



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

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The following document has been received:

Receiving: Jojit Licudine

Receipt Date and Time: July 25, 2023 01:25:56 PM

Company Information

SEC Registration No.: A200106459

Company Name: KAZAMA GRAMEEN MICOROFINANCE INC.

Industry Classification: O91990

Company Type: Non-stock Corporation

Document Information

Document ID: OST10725202381502594

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: AFS with NSPO Form 1, 2, 3 and 4, 5, 6

Remarks: None

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

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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I	N	C																						
f	o	r	m	e	r	l	y	K	A	Z	A	M	A	G	R	A	M	E	E	N	I	N	C	

Principal Office (No./Street/Barangay/City/Town)Province)

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M	A	T	A	I	N	S	U	B	I	C	Z	A	M	B	A	L	E	S					

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting
Month/Day

Fiscal Year
Month/Day

CONTACT PERSON INFORMATION

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

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

Contact Person's Address

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Note 2: All Boxes must be properly and completely filled-up. Failure to do shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

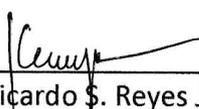
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of **KAZAMA GRAMEEN MICROFINANCE INC. (KGMI)**, formerly KAZAMA GRAMEEN INC. is responsible for all the information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. 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, 2022 and the accompanying the Annual Income Tax Return are in accordance with the books and records of **KAZAMA GRAMEEN MICROFINANCE INC. (KGMI)** complete and correct in all material respects.

Management likewise affirms that:

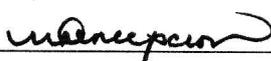
- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. the **KAZAMA GRAMEEN MICROFINANCE INC. (KGMI)** 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.



Dr. Ricardo S. Reyes Jr.
Chairman



Mrs. Dolores V. Ubaldo
Treasurer



Mr. Marlou R. Concepcion
President

Signed on April 17, 2023



19 APR 2023


JOHN KENNETH T. ERMITANIO
Revenue Officer

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

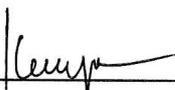
The Management of **KAZAMA GRAMEEN MICROFINANCE INC. (KGMI)**, formerly KAZAMA GRAMEEN INC. is responsible for preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2022, in accordance with the prescribed financial 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 financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

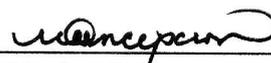
Ma. Carolyn S. Cartago-Angeles, the independent auditor appointed by the trustees, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing and has expressed her opinion on the fairness of presentation upon completion of such audit.



Dr. Ricardo S. Reyes Jr.
Chairman



Mrs. Dolores V. Ubaldo
Treasurer



Mr. Marlou R. Concepcion
President

Signed on April 17, 2023



BIR-RDO 018 OLONGAPO CITY
RECEIVED

19 APR 2023

JOHN KENNETH T. ERMIGANIO
Revenue Officer

Ma. Carolyn S. Cartago-Angeles

Certified Public Accountant

Report of Independent Auditor

The Board of Trustees

KAZAMA GRAMEEN MICROFINANCE INC.

(formerly KAZAMA GRAMEEN INC.)

Lot 25 Block 12 Sta. Monica Subdivision

Subic, Zambales

Opinion

I have audited the accompanying financial statements of **KAZAMA GRAMEEN MICROFINANCE INC.** (formerly KAZAMA GRAMEEN INC.) or **KGMI** which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in fund balance and cash flow statements for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **KGMI** as at December 31, 2022 and 2021, and of its financial performance and its cash flows for the years then ended in accordance with the financial reporting standards in the Philippine Financial Reporting Standards for Small and Medium - sized Entities (PFRS for SMEs).

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of this report. I am 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 my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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

Ma. Carolyn S. Cartago-Angeles

Certified Public Accountant

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

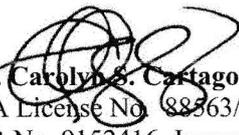
As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68. Such information is the responsibility of the management of **KGMI**. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Ma. Carolyn S. Cartago-Angeles

CPA License No. 88963/TIN 152-883-673

PTR No. 9152416, January 3, 2023, Olongapo City

BIR Accreditation 04-003309-001-2022, valid until March 2, 2025

BOA Certificate of Registration No. 2293, valid until June 26, 2023

April 11, 2023



BIR-RDO 018 OLONGAPO CITY
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19 APR 2023


JOHN KENNETH T. ERMITANIO
Revenue Officer

Ma. Carolyn S. Cartago-Angeles

Certified Public Accountant

Supplemental Statement of Independent Auditor To Accompany Financial Statements for Filing with the Securities and Exchange Commission

The Board of Trustees

KAZAMA GRAMEEN MICROFINANCE INC.

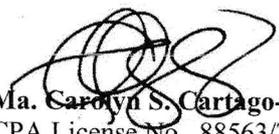
(formerly KAZAMA GRAMEEN INC.)

Lot 25 Block 12 Sta. Monica Subdivision

Subic, Zambales

I have audited the financial statements of **KAZAMA GRAMEEN MICROFINANCE INC.** (formerly KAZAMA GRAMEEN INC.) or **KGMI** for the year ended December 31, 2022, on which I have rendered the attached report dated April 11, 2023.

