

## DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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#### NOTE 1 – GENERAL INFORMATION

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The Davao BIR Employees Multipurpose Cooperative (DABIREMCO) was originally registered on September 20, 2001 with the Cooperative Development Authority (CDA) under Registration No. 6917- DVO in accordance with RA 6938, otherwise known as Cooperative Code of the Philippines and started operations on even date. On December 28, 2009, the Cooperative was registered with CDA in accordance with the provisions of RA 9520, otherwise known as Philippine Cooperative Code of 2008, which amended RA 6938. RA 9520 brought a strengthened and more comprehensive law on the promotion and development of Cooperative. It also outlines in greater detail the requirements in professionalizing the management and operation of Cooperatives and provides for a monitoring and evaluation tool for Cooperatives to conduct self-assessment of its managerial, financial and social objectives.

The purposes for which the Cooperative was organized were 1.) to create funds in order to grant loans for productive and providential purposes 2.) to provide goods and services and other requirements 3.) to encourage thrift and savings mobilization for capital formation.

The Cooperative is exempt from the payment of all national, city, provincial, municipal or barangay taxes of whatever name and nature, including exemption from customs duties, advance sales comeposating taxes on its importation of machinery, equipment and spare parts which are not available locally as certified by the Department of Trade and Industry. The Cooperative enjoys exemptions from government taxes or fees imposed under internal revenue laws provided that the Cooperative does not transact business with non-members or the general public. The Cooperative, if transacting business with both members or the general public, may be exempt from tax if the accumulated reserves and undivided net savings of the Cooperative does not exceed Ps.10 million, or up to 10 years from date of registration if their accumulated reserves already exceeds Ps.10 million. The Cooperative serves its members and non-members. Consequently, it is exempt from taxes, including income taxes.

The registered office address of the Cooperative is at BIR Building, Bolton Extension, Davao City.

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#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

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The principal accounting and financial policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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##### a.) Basis of Preparation and Statement of Compliance

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The financial statements of Davao BIR Employees Multipurpose Cooperative (DABIREMCO) have been prepared in accordance with the presentation, recognition and measurement bases specified by the Philippine Financial Reporting Framework for Cooperatives (PFRF for Cooperatives) adopted by the Cooperative Development Authority, which was developed from and are in conformity with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) issued by the Philippine Financial Reporting Standards Council. Modifications were made on several provisions of the standards taking intoconsiderations cooperative laws, rules, regulations and principles. The Cooperative has early

adopted PFRF for Cooperatives with a date of initial application of January 1, 2014. Additional information required by the Cooperative Development Authority is included where appropriate.

The preparation of financial statements in conformity with the PFRF for Cooperatives requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

The financial statements are presented in Philippine Peso, which is the Cooperative's functional and presentation currency, and all values are rounded to the nearest peso except when otherwise indicated.

The financial statements were approved by the Board of Directors and authorized for issue on March 3, 2021.

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b.) Adoption of Philippine Financial Reporting Framework for Cooperatives (PFRF for Cooperatives)

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The PFRF for Cooperatives, a stand-alone pronouncement, is intended for all types and sizes of Cooperatives duly registered with the Cooperative Development Authority pursuant to RA 9520, otherwise known as the Philippine Cooperative Code of 2008. The CDA has set the effectivity of this standard for local reporting purposes to be on January 1, 2016.

The PFRF for Cooperatives includes the following topics: concepts and pervasive principles; the financial statements presentation (statement of financial condition, statement of operations, statement of changes in equity, statement of cash flows, notes to financial statements) accounting policies, estimates and errors, financial instruments, inventories, investments in associates and in joint ventures and subsidiaries, investment property, property, plant and equipment and intangible assets, allocation and distribution of net surplus, statutory funds, leases, provisions and contingencies, liabilities and equity, donations and grants, borrowing costs, impairment of assets, employee benefits, events after the end of reporting period, related party disclosures and specialized activities.

