,582**	₱	628,171
Advances to officers and staff		**53,847**		–
Due from suppliers		**44,459**		188,237
	₱	**586,888**	₱	816,408

Due from employees pertains to loans availed by the employees of the Company which are non-interest bearing and deducted on their semi-monthly salary.

Due from suppliers includes advance payment made by the company for the acquired goods or properties which remained undelivered at the end of the year 2021.

Advances to officers and staff consist of a budget for manager's orientation and branch opening such as meals, transportation and other expenses to be liquidated by the employee-in-charge after the event.

8. OTHER CURRENT ASSETS

The account consists of:

		2021		2020
Prepaid insurance – St. Peter Life Plan	₱	**3,858,660**	₱	4,419,320
Supplies on hand		**2,830,603**		3,297,710
Prepaid rent		**738,525**		639,835
Other Prepaid Expenses		**200,000**		–
WASH inventory		**22,641**		38,578
Catering and Kitchen Supplies		**–**		250,594
Others		**–**		74,591
	₱	**7,650,429**	₱	8,720,628

In Philippine Peso

Prepaid insurance refers to plans bought by the Company from St. Peter Life Plan for its clients, as an option instead of cash, that the beneficiaries will receive in case of client's sudden death.

Supplies on hand consists of office supplies and solar products used in solar loans.

9. INVESTMENT

This account pertains to the investment allocation of insurance policy purchased by the Company from Manulife Chinabank Life Assurance Corporation with a single premium of ₱3 Million Pesos. The policy has investment allocation at 100% of the premium which was used to purchase units of several funds offered by the insurer.

The value of a fund at a given period will depend on its actual performance and unit price movement, which is published at the business section of the Philippine Star or can be viewed on the insurer's website.

As of December 31, 2021, the funds have the following values:

Fund	Unit Balance	Unit Price	Fund Value
PHP Asia Pacific Property Income Fund	1,730,815	0.9410	1,628,697
PESO Secure Fund	347,550	1.7140	595,701
Peso Growth Fund	325,153	2.8870	938,717
Total			**3,163,115**

Movement of the investment account is shown below:

		2021		2020
Beginning balance	₱	**–**	₱	–
Additions		**3,000,000**		–
Unrealized gains (losses) for the year		**163,115**		–
	₱	**3,163,115**	₱	–

In Philippine Peso

10. PROPERTY AND EQUIPMENT - net

The carrying amounts of the Company's property and equipment are as follows:

2021		**Land**		**Building**		**Transportation equipment**		**Furniture, Fixtures & Other equipment**		**Construction-in-progress**		**Total**
Cost												
Balance, January 1	₱	3,000,000	₱	10,000,000	₱	6,453,872	₱	24,942,898	₱	–	₱	44,396,770
Additions		–		–		429,627		851,424		302,162		1,583,213
Adjustment		–		–		(506,774)		(1,179,650)		–		(1,686,424)
Balance, December 31		**3,000,000**		**10,000,000**		**6,376,725**		**24,614,672**		**302,162**		**44,293,559**
Accumulated depreciation												
Balance, January 1		–		1,485,000		3,784,097		17,336,109		–		22,605,206
Depreciation		–		495,000		734,562		2,516,611		–		3,746,173
Adjustment		–		–		(182,486)		(1,541,765)		–		(1,724,251)
Balance, December 31		**–**		**1,980,000**		**4,336,173**		**18,310,955**		–		**24,627,128**
Carrying amount	**₱**	**3,000,000**	**₱**	**8,020,000**	**₱**	**2,040,552**	**₱**	**6,303,717**		**302,162**	**₱**	**19,666,431**

2020		Land		Building		Transportation equipment		Furniture, Fixtures & Other equipment		Construction-in-progress		Total
Cost												
Balance, January 1	₱	3,000,000	₱	10,000,000	₱	6,594,293	₱	24,749,388	₱	–	₱	44,343,681
Additions		–		–		–		193,510		–		193,510
Adjustment		–		–		(140,421)		–		–		(140,421)
Balance, December 31		3,000,000		10,000,000		6,453,872		24,942,898		–		44,396,770
Accumulated depreciation												
Balance, January 1		–		990,000		3,482,575		15,149,139		–		19,621,714
Depreciation		–		495,000		2,289,540		998,511		–		3,783,051
Adjustment		–		–		(1,988,018)		1,188,459		–		(799,559)
Balance, December 31		–		1,485,000		3,784,097		17,336,109		–		22,605,206
Carrying amount	₱	3,000,000	₱	8,515,000	₱	2,669,775	₱	7,606,789	₱	–	₱	21,791,564

In Philippine Peso

Breakdown of the depreciation expense is disclosed as follows:

	Note		**2021**		2020
Operating costs	16	₱	**869,776**	₱	**1,481,636**
Administrative expenses	16		**2,876,397**		**2,301,415**
		₱	**3,746,173**	₱	**3,783,051**

The Company assesses at each financial reporting date whether there is an indication that an item of property and equipment may be impaired and believes that there is no such indication as of December 31, 2021 and 2020.

All additions were paid in cash. No items of property and equipment were used as collateral for liabilities as of December 31, 2021 and 2020.

Under existing MNRC regulations, total investment in real estate and stocks in a real estate corporation and other real estate projects shall not exceed 25% of the Microfinance NGO's net worth. As of December 31, 2021 and 2020, the Company has satisfactorily complied with this provision.

