SECURITIES AND EXCHANGE COMMISSION
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The following document has been received:

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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: OST10508202482364576
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Period Covered: December 31, 2023
Submission Type: AFS with NSPO Form 1, 2, 3 and 4, 5, 6
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Acceptance of this document is subject to review of forms and contents

Cecile Funelas <cdfunelas@jmhfi.com>

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Company TIN: **006-140-730**

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C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y N A M E

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

C O M P A N Y I N F O R M A T I O N

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
NA	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.

Alas Oplas & Co., CPAs

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

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

8/F Richmonde Plaza, San Miguel Avenue corner Lourdes Drive, Ortigas Center, Pasig City Philippines 1605
Phone No.: (02) 535-5029 | Email: aocortigasbranch@alasoplascpas.com
www.alasoplascpas.com

CONTENTS

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, 2023 and 2022, 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, 2023 and 2022, 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 12th day of April, 2024

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Independent Member of
B K R International

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

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

We have examined the financial statements of **JMH MICROFINANCE, INC.** ("the Company"), for the years ended December 31, 2023 and 2022 on which we have rendered the attached report dated April 12, 2024.

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. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
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. 10075665, issued on January 2, 2024, Makati City

April 12, 2024
Makati City, Philippines

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of **JMH MICROFINANCE INC.** ("the Company"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2023 and 2022, 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 material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
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
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TIN 232-158-286-000
PTR No. 10075665, issued on January 2, 2024, Makati City

April 12, 2024
Makati City, Philippines

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2023, 2022, AND 2021
In Philippine Peso

	Notes	2023	2022 As restated	2021 As restated
ASSETS				
Current Assets				
Cash and cash equivalents	6	**66,350,581**	38,990,619	56,199,501
Loans receivable – net	7	**401,717,938**	374,194,614	299,453,975
Accounts receivable and other receivables	8	**4,306,580**	3,084,518	586,888
Other current assets	9	**6,706,302**	7,103,174	7,650,429
Total Current Assets		**479,081,401**	423,372,925	363,890,793
Non-current Assets				
Financial assets at FVOCI	10	**2,915,907**	2,901,757	3,163,115
Property and equipment – net	11	**20,497,784**	20,777,998	19,666,431
Deferred tax asset	20	**215,261**	226,286	–
Total Non-current Assets		**23,628,952**	23,906,041	22,829,546
TOTAL ASSETS		**502,710,353**	447,278,966	386,720,339
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Microsavings	12	**165,363,058**	141,116,679	107,030,506
Accounts payable and other payable	13	**46,652,865**	54,519,754	70,106,598
Income tax payable		**1,323,519**	936,603	907,724
Loans payable - current	14	**3,519,500**	39,445,651	77,223,481
Total Current Liabilities		**216,858,942**	236,018,687	255,268,309
Non-current Liabilities				
Loans payable – net of current portion	14	**21,829,479**	28,113,393	29,957,080
Retirement benefit obligation	18	**7,915,232**	3,431,002	8,041,196
Deferred tax liability	20	–	–	40,779
Total Non-current Liabilities		**29,744,711**	31,544,395	38,039,055
Total Liabilities		**246,603,653**	267,563,082	293,307,364
Fund Balance	15	**256,106,700**	179,715,884	93,412,975
TOTAL LIABILITIES AND FUND BALANCE		**502,710,353**	447,278,966	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, 2023 AND 2022
In Philippine Peso

	Notes	**2023**	2022 As restated
REVENUE AND OTHER INCOME	16	**261,457,597**	226,775,831
COST AND EXPENSES			
Operating costs	17	**(153,579,403)**	(118,458,645)
Administrative expenses	17	**(22,419,183)**	(19,154,066)
		(175,998,586)	(137,612,711)
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX		**85,459,011**	89,163,120
INCOME TAX EXPENSE	20	**(5,285,337)**	(4,323,675)
EXCESS OF REVENUE OVER EXPENSES		**80,173,674**	84,839,445
OTHER COMPREHENSIVE INCOME		**(2,197,057)**	1,463,464
TOTAL COMPREHENSIVE INCOME		**77,976,617**	86,302,909

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, 2023 AND 2022
In Philippine Peso

			Other comprehensive income		
	Members' Contribution (Note 15)	**Accumulated Savings** (Note 15)	**Unrealized fair value changes in financial assets at FVOCI** (Note 10)	**Remeasurements of defined benefit obligation** (Note 18)	**Total**
Balance, December 31, 2021, as previously reported	22,344,532	76,550,169	122,337	–	99,017,038
Prior period adjustment (Note 27)		(5,604,063)	–	–	(5,604,063)
Balance at December 31, 2021 as restated	22,344,532	70,946,106	122,337	–	93,412,975
Total comprehensive income, as previously reported	–	85,160,099	(196,019)	–	84,964,080
Prior period adjustment (Note 27)	–	(320,654)	–	1,659,483	1,338,829
Total comprehensive income, as restated	–	84,839,445	(196,019)	1,659,483	86,302,909
Balance, December 31, 2022 as restated	22,344,532	155,785,551	(73,682)	1,659,483	179,715,884
Total comprehensive income	–	80,173,674	10,612	(3,793,470)	76,390,816
Balance, December 31, 2023	**22,344,532**	**235,959,225**	**(63,070)**	**(2,133,987)**	**256,106,700**