In applying PFRF for Cooperatives, the Cooperative used January 1, 2014 as its date of transition.

The PFRF for Cooperatives is not mandatory for the Cooperative until January 1, 2016, however, the Cooperative decided to early adopt the PFRF for Cooperatives as its previous financial reporting framework does not differ substantially with the new standard.

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c.) Financial instruments

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***Initial Recognition***

A financial asset or a financial liability is recognized in the statement of financial condition when the Cooperative becomes a party to the contractual provisions governing such financial asset or financial liability. Deposits, amounts due from banks and members are recognized when cash is received by the Cooperative or advanced to the members/borrowers. Financial assets and liabilities are initially recognized at fair value plus transaction costs for all instruments not carried at fair value through profit or loss.

### ***Derecognition of financial assets and financial liabilities***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

### ***Classification of financial instruments***

The Cooperative classifies its financial instruments after initial recognition in the following categories: cash, investments in time deposits, loans and receivables, investment in non-marketable equity securities, financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

#### ***Cash***

Cash are carried in the statement of financial condition at cost. For the purpose of the cash flow statements, cash include cash and other cash items.

#### ***Investments in time deposits***

Investment in time deposits are short-term deposits with original maturities of more than three months and are subject to insignificant risk of change in value.

#### ***Investments in non-marketable equity securities***

Investments in non-marketable equity securities refer to investment in unquoted equity securities. It is measured upon initial recognition at the transaction price plus transaction costs that are directly attributable to the acquisition of the equity securities.

Included in these accounts are investments in common stock of cooperatives and federatons.

If there is an objective evidence of an impairment loss on an unquoted equity that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

#### ***Loans and receivables at amortized cost***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Cooperative provides money, goods or services directly to members/borrowers.

Loans and receivables are initially recognized at fair value, and measured subsequently at amortized cost using the effective interest rate method.

These are reported in the statement of financial condition as loans and receivables. In case of impairment, the loss is reported as a deduction from the carrying value of the loan and recognized in the statement of operations as provision for financial asset impairment.

The Cooperative assesses at each financial reporting date whether loans and receivables or an individual or group is impaired. A financial asset or a group of loans and receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of loans and receivables with similar credit risk characteristics and that group of loans and receivables is collectively assessed for impairment.

The determination of impairment losses for loans and receivables is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Objective evidence that loans and receivables are impaired can include default or delinquency by a borrower, restructuring of a loan or advances by the Cooperative on terms that the Cooperative would not otherwise consider, disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers, or economic conditions that correlate with defaults.

The allowance for credit losses is the estimated amount of losses in the Cooperative's loan portfolio. This is maintained at a level considered adequate to provide for potential losses on loans and receivables. The level of allowance is based on the Management's evaluation of potential losses after consideration of prevailing and anticipated economic conditions, collection and credit experience with specific accounts and an evaluation of potential losses based on existing guidelines of the Cooperative Development Authority and the management's judgment as to identifiable losses on specific accounts based on past collection experience, collateral position and account documentation.

The Cooperative provides allowance for credit losses against loans and other risk assets in accordance with the following:

Classification	Allowance
a. 1 to 30 days at risk	0%
b. 31 days to 360 days at risk	35% of outstanding loan balance
c. Over 360 days at risk	100% of outstanding loan balance

The impairment for credit losses is established through provisions charged to operations. Loans are written off against the allowance for credit losses when management believes that the collectability of the principal is remote.

**Reversal of impairment loss**

If, in subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the

amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the statement of operations.

#### ***Financial liabilities at amortized cost***

This classification pertains to financial liabilities that are not held for trading or not designated as FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings (e.g. payables or accruals and deposit liabilities).

The financial liabilities are recognized initially at fair value and are subsequently measured at amortized cost, taking into account the impact of applying the effective interest method of amortization.

Included in this category are the Cooperative's deposit liabilities, accounts payable and accrued expenses and other liabilities.

