The following document has been received:

Receiving: ARVIN BANAWA
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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: OST10518202381170482
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: AFS with NSPO Form 1, 2, 3 and 4, 5, 6
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	N	2	0	0	4	2	9	4	8	2

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
N/A	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.

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, May 3, 2023 at 9:49 AM
To: COMPLIANCE@jmhfi.com
Cc: CDFUNELAS@jmhfi.com

Hi JMH MICROFINANCE,INC.,

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Transaction Code: **AFS-0-CEFAKGA50NZV4VYVWMQSVXVQP08GFLAKG7**
Submission Date/Time: **May 03, 2023 09:49 AM**
Company TIN: **006-140-730**

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

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

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Cecile Funelas <cdfunelas@jmhfi.com>

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1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 17, 2023 at 3:05 PM
To: COMPLIANCE@jmhfi.com
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Transaction Code: **AFS-0-MT3NY4N30NW22VMNYNVN3MQ1V08AC8FHHB**
Submission Date/Time: **Apr 17, 2023 03:05 PM**
Company TIN: **006-140-730**

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

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

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

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, 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 auditor appointed by the members for the years ended December 31, 2022 and 2021, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, 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 PERLADO JR.
Chief Financial Officer

Signed this 20th day of April 2023

Alas Oplas & Co., CPAs

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
B K R International

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

To the Members and the Board of Trustees
JMH MICROFINANCE, INC.
CRH Building, Salugan,
Camalig, Albay

We have examined the financial statements of **JMH MICROFINANCE, INC.** (the "Company") for the years ended December 31, 2022 and 2021 on which we have rendered the attached report dated April 20, 2023.

In compliance with Revised Securities Regulation Code Rule 68, 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 October 31, 2022, to February 18, 2025
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. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026
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. 9565190, issued on January 3, 2023, Makati City

April 20, 2023
Makati City, Philippines

Alas Oplas & Co., CPAs

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

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INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Trustees
JMH MICROFINANCE, 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, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Alas Oplas & Co., CPAs

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

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 on taxes, duties and license fees paid or accrued during the taxable year in Note 30 to the financial statements, are presented for purposes of filing with the Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of **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 October 31, 2022, to February 18, 2025
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. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026
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. 9565190, issued on January 3, 2023, Makati City

April 20, 2023
Makati City, Philippines

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2022 AND 2021
In Philippine Peso

	Notes	2022	2021 As restated
ASSETS			
Current Assets			
Cash and cash equivalents	6	**38,990,619**	56,199,501
Loans receivable – net	7	**374,194,614**	299,453,975
Accounts receivable and other receivables	8	**3,084,518**	586,888
Other current assets	9	**7,103,174**	7,650,429
Total Current Assets		**423,372,925**	363,890,793
Non-current Assets			
Financial assets at FVOCI	10	**2,901,757**	3,163,115
Property and equipment – net	11	**20,777,998**	19,666,431
Retirement benefit asset	18	**834,232**	–
Deferred tax asset	20	**226,286**	–
Total Non-current Assets		**24,740,273**	22,829,546
TOTAL ASSETS		**448,113,198**	386,720,339
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Microsavings	12	**141,116,679**	107,030,506
Accounts payable and other payable	13	**54,519,754**	70,106,598
Income tax payable		**936,603**	907,724
Loans payable - current	14	**39,445,651**	77,223,481
Total Current Liabilities		**236,018,687**	255,268,309
Non-current Liabilities			
Loans payable – net of current portion	14	**28,113,393**	29,957,080
Retirement benefit obligation	18	**–**	2,437,133
Deferred tax liability	20	**–**	40,779
Total Non-current Liabilities		**28,113,393**	32,434,992
Total Liabilities		**264,132,080**	287,703,301
Fund Balance	15	**183,981,118**	99,017,038
TOTAL LIABILITIES AND FUND BALANCE		**448,113,198**	386,720,339

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF REVENUES OVER EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
In Philippine Peso

	Notes	2022	2021 As restated
REVENUE AND OTHER INCOME	16	**226,775,831**	153,926,981
COST AND EXPENSES			
Operating costs	17	**(118,295,648)**	(82,487,204)
Administrative expenses	17	**(18,996,409)**	(27,969,694)
		(137,292,057)	(110,456,898)
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX		**89,483,774**	43,470,083
INCOME TAX EXPENSE	20	**(4,323,675)**	(3,092,651)
EXCESS OF REVENUE OVER EXPENSES		**85,160,099**	40,377,432
OTHER COMPREHENSIVE INCOME		**(196,019)**	122,336
TOTAL COMPREHENSIVE INCOME		**84,964,080**	40,499,768

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, 2022 AND 2021
In Philippine Peso

	Members' Contribution (Note 15)	Accumulated Savings (Note 15)	Other comprehensive income (Note 10)	Total
Balance, December 31, 2020	**22,344,532**	**36,172,738**	**–**	**58,517,270**
Total comprehensive income, as previously reported	–	40,499,768	–	40,499,768
Restatement (Note 2)	–	(122,336)	122,336	–
Total comprehensive income, as restated	–	40,377,432	122,336	40,499,768
Balance, December 31, 2021, as restated	**22,344,532**	**76,550,170**	**122,336**	**99,017,038**
Total comprehensive income	–	85,160,099	(196,019)	84,964,080
Balance, December 31, 2022	**22,344,532**	**161,710,269**	**(73,683)**	**183,981,118**

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
In Philippine Peso

	Notes	**2022**	2021 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		**89,483,774**	43,470,083
Adjustments for:			
Provision for probable losses	7	**11,780,892**	12,739,721
Depreciation	11	**8,753,507**	3,746,173
Retirement benefit expense	18	**1,304,635**	
Interest income from bank deposits	6	**(85,890)**	(49,007)
Operating income before working capital changes		**111,236,918**	59,906,970
(Increase) decrease in:			
Loans and receivables		**(79,215,867)**	(166,828,214)
Accounts receivable and other receivable		**(2,497,631)**	229,521
Other current assets		**520,156**	1,070,201
Increase (decrease) in:			
Savings deposit		**34,086,173**	42,392,431
Accounts and other payables		**(18,474,638)**	43,225,162
Cash generated from (used in) operations		**45,655,111**	(20,003,929)
Income tax paid		**(4,469,421)**	(1,682,286)
Contributions to retirement fund	18	**(4,500,000)**	(1,500,000)
Benefits paid	18	**(76,000)**	(51,540)
Interest income received		**85,890**	49,007
Net cash generated from (used in) operating activities		**36,695,580**	(23,188,748)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	**(14,282,945)**	(1,583,213)
Additions to investment	10	**–**	(3,000,000)
Net cash used in investing activities		**(14,282,945)**	(4,583,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans payable	14	**(91,621,517)**	(72,155,807)
Proceeds on loans payable	14	**52,000,000**	136,900,000
Net cash generated from (used in) financing activities		**(39,621,517)**	64,744,193
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(17,208,882)**	36,972,232
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**56,199,501**	19,227,269
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**38,990,619**	56,199,501

See Notes to Financial Statements.

1. CORPORATE INFORMATION

JMH MICROFINANCE INC. (the "Company") is 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.

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 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 Application of the PFRS

The Company's financial statements for the year ended December 31, 2022 are its first annual financial statements prepared under accounting policies that comply with the Philippine Financial Reporting Standards.

2.02 Transition to Full PFRS

The Company applied the Philippine Financial Reporting Standards (PFRS) for the first time in preparing its financial statements, with January 1, 2022 as date of transition. PFRS includes all applicable PFRSs, Philippine Accounting Standards (PAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The Company has applied PFRS retrospectively in accordance with its transitional provisions.

