STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Community Economic Ventures (A Microfinance NGO) Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Organization and are complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Organization's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Organization has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

MS. BETTINA T. SALMO
Chairman/President/Chief Executive Officer

MS. SOCORRO S. ACEDERA
Treasurer

MR. RAMIL TAN
Executive Director

Signed this 15th day of APRIL 2024

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE

The Board of Trustees and Members
Community Economic Ventures, (A Microfinance NGO) Inc.
Miriam Building
Espuelas Street, Brgy. Cogon
Tagbilaran City, Bohol

We have audited the accompanying financial statements of Community Economic Ventures, (A Microfinance NGO) Inc. (the Organization), as at and for the year ended December 31, 2023, on which we have rendered our report dated April 19, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the managers, executive director or members of the Board of Trustees of the Organization.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIÑEZ
Partner
CPA License No. 0092183
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10075184
Issued January 2, 2024 at Makati City

April 19, 2024
Makati City, Metro Manila

APR 15 2024

Firm Regulatory Registration & Accreditation
PRC-BOA Registration No. 0083, valid until September 22, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2021 to 2024
financial statements 2019 financial statements are covered by IC Circular Letter Order No. 2019-39 Transition clause)
BSP Accreditation No. 36, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements 2019 financial statements are covered by BSP Monetary Board Resolution No. 2161 Transition clause)

COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.

FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report



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The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
Community Economic Ventures, (A Microfinance NGO) Inc.
Miriam Building
Espuelas Street, Brgy. Cogon
Tagbilaran City, Bohol

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Economic Ventures, (A Microfinance NGO) Inc. (the Organization), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of activities and other comprehensive (loss) income, changes in fund balance and cash flows for the years then ended, and notes, comprising 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 Organization 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 (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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.

Firm Regulatory Registration & Accreditation
PRC-BOA Registration No. 0001, valid until September 10, 2026
IC Accreditation No. 0003-FR, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019) financial statements are covered by IC Regular Filer, Transition clause
BSP Accreditation No. 0001, BSP Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019) financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause

APR 15 2024

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

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

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

Those charged with governance are responsible for overseeing the Organization'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 auditors' 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.

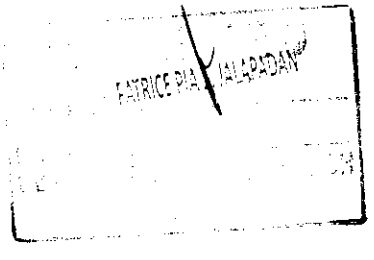
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



APR 15 2024

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- 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 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 in Note 22 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY P. LAPIÑEZ
Partner
CPA License No. 0092183
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10075184
Issued January 2, 2024 at Makati City

April 19, 2024
Makati City, Metro Manila

APR 15 2024

COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash	*4, 19*	**P205,962,487**	P205,835,575
Loans and other receivables - net	*5, 19*	**814,088,533**	663,366,347
Other current assets	*6, 19*	**7,987,815**	1,815,756
Total Current Assets		**1,028,038,835**	871,017,678
Noncurrent Assets			
Property and equipment - net	*7*	**24,395,991**	14,634,504
Intangible assets - net	*8*	**2,112,101**	5,442,059
Retirement benefit asset	*13*	**-**	4,479,839
Total Noncurrent Assets		**26,508,092**	24,556,402
		P1,054,546,927	P895,574,080
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Microsavings	*9, 19*	**P204,567,491**	P183,644,129
Accounts payable and other current liabilities	*10, 19*	**46,748,924**	37,781,674
Loans payable - current	*11, 19*	**281,104,208**	249,870,640
Lease obligation - current	*14, 19*	**9,023,916**	7,165,080
Due to related parties	*12*	**3,123,838**	12,247,362
Total Current Liabilities		**544,568,377**	490,708,885
Noncurrent Liabilities			
Loans payable - noncurrent	*11, 19*	**3,166,850**	445,491
Lease obligation - noncurrent	*14, 19*	**4,263,825**	2,694,966
Retirement and post-employment benefit payable	*13*	**2,633,093**	-
Other noncurrent liabilities		**1,167,525**	2,859,911
Total Noncurrent Liabilities		**11,231,293**	6,000,368
Total Liabilities		**555,799,670**	496,709,253
Fund Balance			
General fund		**486,308,116**	382,090,404
Cumulative retirement benefit reserve		**12,439,141**	16,774,423
Total Fund Balance		**498,747,257**	398,864,827
		P1,054,546,927	P895,574,080

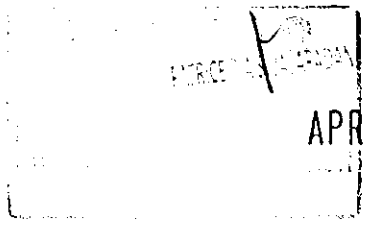
See Notes to the Financial Statements.

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COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.
STATEMENTS OF ACTIVITIES AND OTHER COMPREHENSIVE (LOSS) INCOME

		Years Ended December 31	
	Note	**2023**	2022
REVENUE FROM MICROFINANCE ACTIVITIES			
Interest on loans	*5*	**P440,469,863**	P392,089,687
Commission income	*15*	**9,389,955**	8,518,272
Fines, penalties and surcharges		**1,410,056**	3,575,585
Service fees	*5*	**643,701**	933,760
Other income		**2,851,788**	5,410,364
		454,765,363	410,527,668
INTEREST FROM DEPOSITS	*4*	**306,430**	329,691
OTHER INCOME			
Recovery from written off accounts	*5*	**4,788,080**	6,550,854
Gain (loss) on foreign exchange	*19*	**199,805**	(4,168,110)
		4,987,885	2,382,744
		460,059,678	413,240,103
COSTS AND EXPENSES			
Operating costs	*16*	**281,236,826**	248,882,274
Administrative costs	*17*	**65,509,833**	55,118,243
		346,746,659	304,000,517
EXCESS OF REVENUE FROM MICROFINANCE ACTIVITIES, INTEREST FROM DEPOSITS AND OTHER INCOME OVER COSTS AND EXPENSES BEFORE INCOME TAX EXPENSE		**113,313,019**	109,239,586
INCOME TAX EXPENSE	*18*	**9,095,307**	8,210,554
EXCESS OF REVENUE FROM MICROFINANCE ACTIVITIES, INTEREST FROM DEPOSITS AND OTHER INCOME OVER COSTS AND EXPENSES		**104,217,712**	101,029,032
OTHER COMPREHENSIVE (LOSS) INCOME			
Item that will never be reclassified to statement of activities			
Remeasurement (loss) gain on retirement benefits	*13*	**(4,335,282)**	7,319,041
TOTAL COMPREHENSIVE INCOME		**P99,882,430**	P108,348,073

See Notes to the Financial Statements.



COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.
STATEMENTS OF CHANGES IN FUND BALANCE

		Years Ended December 31		
	Note	General Fund	Cumulative Translation Adjustment on Retirement	Total Fund Balance
Balance at January 1, 2023		**P382,090,404**	**P16,774,423**	**P398,864,827**
Excess of revenue from microfinance activities, interest from deposits and other income over costs and expenses		**104,217,712**	-	**104,217,712**
Other comprehensive loss:				
Remeasurement loss on retirement benefits	*13*	-	**(4,335,282)**	**(4,335,282)**
		104,217,712	***(4,335,282)***	***99,882,430***
Balance at December 31, 2023		**P486,308,116**	**P12,439,141**	**P498,747,257**
Balance at January 1, 2022		P281,061,372	P9,455,382	P290,516,754
Excess of revenue from microfinance activities, interest from deposits and other income		101,029,032	-	101,029,032
Other comprehensive income:				
Remeasurement gain on retirement benefits	*13*	-	7,319,041	7,319,041
		101,029,032	7,319,041	108,348,073
Balance at December 31, 2022		P382,090,404	P16,774,423	P398,864,827