11. MICROSAVINGS

The account consists of:

		2021		2020
Pilit Impok	₱	**102,110,153**	₱	61,100,858
Impok Para sa Kinabukasan		**4,920,353**		3,537,218
	₱	**107,030,506**	₱	64,638,076

The “Pilit Impok” pertains to the savings of the members, as capital build-up, which is equivalent to 10% of the weekly principal amortization of the loan amount, center fund and voluntary saving remitted by the members This can be used for any project development of the centers. Members can fully withdraw the savings upon termination of their membership. The “Pilit Impok Funds” earns interest of 2% per annum based on the daily average balance.

The "Impok Para sa Kinabukasan" is the voluntary savings made by the employees of the Company earning an interest of 6% per annum. This can be withdrawn upon full payment of their outstanding loans.

Per R.A. No. 10693 or the Implementing Rules and Regulations of the Microfinance NGOs Act states that the total capital build-up should not exceed the total loan portfolio. The Company is compliant.

Interest expense incurred from pilit-impok amounted to ₱1,183,132 and ₱1,291,376 for the years ended December 31, 2021 and 2020, respectively.

In Philippine Peso

12. ACCOUNTS PAYABLE AND OTHER PAYABLE

The account is composed of the following:

		2021		2020
Accounts payable	₱	**62,140,797**	₱	22,577,122
Calamity fund		**4,533,373**		2,133,373
Pension Liability		**2,437,133**		3,988,583
SSS/PhilHealth/Insurance premium payable		**977,119**		602,290
Accrued CDS expenses		**960,000**		–
Accrued medical expenses		**840,908**		346,291
Accrued interest		**383,753**		167,737
Taxes payable		**187,268**		16,449
Consignment payable		**83,380**		132,190
	₱	**72,543,731**	₱	29,964,035

Accounts payable are composed of non-refundable insurance that are deducted from loans of the borrowers.

Accounts payable also includes the funds granted by the Agricultural Credit Policy Council (ACPC) to the Company for the implementation of the following programs:

1. Agri-Negosyo (ANYO) – designed to finance MSEs and farmer and fisherfolk organizations/associations, capital requirements for acquisition of machinery/equipment, construction of facilities and/or working capital requirements for agri-fishery-based income generating activities.
2. Kapital Access for Young Agripreneurs (KAYA) – designed to finance the capital requirements of start-up or existing farm/fishery business.
3. Survival and Recovery (SURE AID) – designed to finance the requirements of rehabilitating the farming, fishing or livelihood activities of affected small farm/fishing households, to include production inputs, repair of farm/fishery assets, acquisition of livestock/work animals.

Calamity fund is an allocated amount to support the members and borrowers' livelihood in case of emergency or natural calamities occurred.

13. LOANS PAYABLE

Loans payable pertains to borrowings from Land Bank of the Philippines and Small Business Corporation as follows:

		2021		2020
Small Business Corporation	₱	**92,187,499**	₱	38,650,200
Land Bank of the Philippines		**14,993,062**		3,786,168
	₱	**107,180,561**	₱	42,436,368

Movement of the account is disclosed below:

		2021		2020
Beginning balance	₱	**42,436,368**	₱	45,630,585
Availments made during the year		**136,900,000**		18,914,374
Payments made during the year		**(72,155,807)**		(22,108,591)
	₱	**107,180,561**	₱	42,436,368

In Philippine Peso

As to maturity:

		2021		2020
Due within twelve months	₱	**77,223,481**	₱	23,521,994
Due after twelve months		**29,957,080**		18,914,374
	₱	**107,180,561**	₱	42,436,368

Such borrowings bear interest ranging from 2% to 6.50% for the years ended December 31, 2021 and 2020.

No assets were pledged to secure the loans payable as of December 31, 2021 and 2020.

Interest expense incurred from loans payable amounted to ₱2,806,656 and ₱2,755,167 for the years ended December 31, 2021 and 2020, respectively.

14. FUND BALANCE

The Company uses the funds for the operational activities as indicated in the approved agreement with the members. Fund balance are utilized only for projected activities in conformity with the approved work plans, budgets, personnel and financial guidelines and policies of the Company. The fund balance as of December 31, 2021 and 2020, amounted to ₱99,017,038 and ₱58,517,270, respectively.

Breakdown of fund balance is as follows:

		2021		2020
Capital contribution	₱	**22,344,532**	₱	22,344,532
Accumulated savings		**76,672,506**		36,172,738
	₱	**99,017,038**	₱	58,517,270

15. REVENUE AND OTHER INCOME

Revenue and other income are composed of the following:

		2021		2020
Interest income	₱	**152,150,750**	₱	68,385,633
Service charge		**825,476**		2,502,037
Rental and catering service		**43,000**		516,950
Miscellaneous income		**1,070,870**		926,253
	₱	**154,090,096**	₱	72,330,873

Miscellaneous income pertains to reversal of allowance for probable losses, discounts, cash overage, and other income.

