

GENARO ARB MULTI-PURPOSE COOPERATIVE

Poblacion Magsaysay, Occidental Mindoro

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **GENARO ARB MULTI-PURPOSE COOPERATIVE** is responsible for all information and representations contained in their Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all other tax returns filed for the reporting period, including but not limited, to the value added tax and /or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

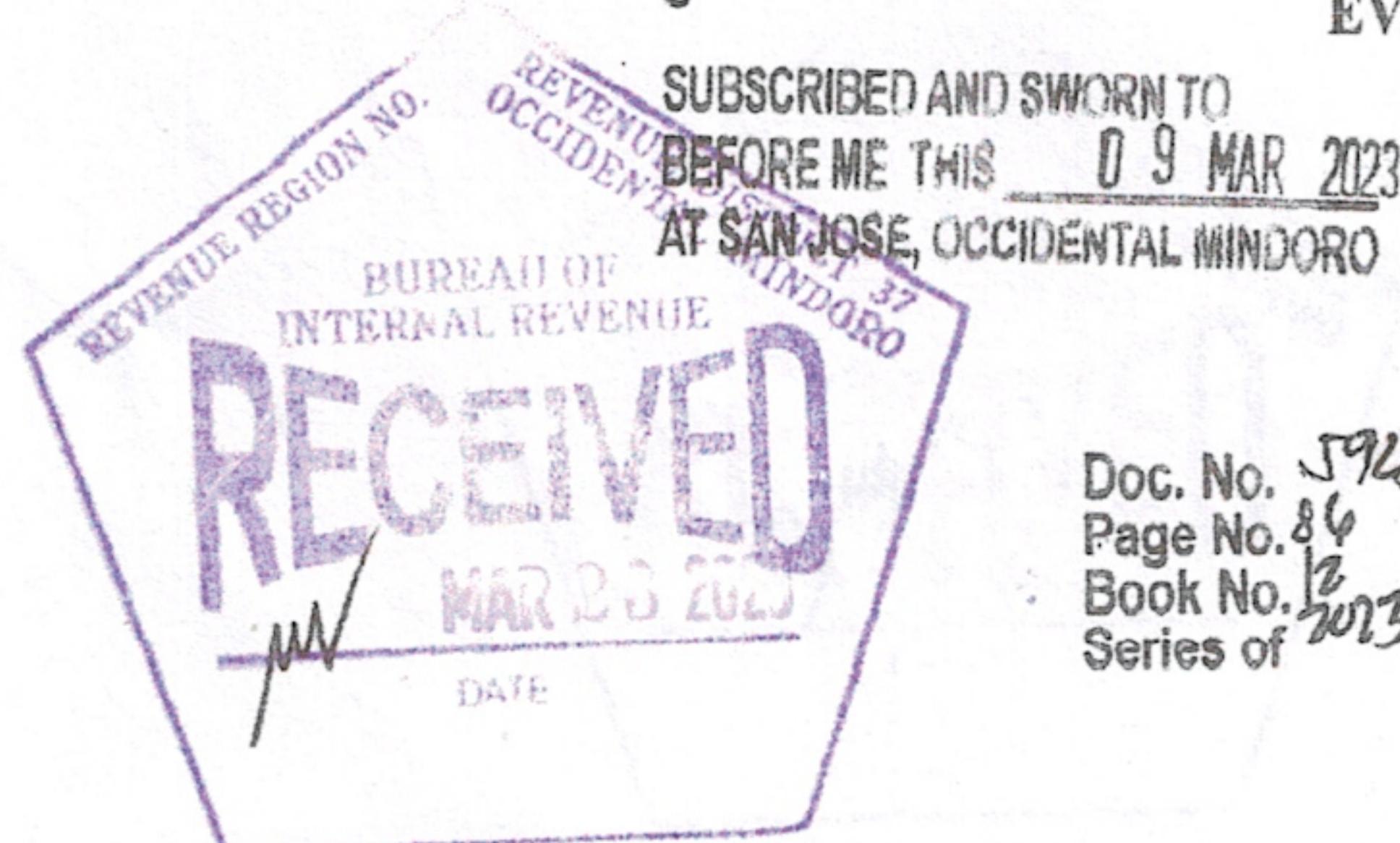
In this regard, management affirms that the attached financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GENARO ARB MULTI-PURPOSE COOPERATIVE** complete and correct in all material respects. Management likewise affirms that:

- (i) 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 issuance of the Department of Finance and the Bureau of Internal Revenue;
- (ii) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting ,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;
- (iii) **GENARO ARB MULTI-PURPOSE COOPERATIVE** has filed all applicable tax returns, reports and statements required to be filed under Philippines 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.