See Notes to the Financial Statements

APR 15 2024

COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.
STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue from microfinance activities, interest from deposits and other income over costs and expenses before income tax expense		**P113,313,019**	P109,239,586
Adjustments for:			
Impairment losses on loans and other receivables	*16, 5*	**27,533,575**	28,403,213
Depreciation and amortization	*7, 8, 16, 17*	**19,608,551**	17,196,863
Interest expense	*9, 11, 14, 16*	**16,124,255**	14,786,912
Retirement and post-employment benefit expense	*13, 16, 17*	**3,277,650**	4,613,149
(Gain) loss on foreign exchange	*19*	**(199,805)**	4,168,110
Interest on loans and deposits	*4, 5*	**(440,776,293)**	(392,419,378)
Loss on disposal of property and equipment		**41,311**	-
		(261,077,737)	(214,011,545)
Changes in:			
Loans and other receivables		**(179,540,930)**	(105,165,459)
Other current assets		**7,391,949**	239,905
Microsavings		**20,923,362**	27,150,672
Accounts payable and other current liabilities		**(8,328,763)**	(5,963,957)
Due to related parties		**(9,123,524)**	(2,507,582)
		(429,755,643)	(300,257,966)
Interest received		**442,061,462**	395,802,012
Contributions to the retirement fund	*13*	**(500,000)**	(3,266,666)
Income taxes paid		**(6,583,307)**	(8,210,554)
Interest paid		**(16,124,141)**	(15,396,157)
Net cash (used in) provided by operating activities		**(10,901,629)**	68,670,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets	*8*	**-**	(5,506,571)
Additions to property and equipment	*7*	**(10,806,949)**	(4,681,512)
Reclassification of intangible assets - net	*8*	**2,522,335**	-
Net cash used in investing activities		**(8,284,614)**	(10,188,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	*11*	**P214,269,039**	P215,921,758
Payments of lease obligation	*14*	**(13,149,191)**	(11,849,799)
Payments of loans	*11*	**(180,000,000)**	(211,250,000)
Payments of clients' training fund		**(1,692,386)**	(341,457)
Net cash provided by (used in) financing activities		**19,427,462**	(7,519,498)
NET INCREASE IN CASH		**241,219**	50,963,088
CASH AT BEGINNING OF YEAR		**205,835,575**	153,939,829
EFFECT OF MOVEMENTS IN FOREIGN EXCHANGE RATES CHANGES ON CASH		**(114,307)**	932,658
CASH AT END OF YEAR	*4*	**P205,962,487**	P205,835,575

See Notes to the Financial Statements.

APR 15 2024

COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Community Economic Ventures, (A Microfinance NGO) Inc. (the Organization) is a nonstock, nonprofit organization registered with the Philippine Securities and Exchange Commission (SEC) on August 17, 2000. Its primary purpose is to uphold knowledge of Christian values and precepts and promote programs that will sustain development activities in the communities by facilitating technical and financial support to small entrepreneurs to enhance their businesses and developing income-generating projects that will assist individuals and families in need. It is governed by a board of trustees (BOT) whose members do not receive any compensation.

To achieve its purpose, the Organization entered into stewardship agreements with certain program partners of World Vision Development Foundation, Inc. (World Vision), which is a Christian, nongovernmental, nonprofit and developmental organization, and several nonstock, nonprofit organizations to jointly carry out projects which aim to alleviate poverty by providing micro-entrepreneurs with immediate access to financial services. Its activities are conducted in coordination with VisionFund International (VFI), an affiliate of World Vision (see Note 12a).

Starting the fiscal year ended September 30, 2017, the Organization is subject to a 2% preferential rate based on gross receipts from its microfinance operations in lieu of all national taxes as a Microfinance Non-Governmental Organization (NGO) as stated in Section (Sec.) 5, *Transitional Accreditation*, of the Revenue Regulations (RR) No. 3-2017, Implementing the Tax Provisions of Republic Act (R.A.) No. 10693, also known as the "Microfinance NGOs Act" (see Note 18).

The Organization's registered office is at Miriam Building, Espuelas Street, Brgy. Cogon, Tagbilaran City, Bohol. It also operates 38 branches throughout the Philippines.

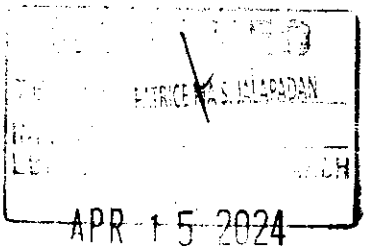
2. Basis of Preparation

Basis of Accounting
These financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). They were authorized for issue by the Company's board of directors (BOD) on April 19, 2024.

Details of the Company's material accounting policies are included in Note 21.

Basis of Measurement
These financial statements have been prepared on the historical cost basis, except for the retirement and post-employment benefit payable/retirement benefit asset which is measured at the fair value of plan assets (FVPA) less present value of defined benefits obligation (DBO).

Functional and Presentation Currency
These financial statements are presented in Philippine peso, which is the Organization's functional currency. All amounts have been rounded to the nearest peso, unless otherwise indicated.



3. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Organization's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effect in the amounts recognized in the financial statements is as follows:

Classifying Financial Instruments
The Organization exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition 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 statement of financial position.

The Organization uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 19.

Determining the Lease Term of Contracts with Renewal and Termination Options - the Organization as Lessee
The Organization determines the lease term as the noncancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Organization applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

Further details on the lease are disclosed in Note 14.

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties at December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Provision for Expected Credit Losses of Financial Assets
The measurement of impairment losses under PFRS 9, *Financial Instruments,* across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of the increase of significant risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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APR 15 2024

The Organization's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- the Organization's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- the segmentation of financial assets when their ECL is assessed on a collective basis;

- development of ECL models, including the various formulas and the choice of inputs;

- determination of associations between macroeconomic scenarios and, economic inputs, such as gross domestic product (GDP) and the effect on probability of defaults; and

- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Further details on the carrying amounts of financial assets are disclosed in Notes 4, 5 and 6.

Fair Value Measurement of Financial Instruments
If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel, independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Organization in estimating fair values of its financial instruments are disclosed in Note 19.

Estimating Incremental Borrowing Rate (IBR) - the Organization as Lessee
The Organization cannot readily determine the interest rates implicit in the leases, therefore, it uses its IBR to measure lease obligation. The IBR is the rate of interest that the Organization would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Organization 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Organization estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity-specific credit spread).

APR 15 2024

Estimating Useful Lives of Property and Equipment and Intangible Assets
The Organization estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed at each reporting date and are 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. However, it is possible that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment and intangible assets would increase depreciation and amortization and decrease the property and equipment and intangible assets accounts.

Further details on the carrying amounts of property and equipment and intangible assets are disclosed in Notes 7 and 8, respectively.

Impairment of Nonfinancial Assets
The Organization assesses at each reporting date whether there is an indication that the carrying amounts of nonfinancial assets may be impaired.

The factors that the Organization considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continuous use of the asset, the Organization is required to make estimates and assumptions that may affect nonfinancial assets.

As at December 31, 2023 and 2022, no indication of impairment exists for the Organization's nonfinancial assets.

Retirement Benefits
The determination of the Organization's retirement and post-employment benefit payable/retirement benefit asset is dependent on the Organization's selection of certain assumptions used by the actuaries in calculating such amounts. Actual results that differ from the Organization's assumptions are accumulated and amortized over the future periods and therefore, generally affect the Organization's retirement and post-employment benefit payable/retirement benefit asset in such future periods. While management believes that assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Organization's retirement and post-employment benefit payable/retirement benefit asset.

Further details on the retirement and post-employment benefit payable/retirement benefit asset, and retirement and post-employment benefit expense are disclosed in Note 13.

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APR 15 2024

4. Cash

This account consists of:

	Note	2023	2022
Cash in banks	19	**P205,550,596**	P203,430,003
Cash on hand		**411,891**	2,405,572
		P205,962,487	P205,835,575

Cash in banks earn interest at their respective bank deposit rates. Total interest income amounted to P0.31 million and P0.33 million for 2023 and 2022, respectively. This is presented as "Interest from deposits" account in the statement of activities and other comprehensive (loss) income. Cash in banks are unrestricted and readily available for use.

5. Loans and Other Receivables

This account consists of:

	Note	2023	2022
Loans receivables - microfinance	19	**P808,562,027**	P661,494,888
Accrued interest receivables	19	**14,052,670**	15,337,839
Advances to officers and employees		**2,140,840**	1,661,112
Loans receivables - others	19	**486,862**	229,445
Others	19	**4,903,521**	1,134,886
		830,145,920	679,858,170
Less allowance for impairment losses		**16,057,387**	16,491,823
		P814,088,533	P663,366,347

Loans receivables - microfinance pertain to the loans extended by the Organization to its clients or members. The Organization offers five types of loans, namely: agricultural, commercial, educational, individual and consumer loans. These loans bear monthly interest ranging from 2% to 6% based on declining balance. Agricultural and commercial loans are collateral-free and collectible for a period of four (4) to (twelve) 12 months. Educational loans are collateral-free and collectible for a period of four (4) to five (5) months. Individual loans are collateralized by chattel mortgages and collectible for a period of six (6) to twenty-four (24) months. Consumer loans are collateral-free and collectible for a period of two (2) to eighteen (18) months. Portfolio-at-risk (PAR) represents approximately 1.67% and 2.78% of the loan portfolio as at December 31, 2023 and 2022, respectively. PAR illustrates the ratio between the portfolio deemed at risk because of default in payments and the total outstanding loan portfolio.

