



INDEPENDENT AUDITOR'S REPORT

The Members and Board of Trustees
SEDP-Simbag Sa Pag-asenso, Inc.
(A Microfinance NGO)
The Chancery, Cathedral Compound
Albay District, Legazpi City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SEDP-Simbag sa Pag-asenso, Inc. (A Microfinance NGO)** (the "Organization"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024 and 2023, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.



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 audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS TABAMO & CO.**Christian Francis S. Felismino**

Partner

CPA Certificate No. 0111361

Tax Identification No. 237-332-255

BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025

SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,

effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions

PTR No. 10487046, issued on January 16, 2025, Makati City

April 28, 2025

Makati City

* Extension is covered by SEC Notice titled *Re-implementation of the SEC's Accreditation of Auditing Firms and External Auditors* issued on April 4, 2025.



SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<i>Note</i>	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	P257,992,252	P180,956,570
Short-term investments	6	65,118,011	75,034,430
Financial assets at fair value through profit or loss (FVPL)	7	42,682,289	42,374,332
Loans and other receivables, net	8	899,253,895	757,653,247
Prepayments	9	5,462,047	8,616,225
Total Current Assets		1,270,508,494	1,064,634,804
Noncurrent Assets			
Property and equipment, net	10	37,588,260	33,383,037
Other noncurrent assets	11	6,539,283	5,861,320
Total Noncurrent Assets		44,127,543	39,244,357
		P1,314,636,037	P1,103,879,161
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts and other payables	13	P55,359,690	P38,646,079
Short-term borrowings	15	99,140,733	56,278,008
Microsavings	14	346,146,866	327,228,925
Income tax payable	20	2,181,840	1,841,656
Total Current Liabilities		502,829,129	423,994,668
Noncurrent Liabilities			
Long-term borrowings	15	63,359,267	30,000,000
Retirement benefits obligation	21	23,690,803	21,841,521
Deferred tax liabilities	20	130,543	106,580
Other noncurrent liabilities		2,426,515	2,426,515
Total Noncurrent Liabilities		89,607,128	54,374,616
Total Liabilities		592,436,257	478,369,284
Fund Balance			
General fund		643,952,588	607,081,266
Restricted fund	24	90,000,000	30,000,000
Re-measurement of retirement benefits	21	(11,752,808)	(11,571,389)
Total Fund Balance		722,199,780	625,509,877
		P1,314,636,037	P1,103,879,161

See Notes to the Financial Statements.

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<i>Notes</i>	2024	2023
REVENUES			
Income from microfinance operations	16	₱398,350,370	₱350,621,835
Other income	17	8,976,719	5,872,250
		407,327,089	356,494,085
EXPENSES			
Provision for expected credit losses	8	(7,920,100)	(2,238,469)
Finance cost	14, 15	(13,058,403)	(13,685,526)
Operating expenses	18	(238,033,079)	(190,071,603)
General and administrative expenses	19	(43,400,188)	(36,989,754)
		(302,411,770)	(242,985,352)
INCOME BEFORE TAX		104,915,319	113,508,733
INCOME TAX EXPENSE			
Income tax expense – current	20	(7,943,044)	(7,001,953)
Income tax benefit – deferred	20	(100,953)	(50,413)
		(8,043,997)	(7,052,366)
NET INCOME		96,871,322	106,456,367
OTHER COMPREHENSIVE LOSS			
Remeasurement loss on retirement benefits	21	(181,419)	(9,429,936)
TOTAL COMPREHENSIVE INCOME		₱96,689,903	₱97,026,431

See Notes to the Financial Statements.

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)

**STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	General Fund	Restricted Fund (Note 24)	Remeasurement of Retirement Benefits (Note 21)	Total
Balances at January 1, 2023	₱500,624,898	₱30,000,000	(₱2,141,453)	₱528,483,445
Net income	106,456,368	-	-	106,456,368
Re-measurement loss on retirement benefits	-	-	(9,429,936)	(9,429,936)
Balances at December 31, 2023	607,081,266	30,000,000	(11,571,389)	625,509,877
Additional appropriation	(60,000,000)	60,000,000	-	-
Net income	96,871,322	-	-	96,871,322
Re-measurement loss on retirement benefits	-	-	(181,419)	(181,419)
Balances at December 31, 2024	₱643,952,588	₱90,000,000	(₱11,752,808)	₱722,199,780

See Notes to the Financial Statements.

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<i>Notes</i>	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱104,915,319	₱113,508,733
Adjustments for:			
Interest expense on microsavings	14	12,463,113	12,767,677
Depreciation and amortization	10, 12	5,359,896	3,993,774
Provision for retirement	21	3,667,863	2,533,433
Provision for expected credit losses	8	7,920,100	2,238,469
Interest expense on borrowings	15	595,290	917,849
Unrealized gain on financial assets at FVPL	7, 17	(307,957)	(157,520)
Interest income from banks and investments	5, 6, 7	(8,668,762)	(5,712,532)
Loss on write-off of property and equipment	10	32,270	-
Operating income before working capital changes		125,977,132	130,089,883
Decrease (Increase) in:			
Short-term Investments		9,916,419	(73,034,430)
Loans and other receivables		(149,477,958)	(54,408,666)
Prepayments		3,154,178	(530,624)
Other noncurrent assets		(32,066)	(1,774,708)
Increase in:			
Accounts and other payables		16,713,611	7,690,115
Microsavings		18,917,941	30,180,781
Cash generated from operations		25,169,257	38,212,351
Interest received from banks and investments		8,668,762	5,712,532
Interest paid on microsavings		(12,463,113)	(12,767,677)
Interest paid on borrowings		(595,290)	(917,849)
Income tax paid	20	(7,602,860)	(6,700,080)
Contributions paid	21	(2,000,000)	(2,000,000)
Net cash provided by operating activities		11,176,756	21,539,278
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment and intangible asset	10	(10,363,066)	(9,225,160)
Withdrawals in financial assets at FVPL	7	-	16,997,802
Net cash provided by (used in) investing activities		(10,363,066)	7,772,642
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing	15	140,000,000	60,000,000
Payments of borrowings	15	(63,778,008)	(69,751,278)
Net cash provided by (used in) financing activities		76,221,992	(9,751,278)
Net increase in cash and cash equivalents		77,035,682	19,560,641
Cash and cash equivalents, beginning		180,956,570	161,395,929
Cash and cash equivalents, end	5	₱257,992,252	₱180,956,570

See Notes to the Financial Statements.