LEODEGARIO P. QUILIT JR.
Chairman

Wenyo N. SABADO
Treasurer

EVELYN N. TULIAO
Manager



Doc. No. 5928
Page No. 84
Book No. 12
Series of 2023

ATTY. DOMINADOR D. ERODIAS III
NOTARY PUBLIC
Commission Expires on December 31, 2023
Roll of Attorneys No. 78346
IBP No. 252039 / 12-20-2022 / CY 2024
PTR No. 3521483 / CY 2023 / Occidental Mindoro
MCLE Compliance No. VIII - 0000898
Valid until April 14, 2028



GENARO ARB MULTI-PURPOSE COOPERATIVE

Poblacion Magsaysay, Occidental Mindoro

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GENARO ARB MULTI-PURPOSE COOPERATIVE** is responsible for all information and representations contained in their financial statements for the year ended December 31, 2022. The financial statements have been prepared in conformity with Financial Reporting Standards applicable to Cooperatives in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor:

- (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data;
 - (ii) material weaknesses in the internal controls; and
 - (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the members of the cooperative.

ELLEN M. CALUGAY CPA, the independent auditor, has examined the financial statements of the cooperative in accordance with the Philippines Standards on Auditing and the Standard Audit Systems for Cooperative and has expressed her opinion on the fairness of presentation upon completion of such examination, in her report to members of the cooperative.

LEODEGARIO P. QUILIT JR.
Chairman

Wenya Sabado
WENY N. SABADO
Treasurer

EVELYN N. TULIAO
(Manager)



ELLEN MARIGMEN-CALUGAY
Certified Public Accountant
San Jose, Occidental Mindoro

STATEMENT OF REPRESENTATION

TO THE COOPERATIVE DEVELOPMENT AUTHORITY:

In connection with my examination of the financial statements of **GENARO ARB MULTI-PURPOSE COOPERATIVE** covering the period ended December 31, 2022 that are herewith submitted to the Cooperative Development Authority, I hereby represent the following:

1. That said financial statements herewith attached are prepared and presented in accordance with the Philippine Financial Reporting Framework for Cooperatives, taking into consideration Cooperative laws, rules, regulations and principles;
2. That in the conduct of my audit, I adhered to the Philippine Standards on Auditing and the Standard Audit System for Cooperatives (SASC) as required by the Cooperative Development Authority;
3. That I am qualified as provided for in Section 8 of the Code of Professional Ethics for Certified Public Accountants and Article 81 of R.A. No. 9520 (Cooperative Code of the Philippines);
4. That I am fully aware of my responsibility as an 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 cooperative or tertiary cooperative of which this cooperative is a member;
7. That I am not an employee of the Cooperative Development Authority nor have I engaged an employee of the CDA in the course of audit;
8. That I make representation in my individual capacity;
9. That I am a member of Occidental Mindoro Chapter of the PICPA.

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

ELLEN MARIGMEN-CALUGAY, CPA
CPA License No. 0074594
TIN No. 117-990-322
PTR No. 3521495 dated 1/3/2023
BIR AN-09-007712-001-2023, issued 1/9/2023 to 1/9/2026
CDA CEA No. 0753 issued 11/3/2021 to 11/2/2024
BOA Accreditation No.2014 valid until December 9, 2023



February 27, 2023
San Jose, Occidental Mindoro

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors and Shareholders
GENARO ARB MULTI-PURPOSE COOPERATIVE
Poblacion Magsaysay, Occidental Mindoro

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements **GENARO ARB MULTI-PURPOSE COOPERATIVE** which comprise the statements of financial condition as at December 31, 2022 and 2021 and the statements of operations, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of statements **GENARO ARB MULTI-PURPOSE COOPERATIVE** as at December 31, 2022 and 2021 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework for Cooperatives.

