



DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE
Bureau of Internal Revenue, RR19 Bldg., Bolton Extension, Davao city

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

JOSE Q. ELISES, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippines Standard on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


BEVERLIE C. MONTEBON
Chairperson


GRACE D. DITAN
Treasurer

Signed this 7th day of March, 2025.



DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE
Bureau of Internal Revenue, RR19 Bldg., Bolton Extension, Davao city

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

The Management of **DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE** is responsible for all information and representations contained in the Annual Income Tax Return for the years then ended **December 31, 2024 and 2023**. Management is likewise responsible for all information and representations contained in the financial statements (accompanying the Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other applicable tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended **December 31, 2024 and 2023** and the accompanying Annual Income Tax Return are in accordance with the books and records of **DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE** are complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


BEVERLIE C. MONTEBON
Chairperson


GRACE D. DITAN
Treasurer

Signed this 7th day of March, 2025.

**STATEMENT OF INDEPENDENT
AUDITOR'S REPRESENTATION**

TO THE COOPERATIVE DEVELOPMENT AUTHORITY:

In connection with my examination of the financial statements Davao BIR Employees Multipurpose Cooperative (DABIREMCO) covering the period from January 1, 2024 to December 31, 2024, I hereby represent the following:

1. That said financial statements herewith were prepared and presented in accordance with the Philippine Financial Reporting Framework for Cooperatives;
2. That in the conduct of my audit, I adhered to the Philippine Standards on Auditing and the Standard Audit System for Cooperatives as required by the Cooperative Development Authority;
3. That I am qualified as provided for under Article IV (Practice of Accountancy) of R.A. 9268 (Philippine Accountancy Act of 2004) and Article 80 of R.A. No. 9520 (Cooperative Code of the Philippines);
4. That I am fully aware of my responsibility as independent auditor for the audit report issued and attached to the financial statements, and the sanctions to be bestowed on me, for my misrepresentations that I may have willingly or unwillingly committed;
5. That I nor any member of my immediate family do not have any direct or indirect financial interest with the Cooperative.
6. That I am not an employee nor an officer of a secondary or tertiary Cooperative of which this Cooperative is a member.
7. That I am not an employee of the Cooperative Development Authority (CDA) nor have I engaged an employee of the CDA in the course of my audit.
8. That I make this representation in my individual capacity.
9. That I am a member of PICPA Davao Chapter.

It is, however, understood that my accountability is based on matter within the normal coverage of an audit in accordance with Philippine Standards on Auditing and the Standard Audit System for Cooperatives.



JOSE Q. ELISES

CPA Certificate No. 26425

TIN 102-445-457-000

SEC Accreditation No. 26425-SEC (Group A) valid for audit period 2023-2027

BIR Accreditation Number 19-001897-001-2023 valid until March 13, 2026

BSP Accreditation No. 26425-BSP (Group C) valid for audit period 2021-2025

CDA CEA No. 032-AF valid until October 14, 2029

PTR. No. 0814696D dated January 6, 2025

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Davao BIR Employees Multipurpose Cooperative (DABIREMCO)
BIR Regional Office, BIR Building,
Bolton Extension, Davao City

Opinion

I have audited the accompanying financial statements of Davao BIR Employees Multipurpose Cooperative (DABIREMCO) (the Cooperative), which comprise the statement of financial condition as at December 31, 2024, and the statement of operations, statement of changes in members' equity, statutory reserves and donations and grants, and statement of cash flows for the year ended, and notes to financial statements, including a summary of material accounting policy information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cooperative as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Framework for Cooperatives (PFRF for Cooperatives) as adopted and prescribed by the Cooperative Development Authority.

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs) and Standard Audit System for Cooperatives (SASC). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Cooperative in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines and I have fulfilled my ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of the Cooperative as at and for the year ended December 31, 2023 were audited by other auditor, whose report dated March 11, 2024 expressed an unmodified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Framework for Cooperatives 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 Cooperative'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 Cooperative or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs and SASC 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 PSAs and SASC, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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, and 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 Cooperative'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 Cooperative's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant deficiencies in internal control that I identify during my audits.



JOSE Q. ELISES

CPA Certificate No. 26425

TIN 102-445-457-000

SEC Accreditation No. 26425-SEC (Group A) valid for audit period 2023-2027

BIR Accreditation Number 19-001897-001-2023 valid until March 13, 2026

BSP Accreditation No. 26425-BSP (Group C) valid for audit period 2021-2025

CDA CEA No. 032-AF valid until October 14, 2029

PTR. No. 0814696D dated January 6, 2025

Davao City, Philippines
March 7, 2025

"Dedicated to Excellence and Quality Service"

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Davao BIR Employees Multipurpose Cooperative (DABIREMCO)
BIR Regional Office, BIR Building,
Bolton Extension, Davao City

Report on Other Legal and Regulatory Requirements

I have audited, in accordance with Philippine Standards on Auditing and Standard Audit System for Cooperatives (SASC), the accompanying financial statements of Davao BIR Employees Multipurpose Cooperative (DABIREMCO) and have issued my report thereon dated March 7, 2025. My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes paid and accrued (Note 24), at the end of the reporting period is presented for the purpose of complying with the disclosure requirement of the Bureau of Internal Revenue is not a required part of the basic financial statements. Such information and additional schedules are the responsibility of Management. They have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.