Loans receivables - microfinance amounting to P808.56 million and P661.49 million represents 76.67% and 73.86% of the total assets in 2023 and 2022, respectively.

Interest income recognized in the statement of activities and other comprehensive (loss) income related to loans receivables - microfinance amounted to P440.47 million and P392.09 million for the years ended December 31, 2023 and 2022, respectively.

APR 15 2024

Service fees recognized in the statement of activities and other comprehensive (loss) income related to the Organization's loans receivables for the years ended December 31, 2023 and 2022 amounted to P0.64 million and P0.93 million, respectively.

Accrued interest receivables pertain to the interest earned but not yet collected in relation to the loans extended by the Organization to its clients.

The balances and movements in the allowance for impairment losses on receivables are as follows:

	2023	2022
Balance at beginning of year	**P16,491,823**	P13,497,722
Impairment losses for the year	**27,533,575**	28,403,213
Write-off	**(27,968,011)**	(25,409,112)
	P16,057,387	P16,491,823

For the years ended December 31, 2023 and 2022, the BOT approved the recommendation of the management to write-off loans receivables amounting to P27.97 million and P25.41 million, respectively.

Impairment losses on receivables amounting to P27.53 million and P28.40 million for the years ended December 31, 2023 and 2022, respectively, were recognized as part of "Operating costs" account in the statement of activities and other comprehensive (loss) income (see Note 16).

Due to the continuous collection effort of the Organization, recovery from written off accounts amounting to P4.79 million and P6.55 million for the years ended December 31, 2023, and 2022, respectively were recognized as part of "Other Income" account in the statement of activities and other comprehensive (loss) income.

6. Other Current Assets

This account consists of:

	2023	2022
Prepayments	**P3,318,186**	P968,235
Supplies	**1,144,747**	349,112
Others	**3,524,882**	498,409
	P7,987,815	P1,815,756

Prepayments pertain to the insurance contract entered into by the Organization and are paid in advance for the period under coverage and rent deposits. The insurance pertains to the medical insurance of the Organization's employees. Rent deposits on the other hand represent refundable deposits paid by the Organization to its lessors at the inception of the respective lease agreements and are recoverable upon expiration of the lease terms amounting to P1.25 million and P0.57 million as at December 31, 2023 and 2022, respectively (see Notes 14 and 19).

Supplies refer to the materials or supplies consumed by the Organization in the process of rendering its services.

Others include prepayments of maintenance fee for the Organization's software.

APR 15 2024

7. Property and Equipment

The balances and movements in this account are as follows:

	2023						
	Right-of-Use Assets (Note 14)	**Office Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Other Equipment**	**Leasehold Improvement**	**Total**
Cost							
At January 1	**P18,498,354**	**P7,766,493**	**P3,627,494**	**P2,735,518**	**P22,233,405**	**P30,765**	**P54,892,029**
Additions	**17,796,777**	**5,386,787**	**380,712**	**-**	**5,039,450**	**-**	**28,603,726**
Derecognition/disposal	**(8,004,714)**	**(94,779)**	**(8,800)**	**-**	**(1,681,271)**	**(30,765)**	**(9,830,329)**
At December 31	**28,290,417**	**13,058,501**	**3,999,406**	**2,735,518**	**25,591,584**	**-**	**73,665,426**
Accumulated Depreciation							
At January 1	**8,696,938**	**6,695,054**	**3,335,129**	**2,650,617**	**18,849,022**	**30,765**	**40,257,525**
Depreciation	**14,020,310**	**1,007,344**	**219,390**	**62,938**	**3,490,946**	**-**	**18,800,928**
Derecognition/disposal	**(8,004,714)**	**(94,779)**	**(8,800)**	**-**	**(1,649,960)**	**(30,765)**	**(9,789,018)**
At December 31	**14,712,534**	**7,607,619**	**3,545,719**	**2,713,555**	**20,690,008**	**-**	**49,269,435**
Carrying Amount	**P13,677,883**	**P5,450,882**	**P453,687**	**P21,963**	**P4,891,576**	**P -**	**P24,395,991**

	2022						
	Right-of-Use Assets (Note 14)	Office Equipment	Furniture and Fixtures	Transportation Equipment	Other Equipment	Leasehold Improvement	Total
Cost							
At January 1	P17,638,761	P7,356,830	P3,424,056	P2,779,164	P20,664,114	P30,765	P51,893,690
Additions	15,829,625	923,897	241,381	59,500	3,456,734	-	20,511,137
Derecognition/disposal	(14,970,032)	(514,234)	(37,943)	(103,146)	(1,887,443)	-	(17,512,798)
At December 31	18,498,354	7,766,493	3,627,494	2,735,518	22,233,405	30,765	54,892,029
Accumulated Depreciation							
At January 1	12,059,888	6,685,931	3,160,827	2,454,581	17,779,882	30,765	42,171,874
Depreciation	11,607,083	523,357	212,245	299,182	2,956,583	-	15,598,450
Derecognition/disposal	(14,970,033)	(514,234)	(37,943)	(103,146)	(1,887,443)	-	(17,512,799)
At December 31	8,696,938	6,695,054	3,335,129	2,650,617	18,849,022	30,765	40,257,525
Carrying Amount	P9,801,416	P1,071,439	P292,365	P84,901	P3,384,383	P -	P14,634,504

Depreciation is allocated as follows:

	Note	**2023**	2022
Operating costs	*16*	**P16,094,194**	P14,022,404
Administrative costs	*17*	**2,706,734**	1,576,046
		P18,800,928	P15,598,450

There were no property and equipment pledged as security as at December 31, 2023 and 2022

APR 15 2024

8. Intangible Assets

The balances and movements in this account are as follows:

	Note	2023	2022
Cost			
Beginning balance		**P20,594,844**	P15,627,252
Additions		**-**	5,506,571
Derecognition/disposal		**(2,609,312)**	(538,979)
Ending balance		**17,985,532**	20,594,844
Accumulated Amortization			
Beginning balance		**15,152,785**	14,093,351
Amortization	*16, 17*	**807,623**	1,598,413
Derecognition/disposal		**(86,977)**	(538,979)
Ending balance		**15,873,431**	15,152,785
Carrying Amount		**P2,112,101**	P5,442,059

Amortization is allocated as follows:

	Note	2023	2022
Operating costs	*16*	**P484,574**	P906,862
Administrative costs	*17*	**323,049**	691,551
		P807,623	P1,598,413

9. Microsavings

Microsavings amounting to P204.57 million and P183.64 million as at December 31, 2023 and 2022, respectively, represent mandatory contributions by clients as a pre-loan granting requirement starting at P200 upon release of the 1st cycle loans and another P300 on the next cycle loans, provided that the cumulative contributions shall not exceed P3,000 per client. Clients with a minimum of P500 Capital Build-Up balance are entitled to an interest of 1%. Interest expense on microsavings recognized as part of "Operating cost" in the statement of activities and other comprehensive (loss) income amounted to P1.92 million and P1.60 million for the years ended December 31, 2023 and 2022 (see Note 16b).

Further, the members have clients' training fund amounting to P1.17 million and P2.86 million as at December 31, 2023 and 2022, respectively, presented under "Other noncurrent liabilities" in the statement of financial position.

10. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	2023	2022
Accounts payable	*19*	**P20,915,264**	P8,890,122
Accrued employee salary and benefits	*19*	**12,487,680**	15,428,436
Accrued interest - loans payable	*19*	**1,185,107**	1,184,993
Other accrued expenses	*19*	**2,393,014**	2,954,965
Other current liabilities		**9,767,859**	9,323,158
		P46,748,924	P37,781,674

APR 15 2024

Accounts payable pertains to the Organization's obligations to its various suppliers.

Accrued employee salary and benefits pertain to expenses incurred for employee salary and benefits but not yet paid by the Organization.

Accrued interest - loans payable pertain to interest incurred on loans but not yet paid by the Organization.

Other accrued expenses pertain to expenses incurred such as water, electricity, staff house rental and internet/telecommunication but not yet paid.

Other current liabilities consist of statutory liabilities related to the Organization's contributions to Social Security System (SSS), Philippine Health Insurance Corporation (PHIC) and Home Development and Mutual Fund (HDMF) for its employees and income taxes payable.

11. Loans Payable

This account consists of:

	Note	**2023**	2022
Concessional loans:			
VFI	*12a*	**P29,244,604**	P29,393,472
Kiva Microfunds		**38,952,381**	34,683,341
World Vision program partners	*12a*	**3,612,341**	3,612,341
Commercial loans:			
Land Bank of the Philippines (LBP)		**180,000,000**	150,000,000
VFI	*12a*	**32,461,732**	32,626,977
	19	**284,271,058**	250,316,131
Less current portion		**281,104,208**	249,870,640
		P3,166,850	P445,491

Concessional loans from VFI are non-collateralized and noninterest-bearing. The principal payments have various maturity dates up to December 31, 2024.

