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Company Information

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Company Type: Non-stock Corporation

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the members, has audited the financial statements of the Foundation in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Amb. Jose L. Cuisia Jr.
Chairman of the Board

Md Kamrul Hasan Tarafder
President and CEO

Barbara B. Custodio
Treasurer

Signed this 26th day of March 2024.

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Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

ASA Philippines Foundation, Inc.
(A Microfinance NGO)

December 31, 2023 and 2022

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Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

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Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Trustees
ASA Philippines Foundation, Inc. (A Microfinance NGO)
(A Nonstock, Nonprofit Organization)
15th Floor Prestige Tower, F. Ortigas Jr. Street
Ortigas Center, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASA Philippines Foundation, Inc. (A Microfinance NGO) [the Foundation], which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and the notes to financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 Foundation 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 audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 PSA 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 PSA, 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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 20 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10076145, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 26, 2024

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ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
A S S E T S			
CASH	6	**P 9,811,152,462**	P 4,313,114,731
LOANS RECEIVABLE - Net	7	**40,355,157,392**	35,516,960,258
OTHER RECEIVABLES	7	**25,048,646**	27,573,135
PROPERTY AND EQUIPMENT - Net	8	**234,401,900**	202,966,700
OTHER ASSETS	18	**55,738,272**	50,792,959
TOTAL ASSETS		**P 50,481,498,672**	P 40,111,407,783
LIABILITIES AND FUND BALANCE			
MICROSAVINGS	9	**P 19,393,862,312**	P 16,451,949,890
LOANS PAYABLE	10	**6,519,892,856**	2,796,551,665
POST-EMPLOYMENT DEFINED BENEFIT OBLIGATION	14	**1,524,451,500**	1,049,084,700
OTHER LIABILITIES	11	**1,098,676,984**	1,032,789,669
TOTAL LIABILITIES		**28,536,883,652**	21,330,375,924
FUND BALANCE		**21,944,615,020**	18,781,031,859
TOTAL LIABILITIES AND FUND BALANCE		**P 50,481,498,672**	P 40,111,407,783

See Notes to Financial Statements.

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ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
REVENUES			
Revenue from microfinancing activities	7	**P 11,976,369,878**	P 12,237,758,577
Other revenues	12	**290,442,867**	251,225,773
		12,266,812,745	12,488,984,350
EXPENSES	13		
Operating costs		**5,404,599,232**	4,754,321,055
Impairment loss on loans receivable	7	**1,451,650,730**	361,400,246
General and administrative expenses		**1,442,524,095**	1,286,449,080
Client community services		**566,086,527**	559,337,356
		8,864,860,584	6,961,507,737
EXCESS OF REVENUES OVER EXPENSES		**3,401,952,161**	5,527,476,613
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment defined benefit plan	14	**(238,369,000)**	395,817,300
TOTAL COMPREHENSIVE INCOME		**P 3,163,583,161**	P 5,923,293,913

See Notes to Financial Statements.

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ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Note	2023	2022
CAPITAL CONTRIBUTION		**P 41,360,000**	P 41,360,000
GENERAL FUND			
Balance at beginning of year		**17,827,385,459**	12,299,908,846
Excess of revenues over expenses during the year		**3,401,952,161**	5,527,476,613
Balance at end of year		**21,229,337,620**	17,827,385,459
REMEASUREMENT OF POST-EMPLOYMENT DEFINED BENEFIT PLAN			
Balance at beginning of year		**912,286,400**	516,469,100
Other comprehensive income (loss)	14	**(238,369,000)**	395,817,300
Balance at end of year		**673,917,400**	912,286,400
TOTAL FUND BALANCE		**P 21,944,615,020**	P 18,781,031,859

See Notes to Financial Statements.

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ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		**P 3,401,952,161**	P 5,527,476,613
Adjustments for:			
Impairment loss on loans receivable	7, 13	**1,451,650,730**	361,400,246
Interest expense	10, 13, 14	**425,426,003**	126,498,763
Depreciation and amortization	8, 13	**68,961,378**	56,081,963
Interest income from bank deposits	6, 12	**(13,188,353)**	(10,611,158)
Interest income from employee loans	7, 12	**(2,414,003)**	(8,291,714)
Excess of revenues over expenses before working capital change		**5,332,387,916**	6,052,554,713
Increase in loans receivable		**(6,287,210,193)**	(9,572,525,741)
Decrease (increase) in other receivables		**2,524,489**	(5,256,527)
Increase in other assets		**(4,945,313)**	(4,284,334)
Increase in microsavings		**2,941,912,422**	3,428,751,162
Increase in post-employment defined benefit obligation		**161,253,885**	191,952,758
Decrease in other liabilities		**(119,719,081)**	(32,084,214)
Cash generated from operations		**2,026,204,125**	59,107,817
Interest received		**15,602,356**	18,902,872
Cash paid for final taxes		**(2,637,671)**	(2,122,232)
Net Cash From Operating Activities		**2,039,168,810**	75,888,457
CASH FLOWS FROM AN INVESTING ACTIVITY			
Acquisitions of property and equipment	8	**(100,396,578)**	(114,134,963)
CASH FLOWS FROM FINANCING ACTIVITIES	10		
Proceeds from loan availments		**5,000,000,000**	2,699,450,000
Repayments of loans		**(1,276,658,809)**	(894,203,334)
Interest paid on loans		**(164,075,692)**	(62,346,998)
Net Cash From Financing Activities		**3,559,265,499**	1,742,899,668
NET INCREASE IN CASH		**5,498,037,731**	1,704,653,162
CASH AT BEGINNING OF YEAR		**4,313,114,731**	2,608,461,569
CASH AT END OF YEAR		**P 9,811,152,462**	P 4,313,114,731

Supplemental Information on Noncash Financing Activity –

As of December 31, 2023 and 2022, the outstanding balance of accrued interest expense amounting to P190.0 million and P4.4 million, respectively, is presented as part of Other Liabilities account in the statements of financial position (see Note 10).

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See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Foundation Information

ASA Philippines Foundation, Inc. (A Microfinance NGO) [the Foundation or ASA] was incorporated in the Philippines as a nonstock, nonprofit organization and registered with the Philippine Securities and Exchange Commission on July 9, 2004. Its primary purpose is to provide access to economic and financial facilities, social and other developmental opportunities to the disadvantaged sectors including the small, cottage and micro-entrepreneurial poor of the community to fight against poverty, empowering them through self-employment and economic upliftment, so they may live with dignity, and to conduct microfinance operations pursuant to Republic Act (R.A.) No. 8425, *Social Reform and Poverty Alleviation Act.*

The ASA Program provides:

(a) Microfinance services to qualified poor, low-income women engaged in micro and small scale enterprises;

(b) Financial and other forms of assistance to its members in case of sickness, death and calamities and college scholarship for deserving children of members, as part of social services to the poor; and,

(c) Business development services for the members to improve efficiency and effectiveness in enterprise management.