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	2023	2022 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		**85,459,011**	89,163,120
Adjustments for:			
Provision for probable losses	7,17	**20,460,016**	11,780,892
Depreciation	11	**8,397,729**	8,753,507
Retirement benefit expense	18	**1,469,607**	1,625,289
Interest income from bank deposits	6	**(119,922)**	(85,890)
Operating income before working capital changes		**115,666,441**	111,236,918
(Increase) decrease in:			
Loan receivable		**(47,983,343)**	(79,215,867)
Accounts receivable and other receivable		**(1,222,062)**	(2,497,631)
Other current assets		**(392,154)**	520,156
Increase (decrease) in:			
Microsavings		**24,246,379**	34,086,173
Accounts payable and other payable		**(7,866,885)**	(18,527,638)
Cash generated from operations		**82,448,376**	45,602,111
Income tax paid		**(4,871,933)**	(4,469,421)
Contributions to retirement fund	18	**(702,847)**	(4,500,000)
Benefits paid	18	**(76,000)**	(23,000)
Interest income received	6	**119,922**	85,890
Net cash generated from operating activities		**76,917,518**	36,695,580
CASH FLOWS FROM INVESTING ACTIVITY			
Additions to property and equipment	11	**(7,347,491)**	(14,282,945)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans payable	14	**(61,249,065)**	(91,621,517)
Proceeds from additional borrowings	14	**19,039,000**	52,000,000
Net cash generated used in financing activities		**(42,210,065)**	(39,621,517)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**27,359,962**	(17,208,882)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**38,990,619**	56,199,501
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**66,350,581**	38,990,619

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 micro savings.

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 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.

2.03 Presentation and Functional Currency

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

2.04 Use of Judgments and Estimates

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

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

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

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

2.05 Going Concern Assumption

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

3. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

3.01 New and Amended Standards and Interpretations Effective on January 1, 2023

The Company applied for the first-time the following standards and amendments, which are effective for annual periods beginning on or after 1 January 2023, unless otherwise stated.

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

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements as the Company does not have any contracts that meet the definition of an insurance contract under PFRS 17.

3.01.02 Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

3.01.03 Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to PAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments had no impact on the Company's financial statements.

3.01.04 Amendments to PAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The amendments to PAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

3.01.05 Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The amendments had no impact on the Company's financial statements.

3.02 New and Amended Standards Issued But Not Yet Effective

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 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current
The amendments to PAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to PAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

3.02.02 Amendments to PAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

3.02.03 Amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

3.02.04 Amendment to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

3.03 Deferred Effectivity

3.03.01 Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

4. MATERIAL 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, 2023 and 2022, 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, 2023 and 2022, the Company's financial assets at FVOCI amounted to ₱2,915,907 and ₱2,901,757, 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, 2023 and 2022.

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 récognized 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, non-contributory, defined benefit retirement plan covering all qualified employees. Employees' normal retirement benefits will be computed equal to 100% of plan salary for every of credited service.

The liability recognized in the statement of assets, liabilities and fund balance for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of assets, liabilities and fund balance with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Interest Expense account in the statement of revenue and expenses.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

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
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.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

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, 2023 and 2022, 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
At inception of a contract, the Company 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 Company 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 Company, 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 Company 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 Company'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 Company 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 Company 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 Company has the right to obtain substantially all of the economic benefits from the use of an asset, the Company 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 Company from obtaining substantially all of the economic benefits from use of the asset and, therefore, are not considered when assessing whether the Company has the right to obtain substantially all of the economic benefits.

If a contract requires the Company 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 Company derives from the use of the asset.

Right to Direct the Use of the Identified Asset
The Company has the right to direct the use of an identified asset throughout the period of use when either the Company has the right to direct how and for what purpose the asset is used throughout the period of use. The Company 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 Company 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 Company 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
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 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.

5.01.07 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, net of deferred tax liability amounted to ₱215,261 and ₱226,286 as of December 31, 2023 and 2022, as disclosed in Note 20.

In Philippine Peso

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.

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, 2023 and 2022, the net carrying value of the Company's property and equipment amounted to ₱20,497,784 and ₱20,777,998, 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 EQUIVALENTS

Cash and cash equivalent consist of:

		2023		2022
Cash in bank	₱	**59,952,283**	₱	35,490,472
Cash on hand		**2,384,413**		873,766
Petty cash fund		**193,123**		134,146
Others		**3,820,762**		2,492,235
Total	₱	**66,350,581**	₱	38,990,619

Cash in banks earn interest at the rate of 0.50% to 2% per annum in 2023 and 2022.

Interest income earned from bank deposits and investments amounted to ₱119,922 and ₱85,890 for the years ended December 31, 2023 and 2022, respectively, as disclosed in Note 16.

In Philippine Peso

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, 2023 and 2022.

7. LOANS RECEIVABLE – net

The Company's loans receivable consists of:

		2023		2022
Current	₱	**390,687,551**	₱	365,903,293
Past due		**47,870,290**		31,123,571
Gross loans receivable		**438,557,841**		397,026,864
Allowance for probable losses		**(36,839,903)**		(22,832,250)
	₱	**401,717,938**	₱	374,194,614

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

	2023		
Loan Product	**Current**	**Past Due**	**Total**
Microfinance Loans			
KABUHAYAN	278,109,856	24,207,769	302,317,625
AGAP	78,189,977	13,876,831	92,066,808
Educational Loan	12,607,657	842,433	13,450,090
AKAP	1,192,494	48,092	1,240,586
Unlad-Kalinga	404,884	1,044	405,928
SOLAR	258,275	10,464	268,739
SSS	522,402		522,402
WASH	168,947	33,188	202,135
Sub-total	**371,454,492**	**39,019,821**	**410,474,313**
Agri Loans			
ACPC	**14,132,871**	**8,698,950**	**22,831,821**
Employee Loan			
Employee Loan	3,528,712	16,154	3,544,866
Motor vehicle scheme	1,571,476	135,365	1,706,841
Sub-total	**5,100,188**	**151,519**	**5,251,707**
Total	**390,687,551**	**47,870,290**	**438,557,841**

In Philippine Peso

	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
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

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 ₱259,173,253 and ₱224,906,896 for the years ended December 31, 2023 and 2022, respectively, as disclosed in Note 16.