The transition to full PFRS had no impact on the financial statements as at December 31, 2021 except for the restatement of unrealized gain on fair value changes on the Company's investment on financial assets at FVOCI, which will affect the excess of revenues over expenses, other comprehensive income, and income tax expense.

In Philippine Peso

2.02.01 Restatement of Prior Period Amounts
In 2022, the Company restated its financial statements as of and for the year ended December 31, 2021 to reflect certain prior period adjustments related to transition to PFRSs. These adjustments affect the revenues and other income, other comprehensive income and income tax expense.

The analysis of the affected line items in the statement of revenues over expenses for the year ended December 31, 2021 is shown below:

	As previously reported Dr (Cr)	Adjustments Dr (Cr)	As restated Dr (Cr)
Revenues and other income[a]	₱ (154,090,096)	₱ 163,115	₱ (153,926,981)
Income tax expense[b]	3,133,430	(40,779)	3,092,651
Other comprehensive income[c]	–	(122,336)	(122,336)
		–	

a. Restatement on revenues and other income pertain to the unrealized gain on investment previously recognized in profit or loss
b. Restatement on income tax expense pertain to deferred tax expense related on the unrealized gain on investment
c. Restatement on other comprehensive income pertain to recognizing the unrealized gain on investment in other comprehensive income

2.02.02 PFRS 9 – Financial Instruments
PFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Classification and measurement of financial assets and financial liabilities
Financial assets are measured at fair value through profit or loss (FVTPL) unless these are measured at fair value through OCI (FVTOCI) or at amortized cost. The classification and measurement provisions of PFRS 9 require that all debt financial assets that do not meet the "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as financial assets at FVTPL. The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured as financial assets at FVTPL. Subsequent measurement of instruments classified as financial assets at FVTPL under PFRS 9 operates in a similar manner to financial instruments held for trading under PAS 39.

For debt financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a "hold to collect and for sale" basis will be classified as financial assets at FVOCI for debt. Debt instruments that are managed on a "hold to collect" basis will be classified as financial assets at amortized cost. Subsequent measurement of instruments classified as financial assets at FVOCI and at amortized cost classifications under PFRS 9 operate in a similar manner to AFS financial assets for debt financial assets and loans and receivables, respectively, under existing PAS 39, except for the impairment provisions which are discussed below.

For those debt financial assets that would otherwise be classified as financial assets at FVOCI or at amortized cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument as financial asset at FVTPL under the fair value option (FVO) if doing so eliminates or significantly reduces an accounting mismatch.

In Philippine Peso

All equity investments are required to be measured in the statement of financial position at fair value through profit or loss, except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI. Unlike AFS for equity securities under PAS 39, the FVTOCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends will continue to be recognized in profit and loss.

The classification and measurement of financial liabilities remain essentially unchanged from the current PAS 39 requirements, except that changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

Impairment methodology
The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Hedge accounting
The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The Company has assessed that the requirements of PFRS 9 do not have any impact in its 2022 financial statements as the Company does not apply hedge accounting.

Transition to PFRS 9
As permitted by transitional provisions of PFRS 9, the Company elected not to restate comparative figures. The Company adopted PFRS 9 on January 1, 2022 and the comparative information for 2020 financial instruments in scope of PFRS 9 was not restated and was reported under PFRS for SMEs, thus not comparable with the information presented for 2022.

Classification and measurement of financial assets
The measurement category and the carrying amount of financial assets in accordance with PAS 39 and PFRS 9 at January 1, 2022 are as follows:

	December 31, 2021 (PFRS for SMEs)		**January 1, 2022 (PFRS 9)**	
Financial assets	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Cash and cash equivalents	Amortized cost	56,199,501	Amortized cost	56,199,501
Loans receivables - net	Amortized cost	299,453,975	Amortized cost	299,453,975
Financial assets at FVOCI	FVTPL	3,163,115	FVOCI	3,163,115

2.02.03 PFRS 16 - Leases

Lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, Leases. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries for-ward the principles of lessor accounting under PAS 17. Lessors, however, will be re-quired to disclose more information in their financial statements, particularly on the risk exposure to residual value. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Company has adopted PFRS 16, ‘Leases’ effective January 1, 2022. PFRS 16 replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the balance sheet. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The adoption of PFRS 16 resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Company did not early adopt any provisions of PFRS 16 in previous periods.

As permitted by the transitional provisions of PFRS 16, the Company elected not to restate comparative figures and adopt the modified retrospective approach with simplified right-of-use asset to transition to the new leases standard.

The Company recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as ‘operating leases’ under the principles of PAS 17.

- The lease liabilities were measured at the present value of the remaining lease payments, discounted using the appropriate incremental borrowing rates as of January 1, 2022
- The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to certain leases recognized in the statement of financial position as at December 31, 2022.

In applying PFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

(a) For all contracts entered into before January 1, 2022 and that were previously identified as leases under PAS 17, Leases, and IFRIC 4, ‘Determining whether an arrangement contains a Lease’, the Company has not reassessed if such contracts contain leases under PFRS 16; and
(b) On a lease-by-lease basis, the Company has:
    - applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
    - relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
    - excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
    - used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

In Philippine Peso

Set out below are disclosures relating to the impact of the adoption of PFRS 16 on the Company.

(a) Amounts recognized in the statement of assets, liabilities and fund balance:

		December 31, 2022		January 1, 2022
Right-of-use assets	₱	**1,695,807**	₱	2,193,301
Lease liabilities:				
Current	₱	**1,180,817**	₱	837,109
Non-current		**547,568**		1,356,192
	₱	**1,728,385**	₱	2,193,301

(b) Amounts recognized in the statement of revenues over expenses:

		2022
Depreciation expense	₱	**1,191,987**
Interest expense		**79,125**
	₱	**1,271,112**

When measuring lease liabilities for leases that have been classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at January 1, 2022. The Company has applied incremental borrowing rate ranging from 2.26% to 4.23%, depending on the remaining lease term.

The reconciliation of operating lease commitments as at December 31, 2021 discounted using the incremental borrowing rate as at January 1, 2022 and the lease liabilities recognized as at January 1, 2022 follows.

Operating lease commitments as at December 31, 2021 as disclosed under PAS 17	₱	**2,310,594**
Discounted using the incremental borrowing rate at January 1, 2022		**(117,293)**
Lease liabilities recognized as at January 1, 2022	₱	**2,193,301**

2.03 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRS includes all applicable PFRSs, Philippine Accounting Standards (PASs), and Interpretations issued by the Philippine Financial Reporting Interpretations Committee (PFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, except for the provisions of *PAS 19R Employee Benefits* which requires the use of projected unit credit method in computing for an entity's retirement benefit obligation.

The Company already exceeded the criteria set by the SEC to qualify as a small and medium-sized entity (SME), and management has assessed that breach is significant and continuing; thus, the Company applied the Philippine Financial Reporting Standards (PFRS) in preparing its financial statements.

2.04 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.

2.05 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.

2.06 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. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

3.01 New and Amended Standards and Interpretations Effective on January 1, 2022

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.01.01 Annual Improvements to PFRS Standards 2018-2020

PFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. A subsidiary can elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements.

A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

PFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

PFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

PAS 41 Agriculture
The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value.

3.01.02 Amendments to PAS 37: Onerous Contracts – Costs of Fulfilling a Contract
The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments published today are effective for annual periods beginning on or after 1 January 2022.