Interest income is breakdown as follows:

	Notes		2021		2020
Interest income on loans	6	₱	**152,101,743**	₱	72,296,212
Interest income on bank deposits	5		**49,007**		34,661
		₱	**152,150,750**	₱	72,330,873

In Philippine Peso

16. COST AND EXPENSES

The account consists of:

		2021		2020
Operating costs	₱	**82,487,204**	₱	52,643,560
Administrative expenses		**27,969,694**		16,583,769
	₱	**110,456,898**	₱	69,227,329

The breakdown of the Company's operating costs from continuing activities is as follows:

	Notes		2021		2020
Personnel cost		₱	**37,702,558**	₱	29,379,046
Provision for probable losses	6		**12,739,721**		2,859,797
Transportation expense			**7,018,196**		5,079,636
Interest			**5,090,380**		3,943,543
Rent	17		**3,276,054**		3,003,081
Client and community services			**4,611,972**		933,055
Supplies expense			**1,846,015**		1,057,868
Taxes and licenses	26		**1,470,853**		637,765
Fuel and lubricants			**1,332,156**		1,028,026
Utilities			**1,314,892**		1,321,067
Depreciation	10		**869,776**		1,481,636
Repairs and maintenance			**537,594**		579,270
Medical expenses			**48,404**		19,181
Trainings and development			**25,400**		76,066
Communication			**290**		50
Representation			**–**		9,872
Professional fee			**–**		270
Miscellaneous			**4,602,943**		1,234,331
		₱	**82,487,204**	₱	52,643,560

Client and community services represent the amount incurred for the activities disclosed in Note 21.

In Philippine Peso

The breakdown of the Company's administrative expenses from continuing activities is as follows:

	Notes		**2021**		2020
Personnel cost		₱	**17,323,013**	₱	8,488,506
Depreciation	10		**2,876,397**		2,301,415
Medical expense			**2,658,264**		153,916
Professional fee			**921,485**		909,240
Utilities			**787,511**		632,281
Taxes and licenses	26		**544,521**		522,869
Repairs and maintenance			**513,434**		1,108,802
Supplies expense			**430,116**		554,680
Fuel and lubricants			**405,534**		276,781
Transportation expense			**282,632**		217,147
Trainings and development			**180,731**		70,281
Interest			**168,309**		103,000
Insurance			**139,285**		130,604
Communication			**26,688**		3,632
Representation			**–**		6,204
Miscellaneous			**711,774**		1,104,411
		₱	**27,969,694**	₱	16,583,769

Miscellaneous pertains to food and beverages cost, small tools and equipment, advertising and promotion, staff amenities and others.

Personnel cost consists of the following:

2021		**Administrative expenses**		**Operating costs**		**Total**
Salaries and wages	₱	7,068,520	₱	23,986,480	₱	31,055,000
Other employee benefits		9,579,913		10,949,203		20,529,116
Government contributions		674,580		2,766,875		3,441,455
	₱	**17,323,013**	₱	**37,702,558**	₱	**55,025,571**

2020		Administrative expenses		Operating costs		Total
Salaries and wages	₱	4,614,626	₱	19,839,886	₱	24,454,512
Other employee benefits		3,873,880		6,335,288		10,209,168
Government contributions		-		3,203,872		3,203,872
	₱	8,488,506	₱	29,379,046	₱	37,867,552

17. LEASES

The Company has several lease agreements which are renewable under certain terms and conditions.

Rent expense for the years ended December 31, 2021 and 2020 amounted to ₱3,276,054 and ₱3,003,081, respectively. Rent expense includes VAT amounting to ₱14,137 and nil for the years ended December 31, 2021 and 2020, respectively.

In Philippine Peso

Breakdown of rent expense for the year is disclosed as follows:

	Note		2021		2020
Operating costs	16	₱	**3,276,054**	₱	3,003,081
Administrative expenses			–		–
		₱	**3,276,054**	₱	3,003,081

At the reporting date, the future minimum lease payment under non-cancellable operating leases is as follows:

		2021		2020
Not later than one year	₱	**1,732,004**	₱	2,301,014
Later than one year but not later than five years		**1,127,421**		601,675
	₱	**2,859,425**	₱	2,902,689

18. RETIREMENT BENEFIT

The Company has a funded, non-contributory, defined benefit retirement plan covering all qualified employees.

Employees' retirement benefits will be computed equal to 100% of plan salary for every year of credited service.

The normal retirement date of each member shall be the first day of the month coincident with or next following his attainment of age sixty (60) with at least five (5) years of service. A member may elect to have early retirement date after his attainment of age fifty-five (55) and provided he has completed at least ten (10) years of service. A member may also be allowed to have late retirement date from the first day of any month after attaining his normal retirement date but not beyond age sixty-five (65).

As of December 31, 2021 and 2020, the Company has retirement benefit obligation as shown below:

		2021		2020
Accrued retirement benefit	₱	**3,937,133**	₱	3,988,583
Plan asset		**(1,500,000)**		–
Balance, December 31	₱	**2,437,133**	₱	3,988,583

Movement of accrued retirement benefit is shown below:

		2021		2020
Balance, January 1	₱	**3,988,583**	₱	3,504,517
Retirement benefit expense		**–**		534,066
Benefits paid		**(51,450)**		(50,000)
Balance, December 31	₱	**3,937,133**	₱	3,988,583

In Philippine Peso

Details of the Company's plan asset are disclosed below:

		2021		2020
Balance, January 1	₱	**–**	₱	–
Contribution		**1,500,000**		
Benefits paid		**–**		–
Balance, December 31	₱	**1,500,000**	₱	–

19. RELATED PARTY TRANSACTION

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Entities are considered to be related if they are subjected under common control or common significant influence. The Company's related parties include:

- Key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- Post-employment benefit plans for the benefit of the Company's employees, and
- Other related parties within the Company.