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs) and the Standard Audit System for Cooperatives (SASC). My responsibilities under those standards are further described in the *Auditor's 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*, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for 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, 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.

Identify and assess the risks of material misstatement of the finance

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

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

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, duties and license fees in Notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.


ELLEN MARIGMEN-CALUGAY, CPA
CPA License No. 0074594
TIN No. 117-990-322
PTR No. 1521495 dated 1/3/2023
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February 27, 2023
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GENARO ARB MULTI-PURPOSE COOPERATIVE
Poblacion, Magsaysay Occidental Mindoro

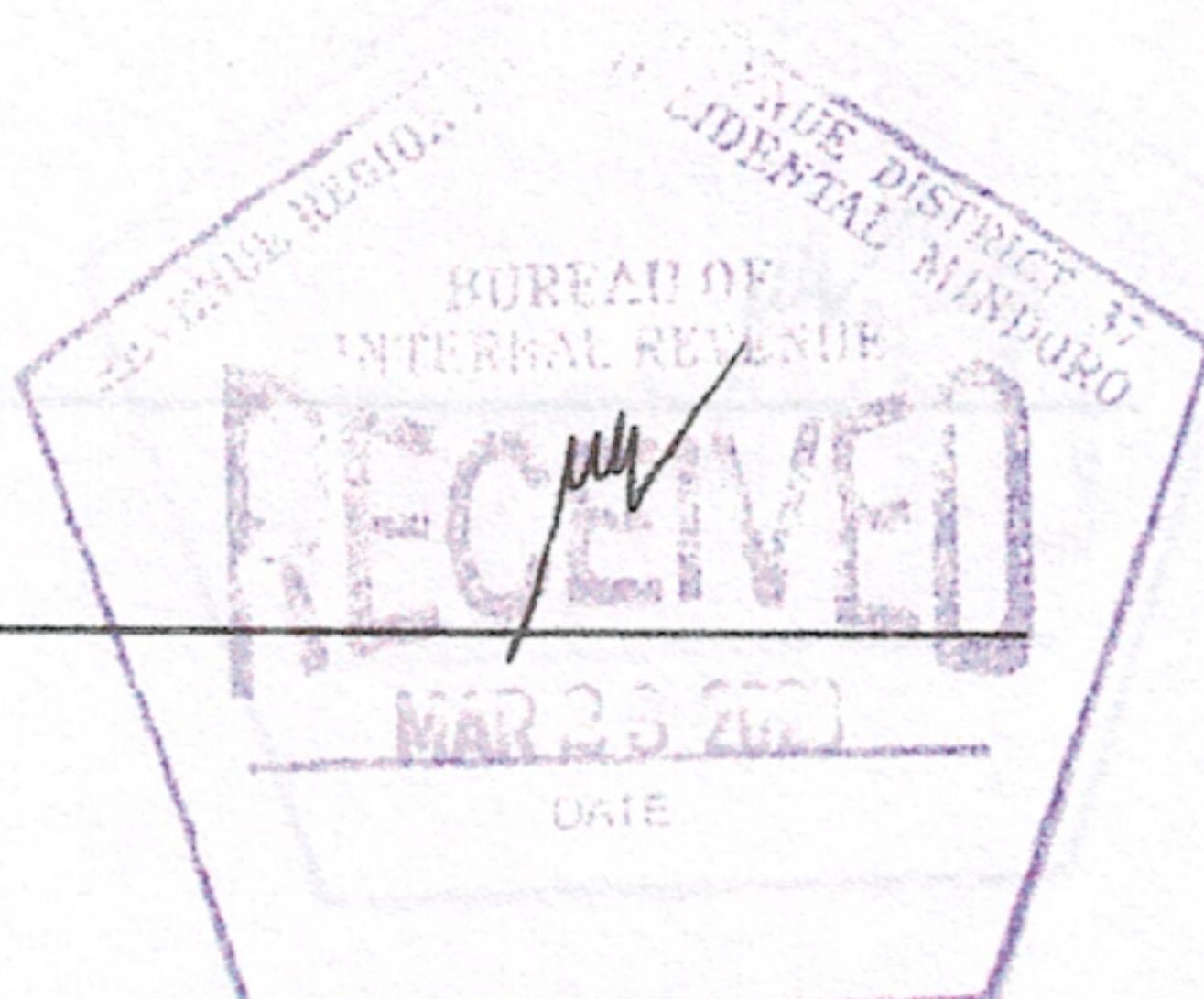
STATEMENT OF FINANCIAL CONDITION
as of DECEMBER 31, 2022
(With comparative figures of 2021)