3.01.03 Amendments to PAS 16, Property, Plant and Equipment - Proceeds before Intended Use
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to PAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
The amendments published today are effective for annual periods beginning on or after 1 January 2022.

3.01.04 Amendments to PFRS 3, Reference to the Conceptual Framework
The changes include:
- Update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- Add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or Philippine IFRIC 21, an acquirer applies PAS 37 or Philippine IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- Add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments published today are effective for annual periods beginning on or after 1 January 2022.

3.02 Standards Issued but Not Yet Effective (Effective Beginning on or After January 1, 2023)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.02.01 Amendments to PAS 1, Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- Make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The management of the Company is still evaluating the impact of the new standard.

3.02.02 Amendments to PAS 8, Definition of Accounting Estimates

The changes focus entirely on accounting estimates and clarify the following:

- Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- Clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023.

The management of the Company is still evaluating the impact of the new standard.

3.02.03 Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

- An entity is now required to disclose its material accounting policy information (MAPI) instead of its significant accounting policies (SAP);
- Explains how an entity can identify MAPI and to give examples of when accounting policy information is likely to be material;
- Clarified that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- Clarified that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and
- Clarified that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Guidance and examples are added to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information.

The amendments are effective for annual periods beginning on or after 1 January 2023.

The management of the Company is still evaluating the impact of the new standard.

3.02.04 Amendments to PAS 12, Deferred Tax related to Assets and Liabilities from a Single Transaction
The main change is an exemption from the initial recognition exemption provided in PAS 12.15(b) and PAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph PAS 12.22A.

The amendments are effective for annual periods beginning on or after 1 January 2023.

The management of the Company is still evaluating the impact of the new standard.

3.02.05 Amendments to PFRS 17, Insurance Contracts
The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

PFRS 17 supersedes PFRS 4 'Insurance Contracts' and related interpretations.

The FRSC amended the mandatory effective date of PFRS 17 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

The standard is not applicable to the Company.

3.03 Deferred Effectivity

3.03.01 Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

4. 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.

4.01 Financial Assets

The Company recognizes financial assets when the entity becomes party to the contractual provision of the financial instruments.

4.01.01 Classification and Measurement
Under PFRS 9, the classification and measurement of financial assets is driven by the Company's contractual cash flow characteristics of the financial assets and business model for managing financial assets.

As of December 31, 2022 and 2021, the Company has not designated any financial assets at FVTPL.

As part of its classification process, the financial assets of the Company are measured at amortized cost if both the following conditions are met:

- The asset within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs and are subsequently measured at amortized cost using effective interest method, less in impairment in value.

The Company's financial assets at amortized cost comprise cash and cash equivalents, and loans receivable.

Financial assets at FVOCI

Equity Instruments at FVOCI
For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation*. This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings. Equity securities at FVOCI are not subject to impairment assessment.

As at December 31, 2022 and 2021, the Company's financial assets at FVOCI amounted to ₱2,901,757 and ₱3,163,115, respectively, as disclosed in Note 10.

4.01.02 Impairment
The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For loans receivable, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.02 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.

4.02.01 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.

4.03 Financial Liabilities and Equity Instruments

4.03.01 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.

4.03.02 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, 2022 and 2021.

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

4.04 Fund Balance

4.04.01 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.

4.04.02 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.

4.05 Provisions, Contingent Liabilities and Contingent Assets

4.05.01 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.

4.05.02 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.

4.06 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.

4.06.01 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.

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

4.07 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.

4.08 Employee Benefits

4.08.01 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.

4.08.02 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.

4.08.03 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.

4.09 Leases

4.09.01 The Company as Lessee
For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three (3) key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Recognition and Initial Measurement
At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Subsequent Measurement
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Useful life considered in depreciating the right-of-use assets is the life of the asset or remaining term of the lease, whichever is shorter.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.10 Related Parties and Related Party Transactions

4.10.01 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.

4.10.02 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.

4.11 Income Tax

4.11.01 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.

4.11.02 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.

4.12 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5.01 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.

5.01.01 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, 2022 and 2021, the Company has determined that no contingencies will materially affect the Company's financial statements, hence no provision is recognized.

5.01.02 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.

5.01.03 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.

5.01.04 Determining Whether or Not a Contract Contains a Lease (Starting January 1, 2022)
At inception of a contract, the Association assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Identified Asset
An asset is typically identified by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the customer.

Substantive Substitution Rights
Even if the asset is specified, the Association does not have the right to use an identified asset, if, at inception of the contract, a supplier has the substantive right to a substitute the asset throughout the period of use (i.e., the total period of time that an asset is used to fulfill a contract with the Association, including the sum of any non-consecutive periods of time). A supplier's right to substitute an asset is substantive when both of the following conditions are met:

- The supplier has the practical ability to substitute alternative assets throughout the period of use (e.g., the Association cannot prevent the supplier from substituting an asset and alternative assets are readily available to the supplier or could be sourced by the supplier within a reasonable period of time); and
- The supplier would benefit economically from the exercise of its right to substitute the asset (i.e., the economic benefits associated with substituting the asset is expected to exceed the costs associated with substituting the asset).

The Association's evaluation of whether a supplier's substitution right is substantive is based on facts and circumstances at inception of the contract. At inception of the contract, the Association does not consider future events that are not likely to occur.

Right to Obtain Substantially all of the Economic Benefits from Use of the Identified Asset
To control the use of an identified asset, the Association is required to have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use (e.g., by having exclusive use of the asset throughout that period).

When assessing whether the Association has the right to obtain substantially all of the economic benefits from the use of an asset, the Association considers the economic benefits that result from use of the asset within the defined scope of the customer's right to use the asset. A right that solely protects the supplier's interest in the underlying asset (e.g., limits on the number of miles a customer can drive a supplier's vehicle) does not, in and of itself, prevent the Association from obtaining substantially all of the economic benefits from use of the asset and, therefore, are not considered when assessing whether the Association has the right to obtain substantially all of the economic benefits.

If a contract requires the Association to pay the supplier or another party a portion of the cash flows derived from the use of an asset as consideration (e.g., a percentage of sales from the use of retail space), those cash flows are considered to be economic benefits that the Association derives from the use of the asset.

Right to Direct the Use of the Identified Asset
The Association has the right to direct the use of an identified asset throughout the period of use when either the Association has the right to direct how and for what purpose the asset is used throughout the period of use. The Association has the right to direct the use of an identified asset whenever it has the right to direct how and for what purpose the asset is used throughout the period of use (i.e., it can change how and for what purpose the asset is used throughout the period of use). When evaluating whether the Association has the right to change how and for what purpose the asset is used throughout the period of use, its focus is on whether the Association has the decision-making rights that will most affect the economic benefits that will be derived from the use of the asset. The decision-making rights that are most relevant are likely to depend on the nature of the asset and the terms and conditions of the contract.

5.01.05 Determination of Lease Term of Contracts with Renewal and Termination Options (Starting January 1, 2022)
In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.
The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

5.01.06 Classification of Leases (Prior to January 1, 2022)
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.

5.01.07 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.

5.01.08 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 ₱226,286 as of December 31, 2022, as disclosed in Note 20. Deferred tax liability recognized amounted to ₱40,779 as of December 31, 2021, as disclosed in Note 20.

5.02 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.

5.02.01 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.

In Philippine Peso

5.02.02 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, 2022 and 2021, the net carrying value of the Company's property and equipment amounted to ₱20,777,998 and ₱19,666,431, respectively, as disclosed in Note 11.