JOSE Q. ELISES

CPA Certificate No. 26425

TIN 102-445-457-000

SEC Accreditation No. 26425-SEC (Group A) valid for audit period 2023-2027

BIR Accreditation Number 19-001897-001-2023 valid until March 13, 2026

BSP Accreditation No. 26425-BSP (Group C) valid for audit period 2021-2025

CDA CEA No. 032-AF valid until October 14, 2029

PTR. No. 0814696D dated January 6, 2025

Davao City, Philippines
March 7, 2025

DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

STATEMENT OF FINANCIAL CONDITION
(With Comparative Figures for December 31, 2023)

	Note	December 31	
		2024	2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	Ps. 13,591,824	Ps. 11,701,204
Loans receivables, net	5	34,102,967	31,379,756
Trade and other receivables	6	2,103,348	1,342,944
Inventories	7	167,393	193,188
Total Current Assets		49,965,532	44,617,092
NON-CURRENT ASSETS			
Financial assets, at cost	8	1,545,927	1,542,943
Financial assets, at amortized cost	9	1,500,000	1,500,000
Property, plant and equipment, net	10	572,327	140,447
Investment property	11	936,000	936,000
Other assets	12	3,306,516	3,185,865
Total Non-Current Assets		7,860,770	7,305,255
TOTAL ASSETS		Ps. 57,826,302	Ps. 51,922,347
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable - trade	13	Ps. 22,019	Ps. 26,264
Accounts payable - non - trade	14	11,200	96,012
Deposit liabilities	15	15,434,271	13,297,172
Interest on share capital		1,595,421	1,169,254
Patronage refund		531,807	501,109
Due to union/federation (CETF)		297,861	595,916
Other current liabilities	16	784,305	609,914
TOTAL LIABILITIES		18,676,884	16,295,641
MEMBERS' EQUITY			
Subscribed share capital - Common	17	33,254,500	30,632,500
Subscribed share capital - Preferred	17	871,000	891,000
Donated capital		19,285	19,285
Deposits for share capital subscriptions - Common	17	110,027	110,341
Deposits for share capital subscriptions - Preferred	17	10,702	11,894
Total		34,265,514	31,665,020
Statutory funds			
Reserve fund	18	2,905,462	2,601,572
CETF - Local	18	205,450	200,531
Community development fund	18	91,167	71,587
Optional fund	18	1,681,825	1,087,996
Total		4,883,904	3,961,686
TOTAL MEMBERS' EQUITY		39,149,418	35,626,706
TOTAL LIABILITIES AND MEMBERS' EQUITY		Ps. 57,826,302	Ps. 51,922,347

See Notes To Financial Statements

Audited Financial Statements

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DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

STATEMENT OF OPERATIONS
(With Comparative Figures for December 31, 2023)

	Note	Years Ended December 31	
		2024	2023
INCOME FROM CREDIT OPERATIONS			
Interest income from loans	19 Ps.	3,617,384	Ps. 3,435,583
Service fees		388,518	261,039
Fines, penalties and surcharges		28,831	12,388
Total Income from Credit Operations		4,034,733	3,709,010
INTEREST ON DEPOSIT LIABILITIES		(71,848)	(59,227)
GROSS INCOME FROM CREDIT OPERATIONS		3,962,885	3,649,783
PROBABLE LOSSES ON LOANS RECEIVABLES		(225,617)	(19,970)
INCOME FROM CREDIT OPERATIONS		3,737,268	3,629,813
INCOME FROM SERVICE OPERATIONS			
Learning service provider		69,000	-
Photocopy		973,722	864,866
Total Income from Service Operations		1,042,722	864,866
INCOME FROM CONSUMER OPERATIONS			
Sales	20	3,596,472	3,025,572
Cost of Sales	21	(3,259,488)	(2,661,781)
Net Income from Consumer Operations		336,984	363,791
GROSS INCOME FROM CREDIT, SERVICE AND CONSUMER OPERATIONS		5,116,974	4,858,470
OTHER INCOME			
Optional fund subsidy		20,058	-
Other income	22	1,378,190	587,856
Total Other Income		1,398,248	587,856
ADMINISTRATIVE COSTS			
Operating expenses	23	(3,476,325)	(3,060,093)
NET SURPLUS FOR THE YEAR		Ps. 3,038,897	Ps. 2,386,233
DISTRIBUTION OF NET SURPLUS FOR THE YEAR	18		
Statutory funds			
Reserve fund	Ps.	303,890	Ps. 238,623
Cooperative education and training fund - Apex		151,945	119,312
Cooperative education and training fund - Local		151,945	119,312
Optional fund		212,723	167,036
Community development fund		91,167	71,587
Interest on share capital		1,595,421	1,169,254
Patronage refund		531,807	501,109
Total	Ps.	3,038,897	Ps. 2,386,233