	Notes	2022	2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	22,046,501.03	21,053,961.44
Loans and Accounts Receivables	6	20,797,348.60	21,247,733.81
Inventory	7	15,314,758.47	16,743,808.60
Total Current Assets		58,158,608.10	59,045,503.85
NON - CURRENT ASSETS			
Long Term Investment	8	200,000.00	215,350.00
Property Plant & Equipment	9	24,918,087.53	20,357,645.53
Donated Assets	10	-	3,996,629.05
Total Non-Current Assets		25,118,087.53	24,569,624.58
TOTAL ASSETS		83,276,695.63	83,615,128.43

LIABILITIES AND MEMBERS EQUITY

LIABILITIES			
Deposit Liabilities	11	9,287,723.79	9,452,344.59
Accounts and Other Payables	12	36,291,865.41	45,648,416.48
Other Current Liabilities	13	4,766,366.21	3,576,884.00
TOTAL LIABILITIES		50,345,955.41	58,677,645.07
EQUITY			
Share Capital-Common at 100 Par		8,926,900.00	8,487,157.44
Deposits for share capital Subscription		12,726.00	11,200.31
Donation and Grants	14	20,505,912.45	13,241,153.32
Statutory Fund		3,485,201.76	3,197,972.29
TOTAL EQUITY		32,930,740.21	24,937,483.36
TOTAL LIABILITIES & EQUITY		83,276,695.62	83,615,128.43