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

	Note	2023	2022
Balance, beginning		₱ **22,832,250**	₱ 15,492,979
Additional provision	17	**20,460,016**	11,780,892
Write-off		**(6,452,363)**	(4,441,621)
		₱ **36,839,903**	₱ 22,832,250

In Philippine Peso

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The account consists of:

		2023		2022
Due from employees	₱	**2,471,266**	₱	1,563,662
Due from suppliers		**1,678,964**		1,499,641
Advances to officers and staff		**156,350**		21,215
	₱	**4,306,580**	₱	3,084,518

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:

		2023		2022
Prepaid insurance – St. Peter Life Plan	₱	**2,704,360**	₱	3,363,960
Supplies on hand		**2,330,940**		2,359,201
Prepaid rent		**1,352,600**		1,077,100
Other prepaid expenses		**286,174**		277,500
WASH inventory		**32,228**		25,413
	₱	**6,706,302**	₱	7,103,174

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 ASSETS 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, 2023, the funds have the following values:

Fund	**Unit Balance**	**Unit Price**	**Fund Value**
PHP Asia Pacific Property Income Fund	1,727,679.96	0.8210	1,418,425
PESO Secure Fund	346,920.52	1.7250	598,438
Peso Growth Fund	324,564.50	2.7700	899,044
Total			**2,915,907**

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:

	2023	2022
Beginning balance	₱ **2,901,757**	₱ 3,163,115
Unrealized gains (losses) for the year	**14,150**	(261,358)
	₱ **2,915,907**	₱ 2,901,757

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

	2023	2022
Beginning balance	₱ **73,682**	₱ (122,337)
Origination during the year:		
Unrealized loss (gain)	**14,150**	261,358
Deferred tax	**(3,538)**	(65,339)
Net of tax	**(10,612)**	196,019
Ending balance	₱ **63,070**	₱ 73,682

In Philippine Peso

11. PROPERTY AND EQUIPMENT - net

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

2023	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	₱ 6,841,787	₱ 23,304,361	₱ 248,628	₱ 2,887,794	₱ 46,282,570
Additions	–	–	141,615	6,379,647	826,229	–	7,347,491
Additions – PFRS 16	–	–	–	–	–	1,610,732	1,610,732
Disposal	–	–	(120,874)	(146,450)	(1,005,089)	(1,078,572)	(2,350,985)
Adjustment	–	–	131,544	146,450	–	–	277,994
Balance, December 31	**3,000,000**	**10,000,000**	**6,994,072**	**29,684,008**	**69,768**	**3,419,954**	**53,167,802**
Accumulated depreciation							
Balance, January 1	–	2,460,096	4,359,867	17,492,622	–	1,191,987	25,504,572
Depreciation (Note 17)	–	495,000	855,506	5,212,912	–	1,834,311	8,397,729
Disposal	–	–	(120,874)	(146,450)	–	–	(267,324)
Adjustment	–		83,833	29,781	–	(1,078,573)	(964,959)
Balance, December 31	**–**	**2,955,096**	**5,178,332**	**22,588,865**	**–**	**1,947,725**	**32,670,018**
Carrying amount	**₱ 3,000,000**	**₱ 7,044,904**	**₱ 1,815,740**	**₱ 7,095,143**	**₱ 69,768**	**₱ 1,472,229**	**₱ 20,497,784**

In Philippine Peso

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 (Note 17)	–	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

In Philippine Peso

Breakdown of the depreciation expense is disclosed as follows:

	Note		**2023**		2022
Operating costs	17	₱	**7,050,917**	₱	4,185,318
Administrative expenses	17		**1,346,812**		4,568,189
		₱	**8,397,729**	₱	8,753,507

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, 2023 and 2022.

All additions were paid in cash. No items of property and equipment were used as collateral for liabilities as of December 31, 2023 and 2022.

Cost of fully depreciated property and equipment still in use as of December 31, 2023 and 2022 amounted to ₱31,732,711 and ₱28,180,152, 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, 2023 and 2022, the Company has satisfactorily complied with this provision.

12. MICROSAVINGS

The account consists of:

		2023		2022
Pilit Impok	₱	**155,281,584**	₱	134,292,772
Impok Para sa Kinabukasan		**10,081,474**		6,823,907
	₱	**165,363,058**	₱	141,116,679

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 ₱2,143,069 and ₱1,817,933 for the years ended December 31, 2023 and 2022, respectively.

In Philippine Peso

13. ACCOUNTS PAYABLE AND OTHER PAYABLE

The account is composed of the following:

		2023		2022
Accounts payable	₱	**38,376,449**	₱	45,725,257
Calamity fund		**4,674,896**		4,674,896
SSS/PhilHealth/Insurance premium payable		**1,678,769**		1,242,187
Lease liability		**1,508,946**		1,728,385
Accrued interest		**156,037**		292,513
Taxes payable		**133,128**		107,663
Consignment payable		**124,640**		38,040
Accrued medical expenses		–		500,001
Accrued CDS expenses		–		200,812
Unearned rental revenue		–		10,000
	₱	**46,652,865**	₱	54,519,754

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:

		2023		2022
Balance, January 1	₱	**1,728,385**	₱	2,193,301
Additions		**1,610,732**		694,493
Interest expense		**87,522**		79,125
Payments		**(1,917,693)**		(1,238,534)
Balance, December 31	₱	**1,508,946**	₱	1,728,385

The maturity analysis of lease liabilities as of December 31, 2023:

		Lease payments		Finance charges		Net present values
Within 1 year	₱	1,207,482	₱	40,403	₱	1,167,079
1 – 2 years		346,041		4,174		341,867
Carrying amount	₱	**1,553,523**	₱	**44,577**	₱	**1,508,946**

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, Development Bank of the Philippines, Rizal Commercial Banking Corporation and Small Business Corporation as follows:

		2023		2022
Small Business Corporation	₱	**21,829,479**	₱	53,559,044
Land Bank of the Philippines		**2,000,000**		14,000,000
Rizal Commercial Banking Corporation		**1,000,000**		–
Development Bank of the Philippines		**519,500**		–
	₱	**25,348,979**	₱	67,559,044

Movement of the account is disclosed below:

		2023		2022
Beginning balance	₱	**67,559,044**	₱	107,180,561
Availments made during the year		**19,039,000**		52,000,000
Payments made during the year		**(61,249,065)**		(91,621,517)
	₱	**25,348,979**	₱	67,559,044

As to maturity:

		2023		2022
Due within twelve months	₱	**3,519,500**	₱	39,445,651
Due after twelve months		**21,829,479**		28,113,393
	₱	**25,348,979**	₱	67,559,044

Such borrowings bear interest ranging from 2% to 8% in 2023 and 2% to 7% in 2022.