See Notes To Financial Statements

Audited Financial Statements
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DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

STATEMENT OF CHANGES IN EQUITY, STATUTORY FUNDS, AND DONATION AND GRANTS
(With Comparative Figures for December 31, 2023)

		December 31	
		2024	2023
Members' Equity			
Share Capital - Common, beginning	Ps.	30,632,500	Ps. 28,136,000
Add: additional capital build-up		2,622,000	2,496,500
Share Capital - Common, end		33,254,500	30,632,500
Share Capital - Preferred, beginning		891,000	894,000
Add: additional capital build-up		-	-
Less: withdrawal on capital		(20,000)	(3,000)
Share Capital - Preferred, end		871,000	891,000
Deposit for Share Capital - Common, beginning		110,341	114,007
Add: additional capital build-up		-	-
Less: withdrawal on capital		(314)	(3,666)
Deposit for Share Capital - Common, end		110,027	110,341
Deposit for Share Capital - Preferred, beginning		11,894	12,335
Add: additional capital build-up		-	-
Less: withdrawal on capital		(1,192)	(441)
Deposit for Share Capital, Preferred, End		10,702	11,894
Donation and Grants			
Balance, beginning		19,285	19,285
Balance, end		19,285	19,285
Total Members' Equity	Ps.	34,265,514	Ps. 31,665,020
STATUTORY FUNDS			
Reserve Fund			
Balance, beginning	Ps.	2,601,572	Ps. 2,362,949
Add: current allocation		303,890	238,623
Balance, end		2,905,462	2,601,572
Cooperative Education and Training Fund			
Balance, beginning		200,531	194,627
Add: Current Allocation		151,945	119,312
Less: Charges		(147,026)	(113,408)
Balance, End		205,450	200,531
Optional Fund			
Balance, Beginning		1,087,996	1,322,123
Add: current allocation		212,723	167,036
Reclassification (Note 17)		381,106	-
Less: charges		-	(401,164)
Balance, end		1,681,825	1,087,996
Community Development Fund			
Balance, beginning		71,587	69,864
Add: current allocation		91,167	71,587
Less: charges		(71,587)	(69,864)
Balance, end		91,167	71,587
Total Statutory Funds		4,883,904	3,961,686
TOTAL EQUITY	Ps.	39,149,418	Ps. 35,626,706

See Notes To Financial Statements

Audited Financial Statements

DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

STATEMENT OF CASH FLOWS
(With Comparative Figures for December 31, 2023)

	Note	December 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus, less interest on share capital and patronage refund		Ps. 911,670	Ps. 715,870
Adjustment to reconcile net surplus to net cash provided by (used in) operating activities:			
Depreciation	9	87,472	68,576
Amortization	21	79,381	78,305
Changes in working capital			
(Increase) decrease in loans receivables, net	5	(2,723,211)	347,165
(Increase) decrease in trade and other receivables	6	(760,404)	2,301,201
Decrease in inventories	7	25,795	891,048
Decrease in trade and other payables	13,14	(89,057)	(7,512)
Increase in deposit liabilities	15	2,137,099	2,625,636
Increase (decrease) in interest and patronage refund		169,358	(33,363)
(Increase) decrease in other current liabilities	16	174,391	(160,606)
Other assets	12	(200,031)	(2,863,886)
Financial assets, at cost	8	(2,984)	84,995
Net Cash (Used In) Provided By Operating Activities		(190,521)	3,331,559
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment, net of disposal	10	(441,353)	-
Construction in progress	10	(78,000)	-
Acquisition of investment property	11	-	(936,000)
Net Cash Used In Investing Activities		(519,353)	(936,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital	17	2,602,000	2,493,500
Deposit on subscription	17	(1,506)	(4,107)
Net Cash Provided By Financing Activities		2,600,494	2,489,393
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,890,620	4,884,952
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		11,701,204	6,816,252
CASH AND CASH EQUIVALENTS, END OF YEAR	4	Ps. 13,591,824	Ps. 11,701,204

COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand		Ps. 222,032	Ps. 271,633
Cash in bank		11,908,409	11,001,518
Change fund		20,100	20,100
Revolving fund		211,789	197,394
Petty cash fund		1,000	1,000
Checks and other cash items (COCI)		74,092	56,677
Unified fund - BDO		1,521	-
Cash in cooperative federation		1,152,882	152,882
Total		Ps. 13,591,824	Ps. 11,701,204

See Notes To Financial Statements

Audited Financial Statements

DAVAO BIR EMPLOYEES MULTIPURPOSE COOPERATIVE (DABIREMCO)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 – GENERAL INFORMATION

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 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 are: 1.) to create funds in order to grant loans for productive and providential purposes 2.) to provide goods and services and other requirements and 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 compensation 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 Regional Office, BIR Building, Bolton Extension, Davao City.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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.

a.) Basis of Preparation and Statement of Compliance

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 into considerations the 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.

