



2022

ANNUAL REPORT

PEACE & EQUITY FOUNDATION



The Peace Equity Access for Community Empowerment Foundation, Inc. (also known as Peace and Equity Foundation or PEF) aspires to drive positive change in poor Filipino households by investing in social enterprises that will provide them with viable livelihood and better access to basic services. PEF works with individuals or entities who share this vision by developing models and best practices that will build, promote and scale-up social enterprises.

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Peace Equity Access for Community Empowerment Foundation, Inc.

69 Esteban Abada Street, Loyola Heights, Quezon City 1108

Tel. No.: (+632) 8426 8402

Email: ask@pef.ph

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“Building sustainable and resilient communities is bumpy and unpaved. As we continue to face extraordinary disruptions, we will continuously improve and seek better ways toward our vision.”





2022 was a pivotal year for PEF as we ushered in our third decade of working for poverty alleviation and social change. We also rolled out the third chapter of the social enterprise strategy that is geared towards self-sustaining and resilient households in key priority areas.

Last year, I visited most of these areas with some members of the General Assembly. One thing that struck me the most was our trip to the far-flung municipality of Lebak in Sultan Kudarat.

From Cotabato City, travel to Lebak took almost three hours, and another hour to Barangay Keytodac, a coffee-producing village in the town's mountainous area. The road is bumpy and unpaved, and *habal-habal* is the main mode of transportation. So I asked, "*Bakit ba tayo nandito*"?

That visit validated important insights about our work, not only in Lebak but also in other priority areas.

First, **diversifying the incomes** of these farming communities will help them withstand the effects of climate change and other shocks.

Lebak, not known for being hit by calamities, was hammered by Typhoon Paeng five months after our visit, which brought significant damage to properties and livelihood.

Climate change will continue to wreak havoc, especially in agriculture. We need to create programs that will lessen the effects of climate change by providing farmers with other means to earn income.

Second, **strengthening the capabilities** of our partners will develop the mindsets, behaviors, systems and skills needed to drive transformation and achieve their full potential.

When we visited the community of Tadz Ballon in Zamboanga Sibugay, we saw how their efforts led to major improvements in their living conditions. In order for them to remain responsive to their community, our team helped them identify needed organizational enhancements in their governance, accounting, and documentation systems.

Third, **collaborating with stakeholders** leads to more innovation and learning.

The CSO coalition in Caloocan is a perfect example, showcasing how the NGO and government partnership was able to help urban poor families withstand the impact of the COVID-19 pandemic.

What we have learned from our visits may seem challenging. But we have seen how our partners persevered despite limited resources. This should motivate us to persist in achieving our goal for these areas.

I would like to thank our Board and General Assembly for their active and dedicated service; and the management and staff for implementing needed changes with openness, agility and creativity.

Just like the roads of Lebak, the road to building sustainable and resilient communities is bumpy and unpaved. As we continue to face extraordinary disruptions and forces beyond our control, we stay true to our mission, learn from experience, continuously improve and seek better ways toward our vision of self-sustaining and resilient Filipino families.

SENEN C. BACANI

Sharpening the strategy toward a more holistic development, lasting impact

Building on the insights from the challenges and opportunities of the COVID-19 pandemic and having learned from a decade of implementing the social enterprise strategy, the Peace and Equity Foundation (PEF) set forth directions that expands its work from just focusing on economic enterprises to creating an environment that will improve the poor households' access to social benefits by building partnerships with various sectors. [Excerpt from Sipat PEF 20th Anniversary publication, 2023]

Beginning 2022, PEF adopted an agile approach to respond to the ever-changing and pressing challenges of its work. Agile practices are being set up to develop processes and tools for better and faster results. Teams are formed to accomplish important projects that will enhance systems. Learning forums continue to be a venue for key stakeholders to craft partnership agenda.

In 2022, the Foundation was able to support 15 social enterprises that will reach 3,486 households in seven provinces: Benguet, Bukidnon, Nueva Ecija, Nueva Vizcaya, Quezon, Sultan Kudarat, Zamboanga Sibugay, and two cities: Caloocan and Quezon City.

To align with its agile approach, PEF decentralized its operations, developed the capabilities of the staff,



VISION

Self-sustaining and resilient households in partner communities.



MISSION

As a steward of an endowment fund, PEF promotes socio-economic solutions, builds capacities, and fosters collaboration towards collective impact.