As of December 31, 2023 and 2022, the Foundation has 1,701 and 1,683 branches, respectively, covering 82 provinces in the Philippines. The Foundation has established foothold in Luzon, Visayas and Mindanao. The table below displays the distribution of branches across different regions:

	2023	2022
Luzon	**861**	856
Visayas	**435**	429
Mindanao	**405**	398
	1,701	1,683

The Foundation's registered head office address, which is also its principal place of business, is located at 15th Floor Prestige Tower, F. Ortigas Jr. Street, Ortigas Center, Pasig City.

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1.2 Approval of Financial Statements

The financial statements of the Foundation as of and for the year ended December 31, 2023 (including the comparative financial statements as of and for the year ended December 31, 2022) were authorized for issue by the Foundation's Board of Trustees (BOT) on March 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that has been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Foundation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Foundation presents all items of income, expenses, and other comprehensive income or loss, if any, in a single statement of comprehensive income.

The Foundation presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Foundation's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Foundation are measured using its functional currency. Functional currency is the primary economic environment in which the Foundation operates.

2.2 Adoption of Amended Standards

(a) Effective in 2023 that are Relevant to the Foundation

The Foundation adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):		Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below is the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Foundation's financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates.* The amendments introduce a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Foundation's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Foundation's financial statements.

(b) Effective in 2023 that are not Relevant to the Foundation

Among the amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Foundation's financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are pronouncements for annual periods following to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Foundation's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

(a) Financial Assets

(i) Classification of Financial Assets

All of the Foundation's financial assets are classified and measured at amortized cost. The Foundation's financial assets at amortized cost are presented in the statement of financial position as Cash, Loans Receivable, Other Receivables and Rental deposits included as part of Other Assets.

(ii) Impairment of Financial Assets

The Foundation recognizes lifetime expected credit losses (ECL) for loans and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Foundation's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics [see Note 4.1(b)].

(b) Financial Liabilities

Financial liabilities include microsavings (composed of Capital Build-up [CBU] and Locked in Capital Build-up [LCBU]), loans payable and other liabilities (excluding tax-related liabilities).

2.4 Property and Equipment

Property and equipment are initially stated at cost and subsequently measured at cost less accumulated depreciation and amortization and any impairment in value.

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

Building	15 years
Equipment and vehicles	5 years
Furniture and fixtures	3 years

Office improvements are amortized over the estimated useful life of the improvements of five years, or the term of the lease, whichever is shorter.

The Foundation's property and equipment are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.5 Revenue and Expense Recognition

The Foundation recognizes revenue from microfinancing activities in the statement of comprehensive income for the interest earned on all instruments measured at amortized cost using the effective interest method. Unearned revenue from microfinancing activities is recognized during the month of disbursement and subsequently earned as revenue based on the effective interest method of accounting, as the loan is fully collected from the members.

In addition, the Foundation also earns income from membership contributions which is used by the Foundation to cover administrative fees and supplies costs. These contributions are received in the form of cash by the Foundation's members. Revenue is recognized immediately upon receipt of the contribution while the related expenses are reported when incurred.

The Foundation's members are also entitled to receive rebates based on a certain percentage not exceeding 15.00% provided that the members settle their accounts on time. Likewise, a CBU account with a balance of P500 or more is entitled to 7.00% rebates, subject to changes based on prevailing economic conditions. These rebates are settled together upon withdrawal of CBU savings by the customers. Relative to these rebates' arrangement, the amount of revenue is also immediately adjusted at the end of the reporting periods.

Costs and expenses are recognized in profit or loss upon utilization of the goods and/or services or at the date they are incurred. Any finance costs are reported in profit or loss on an accrual basis.

2.6 Leases – Foundation as a Lessee

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

2.7 Employee Benefits

The Foundation provides benefits to employees through a defined benefit plan, defined contribution plans, and other employee benefits.

The Foundation's defined benefit pension plan covers all regular full-time employees. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Foundation's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Foundation's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial estimates:

(a) Determination of ECL on Financial Assets at Amortized Cost

The Foundation uses a provision matrix to calculate ECL for its financial assets at amortized cost. The provision matrix is based on the Foundation's historical loss rates. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized. This is where significant management judgment is required. The Foundation's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

Details about the ECL on the Foundation's financial assets at amortized cost are disclosed in Note 4.1.

(b) Evaluation of Business Model Applied in Managing Financial Instruments

The Foundation developed a business model which reflects how it manages its portfolio of financial instruments. The Foundation's business model need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Foundation) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Foundation evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Foundation (e.g., generating accrual income, direct matching to a specific liability) as those relate to the Foundation's trading strategies.

(c) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Foundation assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of the principal and interest (SPPI) representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Foundation assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Foundation considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

(d) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Foundation that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements.

Judgment is exercised by management to distinguish between provisions and contingencies. Relevant disclosures are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of members and other counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.1. The methodology and assumptions used in estimating ECL allowance are reviewed regularly by the Foundation to reduce any differences between loss estimates and actual loss experience.

The carrying value of loans and other receivables and rental deposits and the analysis of allowance for impairment on such financial assets are shown in Notes 4.1(b)(c), and 7, respectively.

(b) Estimation of Useful Lives of Property and Equipment

The Foundation estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically 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.

The carrying amounts of property and equipment are analyzed in Note 8. Based on management's assessment as of December 31, 2023 and 2022, there is no change in estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(c) Determination of Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that there are no indications of impairment on the Foundation's property and equipment and other non-financial assets at the end of each reporting period; hence, no impairment losses are required to be recognized on those assets in any of the reporting periods.

(d) Valuation of Post-employment Defined Benefit Obligation

The determination of the Foundation's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increases.

A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the analysis of the sensitivity of such obligation to the changes in significant assumptions are presented in Note 14.2.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation is exposed to certain financial risks in relation to financial instruments. The Foundation's financial assets and liabilities by category are summarized in Note 5. The main types of risks are credit risk, interest risk and liquidity risk.

The Foundation's risk management is coordinated with its BOT and focuses on actively securing the Foundation's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Foundation does not engage in the trading of financial assets for speculative purposes, nor does it write options.

The most significant financial risks to which the Foundation is exposed to are described below and in the succeeding pages.

4.1 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Foundation. The Foundation is exposed to this risk for financial instruments arising from granting loans and advances to its members and its employees, rental deposits to lessors and placing deposits to various local banks.

The Foundation continuously monitors the default of its members and other counterparties, identified either individually or by group, and incorporates the information into its credit risk controls. The Foundation's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis is presented below.