The supplemental written statement being required by the Securities and Exchange Commission with respect to the number of stockholders owning one hundred (100) or more shares each is not applicable because the SEC Rules on the subject matter apply only to stock corporations. **KGMI** is a non-stock, non-profit organization which does not issue shares of capital stocks.



Ma. Carolyn S. Cartago-Angeles

CPA License No. 88563/TIN 152-883-673

PTR No. 9152416, January 3, 2023, Olongapo City

BIR Accreditation 04-003309-001-2022, valid until March 2, 2025

BOA Certificate of Registration No. 2293, valid until June 26, 2023

April 11, 2023

KAZAMA GRAMEEN MICROFINANCE INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Statements of Financial Position

December 31, 2022

(Amounts in Philippine Peso)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash, Notes 2,4	3,472,924	5,010,953
Receivables, Notes 2,3,5	155,490,390	151,702,949
Other Current Assets Notes 2,6	28,824,000	31,731,945
	187,787,314	188,445,846
Non-Current Assets		
Property and Equipment, Net, Notes 2,3,7,16	2,709,644	3,076,253
	2,709,644	3,076,253
TOTAL ASSETS	190,496,958	191,522,100
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts Payable and Other Current Liab. Notes 2,8	6,172,902	6,019,280
Microsavings, Notes 2,9	62,352,600	59,820,993
Loans Payable - current portion Notes 2,10	35,824,745	28,307,779
Taxes Payable Notes 2,12	-4,214	427,498
	104,346,033	94,575,550
Non-Current Liabilities		
Loans payable, Notes 2,3,10	55,378,021	67,430,138
Other Non-Current Liabilities Notes 2,3,11	2,948,376	1,725,732
	58,326,396	69,155,870
	162,672,430	163,731,421
Fund Balance		
General Operating Fund Note 2	27,824,528	27,590,679
Current Year Grants and Donations, Note 2	0	200,000
	27,824,528	27,790,679
TOTAL LIABILITIES AND FUND BALANCE	190,496,958	191,522,100

See Notes to Financial Statements

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19 APR 2023

JOHN KENNETH T. ERMITANO
Revenue Officer

KAZAMA GRAMEEN MICROFINANCE INC.*Formerly: KAZAMA GRAMEEN INC.**(A Nonstock, Not-for-Profit Organization)*

Statements of Revenues and Expenses

For the Years Ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

	Years Ended December 31	
	2022	2021
Revenues, Notes 1,2,14,18		
Interest Income from Microfinance Loans	31,130,095	33,764,694
Training Fees	13,346,136	12,393,919
Miscellaneous Income	2,309,198	2,610,197
	46,785,429	48,768,810
Finance and Program Costs, Notes 2,15	-7,937,848	-8,305,468
Operating and Administrative Expenses, Notes 2,16,18	-38,741,230	-40,272,064
Total Excess of Revenue over Expenses	106,351	191,278

See Notes to Financial StatementsBIR-RDO 018 OLONGAPO CITY
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19 APR 2023

JOHN KENNETH T. ERMITANIL
Revenue Officer

KAZAMA GRAMEEN MICROFINANCE INC.*Formerly: KAZAMA GRAMEEN INC.**(A Nonstock, Not-for-Profit Organization)*

Statements of Changes in Fund Balance

For the Years Ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

	Years Ended December 31	
	2022	2021
Fund Balance, Note 2		
Balance at beginning of year	27,590,679	27,399,401
Additions/(Withdrawals)	127,498	0
Excess of revenue over expenses	106,351	191,278
Balance at end of year	27,824,528	27,590,679

See Notes to Financial Statements

KAZAMA GRAMEEN MICROFINANCE INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

		Years Ended December 31	
		2022	2021
Cash Flow from Operating Activities			
Excess of Revenue over Expenses		106,351	191,278
Additions to/(Drawings from) General Operating Fund, Note 2		127,498	0
Depreciation	Notes 2,3,7,16	626,975	769,846
Adjustment before working capital changes		860,824	961,124
Decrease (Increase) in receivables,	Notes 2,3,5	-3,787,442	6,026,995
Decrease (Increase) in other current assets,	Notes 2,6	2,907,945	-2,253,050
Increase (Decrease) in current liabilities	Notes 2,8,10,12	9,770,483	-67,080,768
Net cash used from operating activities		9,751,811	-62,345,698
Cash Flow from Investing Activities			
Decrease (Increase) in property and equipment, Notes 2,3,7,16		-260,366	-130,188
Net cash used from investing activities		-260,366	-130,188
Cash Flow from Financing Activities			
Proceeds (Payments)-Loans	Notes 2,8,10	-12,052,118	67,430,138
Additional Grants and Donations/ (Drawings)	Note 2	-200,000	0
Vestment of employee retirement benefits/bonds	Notes 2,3,11	1,700,017	-3,731,132
Changes in reserve for contingencies	Notes 2,3,11	-477,374	24,200
Net cash provided from investing activities		-11,029,474	63,723,206
Net increase in cash	Notes 2,4	-1,538,029	1,247,320
Beginning balance	Notes 2,4	5,010,953	3,763,633
Ending Balance	Notes 2,4	3,472,924	5,010,953