No assets were pledged to secure the loans payable as of December 31, 2023 and 2022.

Interest expense incurred from loans payable amounted to ₱1,560,495 and ₱2,840,294 for the years ended December 31, 2023 and 2022, respectively.

15. FUND BALANCE

The Company uses the funds for the operational activities as indicated in the approved agreement with the members. Fund balance is 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, 2023 and 2022, amounted to ₱256,106,700 and ₱179,715,884, respectively.

In Philippine Peso

Breakdown of fund balance is as follows:

		2023		2022 As restated
Capital contribution	₱	**22,344,532**	₱	22,344,532
Accumulated savings		**235,959,225**		155,785,551
Other comprehensive income (loss)		**(2,197,057)**		1,585,801
	₱	**256,106,700**	₱	179,715,884

16. REVENUE AND OTHER INCOME

Revenue and other income are composed of the following:

		2023		2022
Interest income	₱	**259,293,175**	₱	224,992,786
Rental and catering service		**430,851**		139,600
Service charge		**177,159**		787,054
Miscellaneous income		**1,556,412**		856,391
	₱	**261,457,597**	₱	226,775,831

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

Breakdown of interest income is as follows:

	Notes		2023		2022
Interest income on loans	7	₱	**259,173,253**	₱	224,906,896
Interest income on bank deposits	6		**119,922**		85,890
		₱	**259,293,175**	₱	224,992,786

17. COST AND EXPENSES

The account consists of:

		2023		2022 As restated
Operating costs	₱	**153,579,403**	₱	118,458,645
Administrative expenses		**22,419,183**		19,154,066
	₱	**175,998,586**	₱	137,612,711

In Philippine Peso

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

2023	**Notes**	**Operating costs**	**Administrative expenses**	**Total**
Personnel cost		₱ 83,625,676	₱ 6,999,586	₱ 90,625,262
Transportation and travel		17,458,325	443,467	17,901,792
Provision for probable losses	7	20,444,004	16,012	20,460,016
Depreciation	11	7,050,917	1,346,812	8,397,729
Interest		1,784,652	2,101,713	3,886,365
Rent		4,087,133	–	4,087,133
Supplies expense		2,880,407	776,400	3,656,807
Utilities		2,833,075	404,873	3,237,948
Medical expenses		399,063	171,027	570,090
Professional fee		19,227	2,430,157	2,449,384
Repairs and maintenance		4,064,329	1,115,510	5,179,839
Client and community services		2,969,093	953,248	3,922,341
Taxes and licenses		935,788	346,113	1,281,901
Trainings and development		–	2,445,395	2,445,395
Insurance		83,531	97,477	181,008
Communication		16,220	6,625	22,845
Miscellaneous		4,927,963	2,764,768	7,692,731
		₱ 153,579,403	**₱ 22,419,183**	**₱ 175,998,586**

2022 as restated	Notes	Operating costs	Administrative expenses	Total
Personnel cost		₱ 66,232,416	₱ 5,940,617	₱ 72,173,033
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
		₱ 118,458,645	₱ 19,154,066	₱ 137,612,711

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

In Philippine Peso

Personnel cost consists of the following:

2023	**Note**		**Administrative expenses**		**Operating costs**		**Total**
Salaries and wages		₱	3,349,376	₱	48,754,799	₱	52,104,175
Other employee benefits			2,839,670		27,798,718		30,638,388
Government contributions			369,658		6,043,434		6,413,092
Retirement benefit expense	18		440,882		1,028,725		1,469,607
		₱	**6,999,586**	₱	**83,625,676**	₱	**90,625,262**

2022	Note		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	18		799,317		825,972		1,625,289
		₱	5,940,617	₱	66,232,416	₱	72,173,033

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).

The assumptions used to determine retirement benefits of the Company are as follows:

	2023	2022
Discount rate	**6.12%**	7.22%
Salary rate increase	**6.00%**	6.00%

As of December 31, 2023 and 2022, the Company has retirement benefit obligation as shown below:

		2023		2022 As restated
Accrued retirement benefit	₱	**15,112,549**	₱	9,523,962
Plan asset		**(7,197,317)**		(6,092,960)
	₱	**7,915,232**	₱	3,431,002

In Philippine Peso

Movement of accrued retirement benefit is shown below:

		2023		2022 As restated
Balance, January 1	₱	**9,523,962**	₱	9,543,247
Current service cost		**1,246,155**		1,333,788
Benefits paid from book reserve		**(76,000)**		(23,000)
Benefits paid from plan assets		**(30,659)**		–
Interest expense		**687,630**		482,105
Adjustments		**–**		(53,000)
(Gain) or Loss arising from:				
Changes in financial assumptions		**3,761,461**		(3,234,861)
Deviations of experience from assumptions		**–**		1,475,683
Balance, December 31	₱	**15,112,549**	₱	9,523,962

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

		2023		2022 As restated
Balance, January 1	₱	**6,092,960**	₱	1,502,051
Contributions to retirement fund		**702,847**		4,500,000
Benefits paid from plan assets		**(30,659)**		–
Return on plan asset		**432,169**		90,909
Balance, December 31	₱	**7,197,317**	₱	6,092,960

Allocation of plan assets is as follows:

		2023		2022
Cash and cash equivalents	₱	**2,159**	₱	609
Equity instruments		**299,409**		4,993,790
Debt instruments - government bonds		**4,820,043**		1,081,501
Debt instruments - other bonds		**300,848**		–
Unit investment trust funds		**1,697,127**		–
Other (accrued receivables net of payables, etc.)		**77,731**		17,060
Total	₱	**7,197,317**	₱	6,092,960

Details of retirement benefit expense as disclosed in Note 17 are disclosed below:

		2023		2022 As restated
Current service cost	₱	**1,246,155**	₱	1,333,788
Interest income		**(464,178)**		(190,604)
Interest expense		**687,630**		482,105
	₱	**1,469,607**	₱	1,625,289

In Philippine Peso

Amounts recognized in other comprehensive income (OCI) in respect of these retirement benefit plans are as follows:

		2023		2022
Balance, January 1	₱	**1,659,483**	₱	1,659,483
Remeasurements of the net defined benefit liability		**(3,793,470)**		–
Balance, December 31	₱	**2,133,987**	₱	1,659,483

Below shows the sensitivity analysis determined based on reasonably possible changes of each significant assumptions stated above, assuming all other assumptions were held constant:

Principal assumptions	Increase (Decrease) in assumption		Impact on Retirement Benefit Obligation 2023		2022
Discount rate	1%	₱	**(1,847,804)**	₱	(1,117,471)
	(1%)		**2,234,891**		1,346,373
Salary increase rate	1%		**2,214,692**		1,349,392
	(1%)		**(1,865,711)**		(1,138,945)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The Company is exposed to a number of risks through its defined benefit plan. The most significant risks are detailed below:

Volatility risk
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds savings deposits and unit investment trust funds which is expected to at least match corporate bonds in the long term while providing volatility and risk in the short term.

As the plan mature, the Company intends to reduce the level of investment risk by investing more in assets that better match with the liabilities.

Investment risk
Investment risk is the risk that investments on plan assets will result to lower return than originally expected. This risk emanates on the premise that funded defined benefit plans should be arranged on the basis of Asset-Liabilities Matching principle. Thus, plan assets and future contributions are invested in such a way that it will generate return to cover-up future payments of defined benefit obligations and interest costs. These plan activities expose the Company to sensitivity in investment risks that would result to lower plan assets and higher defined benefit obligations should the performance of the investment portfolio falls below the inflation rate, interest rates and other economic conditions.

Investment risk is mitigated through proper investment planning and concentration of investments.

Inflation risk
Inflation risk is the risk that the equivalent purchasing power of the plan assets will not be able to match the recorded liabilities.

Payments for the defined benefit plan of the Company are not linked to inflation, this, the exposure to this risk is immaterial.

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, 2023 and 2022 amounting to ₱5,409,661 and ₱4,071,111, 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, 2023 and 2022, the Company paid to its key management personnel amounting to ₱8,516,600 and ₱6,379,196, respectively.

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.

In Philippine Peso

20.01 Income Tax Recognized in Profit or Loss

	2023	2022
Income tax expense – current (Preferential tax at 2%)	₱ **5,218,136**	₱ 4,517,914
Income tax expense – current (MCIT at 1.5% and 1%)	**67,201**	7,487
Income tax expense (benefit) – deferred	**–**	(201,726)
	₱ **5,285,337**	₱ 4,323,675

A numerical reconciliation between tax expense and the excess of revenue over expense multiplied by the tax rate for the year ended December 31, 2023 and 2022 is as follows:

	2023	2022
Excess of revenue over expenses before income tax	₱ **85,459,011**	₱ 89,163,120
Tax expense at 25%	**21,364,753**	22,290,780
Tax effect of:		
Income subject to special rate	**(65,226,706)**	(56,473,925)
Non-deductible expense charged to special rate	**43,959,117**	34,010,378
Interest income subject to final tax	**(29,981)**	(21,472)
Non-deductible penalties	**18**	–
Reversal of previously recognized DTA	**–**	–
Total	**67,201**	(194,239)
Preferential tax	**5,218,136**	4,517,914
	₱ **5,285,337**	₱ 4,323,675

20.02 Deferred Tax Assets (Liabilities)

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

	Excess of MCIT over RCIT	NOLCO	Unrealized loss (gain) on FVOCI investments	Total
Balance, December 31, 2021	₱ –	₱ –	₱ (40,779)	(40,779)
Profit or loss				
Origination	7,487	194,239	–	201,726
Other comprehensive income				
Origination	–	–	65,339	65,339
Balance, December 31, 2022	7,487	194,239	24,560	226,286
Profit or loss				
Origination	–	–	–	–
Reversal	(7,487)	–	–	(7,487)
Other comprehensive income				
Origination	–	–	–	–
Reversal	–	–	(3,538)	(3,538)
Balance, December 31, 2023	₱ –	₱ **194,239**	₱ **21,022**	₱ **215,261**

20.03 Net Operating Loss Carry Over (NOLCO)

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.

In Philippine Peso

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	₱ 776,954	₱ –	₱ –	₱ 776,954	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

20.05 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.

20.06 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 eighty-two (82) scholars as of December 31, 2023, under its "Pag-adal mo, Sagot ko" program. 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, two (2) 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. They passed the DTI's evaluation and graduated as a mentee in the KMME-MME Program for Multi-Sector. They attended ten (10) modules where they received business development interventions through business mentoring. They were also coached in drafting and presenting their individual business improvement plan. In terms of Product Development, ten (10) clients engaged in food and handicraft manufacturing were also assisted through product label enhancement/labeling, product design consultation and assessment. One (1) out of ten (10) assisted clients already received 100 pieces of product labels from DTI. In terms of marketing assistance to promote their products and businesses, nine (9) clients were assisted to promote and market their manufactured products through trade fairs. Whereas, fifteen (15) clients were assisted in promoting their business/products through online platforms or social media marketing through joining products at the JMH's Facebook Buy and Sell Group. Nine (9) of them continuously posted their products. In order to develop the entrepreneurial skills of the client-entrepreneurs, various skills and entrepreneurial training were conducted by the Negosyo Centers of the Department of Trade and Industry, eighteen (18) client-entrepreneurs were endorsed and underwent the skills training which is related to their business. Whereas, eleven (11) were endorsed and underwent/attended the entrepreneurial training/seminars. As to the other business interventions, five (5) client-entrepreneurs engaged in food manufacturing, who are also assisted through Business Regulatory Compliance Assistance were endorsed to DTI to receive livelihood kits. 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.