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Cooperative after deducting all of its liabilities. Equity instruments issued by the Cooperative are recorded at the proceeds received. Equity instruments are not re-measured after initial recognition. Interest on share capital and patronage refund declaration to the Cooperative's members are recognized as a liability in the Cooperative's financial statements. No gain or loss is recognized in the statement of operations on the purchase, sale, issue or cancellation of the Cooperative's own equity instruments.

Common shares issued by the Cooperative are classified in the members' equity. Holder of common shares have the right to sell back to the Cooperative for cash or another financial asset or is automatically redeemed or repurchased by the Cooperative on the occurrence of an uncertain future events or the death or retirement of the holder. Common shares are available to regular members only, while preferred shares are available to associate members.

#### ***Donated capital***

Donated capital is assistance by a third party in the form of a transfer of resources to the Cooperative. Donated capital is recognized in equity when the assets are received and measured at the fair value of the asset received.

#### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial condition if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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#### **d.) Property and Equipment**

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All Cooperative property and equipment are stated at historical cost less subsequent depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Cooperative and the cost of the item can be measured reliably. All

other repairs and maintenance are charged to the statement of operations during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. Any gains and losses on disposals or retirement of an item of property and equipment are determined as difference between the sales proceeds and the carrying amount of the asset. These are included in the statement of operations. The cost and the related accumulated depreciation and accumulated impairment losses, if any, are removed from the account.

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e.) Computerization cost

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This refers to acquired computer software license or development of computer programs and other computer software used in operation This is accounted for under the cost model and capitalized and amortized over their estimated useful lives over period of three (10) years on a straight-line method. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

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f.) Impairment of Non-financial Assets

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The carrying values of property and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss is charged to operations.

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g.) Employee Benefits

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a.) *Short-term benefits*

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

b.) *Termination benefits*

Termination benefits are payable when employment is terminated by the Cooperative before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits.

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h.) Revenue and Expense Recognition

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Revenue comprises the fair value of the consideration earned and received in the ordinary course of the Cooperative's operations.

The Cooperative recognizes revenue when a.) the amount of revenue can be reliably measured b.) it is probable that future economic benefits will flow to the Cooperative and c.) specific criteria have been met for each of Cooperative's activities. The Cooperative has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized:

a.) Interest income from:

Loans. Interest is recognized when earned and collected.

Deposits and investments – Revenue is recognized as the interest accrues and collected.

b.) Service and commission – Fees arising from the administration from loan and servicing of loans are recognized as revenue as the service is provided and collected.

Revenues are recognized when earned and collected.

Expenses are recognized in the statement of operations when incurred.

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i.) Events After the End of the Reporting Period

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Post year-end events that provide additional information about Cooperative's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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j.) Comparatives

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Where necessary, comparative figures have been reclassified to conform with changes in current year's presentation.

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**NOTE 3 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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The Cooperative makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgment in applying accounting policies

Below is the critical judgment apart from those involving estimations, that Management has made in the process of applying Cooperative's accounting policies and that has the most significant effect on the amounts recognized in the financial statements.

*Classification of financial instruments*

The Cooperative classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity

instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial condition.

#### *Financial assets not quoted in an active market*

The Cooperative classifies financial assets by evaluating, among other things, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### *Fair value of acquired assets*

The Cooperative takes into account the economic conditions prevailing at the time the valuations were made as well as the physical condition of the properties. Properties acquired through foreclosure is measured at the carrying amount of the loan plus booked other related costs in the exchange.

#### *Classification and valuation of acquired properties*

The Cooperative classifies its acquired properties as investment property if used in operations, if the assets are expected to be recovered through sale rather than use, as investment properties if intended to be held for capital appreciation or as financial assets.

#### *Cooperative as lessee under operating lease*

The Cooperative has entered into commercial property lease and has determined that the lessor retains all the significant risks and rewards of ownership of these properties which are leased on operating lease.