Significant transactions with related parties are non-interest advances and reimbursement of expenses of directors, officers and employees.

19.01 Advances to officers

Amounts due from officers and employee includes unsecured non-interest-bearing loans pertaining to motorcycle loan and salary loans, and other unsecured non-interest bearing loans and advances granted to the Company's officers and employees. The account has the balance as of December 31, 2021 and 2020 amounting to ₱3,564,467 and ₱3,935,066, respectively.

19.02 Advances from trustees

The advances from trustees were obtained to support the working capital requirements of the Company. These advances are non-interest bearing and payable in cash and on demand. The account has a balance of nil as of December 31, 2021 and 2020.

Movement of the account is as follows:

		2021		2020
Beginning balance	₱	**–**	₱	6,000,000
Reclassification		**–**		(6,000,000)
	₱	**–**	₱	–

19.03 Compensation of Key Management Personnel

Compensation of key management personnel of the Company pertains to consultancy fees, salaries and other short-term benefits. As of December 31, 2021 and 2020, the Company paid to its key management personnel amounting to ₱5,905,803 and ₱3,336,012, respectively.

In Philippine Peso

20. INCOME TAXES

Under R.A. 10693, otherwise known as, The "Microfinance NGOs Act", under Section 20 states that a duly registered and accredited Microfinance NGO shall pay two percent (2%) tax based on its gross receipts from microfinance operations in lieu of all national taxes: Provided that, preferential tax treatment shall be accorded only to NGOs whose primary purpose is microfinance and only on their microfinance operations catering to the poor and low-income individuals in alignment with the main goal of this Act to alleviate poverty. The non-microfinance activities of Microfinance NGOs shall be subject to all applicable regular taxes.

20.01 Income Tax Recognized in Profit or Loss

		2021		2020
Income tax expense – current (Preferential tax at 2%)	₱	**3,062,812**	₱	1,436,278
Income tax expense – current (MCIT at 2%)		**–**		6,614
Income tax expense – current (RCIT at 30%)		**29,539**		–
Income tax benefit – deferred		**41,079**		(6,614)
	₱	**3,133,430**	₱	1,436,278

A numerical reconciliation between tax expense and the excess of revenue over expense multiplied by the tax rate for the year ended December 31, 2021 and 2020 is as follows:

		2021		2020
Excess of revenue over expenses before income tax	₱	**43,633,198**	₱	3,103,544
Tax expense at 25%/30%		**10,908,300**		931,063
Tax effect of:				
Income subject to special rate		**(38,285,149)**		(21,544,176)
Non-deductible expense charged to special rate		**27,459,419**		20,376,985
Unrecognized DTA on NOLCO		**–**		230,122
Non-deductible expense		**–**		6,006
Interest income subject to final tax		**(12,252)**		–
Reversal of previously recognized DTA		**300**		–
Total		**70,618**		–
Preferential tax		**3,062,812**		1,436,278
	₱	**3,133,430**	₱	1,436,278

In Philippine Peso

20.02 Deferred Tax Asset

Details of the Company's deferred tax assets are disclosed below:

		Excess of MCIT over RCIT		Allowance for probable losses		Total
Balance, December 31, 2019	**₱**	**13,217**	**₱**	**300**	**₱**	**13,517**
Profit or loss						
Origination		6,614		–		6,614
Reversal		–		–		–
Balance, December 31, 2020	**₱**	**19,831**		**300**		**20,131**
Profit or loss						
Origination		–		–		–
Reversal		(19,831)		(300)		(20,131)
Balance, December 31, 2021	**₱**	**–**	**₱**	**–**	**₱**	**–**

Prior to 2019, the Company did not recognize deferred tax assets since management believes that future taxable income will not be available to allow such deferred tax assets to be utilized.

The Company has unrecognized deferred tax assets as follows:

		2021		2020
Allowance for probable losses	**₱**	**3,873,245**	₱	1,863,883
Retirement benefit obligation		**609,283**		1,196,575
	₱	**4,482,528**	₱	3,060,458

Details of the Company's deferred tax liability are disclosed below:

		Unrealized gain on investment
Balance, December 31, 2020	₱	–
Origination		40,779
Reversal		–
Balance, December 31, 2021	**₱**	**40,779**

20.03 Minimum Corporate Income Tax (MCIT)

Section 27(E) of the National Internal Revenue Code of 1997 provides that an MCIT of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than RCIT for the taxable year. The Company was incorporated in November 1998, thus, the Company is subject to MCIT.

Details of the Company's MCIT are as follows:

Year Incurred		Original Amount		Applied		Expired		Remaining Balance	Expiration
2020	₱	6,614	₱	6,614	₱	–	₱	–	2023

20.04 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act

On February 03, 2021, the final provisions of Senate Bill No. 1357 and House Bill No. 4157 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill, which seeks to reform corporate income taxes and incentives in the country, had been ratified by the Senate and the House of Representatives of the Philippines.

Under the proposed law, effective July 1, 2020, the corporate income tax will be reduced from the current 30% to 20% for domestic corporations with total assets not exceeding P100 million, excluding land, and total net taxable income of not more than P5 million. The corporate income tax of all other corporations (domestic and resident foreign), meanwhile, will be lowered to 25%. The bill would also lower the minimum corporate income tax (MCIT) from 2% to 1% effective July 2020 until June 30, 2023.