Concessional loans from Kiva Microfunds are non-collateralized, noninterest-bearing and payable depending on the loan contracts.

Concessional loans from World Vision program partners, which are extended to the Organization through the stewardship agreements, are non-collateralized and bear interest rates of up to 5% per annum, payable together with the principal at the end of the agreements. These loans will mature on various dates until October 23, 2026.

Commercial loans from LBP are non-collateralized and bear interest rates of up to 7.5% per annum and have quarterly principal and interest payment dates up to November 30, 2024.

Commercial loans from VFI are non-collateralized and bear interest rates of up to 4% per annum, net of tax. Interest payments are made on a semi-annual basis, while the principal payments have various maturity dates up to December 31, 2024.

APR 15 2024

The summary of loan proceeds and payments is as follows:

	Note	December 31, 2023 Loan Proceeds	Loan Payments
Concessional loans:			
Kiva Microfunds		**P4,269,039**	**P -**
VFI	*12a*	**-**	**-**
Commercial loan:			
VFI	*12a*	**-**	**-**
LBP		**210,000,000**	**180,000,000**
		P214,269,039	**P180,000,000**

	Note	December 31, 2022 Loan Proceeds	Loan Payments
Concessional loans:			
Kiva Microfunds		P3,136,700	P -
VFI	*12a*	1,535,058	-
Commercial loan:			
VFI	*12a*	-	-
LBP		211,250,000	211,250,000
		P215,921,758	P211,250,000

Principal repayments schedule is shown below:

Year	PHP	U.S. dollar (USD)
Due on demand	-	-
2024	**180,445,491**	**1,113,873**
2025	**3,166,850**	**703,137**
	183,612,341	**1,817,010**

Interest expense related to the Organization's concessional and commercial loans recognized in the statement of activities and other comprehensive (loss) income amounted to P13.19 million and P12.39 million as at December 31, 2023 and 2022, respectively (see Note 16b).

12. Related Party Transactions

Identity of Related Parties

The Organization has related party relationships with World Vision Program Partners, VFI, and its key management personnel (KMP).

Majority of the Organization's BOT are from World Vision. The Organization and World Vision agreed to carry out micro-enterprise development programs which aim to alleviate poverty by providing micro-entrepreneur access to financial services.

PATRICE PIA S. JA[illegible]ABADAN

APR 1 5 2024

The Organization's significant transactions are as follows:

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance: Loans Payable (Note 11)	Outstanding Balance: Due to Related Parties	Terms	Conditions
World Vision Program Partners							
• Loans payable	**2023**	*12a*	**P -**	**P3,612,341**	**P -**	Interest-bearing; fixed term; up to 5% per annum	Unsecured
	2022	*12a*	-	3,612,341	-		
VFI							
• Loans payable	**2023**	*12a*	**(314,113)**	**61,706,336**	**-**	Interest-bearing; fixed term; up to 4% per annum	Unsecured
	2022	*12a*	6,635,826	62,020,449	-		
• Service fees	**2023**	*12a*	**9,123,524**	**-**	**3,123,838**	Noninterest-bearing; due on demand	Unsecured
	2022	*12a*	2,507,582	-	12,247,362		
KMP							
• Compensation	**2023**	*12b*	**11,472,529**	**-**	**-**		
	2022	*12b*	10,403,675	-	-		
TOTAL	**2023**			**P65,318,677**	**P3,123,838**		
TOTAL	2022			P65,632,790	P12,247,362		

(a) World Vision Program Partners and VFI

The Organization obtained initial funding for a sustainable and viable financial implementation of microfinance operations through the assistance of World Vision.

There were no loan repayments made to World Vision program partners during the years ended December 31, 2023 and 2022. Outstanding loan balance as at December 31, 2023 and 2022 amounted to P3.61 million (see Note 11).

There were no loan repayments made to VFI during the years ended December 31, 2023 and 2022 (see Note 11). On the outstanding balances, foreign exchange gain of P0.31 million and foreign exchange loss of P5.10 million were recognized for the years ended December 31, 2023 and 2022, respectively. Outstanding loan balance as at December 31, 2023 and 2022 amounted to P61.71 million and P62.02 million, respectively (see Note 11).

For the years ended December 31, 2023 and 2022, the Organization paid service fees to VFI amounting to P9.12 million and P2.51 million, respectively. Outstanding balances, which were recorded under "Due to related parties" in the statement of financial position, amounted to P3.12 million and P12.25 million as at December 31, 2023 and 2022, respectively.

(b) KMP Compensation

The remuneration of KMP of the Organization consists of salaries and other benefits amounting to P11.47 million and P10.40 million for the years ended December 31, 2023 and 2022, respectively.

KMP consists of executive officers and department heads.

All outstanding balances of transactions with related parties are generally settled in cash.

PATRICE PIA S. ILAGADAN
APR 15 2024

13. Retirement and Post-Employment Benefit Payable/Retirement Benefit Asset

The Organization currently has a funded, noncontributory retirement plan (the Plan) covering all qualified regular employees. Under the Plan, the projected retirement age is at 60 years old, and the normal retirement benefit is equivalent to at least the minimum requirement of R.A. No. 7641 otherwise known as "*Retirement Pay Law*". Contributions and costs are determined in accordance with the actuarial studies made for the Plan. The latest independent actuarial valuation of the Plan was as at December 31, 2023, which was prepared using the projected unit credit (PUC) method.

The Plan is registered with the Bureau of Internal Revenue (BIR) as a tax-qualified plan under R.A. 4917, As Amended, otherwise known as "An Act Providing that Retirement Benefits of Employees of Private Firms shall not be subject to Attachment, Levy, Execution, or any Tax whatsoever." The Plan is administered by an independent trustee bank who also undertakes its accounting and administration functions.

This defined benefit plan exposes the Organization to actuarial risks, such as longevity risk, liquidity risk, salary risk, persistency risk, interest rate risk, and market (investment) risk.

The reconciliation of the present value of the FVPA and the DBO to the recognized retirement and post-employment benefit payable/retirement benefit asset in the statement of financial position is as follows:

	FVPA		DBO		Retirement and Post-Employment Benefit Payable/ Retirement Benefit Asset	
	2023	2022	2023	2022	2023	2022
Beginning Balance	P33,404,558	P30,643,094	(P28,924,719)	(P32,135,813)	P4,479,839	(P1,492,719)
Included in Profit or Loss						
Current service cost	-	-	(3,599,302)	(4,537,618)	(3,599,302)	(4,537,618)
Interest cost on DBO	-	-	(2,076,795)	(1,626,072)	(2,076,795)	(1,626,072)
Interest cost on plan assets	2,398,447	1,550,541	-	-	2,398,447	1,550,541
	2,398,447	1,550,541	(5,676,097)	(6,163,690)	(3,277,650)	(4,613,149)
Included in Other Comprehensive Income (Loss)						
Remeasurement loss:						
▪ Financial assumptions	-	-	(5,729,795)	11,760,692	(5,729,795)	11,760,692
▪ Demographic assumptions	-	-	-	-	-	-
▪ Experience adjustment	-	-	2,236,845	(2,528,168)	2,236,845	(2,528,168)
▪ Return on plan assets excluding interest income	(842,332)	(1,913,483)	-	-	(842,332)	(1,913,483)
	(842,332)	(1,913,483)	(3,492,950)	9,232,524	(4,335,282)	7,319,041
Others						
Contributions to the fund	500,000	3,266,666	-	-	500,000	3,266,666
Benefits paid	(1,891,569)	(142,260)	1,891,569	142,260	-	-
	(1,391,569)	3,124,406	1,891,569	142,260	500,000	3,266,666
Ending Balance	P33,569,104	P33,404,558	(P36,202,197)	(P28,924,719)	(P2,633,093)	P4,479,839

The Organization recognized retirement and post-employment benefit expense amounting to P3.28 million and P4.61 million for the years ended December 31, 2023 and 2022, respectively. These were presented as part of "Operating costs" and "Administrative costs" account in the statement of activities and other comprehensive (loss) income (see Notes 16 and 17).

APR 15 2024

The Organization's plan assets consist of the following:

	2023	2022
Government debt securities	**P31,713,825**	P31,390,483
Cash	**1,855,279**	2,014,075
	P33,569,104	P33,404,558

The principal actuarial method and assumptions used to estimate the present value of DBO as at December 31 using the PUC method are as follows:

	2023	2022
Mortality table	1994 Group Annuity Mortality Table (GAMT)	1994 Group Annuity Mortality Table (GAMT)
Disability table	1952 Disability Table (DT)	1952 Disability Table (DT)
Discount rate	**6.10%**	7.18%
Future salary rate increase	**5.00%**	5.00%

The weighted-average duration of the DBO is 22 years and 18 years as at December 31, 2023 and 2022, respectively.