For assets, historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the asset at the time of its acquisition. For liabilities, historical cost is the amount of proceeds of cash or cash equivalents received or the fair value of non-cash assets received in exchange for the obligation at the time the obligation is incurred, or in some circumstances the amounts of cash or cash equivalents expected to be paid to settle the liability in the normal course of business. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in a normal transaction.

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 Cooperative presents and classifies assets and liabilities in the statement of financial position based on whether it is current and non-current. Current assets are: (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period or (d) cash or cash equivalent (unless restricted). All other assets are non-current.

Current liabilities are those: a.) expected to be settled within the entity's normal operating cycle b.) held for purposes of trading c.) due to be settled within twelve months d.) for which the entity does not have an unconditional right to defer settlement beyond twelve months. Other liabilities are non-current. When a long-term debt is expected to be refinanced under an existing loan facility, and the Cooperative has the discretion to do so, the debt is classified as non-current even if the liability would otherwise be due within twelve months.

The financial statements were approved by the Board of Directors and authorized for issue on March 7, 2025.

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

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; joint ventures and subsidiaries; investment property; property, plant and equipment; 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.

c.) Financial instruments

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' equity 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 (FVPL).

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 and cash equivalents, loans and receivables, trade and other receivables, investment in non-marketable equity securities, financial assets at amortized cost and 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 and cash equivalents

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.

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 its 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.

Trade and Other Receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Most income are made on the basis of normal credit term and the receivables do not

bear interest. At the end of the reporting period, the carrying amounts of accounts receivables are reviewed to determine whether there is any objective evidence that the amounts are not collectible.

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 federations.

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.

Financial assets at amortized cost

Financial assets at amortized cost include investment in treasury bonds. These investments are measured at amortized cost using the effective or straight-line interest amortization method.

Classified as financial assets at amortized cost are the Cooperative's investment in treasury bond.

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, 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.

d.) Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell. The Cooperative includes in the cost of inventories all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average cost method. The Cooperative assesses at each reporting date whether any inventories are impaired. The Cooperative makes the assessment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, the Cooperative reduces the carrying amount of the inventory to its selling price less costs to complete and sell, and recognize an impairment loss in profit or loss immediately.

e.) Property and Equipment

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.

f.) Investment Property

Investment property is measured at its cost at initial recognition. The cost of an item of investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments. Real properties acquired in settlement of loans and receivables through foreclosure are measured at carrying amount of the loans receivable given up.

Transfers are made to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of an investment property.

g.) Computerization cost

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 (3) years on a straight-line method. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

h.) Impairment of Non-financial Assets

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.

i.) Employee Benefits

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.) Retirement obligations

The Cooperative operates defined contribution plan.

A defined contribution plan is a pension plan under which the Cooperative pays contributions to publicly administered pension insurance plans on a mandatory basis. The Cooperative has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

c.) 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.

j.) Revenue

Revenue arises in the course of the ordinary activities of the Cooperative. The recognition of income results directly from the recognition and measurement of assets and liabilities. Revenue is recognized when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest income from loans

Interest is recognized when earned and collected.

Rendering of services and fee income from transaction services

Fees arising from the administration and servicing of loans and insurance are recognized as revenue as the service is provided and the revenue is earned and collected, and are presented as "Service fees" account in the statements of operations.

Fines, penalties and surcharges, membership fees, and miscellaneous income

Revenue is recognized when earned and collected.

Sales

Sales of goods are recognized when delivery and acceptance of goods have taken place, and transfer of risks and rewards has been completed.

Income/Interest from investments/deposits

Income and interest are recognized when earned.

k.) Cost and Expenses

The recognition of expenses results directly from the recognition and measurement of assets and liabilities. Costs and expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized as expense when incurred.

l.) Distribution of Net Surplus

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 three (3%) 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.

m.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

n.) Events After the End of the Reporting Period

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.

o.) Comparatives

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

NOTE 3 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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.

Classification of Properties

Management determines the classification of a property depending on its use. The Cooperative classifies its owner-occupied properties as property and equipment. Properties held for sale are classified as inventories. Properties held to earn rentals or for capital appreciation are classified as investment property. The change of use of properties shall change the classification and accounting of these properties, as appropriate.

The carrying amounts of property and equipment and investment property are disclosed in Note 10.

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 Probable Losses on Loans and Receivables.

The Cooperative assesses at each reporting period whether there is an indication that loans and receivables may be impaired. If any such indication exists, the Cooperative estimates the allowance for probable losses on loans and receivables based on the past due amount using the portfolio at risk as prescribed by the CDA.

The Cooperative provides loans and receivables which have become past due with respect to their maturity dates with 100% allowance. Loans and receivables whose principal and/or interest which have become past due with respect to their installment periods are provided with 35% and 100% allowance for accounts aged one (1) day to one year, and past due accounts of more than one year, respectively.