Other key provisions of the CREATE bill include:

- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.
- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2022, regional operating headquarters (ROHQ) currently enjoying 10% preferential income tax rate shall be subject to RCIT.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:
  - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

The said bill was signed into law on March 26, 2021, except for certain provisions that were vetoed, by the President of the Philippines.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

In Philippine Peso

Applying the provisions of the CREATE Act, the Company would have been subjected to lower minimum corporate income tax rate of 1% effective July 1, 2020.

This will result in lower provision for current income tax and income tax payable for the year ended December 31, 2020 amounting to ₱1,441,238 or a reduction of ₱1,654. The reduced amounts which will be reflected in the Company's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements.

The following is the expected impact of CREATE Act in the Company's financial statements:

	Old tax rate	New tax rate	Change
Total assets	**₱ 195,979,311**	**₱ 195,964,390**	**₱ (14,921)**
DTA – MCIT	19,831	4,960	(14,871)
DTA – Allowance for losses	300	250	(50)
Total liability	**₱ 137,462,040**	**₱ 137,460,386**	₱ (1,654)
Income tax payable	1,442,892	1,441,238	(1,654)
Fund balance	**₱ 58,517,270**	**₱ 58,504,003**	**₱ (13,267)**
Accumulated savings	36,172,738	36,159,471	(13,267)
Excess of revenues over expenses	**₱ 1,667,266**	**₱ 1,653,999**	**₱ 13,267**
Income tax expense – current	1,442,892	1,441,238	(1,654)
Income tax benefit	6,614	(8,307)	14,921

20.05 Revenue Regulations (RR) No. 34-2020 – Related Party Transaction (RPT) Form and Transfer Pricing Documentation

The Bureau of Internal Revenue, in its Revenue Regulation No. 34-2020, requires taxpayers to submit BIR Form No. 1709 (RPT Form) to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices. It is also intended to improve and strengthen the Bureau's transfer pricing risk assessment and audit functions. Most importantly, the information that will be gathered from the RPT Form and its attachments will be used by the BIR during the transfer pricing risk assessment to determine whether or not to conduct a thorough review/audit of a particular entity or transaction.

Under the said RR, the following are required to file and submit the RPT Form, together with the Annual Income Tax Return (AITR):
1. Large taxpayers
2. Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
3. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
4. A related party, as defined under Section 3 of RR No. 19-2020, which has transactions with (1), (2) or (3) above. For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

In addition, the preparation and submission of Transfer Pricing Documentation (TPD) under RR No. 02-2013, otherwise known as "Transfer Pricing Guidelines" and all other relevant issuances, shall be mandatory for taxpayers enumerated above who meet the following materiality thresholds:

a. Annual gross sales/revenue for the subject taxable period exceeds ₱150 million and the total amount of related party transactions with foreign and domestic related parties exceeds ₱90 million; OR

b. Related party transactions meeting the following materiality threshold:
   i. If it involves sale of tangible goods in the aggregate amount exceeding ₱60 million within the taxable year;
   ii. If it involves service transaction, payment of interest, utilization of intangible goods or other related party transaction in the aggregate amount exceeding ₱15 million within the taxable year
   iii. If TPD was required to be prepared during the immediately preceding taxable period for exceeding either (a) or (b) above.

As it does not belong to taxpayers who are required to file and submit the RPT Form under Section 2 of RR 34-2020, the Company is not covered by the requirements and procedures for related party transactions under the said RR.

21. PROJECTS AND ACTIVITIES

21.01 Scholarship

The Company has forty-seven (47) scholars as of December 31, 2021, under its "Pag-adal mo, Sagot ko" project. Under this program, the scholars will be given full tuition fees for every semester for a four-year course, other fees applicable to the course, actual uniform expenses not exceeding P1,000 and not more frequent than twice during the scholar’s college years, actual cost of books for every semester, actual cost of Physical Education (P.E.) Uniform and a monthly allowance in the amount of P500.00/month.

21.02 Client Skills/ Livelihood Training

As of December 2021, thirty-three (33) microentrepreneurs, client-members of JMH, attended different Skills and Livelihood Training facilitated and organized by JMH, in partnership with the Department of Trade and Industry Region V (DTI). Training conducted Skills Training in Meat Processing, Seminar and Training on Designing on Product Packaging & Label, Consumer Education Webinar, Skills Training on Rice and Root Crops Native Delicacies Making, Skills training on Sweet Potato and Banana Chips Making, Packaging & Labelling-Enhancement for Food Processors, Skills Training on Pili Innovation Technology and many more. This program aims for the client-members to acquire new skills that can be a source of an additional or alternative income.

21.03 Enterprise and Business Management Training

One of JMHs goals is for its microentrepreneurs clients to scale their business, that is why, through partnership with different Negosyo Center of DTI, JMH organized and facilitated training and seminars. This training and seminars were given to client-members, whose businesses are ready for scaling up and for them to acquire some competencies that will improve their business. Training and seminars conducted were Entrepreneurial Mindset, Business Management Seminar, Business Continuity Planning, Marketing Strategy, Good Manufacturing Practice, Packaging and Labelling, One-on-one coaching, Financial Management. E-marketing and many more.