Maturity analyses of the benefit payments over the period of 10 years as at December 31 is as follows:

	DBO				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1 - 5 Years**	**Within 5 - 10 Years**
2023	**P36,202,197**	**P14,652,986**	**P851,346**	**P4,420,448**	**P9,381,192**
2022	P28,924,719	P42,816,255	P2,365,258	P7,174,162	P33,276,835

Sensitivity Analysis

Sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the DBO at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2023	
	Increase	**Decrease**
Discount rate (1% movement)	**(P5,345,931)**	**P6,534,695**
Future salary rate increase (1% movement)	**6,543,135**	**(5,473,640)**

APR

	2022	
	Increase	Decrease
Discount rate (1% movement)	(P4,002,783)	P4,916,557
Future salary rate increase (1% movement)	4,980,484	(4,129,238)

Asset-liability Matching
The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy
The Organization is not required to pre-fund the future defined benefits liability under the Plan before they become due. For this reason, the amount and timing of contributions to the retirement fund is at the Organization's discretion. However, in the event a benefit claim arises, and the Plan is insufficient to pay the claim, the shortfall will be paid by the Organization directly to the employee-retiree. Hence, there is no expected contribution to the Plan in 2023.

14. Leases

The Organization leases several premises for its headquarters and branch operations. Monthly rentals range from P4,000 to P100,000. The lease contracts cover a period of one to five years, renewable thereafter by the Organization. The leases have no contingent rental provisions and do not impose any restrictions against the Organization.

Information about leases for which the Organization is a lessee is presented below:

i. *Right-of-Use Assets and Lease Obligation*

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Note	**2023**	2022
Cost			
As at January 1		**P18,498,354**	P17,638,761
Addition		**17,796,777**	15,829,625
Derecognition		**(8,004,714)**	(14,970,032)
As at December 31		**28,290,417**	18,498,354
Accumulated Depreciation			
As at January 1		**8,696,938**	12,059,888
Depreciation	7	**14,020,310**	11,607,083
Derecognition		**(8,004,714)**	(14,970,033)
As at December 31		**14,712,534**	8,696,938
Carrying Amount		**P13,577,883**	P9,801,416

The carrying amount of right-of-use assets amounted to P13.58 million and P9.80 million as at December 31, 2023 and 2022, respectively.

When measuring the lease obligation for leases, the Organization discounted the lease payments using its IBR of 7.5% and 7% at December 31, 2023 and 2022, respectively.

APR 15 2024

Set out below is the carrying amount of the lease obligation and the movements during the period:

	Note	2023	2022
As at January 1		**P9,860,046**	P6,418,598
Additions		**16,576,886**	15,291,247
Accretion of interest	*16*	**1,005,374**	797,153
Payments		**(14,154,565)**	(12,646,952)
As at December 31	*19*	**P13,287,741**	P9,860,046

	Note	2023	2022
Current portion		**P9,023,916**	P7,165,080
Noncurrent portion		**4,263,825**	2,694,966
Total	*19*	**P13,287,741**	P9,860,046

Rent deposits recognized under "Prepayments" amounted to P1.25 million and P0.57 million as at December 31, 2023 and 2022, respectively (see Notes 6 and 19).

ii. Amounts Recognized in Statement of Activities and Other Comprehensive (Loss) Income

	2023	2022
Leases under PFRS 16, *Leases*		
Depreciation of right-of-use assets	**P14,020,310**	P11,607,083
Interest on lease obligation	**1,005,374**	797,153
	P15,025,684	P12,404,236

iii. Amounts Recognized in Statement of Cash Flows

	2023	2022
Total cash outflow for principal and interest on lease obligation	**P14,154,565**	P11,849,799

iv. Extension Options

Some property leases contain extension options exercisable by the Organization up to 1 year before the end of the noncancelable contract period. Where practicable, the Organization seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Organization and not by the lessors. The Organization assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Organization reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

APR 1 5 2024

15. Commission Income

On April 3, 2021, the Organization entered into a Memorandum of Agreement (MOA) with Pioneer Life Inc. (the Insurer), a life insurance corporation, for the latter to appoint the Organization as its partner for Microinsurance Program, a Group Term Life Insurance Plan with accidental death and disablement benefit rider, accident medical expense, weekly accident hospital benefit, daily hospital income benefit and cash assistance benefit. The Microinsurance Program covers all borrowers of the Organization with ages 18 to 70 years old, including their eligible dependents, subject to the terms and conditions under Section IV of the MOA.

The Organization collects a monthly net premium from the borrowers and subsequently remits the total net premiums collected to the Insurer. The Organization earns commission from the transaction.

Commission income recognized in the statement of activities and other comprehensive (loss) income amounted to P9.39 million and P8.52 million for the years ended December 31, 2023 and 2022, respectively.

16. Operating Costs

This account consists of:

	Note	**2023**	2022
Personnel costs	*13, 16a*	**P169,348,676**	P145,604,276
Impairment losses	*5*	**27,533,575**	28,403,213
Finance costs	*9, 11, 16b*	**15,118,881**	13,989,759
Other operations-related costs:			
Transportation and other travel expense		**32,509,977**	28,861,040
Depreciation and amortization	*7, 8*	**16,578,768**	14,929,266
Utilities		**4,809,641**	3,452,026
Stationaries and office supplies		**3,989,859**	4,103,243
Taxes and licenses		**2,811,764**	2,466,586
Communication and postage		**2,127,683**	2,091,720
Trainings, seminars and conferences		**1,608,606**	1,134,266
Interest expense on lease obligation	*14*	**1,005,374**	797,153
Insurance expense		**4,260**	9,872
Miscellaneous		**3,789,762**	3,039,854
		P281,236,826	P248,882,274

a. The composition of personnel costs account are as follows:

	2023	2022
Salaries and wages	**P111,451,056**	P97,032,434
Employee benefits	**55,220,798**	44,544,375
Retirement and post-employment benefit expense	**2,676,822**	4,027,467
	P169,348,676	P145,604,276

Employee benefits represent other remunerations given to employees such as sick leave, vacation leave, performance incentives, service awards, year-end bonus, 13th month pay, cash gifts, remittances to SSS, PHIC and HDMF, cost of living allowance, rice allowance and developmental allowance.

APR 15 2024

b. The composition of finance costs account are as follows:

	2023	2022
Interest and fee expense on borrowings	**P13,194,638**	P12,391,242
Interest expense on microsavings	**1,924,243**	1,598,517
	P15,118,881	P13,989,759

17. Administrative Costs

This account consists of:

	Note	2023	2022
Personnel costs	*13, 17a*	**P35,956,454**	P28,416,658
Other administrative expenses:			
Consultancy and professional fees		**12,248,692**	16,111,401
Depreciation and amortization	*7, 8*	**3,029,783**	2,267,597
Trainings, seminars and conferences		**3,004,279**	1,534,812
Communication and postage		**1,650,723**	1,938,000
Insurance expense		**1,263,781**	1,865,044
Utilities		**1,199,414**	590,298
Taxes and licenses		**1,066,719**	4,385
Transportation and other travel expense		**705,354**	434,352
Stationaries and office supplies		**446,722**	471,080
Miscellaneous		**4,937,912**	1,484,616
		P65,509,833	P55,118,243

a. The composition of personnel costs account are as follows:

	2023	2022
Salaries and wages	**P23,605,251**	P17,247,772
Employee benefits	**11,750,375**	10,583,204
Retirement and post-employment benefit expense	**600,828**	585,682
	P35,956,454	P28,416,658

The total administrative expenses represent the 18.89% and 18.13% of the total expenses in 2023 and 2022, respectively.

18. Income Taxes

Starting the fiscal year ended September 30, 2017, the Organization is subject to 2% preferential rate based on gross receipts as a Microfinance NGO in accordance with R.A. No. 10693. Gross receipts from microfinance operations, as defined by the Implementing Rules and Regulations (IRR) of R.A. No. 10693, shall refer to the gross interest income, penalties, surcharges, commissions and discounts, service and general fees, and other charges related to microfinance operations actually or constructively received without any deduction of any kind or nature.

Income tax expense recognized in the statement of activities and other comprehensive (loss) income amounted to P9.10 million and P8.21 million for the years ended December 31, 2023 and 2022, respectively.