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. 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 Labeling, Digital Marketing and E-Payment, Seminar on Organizational Management, Effective Business Management and Business Expenses, Savings Training, Food Marketing Seminar-Workshop, Food Safety Management Seminar, Entrepreneurial Mind Setting, E-Commerce cum Product Costing & Pricing, Business Continuity Planning, Good Manufacturing Practice, One-on-one coaching, E-marketing and many more. A total of fifty-one (51) client-members participated in these training/seminars.

The JMH also endorsed selected client-members on skills/livelihood training conducted by different DTI Negosyo Centers. A total of eighteen (18) Skills/livelihood Training were conducted. The training includes: Flour-Based Processing, Mushroom Processing, Skills training on Lady Finger Masala, Crab Meat Processing, Abaca Gayon: Abaca Processing (stripping, weaving and abaca bag making), Skills training on Handicraft Using Buri, Fruits and Vegetables Confectioneries Making, Skills Development Program on Nito-Based Products, Coconut-Based Food Products, Coco Handicraft, Seaweeds Value-added Products, Fish Cracker Making, Bamboo Lamp Making, Abaca Tote Bags, Fruits and Vegetables-Based Candy Delicacies, Folded Wooden Table, Abaca Parol Making, Meat Processing. A total of fifty-seven (57) client-members participated in these skills training.

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 legitimize 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 2023, two hundred seventy-seven (277) endorsed applications for DTI business name registration were processed. Ninety-nine (99) 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, 2023, JMH assisted one hundred eighty-eight (188) individuals registered with SSS. A total of two hundred ninety-six (296) 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 2023, a total of twenty-eight (28) centers with 1,053 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 2023, Sixteen (16) branches conducted a Financial Literacy that was attended by nine hundred twenty-nine (929) 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 2023, a total of three hundred sixteen (316) 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. In our Community Gardening program, while we initially established thirty (30) community gardens, only sixteen (16) centers currently maintain active gardens. Regrettably, we fell short of our target of thirty-six (36) centers due to site unavailability and the need for branch rehabilitation, particularly those facing operational performance concerns. Additionally, some gardens lacked proper monitoring and maintenance by center members. Nevertheless, the sixteen (16) active centers/gardens received essential support, including seeds, gardening tools, and technical guidance from C/MAO (City/Municipal Agriculture Office) and Provincial Agriculture Offices in Albay, Camarines Sur, and Sorsogon. Notably, several centers utilized their gardens as income-generating projects, increasing their center fund. Others utilized their harvests to provide sustenance for their members, showcasing the dual benefits of our Community Gardening efforts.

In the Tree/Mangrove Planting Activity, our goal of planting four thousand three hundred (4,300) trees was successfully achieved. This collaborative effort involved our branches partnering with C/PENRO (Community/Provincial Environment and Natural Resources Offices) and barangay LGUs. Together, thirty-four (34) branches contributed to the planting of nine thousand three hundred thirty-two (9,332) seedlings and propagules in NGP (National Greening Program) sites managed by the DENR. This initiative underscores our commitment to environmental conservation and community engagement.

In the Clean-up Drive Activity cum Solid Waste Management Training, the goal of engaging 43 centers (branches) was successfully achieved. This initiative aims to raise awareness about the importance of maintaining clean surroundings, cultivate a sense of responsibility among clients as stewards of the environment, and provide training on proper waste disposal and segregation. A total of eight hundred fifty-seven (857) client-members, volunteers, and staff actively participated in this endeavor, demonstrating our collective commitment to environmental sustainability.

Whereas, in the Dental Hygiene Campaign, a total of Forty-three (43) Centers successfully conducted the activity. This initiative is part of JMH's health awareness programs, focusing on promoting proper oral hygiene among clients' children aged 5 to 12 years old. The campaign aims to educate children on the correct way of toothbrushing and caring for their teeth. In total, 1,686 children actively participated in the campaign and received dental hygiene kits, furthering our commitment to their overall well-being.

21.10 School Supplies Assistance Program

One pressing concern for our client-members is the financial burden associated with their children's education, which directly impacts their daily cash flows. In response, JMH has implemented the School Assistance Program. This initiative aims to alleviate, if not entirely eliminate, the financial worries related to educational expenses for our clients' children. Through this program, we strive to provide practical assistance that empowers our clients and enhances their overall well-being. In August 2023, just before the start of School Year 2023, JMH distributed school supplies to qualified beneficiaries. A total of 651 child-beneficiaries received these supplies across JMH operations. This initiative underscores our commitment to supporting our client-members and their families in achieving educational success.

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.

In Philippine Peso

The Company has no outstanding provisions, commitments and contingent liabilities as of December 31, 2023 and 2022.

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.