5.02.03 Determination of Appropriate Discount Rate in Measuring Lease Liabilities
The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

6. CASH AND CASH EQUIVALENT

Cash and cash equivalent consist of:

		2022		2021
Cash in bank	₱	**35,490,472**	₱	54,966,054
Cash on hand		**873,766**		999,178
Petty cash fund		**134,146**		151,493
Others		**2,492,235**		82,776
Total	₱	**38,990,619**	₱	56,199,501

Cash in banks earn interest at the rate of 0.50% to 2% per annum in 2022 and 2021.

Interest income earned from bank deposits and investments amounted to ₱85,890 and ₱49,007 for the years ended December 31, 2022 and 2021, respectively, as disclosed in Note 16.

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, 2022 and 2021.

In Philippine Peso

7. LOANS RECEIVABLE – net

The Company's loans receivable consists of:

		2022		2021
Current	₱	**365,903,293**	₱	301,413,387
Past due		**31,123,571**		13,533,567
Gross loans receivable		**397,026,864**		314,946,954
Allowance for probable losses		**(22,832,250)**		(15,492,979)
	₱	**374,194,614**	₱	299,453,975

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

	2022		
Loan Product	**Current**	**Past Due**	**Total**
Microfinance Loans			
KABUHAYAN	269,962,074	17,455,287	287,417,361
AGAP	54,040,733	7,105,573	61,146,306
KAAGAPAY	–	–	–
Educational Loan	11,016,008	444,655	11,460,663
AKAP	1,380,637	41,541	1,422,178
Unlad-Kalinga	192,286	–	192,286
SOLAR	161,287	6,334	167,621
SSS	361,484	–	361,484
WASH	146,269	36,556	182,825
Sub-total	**337,260,778**	**25,089,946**	**362,350,724**
Agri Loans			
ACPC	**24,735,400**	**5,869,628**	**30,605,028**
Employee Loan			
Employee Loan	2,331,115	130,112	2,461,227
Motor vehicle scheme	1,576,000	33,885	1,609,885
Sub-total	**3,907,115**	**163,997**	**4,071,112**
Total	**365,903,293**	**31,123,571**	**397,026,864**

In Philippine Peso

	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

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.

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

Interest income earned from loans receivable amounted to ₱224,906,896 and ₱152,101,743 for the years ended December 31, 2022 and 2021, respectively, as disclosed in Note 16.

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

	2022	2021
Balance, beginning	₱ **15,492,979**	₱ 6,212,942
Additional provision	**11,780,892**	12,739,721
Write-off	**(4,441,621)**	–
Reversal	**–**	(3,459,684)
	₱ **22,832,250**	₱ 15,492,979

In Philippine Peso

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The account consists of:

		2022		2021
Due from employees	₱	**1,563,662**	₱	488,582
Due from suppliers		**1,499,641**		44,459
Advances to officers and staff		**21,215**		53,847
	₱	**3,084,518**	₱	586,888

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.

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.

9. OTHER CURRENT ASSETS

The account consists of:

		2022		2021
Prepaid insurance – St. Peter Life Plan	₱	**3,363,960**	₱	3,858,660
Supplies on hand		**2,359,201**		2,830,603
Prepaid rent		**1,077,100**		738,525
Other Prepaid Expenses		**277,500**		200,000
WASH inventory		**25,413**		22,641
	₱	**7,103,174**	₱	7,650,429

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.

10. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

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.

In Philippine Peso

As of December 31, 2022, the funds have the following values:

Fund	Unit Balance	Unit Price	Fund Value
PHP Asia Pacific Property Income Fund	1,729,447.60	0.8360	1,445,818
PESO Secure Fund	347,275.47	1.6440	570,921
Peso Growth Fund	324,896.58	2.7240	885,018
Total			**2,901,757**

Movement of the investment account is shown below:

		2022		2021
Beginning balance	₱	**3,163,115**	₱	–
Additions		**–**		3,000,000
Unrealized gains (losses) for the year		**(261,358)**		163,115
	₱	**2,901,757**	₱	3,163,115

Details of other comprehensive loss (income) reported in fund balance are as follows:

		2022		2021 As restated
Beginning balance	₱	**(122,336)**	₱	–
Origination during the year:				
Unrealized loss (gain)		**261,358**		(163,115)
Deferred tax		**(65,339)**		40,779
Net of tax		**196,019**		(122,336)
Ending balance	₱	**73,683**	₱	(122,336)

In Philippine Peso

11. PROPERTY AND EQUIPMENT - net

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

2022		**Land**		**Building**		**Transportation equipment**		**Furniture, Fixtures & Other equipment**		**Construction-in-progress**		**Right-of-use assets**	**Total**
Cost													
Balance, January 1	₱	3,000,000	₱	10,000,000	₱	6,376,725	₱	24,614,672	₱	302,162	₱	2,193,301	46,486,860
Additions		–		–		1,629,073		10,153,991		2,499,881		–	14,282,945
Additions – PFRS 16		–		–		–		–		–		694,493	694,493
Adjustment		–		–		(1,164,011)		(11,464,302)		(2,553,415)		–	(15,181,728)
Balance, December 31		**3,000,000**		**10,000,000**		**6,841,787**		**23,304,361**		**248,628**		**2,887,794**	**46,282,570**
Accumulated depreciation													
Balance, January 1		–		1,980,000		4,336,173		18,310,955		–		–	24,627,128
Depreciation		–		453,750		964,034		6,143,736		–		1,191,987	8,753,507
Adjustment		–		26,346		(940,340)		(6,962,069)		–			(7,876,063)
Balance, December 31		**–**		**2,460,096**		**4,359,867**		**17,492,622**		**–**		**1,191,987**	**25,504,572**
Carrying amount	**₱**	**3,000,000**	**₱**	**7,539,904**	**₱**	**2,481,920**	**₱**	**5,811,739**		**248,628**	**₱**	**1,695,807**	**20,777,998**

2021		Land		Building		Transportation equipment		Furniture, Fixtures & Other equipment		Construction-in-progress		Right-of-use asset	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

In Philippine Peso

Breakdown of the depreciation expense is disclosed as follows:

	Note		**2022**		2021
Operating costs	17	₱	**4,185,318**	₱	869,776
Administrative expenses	17		**4,568,189**		2,876,397
		₱	**8,753,507**	₱	3,746,173

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, 2022 and 2021.

All additions were paid in cash. No items of property and equipment were used as collateral for liabilities as of December 31, 2022 and 2021.

Cost of fully depreciated property and equipment still in use as of December 31, 2022 and 2021 amounted to ₱28,180,152 and ₱20,112,543, respectively.

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, 2022 and 2021, the Company has satisfactorily complied with this provision.

12. MICROSAVINGS

The account consists of:

		2022		2021
Pilit Impok	₱	**134,292,772**	₱	102,110,153
Impok Para sa Kinabukasan		**6,823,907**		4,920,353
	₱	**141,116,679**	₱	107,030,506

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 ₱1,817,933 and ₱1,183,132 for the years ended December 31, 2022 and 2021, respectively.

In Philippine Peso

13. ACCOUNTS PAYABLE AND OTHER PAYABLE

The account is composed of the following:

		2022		2021
Accounts payable	₱	**45,725,257**	₱	62,140,797
Calamity fund		**4,674,896**		4,533,373
Lease liability		**1,728,385**		–
SSS/PhilHealth/Insurance premium payable		**1,242,187**		977,119
Accrued CDS expenses		**200,812**		960,000
Accrued medical expenses		**500,001**		840,908
Accrued interest		**292,513**		383,753
Taxes payable		**107,663**		187,268
Consignment payable		**38,040**		83,380
Unearned rental revenue		**10,000**		–
	₱	**54,519,754**	₱	70,106,598

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.