	Notes	**2023**	2022
Cash	6	**P 9,811,152,462**	P 4,313,114,731
Loans receivable – net	7.1	**40,355,157,392**	35,516,960,258
Other receivables	7.2	**25,048,646**	27,573,135
Rental deposits	18.1	**53,037,498**	49,088,826
		P50,244,395,998	P39,906,736,950

None of the Foundation's financial assets are secured by collateral or other credit enhancements, except for cash and loans receivable as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Loans Receivable

The Foundation's policy is to perform an assessment at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition. The Foundation considers the change in the risk of default occurring over the remaining life of the financial instrument.

The Foundation applies a simplified approach in measuring ECL which uses a lifetime expected loss allowance for all loans receivables.

To measure the ECL, loans receivable has been grouped based on the days past due (age buckets). The Foundation also concluded that the expected loss rates for loans receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 60 months before December 31, 2023 and 2022, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, such as gross domestic product, inflation rate, unemployment rate and consumer price index, which affect the ability of the customers to settle the receivables.

On that basis, the loss allowance as of December 31, 2023 and 2022 was determined based on months past due, as follows for loans receivables:

	Current	0 days to 90 days	91 days to 180 days	More than 180 days	Total
December 31, 2023					
Expected loss rate	**3.18%**	**100.00%**	**100.00%**	**100.00%**	
Gross carrying amount	**P 41,679,692,591**	**P 339,778,797**	**P 133,352,792**	**P 326,288,862**	**P 42,479,113,042**
Loss allowance	**1,324,535,199**	**339,778,797**	**133,352,792**	**326,288,862**	**2,123,955,650**
December 31, 2022					
Expected loss rate	3.48%	100.00%	100.00%	100.00%	
Gross carrying amount	P 36,796,160,085	P 253,616,015	P 110,890,730	P 225,607,128	P 37,386,273,958
Loss allowance	1,279,199,827	253,616,015	110,890,730	225,607,128	1,869,313,700

Other receivables mainly pertain to personal loans and advances granted to the Foundation's employees which are collected through salary deduction. Thus, these are considered to be fully recoverable based on management's assessment (see Note 7.2).

The reconciliation of allowance for impairment on loans receivable at the beginning and end of 2023 and 2022 is presented in Note 7.1.

(c) Rental deposits

With respect to security deposits, management assessed that these financial assets have a low probability of default since these relate to reputable counterparties. Moreover, these security deposits can be refunded by the end of the lease term.

4.2 Interest Rate Risk

The Foundation's policy is to minimize interest rate cash flow risk exposures on long-term financing. As of December 31, 2023 and 2022, the Foundation is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. Loans payable, on the other hand, have fixed rates. All other financial instruments have fixed rates.

The table below illustrates the sensitivity of the Foundation's excess of revenues over expenses and fund balance to a reasonably possible change in interest rates of +/- 5.00% and +/- 1.75% for Philippine peso in 2023 and 2022, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2023		2022	
	- 5.00%	+ 5.00%	- 1.75%	+ 1.75%
Excess of revenues over expenses	**(P 501,708,869)**	**P 501,708,869**	(P 96,730,841)	P 96,730,841
Fund balance	**(125,427,217)**	**125,427,217**	(328,668,053)	328,668,053

4.3 Liquidity Risk

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

The Foundation maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to consistently maintain an effective collection turnover.

As of December 31, 2023, and 2022, the Foundation's financial liabilities have contractual maturities which are presented below.

	Notes	Within 6 months	Within 12 months	After one year but within five years	Total
December 31, 2023					
Microsavings	9	P 19,393,862,312	P -	P -	P19,393,862,312
Loans payable	10	888,718,690	1,987,525,483	4,740,493,428	7,616,737,601
Other liabilities	11	1,041,704,141	-	-	1,041,704,141
		P 21,324,285,143	**P 1,987,525,483**	**P 4,740,493,428**	**P28,052,304,054**
December 31, 2022					
Microsavings	9	P 16,451,949,890	P -	P -	P16,451,949,890
Loans payable	10	1,269,987,137	126,598,225	1,605,572,657	3,002,158,019
Other liabilities	11	969,313,985	-	-	969,313,985
		P 18,691,251,012	P 126,598,225	P 1,605,572,657	P20,423,421,894

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

5. CATEGORIES, FAIR VALUE MEASUREMENT AND DISCLOSURES, AND OFFSETTING OF FINANCIAL INSTRUMENTS

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities at amortized cost presented in the statements of financial position are shown below.

	Notes	2023 Carrying Values	2023 Fair Values	2022 Carrying Values	2022 Fair Values
Financial Assets					
At amortized cost:					
Cash	6	**P 9,811,152,462**	**P 9,811,152,462**	P 4,313,114,731	P 4,313,114,731
Loans receivable – net	7.1	**40,355,157,392**	**40,355,157,392**	35,516,960,258	35,516,960,258
Other receivables	7.2	**25,048,646**	**25,048,646**	27,573,135	27,573,135
Rental deposit (presented under Other Assets)	18.1	**53,037,498**	**53,037,498**	49,088,826	49,088,826
		P 50,244,395,998	**P50,244,395,998**	P 39,906,736,950	P 39,906,736,950
Financial Liabilities					
At amortized cost					
Microsavings	9	**P 19,393,862,312**	**P 19,393,862,312**	P16,451,949,890	P 16,451,949,890
Loans payable	10	**6,519,892,856**	**7,616,737,600**	2,796,551,665	3,002,158,019
Other liabilities	11	**1,041,704,141**	**1,041,704,141**	969,313,985	969,313,985
		P 26,955,459,309	**P28,052,304,053**	P20,217,815,540	P 20,423,421,894

Management considers that the carrying amount of the Foundation's financial assets and financial liabilities measured at amortized cost approximates the fair values due to its short-term duration except loans payable.

A description of the Foundation's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair values of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair values are disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Foundation uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

For financial assets and financial liabilities measured at amortized cost, management considers that their carrying amounts approximate or equal to their fair values, except loans payable. Based on management's review of its financial instruments measured at amortized cost, except for cash, which is considered Level 1, all the rest are determined to be Level 3 in the fair value hierarchy. The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2023 and 2022.

5.3 Offsetting of Financial Assets and Financial Liabilities

As of December 31, 2023 and 2022, the loans receivable and the related microsavings are subject to offsetting, enforceable master netting arrangements and similar agreements. The agreement between the Foundation and its members allows for net settlement of the relevant financial assets and financial liabilities when in the event the member can no longer pay the amount due. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

6. CASH

The Foundation's cash in banks balance as of December 31, 2023 and 2022 amounted to P9,811,152,462 and P4,313,114,731, respectively. Cash in banks generally earn interest at rates based on daily bank deposit rates.

Interest earned from cash in banks amounted to P13,188,353 and P10,611,158 in 2023 and 2022, respectively, and is presented as part of Other Revenues account in the statements of comprehensive income (see Note 12).