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

	Notes		2023		2022
Financial assets					
Cash and cash equivalents	6	₱	**66,350,581**	₱	38,990,619
Loans receivable – net	7		**401,717,938**		374,194,614
Financial assets at FVOCI	10		**2,915,907**		2,901,757
		₱	**470,984,426**	₱	416,086,990
Financial liabilities					
Microsavings	12	₱	**165,363,058**	₱	141,116,679
Accounts payable and other payables*	13		**40,041,432**		48,446,968
Loans payable	14		**25,348,979**		67,559,044
		₱	**230,753,469**	₱	257,122,691

**excluding non-financial liabilities amounting to ₱6,611,433 and ₱6,072,786 as of December 31, 2023 and 2022, 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		2023		2022
Financial assets					
Cash and cash equivalents	6	₱	**66,350,581**	₱	38,990,619
Loans receivable*	7		**438,557,841**		397,026,864
Financial assets at FVOCI	10		**2,915,907**		2,901,757
		₱	**507,824,329**	₱	438,919,240

**gross of allowance for probable losses amounting to ₱36,839,903 and ₱22,832,250 as of December 31, 2023 and 2022, 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.

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.

In Philippine Peso

The table below summarizes maturity profile of the Company's financial assets and liabilities as of December 31, 2023 and 2022 based on undiscounted contractual cash flows

2023	On demand	Due within one year	Due beyond one year	Total
Financial assets				
Cash and cash equivalents	66,350,581	–	–	66,350,581
Loans receivable*	47,870,290	378,590,362	12,097,189	438,557,841
Financial assets at FVOCI	2,915,907	–	–	2,915,907
	117,136,778	**378,590,362**	**12,097,189**	**507,824,329**
Financial liabilities				
Microsavings	77,798,827	87,564,231	–	165,363,058
Accounts payable and other payables**	26,898,324	13,102,329	40,779	40,041,432
Loans payable	–	3,519,500	21,829,479	25,348,979
	104,697,151	**104,186,060**	**21,870,258**	**230,753,469**

**gross of allowance for probable losses amounting to ₱36,839,903 as of December 31, 2023, as disclosed in Note 7*
***excluding non-financial liabilities amounting to ₱6,611,433 as of December 31, 2023, as disclosed in Note 13*

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*

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, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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.

24.02.03 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.

In Philippine Peso

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, 2023 and 2022 is presented below:

		2023		2022 As restated
Total liabilities	₱	**246,603,353**	₱	267,563,082
Total fund balance		**256,106,700**		179,715,884
	₱	**0.96:1**	₱	1.49:1

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 2023 and 2022.

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, 2023 and 2022:

			Non-cash changes		
	2022	**Cash flows**	**Additions**	**Adjustments**	**2023**
Loans payable*	67,559,044	(42,210,065)	–	–	25,348,979
Lease liability**	1,728,385	(1,917,693)	1,698,254	–	1,508,946
Total	**69,287,429**	**(44,127,758)**	**1,698,254**	**–**	**26,857,925**

**Amount of cash flows pertains to net of payments amounting to ₱61,249,065 and proceeds amounting to ₱19,039,000*
***Amount of cash flows pertains to payment of principal portion amounting to ₱1,830,171 and interest portion amounting to ₱87,522*

			Non-cash changes		
	2021	Cash flows	Additions	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*

27. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

In 2023, the Bank restated its financial statements as of and for the year ended December 31, 2022 and 2021 to reflect certain prior period adjustments due to the recording of the results of actuarial valuation report for the year ended December 31, 2023 and 2022, with 2022 opening balance adjustment. These adjustments pertain to retirement benefit asset, retirement benefit obligation, surplus and costs and expenses.

In Philippine Peso

The analysis of the affected line items in the statement of assets, liabilities and fund balance of the Company as of December 31, 2022 is shown below:

		As previously reported Dr (Cr)		Adjustments Dr (Cr)		As restated Dr (Cr)
Change in assets:						
Retirement benefit asset[(a)]	₱	834,232	₱	**(834,232)**	₱	–
Change in liabilities:						
Retirement benefit obligation[(b)]	₱	–	₱	**(3,431,002)**	₱	(3,431,002)
Changes in equity:						
Fund balance[(c)]	₱	(183,981,118)	₱	**4,265,234**	₱	(179,715,884)

The analysis of the affected line items in the statement of revenues over expenses of the Company for the year ended December 31, 2022 is shown below:

		As previously reported Dr (Cr)		Adjustments Dr (Cr)		As restated Dr (Cr)
Changes in:						
Costs and expenses[(d)]	₱	137,292,057	₱	**320,654**	₱	137,612,711
Other comprehensive income[(e)]		196,019		**(1,635,483)**		(1,439,464)
Total			₱	**(1,314,829)**		

(a) Restatement on retirement benefit asset pertain to the adjustments per results of actuarial valuation report for the years ended December 31, 2023 and 2022.
(b) Restatement on retirement benefit obligation pertains to pertain to the adjustments per results of actuarial valuation report for the years ended December 31, 2023 and 2022.
(c) Restatement on fund balance pertains to the combined adjustments on costs and expenses, surplus free, and other comprehensive income per results of the actuarial valuation report for the years ended December 31, 2023 and 2022.
(d) Restatement on costs and expenses pertains to additional retirement benefit expense per results of actuarial valuation for the years ended December 31, 2023 and 2022.
(e) Restatement on other comprehensive income pertains to the defined benefit cost – OCI per results of actuarial valuation for the years ended December 31, 2023 and 2022.

The analysis of the affected line items in the statement of assets, liabilities and fund balance of the Company as of December 31, 2021 is shown below:

		As previously reported Dr (Cr)		Adjustments Dr (Cr)		As restated Dr (Cr)
Change in liabilities:						
Retirement benefit obligation[(a)]	₱	(2,437,133)	₱	**(5,604,063)**	₱	(8,041,196)
Changes in equity:						
Fund balance[(b)]	₱	(99,017,038)	₱	**5,604,063**	₱	(93,412,975)

(a) Restatement on retirement benefit obligation pertain to the 2022 opening balance adjustments per results of actuarial valuation report years ended December 31, 2023 and 2022.
(b) Restatement on fund balance pertain to the 2022 opening balance adjustments per results of actuarial valuation report years ended December 31, 2023 and 2022.

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).

In Philippine Peso

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Trustees on April 12, 2024.

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.