21.04 SSS Facilitation (Registration and Collection)

Due to limitation on access to government benefits of the majority of its client-member, JMH decided to partner with the Social Security System starting with its application for accreditation as Partner Agent for its Collection and Non-collection Facilitation. Today, all JMH Branches are offering registration and collection facilitation for those who are interested to be an SSS Member, whether they are a JMH member or non-member. As of December 31, 2021, JMH assisted one hundred fifteen (115) individuals registered with SSS and now are actively remitting their monthly contribution.

21.05 Disaster/ Calamity Relief Assistance

Being one of the calamity prone areas in the Philippines, Bicol Region is experiencing different disasters such as typhoons, floods, volcanic eruption, earthquake and other natural and man-made disasters. For this reason, JMH client-members are also prone to calamity that hits year-round, and one of the most affected sectors were the farmers, fisherfolks and the microentrepreneurs, which comprise the large percentage of JMH Clients. That is why, JMH established its Disaster Risk Reduction Program by giving training on Disaster Management Protocols to its clients-member, since 2017.

21.06 Rice Pa-raffle Promo

A monthly raffle promo of one sack of rice per JMH Branch, for centers who qualified for the set criteria. In 2021, a total of fifty (50) centers with 1,967 client-members benefited one (1) sack of rice as their prize.

21.07 Basic Financial Literacy

Improving the clients' financial capability requires educating and empowering them to address the types of financial decisions, opportunities and challenges that arise throughout their financial cycle. Without financial literacy training will lead to bad money habits.

21.08 PSA Online Processing Service

In response to the absence of certified birth and marriage certificates of our member-clients, JMH facilitates the online request for issuance of a copy of Civil Registry documents such as birth certificate, marriage certificate, death certificates as well as Certificate of No Marriage Record (CENOMAR) from PSA (Philippines Statistics Authority). As of December 2021, a total of eight hundred forty-two (842) client-members were assisted through JMH Online Processing Service.

21.09 Client Community Gardening

The Client Community Gardening is a new program under Client Development and Services that aims to restore and re-establish the community's practice of planting vegetables in backyards or gardens. The JMH also continues to promote environmental protection advocacy through this activity and in partnership with the Department of Agriculture Region V. In 2021, a total of 10 Centers have established Community Gardens.

21.10 Business Regulatory Assistance

The JMH Microfinance, Inc. is strengthening its partnership with the Department of Trade and Industry (DTI) to facilitate member-clients in accessing the programs and services of the said institution. Aside from the provision of technical services and enhancement of entrepreneurial capabilities, our aim is to scale-up their businesses. We deem it necessary to encourage and facilitate our member-clients to legitimise their businesses. This program aims to facilitate the registration of Business Name and enrollment to Barangay Micro Business Enterprise (BMBE), of JMH Microentrepreneur-clients engaged in business, as compliance to government regulations. As of December 2021, seventy-two (72) endorsed applications for DTI business name registration were processed and thirty-six (36) applications for BMBE were endorsed to DTI.

22. PROVISION AND CONTIGENCIES

The Company is not aware of any pending or threatened litigation, claims or assessments or unasserted claims of assessments that are required by Section 21 of the PFRS for SMEs, Provisions and Contingencies, to be accrued or disclosed in the financial statements.

In Philippine Peso

The Company has no outstanding provisions, commitments and contingent liabilities as of December 31, 2021 and 2020.

23. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2020 financial statements and note disclosures have been reclassified to conform to the current year's presentation. Details are as follows:

Old account	Before reclassification Dr (Cr)	Reclassification adjustment Dr (Cr)	After reclassification Dr (Cr)
Statements of revenue over expenses:			
Operating costs	–	52,643,560	52,643,560
Programs and projects	52,643,560	(52,643,560)	–

Such reclassification resulted to a better presentation of the financial statements and did not have any effect on prior year's profit or loss.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after the end of the reporting date were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Trustees on ______________.

26. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS No. 15-2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards for SMEs and such other standards and/or conventions.

Below are the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

26.01 Percentage taxes

Percentage taxes paid and accrued for the year consist of:

2021		**Paid**		**Accrued**		**Total**
Percentage taxes	**₱**	**1,290**	**₱**	**–**	**₱**	**1,290**

2020		Paid		Accrued		Total
Percentage taxes	₱	15,509	₱	–	₱	15,509

In Philippine Peso

26.02 Withholding taxes

Withholding taxes paid and accrued and/or withheld for the year consist of:

2021		**Paid**		**Accrued**		**Total**
Withholding taxes – compensation	₱	144,294	₱	154,089	₱	**298,383**
Expanded withholding tax		212,595		23,429		**236,024**
	₱	**356,889**	**₱**	**177,518**	**₱**	**534,407**

2020		Paid		Accrued		Total
Withholding taxes – compensation	₱	54,831	₱	1,915	₱	56,746
Expanded withholding tax		131,743		11,746		143,489
	₱	186,574	₱	13,661	₱	200,235

26.03 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued for the year is presented under taxes and licenses as part of administrative expense is as follows:

		2021		2020
National tax:				
Documentary stamp tax	₱	**920,269**	₱	383,964
Capital gains tax		**–**		227,180
Registration fee		**16,500**		16,500
Percentage tax		**1,290**		15,509
Local tax:				
Business permit		**514,809**		471,635
Real property tax		**418,950**		–
Others		**143,556**		45,846
	₱	**2,015,374**	₱	1,160,634

26.04 Tax Assessments

The Company has no outstanding tax assessments as of December 31, 2021 and 2020.