None of the Foundation's savings deposits were held as security for any of the Foundation's liabilities at the end of the reporting periods.

7. LOANS AND OTHER RECEIVABLES

These accounts include the following:

7.1 Loans Receivable – Net

Loans receivable consist of the following as of December 31:

	2023	2022
Loans receivable	**P 46,686,632,295**	P41,042,043,005
Unearned revenue from microfinancing activities	**(4,207,519,253)**	(3,655,769,047)
	42,479,113,042	37,386,273,958
Allowance for impairment	**(2,123,955,650)**	(1,869,313,700)
	P 40,355,157,392	P35,516,960,258

As of December 31, 2023 and 2022, the Foundation has 2,202,134 and 2,148,565 active members, respectively.

Loans receivable represent microfinance loans granted to the Foundation's members. As of December 31, 2023 and 2022, the Foundation's highest amount of microfinance loan released to a single borrower is P300,000, which is in compliance with Memorandum Circular 03-2018 of the Microfinance NGO Regulatory Council.

Loans receivable have normal terms ranging from three to twelve months and are partially secured by the respective carrying amounts of microsavings of each member (see Note 9). The loans are categorized into two types: 23-week loans and 46-week loans. The 23-week loans carry an effective interest rate of 61.6%, while the 46-week loans have an effective interest rate of 31.4%. Both types of loans are subject to a nominal rate of 15%. The gross interest earned from these loans amounting to P16,260,931,014 and P14,467,720,942 in 2023 and 2022, respectively, is presented as part of Revenue from Microfinancing Activities in the statements of comprehensive income.

Unearned revenue from microfinancing activities is recognized during the month of disbursement and will be earned as revenue subsequently based on the effective interest method of accounting once the loan is fully collected from the members. In addition, the members are entitled to receive rebates based on a certain percentage not exceeding 8% provided that the members settle their accounts on time. Rebates associated with this transaction, which totaled P4,284,561,136 in 2023 and P2,229,962,365 in 2022, are shown as a deduction from the Revenue from Microfinancing Activities in the statements of comprehensive income.

Loans receivables were reviewed for impairment. Certain receivables were found to be impaired; hence, an adequate amount of allowance for impairment has been recognized accordingly [see Note 4.1(b)].

A reconciliation of the allowance for impairment at the beginning and end of 2023 and 2022 is shown below.

	Note	2023	2022
Balance at beginning of year		**P 1,869,313,700**	P2,105,877,955
Impairment loss during the year	13	**1,451,650,730**	361,400,246
Write-off of receivables previously provided with allowance		**(1,197,008,780)**	(597,964,501)
Balance at end of year		**P 2,123,955,650**	P1,869,313,700

In the event the member can no longer settle the amount due, the Foundation may apply the microsavings as payments to the loans receivable. Portfolio at risk of the Foundation is 1.88% in 2023 and 1.58% in 2022. The Foundation has adequate allowance to address credit risk.

On the other hand, loans receivable written-off in 2023 and 2022 pertain to the outstanding balance of loans granted to 174,704 and 77,161 members or 7.93% and 3.59% of active members, respectively. In relation to these write-offs, the Foundation was able to recover previously written-off loans amounting to P213,445,811 and P170,704,801 in 2023 and 2022, respectively. These recoveries were presented as part of Other Revenues in the statements of comprehensive income (see Note 12).

The Foundation's aging of loans receivable are as follows:

	2023		2022	
	Gross Amount	**Percentage to Total**	Gross Amount	Percentage to Total
Current	**P41,679,692,591**	**98.12%**	P36,796,160,085	98.42%
0 – 90 days	**339,778,797**	**0.80%**	253,616,015	0.68%
91 – 180 days	**133,352,792**	**0.31%**	110,890,730	0.30%
More than 180 days	**326,288,862**	**0.77%**	225,607,128	0.60%
	P42,479,113,042	**100.00%**	P37,386,273,958	100.00%

7.2 Other Receivables

Other receivables consist of interest-bearing advances, personal and mobility loans and noninterest-bearing advances granted to Foundation's personnel. The personal and mobility loans, and interest-bearing loans, which are subjected to interest or service charge of 5%, have outstanding balance amounting to P25,048,646 and P25,553,600 as of December 31, 2023 and 2022, respectively. Interest income related to these receivables amounting to P2,414,003 and P8,291,714 in 2023 and 2022, respectively, is presented under Other Revenues in the statements of comprehensive income (see Note 12).

On the other hand, the noninterest-bearing advances granted to the Foundation's personnel amounted to P2,019,535 as of December 31, 2022 and is also presented as part of Other Receivables in the 2022 statement of financial position. There was no similar transaction that occurred in 2023. These loans are paid by employees every pay period through salary deductions.

As of December 31, 2023 and 2022, other receivables were reviewed for impairment and none is considered impaired (see Note 4.1).

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Building and Office Improvements	Furniture and Fixtures	Equipment and Vehicles	Total
December 31, 2023				
Cost	P 140,541,535	P 515,818,235	P 142,115,226	P 798,474,996
Accumulated depreciation and amortization	(53,037,251)	(445,651,908)	(65,383,937)	(564,073,096)
Net carrying amount	**P 87,504,824**	**P 70,166,327**	**P 76,731,289**	**P 234,401,900**
December 31, 2022				
Cost	P 111,887,635	P 463,627,557	P 122,563,226	P 698,078,418
Accumulated depreciation and amortization	(44,145,435)	(406,480,157)	(44,486,126)	(495,111,718)
Net carrying amount	P 67,742,200	P 57,147,400	P 78,077,100	P 202,966,700
January 1, 2022				
Cost	P 111,887,635	P 428,544,950	P 43,510,870	P 583,943,455
Accumulated depreciation and amortization	(36,692,935)	(364,225,250)	(38,111,570)	(439,029,755)
Net carrying amount	P 75,194,700	P 64,319,700	P 5,399,300	P 144,913,700

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 and 2022 is shown below.

	Building and Office Improvements	Furniture and Fixtures	Equipment and Vehicles	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 67,742,200	P 57,147,400	P 78,077,100	P 202,966,700
Additions	28,653,900	52,190,678	19,552,000	100,396,578
Depreciation and amortization charges for the year	(8,891,816)	(39,171,751)	(20,897,811)	(68,961,378)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 87,504,284**	**P 70,166,327**	**P 76,731,289**	**P 234,401,900**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 75,194,700	P 64,319,700	P 5,399,300	P 144,913,700
Additions	-	35,082,607	79,052,356	114,134,963
Depreciation and amortization charges for the year	(7,452,500)	(42,254,907)	(6,374,556)	(56,081,963)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 67,742,200	P 57,147,400	P 78,077,100	P 202,966,700

The amount of depreciation and amortization is allocated and reported in the statements of comprehensive income as follows (see Note 13):

	2023	2022
Operating costs	**P 37,670,556**	P 41,576,096
General and administrative expenses	**31,290,822**	14,505,867
	P 68,961,378	P 56,081,963

The cost of the Foundation's fully depreciated and amortized property and equipment that are still in use amounted to P100.3 million and P64.3 million as of December 31, 2023 and 2022, respectively. No fully depreciated and amortized property and equipment were written off during the reporting periods.