See accompanying notes to financial statements

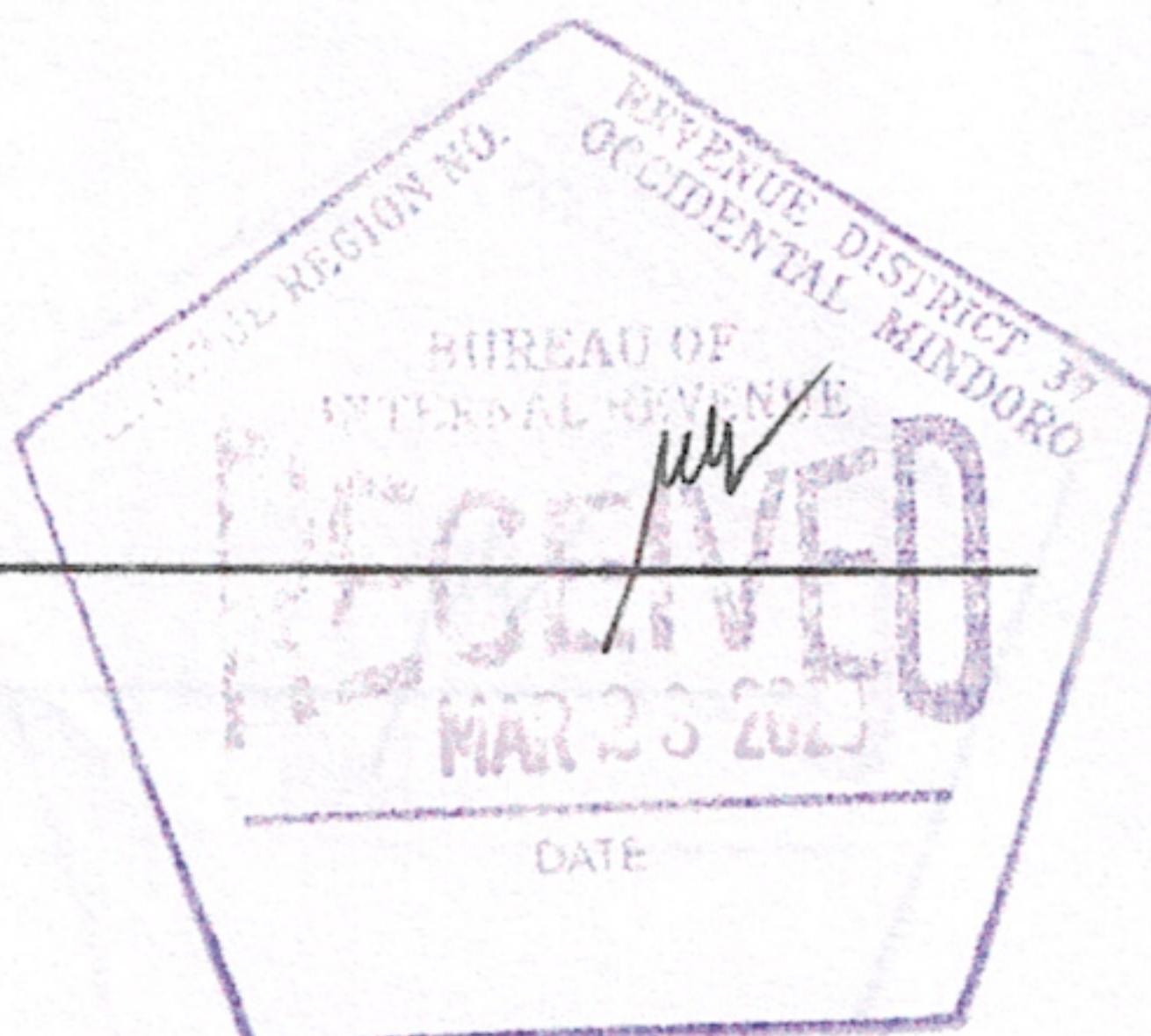


GENARO ARB MULTI-PURPOSE COOPERATIVE
Magsaysay Occidental Mindoro

STATEMENT OF OPERATIONS
For the Years ended, December 31, 2022
(With Comparative Figures of 2021)
(Amounts in Philippine Pesos)

	Notes	2022	2021
REVENUES			
Income from Credit Operations	15	2,047,139.78	410,761.40
Income from Consumer Operations	16	5,843,465.61	3,979,811.73
Income from Service Operations	17	717,825.03	320,032.11
Other Income	18	634,350.72	829,130.08
TOTAL REVENUES		9,242,781.14	5,539,735.32
EXPENSES	19	7,056,220.11	5,227,274.58
NET SURPLUS FROM OPERATION		2,186,561.03	312,460.74
Add; Other Sources and Expenses			
Donation and Grants Subsidy		835,240.87	519,325.82
NET SURPLUS FOR ALLOCATION		3,021,801.90	831,786.56
DISTRIBUTED AS FOLLOWS:			
Reserve Fund		302,180.19	83,178.66
Education and Training Fund - Local		151,090.10	41,589.33
Due to Union/Federation		151,090.10	41,589.33
Community Development Fund		90,654.06	24,953.60
Optional Fund		211,526.13	58,225.06
Interest on Share Capital Payable			
Patronage Refund Payable		2,115,261.33	582,250.59
NET SURPLUS AS DISTRIBUTED		3,021,801.90	831,786.56