See Notes to Financial Statements

KAZAMA GRAMEEN INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Notes to Financial Statements

As at and for the years ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

1 General Information

KAZAMA GRAMEEN MICROFINANCE INC. (formerly KAZAMA GRAMEEN INC.) or KGMI was registered with the Securities and Exchange Commission (SEC) as a non-stock, non-profit organization on May 7, 2001. The original purposes for which KGMI was formed are:

1. to help alleviate poverty in urban and rural areas by providing skills training and income generating activities among the poor;
2. to eliminate exploitation of moneylenders or usurers and create opportunities for self-employment;
3. to bring the disadvantaged people within the folds of some organizational format which they can understand and operate from which they can get socio-political and economic strength through mutual fund and support;
4. to foster awareness and promote activities regarding ecological and environmental issues;
5. to obtain financial assistance from local and international agencies both public and private, to finance activities and projects.

In February 2006, KGMI's Articles of Incorporation was amended to include the following purpose:

1. To conduct microfinance operations pursuant to Republic Act 8425, the Social Reform and Poverty Alleviation Act.

As it is organized exclusively for public interest and social welfare through the promotion of excellence in local governance as contemplated under Section 30(G) of the Tax Code of 1997, the Bureau of Internal Revenue ruled its exemption under BIR Ruling No. NSNP (S30G-066) 550-2009 dated September 9, 2009, from payment of the following taxes:

1. Income Tax
2. VAT on its revenue from contributions and donations
3. Donor's Tax

In October 2017, KGMI's Articles of Incorporation was amended to change its name to KAZAMA GRAMEEN MICROFINANCE INC. from KAZAMA GRAMEEN INC. and to include the following purpose:

1. To implement a microenterprise development strategy and providing microfinance programs, products and services for the poor.

The activities and mode of operation of KGMI are as follows:

- a) Targeting potential areas – Center Managers conduct research on villages to reach the potential target population. Poor women are targeted using strict measures such as: evaluation of house index, per capita income, marketable assets, etc.. The potential clients are formed into a group of five.
- b) Training of candidate members – Before loans are given to eligible borrowers, they go through an intensive training called Compulsory Group Training (CGT) for seven days about the philosophy of KGMI and its rules and procedures. After the training, they should pass the Group Recognition Test before they are granted recognition and eligibility for loans.

Aside from CGT, other trainings and seminars are regularly given to the clients to develop their skills in business and social awareness.

- c) Organizing – All formed groups are organized into units called "Center". The Center has several responsibilities. such as:

KAZAMA GRAMEEN INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Notes to Financial Statements

As at and for the years ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

1. To ensure attendance of all members to the weekly center meeting
2. To ensure loan repayment of all members during the weekly center meeting
3. To ensure that all members have their own income generating projects

4. To impose and maintain discipline among members
5. To recommend and guarantee loan proposals of all members

d) Granting loans - There are two major types of loans offered to clients. First is the Project Loan (PL) which is strictly for the purpose of income generating projects only and the second is the Multi-purpose Loan (MPL) which is especially designed for the immediate needs of clients such as medicines, school tuition fees and the likes.

e) Assisting members on their Livelihood Projects – Selection of income generating project is at the discretion of the borrowers but under the guidance of trained Center Managers and as approved by the Branch Manager.

f) Teaching members how to save money – In addition to loan payments, members deposit a minimum of Php 30.00 as their weekly Center Fund Savings (CFS). Personal Savings (PS) from members are also encouraged.

g) Members Mutual Fund – KGMI has an insurance program for members called Members Mutual Fund (MMF), which aims to help members or their families in case of death or illness of the member or her immediate family.

The sources of income and disposition of KGMI are loans and grants from local and international funding agencies. Other fund requirement for the continuance of KGMI activities are generated from the service fees and interest income from members' loan availments. No part of the income which KGMI obtains as an incident to its operation is distributed as dividends to its members, trustees or officers. Any profit obtained is used for the furtherance of the purposes enumerated in KGMI's Article of Incorporation, subject to the provision of Title XI of the Corporation Code of the Philippines.

The area of operation of KGMI is through its more than 20 branches strategically located in different provinces in the Philippines. Its principal office is maintained at Lot 25, Blk. 12, Sta. Monica Subd., Matain, Subic, Zambales.

The accompanying financial statements of KGMI was approved and authorized for issue by the Board of Trustees (BOT) on April 11, 2023. The BOT, however, was empowered to make revisions on the financial statements even after the date of issue.

2 Summary of Significant Accounting Policies

Basis of preparation

The financial statements of KGMI have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). PFRS for SMEs are adopted by the Financial Reporting Standards Council (FRSC) on October 13, 2009 and consequently by the SEC on December 3, 2009 from the pronouncement issued by the International Accounting Standards Board (IASB).

Small and medium-sized entities are entities that:

- i. do not have public accountability, and
- ii. publish general purpose financial statements for external users. Examples of external users include owners who are not involved in managing the business, existing and potential creditors, and credit rating agencies.