As of December 31, 2023 and 2022, none of the Foundation's property and equipment were held as collateral for loans. Further, no items of property and equipment were impaired nor written-off in 2023 and 2022.

9. MICROSAVINGS

This account is broken down as follows:

	2023	2022
Capital build-up (CBU)	**P17,625,819,442**	P14,794,247,740
Locked-in capital build-up (LCBU)	**1,768,042,870**	1,657,702,150
	P19,393,862,312	P16,451,949,890

The collected CBU and LCBU or microsavings is for purposes of maintaining a compensating balance, which is used to offset against the member's outstanding loan balance in case of default (see Note 7.1).

CBU pertains to weekly savings of P50 at minimum. After six months, CBU can be withdrawn, provided a minimum balance of 15% of outstanding principal loan borrowed is maintained. A CBU account with a balance of P500 or more is entitled to 7% rebates, subject to changes based on prevailing economic conditions. These rebates are settled together upon withdrawal of CBU savings by the customers. Rebates relative to this transaction is presented as deduction in Revenue from Microfinancing Activities in the statements of comprehensive income.

LCBU is a mandatory noninterest-bearing, alternative savings that is locked in as to members' withdrawal. The weekly contribution is fixed at P10. When the LCBU reaches P2,400, 50% of such is transferred to CBU. It can only be withdrawn in full by the member upon termination of membership from the Foundation.

All active members of the Foundation are required to maintain their microsavings contributions based on prescribed minimum levels.

10. LOANS PAYABLE

The composition of the Foundation's outstanding bank loans is shown below.

	2023	2022
Current	**P2,406,668,255**	P1,276,658,809
Non-current	**4,113,224,601**	1,519,892,856
	P6,519,892,856	P2,796,551,665

To enable the Foundation to provide uninterrupted microfinance loans to members in accordance with the Foundation's microfinance program, the Foundation, as part of its cash management, obtains financing through bank loans from various financial institutions and/or organization.

As approved by the BOT on November 17, 2016, the Foundation entered into a Facility Agreement as corporate notes issuer, with three local universal banks as initial noteholders, Credit Guarantee & Investment Facility (a trust fund of the Asian Development Bank) as guarantor and BPI Capital Corporation as mandated lead arranger and bookrunner. Based on the agreement, which was signed on January 26, 2017, the initial noteholders grant to the Foundation a loan facility with a maximum principal amount of P2,000,000,000, subject to release in not more than three tranches starting February 2017 to January 2018. The Foundation has fully drawn the P2,000,000,000 in the prior years. The net proceeds of the note issuance are used by the Foundation in financing its expansion plans, paying off existing bank loans and for other general corporate purposes.

In addition, the initial noteholders require the Foundation to maintain the following ratios: operational self-sufficiency ratio of more than 110%, portfolio at risk of less than 1.50%, equity to gross loan portfolio of more than 15%, net loan portfolio as percentage of assets of more than 80% and a debt-to-equity ratio of less than 190%. As of December 31, 2023 and 2022, the Foundation is compliant with the covenants imposed by the noteholders.

As approved by the BOT on June 17, 2019, the Foundation entered into a Facility agreement as a corporate note issuer with another local bank. Based on the agreement, which was signed on October 31, 2019, the noteholder grants to the Foundation a loan facility of three loan tranche amounting to $ 10,000,000 each. On May 12, 2020, the Foundation availed of the first tranche, which was received on June 18, 2020. The Foundation received the second tranche on May 18, 2022. The third tranche has not been drawn as of December 31, 2023.

The noteholder requires the Foundation to maintain the following ratios: operational self-sufficiency ratio of more than 120%, portfolio at risk ratio of less than 1.5%, debt-to-equity ratio of not more than 150%, capital adequacy ratio of more than 22%, loan loss reserve ratio of more than 5% and liquidity coverage ratio of more than 100%. As of December 31, 2023 and 2022, the Foundation is compliant with the covenants imposed by the noteholder.

As approved by the BOT on February 23, 2022, the Foundation entered into a term loan with another local bank. Based on the term loan agreement, which was signed on October 5, 2022, the bank grants the Foundation a term loan of $ 20,000,000 with maturity date of September 30, 2024.

The bank requires the Foundation to maintain the following ratios: operational self-sufficiency ratio of more than 110%, portfolio at risk ratio of less than 5%, write-off ratio of not more than 3%, and equity/gross loan portfolio ratio of more than 20%. As of December 31, 2023 and 2022, the Foundation is compliant with the covenants imposed by the bank.

As approved by the BOT on February 27, 2023, the Foundation entered into a facility agreement to raise P5,000,000,000 through issuance of fixed-rate corporate notes with a five-year maturity called the Gender Bond. The Gender Bond was jointly arranged by BDO Capital & Investment Corp. and state-run Land Bank of the Philippines (LBP). The offer was oversubscribed by five local banks, including BDO Unibank, Inc. (BDO), Bank of the Philippine Islands (BPI), LBP, Philippine National Bank (PNB), and Security Bank Corporation (SBC).

The noteholders requires the Foundation to maintain the following ratios: operational self-sufficiency ratio of more than 110%, portfolio at risk ratio of less than 3.0%, debt-to-equity ratio of not more than 190%, debt service coverage ratio of not less than 120%, equity to gross issuer client loan portfolio ratio of not less than 15%, and net loan portfolio as percentage of assets should be more than 65%. As of December 31, 2023, the Foundation is compliant with the covenants imposed by the noteholders.

A summary of the terms and conditions of each loan as of December 31, 2023 and 2022 is presented below.

Note Holder	Interest Rate	Maturity Date	Outstanding Principal Balance 2023	2022
Newly issued:				
BDO	Fixed at 7.789%	2028	**P 2,000,000,000**	P -
LBP	Fixed at 7.789%	2028	**2,000,000,000**	-
PNB	Fixed at 7.789%	2028	**500,000,000**	-
SBC	Fixed at 7.789%	2028	**400,000,000**	-
BPI	Fixed at 7.789%	2028	**100,000,000**	-
			5,000,000,000	-
Previously issued:				
Citibank	Fixed at 6.870%	2024	**1,146,000,000**	1,146,000,000
ADB	Fixed at 3.344%	2026	**373,892,856**	608,051,665
BDO	Fixed at 3.750%	2023	-	1,000,000,000
Restart Microenterprise	Fixed at 2.000%	2023	-	32,500,000
BPI	Fixed at 5.900%	2023	-	5,000,000
LBP	Fixed at 5.900%	2023	-	2,500,000
PNB	Fixed at 5.900%	2023	-	2,500,000
			1,519,892,856	2,796,551,665
			P 6,519,892,856	P 2,796,551,665

Interest expense on interest-bearing loans amounted to P349,682,088 and P66,039,521 in 2023 and 2022, respectively, and is presented as part of Operating Costs in the statements of comprehensive income (see Note 13).