Details of loans and receivables, net of allowance for probable losses, are disclosed in Note 5.

Estimation of Allowance for Impairment Losses on Financial Assets at Cost and Amortized Cost

The Cooperative assesses at each reporting period whether there is objective evidence that a financial assets at cost or financial assets at amortized cost is impaired.

For financial assets at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets at cost, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the Cooperative would receive for the asset if it were to be sold at the reporting date.

Details of financial assets at cost and financial assets at amortized cost are disclosed in Notes 8 and 9. No provision for impairment losses on financial assets at amortized cost and financial assets at cost were recognized in 2024 and 2023.

Estimation of Selling Price Less Costs to Complete and Sell of Inventories

The Cooperative assesses at each reporting period whether there is an indication that inventories may be impaired. If any such indication exists, the Cooperative provides allowance for impairment whenever the estimated selling price less costs to complete and sell its inventories becomes lower than cost due to damage, obsolescence, declining selling prices or other causes. While the Cooperative believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the determination of the estimated selling price less costs to sell.

Details of inventories are disclosed in Note 7.

Estimation of Useful lives of Property and Equipment and Computerization Cost

The Cooperative estimates the useful lives of property and equipment and computerization cost based on the following factors:

- The expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output;
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle;
- Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset; or,
- Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

While the Cooperative believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the determination of the estimated useful lives of the assets.

Details of property and equipment and computerization cost (presented under "Other assets") are disclosed in Notes 10 and 12, respectively.

Estimation of Impairment for Nonfinancial Assets. In assessing whether there is any indication that an asset may be impaired, the Cooperative considers certain internal and external sources of information, as follows:

Internal sources of information such as:

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Cooperative have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite; or,
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. In this context economic performance includes operating results and cash flows.

External sources of information such as:

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Cooperative have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Cooperative operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect materially the discount rate used in calculating an asset's value in use and decrease the asset's fair value less costs to sell; or,
- The carrying amount of the net assets of the Cooperative is more than the estimated fair value of the Cooperative as a whole.

The details of inventories, property and equipment, and computerization cost (presented under "Other assets") are disclosed in Notes 7, 10 and 12, respectively.

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.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

		December 31	
		2024	2023
Cash on hand	Ps.	222,032	Ps. 271,633
Cash in bank		11,908,409	11,001,518
Change fund		20,100	20,100
Revolving fund		211,789	197,394
Petty cash fund		1,000	1,000
Checks and other cash items (COCI)		74,092	56,677
Unified fund - BDO		1,521	-
Cash in cooperative federation		1,152,882	152,882
Total	Ps.	13,591,824	Ps. 11,701,204

Cash in banks generally earn interest at rates based on daily bank deposit rates. The cash in cooperative federation represents money deposited in the form of time deposit, which is unrestricted and readily available when needed.

NOTE 5 – LOANS RECEIVABLES, NET

Loans and other receivables, net consist of:

		December 31	
		2024	2023
Loans	Ps.	34,403,462	Ps. 31,454,634
Less: Allowance for probable losses		300,495	74,878
Loans Receivables, net	Ps.	34,102,967	Ps. 31,379,756

The credit arrangement with the borrowers mainly set out the operational terms of the loan accommodation, such as the amount borrowed, repayment schedule (usually monthly payable on installments or at maturity dates), interest rate, service and handling fees.

The following table shows the aging analysis of loans receivables:

December 31, 2024			
Classification	No. of Accounts	Loan amount	
Current accounts with loan balance	433	Ps.	32,554,289
Past Due Accounts			
1-30 days past due accounts	30		1,441,894
31-60 days past due accounts	2		118,650
181-240 days past due accounts	1		95,287
241-300 days past due accounts	1		99,577
>360 days past due accounts	2		93,765
Total Past Due Accounts	36		1,849,173
Total Accounts	469	Ps.	34,403,462

December 31, 2023			
Classification	No. of Accounts	Loan amount	
Current accounts with loan balance	358	Ps.	25,124,775
Past Due Accounts			
1-30 days past due accounts	99		6,115,922
61-90 days past due accounts	1		90,750
121-150 days past due accounts	2		70,674
151-180 days past due accounts	1		52,512
Total Past Due Accounts	103		6,329,858
Total Accounts	461	Ps.	31,454,633

The changes in the allowance for probable losses on loans and receivables are as follows:

December 31			
	2024		2023
Balance, beginning of year	Ps. 74,878	Ps.	94,848
Provision for probable losses	225,617		19,970
Total	Ps. 300,495	Ps.	74,878

NOTE 6 – TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

		December 31	
		2024	2023
Accounts receivable - Rice	Ps.	133,981	Ps. 42,516
Accounts receivable - HMO		338,724	1,234,413
Accounts receivable - Uniform		1,572,152	-
Accounts receivable - Sales Canteen		47,321	31,282
Accounts receivable - BIR Remittance		2,720	22,655
Accounts receivable - Freedom Life		7,050	-
Other receivables		1,400	12,078
Trade and Other Receivables, net	Ps.	2,103,348	Ps. 1,342,944

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Cooperative. The above accounts in the view of Management are still current, hence no allowance for probable losses is provided.