KAZAMA GRAMEEN INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Notes to Financial Statements

As at and for the years ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

An entity has public accountability if:

- i. its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- ii. it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

The above definition of SMEs does not include size criteria. However, the Philippine SEC, in its notice of December 11, 2009, adopted the following definition of small and medium-sized entities that includes size criteria:

- i. the entity has total assets of between P3 million and P350 million or total liabilities of between P3 million and P250 million;
- ii. it is not required to file financial statements under SRC Rule 68.1;
- iii. it is not in the process of filing its financial statements for the purpose of issuing any class of instruments in a public market;
- iv. it is not a holder of a secondary license issued by a regulatory agency, such as a bank (all types of banks), an investment house, a finance KGMI, an insurance KGMI, a securities broker dealer, a mutual fund and a pre-need KGMI; and
- v. it is not a public utility.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the required accounting policies. Areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Measurement Bases

The financial statements are presented in Philippine Peso, KGMI's functional currency, and all values represent absolute amounts, rounded to the nearest peso, except when otherwise specified.

The financial statements of KGMI have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Financial**Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity. KGMI recognizes a financial asset in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In case of a regular purchase or sale of financial assets, recognition and disposals or retirements, as applicable, is done using settlement date accounting.

KGMI shall account for the following financial instruments as basic financial instruments in accordance with Section 11: (a) cash; (b) a debt instrument (such as an account, note, or loan receivable or payable) that meets the condition in Section 11 paragraph 9; (c) a commitment to receive a loan that cannot be settled net in cash and when the commitment is executed, is expected to meet the conditions in Section 11 par. 9; and (d) an investment in non-convertible preference shares and nonputtable ordinary shares or preference shares.

As of end of the year, KGMI has basic financial instruments under category (b). It opted to adopt Section 11 of PFRS for SMEs.

KAZAMA GRAMEEN INC.

Formerly: KAZAMA GRAMEEN INC.

(A Nonstock, Not-for-Profit Organization)

Notes to Financial Statements

As at and for the years ended December 31, 2022 and 2021

(Amounts in Philippine Peso)

When a financial asset or financial liability is recognized initially, an entity shall measure it at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

After initial recognition, KGMI's basic financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method unless otherwise stated.

KGMI's financial liability consists of microsavings, current portion of loans payable, other payables, and other noncurrent liabilities recognized during the year. Other payables recognized in this category consist of accounts payable and accrued expenses (excluding statutory payables).

Microsavings which include Capital Build Up (CBU), Funds Held in Trust, represent interest bearing cash deposits collected from program members for purposes of maintaining the compensating balance which can be used to settle the members' outstanding loans receivable in case of default.

At the end of each reporting date, KGMI assess whether there is objective evidence of impairment. Impairment of KGMI's financial instruments is recognized immediately in the statement of comprehensive income.

The criteria that the KGMI uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

KGMI first assesses whether objective evidence of impairment exists.

Reversal of KGMI's financial instruments impairment loss shall be recognized immediately to the statement of comprehensive income. The reversal shall not, at any time, results in a carrying amount of the financial instruments (net of any allowance account) exceeds what the carrying amount would have been had the impairment not previously been recognized.

KGMI's financial asset is derecognized when: (1) the contractual rights to the cash flows from the financial asset expire or are settled; (2) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (3) KGMI, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall: (a) derecognize the asset, and (b) recognize separately any right and obligation retained or created in the transfer.

KGMI's financial liability is derecognized only when it is extinguished. That is when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the statement of assets, liabilities and fund balance 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 to realize the asset and settle the liability simultaneously.

b.1 Financial Assets - KGMI recognizes financial assets when it becomes party to the contractual provision of the financial instruments.

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

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Cash is valued at face value. If a bank holding the funds of the KGMI is in bankruptcy or financial difficulty, cash is written down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Receivables are amounts due from eligible borrowers under the microenterprise development program. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

The amortized cost of a financial instrument at each reporting date is the net of the following amounts:

- the amount at which the financial instrument is measured at initial recognition, minus any repayments of the principal,
- plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Prepayments, including **supplies**, are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment, or to be consumed in operations, and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and equipment, except land, is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand-by equipment qualify as property and equipment when the KGMI expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

KGMI adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the KGMI. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

The assets' residual values, useful lives and depreciation method is reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

b.2 Financial Liabilities - are initially measured at fair value inclusive of directly attributable transaction costs. They are classified as either financial liabilities 'at FVTPL', or 'at amortized cost'.

c. 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. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provision are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are numbers of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, where time value of money is material, long-term provision are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation.

Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

d. Related party relationships and transaction

Related party relationships exist 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 enterprises and their key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in economically comparable market except for the payment terms and non-charging of interest on cash advances to affiliates and officers.

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e. Fund Balance

KGMI's accumulated results of operations is shown as General Operating Fund. Current year's grants and donations also form part of the Fund Balance.

f. Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to KGMI and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized;

Interest on loans is recognized when the significant risks and rewards to the cash have been granted to the borrowers based on specific terms and conditions of the contract. It is recognised when the Company lend money to the borrower and as control to the cash passes to the customer, the commencement date or recognition started on the day the transaction takes place.