Unpaid interests as of December 31, 2023 and 2022 amounting to P190,035,560 and P4,429,164, respectively, are presented as part of Accrued expenses under the Other Liabilities account in the statements of financial position (see Note 11).

The movements in Loans Payable account as of December 31, 2023 and 2022 are shown below.

	2023	2022
Balance at beginning of year	**P2,796,551,665**	P 991,304,999
Additional loans payable	**5,000,000,000**	2,699,450,000
Repayments of loans payable	**(1,276,658,809)**	(894,203,334)
Balance at end of year	**P6,519,892,856**	P2,796,551,665

As of December 31, 2023 and 2022, none of the Foundation's assets were held as collateral for these loans.

11. OTHER LIABILITIES

This account includes the following:

	Notes	2023	2022
Accrued expenses	10, 15	**P 604,246,964**	P 463,037,233
Staff benevolent fund		**306,948,525**	305,827,625
Accounts payable		**187,481,495**	263,924,811
		P1,098,676,984	P1,032,789,669

Accrued expenses include accruals for interest expense and various expenses for the operations of the Foundation such as light and water, postage and telephone, travel and reimbursable expenses and repairs and maintenance.

Staff benevolent fund includes amounts set aside for employee hospitalization, employee death aid, and employee welfare and benefits.

Accounts payable include gross receipts and withholding taxes payable, and unclaimed benefits of resigned personnel during the reporting periods.

12. OTHER REVENUES

This account includes the following:

	Notes	2023	2022
Gain from recovery of written-off loans receivable	7.1	**P 213,445,811**	P 170,704,801
Membership contribution		**61,394,700**	61,618,100
Interest income from bank deposits	6	**13,188,353**	10,611,158
Interest income on employee loans	7.2	**2,414,003**	8,291,714
		P 290,442,867	P 251,225,773

New members of the Foundation are required to contribute P50. The contribution is used by the Foundation to cover administrative fees and supplies costs which are part of the operating costs of the Foundation.

13. EXPENSES

Details of expenses by nature are shown below.

	Notes	2023	2022
Employee benefits	14.1, 15	**P3,906,762,760**	P3,624,060,613
Impairment loss on loans receivable	7.1	**1,451,650,730**	361,400,246
Travel and transportation		**956,946,553**	947,860,737
Client community services		**566,086,527**	559,337,356
Interest expense	10, 14.2	**425,426,003**	126,498,763
Taxes and licenses	16	**413,532,055**	381,489,847
Office rental	18.1	**302,605,924**	275,255,997
Staff development and conference		**193,806,034**	162,415,877
Office supplies and reproduction		**181,458,103**	156,321,974
Postage and telephone		**104,283,951**	95,100,645
Light and water		**92,289,951**	82,326,964
Depreciation and amortization	8	**68,961,378**	56,081,963
Professional fees		**63,474,820**	6,541,895
Grants and donations		**28,800,000**	39,500,000
Repairs and maintenance		**3,278,585**	4,570,178
Miscellaneous	15	**105,497,210**	82,744,682
		P8,864,860,584	P6,961,507,737

These expenses are classified and reported in the statements of comprehensive income as follows:

	2023	2022
Operating costs	**P5,404,599,232**	P4,754,321,055
Impairment loss on loans receivable	**1,451,650,730**	361,400,246
General and administrative expenses	**1,442,524,095**	1,286,449,080
Client community services	**566,086,527**	559,337,356
	P8,864,860,584	P6,961,507,737

Client community services pertain to the assistance provided by the Foundation to borrowers and their families in difficult times. The assistance provided to borrowers of the Foundation are burial assistance, scholarship grants, hospitalization, and disaster and rehabilitation programs.

Operating costs are broken down as follows:

	Notes	2023	2022
Employee benefits	14.1	**P3,126,646,732**	P2,893,605,066
Travel and transportation		**938,613,982**	941,163,733
Interest expense	10, 14.2	**402,702,829**	108,360,991
Office rental	18.1	**301,581,949**	274,235,997
Staff development and conference		**180,254,952**	148,424,570
Office supplies and reproduction		**119,237,887**	100,209,753
Light and water		**90,580,429**	80,855,071
Taxes and licenses	16	**76,069,663**	51,241,476
Postage and telephone		**57,590,518**	50,904,189
Depreciation and amortization	8	**37,670,556**	41,576,096
Repairs and maintenance		**2,412,404**	2,760,072
Professional fees		**320,140**	309,023
Miscellaneous	15	**70,917,191**	60,675,018
		P5,404,599,232	P4,754,321,055

Details of general and administrative expenses are shown below.

	Notes	2023	2022
Employee benefits	14.1	**P 780,116,028**	P 730,455,547
Taxes and licenses	16	**337,462,392**	330,248,371
Professional fees		**63,154,680**	6,232,872
Office supplies and reproduction		**62,220,216**	56,112,221
Postage and telephone		**46,693,433**	44,196,456
Depreciation and amortization	8	**31,290,822**	14,505,867
Grants and donations		**28,800,000**	39,500,000
Interest expense	14.2	**22,723,174**	18,137,772
Travel and transportation		**18,332,571**	6,697,004
Staff development and conference		**13,551,082**	13,991,307
Light and water		**1,709,522**	1,471,893
Office rental	18.1	**1,023,975**	1,020,000
Repairs and maintenance		**866,181**	1,810,106
Miscellaneous		**34,580,019**	22,069,664
		P1,442,524,095	P1,286,449,080

Details of grants and donations are as follows:

	2023	2022
Restart Micro-Enterprise, Inc.	**P 6,500,000**	P 5,000,000
Archdiocese of Lingayen-Dagupan	**5,000,000**	5,000,000
Microfinance Council of the Philippines, Inc.	**5,000,000**	5,000,000
University of Asia and the Pacific	**5,000,000**	-
Asian Breast Center	**2,000,000**	-
Rafael B. Buenaventura Micro Finance Resource Center Foundation	**1,700,000**	-
Franciscans of Our Lady of the Divine Providence	**1,600,000**	-
Alliance of Philippine Partners in Enterprise Development Inc.	**1,000,000**	-
Bayaning Pulis Foundation, Inc.	**1,000,000**	-
Assisi Development Foundation	**-**	15,000,000
Ninoy and Cory Aquino Foundation	**-**	5,000,000
WeSolve Foundation	**-**	3,000,000
Espoir School of Life, Inc.	**-**	1,500,000
	P 28,800,000	P 39,500,000

14. EMPLOYEE BENEFITS

14.1 Salaries and Employee Benefits

Expenses recognized for salaries and other employee benefits are presented below.