26.05 Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2021 and 2020.

27. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS No. 19-2011

RR No. 19-2011 that prescribes the use of new income tax forms starting with calendar year 2011 became effective on December 9, 2011. Companies are now required to include, as part of the notes to the financial statements, the schedules and information on taxable income and deductions.

Below are the additional information required by RR No. 19-2011. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

In Philippine Peso

27.01 Revenue

Revenue for the year ended December 31, 2021 consists of:

			Income tax returns					
					Regular			
		Financial statements		**Special tax**		**Subject to final tax/future taxable**		**Taxable**
Interest income	₱	152,150,750	₱	152,101,743	₱	49,007	₱	–
Catering and rental		43,000		–		–		43,000
	₱	**152,193,750**	**₱**	**152,101,743**	**₱**	**49,007**	**₱**	**43,000**

27.02 Direct cost

Direct cost for the year ended December 31, 2021 consists of:

			Income tax returns					
					Regular			
		Financial statements		**Special tax**		**Non-deductible**		**Taxable**
Interest expense on borrowed funds	₱	2,806,656	₱	2,806,656	₱	–	₱	–
Interest expense on deposits		1,183,132		1,183,132		–		–
Other direct cost		1,272,760		1,268,900		–		3,860
	₱	**5,262,548**	**₱**	**5,258,688**	**₱**	**–**	**₱**	**3,860**

27.03 Other Income

Other income for the year ended December 31, 2021 consists of:

			Income tax returns					
					Regular			
		Financial statements		**Special tax**		**Subject to final tax/future taxable**		**Taxable**
Service charge	₱	825,476	₱	131,096	₱	–	₱	694,380
Miscellaneous income		1,070,870		907,755		163,115		–
	₱	**1,896,346**	**₱**	**1,038,851**	**₱**	**163,115**	**₱**	**694,380**

In Philippine Peso

27.04 Allowable Deductions

Itemized deductions for the year ended December 31, 2021 consist of:

			Income tax returns				
					Regular		
		Financial statements		Charged to income subject to special tax		Non-deductible/ future deductible		Deductible
Personnel cost	₱	55,025,571	₱	55,025,571	₱	–	₱	–
Transportation expense		7,300,828		7,300,828		–		–
Depreciation and amortization		3,746,173		3,427,851		–		318,322
Rent		3,276,054		3,276,054		–		–
Medical expense		2,706,668		2,706,668		–		–
Utilities		2,102,403		2,102,403		–		–
Repairs and maintenance		1,051,028		1,051,028		–		–
Supplies expense		2,276,130		2,276,130		–		–
Fuel and lubricants		1,737,690		1,737,690		–		–
Client and community services		4,611,972		4,611,972		–		–
Professional fee		921,485		921,485		–		–
Trainings and development		206,131		206,131		–		–
Insurance		139,284		139,284		–		–
Taxes and licenses		2,015,373		1,989,485		–		25,888
Communication		26,978		26,978		–		–
Miscellaneous		5,310,861		5,039,708		–		271,153
	₱	92,454,629	₱	91,839,266	₱	–	₱	615,363
Provision for probable losses		12,739,721		12,739,721		–		–
	₱	**105,194,350**	**₱**	**104,578,987**	**₱**	**–**	**₱**	**615,363**

SWORN STATEMENT

We, **CHARISMA D. LASCOTA** and **JOSE ROLANDO A. PERLADO JR.**, President and Treasurer, respectively of **JMH MICROFINANCE, INC.**, with address at **CRH BUILDING, SALUGAN, CAMALIG, ALBAY** hereby depose and state that:

In compliance with SRC Rule 68, as amended, we are stating the following information that related to the preceding calendar year **December 31, 2021**, to wit:

Documents/ Schedules to the Audited Financial Statements as of December 31, 2021	NSPO Forms	Check if applicable
1. Affidavit of Willingness to be Audited by the Commission	NSPO Form-2	/
2. Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations	NSPO Form-3	/
3. Schedule of Contributions and Donations	NSPO Form-4	
4. Schedule of Application of Funds		
5. Certificate of Existence of Program/Activity (COEP)		/
6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities		

We hereby certify that this Sworn Statement with duly attached documents/schedules is executed to attest to the truth of the foregoing and for whatever legal purpose it may serve.

In witness thereof, we have hereunto affixed our signature this MAY 3 1 2022 day of 2022, at LEGAZPI CITY, Philippines.

CHARISMA D. LASCOTA
President
Passport # P3382559338

JOSE ROLANDO A. PERLADO JR.
Chief Financial Officer
UMID # 602-14-002961

Subscribed and sworn to before me, a Notary Public for and In LEGAZPI CITY City, on MAY 3 1 2022 affiants personally, exhibiting their respective competent evidence of Identification Card_______ issued at_________ issued on __________________.

EVA BERONICA GOYENA-BAILEY
Commission Serial No. NP-2011-06
Notary Public for Legazpi City
NOTARY PUBLIC
Until December 31, 2022
Roll of Attorney No. 40232
PTR No. 6795327;1/03/22;Legazpi City
MCLE Compliance No. VII-0005524
Rms. 203 & 208 Los Baños Bldg,
Peñaranda St., Legazpi City

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Page No. 10
Book No. 79
Series of 2022

REPUBLIC OF THE PHILIPPINES)
LEGAZPI CITY) S.S.