Training Fees is income related to the administration and facilitation of training programs for members. Livelihood Training Fees cover for the trainings and seminars aimed at developing members' skills in business and social awareness. The Compulsory Group Training Fees are fees collected for the intensive training conducted for the recognition and eligibility of candidate members. The income is recognized when services are rendered.

Miscellaneous Income is income from those charges collected incidental to the microfinance lending activity.

Interest income on bank deposit If there's any, is recognized on a time proportion basis that reflects the effective yield on the assets.

Cost and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss in the following manner:

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of a systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

g. Income taxes

KGMI was granted its tax exempt status under BIR Ruling No. NSNP (S30G-066) 550-2009 dated September 9, 2009, in consideration of its engagement in activities supporting the poverty alleviation policy of the government. Accordingly, it is exempt from the payment of income tax on income received by it as such organization, and therefore, need not file an income tax return corning such income.

However, with the promulgation of Republic Act No. 10693, otherwise known as the "Microfinance NGOs Act" last October 23, 2015, with the Implementing Rules and Regulations published in Philippine Star last September 14, 2016, its gross receipts from microfinance operations is now subject to the preferential rate of two percent (2%) tax in lieu of all national taxes. Income derived from any of its properties, real or personal, or any activity conducted for profit regardless of the disposition thereof, is subject to corresponding internal revenue taxes imposed under the National Internal Revenue Code (NIRC). Likewise, interest income from currency bank deposits and yield or any

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other monetary benefits from deposit substitute instruments and from trust funds and similar arrangements, and royalties are subject to the applicable final withholding taxes.

Moreover, the preferential tax treatment granted to it as a non-stock, non-profit corporation under Section 30 of the NIRC and as an accredited Microfinance NGO covers only income taxes for which it is directly liable. It cannot invoke its tax exemption privilege to avoid the passing on or shifting of the VAT as it is an indirect tax payable by the seller and not by the purchaser of goods/services.

It should also be understood that KGMI shall be constituted as withholding agent of the government if it acts as an employer and its employees receive compensation income subject to applicable withholding taxes, or if it makes income payments to individuals or corporations subject to the applicable expanded withholding tax rates.

h. Retirement Benefits

KGMI is yet to establish a formal retirement plan for its employees. Thus, KGMI's retirement benefit obligation is measured using the accrual approach based on 5% of the total salaries and wages less payments made on qualified separated employee(s) as at reporting date, without consideration of future changes in salary rates and service periods.

i. Events after the end of the reporting period

Events after the end of reporting period are those events, favorable and unfavorable, that occur between the end of reporting period and the date when the financial statements for issue. Post year-events that provide additional information about KGMI's position at the balance sheet date adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3 Use of Estimates and Judgments

KGMI's financial statements prepared in accordance with PFRS for SMEs require management to make judgments and estimates that affect the amounts reported in the financial statements and the accompanying notes to financial statements. 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 circumstances. Actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical management judgments in applying accounting policies

In the process of applying KGMI'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 statements:

a. Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in 2c.

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3.2 Key sources of estimation uncertainty

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

a. Estimating the Recoverability of Receivables

KGMI evaluates the status of the receivables based on available facts and circumstances, including, but not limited to, the length of the its relationship with its borrowers, current credit status, average of the accounts and historical loss experience.

KGMI estimates the allowance for doubtful accounts related to the trade receivables based on assessment of specific accounts where the it has information that certain customers are unable to meet their financial obligations. KGMI uses judgments to record specific reserves for customers against amount due no reduce the expected collectible amounts. These reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amount of timing of recorded expenses for any period would differ if different judgments were made of different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

b. Useful Lives of Property and Equipment

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

4 Cash

The account at December 31, consists of:

	2022	2021
Cash on hand	240,948	93,417
Cash in bank	2,599,297	4,592,536
Cash equivalents	632,679	325,000
Total	3,472,924	5,010,953

Cash on hand includes petty cash fund and undeposited cash collections and other cash items awaiting deposit. Cash in bank includes demand deposits which are unrestricted as to withdrawal and are intended to be extended as loan to eligible borrowers on a regular and short term basis which earns monthly interests. These are also being used to pay KGMI's expenditures that are directly related to KGMI's sources of revenue.

5 Receivables

The account at December 31, consists of:

	2022	2021
Loans Receivable, net of allowance for doubtful accounts	153,647,611	144,569,864
Advances to Officers and Employees	459,981	659,923
Other Employee Receivables	1,382,799	6,473,161
Total	155,490,399	151,702,949

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Loans receivable pertain to 6 month-term loans granted to qualified program members from the different communities where KGMI operates. These are collected every week and earn an average monthly interest of 2.5%. Its Portfolio At Risk (PAR) is 5% in 2022 and 9% in 2021. Employee Loans are granted at interests averaging 12% per annum. All other receivables are collectible in cash, unsecured and non-interest bearing.

Moreover, KGMI collects CBU from its program members for purposes of maintaining the compensating balances in relation to the loans receivable. These can be used to settle the program members' outstanding balance in case of default.