APR 15 2024

The reconciliation of the income tax expense computed using the 2% preferential rate based on excess of revenue from microfinance activities, interest from deposits and other income over costs and expenses before income tax expense reported in the statement of activities and other comprehensive (loss) income is as follows:

	2023	2022
Excess of revenue from microfinance activities, interest from deposits and other income over costs and expenses before income tax expense	**P113,313,019**	P109,239,586
Statutory income tax at 2% preferential rate	**P2,266,260**	P2,184,792
Nondeductible expenses	**6,835,175**	6,306,022
Income subjected to final tax	**(6,128)**	(6,594)
Nontaxable income	**-**	(273,666)
	P9,095,307	P8,210,554

19. Financial Instruments - Fair Value and Risk Management

Risk Management Structure
The BOT is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Organization. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Organization's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk Management Committee is responsible for the comprehensive monitoring, evaluation and analysis of the Organization's risks in line with the policies and limits set by BOT.

Financial Risk Management Objectives and Policies
The main purpose of the Organization's principal financial instruments is to raise finances for its operations. These financial instruments comprise of cash (excluding cash on hand), loans and other receivables, rent deposits, microsavings, accounts payable and other current liabilities (excluding provisions and statutory payables under other current liabilities), loans payable and lease obligation which arise directly from its operations.

The Organization is exposed to a variety of financial risks in relation to these financial instruments. The main risks arising from these financial instruments are credit risk, liquidity risk and market risk. The Organization's management reviews and approves policies for managing each of these risks, which are summarized below.

Credit Risk
Credit risk is the risk of financial loss to the Organization if a client/member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash (excluding cash on hand), loans and other receivables and rent deposits. For risk management reporting purposes, the Organization considers and consolidates all elements of credit risk exposure (such as individual obligor default risk).

APR 15 2024

The Organization's Credit Committee have established a credit policy under which client/member is analyzed individually based on defined criteria for qualification and creditworthiness before approval of loan application. The review and analysis are based on information and documents submitted and investigations.

The review and analysis are based on information and documents submitted, which includes external ratings and investigations.

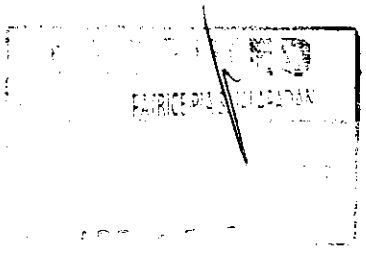
ECL Parameters and Methodologies
In compliance with PFRS 9, the Organization developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions. The Organization uses a provision matrix to calculate ECLs for loans and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Organization's historical observed default rates. The Organization will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the financing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

Definition of Default
As part of a qualitative assessment of whether a customer is in default, the Organization considers a variety of instances that may indicate unlikeliness to pay. The Organization's definition of default is aligned with the non-performing loan criteria as prescribed in Sec. 304, *Past Due Accounts and Non-performing Loans*, of the latest Manual of Regulations for Banks. Defaults refer to loans, investments, receivables, or any financial asset, even without missed contractual payments, that satisfy any of the following conditions: impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 180 days from contractual due date, or accrued interests for more than 180 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

Significant Increase in Credit Risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Organization considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Organization's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.



Other indications may include, among others, indications that a borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in principal and/or interest payments, probability that the borrower will enter bankruptcy or other financial reorganization/restructuring, and other observable data indicating measurable decrease in the estimated future cash flows, such as changes in business or economic conditions that correlate with defaults.

Generally, the Organization applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due.

Incorporation of Forward-looking Information
The Organization incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variable used in each of the economic scenarios for the ECL calculation is GDP.

As at December 31, 2023 and 2022, the Organization's maximum credit exposure is equal to the carrying value of its financial assets. There is no other significant concentration of credit risk in the Organization.

Impairment Losses
An analysis of individually impaired assets by risk grade as at December 31:

	December 31, 2023			
	High	**Standard**	**Substandard**	**Total**
Cash*	**P205,550,596**	**P -**	**P -**	**P205,550,596**
Loans and other receivables**	**795,057,070**	**16,890,623**	**16,057,387**	**828,005,080**
Rent deposits	**1,249,462**	**-**	**-**	**1,249,462**
	P1,001,857,128	**P16,890,623**	**P16,057,387**	**P1,034,805,138**

**Excluding cash on hand*
***Excluding advances to officers and employees*

	December 31, 2022			
	High	Standard	Substandard	Total
Cash*	P203,430,003	P -	P -	P203,430,003
Loans and other receivables**	643,040,528	18,664,707	16,491,823	678,197,058
Rent deposits	567,635	-	-	567,635
	P847,038,166	P18,664,707	P16,491,823	P882,194,696

**Excluding cash on hand*
***Excluding advances to officers and employees*

The credit grades used in evaluating the credit quality of its financial assets are the following:

a. High grade represents bank deposits, loans and other receivables or deposits which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation. These also include deposits with reputable institutions from where the deposits may be withdrawn and recovered with certainty.

TAPADAN
APR

b. Standard grade is past due loans but are not impaired and with partially secured loan status. The standard grade category includes loans for which collections are probable due to the reputation and the financial ability to pay of the counterparty.

c. Substandard grade includes loans which have risk of default higher than normal. Substandard grade loans are those where the counterparties are expected to be able to service its debt under normal economic and business conditions. Any prolonged economic or business downturn would however ostensibly create liquidity issues for the borrower.

As at December 31, the aging analyses of the Organization's financial assets are as follows:

2023	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired
				< 30 Days	31-60 Days	61-90 Days	> 90 Days	
Cash*	4	P205,550,596	P205,550,596	P -	P -	P -	P -	P -
Loans and other receivables**	5	828,006,080	795,057,070	2,738,046	2,769,629	2,398,736	8,984,212	16,057,387
Rent deposits		1,249,462	1,249,462	-	-	-	-	-
		P1,034,805,138	P1,001,857,128	P2,738,046	P2,769,629	P2,398,736	P8,984,212	P16,057,387

Excluding cash on hand
***Excluding advances to officers and employees*

2022	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired
				< 30 Days	31-60 Days	61-90 Days	> 90 Days	
Cash*	4	P203,430,003	P203,430,003	P -	P -	P -	P -	P -
Loans and other receivables**	5	678,197,058	643,040,528	3,511,237	4,489,132	3,761,935	6,902,403	16,491,823
Rent deposits		567,635	567,635	-	-	-	-	-
		P882,194,696	P847,038,166	P3,511,237	P4,489,132	P3,761,935	P6,902,403	P16,491,823

Excluding cash on hand
***Excluding advances to officers and employees*

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due because of an inability to liquidate assets or obtain adequate funding.

The Organization monitors and maintains a level of cash deemed adequate by management to finance the Organization's operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through bank and related party loans, when necessary.

There has been no change to the Organization's exposure to liquidity risks or the manner in which it manages and measures the risks since prior financial year.

The following tables summarize the maturity profile of the Organization's financial liabilities as at December 31, based on contractual undiscounted payments:

December 31, 2023	Note	Total Carrying Value	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	1 to 5 Years
Microsavings	9	P204,567,491	P204,567,491	P204,567,491	P -	P -
Loans payable*	11	284,271,058	284,271,058	-	242,151,828	42,119,230
Lease obligation	14	13,287,741	13,287,741	-	9,023,916	4,263,825
Accounts payable and other current liabilities**	10	36,981,065	36,981,065	36,981,065	-	-
		P539,107,355	P539,107,355	P241,548,556	P251,175,744	P46,383,055

Excluding future interest payments
*** Excluding provisions and statutory payables*

December 31, 2022	Note	Total Carrying Value	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	1 to 5 Years
Microsavings	9	P183,644,129	P183,644,129	P183,644,129	P -	P -
Loans payable*	11	250,316,131	250,316,131	-	215,187,299	35,128,832
Lease obligation	14	9,860,046	9,860,046	-	7,165,080	2,694,966
Accounts payable and other current liabilities**	10	28,458,516	28,458,516	28,458,516	-	-
		P472,278,822	P472,278,822	P212,102,645	P222,352,379	P37,823,798

Excluding future interest payments
*** Excluding provisions and statutory payables*

Market Risk
Market risk is the risk that changes in market prices such as interest rate and foreign exchange rates will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while optimizing the return on risk. Market risk consists of interest rate and foreign exchange risk.

Interest Rate Risk
Interest rate risk is the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Organization's financial instruments that are exposed to interest risk are the interest-bearing loans and other receivables, microsavings and loans payable.

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +/-50 basis points as at December 31, with corresponding effect in the general fund. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Organization's financial instruments held at the reporting date. All other variables are held constant.

	2023		2022	
Basis Points	**+50**	**-50**	+50	-50
General fund	**P1,598,617**	**(P1,598,617)**	P1,137,673	(P1,137,673)

The interest rate risk related to cash in banks is not significant to the Organization as it is negligible due to their short-term maturities. The other financial instruments of the Organization are noninterest-bearing and are therefore not subject to interest rate risk.