	Notes	2023	2022
Salaries and wages		**P3,364,884,456**	P3,060,620,306
SSS, HDMF, PhilHealth Contributions		**319,096,258**	268,207,386
Post-employment benefits	14.2	**173,878,593**	214,777,791
Staff benevolent fund		**48,903,453**	80,455,130
	13	**P3,906,762,760**	P3,624,060,613

The amounts of employee benefits are allocated and reported in the statements of comprehensive income as follows (see Note 13):

	2023	2022
Operating costs	**P3,126,646,732**	P 2,893,605,066
General and administrative expenses	**780,116,028**	730,455,547
	P3,906,762,760	P 3,624,060,613

14.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Foundation maintains an unfunded and noncontributory post-employment defined benefit plan covering all regular full-time employees. The Foundation does not have a formal, trusteed retirement plan. As of December 31, 2023, and 2022, management used the retirement plan package wherein the normal retirement age is 60 with a minimum of five years of credited service. The retirement benefit shall be an amount equal to a percentage of plan salary for every year of credited service in accordance with the vesting schedule.

The plan also provides late retirement after age 60 but not beyond age 65.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and obligation. All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2023 and 2022.

The movements in the present value of the post-employment defined benefit obligation recognized in the statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**P1,049,084,700**	P 1,192,490,000
Current service cost	**173,878,593**	214,777,791
Interest expense	**75,743,915**	60,459,242
Benefits paid	**(12,624,708)**	(22,825,033)
Remeasurements - actuarial losses (gains) arising from changes in:		
Financial assumptions	**265,975,575**	(502,216,426)
Experience adjustments	**(27,606,575)**	106,399,126
Balance at end of year	**P1,524,451,500**	P 1,049,084,700

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit obligation are as follows:

	2023	2022
Reported in profit or loss:		
Current service cost	**P 173,878,593**	P 214,777,791
Interest expense	**75,743,915**	60,459,242
	P 249,622,508	P 275,237,033
Reported in other comprehensive income:		
Actuarial (losses) gains arising from changes in:		
Financial assumptions	**(P 265,975,575)**	P 502,216,426
Experience adjustments	**27,606,575**	(106,399,126)
	(P 238,369,000)	P 395,817,300

Retirement benefit expense composed of current and past service cost is allocated and presented in the statements of comprehensive income under the following classification (see Note 14.1):

	2023	2022
Operating costs	**P 52,163,578**	P 64,433,337
General and administrative expenses	**121,715,015**	150,344,454
	P 173,878,593	P 214,777,791

The interest expense on the obligation is allocated and presented in the statements of comprehensive income under the following classification (see Note 13):

	2023	2022
Operating costs	**P 53,020,741**	P 42,321,470
General and administrative expenses	**22,723,174**	18,137,772
	P 75,743,915	P 60,459,242

Amounts recognized in other comprehensive income or loss were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment defined benefit obligation, the following significant actuarial assumptions were used:

	2023	2022
Discount rates	**6.12%**	7.22%
Expected rate of salary increases	**4.00%**	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 32.2 and 32.7 in 2023 and 2022, respectively, for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31, 2023 and 2022.

		Impact on Post-employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023			
Discount rate	**+/- 1.00%**	**(P 244,375,207)**	**P 306,035,695**
Salary growth rate	**+/- 1.00%**	**309,692,362**	**(250,968,250)**
December 31, 2022			
Discount rate	+/- 1.00%	(P 162,565,780)	P 207,942,634
Salary growth rate	+/- 1.00%	203,130,855	(168,498,396)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment defined benefit obligation at the end of the reporting period has been calculated using the projected unit credit method, which is the same as that applied in calculating the post-employment defined benefit obligation recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contribution

At the end of the reporting period, the Foundation had not yet established its funding plan for post-employment defined benefit obligation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

The Foundation's undiscounted expected benefit payments from the plan is as follows:

	2023	2022
Within one year	**P 56,211,309**	P 50,063,135
More than one year but less than five years	**182,338,508**	153,218,468
More than five years but less than ten years	**441,466,688**	379,394,922
	P 680,016,505	P 582,676,525

As of December 31, 2023 and 2022, the weighted average duration of the post-employment defined benefit obligation is 18.1 years and 17.4 years, respectively.

15. RELATED PARTY TRANSACTIONS

The Foundation's related parties include its key management personnel and others. Details of key management personnel compensation are presented in the statements of comprehensive income as follows:

	2023	2022
Short-term benefits	**P 186,417,770**	P 152,016,240
Post-employment benefits	**11,281,590**	10,738,900
	P 197,699,360	P 162,755,140

The compensation given to key management personnel in the form of short-term benefits and post-employment is presented as part of Employee Benefits under Expenses in the statements of comprehensive income (see Note 13).

In 2016, the Foundation entered into a software implementation contract with Mr. Mehedi Tarafder, Chief Executive Officer of Jyosna Inc. and son of the president of the Foundation, for the development of a software needed by the Foundation to achieve full automation of its operation at its branch level, which include client management, loan tracking and collection of multiple loan services, reporting and consolidation of Financial Information System at central level. The contract with Jyosna Inc. satisfied the Foundation's policy on conflict of interest by ensuring that the service fee is under normal terms and condition.

In 2022, the Foundation signed a supplemental agreement where the contract was extended until December 2023. The related expense during the extension period amounted to P21,020,000 and is presented as part of Miscellaneous under Operating Costs in the statements of comprehensive income (see Note 13). As of December 31, 2023 and 2022, the outstanding liability associated with this transaction totaled P10,560,000 in both years, which is presented as part of Accrued expenses under the Other Liabilities account in the statements of comprehensive income (see Note 11).

16. TAXATION COVERAGE AND EXEMPTIONS

The Foundation is a nonstock, nonprofit corporation and the primary purpose of which is one of those enumerated in Section 30 of the Tax Reform Act of 1997 (R.A. No. 8424). No part of the excess revenues over expenses of the Foundation inures to the benefit of any of its members, employees, key officers or board of trustees. The trustees do not receive any compensation, except for inconsequential honorarium to defray costs incurred in attending board meetings. In case of dissolution, the assets of the Foundation shall be transferred to a similar institution or to the government, in the absence of the former.