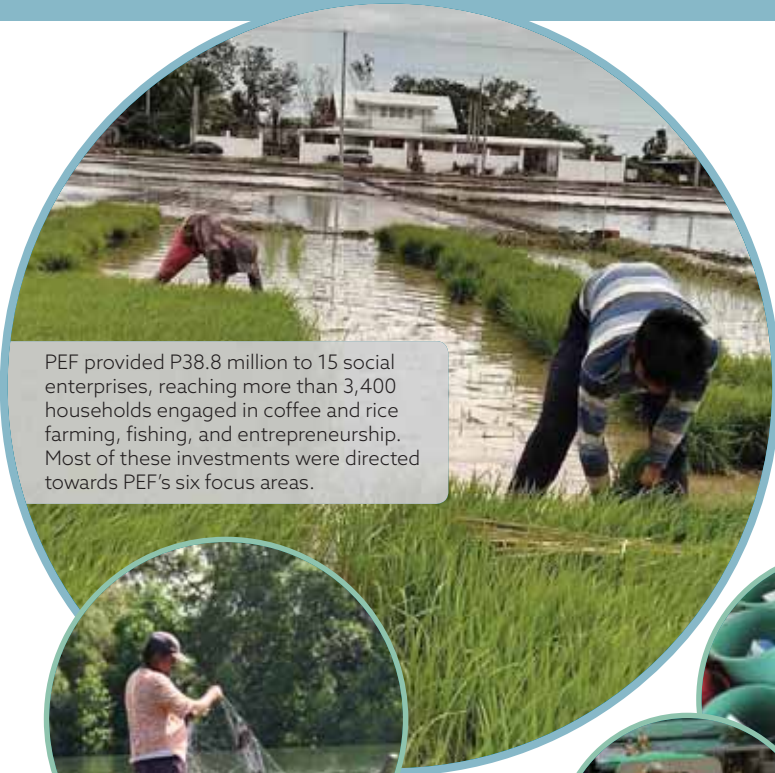
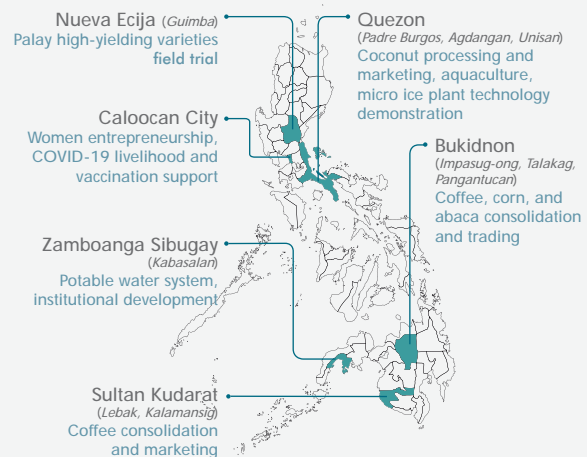
and consulted members of the General Assembly in institutional and program-related work.

While the COVID-19 health crisis and the Russia-Ukraine conflict have driven market volatilities, funds disbursed for programs and operations totaled P111.86 million for the year, while project support totaled P59.3 million.



Building resilient enterprises

PRIORITY AREAS



PEF provided P38.8 million to 15 social enterprises, reaching more than 3,400 households engaged in coffee and rice farming, fishing, and entrepreneurship. Most of these investments were directed towards PEF's six focus areas.



PEF responded swiftly in providing calamity assistance to households affected by typhoons Agaton, Paeng, and Karding, and the northern Luzon earthquake. The Foundation allotted P11.7 million to 21 organizations for disaster relief, recovery and rehabilitation. (Photos by Philippine Disaster Resilience Foundation and CONCERN Inc.)



The Marissa Camacho Legacy Fund for women entrepreneurship amounting to P20 million, was awarded to Kabuhayan sa Ganap na Kasarinlan Credit & Savings Cooperative during PEF's foundation day. The fund will provide financial and technical assistance to 1,800 women entrepreneur members in Caloocan and Quezon City.



Institution-building assessment reports and plans were completed for the Bayanihan Millennium Multipurpose Cooperative in Bukidnon, Kapunungan sa Gagmay'ng Mangingisda sa Concepcion in Zamboanga Sibugay, and the Yakap at Halik Multipurpose Cooperative Quezon 2, to help strengthen their internal capacities and implement their programs sustainably.

QUEZON

Fishing on thin ice

There was a time when the fisher-members of the Yakap at Halik Multipurpose Cooperative Quezon 2 faced a precarious situation. When their fishpond and fish cage operations expanded, a problem arose in consolidating and marketing their catch: the lack of ice producers near their area.

Since ice is important in maintaining the freshness of their catch, fisherfolk had to sell at a lower price if there was not enough supply of ice.

In partnership with Palamigan Co., a provider of community-based, low-cost, cold chain solutions in the country, PEF facilitated the establishment of a micro ice plant in Padre Burgos.

The micro ice plant was placed conveniently near the coop's fish landing area. Aside from their 40 fisherfolk members, 154 other families are expected to benefit from the ice plant.



According to April Brenda Ilao, manager of Yakap at Halik's Team Aqua, the ice produced from the plant will help in times of emergency harvests and will also provide employment opportunities for young members of the cooperative. "Napakalaking ginhawa nito sa'min," she said.

BUKIDNON

Thriving amidst the pandemic

While the COVID-19 pandemic affected many sectors including agriculture, some 300 indigenous farmers in Bukidnon are earning more than ever. These farmers from barangays Dumalaguig, Guihean, Sayawan, and Bontongon, locally known as "Dugus-B" in the town of Impasug-ong, are thriving through product consolidation and collective marketing of three commodities predominant in the area: coffee, abaca, and corn. The consolidated products are then sold to bigger companies like Universal Robina Corp., Newtech Pulp Inc., Le Festin, and even small enterprises like Kape Lumad.

With the help of this community-based enterprise, the prices of their raw products are sold from P3 to P5 higher per kilo than the prices quoted by local traders so far. With potential linkage to local and international companies, the selling price is seen to increase by up to P23 a kilo.

"We're really in a better position now. We can sustain the daily needs of our families because we earn better compared to the pre-pandemic period," said Evamay Penloyan, 25, who has



been farming abaca, arabica, and robusta coffee for a decade now.