Details of the Company's lease liabilities and their carrying amounts are as follows:

		2022 (PFRS 16)		2021 (PFRS for SMEs)
Balance, January 1	₱	**2,193,301**	₱	–
Additions		**694,493**		–
Interest expense		**79,125**		–
Payments		**(1,238,534)**		–
Balance, December 31	₱	**1,728,385**	₱	–

In Philippine Peso

The maturity analysis of lease liabilities as of December 31, 2022:

		Lease payments		**Finance charges**		**Net present values**
Within 1 year	₱	1,222,956	₱	42,139	₱	1,180,817
1 – 2 years		394,850		13,786		381,064
2 – 3 years		169,200		2,696		166,504
Carrying amount	**₱**	**1,787,006**	**₱**	**58,621**	**₱**	**1,728,385**

14. LOANS PAYABLE

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

		2022		2021
Small Business Corporation	₱	**53,559,044**	₱	92,187,499
Land Bank of the Philippines		**14,000,000**		14,993,062
	₱	**67,559,044**	₱	107,180,561

Movement of the account is disclosed below:

		2022		2021
Beginning balance	₱	**107,180,561**	₱	42,436,368
Availments made during the year		**52,000,000**		136,900,000
Payments made during the year		**(91,621,517)**		(72,155,807)
	₱	**67,559,044**	₱	107,180,561

As to maturity:

		2022		2021
Due within twelve months	₱	**39,445,651**	₱	77,223,481
Due after twelve months		**28,113,393**		29,957,080
	₱	**67,559,044**	₱	107,180,561

Such borrowings bear interest ranging from 2% to 7% in 2022 and 2% to 6.50% in 2021.

No assets were pledged to secure the loans payable as of December 31, 2022 and 2021.

Interest expense incurred from loans payable amounted to ₱2,840,294 and ₱2,806,656 for the years ended December 31, 2022 and 2021, respectively.

15. 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, 2022 and 2021, amounted to ₱183,981,118 and ₱99,017,038, respectively.

In Philippine Peso

Breakdown of fund balance is as follows:

		2022		2021 As restated
Capital contribution	₱	**22,344,532**	₱	22,344,532
Accumulated savings		**161,710,269**		76,550,170
Other comprehensive income (loss)		**(73,683)**		122,336
	₱	**183,981,118**	₱	99,017,038

16. REVENUE AND OTHER INCOME

Revenue and other income are composed of the following:

		2022		2021 As restated
Interest income	₱	**224,992,786**	₱	152,150,750
Service charge		**787,054**		825,476
Rental and catering service		**139,600**		43,000
Miscellaneous income		**856,391**		907,755
	₱	**226,775,831**	₱	153,926,981

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

Interest income is breakdown as follows:

	Notes		2022		2021
Interest income on loans	7	₱	**224,906,896**	₱	152,101,743
Interest income on bank deposits	6		**85,890**		49,007
		₱	**224,992,786**	₱	152,150,750

17. COST AND EXPENSES

The account consists of:

		2022		2021
Operating costs	₱	**118,295,648**	₱	82,487,204
Administrative expenses		**18,996,409**		27,969,694
	₱	**137,292,057**	₱	110,456,898

In Philippine Peso

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

2022	**Notes**	**Operating costs**	**Administrative expenses**	**Total**
Personnel cost		₱ 66,069,419	₱ 5,782,960	₱ 71,852,379
Transportation and travel		13,498,321	453,980	13,952,301
Provision for probable losses	7	11,589,151	191,741	11,780,892
Depreciation	11	4,185,318	4,568,189	8,753,507
Interest		1,879,450	3,189,161	5,068,611
Rent		3,441,730	12,375	3,454,105
Supplies expense		3,084,596	26,179	3,110,775
Utilities		2,406,486	370,333	2,776,819
Medical expenses		1,797,579	770,391	2,567,970
Professional fee		71,128	1,416,729	1,487,857
Repairs and maintenance		1,311,198	171,090	1,482,288
Client and community services		845,182	533,497	1,378,679
Taxes and licenses		962,156	412,353	1,374,509
Trainings and development		–	740,510	740,510
Insurance		62,775	81,399	144,174
Communication		16,971	7,273	24,244
Miscellaneous		7,074,188	268,249	7,342,437
		₱ 118,295,648	**₱ 18,996,409**	**₱ 137,292,057**

2021	Notes	Operating costs	Administrative expenses	Total
Personnel cost		₱ 37,702,558	₱ 17,323,013	₱ 55,025,571
Provision for probable losses	7	12,739,721	–	12,739,721
Transportation expense		8,350,352	688,166	9,038,518
Interest		5,090,380	168,309	5,258,689
Client and community services		4,611,972	–	4,611,972
Depreciation	11	869,776	2,876,397	3,746,173
Rent		3,276,054	–	3,276,054
Medical expenses		48,404	2,658,264	2,706,668
Supplies expense		1,846,015	430,116	2,276,131
Taxes and licenses		1,470,853	544,521	2,015,374
Utilities		1,314,892	787,511	2,102,403
Repairs and maintenance		537,594	513,434	1,051,028
Professional fee		–	921,485	921,485
Trainings and development		25,400	180,731	206,131
Insurance		–	139,285	139,285
Communication		290	26,688	26,978
Miscellaneous		4,602,943	711,774	5,314,717
		₱ 82,487,204	₱ 27,969,694	₱ 110,456,898

Client and community services represent the amount incurred for the activities disclosed in Note 22.

In Philippine Peso

Personnel cost consists of the following:

2022		**Administrative expenses**		**Operating costs**		**Total**
Salaries and wages	₱	2,895,169	₱	39,978,846	₱	42,874,015
Other employee benefits		1,944,474		20,906,664		22,851,138
Government contributions		301,657		4,520,934		4,822,591
Retirement benefit expense		641,660		662,975		1,304,635
	₱	**5,782,960**	₱	**66,069,419**	₱	**71,852,379**

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

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, 2022 and 2021, the Company has retirement benefit obligation as shown below:

		2022		2021
Accrued retirement benefit	₱	**5,258,728**	₱	3,937,133
Plan asset		**(6,092,960)**		(1,500,000)
Balance, December 31	₱	**(834,232)**	₱	2,437,133

Movement of accrued retirement benefit is shown below:

		2022		2021
Balance, January 1	₱	**3,937,133**	₱	3,988,583
Current service cost		**1,397,595**		–
Benefits paid from book reserves		**(76,000)**		(51,450)
Balance, December 31	₱	**5,258,728**	₱	3,937,133

In Philippine Peso

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

		2022		2021
Balance, January 1	₱	**1,500,000**	₱	–
Contribution		**4,500,000**		1,500,000
Interest income		**14,181**		–
Return on plan asset		**78,779**		–
Balance, December 31	₱	**6,092,960**	₱	1,500,000

Details of retirement benefit expense are disclosed below:

		2022		2021
Current service cost	₱	**1,397,595**	₱	–
Interest income		**(14,181)**		–
Return on plan asset		**(78,779)**		–
	₱	**1,304,635**	₱	–

19. RELATED PARTY TRANSACTIONS

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, 2022 and 2021 amounting to ₱4,071,111 and ₱3,564,467, respectively.