Movements in the allowance for impairment of Loans Receivable during the years ended December 31 are as follows:

	2022	2021
Beginning of year	11,405,208	10,099,893
Provision	1,175,000	1,529,500
Write offs	(249,172)	(224,185)
End of year	12,331,035	11,405,208

The provision is based on the agreed amount as allocated in KGMI's annual budget as approved by the BOT.

6 Other Current Assets

The account at December 31, consists of:

	2022	2021
Supplies on Hand	1,807,279	1,907,474
Prepayments and Deposits	26,930,051	29,191,789
Others	86,670	632,682
Total	28,824,000	31,731,945

7 Property and Equipment

The account at December 31, consists of:

	Land	Building	Furniture and Fixtures	Office & Transpo Equipment	Total
Cost					
At Dec. 31, 2021	392,000	5,468,704	1,398,331	4,461,994	11,721,030
Additions	-	-	-	260,366	260,366
Disposals	-	-	-	-	-
At Dec. 31, 2022	392,000	5,468,704	1,398,331	4,722,360	11,981,395
Accumulated depreciation					
At Dec. 31, 2021	-	3,527,882	1,260,879	3,856,015	8,644,776
Depreciation	-	296,289	69,242	261,444	626,975
Disposals	-	-	-	-	-
At Dec. 31, 2022	-	3,824,171	1,330,121	4,117,459	9,271,751
Carrying amounts					
At Dec. 31, 2021	392,000	1,940,822	137,452	605,979	3,076,253
At Dec. 31, 2022	392,000	1,644,533	68,210	604,900	2,709,644

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8 Accounts Payable and Other Current Liabilities

The account at December 31, consists of:

	2022	2021
Accounts Payable	2,960,351	2,328,654
Accrued Expenses	3,111,022	3,500,937
Other Current Liabilities	800,932	189,688
Statutory Payables	(699,403)	(0)
Total	6,172,902	6,019,280

These are generally settled in varying periods, within one (1) year, depending on arrangements with creditors.

9 Microsavings

The account at December 31, consists of:

	2022	2021
Capital Build-Up	51,450,557	50,887,155
Funds Held in Trust		
Personal Savings Fund	9,217,869	6,958,644
Special Center Savings	1,684,174	1,975,194
Total	62,352,600	59,820,993

CBU is the compulsory savings of KGMI's eligible borrowers termed for three (3) years. This earns annual interest rate of 4% at an average.

Personal Savings Fund represents non-termed savings of members yielding an average interest of 4% per annum. Special Center Savings are non-interest bearing cash deposits made by all the groups within KGMI to fund group expenses. Withdrawals are subject to approval of the members.

10 Loans Payable

The account at December 31, consists of:

	2022	2021
Current	35,824,745	28,307,779
Noncurrent	55,378,021	67,430,138
Total	91,202,766	95,737,918

KGMI has outstanding loans from various financial institutions with interest rates ranging from 2% to 12% per annum, payable within one (1) to 7 years.

11 Other Noncurrent Liabilities

The account at December 31, consists of:

	2022	2021
Employee Retirement Benefit	99,512	266,053
Employee Bonds	2,848,864	982,305
Contingent Liabilities	-	477,374
Total	2,948,376	1,725,732

Employee bonds pertain to the accumulated P100 contribution being collected from KGMI employees every payroll. These are in the form of non-interest savings which can only be withdrawn upon employee separation less indemnification for any damages incurred against KGMI.

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KGMI's contingent liabilities are provisions for legal or constructive obligations arising from past event/transactions where an outflow of economic benefits will be required to settle such obligations. These are funded based on the annual budget allocation as approved by the BOT.

12 Taxation

Income tax expense computation using the 2% Preferential Tax Rate under RA 10693 (Note 2g) is as follows:

	2022	2021
Interest on Project Loans	19,706,652	21,714,988
Interest on Multi-Purpose Loans	8,112,233	9,071,135
Interest on Educational Loans	36,998	9,500
Interest on Housing Improvement Loans	1,167,611	1,339,580
Interest on Revolving Loans	317,435	102,103
Interest on Personal Loan	1,506,393	960,056
Interest on Small Business Loan	282,773	567,332
Gross Receipts from microfinance operations for the year	31,130,095	33,764,694
Add - Miscellaneous Income	2,309,198	2,610,197
Taxable Income	33,439,293	36,374,890
Preferential Tax Rate	2%	2%
Income Tax Expense for the year	668,786	727,498
Less - Gross Receipts Tax (GRT) paid during the year	(673,000)	(300,000)
Income Tax Payable	(4,214)	427,498

The revenues subject to GRT are based on gross receipts while revenues presented in the statements of revenues and expenses are measured in accordance with PFRS for SMEs.

13 Related Party Transactions

The details of KGMI's transaction with its related parties for the year ended December 31 are as follows:

	Amount of Transaction	
	2022	2021
Key management -Determined based on contract of employment compensation		
-Settled through monthly payroll process	2,344,626	4,979,815
	2,344,626	4,979,815

There was no compensation provided to the Board of Trustees in both years.