George Belican, 47, of Brgy. Dumalaguig can relate to Penloyan's musings. He has been farming high-value crops like bell pepper for 15 years, coffee for seven years, and abaca for six years now, but his yield and income hadn't improved. That was until he joined the "Impasugong Crops Development Project" which started in 2019. The project is supported by PEF in partnership with Kuyangan Savers Multipurpose Cooperative and other entities.

The full story appeared in the Business section of Philippine Daily Inquirer in December 2021.

Building strong partnerships



PEF Chair Senen Bacani and members of the Board visited five of PEF's six focus areas to reinforce partnerships among key local stakeholders and engage with the important actors in the value chains to revalidate the Foundation's development plans.



The Mindanao Development Authority, Ateneo de Davao University, and PEF signed a memorandum of agreement to establish the Mindanao Renewable Energy Acceleration and Coordination Hub to create an enabling coordination body that will help push advocacy, capacity building, and knowledge management for the development of renewable energy solutions in the region.



PEF remains an active member of the Sultan Kudarat Interagency Convergence, composed of 11 development institutions, to strengthen the coffee value chain in the province, particularly in the towns of Lebak and Kalamansig. (Photo by Philippine Rural Development Program Mindanao)



A memorandum of agreement was signed between PEF, Central Luzon State University, the Philippine Rice Research Institute, and the Department of Agriculture Region 3 to document the ongoing rice farm trial in Guimba, Nueva Ecija.



To participate in planning and implementation in the local special bodies, the CSO Collab, with PEF as member, has been accredited by Caloocan City as a civil society organization that can operate and collaborate with different organizations in the city.



PEF continues to lend program and secretariat support to ZEP 2030 and CSO Collab. The latter helped in the vaccination efforts in Caloocan and Padre Burgos, Quezon. (Photo by Zero Extreme Poverty 2030)



The internship program jointly run by the Asian Institute of Management and PEF connected graduate students in the Development Management Program with Roots Collective. The interns were instrumental in helping Roots develop sustainable products from waste materials in Negros Occidental.

CALOOCAN

Contributing to local development in urban poor communities

In November 2022, the Kabuhayan sa Ganap na Kasarinlan Credit and Savings Cooperative (KCOOP) became the recipient of the PEF Marissa Camacho Legacy Fund, an initiative that will provide financial and technical assistance to at least 1,800 women entrepreneur-members in Caloocan and Quezon City.

KCOOP will also train target members on managing and growing their small businesses in partnership with government institutions and other organizations.

“This fund given to us is bound to change the lives of our women members in the impoverished areas,” KCOOP Chair Martiniana Mancio said.

In the same year, the Caloocan local government accredited PEF as a member of its city development council along with other 50



civil society organizations. With this opportunity to help initiate sustainable programs, PEF hopes collaborative efforts will lead to positive outcomes for the urban poor in the city. During the COVID-19 pandemic, the Foundation was able to support livelihood and vaccination efforts in the city, along with the CSO and private sector coalition.

SULTAN KUDARAT

Sustaining value chains through collaboration

Situated in the southwestern part of Mindanao, the municipalities of Lebak and Kalamansig in Sultan Kudarat are known for their rich natural resources. Their land is ideal for agriculture; it is seldom hit by strong typhoons; and these towns border the Moro Gulf, one of the major fishing grounds in the country.

Despite these advantages, poverty incidence in Lebak stands at 34.7% and Kalamansig at 42.2%.

To improve the well-being of households living below the poverty threshold, stakeholders in these areas are looking at developing its primary commodities by working together.

In a stakeholders' meeting spearheaded by PEF in May 2022, representatives from local government entities, people's organizations, and local foundations shared their aspirations for their communities, presented their initiatives, and proposed how they can converge their respective initiatives.



Major discussions also centered around improving the coffee value chain, a major driver of growth in the two municipalities.

Ten organizations have also signed a memorandum of agreement to support the implementation of the Provincial Commodity Investment Plan (PCIP), which was crafted to help the coffee industry and other value chains in the province. According to Sultan Kudarat Supervising Agriculturist Reynaldo Zaragoza, Jr., the province is looking at four other commodities: coconut, banana, mango, and rice.

Building relevant knowledge



Household profiling was piloted among project participants in Agdangan, Unisan, and Padre Burgos, Quezon. The baseline data helps in determining the social and economic conditions of households and the appropriate interventions for them.

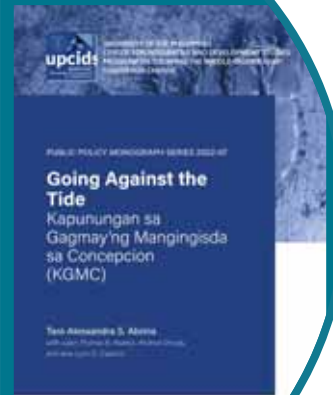


The operations team participated in the orientation on the results-based management (RBM) approach that will be applied in designing, implementing, monitoring, and evaluating projects with outcomes as the end in mind.



The PEF 20th-anniversary publication, *Sipat: Profit for Non-Profit*, was launched on November 29, 2022. The book chronicles the history, lessons, and challenges of PEF in its work in fighting poverty.