19.02 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, 2022 and 2021, the Company paid to its key management personnel amounting to ₱6,379,196 and ₱5,905,803, 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

		2022		2021 As restated
Income tax expense – current (Preferential tax at 2%)	₱	**4,517,914**	₱	3,062,812
Income tax expense – current (MCIT at 1%)		**7,487**		–
Income tax expense – current (RCIT at 25%)		**–**		29,539
Income tax expense (benefit) – deferred		**(201,726)**		300
	₱	**4,323,675**	₱	3,092,651

A numerical reconciliation between tax expense and the excess of revenue over expense multiplied by the tax rate for the year ended December 31, 2022 and 2021 is as follows:

		2022		2021
Excess of revenue over expenses before income tax	₱	**89,481,724**	₱	43,470,083
Tax expense at 25%		**22,370,431**		10,867,521
Tax effect of:				
Income subject to special rate		**(56,473,925)**		(38,285,149)
Non-deductible expense charged to special rate		**33,930,728**		27,459,419
Interest income subject to final tax		**(21,473)**		(12,252)
Reversal of previously recognized DTA		**–**		300
Total		**(194,239)**		29,839
Preferential tax		**4,517,914**		3,062,812
	₱	**4,323,675**	₱	3,092,651

In Philippine Peso

20.02 Deferred Tax Assets (Liabilities)

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

	Excess of MCIT over RCIT	Allowance for probable losses	NOLCO	Unrealized loss (gain) on FVOCI investments	Total
Balance, December 31, 2020	₱ 19,831	₱ 300	₱ –	₱ –	₱ 20,131
Profit or loss					
Origination	–	–	–	(40,779)	(40,779)
Reversal	(19,831)	(300)	–	–	(20,131)
Balance, December 31, 2021, as previously reported	–	–	–	(40,779)	(40,779)
Restatement					
Profit or loss	–	–	–	40,779	40,779
Other comprehensive income	–	–	–	(40,779)	(40,779)
Balance, December 31, 2021, as restated	–	–	–	(40,779)	(40,779)
Profit or loss					
Origination	7,487	–	194,239	–	201,726
Reversal	–	–	–	–	–
Other comprehensive income					
Origination	–	–	–	65,339	65,339
Reversal	–	–	–	–	–
Balance, December 31, 2022	**₱ 7,487**	**₱ –**	**₱ 194,239**	**₱ 24,560**	**₱ 226,286**

In Philippine Peso

20.03 Minimum Corporate Income Tax (MCIT)

Under Section 34(D)(3) of the National Internal Revenue Code (NIRC) of 1997, as amended, the net operating loss of the business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

Details of the Company's NOLCO are as follows:

Year incurred	Amount	Applied in Prior Year	Applied in Current Year	Balance	Year of expiry
2022	**₱ 194,329**	**₱ –**	**₱ –**	**₱ 194,329**	**2025**

20.04 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	Amount	Applied in Prior Year	Applied in Current Year	Balance	Year of expiry
2022	**₱ 7,487**	**₱ –**	**₱ –**	**₱ 7,487**	**2025**

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.

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 seventy-five (75) scholars as of December 31, 2022, under its "Pag-adal mo, Sagot ko" program including the two (2) seminarian scholars. Under this program, the scholars will be given a monthly allowance in the amount of P500.00/month, actual uniform expenses not exceeding P1,000 and not more frequent than twice during the scholar’s college years, actual cost of Physical Education (P.E.) Uniform, actual cost of books and project allowance in the amount of P1,000 for every semester, and other fees applicable to the course.

21.02 Business Development Service

In the Business Development Services, five (5) clients engaged in food and handicraft manufacturing were endorsed to DTI for Go Negosyo's KMME-MME (Kapatid Mentor Me-Money Market Encounter) Online Business Mentorship Program. Only 1 client passed the DTI's evaluation and graduated as a mentee in the KMME-MME Program for Youth Sector. Two (2) clients engaged in the food business received business development intervention through business coaching. Nine (9) clients engaged in food manufacturing were also assisted through product packaging and label enhancement. Moreover, twenty-eight (28) client-entrepreneurs engaged in food manufacturing, handicraft manufacturing, and food service, who are also assisted through Business Regulatory Compliance Assistance were endorsed to DTI to receive livelihood kits and underwent skills training. As part of their continuous intervention by the said partner agency, out of twenty-eight (28) client-entrepreneurs, five (5) of them were assisted in trademark registration. Whereas, five (5) of them were assisted to promote and market their manufactured products through trade fairs. Client Socio-Economic Monitoring Tool was used to monitor the progress on the business of intervened clients and to measure its impact on clients' personal economic status. Aside from product exhibits through trade fairs, two hundred sixty-two (262) client-entrepreneurs were assisted in promoting their business/products through online platforms or social media marketing through joining the JMH's Facebook Buy and Sell Group, forty-three (43) of them continuously posted their products. In order to develop the entrepreneurial skills of the client-entrepreneurs, various skills training was conducted by the Negosyo Centers of the Department of Trade and Industry, one hundred five (105) client-entrepreneurs were endorsed and underwent the skills training which is related to their business.

21.03 Enterprise Management and Skills/Livelihood 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 Packaging and Labelling, Product Label and Trademark Development, Entrepreneurial Mind Setting, E-Commerce cum Product Costing & Pricing, Basic Food Safety, Seminar on E-Commerce cum Financial Literacy, and Seminar on Food Safety Management, Business Continuity Planning, Good Manufacturing Practice, One-on-one coaching, E-marketing and many more.

The JMH also endorsed selected client-members on skills/livelihood training conducted by different DTI Negosyo Centers. The training includes Handicraft making, Skills Training on Fish Processing (Tamban), Food Processing (Turmeric), Mango Processing, Fruit Beverage Making, Pili-Based Food Processing, Root Crops Based Products - Nutri Snacks and Skills training on Wearables and Homestyles.

21.04 Business Regulatory Compliance 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 enrolment to Barangay Micro Business Enterprise (BMBE), of JMH Microentrepreneur-clients engaged in business, as compliance to government regulations. As of December 2022, two hundred fifty-nine (259) endorsed applications for DTI business name registration were processed. Ninety-one (91) client-entrepreneurs were endorsed to DTI in order to register their business as Barangay Micro Business Enterprise (BMBE).

21.05 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, 2022, JMH assisted one hundred seven (107) individuals registered with SSS. A total of two hundred eighty-seven (287) client-member are actively remitting their monthly contribution.

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 2022, a total of seventy-five (75) centers with 2,918 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. As of December 2022, Thirty-four (34) branches conducted a Financial Literacy that was attended by one thousand three hundred sixty-eight (1,368) client-members to become financially literate.

21.08 PSA Online Processing Service

In response to the absence of certified birth and marriage certificates of our client-members, 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 2022, a total of four hundred forty-four (444) client-members were assisted through JMH Online Processing Service.

21.09 Community Outreach Program

Annual conduct of Community Services in our covered areas is continuously implemented. Client Community Gardening was rolled-out in all branches and Tree/Mangrove Planting Activity resumed. In Community Gardening, from ten (10) pilot centers, currently, thirty (30) centers established community gardens. Thirty-six (36) target centers were not attained due to the unavailability of sites to be used and rehabilitation of the branches with operational performance concerns. These thirty (30) centers received supplies of seeds, gardening tools and received technical assistance from C/MAO (City/Municipal Agriculture Office) and Provincial Agriculture Offices of Albay, Camarines Sur, and Sorsogon. Other centers utilized their garden as their income-generating project that helped them increase their fund while the other centers utilized their harvested yields for consumption by the members. Whereas, in Tree/Mangrove Planting Activity, the target of one thousand (1,000) trees were attained. This activity was conducted by the branches in partnership with C/PENRO (Community/Provincial Environment and Natural Resources) and barangay LGUs. Two thousand one hundred forty-one (2,141) seedlings and propagules were planted by twenty-nine (29) branches in NGP (National Greening Program) sites of the DENR.