14 Revenues

The account at December 31, consists of:

	2022	2021
Interest Income		
Interest on Project Loans	19,706,652	21,714,988
Interest on Multi-Purpose Loans	8,112,233	9,071,135
Interest on Educational Loans	36,998	9,500
Interest on Housing Improvement Loans	1,167,611	1,339,580
Interest on Revolving Loans	317,435	102,103
Interest on Personal Loan	1,506,393	960,056
Interest on Small Business Loan	282,773	567,332
Training Fees		
Livelihood Training Fees	3,192,169	3,073,734
Agricultural Training Fee for Agri-Loan Member	1,574,607	1,296,110
Compulsory Group Training Fees	8,579,360	8,024,074
Miscellaneous Income	2,309,198	2,610,197
Total	46,785,429	48,768,810

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15 Finance and Program Costs

The account at December 31, consists of:

	2022	2021
Interest expense on Savings	1,130,538	3,360,364
Interest expense on Loans	4,426,164	2,402,955
Bad debts expense	1,175,000	1,529,500
Training & Development and Other Program Costs	1,206,146	1,012,649
Total	7,937,848	8,305,468

16 Operating and Administrative Expenses

The account at December 31, consists of:

	2022	2021
Personnel Costs	24,783,828	24,899,076
Transportation & Travel expense	6,363,032	7,123,198
Rent expense	1,306,400	2,135,394
Taxes and Licenses	1,411,242	1,208,025
Repairs and Maintenance expense	427,979	874,019
Supplies expense	499,481	370,329
Light & Water and Communication expense	1,476,572	1,262,727
Other Services	1,331,681	1,061,354
Miscellaneous expense	497,678	493,804
Depreciation Expense	626,975	769,846
Representation expense	16,362	74,292
Total	38,741,230	40,272,064

17 Supplementary Tax Information required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**Value-Added Tax (VAT)**

KGMI, being a non-stock, non-profit corporation engaged in microfinance activities in support of poverty alleviation policy of the government, is exempt from VAT and is subject to 2% tax based on gross receipts from microfinance operations in lieu of all national taxes in accordance with R. A. No. 10693, "The Microfinance NGOs Act". The Act was approved by the President of the Philippines on November 3, 2015.

Gross Receipts Tax (GRT)

KGMI declared the GRT and revenues subject to GRT during the year as indicated in Note 12.

Gross Receipts Tax	668,786
Revenue subject to GRT	33,439,293

All Other Local and National Taxes

This includes all other taxes, local and national, licenses and permit fees lodged under the 'Taxes and Licenses' account in the 'Operating Expenses' section of KGMI's statement of comprehensive income. Details are as follow:

License and permit fees	175,097
Documentary Stamp Taxes	140,700
Others	426,658
	742,456

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Withholding Taxes

KGMI has remitted a total of P99,745 for the withholding taxes on compensation and benefits for the year.

Tax Assessments and Tax Cases

KGMI has no outstanding tax assessment and tax cases for the year.

SWORN STATEMENT

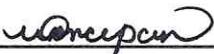
We, **MARLOU R. CONCEPCION** and **DOLORES V. UBALDO**, President and Treasurer, respectively of **Kazama Grameen Microfinance Inc.**, with office address at Lot 25, Block 12, Sta. Monica Subdivision, Subic, Zambales hereby depose and state that:

In compliance with Revised SRC Rule 68, as amended, we are stating the following information that related to the preceding fiscal year December 31, 2022, to wit:

Documents/Schedules to the Audited Financial Statements as of December 31, 2022	NSPO Forms	Check if applicable
1. Affidavit of Willingness to be Audited by the Commission	NSPO Form-2	✓
2. Schedule of Receipts of Income or Sources of Funds Other than Contributions and Donations	NSPO Form-3	✓
3. Schedule of Contributions and Donations	NSPO Form-4	✓
4. Schedule of Application of Funds	NSPO Form-5	
5. Certificate of Existence of Program/Activity (COE)		
6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities		

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

In witness thereof, we have hereunto affixed our signature this 26th day of June, 2023 at Subic, Zambales, Philippines.



Mr. MARLOU R. CONCEPCION
 President
 UMID ID: 0002-1754109-3



Mrs. DOLORES V. UBALDO
 Treasurer
 Senior Citizen ID: 91472

SUBSCRIBED AND SWORN TO before me, this 27th day of June 2023, at Olongapo City, Philippines, affiant exhibited to me their government-issued I.D.s below their names containing their photograph and signature as competent evidence of their identity.

Doc. No.: 511
 Page No.: 109
 Book No.: 73
 Series of 2023.


NOTARY PUBLIC
DORENTINO Z. FLORESTA
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2024
 NATIONAL COMMISSION ON NOTARIAL PUBLIC SERVICE 2022-0-13
 BLANQUEZ, SUBIC, ZAMBALES
 PTD No. 4-20195-2022
 REP. NO. 1-20195-2022
 CALL UP SYSTEM NO. 24288
 1228 RIZAL AVE., E. S. S., OLONGAPO CITY

REPUBLIC OF THE PHILIPPINES
OLONGAPO CITY)

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **Ronald V. Tactaquin**, of legal age, Filipino and resident of # 44 Purok 6, San Fernando, Sta. Cruz, Zambales after having been sworn to in accordance with law hereby depose and state:

I am the Finance Director of **Kazama Grameen Microfinance Inc.**, a non-stock non-profit organization registered with the Securities and Exchange Commission.