The action research in partnership with the UP Center for Integrative and Development Studies has been completed. The monograph about The Kapunungan sa Gagmay'ng Mangingisda sa Concepcion and the coastal value chain in Sibuguey Bay was published in December 2022, while the Malaga Cuenca Agrarian Reform Cooperative study was published in January 2023.



NUEVA ECIJA

Enabling innovation for rice farmers

If Nueva Ecija is the rice granary of the country, then the town of Guimba is the “rice granary of the rice granary.”

According to the data gathered by the Cooperative Enterprise for True Economic Reform or CENTER, the biggest cooperative in Guimba, the municipality has 15,000 hectares of farmland dedicated to rice production. Ninety-nine percent of these lands are irrigated and can produce seven tons of rice per hectare during the dry season. This is higher than the national average of 4.5 tons/ha.

Despite high production, persistent challenges plague the rice farmers of Guimba, such as declining palay prices, increasing costs of fuel and fertilizers, and rising production costs. Added to these are drought problems and strong typhoons brought about by climate change.

To address these challenges, CENTER, in partnership with PEF, the Philippine Rice Research Institute (PhilRice), Central Luzon



State University (CLSU), and private hybrid seeds producer Corteva Agriscience Philippines, conducted a new hybrid varieties field trial that aims to test the viability of PHB85 variety in producing a higher rice yield.

PhilRice has lent its technical expertise to CENTER, particularly in ensuring that 15 farmers participating in the project implement good agricultural practices. CLSU, meanwhile will be documenting the field trial and its impact on the farms.

ZAMBOANGA SIBUGAY

“Going against the tide”

In the 1970s, Sibuguey Bay in Zamboanga Sibugay was a haven for fishing as it is located in one of the five richest fishing grounds in the country. But illegal activities such as dynamite and cyanide fishing became rampant and led to the decrease of catch.

This led Roberto “Ka Dodoy” Ballon and other fisherfolks to act. They organized themselves into “bantay-dagal” and partnered with key actors in the area to preserve the environment. With their efforts, mangroves were planted to support and maintain natural resources, and illegal fishing was prohibited in the area.

With its wealth of resources and empowered community, the fisheries value chain thrives and it remains resilient up to this day, according to the action research findings by Escaping the Middle-Income Trap Chain-for-Change (EMIT C4C) team of the UP Center for Integrative and Development Studies (CIDS).

In a monograph published in December 2022, the EMIT team examined the primary activities of Kapunungan sa Gagmay’ng Mangingisda sa Concepcion (KGMC), a group of fisherfolks



organized in Kabasalan, Zamboanga Sibugay, and how KGMC has propelled the community to plant mangroves, protect their coastal resources, and empower themselves over the years.

The study concluded that the KGMC model shows that inclusive, grassroots enterprises exist where environmental management and people empowerment can be operationalized by value chain design.

The case study is part of the PEF-UP EMIT C4C action research partnership. The monograph is available at www.pef.ph.

Governance

1. Rev. Fr. Jose Victor E. Lobrigo joined the PEF board, having been elected by the General Assembly as Luzon representative of NGO/PO networks. He replaced Fr. Manuel Guazon, who served on the Board from 2017 to 2021. Fr. Lobrigo is the Chairperson of Simon of Cyrene Community Rehabilitation Development Foundation in Albay.
2. The Board approved the reconstitution of the Program and Knowledge Management and Communication Committees as the new Program Committee that will oversee the Foundation's strategy implementation, operations, stakeholder management, and knowledge agenda.
3. To respond swiftly and align the project approvals with the Foundation's agile set-up, the PEF Board updated the policy on levels of authority wherein project approvals can be done at the managerial level.
4. The Board also approved the policies on: (1) lease-to-own financing to support partners for technology acquisition and adoption and (2) loan interest rates to guide the structuring of financial support to projects.
5. The internal audit provided recommendations to improve internal controls and processes, and audited GreenLife Coconut Products' project with PEF on processing and marketing.

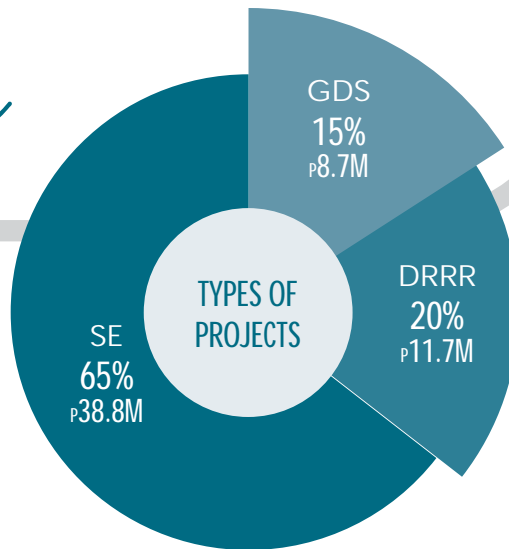
Human resource management and staff development

1. PEF staff underwent training on priority competencies: the fundamentals of the agile approach, effective facilitation, systems thinking, and results-based monitoring and evaluation.
2. Agile teams were set up to improve key processes and knowledge products such as operational manual, 20th anniversary book, and business continuity plan.
3. PEF adopted a hybrid work arrangement and continued to provide the latest information on COVID-19 through social media posts and email updates.