Foreign Currency Risk
Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Organization's functional currency. Significant fluctuation in the exchange rates could significantly affect the Organization's financial position and performance.

The Organization is exposed to foreign currency risk on bank deposits and borrowings that are denominated in a currency other than its functional currency. The currency giving rise to this risk is primarily the USD.

In respect of financial assets and liabilities held in foreign currencies, the Organization ensures that the net exposure to this risk is kept to an acceptable level by monitoring and assessing cash flows from anticipated transactions and financing agreements denominated in foreign currencies.

APR 5 2024

The Organization's net exposures to foreign currency risk as at December 31 are:

	2023		2022	
	In USD	**In PHP**	In USD	In PHP
Financial Asset				
Cash in banks	**237,308**	**13,146,863**	136,356	7,592,302
Financial Liability				
Loans payable	**(1,817,010)**	**(100,662,354)**	(1,736,778)	(96,703,790)
Net Exposure	**(1,579,702)**	**(87,515,491)**	(1,600,422)	(89,111,488)

The following exchange rates were used in translating the Organization's financial instruments denominated in foreign currency as at December 31:

	2023		2022	
		Reporting Date		Reporting Date
	Average Rate	**Spot Rate**	Average Rate	Spot Rate
USD to PHP	**P55.57**	**P55.40**	P54.28	P55.68

The Organization recognized net foreign exchange gain of P0.20 million loss of P4.17 million for the years ended December 31, 2023 and 2022 in the statement of activities and other comprehensive (loss) income.

Sensitivity Analysis
The following table illustrates the sensitivity of the net result for the year and fund balance regarding the Organization's financial assets and financial liabilities and the PHP - USD exchange rate. A +10%/-10% change of the PHP against USD as at December 31, 2023 and 2022 would have increased (decreased) net result and fund balance by the amounts shown below.

The sensitivity analysis is based on the Organization's foreign currency financial instruments held at each reporting date.

	2023		2022	
	+10%	**-10%**	+10%	-10%
Excess of revenue from microfinance activities, interest from deposits and other income over costs and expenses	**P8,751,547**	**(P8,751,547)**	P8,911,149	(P8,911,149)
Fund balance	**P8,751,547**	**(P8,751,547)**	P8,911,149	(P8,911,149)

Fair Value of Financial Instruments
The carrying amounts of the Organization's financial assets and liabilities (except for loans payable and lease obligation) approximate their fair values due to relatively short-term maturities of these financial instruments.

Loans payable and lease obligation approximate their fair values because they bear interest rates at prevailing market interest rates.

APR 15 2024

20. Capital Management

The Organization considers its fund balance as its capital. The primary objectives of the Organization's capital management are: (a) to ensure that the Organization maintains sufficient cash balances to fund its working capital requirements and (b) to ensure that it maintains a strong credit rating and healthy capital ratios to support its operations.

The Organization manages its capital structure and makes adjustments to it in the light of changes in economic conditions. No changes were made in the objectives, policies or processes for December 31, 2023 and 2022.

The total assets and total liabilities ratios of the Organization as at December 31, 2023 and 2022 which have been within the Organization's acceptable range are as follows:

	2023	2022
Total assets	**P1,054,546,927**	P895,574,080
Total liabilities	**555,799,670**	496,709,253
	1:90:1	1:80:1

The Organization is not subject to externally-imposed capital requirement.

21. Material Accounting Policies

The Organization has consistently applied the following accounting policies presented in these financial statements, except for the adoption of amendments to standards as discussed below.

Adoption of Amendments to Standards
The Organization has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any material impact on the Organization's financial statements.

- *Definition of Accounting Estimates (Amendments to Philippine Accounting Standard (PAS) 8, Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

APR 15 2024

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their material accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

  The Organization reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 21 Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

  For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Financial Instruments

Recognition and Initial Measurement

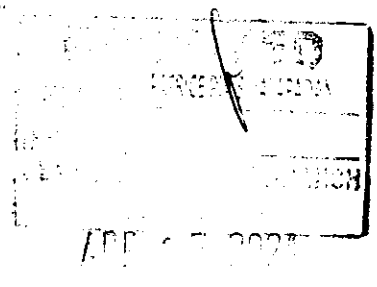
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Organization becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income; or FVTPL.



Financial assets are not reclassified subsequent to their initial recognition unless the Organization changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Organization's financial assets consist of financial assets measured at amortized cost.

Financial Assets Measured at Amortized Cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Included in this category are the Organization's cash, loans and other receivables and rent deposits.

Cash
Cash include cash on hand and in banks and are stated at face value.

Loans and Other Receivables
Loans and other receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Organization provides money, loan or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within 12 months of the reporting date. Otherwise, these are classified as noncurrent assets.

Loans and other receivables are initially recognized at fair value, representing the original face amount. Loans and other receivables are subsequently measured at amortized cost using the EIR method, less impairment losses, if any. Any change in their value is recognized in the statement of activities and other comprehensive (loss) income. Impairment loss is provided when there is objective evidence that the Organization will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

APR 15 2024

Rent Deposits

Rent deposits are refundable deposits paid by the Organization to its lessors at the inception of the respective lease agreements entered into by the Organization. The refundable deposits are carried at amortized cost less impairment losses.

Business Model Assessment

The Organization makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Organization's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Organization considers the contractual terms of the instruments. This includes assessing whether the financial asset contains contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Organization considers:

- contingent events that would change the amount or timing of cash flows;

- prepayment and extension features; and

- terms that limit the Organization's claim to cash flows from specified asset

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Organization changes its business model for managing financial assets.

APR 5 2024

Subsequent Measurement and Gains and Losses
Financial assets at amortized cost are subsequently measured at amortized cost using the EIR method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of Nonderivative Financial Assets
At each reporting date, the Organization measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and

- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECLs.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Organization is exposed to credit risk.

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Organization expects to receive); and

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

ECL are discounted at the EIR of the financial asset.
Restructured Financial Assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and

APR 15 2024

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired Financial Assets
At each reporting date, the Organization assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Organization on terms that the Organization would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Statement of Financial Position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Organization determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. In addition for loans, the Organization has a policy of writing off the gross carrying amount when the financial asset is more than 180 days past due based on historical experience.

Financial Liabilities
Classification and Subsequent Measurement
Financial liabilities are recognized when the Organization becomes a party to the contractual agreements of the instrument, normally in the period in which the related money, goods or services are received or when a legally enforceable claim against the Organization is established.

The Organization category of financial liabilities consists other financial liabilities only.

Other Financial Liabilities
These include nonderivative liabilities that are not carried at FVTPL and are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost with amortization determined using the EIR method.

APR 15 2024

The Organization's financial liabilities consist of other financial liabilities that are measured at amortized cost only. Included in this category are the Organization's microsavings, accounts payable and other current liabilities (excluding provisions and statutory payables), loans payable and lease obligation.

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
The Organization derecognizes a financial asset when:

- the contractual rights to receive cash flows from the asset have expired;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:

  (a) has transferred substantially all the risks and rewards of ownership of the financial asset are transferred; or

  (b) has neither transferred nor retained substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Organization enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

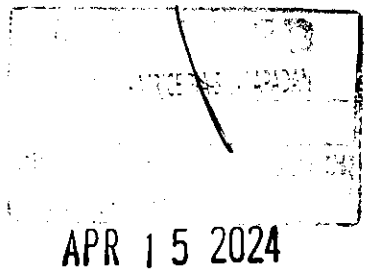
Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of activities and other comprehensive (loss) income.

Offsetting Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the statement of financial position.

Fair Value Measurement
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Organization has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Organization measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.



If there is no quoted price in an active market, then the Organization uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Organization determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Organization measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Organization on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Organization recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

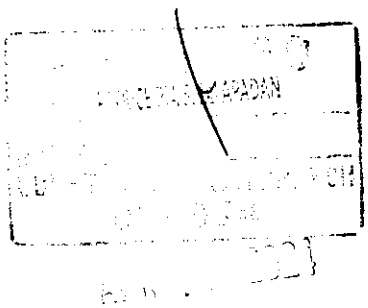
Current versus Noncurrent Classification

The Organization presents assets and liabilities in the statement of financial position based on current or noncurrent classification.

An asset is current when:

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

All other assets are classified as noncurrent.



A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;

- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as noncurrent.

Prepayments
Prepayments represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the related expenses are expected to be incurred within one year or the Organization's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, and impairment losses.