See accompanying notes to financial statements



GENARO ARB MULTI-PURPOSE COOPERATIVE

Poblacion, Magsaysay Occidental Mindoro

STATEMENT OF CASH FLOWS

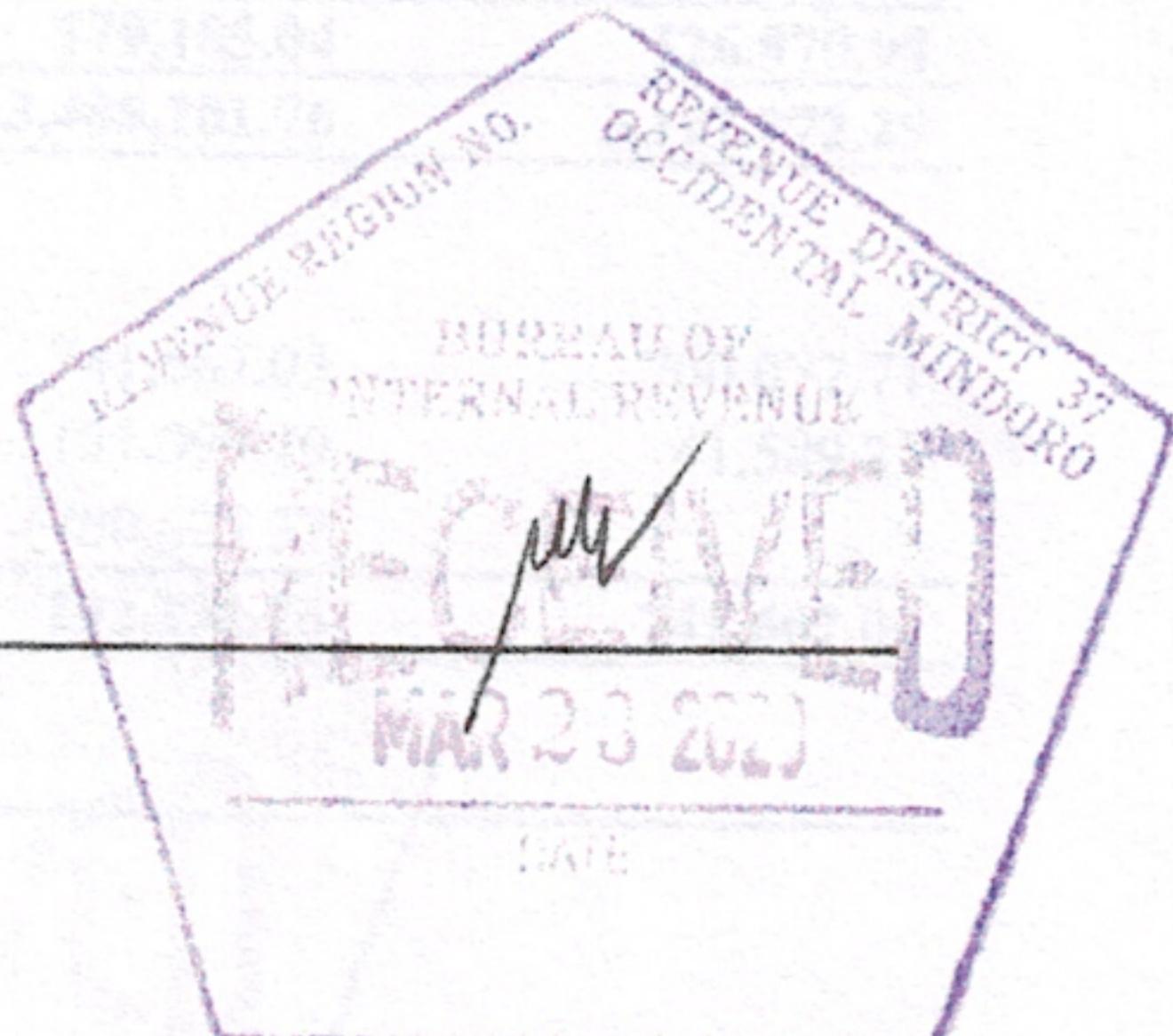
For the Year Ended December 31, 2022

(With comparative Figures of 2021)

(Amounts in Philippine Pesos)

	2022	2021
Cash Flows From Operating Activities:		
Net surplus for Allocation	3,021,801.90	831,786.56
Depreciation & Amortization-PPE	3,148,266.32	1,130,417.03
Depreciation & Amortization-Donated Assets		519,325.82
Changes in Assets & Liabilities:		
(Increase) Decrease In:		
Loans and Receivable	394,468.61	(5,676,447.07)
Inventories	1,429,050.13	(8,057,843.72)
Increase (Decrease) In:		
Deposit Liabilities	(164,620.80)	5,510,133.88
Accounts and Other Payables	(9,356,551.07)	399,881.00
Other Current Liabilities	(1,065,153.37)	1,470,106.83
Interest on Share Capital & Patronage Refund Payable	(270,050.55)	(413,776.47)
Net Cash From Operating Activities	(2,862,788.83)	(4,286,416.14)
Cash Flows From Investing Activities		
(Increase) Decrease In:		
Property & Equipment	(3,656,162.66)	(7,645,758.44)
Investment	15,350.00	
Net Cash From Investing Activities	(3,640,812.66)	(7,645,758.44)
Cash Flows From Financing Activities:		
(Increase) Decrease In:		
Proceeds from Loans		9,640,604.57
Paid-Up share Capital	75,104.95	494,886.09
Donations/ Grants	7,264,759.13	1,480,674.17
Statutory Funds	(468,221.00)	(308,488.25)
Net Cash From Financing Activities	6,871,643.08	11,307,676.58
Net Increase/ (Decrease) in Cash	368,041.59	(624,498.00)
Cash Balance, Beginning	21,678,459.44	21,678,459.44
Cash Balance End	22,046,501.03	21,053,961.44