#### Key sources of estimating uncertainty

Following are the key assumptions concerning the future and other key sources of estimating 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.

#### *Estimation of allowance for credit losses*

Allowance for credit losses represents management's estimate for impairment losses inherent in the loan portfolio after consideration of prevailing and anticipated economic conditions and prior loss experience.

The Cooperative observes the criteria and guidelines set by the Cooperative Development Authority. One component of which is the borrower's risk rating which requires an assessment of the creditworthiness of the borrower, focusing on the outlook for loan repayment without considering the type or amount of the facility, or its security arrangements.

Recoverability of specific receivables is evaluated based on the borrower's credit quality based on factors such as the borrower's: a) stability, b) access to financial markets, c) ability to service debt, and d) financial position strength.

The allowance for credit losses is established through provision for impairment losses charged to current operations. Loans are written off against the allowance for credit losses when management believes that the collectability of the principal is unlikely.



### *Impairment of non-financial assets*

The Cooperative assesses at each financial reporting date whether there is an indication that the carrying amount of non-financial assets may be impaired. If any such indications exist, or when annual impairment testing for an asset is required, the Cooperative makes an estimate of the asset's recoverable amount. At the financial reporting date, the Cooperative assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

### *Useful lives of investment property and property and equipment*

The Cooperative estimates the useful lives of its investment, property and equipment based on the period over which its assets are expected to be available for use. The estimated useful lives of investment property and property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of investment property and property and equipment would increase recorded operating expenses and decrease non-current assets.

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#### **NOTE 4 – CASH AND CASH EQUIVALENTS**

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Cash consist of:

	December 31	
	2 0 2 1	2 0 2 0
Cash on hand	307,023	55,884
Balances with banks	6,749,110	19,339,708
Change fund	20,100	20,100
Revolving fund	89,552	-
Petty cash fund	1,000	1,000
Total	7,166,784	19,416,692

Cash in banks generally earn interest at rates based on daily bank deposit rates. The Treasury Bills that were classified as another line item last year were reclassified as Balances with the banks.

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#### **NOTE 5 – LOAN RECEIVABLES**

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Loans and other receivables is consist of:

	December 31	
	2 0 2 1	2 0 2 0
Loans	29,174,416	14,295,595
Less allowance for probable losses	136,903	241,091
Loans and Other Receivables - Net	29,037,514	14,054,504

**DAVAO BIRE EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)**  
**SCHEDULE OF AGING ACCOUNTS**  
**SUMMARY**  
**31-Dec-21**

Item	Classification	No. of Accounts	Loan	Balance Interest	Total
<b>Current Accounts</b>					
1.02	Current Accounts with Loan Balance = 0	1,570.00	0.00	6,841,130.15	6,841,130.15
1.03	Current Accounts with Loan Balance > 0	225.00	28,026,348.66	3,915,962.97	31,942,311.63
	<b>Total Current Accounts</b>	<b>1,795.00</b>	<b>28,026,348.66</b>	<b>10,757,093.12</b>	<b>38,783,441.78</b>
<b>Past Due Accounts</b>					
2.01	1-30 Days Past Due Accounts	13	756,917.23	90,833.00	847,750.23
2.02	31-60 Days Past Due Accounts	8	391,150.35	78,174.00	469,324.35
	<b>Total Past Due Accounts</b>	<b>21</b>	<b>1,148,067.58</b>	<b>169,007.00</b>	<b>1,317,074.58</b>
	<b>Total Accounts</b>	<b>1,816.00</b>	<b>29,174,416.24</b>	<b>10,926,100.12</b>	<b>40,100,516.36</b>

**NOTE 6 – TRADE AND OTHER RECEIVABLES**

Trade and other receivables is consist of:

	December 31	
	2 0 2 1	2 0 2 0
Accounts receivable – Rice	85,724	35,365
Accounts receivable – Insurance	-	-
Accounts Receivable- HMO	2,144,975	1,183,091
Accounts Receivable- Uniform	4,579	16,506
Accounts Receivable- Sales Canteen	29,527	32,753
Advances to officers/employee	9,524	3,500
Other Receivables	6,672	39,358
<b>Trade and Other Receivables</b>	<b>2,281,002</b>	<b>1,310,573</b>

**NOTE 7- INVENTORY**

Inventory is consist of:

	December 31	
	2 0 2 1	2 0 2 0
Unused supplies	1,038,477	132,796
Unused supplies	1,038,477	132,796

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**NOTE 8 – FINANCIAL ASSETS**

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Financial asset is consist of:

	December 31	
	2 0 2 1	2 0 2 0
Financial Asset – CUDC	8,333	8,333
Financial Asset – CFDC	83,652	31,652
Financial Asset – CISP	1,095,884	1,000,000
Financial Asset – CHMF	100,000	100,000
Financial Asset – NATCCO	250,000	100,000
Financial Asset – MCN	50,000	
<b>Financial Assets</b>	<b>1,587,869</b>	<b>1,239,985</b>

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**NOTE 9 – PROPERTY AND EQUIPMENT**

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Property and equipment is consist of:

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE
	12/31/2020	NET ADDITION AND DISPOSAL	12/31/2021	12/31/2020	ADJUSTMENTS	12/31/2021	12/31/2021
Furniture and Fixtures	654,412	43,545	697,957	306,612	74,551	381,163	316,794
Equipment- Canteen	73,598		73,598	53,305	8,363	61,668	11,930
<b>TOTAL</b>	<b>728,010</b>		<b>771,555</b>	<b>359,917</b>		<b>442,831</b>	<b>328,724</b>

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**NOTE 10 – OTHER ASSETS**

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Other assets consist of:

	December 31	
	2 0 2 1	2 0 2 0
Investment in CLIMBS	65,887	13,322
Computerization Cost	124,500	84,000
Website and GAD Database Cost	46,556	46,556
Treasury Bonds	500,000	
<b>Total</b>	<b>736,943</b>	<b>143,878</b>

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**NOTE 11 – ACCOUNTS PAYABLE- TRADE**

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Accounts payable-trade consist of:

	December 31	
	2 0 2 1	2 0 2 0
Accounts payable from purchases	24,673	71,422
Accounts payable from Trade	-	6,150
Total	24,673	77,572

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**NOTE 12 – ACCOUNTS PAYABLE- NON TRADE**

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Accounts payable- non-trade consist of:

	December 31	
	2 0 2 1	2 0 2 0
Accounts payable- Dayong	78,361	76,609
SSS/PHIC/HDMF premium payable	6,318	5,385
SSS loan payable	4,584	293
Accounts payable- withholding tax	4,325	1,637
TOTAL	93,588	83,924

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**NOTE 13 – DEPOSIT LIABILITY**

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Deposit liability consist of:

	December 31	
	2 0 2 1	2 0 2 0
Member's Time Deposit	221,720	321,720
Savings Deposit	8,536,014	7,181,796
Total	8,757,734	7,503,516

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**NOTE 14 – OTHER CURRENT LIABILITIES**

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Other current liabilities consist of:

	December 31	
	2 0 2 1	2 0 2 0
Dividend and patronage refund	107,798	329,195
Various Adjustments	2,770	-
Stale Check	81,037	80,274
BIR Doc Stamps	-	-
T3X Software	190,000	190,000
1CISP Loan Insurance	140,306	101,244
Retirement Payable	120,000	
<b>Total</b>	<b>641,911</b>	<b>700,713</b>

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**NOTE 15 – SHARE CAPITAL & DEPOSITS FOR FUTURE SHARE SUBSCRIPTION**

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Share capital consist of:

	2 0 2 1		2 0 2 0	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorized Share Capital -</b>				
Common Shares - at Ps 500 per share	90,000	Ps. 45,000,000	90,000	Ps. 45,000,000
Preferred Shares- at Ps 500 per share	10,000	5,000,000	10,000	5,000,000
<b>Issued Share Capital</b>				
Common Shares		Ps. 25,195,742		Ps. 22,362,382
Preferred Shares		789,590		848,870
<b>Paid-up Share Capital</b>				
Common Shares - at Ps 500 per share	50,202	Ps. 25,101,000	44,549	Ps. 22,274,500
Preferred Shares- at Ps 500 per share	1,555	777,500	1,673	836,500
<b>Deposit for Future Share Subscription</b>				
Common Shares		Ps. 94,742		Ps. 87,882
Preferred Shares		12,090		12,370

The authorized share capital of the cooperative increased from 40,000 shares consists of 36,000 common shares and 4,000 preferred shares to 100,000 shares consists of 90,000 common shares and 10,000 shares, pursuant to Republic Act No. 9520, otherwise known as Philippine Cooperative Code of 2008.

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**NOTE 16 – STATUTORY FUNDS**

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Republic Act No. 9520, otherwise known as Philippine Cooperative Code of 2008, explicitly provides that its net surplus at the end of the fiscal year shall be distributed and allocated in the following manner:

- (a.) At least ten percent (10%) shall be set aside for the reserve fund. The cooperative allocates ten (10%) of its net surplus. This fund is created to provide for the stability of the Cooperative and to absorb losses, if any, in its business operations. The General Assembly may decrease the amount allocated to the reserve fund when the fund already exceeds the share capital. Such sum of the reserve fund in excess of the share capital may be used at anytime for any project that would extend the operation of the Cooperative upon resolution of the general assembly. This fund shall not be utilized for investment, other than those allowed. Upon dissolution of the Cooperative, this fund shall not be distributed among the members.
- (b.) An amount for the education and training fund not to exceed ten percent (10%) of the net surplus. Half of the amount transferred to this fund may be spent by the Cooperative for the education and training and other purposes; while the other half may be remitted to a union or federation chosen by the Cooperative or of which it is a member.
- (c.) An amount for the community development fund, not less than three percent (3%). The cooperative set aside six (6%) of its net surplus. This fund is created to be used for projects or activities that will benefit the community where the cooperative operates.
- (d.) Another seven percent (7%) shall be set aside for optional fund, a land and building and any other necessary fund.
- (e.) The remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investments and patronage refunds. Any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserve fund.

RA 9520 also provides that net surplus shall not be construed as profit but as an excess of payments made by members for the loans borrowed, or the goods or services availed by them from the Cooperative or the difference of the rightful amount due to the members for their products sold or services rendered to the Cooperative including other inflows of assets resulting from its other operating activities and which shall be deemed to have been returned to them if the same is distributed as prescribed by law.

Statutory funds consist of the following:

	December 31	
	2021	2020
Reserve fund	2,130,069	1,828,886
Education and training fund	310,039	235,347
Optional fund	1,159,107	948,279
Community development fund	90,355	55,121
<b>Total</b>	<b>3,689,571</b>	<b>3,067,633</b>

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**NOTE 17 – REVENUE**

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Service and commission follows:

	December 31	
	2 0 2 1	2 0 2 0
Sales- Softdrinks	192,905	144,246
Sales- Canteen	917,859	924,631
Commision income from consignment	300,822	466,160
Sales- Rice	547,111	275,866
Sales-catering services	3,900	-
Sales- photocopying	814,469	755,537
Sales- Unified Load	5,409	120,034
Interest Income from Loans	3,176,691	3,005,855
Fines on unpaid loans from Lending Activities	24,319	249
Sales- Coop Viand	69,109	345,292
Service Fees	397,454	161,711
Sales Discount(Prior Year Adjustment)	-	(1,548)
Miscellaneous Income		-
<b>Total</b>	<b>6,450,049</b>	<b>6,198,033</b>