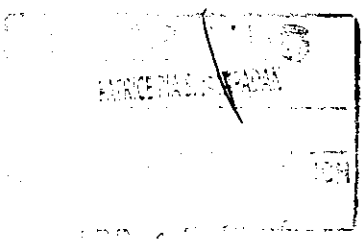
Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Organization. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives are as follows:

	Number of Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation equipment	5 - 10
Other equipment	2 - 4
Leasehold improvement	2 - 4

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

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



When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in profit or loss.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and any impairment in value. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production. The costs relating to intangible asset acquired are capitalized on the basis of costs incurred to acquire and install the specific software and amortized using the straight-line method of amortization over their lives, ranging from 2 to 4 years. Costs associated with maintaining the intangible assets are expensed as incurred.

Leases

At inception of a contract, the Organization assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Organization uses the definition of a lease in PFRS 16.

Organization as Lessee

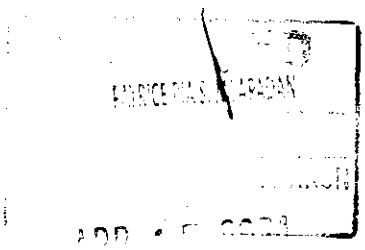
At commencement or on modification of a contract that contains a lease component, the Organization allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Organization has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Organization recognizes a right-of-use asset and lease obligation at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Organization by the end of the lease term or the cost of the right-of-use asset reflects that the Organization will exercise a purchase option. In that case the right-of-use asset will be amortized over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organization's IBR. Generally, the Organization uses its IBR as the discount rate.

The Organization determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.



Lease payments included in the measurement of the lease obligation comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Organization is reasonably certain to exercise, lease payments in an optional renewal period if the Organization is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Organization is reasonably certain not to terminate early.

The lease obligation is measured at amortized cost using the EIR method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Organization's estimate of the amount expected to be payable under a residual value guarantee, if the Organization changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

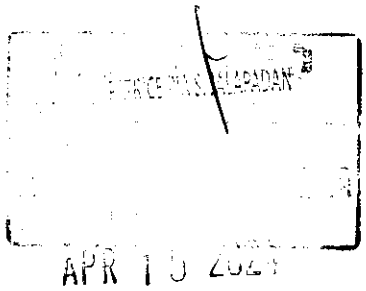
When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Assets held under other leases were classified as operating leases and were not recognized in the Organization's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lessee. Lease incentives received were recognized as an integral part of the total rent expense, over the term of the lease.

Impairment of Nonfinancial Assets

The carrying amounts of the Organization's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.
The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.



In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Fund Accounting
To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources from various activities are classified for accounting and reporting purposes into fund established according to their nature and purpose.

Revenue Recognition
Revenues within the scope of PFRS 15, *Revenue from Contracts with Customers*:

Under PFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment. Revenue measured at the fair value considered received or receivable. The Organization assesses its revenue arrangements against the following criteria in order to determine if it is acting as principal or agent:

- whether the Organization has the primary responsibility for providing services;
- whether the Organization has discretion in establishing prices; and
- whether the Organization bears the credit risk.

The Organization has concluded that it is acting as principal in all its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Commission Income
Commission income is recognized when earned and collected from the Organization's licensed insurance provider.

Service Fees
Service fees for charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to their collectability.

Fines, Penalties and Surcharges
Fines, penalties and surcharges are recognized only upon collection or accrued when there is reasonable degree of certainty as to their collectability.

Other Income
Other income is recognized upon execution of service or when earned.

APR 15 2024

Revenue outside the scope of PFRS 15:

Interest on Loans
Interest on loans is recognized on a time proportion basis, by reference to the related outstanding receivable, using the EIR method. When the accrued interest and/or related receivable becomes doubtful, the recognition of interest income is suspended or limited up to the extent of cash collections received.

Cost and Expense Recognition
Costs and expenses are recognized in the statement of activities and other comprehensive (loss) income upon utilization of the service or at the date they are incurred. Interest expense is recognized in profit or loss in the period in which they are incurred using the EIR method.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences and non-monetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan
The Organization's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the PUC method. When the calculation results in a potential asset for the Organization, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive (loss) income. The Organization determines the net interest expense or income on the net retirement benefits liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net retirement benefits liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to the defined benefit plan are recognized in the statement of activities and other comprehensive (loss) income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of activities and other comprehensive (loss) income.

The Organization recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

APR 15 2024

Related Party Transactions
A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, trustees, or its members. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Provisions and Contingencies
A provision is a liability of uncertain timing or amount. It is recognized when the Organization has a legal or constructive obligation as a result of a past event; and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

Foreign Currency Transactions and Translations
Foreign currency transactions during the year are translated into PHP at exchange rates prevailing as at the date of the transactions. Foreign currency monetary assets and liabilities are translated into PHP at exchange rates prevailing as at reporting date. Exchange gains and losses are recognized in statement of activities and other comprehensive (loss) income.

Events After the End of the Reporting Period
The Organization identifies post-yearend events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any post-yearend events that provide additional information about the Organization's financial position or performance at the end of a reporting period (adjusting events) are recognized in the financial statements. Post-yearend events that are not adjusting events are disclosed in the notes to the financial statements when material.

New and Amendments to Standards Issued But Not Yet Adopted

A number of new and amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Organization has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Organization's financial statements.

To be Adopted on January 1, 2024

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

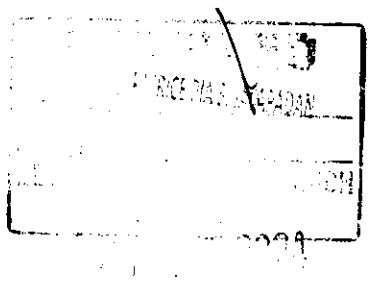
- Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.



The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- Supplier Finance Arrangements (Amendments to International Accounting Standard (IAS) 7 Statement of Cash Flows and International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures). The amendments introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;

  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and

  - the type and effect of non-cash changes in the carrying amounts.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, a company is not required to disclose comparative information for any prior reporting periods, information on carrying amounts for which suppliers already received payment and range of payment due dates as at the beginning of the annual reporting period the company first applies the amendments, and information for any interim period within the annual reporting period in which the company first applies those amendments.

To be Adopted on January 1, 2025

- PFRS 17 Insurance Contracts replaces the interim standard, PFRS 4 Insurance Contracts. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

  a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;

  b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

APR 15 2024

c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 Financial Instruments on or before the date of initial application of PFRS 17.

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates). The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

APR 15 2024

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

22. Supplementary Information Required Under Revenue Regulations (RR) No. 15 - 2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, organizations are required by the BIR to provide in the notes to the basic financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the notes to the basic financial statements which were prepared in accordance with PFRSs.

The following is the supplementary information required for the taxable year ended December 31, 2023:

A. Documentary Stamp Tax

Documentary stamp taxes paid by the Organization amounted to P1.55 million in 2023.

B. Gross Receipts Tax

Section 5 of RR No. 3-2017 provides that Microfinance NGOs which have been certified by the SEC to have no derogatory information and are deemed accredited in accordance with Section 2, Rule 11 of the IRR, as Microfinance NGOs for a period of 1 year from the effectivity of R.A. No. 10693, unless sooner revoked, shall be entitled to avail 2% gross receipts tax on its income from microfinance operations in lieu of all national taxes.

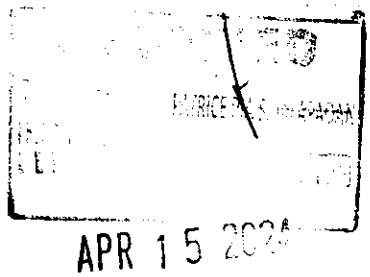
The Organization paid gross receipts tax amounting to P9.10 million in 2023.

C. Value Added Tax

The Organization's revenue/income are exempt pursuant to the provisions of the IRR of R.A. No. 10693.

D. Withholding Taxes

Creditable withholding taxes	**P2,238,833**
Tax on compensation and benefits	**2,069,109**
	P4,307,942



E. All Other Taxes (Local and National)

Other taxes paid during the year recognized as part of "Taxes and licenses" account under "Operating costs" and "Administrative costs" in the Statement of Activities and Other Comprehensive (Loss) Income	
Licenses and permit fees	**P3,876,983**
Annual registration fee	**1,500**
	P3,878,483

F. Tax Assessments

On September 10, 2019, the Organization received from the BIR a Letter of Authority (LOA) involving the assessment for all internal revenue taxes for the taxable year ended September 30, 2018. On September 20, 2021, the Organization received another LOA for the taxable year ended September 30, 2019. The Organization has not received any preliminary assessment notice related to the 2 LOAs as at December 31, 2023.

G. Tax Cases

As at December 31, 2023, the Organization has no pending tax cases under preliminary investigation, litigation and/or prosecution in court bodies outside the BIR.