NOTE 7- INVENTORIES

Inventories consist of:

		December 31	
		2024	2023
Inventories	Ps.	167,393	Ps. 193,188
Total	Ps.	167,393	Ps. 193,188

This pertains to merchandise inventories like softdrink, sack of rice, consigned goods, and viands.

NOTE 8 – FINANCIAL ASSETS, AT COST

Financial assets at cost consist of:

		December 31	
		2024	2023
Financial asset - CUDC	Ps.	8,333	Ps. 8,333
Financial asset - CFDC		89,652	87,652
Financial asset - 1CISP		1,116,827	1,116,827
Financial asset - CHMF		115,228	114,244
Financial asset - NATCCO		100,000	100,000
Financial asset - MCN		50,000	50,000
Financial asset - CLIMBS		65,887	65,887
Total	Ps.	1,545,927	Ps. 1,542,943

These are assets in the form of equity securities which are not quoted in an active market and are expected to be realized in more than one year from the reporting period.

NOTE 9 – FINANCIAL ASSETS, AT AMORTIZED COST

Financial asstes at amortized cost consist of:

		December 31	
		2 0 2 4	2 0 2 3
Treasury bonds	Ps.	1,500,000	Ps. 1,500,000
Total	Ps.	1,500,000	Ps. 1,500,000

These are assets in the form of debt securities which are expected to be realized in more than one year from the reporting period.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT, NET

Property and equipment consist of:

2 0 2 4	COST		ACCUMULATED DEPRECIATION				Net book value
	12/31/2023	Additions (disposal)	12/31/2024	12/31/2023	Provision (retirement)	12/31/2024	
Furnitures and fixtures	Ps. 625,115	Ps. 40,188	Ps. 665,303	Ps. 487,268	Ps. 64,814	Ps. 552,082	Ps. 113,221
Equipment - Canteen	73,598	-	73,598	70,998	2,600	73,598	-
Construction in Progress	-	78,000	78,000	-	-	-	78,000
Building	-	401,164	401,164	-	20,058	20,058	381,106
Total	Ps. 698,713	Ps. 519,352	Ps. 1,218,065	Ps. 558,266	Ps. 87,472	Ps. 645,738	Ps. 572,327

2 0 2 3	COST		ACCUMULATED DEPRECIATION				Net book value
	12/31/2022	Additions (disposal)	12/31/2023	12/31/2022	Provision (retirement)	12/31/2023	
Furnitures and fixtures	Ps. 625,115	Ps. -	Ps. 625,115	Ps. 421,292	Ps. 65,976	Ps. 487,268	Ps. 137,847
Equipment - Canteen	73,598	-	73,598	68,398	2,600	70,998	2,600
Total	Ps. 698,713	Ps. -	Ps. 698,713	Ps. 489,690	Ps. 68,576	Ps. 558,266	Ps. 140,447

NOTE 11 – INVESTMENT PROPERTY

Investment property consist of:

		December 31	
		2 0 2 4	2 0 2 3
Memorial lots	Ps.	936,000	Ps. 936,000
Total	Ps.	936,000	Ps. 936,000

These are undeveloped piece of land intended for future memorial lots.

NOTE 12 – OTHER ASSETS

Other assets consist of:

		December 31	
		2024	2023
Computerization cost, net	Ps.	36,000	Ps. 106,333
Website and GAD database cost		26,507	35,554
Other funds and deposits		3,244,009	3,043,978
Total	Ps.	3,306,516	Ps. 3,185,865

Computerization and website and GAD database costs refer to the cost of acquisition or development of computer programs and other software including upgrading of system. This is amortized over a period not exceeding three (3) years of useful life whichever is shorter. Detailed analyses are shown below.

Details of computerization cost are as follows

		December 31	
		2024	2023
Cost	Ps.	295,000	Ps. 295,000
Accumulated depreciation		(259,000)	(188,667)
Net	Ps.	36,000	Ps. 106,333

Details of Website and GAD database cost are as follows:

		December 31	
		2024	2023
Cost	Ps.	66,802	Ps. 58,194
Addition to cost		-	8,608
Accumulated depreciation		(40,295)	(31,248)
Net	Ps.	26,507	Ps. 35,554

Other funds and deposits refers to the restricted funds set aside for funding of statutory and other reserves such as retirement, members' benefit, depreciation reserve funds and other funds.

NOTE 13 – ACCOUNTS PAYABLE- TRADE

Accounts payable - trade consist of:

		December 31	
		2024	2023
Accounts payable from purchases	Ps.	22,019	Ps. 26,264
Total	Ps.	22,019	Ps. 26,264

These are liabilities for goods and services provided by the Cooperative prior to the end of the financial year which are unpaid. These amounts are unsecured, interest-free and are usually paid within 30 days of recognition.