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:

2023		**Paid**		**Accrued**		**Total**
Percentage taxes	₱	**5,518**	₱	**2,310**	₱	**7,828**

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

30.02 Withholding taxes

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

2023		**Paid**		**Accrued**		**Total**
Withholding taxes – compensation	₱	325,184	₱	2,958	₱	**328,142**
Expanded withholding tax		668,477		81,700		**750,177**
	₱	**993,661**	₱	**84,658**	₱	**1,078,319**

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

In Philippine Peso

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:

		2023		2022
National tax:				
Documentary stamp tax	₱	**109,962**	₱	283,526
Registration fee		**22,500**		19,500
Percentage tax		**7,898**		7,946
Local tax:				
Business permit		**750,657**		700,233
Real property tax		**197,152**		197,152
Others		**193,802**		192,914
	₱	**1,281,971**	₱	1,401,271

30.04 Tax Assessments

The Company has no outstanding tax assessments as of December 31, 2023 and 2022.

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, 2023 and 2022.

ANNEX 68-E

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

JMH MICROFINANCE, INC.
As of December 31, 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets / Current Liabilities	220.92%	179.38%
Acid test ratio	Quick Assets / Current Liabilities	215.84%	175.06%
Solvency ratio	Net Income + Depreciation and Amortization / Total Liabilities	32.51%	31.71%
Debt-to-equity ratio	Total Liabilities / Total Equity	96.29%	148.88%
Asset-to-equity ratio	Total Assets / Total Equity	196.29%	248.88%
Interest rate coverage ratio	Earnings before Interest and Taxes / Interest Expense	577.38%	739.06%
Return on equity	Net Income / Average Total Equity	36.79%	62.12%
Return on assets	Net Income / Average Total Assets	16.88%	20.35%
Net profit margin	Net Income / Revenue	30.66%	37.41%

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, 2023**, to wit:

Documents/ Schedules to the Audited Financial Statements as of December 31, 2023	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 3rd day of May 2024, at Camalig, Albay, 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 TABACO CITY, ALBAY City, on 03 MAY 2024 affiants personally, exhibiting their respective competent evidence of Identification Card ________ issued at ________ issued on ________________.

MART R. RAFEÑAS, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DECEMBER 31, 2024
PTR NO. 6382953O/LEGAZPI CITY/JAN 02, 2024
IBP NO. 5886/CALE LEGAZPI/JAN 02, 2024
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO. VII-0007421/APRIL 14, 2025

Doc. No. 460
Page No. 97
Book No. 07
Series of 2024.

NSPO Form-2

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 3rd day of May 20 24 at Camalig, Albay.

CHARISMA D. LASCOTA
Affiant

03 MAY 2024

SUBSCRIBED AND SWORN to before me this ____________, affiant exhibiting to me her ____________ issued on ____________ at ____________ as competent evidence of identity.

MART R. RABELAS, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DECEMBER 31, 202_
PTR NO. 6382953O/LEGAZPI CITY/JAN 02, 2024
IBP NO. 388_/ALBAY/JAN 02, 2024
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO. VII-0007421/APRIL 14, 2025

Doc. No. 481;
Page No. 98;
Book No. 67;
Series of 2024.

NSPO Form-3

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

Name of Foundation/Organization	SEC Registration No.
JMH MICROFINANCE, INC.	**CN2004 29482**
For the year ended: **December 31, 2023**	

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 2,000,000.00	August 15, 2023 - January 16, 2024
2		Small Business Corporation	P 15,000,000.00	April 20, 2023, August 17, 2023 and December 12, 2023
3		Rizal Commercial Banking Corporation	P 1,000,000.00	December 29, 2023
4		Development Bank of the Philippines	P 1,039,000.00	November 7, 2023-February 16, 2024
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 the Student Development and Services
Scholarship and Financial Assistance Services Unit
Magsaysay Street, Salog (Pob.), Sorsogon City
Tel. No.; 056 211-0103; Email address: scholarship@sorsu.edu.ph

CERTIFICATION

To whom it may concern:

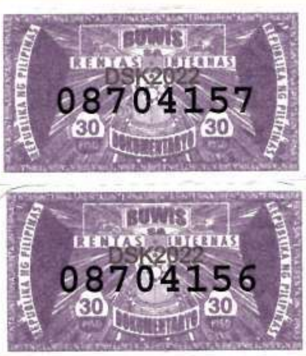
This is to certify that **JMH Microfinance, Inc.** has been implementing the **Pag-adal Mo, Sagot Ko Scholarship Program** in Sorsogon State University from January to December 2023.

For the School Year 2023-2024, JMH Microfinance, Inc. sponsored school fees and monthly allowances of eight (9) scholars.

This certification is issued for whatever purposes it may serve.

Given this 22nd day of January, 2024 at Sorsogon State University, Sorsogon City.

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



SUBSCRIBED AND SWORN TO before me this 13 FEB 2024
affiant/s having exhibited his/her
[illegible] ______________ I.D. bearing
no. ______________.

ATTY. JAD SOL[illegible] ESTOPA
PTR NO. EI9125C [illegible] SORSOGON JAN 03, 2024
ROLL NO. 72582 [illegible] JAN. 03, 2024
MCLE NO. VII-O[illegible]
MOBILE NO. 09299669597

NSPO Form-6

REPUBLIC OF THE PHILIPPINES)
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, 2023**; 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 2024 day of ______________ at the GUINOBATAN ALBAY.

CHARISMA D. LASCOTA
PRESIDENT

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

MART B. RABELAS JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DECEMBER 31, 2025
PTR NO. 6382953O/LEGAZPI CITY/JAN 02, 2024
IBP NO. [illegible]/ALBAY/JAN 02, 2024
ROLL OF ATTORNEY NO. 52422
MCLE COMPLIANCE NO. VII-0007421/APRIL 14, 2025

Doc. No. 482;
Page No. 98;
Book No. 07;
Series of 2024.