2022 Approved Projects

SE Social Enterprise
GDS General Development Support
DRRR Disaster Risk Reduction, Relief and Rehabilitation



PROJECT FUNDING PER REGION



LUZON	P 32,371,000
VISAYAS	P 1,250,000
MINDANAO	P 17,983,300
MULTIPLE AREAS	P 7,735,000

Social Enterprises P 38,856,800

Bukidnon

Coffee production
P 1,088,000
Impalutao Dalwangan Sawaga Agrarian Reform Cooperative

Coffee trading
P 2,645,000
Household profiling
P 750,000
Bayanihan Millennium Multipurpose Cooperative

Coffee, corn, and abaca trading
P 2,350,000
Household profiling
P 750,000
Kauyagan Savers Multipurpose Cooperative

Caloocan

Microfinance support to women entrepreneurs
P 20,000,000
Kabuhayan sa Ganap na Kasarinlan Credit and Savings Cooperative

Nueva Ecija

Rice high-yielding variety field trial and documentation
P 217,000
Central Luzon State University

Household profiling
P 400,000
Cooperative Enterprise for True Economic Reform Primary Multipurpose Cooperative

Quezon

Coco coir production
P 300,000
Tropical Coir Corporation

Cocosap processing training
P 77,000
Micro ice plant model and technology demonstration
P 1,215,000
Yakap at Halik Multipurpose Cooperative Quezon 2

Training and Mentoring for Cooperative Development Authority Registration
P 456,000
Quezon Federation and Union of Cooperatives

Sultan Kudarat

Coffee consolidation and trading
P 1,652,000
Household profiling
P 540,000
Kalamansig Farmers Agricultural Development and Marketing Association

Coffee consolidation and trading
P 2,500,000
Household profiling
P 540,000
Keytodac Coffee Growers Association

Household profiling
P 540,000
Bacbacan Multipurpose Cooperative

Zamboanga Sibugay

Cooperative registration
P 95,000
Kapunungan sa Gagma'y ng Mangingisda sa Concepcion

OTHER AREAS

Benguet

Coffee production and trading
P 2,000,000
Kalsada Coffee Roasters

Nueva Vizcaya

Planning Support
P 84,000
Hojap Multipurpose Cooperative

Zamboanga del Norte

Localized management of cacao-based projects
P 657,800
Xavier Agricultural Service Foundation

Disaster Risk Reduction, Relief and Rehabilitation
P 11,749,000

**TYPHOON AGATON
RELIEF OPERATIONS**

Leyte

*Abuyog St. Francis Xavier
Credit Cooperative*
P 250,000

*Center for Emergency
Aid, Rehabilitation and
Development*
P 250,000

*Philippine Disaster
Resilience Foundation*
P 250,000

**NORTHERN LUZON
EARTHQUAKE
RESPONSE**

Abra

*Abra Diocesan Teachers
and Employees
Multipurpose Cooperative*
P 250,000

*Center for Emergency
Aid, Rehabilitation and
Development*
P 250,000

*Philippine Disaster
Resilience Foundation*
P 250,000

*Philippine Society of
the Divine Word Alumni
Association*
P 250,000

**TYPHOON KARDING
RELIEF OPERATIONS**

Aurora

*Philippine Disaster
Resilience Foundation*
P 250,000

Bulacan

*Kabuhayan sa Ganap na
Kasarinlan Credit and
Savings Cooperative*
P 249,000

Nueva Ecija

Alalay sa Kaunlaran
P 5,000,000

*Center for Emergency
Aid, Rehabilitation and
Development*
P 250,000

Quezon

*Infanta Credit and
Development Cooperative*
P 250,000

Institute of Social Order
P 250,000

**TYPHOON PAENG RELIEF
OPERATIONS**

Aklan

*Uswag Development
Foundation*
P 250,000

Antique

*Philippine Disaster
Resilience Foundation*
P 250,000

Cotabato

*Federation of United
Mindanawan Bangsamoro
Women Multipurpose
Cooperative*
P 250,000

Maguindanao

*Kadtabanga Foundation for
Peace and Development
Advocates*
P 250,000

*Maguindanaon
Development Foundation*
P 250,000

*Rajah Mamalo Descendants
of Southern Philippines*
P 250,000

Quezon

*Center for Emergency
Aid, Rehabilitation and
Development*
P 250,000

*Greenlife Coconut Products
Philippines*
P 250,000

*Tambuyog Development
Center*
P 250,000

*Vincentian Missionaries
Social Development
Foundation*
P 250,000

Sultan Kudarat

*Bacbacan Multipurpose
Cooperative*
P 250,000

*Keytodac Coffee Growers
Association*
P 250,000

*Kalamansig Farmers
Agricultural Development
and Marketing Association*
P 250,000

**SHEARLINE RELIEF
OPERATIONS**

Misamis Occidental

*Center for Emergency
Aid, Rehabilitation and
Development*
P 250,000

*Paglaum Community
Development Foundation*
P 250,000

General Development Support P 8,733,500

LIVELIHOOD

Community-led Natural Farming System for Food Security and Economic Resilience
P 1,625,500
Birhen sa Kota Development Foundation

Livelihood Program Monitoring & Evaluation
P 1,373,000
Samahan ng Nagkakaisang Pamilyang Pantawid

CAPACITY BUILDING

Building Bridges Leadership Journey Training Program
P 500,000
Association of Foundations

Assistance for Cooperative Ideology Training Design
P 665,000
Union of Metro Manila Cooperatives