NOTE 14 – ACCOUNTS PAYABLE- NON TRADE

Accounts payable - non-trade consist of:

		December 31	
		2 0 2 4	2 0 2 3
Accrued expenses - DLPC/PLDT	Ps.	-	Ps. 9,035
Accounts payable - Dayong		-	77,015
SSS/PHIC/HDMF premium payable		3,069	5,533
SSS/HDMF loan payable		4,707	1,110
Accounts payable - withholding tax		3,424	3,319
Total	Ps.	11,200	Ps. 96,012

Accrued expenses pertain to accruals made for incurred costs which are paid within 30 days of recognition.

SSS/Philhealth/Pag-ibig premium contributions payable refers to amount withheld from the compensation income of employees representing their premium contributions to SSS, Philhealth and Pag-ibig agencies and the corresponding share of the Cooperative as employer.

SSS/Pag-ibig loans payable refers to amounts withheld from the compensation income of employees representing their payment of loans to SSS and Pag-ibig.

Withholding tax payable refers to all taxes withheld as prescribed by law.

NOTE 15 – DEPOSIT LIABILITIES

Deposit liabilities consist of:

		December 31	
		2 0 2 4	2 0 2 3
Time	Ps.	121,720	Ps. 121,720
Savings		15,312,551	13,175,452
Total	Ps.	15,434,271	Ps. 13,297,172

Time deposits bear interest at rates ranging from 1% per annum in 2024 and 2023, while savings deposits bear interest rate at 0.5% per annum in 2024 and 2023. Time deposit liabilities have maturities of 30 days to two years.

Interest on deposit liabilities amounted to Ps. 71,848 and Ps. 59,227 in 2024 and 2023, respectively.

NOTE 16 – OTHER CURRENT LIABILITIES

Other current liabilities consist of:

		December 31	
		2024	2023
Dividend and patronage fund	Ps.	204,334	Ps. 176,867
Various adjustments		3,429	1,770
Consignors stale check		42,407	42,407
T3X software		190,000	190,000
1CISP loan insurance		50,060	28,369
Retirement payable		170,000	170,000
BIR uniform/ID		123,575	-
GA attendance incentive		500	500
Total	Ps.	784,305	Ps. 609,914

Dividend and patronage fund refers to an unclaimed interest on share capital and patronage refund considered as payables to members.

Various adjustments pertains to untraceable amounts credited to LBP account for the year.

Consignors stale checks pertains to check that is more than six months old from the date it was issued.

T3X software refers to existing accounting system.

1CISP loan insurance refers to Loan Payment Protection Insurance for members who availed loans which will be deducted to their loan proceeds and remit it to 1CISP as insurance provider.

Retirement payable refers to the accumulated retirement benefit costs charged against income of the Cooperative over the expected remaining working lives of participating qualified employees.

BIR uniform/ID refers to refers to ordered BIR uniforms in the national office.

GA attendance incentive refers to incentives during pandemic that remained unclaimed.

NOTE 17 – SHARE CAPITAL & DEPOSITS FOR FUTURE SHARE SUBSCRIPTION

Share capital consist of:

	2 0 2 4		2 0 2 3	
	Number of Shares	Amount	Number of Shares	Amount
Authorized Share Capital				
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
Total	100,000	Ps. 50,000,000	100,000	Ps. 50,000,000
Issued Share Capital				
Common shares		Ps. 33,364,527		Ps. 30,742,841
Preferred shares		881,702		902,894
Total		Ps. 34,246,229		Ps. 31,645,735
Paid-up Share Capital				
Common shares - at Ps. 500 per share	66,509	Ps. 33,254,500	61,265	Ps. 30,632,500
Preferred shares - at Ps. 500 per share	1,742	871,000	1,782	891,000
Total	68,251	Ps. 34,125,500	63,047	Ps. 31,523,500
Deposits for Future Share Subscription				
Common share		Ps. 110,027		Ps. 110,341
Preferred shares		10,702		11,894
Total		Ps. 120,729		Ps. 122,235

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 preferred shares), pursuant to Republic Act No. 9520, otherwise known as Philippine Cooperative Code of 2008.

NOTE 18 – STATUTORY FUNDS

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 three (3%) 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	
		2024	2023
Reserve fund	Ps.	2,905,462	Ps. 2,601,572
Education and training fund		205,450	200,531
Optional fund		1,681,825	1,087,996
Community development fund		91,167	71,587
Total	Ps.	4,883,904	Ps. 3,961,686

Movements of statutory funds are as follows:

	December 31, 2023	Net surplus	Disbursement	Adjustment	December 31, 2024
Reserve fund	Ps. 2,601,572	Ps. 303,890	Ps. -	Ps. -	Ps. 2,905,462
Education and training fund	200,531	151,945	(147,026)	-	205,450
Optional fund	1,087,996	212,723	-	381,106	1,681,825
Community development fund	71,587	91,167	(71,587)	-	91,167
Total	Ps. 3,961,686	Ps. 759,725	(Ps. 218,613)	Ps. 381,106	Ps. 4,883,904

In 2023, the Cooperative utilized an amount from the Optional Fund for the construction of its office building. The said amount was initially recorded under Construction in Progress (CIP). Upon completion, the balance was transferred to the appropriate Building account.