See accompanying notes to financial statements



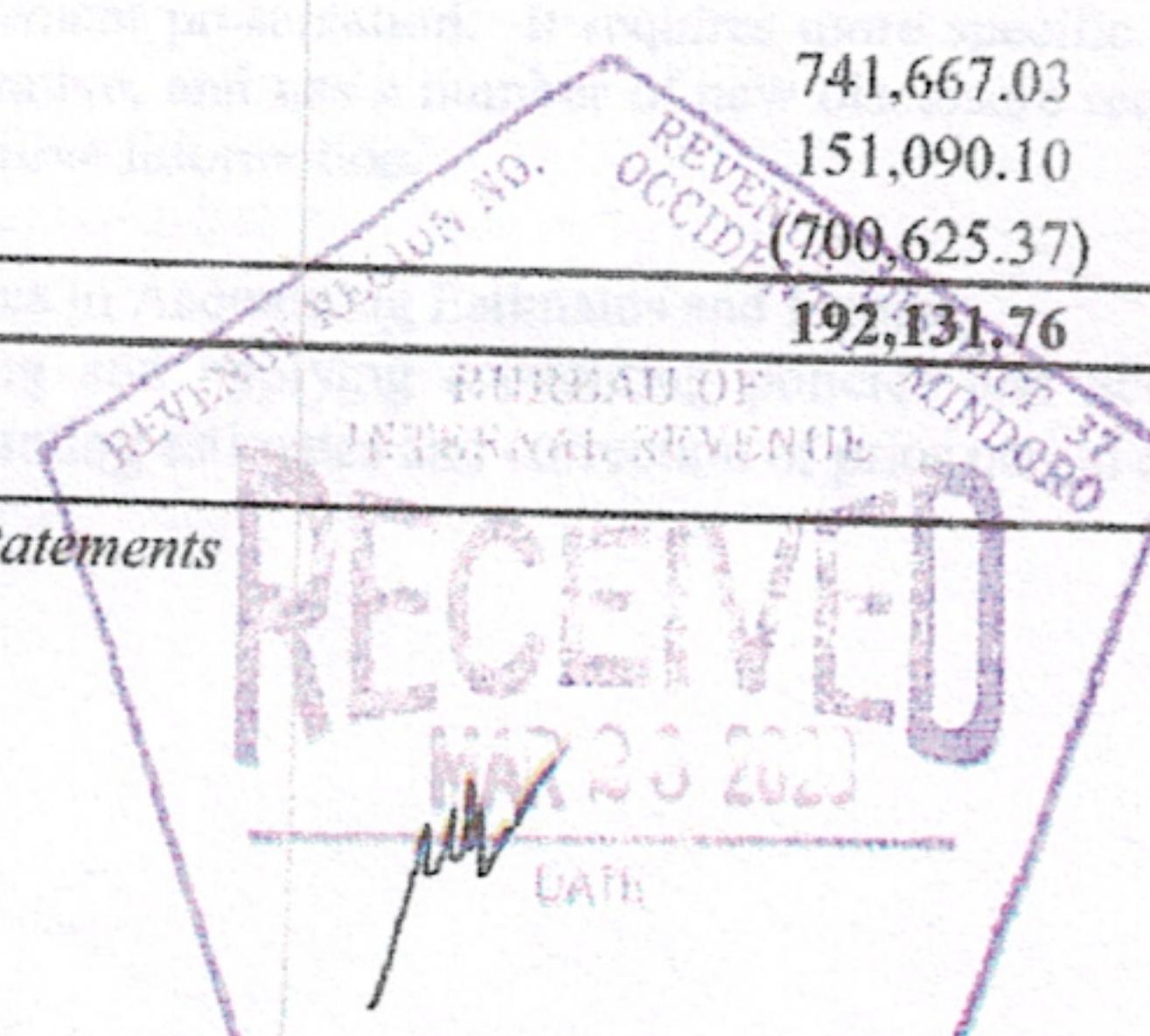
GENARO ARB MULTI-PURPOSE COOPERATIVE
Poblacion, Magsaysay Occidental Mindoro