NETWORK STRENGTHENING

11th Congress Pambansang Kilusan ng mga Magsasaka
P 250,000
Pambansang Kilusan ng mga Samahang Magsasaka

2022 LCF CSR Expo
P 20,000
League of Corporate Foundations

2022 National Social Enterprise Conference
P 250,000
Catalyzing the Recovery of Social and Community Enterprises for Transformation (CRESCENT)
Program Coordination, Research and Consultation
P 150,000
Institute for Social Entrepreneurship in Asia

2022 National Cooperative Business Congress
P 50,000
Philippine Cooperative Center

Cacao National Congress 2022
P 50,000
Philippine Cacao Industry Association

CSO and private sector coalition secretariat and operational support
P 1,450,000
50th Founding Anniversary
P 250,000
Association of Foundations

Zero Extreme Poverty Coalition secretariat personnel and operational support
P 2,000,000
Zero Extreme Poverty 6th General Assembly
P 100,000
Philippine Business for Social Progress

Status of the Endowment Fund

As of December 31, 2022, the total fund balance increased to P2.11 billion from its beginning of the year balance of P2.10 billion. This is a return of investment of 4.02% or P14.48 million, which is lower than last year's ROI of 8.5%.

The performance of the investment fund was affected by market downturns, particularly equities, as the series of hikes in the interest rates, particularly in the U.S., and other developed countries, and the Ukraine-Russia conflict brought down the value of our equities.

Meanwhile, our US dollar portfolio generated 12.4% ROI from interest on bonds and foreign exchange gains.

Our equity portfolio on the other hand incurred a loss of 7.4%. Essentially, our investment strategy continues to be defensive, which is aimed at minimizing the risk and ensuring steady cash flow from interest and dividends to fund our operation.

For 2022, we were able to provide a P40 million reserve for the provision for inflation. This resulted in a total cumulative provision of P720 million, which is a reserve fund during unfavorable financial conditions. The purpose is to exercise a degree of fiscal prudence on the part of our operations to maintain the value of the fund.

The unrestricted fund balance as of December 31, 2022 stood at P 73.77 million

Investment Portfolio Mix

Details of 2022 PEF's investment portfolio were as follows:

a) Cash was currently at 6% to 10% levels. We have maintained a liquidity level that is comfortable

but prudent, especially in these volatile market conditions;

- b.) Equities represented 31% of our portfolio. Our stock investments are generally dividend-paying which provides us cash to fund our operations. A notable addition to our stock portfolio is our investment in Real Estate Investment Trusts (REITs), a new asset class for PEF, with a yield of 6.6%;
- c.) USD fixed income currently invested in local corporate bonds stood at 41%; and
- d.) Our Peso fixed-income composed of bonds and preferred shares comprised 22% of our total portfolio.

In 2023, this portfolio mix will generate around P89 million realized investment income or equal to 4.4% return of investment.

Financial Position

Total assets at year-end amounted to P2.20 billion. These consist of short-term assets of P995.11 million and long-term assets of P1.2 billion.

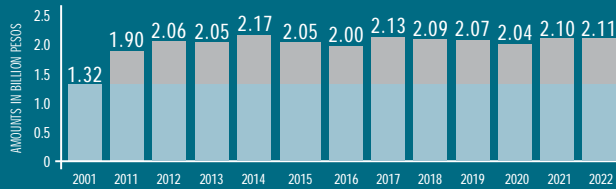
Liabilities stood at P89.5 million.

Summary of Disbursements and Sources of Funds for 2022

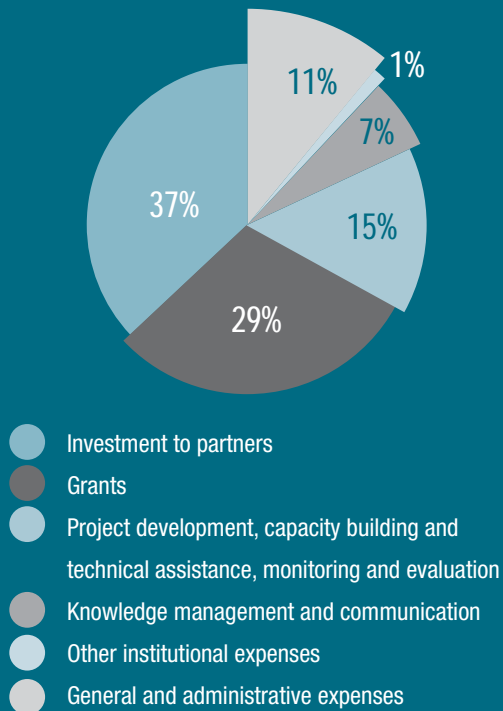
A total of P111.86 million was disbursed for the year which was applied for the following purposes:

- Investments to partner organizations in the form of project loans totaled P41.2 million;
- Grants extended to SE and other general development programs amounted to P32.5 million;
- The cost incurred in project development, capacity building, and technical assistance, monitoring and evaluation amounted to P16.88 million;

Comparative Total Fund Balance For years 2011-2022 (in billion pesos)



Disbursements for the year 2022



- Knowledge management and communications amounted to P7.65 million;
- An additional amount of P1.24 million was spent for other institutional expenses;
- General and administrative expenses amounted to P12.39 million.