In 2024, the Cooperative reclassified the Optional Fund to reflect its actual use for capital expenditures. This reclassification ensures proper financial reporting and compliance with cooperative accounting standards.

Under MC2019-09 Section 5 in the case the rate of patronage refund is more than twice the rate of interest on share capital (ISC), the cooperative shall reduce the minimum allocation of 30% for patronage refund to meet the requirement

NOTE 19 – INTEREST INCOME FROM LOANS

Interest Income from Loans consist of:

		December 31	
		2024	2023
Anniversary loan	Ps.	167,632	Ps. -
Back to school		333,195	60,108
Bagong taon promo loan		33,735	-
Bonus loan		380,764	328,466
Compliance loan		-	1,000
Computer loan		54,818	26,916
Consolidated loan		905,143	768,666
Educational loan		-	5,083
Emergency loan		4,050	4,275
Heal as one		508,999	780,589
Milestone loan		259,817	263,585
Newbie loan		5,750	23,708
Salary loan		785,268	1,041,802
GAD - solo parent loan		16,704	12,541
Special loan		91,528	118,094
Summer promo loan		69,606	-
Travel loan		375	750
Total	Ps.	3,617,384	Ps. 3,435,583

NOTE 20 – SALES

Sales consist of:

		December 31	
		2024	2023
Softdrinks	Ps.	532,441	Ps. 550,501
Canteen products		1,440,742	1,347,625
Consigned goods		658,033	580,231
Rice		952,482	534,180
Unified load		-	545
Viands		12,774	12,490
Total	Ps.	3,596,472	Ps. 3,025,572

NOTE 21 – COST OF SALES

Cost of sales consist of:

		December 31	
		2 0 2 4	2 0 2 3
Purchases - Photocopy	Ps.	330,007	Ps. 310,671
Purchases - Canteen		1,048,674	955,030
Purchases - Softdrinks		358,918	361,440
Spoilage, breakage and losses		2,345	2,562
General support		45,903	39,916
Purchases - Rice		870,400	531,350
Purchases - Load Wallet		-	4,000
Purchases - Consigned goods		508,135	424,315
Purchases - Viands		14,281	163
Purchases - Various condiments		765	1,176
Purchase returns		(830)	-
Purchases - LSP		57,524	-
Canteen supplies		23,366	31,158
Total	Ps.	3,259,488	Ps. 2,661,781

NOTE 22 – OTHER INCOME

Other income consists of:

		December 31	
		2 0 2 4	2 0 2 3
Flexi card	Ps.	1,650	Ps. 4,200
HMO commission		416,802	74,005
Loan Insurance Commission		226,962	144,697
G.A. penalty		63,900	26,100
Membership fee		2,200	5,000
Income/Interest from Investments/Deposits		178,374	173,419
Holding fee		-	2,100
BIR uniforms		262,306	30,850
Others		225,996	127,485
Total	Ps.	1,378,190	Ps. 587,856

NOTE 23 – OPERATING EXPENSES

Operating expenses consist of:

		December 31	
		2024	2023
Salaries and wages	Ps.	1,213,430	Ps. 1,121,506
SSS/PHIC/HDMF contribution		144,758	130,628
Employee benefits		177,933	142,140
Social and community service		30,546	19,305
Members' benefit		56,705	49,793
Office supplies		48,633	81,782
Officers' honorarium and allowances		490,000	485,000
General assembly		403,344	273,042
Meetings and conferences		163,122	169,399
Communication and postage		49,601	53,894
Travel and transportation		34,006	19,311
Repairs and maintenance		24,760	13,150
Depreciation		87,472	68,576
Representation		9,572	6,098
Insurance		23,136	20,892
Power, light and water		122,518	104,872
Professional and consultancy fees		35,000	36,000
Taxes, fees and charges		5,206	5,206
Amortization		79,381	78,305
Miscellaneous		277,202	181,194
Total	Ps.	3,476,325	Ps. 3,060,093

NOTE 24 – SUPPLEMENTARY INFORMATION REQUIRED BY THE REVENUE REGULATION 15-2010

Pursuant to the disclosure requirements of BIR Revenue Regulation No. 15-2010, shown below are the taxes paid and accrued by the Cooperative as at December 31, 2024 and 2023:

a. Amount of VAT output tax declared during the year

The Cooperative is exempt from the payment of VAT and other local and national taxes under Article 61 of Republic Act 9520, otherwise known as the Philippine Cooperative Code of 2008.

b. Taxes and licenses

		December 31	
		2024	2023
Taxes, fees and charges	Ps.	5,206	Ps. 5,206
Total	Ps.	5,206	Ps. 5,206