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

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

In witness whereof, I hereby sign this affidavit this 26th day of June 2023 at Subic, Zambales, Philippines.


Mr. Ronald V. Tactaquin
 (Affiant)
 SSS #: 02-1745863-6

SUBSCRIBED AND SWORN TO before me, this 27th day of June 2023, at Olongapo City, affiant exhibited to me his government-issued I.D. below his name containing his photograph and signature as competent evidence of his identity.

Doc. No.: 512;
 Page No.: 109;
 Book No.: 28;
 Series of 2023.


NOTARY PUBLIC
DORANTINO Z. FLORESTA
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2024
 NATIONAL COMMISSION ON
 CLO. OF P. OF V. SALES
 PTA NO. 6461-2022
 JCR. NO. 24233-2022
 CALL UP ATTORNEY NO. 24233
 2220 RIZAL AVE., E. B. B., OLONGAPO C.

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

Name of Foundation/ Organization
KAZAMA GRAMEEN MICROFINANCE INC.

SEC Registration No.
A200106459

For the Year Ended
December 31, 2022

Receipts or Income or Sources of Funds				
(a) No.	(b) Description of Income	(c) Source	(d) Amount (indicate by footnote if other than Philippine currency, then translate in this column)	(e) Date received/ Period covered
1	Interest on loans	Loan receivable	31,130,095.00	January 01 to December 31, 2022
2	Service fee from loans (Training Fees)	Loan disbursement	13,346,136.00	January 01 to December 31, 2022
3	Recovery from written- off Accounts (Miscellaneous Income)	Written-off Past due accounts	2,309,198.00	January 01 to December 31, 2022

SCHEDULE OF CONTRIBUTIONS AND DONATIONS

Name of Foundation/ Organization
KAZAMA GRAMEEN MICROFINANCE INC.
For the Year Ended
December 31, 2022

SEC Registration No.
A200106459

Part I Contributors/Donors

(a) No.	(b) Name and Address	(c) Nationality	(d) Total Contribution	(e) Type of Contribution
1				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)
2				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)
3				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)
4				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)
5				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)
6				<input type="checkbox"/> Cash <input type="checkbox"/> Noncash (Complete part II if there is a noncash contribution)

Part II Noncash Property

(a) No	(b) Description of noncash property given	(c) Fair market value	(d) Date received
1			
2			
3			
4			
5			
6			

There were no donations and contributions made under noncash contributions for the year ended December 31, 2022.

SCHEDULE OF APPLICATION OF FUNDS

Name of Organization: KAZAMA GRAMEEN MICROFINANCE INC.

SEC Registration No.: A200106459

For the Year Ended December 31, 2022

a) Item Number	b) Description of Programs/Projects/Activities	(c) Status	d) Project Officer in-charge
1	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
2	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
NOT APPLICABLE			
3	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
4	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
5	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
6	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:
7	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	<input type="checkbox"/> Accomplished <input type="checkbox"/> On-going <input type="checkbox"/> Planned	Name: Address: Contact Number:

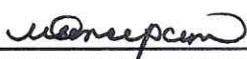
REPUBLIC OF THE PHILIPPINES)
OLONGAPO CITY

CERTIFICATION

I, **MARLOU R. CONCEPCION**, of legal age, married, Filipino citizen, with residence address at Block 1, Lot 19, Sierra Vista Subd., Nagbunga, Castillejos, Zambales, after having been sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected President of **Kazama Grameen Microfinance Inc.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Lot 25, Block 12, Sta. Monica Subdivision, Subic, Zambales.
2. The Association has not received any funds from any Philippine government agency or any department, bureau or office of the national government, or any of its branches and instrumentalities, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government, nor received donations/grants/contributions in the amount of at least Five Hundred Thousand Pesos (Php500,000) in one or aggregate transactions per donor/grantor/contributor; and
3. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Corporation, its duly elected Trustees and /or corporate officers.

IN WITNESS WHEREOF, I have hereunto signed this Certification this 26th day of June, 2023 at Subic, Zambales, Philippines.



Mr. MARLOU R. CONCEPCION
 President
 UMID ID: 0002-1754109-3

SUBSCRIBED AND SWORN TO before me, this 27th day of June 2023, at Olongapo City, Philippines, affiant exhibited to me his government-issued I.D.s below his name containing his photograph and signature as competent evidence of his identity.

Doc. No. 513;
 Page No. 100
 Book No.: 77;
 Series of 2023.



NOTARY PUBLIC
DORENTINO Z. FLORESTA
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2024
 NOTARIAL COMMISSION NO. 2722-0-1
 CLOUTIERE ST., 2ND FLOOR
 P.O. BOX 1000, 2022
 OFFICE OF THE NOTARY PUBLIC
 2200 RIZAL AVE., E.B.D., OLONGAPO CI