To fund the programs and operations of the Foundation as indicated above, sources were generated from the following:

- Net realized income from investments in various financial instruments such as stocks and bonds, amounted to P62.64 million;
- Project reflows in the form of principal payments and interest on loans received from partner organizations totaled P64.38 million.

In 2022, we also started recognizing leveraged funds, which are co-managed with our partners. Total leveraged funds stood at P41 million. They are in the form of additional capital funds raised for the projects and investments in capacity building.

The Board remains committed to ensuring that our financial position is strong to address the pressing needs of our partner communities.

EMMANUEL S. DE DIOS

Peace Equity Access for
Community Empowerment
(PEACE) Foundation, Inc.
(A Nonstock, Not-for-profit Corporation)

Parent Company Financial Statements
December 31, 2022 and 2021

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Members
Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc.

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc. (a nonstock, not-for-profit corporation) (the Parent Company), which comprise the parent company statements of assets, liabilities and fund balances as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in fund balances and parent company statements of cash flows for the years then ended and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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 Parent Company Financial Statements

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

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Report on the Supplementary Information Required Under Revenue Regulations 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 34-2020 and 15-2010 in Notes 28 and 29 to the financial statements, respectively, 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 the management of Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Ma. Emilita L. Villanueva

Partner

CPA Certificate No. 95198

Tax Identification No. 176-158-478

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 95198-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-141-2021, November 10, 2021, valid until November 9, 2024

PTR No. 9566019, January 3, 2023, Makati City

March 16, 2023



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION, INC.**
(A Nonstock, Not-for-profit Corporation)

**PARENT COMPANY STATEMENTS OF ASSETS, LIABILITIES AND FUND
BALANCES**

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 25)	₱90,560,188	₱124,519,134
Receivables (Notes 7 and 25)	85,847,176	95,017,116
Financial assets at fair value through profit or loss (FVTPL; Notes 8 and 25)	556,356,581	691,128,578
Investments in debt instrument - current portion (Notes 10 and 25)	259,995,124	126,394,152
Other current assets (Note 9)	2,355,614	2,990,607
Total Current Assets	995,114,683	1,040,049,587
Noncurrent Assets		
Receivables - net of current portion (Notes 7 and 25)	20,745,860	33,651,355
Investments in debt instruments (Notes 10 and 25)	730,500,474	625,541,473
Financial assets at FVOCI (Notes 10 and 25)	147,149,281	196,383,018
Property and equipment (Note 11)	117,403,580	128,366,930
Investment properties (Note 12)	58,496,000	45,189,000
Investment in a subsidiary (Note 13)	125,000,300	125,000,000
Other noncurrent assets (Note 21)	7,077,492	5,880,376
Total Noncurrent Assets	1,206,372,987	1,160,012,152
	₱2,201,487,670	₱2,200,061,739
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14 and 25)	₱10,573,950	₱19,661,789
Grants payable (Notes 15 and 25)	25,973,438	24,216,731
Funds held in trust (Notes 16 and 25)	25,284,818	24,561,784
Total Current Liabilities	61,832,206	68,440,304
Noncurrent Liability		
Deferred tax liability (Notes 11, 12 and 23)	27,705,253	34,146,569
Total Liabilities	89,537,459	102,586,873
Fund Balances		
Restricted		
Endowment fund (Note 1)	1,318,371,694	1,318,371,694
Provision for inflation	719,804,144	679,839,912
Total Restricted	2,038,175,838	1,998,211,606
Unrestricted	73,774,373	99,263,260
Total Fund Balances	2,111,950,211	2,097,474,866
	₱2,201,487,670	₱2,200,061,739

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION, INC.**

(A Nonstock, Not-for-profit Corporation)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUES		
Gain on investment at fair value through profit or loss (Note 8)	P–	P51,425,989
Interest income (Notes 6, 7 and 10)	53,728,935	48,032,358
Foreign exchange gain - net (Notes 6 and 10)	60,367,239	33,206,811
Dividends (Note 10)	28,188,459	28,443,592
Fair value gains on investment properties (Note 12)	1,595,000	7,225,000
Other income (Note 20)	287,802	139,210
	144,167,435	168,472,960
EXPENSES		
Grant expenses (Note 15)	32,504,458	35,286,393
Project expenses (Note 17)	25,772,088	32,374,407
General and administrative (Note 18)	12,393,271	11,742,078
Provision for impairment losses on receivables (Note 7)	621,586	12,862,145
Depreciation and amortization (Note 11)	1,437,693	1,574,357
	72,729,096	93,839,380
INCOME FROM OPERATIONS	71,438,339	74,633,580
OTHER CHARGES		
Loss on investment at fair value through profit or loss (Note 8)	49,767,766	–
Trading loss (Note 10)	7,652,973	3,609,532
Trustee fees (Note 10)	2,533,527	2,576,980
Others (Note 10)	1,856,305	2,088,002
	61,810,571	8,274,514
INCOME BEFORE TAXES	9,627,768	66,359,066
PROVISION FOR TAXES (Note 23)		
Final tax	2,147,483	2,061,521
Deferred tax	95,700	433,500
	2,243,183	2,495,021
NET INCOME	7,384,585	63,864,045
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net movement in revaluation increment on land and building and improvements (Note 11)	1,661,915	559,496
Tax effect	6,270,205	(167,849)
Remeasurement loss on defined benefit plan (Note 21)	(500,663)	(34,130)
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of financial assets at FVOCI (Note 8)	(340,697)	(2,665,895)
	7,090,760	(2,308,378)
TOTAL COMPREHENSIVE INCOME	P14,475,345	P61,555,667

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.



PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE) FOUNDATION INC.
(A Nonstock, Not-for-profit Corporation)

**PARENT COMPANY STATEMENTS OF CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Unrestricted Funds									
	Members' Contribution	Cumulative Excess of Revenues over Expenses	Fair Value Reserve on Financial Assets at FVOCI	Revaluation Increment on Land and Building Improvements	Remeasurement Gain on Defined Benefit Plan (Note 21)	Endowment Fund (Note 1)	Provision for Inflation (Note 26)	Total	Total	Grand Total
At January 1, 2022	₱100,000	₱32,515,328	(₱16,141,322)	₱81,118,138	₱1,671,116	₱1,318,371,694	₱679,839,912	₱1,998,211,606	₱2,097,474,866	7,384,585
Net income	-	7,384,585	-	-	-	-	-	-	-	-
Amortization of revaluation increment	-	-	-	1,661,915	-	-	-	-	-	1,661,915
Tax effect of amortization of revaluation increment	-	-	-	6,270,205	-	-	-	-	-	6,270,205
Remeasurement gain on defined benefit plan	-	-	-	-	(500,663)	-	-	-	-	(500,663)
Change in fair value of financial assets at FVOCI	-	-	(340,697)	-	-	-	-	-	-	(340,697)
Adjustment in provision for inflation	-	(39,964,232)	-	-	-	-	39,964,232	-	-	-
At December 31, 2022	₱100,000	(₱64,319)	(₱16,482,019)	₱89,050,258	₱1,170,453	₱1,318,371,694	₱719,804,144	₱2,038,175,838	₱2,111,950,211	39,964,232
At January 1, 2021	₱100,000	₱46,244,275	(₱13,475,427)	₱80,726,491	₱1,705,246	₱1,318,371,694	₱602,246,920	₱1,920,618,614	₱2,035,919,199	63,864,045
Net income	-	63,864,045	-	559,496	-	-	-	-	-	559,496
Amortization of revaluation increment	-	-	-	-	-	-	-	-	-	-
Tax effect of amortization of revaluation increment	-	-	-	(167,849)	-	-	-	-	-	(167,849)
Remeasurement loss on defined benefit plan	-	-	-	-	(34,130)	-	-	-	-	(34,130)
Change in fair value of financial assets at FVOCI	-	-	(2,665,895)	-	-	-	-	-	-	(2,665,895)
Adjustment in provision for inflation	-	(77,592,992)	-	-	-	-	77,592,992	-	-	-
At December 31, 2021	₱100,000	₱32,515,328	(₱16,141,322)	₱81,118,138	₱1,671,116	₱1,318,371,694	₱679,839,912	₱1,998,211,606	₱2,097,474,866	77,592,992

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION, INC.**
(A Nonstock, Not-for-profit Corporation)

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before final tax	P9,627,768	P66,359,066
Adjustments for:		
Unrealized changes in prices - FVTPL (Note 8)	49,767,766	(51,425,989)
Unrealized foreign exchange (gain)	(60,367,239)	(33,206,811)
Depreciation and amortization (Note 11)	1,437,693	1,574,357
Gain on sale of property and equipment (Notes 11 and 20)	(31,127)	(14,998)
Gain on sale of investment property (Notes 12 and 20)	(42,000)	-
Changes in fair value gains on investment property (Note 12)	(1,595,000)	(7,225,000)
Trading loss	7,652,973	3,609,532
Interest income (Notes 6, 7 and 20)	(53,728,935)	(48,032,358)
Dividend income	(28,188,459)	(28,443,592)
Operating loss before working capital changes	(75,466,560)	(96,805,793)
Decrease (increase) in:		
Receivables	22,075,435	22,145,569
Other current assets	634,993	110,581
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,087,839)	(2,029,102)
Grants payable	1,756,707	17,157,887
Funds held in trust	723,034	(2,414,570)
Net cash used in operations	(59,364,230)	(61,835,428)
Interest income received	1,315,536	616,644
Final taxes paid	(2,147,483)	(2,061,521)
Net cash flows used in operating activities	(60,196,177)	(63,280,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of / additions to investments	(112,582,486)	32,370,144
Proceeds from sale of:		
Property and equipment	35,912	14,998
Investment property	210,000	197,401
Additions to property and equipment (Note 11)	(697,213)	(407,961)
Net movement in other noncurrent assets	(1,697,779)	(438,627)
Interest received	52,413,399	48,032,358
Dividends received	28,188,459	28,148,825
Additional investment in subsidiary	(300)	-
Net cash flows provided by (used in) investing activities	(34,130,008)	107,917,138
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	60,367,239	33,206,811
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,958,946)	77,843,644
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	124,519,134	46,675,490
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P90,560,188	P124,519,134

See accompanying Notes to Parent Company Financial Statements.

See Notes to Financial Statements at www.pef.ph.



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PEACE & EQUITY FOUNDATION

Transforming Poor Communities Through Sustainable Social Enterprise

69 Esteban Abada Street
Loyola Heights 1108
Quezon City, Philippines
T: (+632) 8426 8402

 ask@pef.ph

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