21.10 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.

Last June 5, 2022, the JMH Microfinance, Inc. conducted a relief operation to the selected clients of Juban Branch who were affected by the Phreatic Eruption of Mt. Bulusan which is located in Bulusan, Sorsogon. A total of ninety (90) relief assistance were given to the affected client-members.

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 *PAS 37 Provisions, Contingent Liabilities and Contingent Assets*, to be accrued or disclosed in the financial statements.

The Company has no outstanding provisions, commitments and contingent liabilities as of December 31, 2022 and 2021.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

23.01 General Risk Management Principles

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated with its BOT and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described in the succeeding notes.

In Philippine Peso

The following table summarizes the carrying amount of financial assets and liabilities recorded by category:

	Notes		2022		2021
Financial assets					
Cash and cash equivalents	6	₱	**38,990,619**	₱	56,199,501
Loans receivable – net	7		**374,194,614**		299,453,975
Financial assets at FVOCI	10		**2,901,757**		3,163,115
		₱	**416,086,990**	₱	358,816,591
Financial liabilities					
Microsavings	12		**141,116,679**		107,030,506
Accounts payable and other payables*	13		**48,446,968**		64,325,458
Loans payable	14		**67,559,044**		107,180,561
		₱	**257,122,691**	₱	278,536,525

**excluding non-financial liabilities amounting to ₱6,072,786 and ₱5,781,140 as of December 31, 2022 and 2021, respectively, as disclosed in Note 13*

23.01.01 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting loans; placing deposits with banks; and investing in bonds.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of assets, liabilities and fund balance or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes		2022		2021
Financial assets					
Cash and cash equivalents	6	₱	**38,990,619**	₱	56,199,501
Loans receivable*	7		**397,026,864**		314,946,954
Financial assets at FVOCI	10		**2,901,757**		3,163,115
		₱	**438,919,240**	₱	374,309,570

**gross of allowance for probable losses amounting to ₱22,832,250 and ₱15,492,979 as of December 31, 2022 and 2021, respectively, as disclosed in Note 7*

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash.

Cash and cash equivalents

The credit risk for cash is considered negligible. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

In Philippine Peso

Loans receivables

Loans receivables, regardless if the accounts have been fully paid, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Company's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, which takes into consideration the collateral build-up accumulated by the Company, associated loss ratios, and default correlations between counterparties; accordingly, such the credit risk is measured using PD, EAD, and LGD, for purposes of measuring ECL.

The risk ratings determined by the Company for its portfolio of loans receivables at a given review date is updated to consider the possible shift in the economy or business environment or circumstances affecting the industry and the entity or borrower, in particular. Accordingly, a periodic assessment of credit quality may improve the borrower's rating, and could lead to one, or more rating downgrades over time. Past due accounts, accounts identified for phase-out and those that exhibit the characteristics of classified loans shall be risk-rated following the guidelines on credit classification per Microfinance NGO Act.

Financial assets at FVOCI

The Company considers its investment in financial assets at FVOCI to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as investment grade.

23.01.02 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The table below summarizes maturity profile of the Company's financial assets and liabilities as of December 31, 2022 and 2021 based on undiscounted contractual cash flows

2022	**On demand**	**Due within one year**	**Due beyond one year**	**Total**
Financial assets				
Cash and cash equivalents	38,990,619	–	–	38,990,619
Loans receivable*	9,520,394	362,876,993	24,629,477	397,026,864
Financial assets at FVOCI	2,901,757	–	–	2,901,757
	51,412,770	**362,876,993**	**24,629,477**	**438,919,240**
Financial liabilities				
Microsavings	68,646,534	72,470,145	–	141,116,679
Accounts payable and other payables**	–	47,899,400	547,568	48,446,968
Loans payable	–	39,445,651	28,113,393	67,559,044
	68,646,534	**159,815,196**	**28,660,961**	**257,122,691**

**gross of allowance for probable losses amounting to ₱22,832,250 as of December 31, 2022, as disclosed in Note 7*

***excluding non-financial liabilities amounting to ₱6,072,786 as of December 31, 2022, as disclosed in Note 13*

In Philippine Peso

2021	On demand	Due within one year	Due beyond one year	Total
Financial assets				
Cash and cash equivalents	56,199,501	–	–	56,199,501
Loans receivable*	13,533,567	301,413,387	–	314,946,954
Financial assets at FVOCI	3,163,115	–	–	3,163,115
	72,896,183	301,413,387	–	374,309,570
Financial liabilities				
Microsavings	107,030,506	–	–	107,030,506
Accounts payable and other payables**	–	64,325,458	–	64,325,458
Loans payable	–	77,223,481	29,957,080	107,180,561
	107,030,506	141,548,939	29,957,080	278,536,525

**gross of allowance for probable losses amounting to ₱15,492,979 as of December 31, 2021, as disclosed in Note 7*
**excluding non-financial liabilities amounting to ₱5,781,140 as of December 31, 2021, as disclosed in Note 13*

23.01.03 Market Risk
The Company is exposed to market risk through its use of financial instruments, specifically interest rate risk.

Interest rate risk is the risk to the earning or capital resulting from adverse movements in the interest rates. The Company closely monitors the movements of interest rates in the market and reviews its asset and liability structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Company's exposure to interest rate risk is considered negligible since its financial assets and financial liabilities have fixed interest rates.

24. FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities measured at amortized cost approximates their carrying values either because these instruments are short- term in nature or the effect of discounting for those with maturities of more than one year is not material.

24.01 Fair Value Hierarchy

The Company uses the following hierarchy as guide for determining fair value of financial instruments:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchange;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (observable inputs). This level includes equity investment (if any,) and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Company has no financial instruments that fall under this category.

As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

In Philippine Peso

24.02 Fair Value Determination

Basis or assumptions in determining the fair value of financial instruments are disclosed below:

24.02.01 Cash in Banks
The estimated fair value of fixed interest-bearing deposits is made based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

24.02.02 Financial Asset at FVOCI
The fair value for financial assets at FVOCI is based on prevailing market prices of investment as reported by the fund manager.

23.02.03 Loans Receivables
Loans and other receivables are net of provisions for credit losses. The estimated fair value of loans and other receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at original rates to determine fair value.

24.02.04 Microsavings
The estimated fair value of microsavings with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

24.02.05 Loans Payable, Accounts Payable and Other Payables
Due to their short duration, the carrying amounts of accounts payable and other payables in the statement of assets, liabilities and fund balance are considered to be reasonable approximations of their fair values.

Loans payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method for those with maturities beyond one year, less settlement payments.

25. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The BOT has overall responsibility for monitoring of fund balance in proportion to risks. The Company manages its fund structure and makes adjustments to it, in the light of changes in economic conditions.

The Company defines capital as total fund balance. It monitors capital on the basis of debt-to-fund balance ratio, which is calculated as total debt divided by fund balance.

Capital for the reporting period ended December 31, 2022 and 2021 is presented below:

		2022		2021
Total liabilities	₱	**264,132,080**	₱	287,703,301
Total fund balance		**183,981,118**		99,017,038
	₱	**1.44:1**	₱	2.91:1

The Company is not subject to any externally-imposed fund balance requirements and there was no significant change in the Company's approach to fund balance management in 2022 and 2021.