Interest Income from Loans are consist of:

	<u>Interest Income from Loans</u>
Back to School	389,158.00
Bonus Loan	252,660.10
Calamity Loan	8,878.78
Christmas Promo Loan	-16,666.00
Compliance Loan	7,190.00
Computer Loan	22,175.00
Consolidated Loan	594,319.37
Educational Loan	24,906.38
Emergency Loan	1,120.00
Heal as One	318,906.01
Promo Loan 20k	5,344.00
Salary Loan	1,527,039.35
Special Loan	35,859.83
Travel Loan	5,800.02
<b>Total</b>	<b>3,176,690.84</b>

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**NOTE 18 – OTHER INCOME**

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Other income is consists of:

	December 31	
	2 0 2 1	2 0 2 0
HMO Commission	616,336	274,769
Loan Insurance Commission	365,536	85,279
Membership Fee	9,400	7,600
Income/Interest from Investments/Deposits	222,028	219,028
Others	266,397	121,437
<b>Total</b>	<b>1,479,696</b>	<b>708,113</b>

**NOTE 19 – DIRECT COSTS**

Direct costs consist of:	December 31	
	2 0 2 1	2 0 2 0
Purchases- Catering	3,510	-
Purchases- photocopy	278,786	275,107
Purchase- Canteen	587,353	550,430
Purchases-Softdrinks	111,069	101,875
Spoilage, Breakage and Losses	14,009	
General Support	56,717	177,500
Purchases- Rice	480,420	183,900
Purchases- Load Wallet	14,000	20,000
Purchase-Consignment	228,065	381,521
Coop Viand	21,851	139,225
Purchase- Various Condiments	2,821	22,827
Purchase Discount	(100)	(638)
Canteen Supplies	13,951	48,564
<b>Total</b>	<b>1,812,452</b>	<b>1,900,311</b>

**NOTE 20 – OPERATING EXPENSES**

Operating expenses consist of:	December 31	
	2 0 2 1	2 0 2 0
Interest expense on deposits	40,886	67,611
General Support	-	28,373
Salaries and wages	1,242,053	1,340,621
SSS/PHIC/HDMF Contribution	131,674	134,433
Employees Benefits	139,347	180,739
Social and Community Service Expense	9,799	
Miscellaneous Expenses	166,023	152,918
Members' Benefit Expense	70,590	16,500
Supplies	61,806	64,220
Officers Honorarium and Allowances	421,500	495,400
General Assembly Expense	252,596	84,734
Meetings and Conferences	205,761	94,415
Communication and Postage	38,590	38,163
Travel and Transportation Expense	13,681	17,665
Retirement Benefit Expense	120,000	-
Repairs & Maintenance	27,531	53,370
Depreciation expense	82,914	74,993
Representation Expense	2,188	1,606
Advertising Expense	-	2,000
Insurance Expense	23,007	23,518
Power, light and water	94,248	113,273
Professional and consultancy fees	48,000	106,000
Taxes, fees and charges	5,456	8,050
Amortization Expense	12,000	17,819
Probable losses on Loan		52,011
<b>Total</b>	<b>3,209,649</b>	<b>3,168,432</b>



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**NOTE 21 – PROFESSIONAL FEES**

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Ampil, Elises, Ciudadano & Co., CPAs, a registered general professional partnership under SEC registration no. PG200323006 dated October 14, 2003, is income tax exempt, amended as ELISES and CIUDADANO (A Professional Firm of Certified Public Accountants) dated September 17, 2015.

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**NOTE 22 – SUPPLEMENTARY INFORMATION REQUIRED BY THE REVENUE REGULATION 15-2010**

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In compliance with the requirements set forth by RR 15-2010 are the information on taxes, duties and license fees paid or accrued.

	December 31	
	2 0 2 1	2 0 2 0
Taxes, fees and charges	5,456	8,050
Total	5,456	8,050