On November 3, 2015, R.A. No. 10693 otherwise known as the "Microfinance NGOs Act" (the Act) was signed into law. The Act provides that duly registered and microfinance NGOs shall be eligible to the preferential tax treatment of two percent (2%) based on its gross receipts from microfinance operations in lieu of all national taxes. In 2023 and 2022, the Foundation paid gross receipts tax (GRT) amounting to P245,072,490 and P249,567,460, respectively, which are presented as part of Taxes and Licenses in the statements of comprehensive income (see Note 13). Moreover, income derived by the Foundation from its properties, real or personal, or from any of its activities not covered by the exemption or activities conducted for profit regardless of the disposition made of such income, is subject to income tax. The Foundation has no transaction subjected to income tax in 2023 and 2022.

17. FUND MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Foundation's capital management objectives are to generate funds to expand its microfinance operations by collecting revenue from financing activities at rates commensurate to the level of risk, to facilitate the convergence and provision of other social services to the poor, and to ensure the Foundation's sustainability to continue as a going concern.

The Foundation monitors funds on the basis of the carrying amount of the fund balance as presented in the statements of financial position.

The Foundation sets the amount of fund in proportion to its overall financing structure, i.e., fund balance and loans from third parties. The Foundation manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	2023	2022
Total loans from third parties	**P6,519,892,856**	P2,796,551,665
Total fund balance	**21,944,615,020**	18,781,031,859
External loans-to-fund ratio	**0.30 : 1.00**	0.15 : 1.00

As of December 31, 2023 and 2022, the Foundation is compliant with the covenants imposed by the respective creditors (see Note 10).

18. COMMITMENTS AND CONTINGENCIES

18.1 Operating Lease Commitments – Foundation as a Lessee

The Foundation has operating lease agreements covering various office spaces occupied by the Foundation and its branches for a period of six months to one year. The lease agreements require the Foundation to pay rental deposits. Outstanding rental deposits as of December 31, 2023 and 2022 amounting to P53,037,498 and P49,088,826, respectively, are presented as part of Other Assets in the statements of financial position.

Rent expenses related to these lease agreements are presented in the statements of comprehensive income as follows (see Note 13).

	2023	2022
Operating costs	**P 301,581,949**	P 274,235,997
General and administrative expenses	**1,023,975**	1,020,000
	P 302,605,924	P 275,255,997

18.2 Others

There are other commitments and contingencies that arise in the normal course of the Foundation's operations which are not reflected in the financial statements. As of December 31, 2023 and 2022, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Foundation's financial statements.

19. CURRENT/NON-CURRENT DISTINCTION OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

	2023			2022		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Assets						
Cash	**P 9,811,152,462**	**P -**	**P 9,811,152,462**	P 4,313,114,731	P -	P 4,313,114,731
Loans receivable	**40,355,157,392**	**-**	**40,355,157,392**	35,516,960,258	-	35,516,960,258
Other receivables	**-**	**25,048,646**	**25,048,646**	2,019,535	25,553,600	27,573,135
Rental deposits (presented under Other Assets	**-**	**53,037,498**	**53,037,498**	-	49,088,826	49,088,826
	50,166,309,854	**78,086,144**	**50,244,395,998**	39,832,094,524	74,642,426	39,906,736,950
Non-financial Assets						
Property and equipment – net	**-**	**234,401,900**	**234,401,900**	-	202,966,700	202,966,700
Other assets	**-**	**2,700,774**	**2,700,774**	-	1,704,133	1,704,133
	-	**237,102,674**	**237,102,674**	-	146,617,833	146,617,833
	P50,166,309,854	**P 315,188,818**	**P 50,481,498,672**	P 39,832,094,524	P 279,313,259	P 40,111,407,783
Financial Liabilities						
Microsavings	**P19,393,862,312**	**P -**	**P 19,393,862,312**	P 16,451,949,890	P -	P 16,451,949,890
Loans payable	**2,406,668,255**	**4,113,224,601**	**6,519,892,856**	1,276,658,809	1,519,892,856	2,796,551,665
Other liabilities	**1,041,704,141**	**-**	**1,041,704,141**	969,313,985	-	969,313,985
	22,842,234,708	**4,113,224,601**	**26,955,459,309**	18,697,922,684	1,519,892,856	20,217,815,540
Non-financial Liabilities						
Post-employment defined benefit obligation	**-**	**1,524,451,500**	**1,524,451,500**	-	1,049,084,700	1,049,084,700
Other liabilities	**56,972,843**	**-**	**56,972,843**	63,475,684	-	63,475,684
	56,972,843	**1,524,451,500**	**1,581,424,343**	63,475,684	1,049,084,700	1,112,560,384
	P22,899,207,551	**P 5,637,676,101**	**P 28,536,883,652**	P 18,761,398,368	P 2,568,977,556	P 21,330,375,924

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages are the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS. All information is presented in their absolute amounts.

The information on taxes, duties and license fees paid or accrued during the taxable year required under Revenue Regulations No. 15-2010 are as follows:

(a) Output Value-added Tax (VAT)

The Foundation has not incurred any output tax liability for the year ended December 31, 2023 as it has no revenue transactions subject to VAT.

(b) Input VAT

The Foundation did not recognize any input VAT. It records all input VAT on purchases of goods and services as expense or part of cost of assets since it would not be recovered from setting-off with any output tax liability in the future.

(c) Documentary Stamp Tax

The Foundation paid documentary stamp tax (DST) in 2023 amounting to P48,432,321 which is related to the several loans agreements originated during the year [see Note 20(f)].

(d) Taxes on Importation

The Foundation did not incur or pay any customs' duties and tariff fees as it did not have any importation for the year ended December 31, 2023.

(e) Excise Tax

The Foundation did not have any transactions in 2023 which are subject to excise tax.

(f) Taxes and licenses

Details of taxes and licenses in 2023 are shown below.

	Note	
GRT		P 245,072,490
Licenses and permits		78,032,680
DST	20(c)	48,432,321
Deficiency taxes		41,094,099
Real estate taxes		678,487
Local taxes		217,978
Penalty		4,000
		P 413,532,055

The amounts of taxes and licenses are allocated and presented in the 2023 statement of comprehensive income as follows:

General and administrative expenses	P 337,462,392
Operating costs	76,069,663
	P 413,532,055

(g) Withholding Taxes

Details of total withholding taxes for the year ended December 31, 2023, are shown below.

Compensation and employee benefits	P 95,153,058
Expanded	17,894,548
Final	99,999
	P 113,147,605

The Foundation's withholding tax payable as of December 31, 2023, amounted to P12,136,800.

(h) Deficiency Tax Assessment and Tax Cases

In 2023, the Company paid deficiency taxes on all its taxes covering taxable year 2022 totaling P41,094,099, inclusive of interest amounting to P4,785,875.

Other than the foregoing, the Foundation does not have any final deficiency tax assessments with the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable periods.