In Philippine Peso

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the reconciliation analysis of liabilities arising from financing activities for the years ended December 31, 2022 and 2021:

	2021	Cash flows	Non-cash changes Additions	Non-cash changes Adjustments	2022
Loans payable*	107,180,561	(39,621,517)	–	–	67,559,044
Lease liability**	2,193,301	(1,238,534)	773,618	–	1,728,385
Total	**109,373,862**	**(40,860,051)**	**773,618**	**–**	**69,287,429**

**Amount of cash flows pertains to net of payments amounting to ₱91,621,517 and proceeds amounting to ₱52,000,000*
***Amount of cash flows pertains to payment of principal portion amounting to ₱1,159,409 and interest portion amounting to ₱79,125*

	2020	Cash flows	Non-cash changes Additions	Non-cash changes Adjustments	2021
Loans payable*	**42,436,368**	**64,744,193**	**–**	**–**	**107,180,561**

**Amount of cash flows pertains to net of proceeds amounting to ₱136,900,000 and payments amounting to ₱72,155,807*

27. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2021 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 assets, liabilities and fund balance:			
Accounts payable and other payable	(72,543,731)	2,437,133	(70,106,598)
Retirement benefit obligation	–	(2,437,133)	(2,437,133)

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

28. 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).

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Trustees on April 20, 2023.

30. 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 PFRSs and such other standards and/or conventions.

In Philippine Peso

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.

30.01 Percentage taxes

Percentage taxes paid and accrued for the year consist of:

2022		**Paid**		**Accrued**		**Total**
Percentage taxes	₱	**7,330**	₱	**616**	₱	**7,946**

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

30.02 Withholding taxes

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

2022		**Paid**		**Accrued**		**Total**
Withholding taxes – compensation	₱	345,467	₱	54,237	₱	**399,704**
Expanded withholding tax		370,085		42,780		**412,865**
	₱	**715,552**	₱	**97,017**	₱	**812,569**

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

30.03 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:

		2022		2021
National tax:				
Documentary stamp tax	₱	**283,526**	₱	920,269
Registration fee		**19,500**		16,500
Percentage tax		**7,946**		1,290
Local tax:				
Business permit		**700,233**		514,809
Real property tax		**197,152**		418,950
Others		**192,914**		143,556
	₱	**1,401,271**	₱	2,015,374

30.04 Tax Assessments

The Company has no outstanding tax assessments as of December 31, 2022 and 2021.

30.05 Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2022 and 2021.

ANNEX 68-E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

JMH MICROFINANCE, INC.
As of December 31, 2022

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets / Current Liabilities	179.38%	142.55%
Acid test ratio	Quick Assets / Current Liabilities	176.37%	139.56%
Solvency ratio	Net Income + Depreciation and Amortization / Total Liabilities	35.56%	15.34%
Debt-to-equity ratio	Total Liabilities / Total Equity	143.56%	290.56%
Asset-to-equity ratio	Total Assets / Total Equity	243.56%	390.56%
Interest rate coverage ratio	Earnings before Interest and Taxes / Interest Expense	1865.45%	926.63%
Return on equity	Net Income / Average Total Equity	60.18%	51.26%
Return on assets	Net Income / Average Total Assets	20.40%	13.86%
Net profit margin	Net Income / Revenue	37.55%	26.23%

NSPO Form-1

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, 2022**, to wit:

Documents/ Schedules to the Audited Financial Statements as of December 31, 2022	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 0 3 MAY 2023 day of ______2023, at [illegible], Philippines.

CHARISMA D. LASCOTA
President

JOSE ROLANDO A. PERLADO JR.
Chief Financial Officer

Subscribed and sworn to before me, a Notary Public for and In [illegible] City, on 0 3 MAY 2023 affiants personally, exhibiting their respective competent evidence of Identification Card______ issued at__________ issued on ______________________________.

MART R. RABELAS, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DEC 31,2023
PTR NO. 0119806/LEGAZPI CITY/JAN 3,2023
IBP NO. 264137/ALBAY/ JAN 3, 2023
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO. VII-0007421/APRIL 14,2025

NOTARY PUBLIC

Doc. No. 303
Page No. 62
Book No. 64
Series of 2023.

REPUBLIC OF THE PHILIPPINES)

MUNICIPALITY OF GUINOBATAN) S.S.

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **CHARISMA D. LASCOTA**, of legal age, Filipino and resident of **Salugan, Camalig, 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 03 MAY 2023 day of ________ 20____ at GUINOBATAN, ALBAY.

CHARISMA D. LASCOTA
Affiant

SUBSCRIBED AND SWORN to before me this 03 MAY 2023, affiant exhibiting to me her Passport P3825593B issued on Nov. 13 2019 at DFA Legazpi as competent evidence of identity.

MART R. RABELAS, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DEC 31, 2023
PTR NO. 0119806M/LEGAZPI CITY/JAN 3, 2023
IBP NO. 264137/ALBAY/ JAN 3, 2023
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO. VII-0007421/APRIL 14, 2025

Doc. No. 304;

Page No. 62;

Book No. 64;

Series of 2023.

NSPO Form-3

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

Name of Foundation/Organization **JMH MICROFINANCE, INC.**	SEC Registration No. **CN2004 29482**
For the year ended: **December 31, 2022**	

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	P 20,000,000.00	January 1-December 31, 2022
2		Small Business Corporation	P 30,000,000.00	January 1-December 31, 2022
3		Development Bank of the Philippines	P 2,000,000.00	June 3, 2022
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
Office of Student Development and Services
Scholarship and Financial Assistance Unit
Magsaysay Street, Sorsogon City
E-mail Add.: scholarship@sorsu.edu.ph

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 University from January to December 2022.

For the School Year 2022-2023, JMH Microfinance, Inc. sponsored school fees and monthly allowances of eight (8) scholars.

This certification is issued for whatever purposes it may serve.

Given this 31st day of January, 2023 at Sorsogon State University, Sorsogon City.

MARINEL D. SORIANO, LPT
Head, Scholarship and Financial Assistance Unit

SUBSCRIBED AND SWORN to before me this FEB 15 2023, affiant being personally known to me.

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Series of 2023

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ATTY. JAD SOLA ESTOPA
NOTARY PUBLIC - SORSOGON
NOTARIAL COMMISSION NO. 055
ROLL No. 72482 - IBP No. 258355 - 01/02/2023
PTR NO. 0602048 - 01/05/2023 - MCLE No. VII-0002254
VALID UNTIL DECEMBER 31, 2025

NSPO Form-6

REPUBLIC OF THE PHILIPPINES)
PROVINCE OF ALBAY
MUNICIPALITY OF GUINOBATAN

CERTIFICATION

I, **CHARISMA D. LASCOTA**, of legal age, single, Filipino citizen, with residence address at **Salugan, Camalig, 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, 2022**; 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 03 MAY 2023 day of ______________ at the ______________________________.

CHARISMA D. LASCOTA
PRESIDENT

SUBSCRIBED AND SWORN to before me this affiant, the affiant having exhibited to me his/her Passport ID P38255935 as competent proof of his identity.

MART R. RABELAS, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DEC 31,2023
PTR NO. 0119806M/LEGAZPI CITY/JAN 3,2023
IBP NO. 264137/ALBAY/ JAN 3, 2023
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO VII-0007421/APRIL 14,2025

Doc. No. 305;
Page No. 62;
Book No. 04;
Series of 2023.