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **CHARISMA D. LASCOTA**, of legal age, Filipino and resident of **#2 Del Rosario Apartment, Doña Maria Subd., Anson St., Daraga, Albay**, after having been sworn to in accordance with law hereby depose and state:

I am the **President** of **JMH Microfinance, Inc.**, a non-stock non-profit organization registered with the Securities and Exchange Commission.

That I, as authorized by the Board of Directors of the corporation, hereby manifest its willingness to be audited by the Commission upon its Order and Authority for the purpose of determining compliance of the corporation with existing laws and regulations.

That this affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

In witness whereof, I hereby sign this affidavit this ______ day of MAY 3 1 2022 20____ at LEGAZPI CITY.

CHARISMA D. LASCOTA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 3 1 2022, affiant exhibiting to me her Passport # P38 785986 issued on ____________ at ____________ as competent evidence of identity.

EVA BERONICA GOYENA-BAILEY
Commission Serial No. NP-2011-05
Notary Public for Legazpi City
Until December 31, 2022
Roll of Attorney No. 40232
PTR No. 9795327;1/03/22;Legazpi City
MCLE Compliance No. VII-0005524
Rms. 203 & 208 Los Baños Bldg.
Peñaranda St., Legazpi City

Doc. No. 44;
Page No. 10;
Book No. 79;
Series of 2022

NSPO Form-3

SCHEDULE OF RECEIPTS OR INCOME OR SOURCES OF FUNDS OTHER THAN CONTRIBUTIONS AND DONATIONS

Name of Foundation/Organization	SEC Registration No.
JMH MICROFINANCE, INC.	**CN2004 29482**
For the year ended: **December 31, 2021**	

Receipts Or Income Or Sources Of Funds

(a) No.	(b) Description of Income	(c)Source (BORROWINGS)	(d) Amount (indicate by footnote if other than Philippine currency, then translate in this column)	(e) Date Received/ Period Covered
1		Landbank of the Philippines LANDBANK Bldg., Rizal St. Cabañgan Legazpi City, Albay	33,000,000.00	January 1-December 31, 2021
2		Small Business Corporation	103,900,000.00	January 1-December 31, 2021
3			P	
4			P	
5			P	
6			P	
7			P	
8			P	
9			P	
10	Others (aggregate of all sources of income which are individually below P100,000.00)		P	

(Use separate sheet if necessary)

Republic of the Philippines
SORSOGON STATE UNIVERSITY
Scholarship and Financial Services Office
Sorsogon City

CERTIFICATION

To whom it may concern:

This is to certify that **JMH Microfinance, Inc.** has been implementing the **Pag-adal Mo, Sagot Ko Scholarship Program** in Sorsogon State College from January to December 2021.

For the School Year 2021-2022, JMH Microfinance, Inc. sponsored school fees and monthly allowances of nine (9) scholars.

This certification is issued for whatever purposes it may serve.

Given this 5th day of January, 2022 at Sorsogon State University, Sorsogon City.

JHONNER D. RICAFORT, PhD
Head, Scholarship Services

SUBSCRIBED AND SWORN TO BEFORE ME
THIS JAN 05 2022, AFFIANT BEING
PERSONALLY KNOWN TO ME.

ATTY. JAD SOLA ESTORA
NOTARY PUBLIC UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION NO. [illegible]/038
FLORES ST. [illegible] SORSOGON CITY
ROLL NO. [illegible], IBP NO. [illegible]37178, DEC. 29, 2020
PTR NO. 3462458, SORSOGON 2021, JAN. 04, 2021
MCLE NO. VII-0002254

NSPO Form-6

REPUBLIC OF THE PHILIPPINES)
LEGAZPI CITY

CERTIFICATION

I, **CHARISMA D. LASCOTA**, of legal age, single, Filipino citizen, with residence address at **#2 Del Rosario Apartment, Dona Maria Subdivision, Anson St., Daraga Albay**, after having been sworn to in accordance with the law, do hereby depose and state that:

1. I am the duly elected President of **JMH MICROFINANCE, INC**., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at **CRH Building, Salugan, Camalig, Albay**.

2. The MFI has not received any funds from any Philippine government agency or any department, bureau of office of the national government, or any of its branches and instrumentalities, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government, nor received donations/grants/contributions in the amount of at least Five Hundred Thousand Pesos (Php500,000) in one or aggregate transactions per donor/grantor/contributor **for the year ended December 31, 2021**; and

3. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Foundation, its duly elected Trustees and /or corporate officers.

IN WITNESS WHEREOF, I have hereunto signed this Certification this _______ day of MAY 3 1 2022 at the LEGAZPI CITY.

CHARISMA D. LASCOTA
PRESIDENT

SUBSCRIBED AND SWORN to before me this MAY 3 1 2022, the affiant having exhibited to me his/her Passport # P38755 as competent proof of his identity.
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EVA BERONICA GOYENA-BAILEY
Commission Serial No. NP-2011-05
Notary Public for Legazpi City
Until December 31, 2022
Roll of Attorney No. 40232
PTR No. 9795327;1/03/22;Legazpi City
MCLE Compliance No. VII-0005524
Rms. 203 & 208 Los Baños Bldg.
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