**STATEMENT OF CHANGES IN EQUITY, STATUTORY FUNDS,
DUE TO CETF AND DONATIONS AND GRANTS**

For the year ended December 31, 2022
(With comparative figures of 2021)

	2022	2021
Fund Equity Balance, January 1		
Share Capital , Beginning Common	8,487,157.44	7,992,271.35
Add: Additional Capital Build-Up	256,660.91	494,886.09
Total	8,743,818.35	8,487,157.44
Less: Personal Withdrawal	183,081.65	-
Share Capital , End	8,926,900.00	8,487,157.44
Deposits for share capital subscription		
Beg. Bal.	12,726.00	11,200.31
Addition		
Bal. End	12,726.00	11,200.31
Donations/Grants		
Beg. Bal.	13,241,153.32	11,760,479.14
Addition	8,100,000.00	2,000,000.00
Amortization	(835,240.87)	(519,325.82)
Bal. End	20,505,912.45	13,241,153.32
Statutory Funds:		
RESERVE FUND		
Bal. Jan 1	1,916,087.07	1,832,908.42
Add: Provision	302,180.19	83,178.66
Total:	2,218,267.26	1,916,087.07
Less: Adjustment		
Bal. Dec. 31	2,218,267.26	1,916,087.07
EDUCATION AND TRAINING FUND		
Bal., Jan 1	292,497.80	511,797.97
Add: Provision	151,090.10	41,589.33
Less: withdrawal	(429,781.00)	(260,889.50)
Balance, Dec. 31	13,806.89	292,497.80
OPTIONAL FUND		
Bal., Jan 1	862,416.44	804,191.38
Add: Provision	211,526.13	58,225.06
Less: Charges		
Balance, Dec. 31	1,073,942.57	862,416.44
COMMUNITY DEVELOPMENT FUND		
Bal., Jan 1	126,970.98	149,616.13
Add: Provision	90,654.06	24,953.60
Additional (Deduction)	(38,440.00)	(47,598.75)
Balance, Dec. 31	179,185.04	126,970.98
TOTAL STATUTORY FUND	3,485,201.76	3,197,972.29
Due to Union Federation		
Bal., Jan 1	741,667.03	700,077.71
Add: Provision	151,090.10	41,589.33
Additional (Deduction)	(700,625.37)	-
Balance, Dec. 31	192,131.76	741,667.03

*See accompanying Notes to Financial Statements



GENARO ARB MULTI-PURPOSE COOPERATIVE

Poblacion Magsaysay, Occidental Mindoro

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2022

1. COOPERATIVE PROFILE

GENARO ARB MULTI-PURPOSE COOPERATIVE was registered as cooperative pursuant to RA 9520 for the purpose of encouraging thrift and granting loans to members for productive, educational and providential purpose, providing goods and services and other requirements of the members among others.

The cooperative's new name was granted the CDA registration No. LGA-171 dated Jan. 21, 1991 with new CDA Reg. No. 9520-04001662. Under the RA 9520, the cooperative is exempt from payment of income and sales taxes, provided that a substantial portion of its net income is returned to members in the form of interest and or patronage refund.

Cooperative Identification No. 0110040134

Cooperative Tax Identification No. 004-135-404-000

The Cooperative was issued CDA Certificate of Compliance valid until _____.

Cooperative Tax Exemption Certificate Number: COOP-009-16-RR-026-RDO-037 dated _____, valid until _____.

The area of operation of this cooperative includes the Municipality of Magsaysay, Occidental Mindoro and its principal office is located at Poblacion Magsaysay, Occidental Mindoro.

These financial statements of the cooperative for the year ended December 31, 2022 were authorized for issue by the Board of Directors on _____.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

To facilitate the understanding of the financial statements, the more significant accounting policies and practices of the cooperative are summarized as follows:

Basis of Preparation/Partial Adoption of New/ Revised Philippine Accounting Standards

The financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines using historical basis. The measurement bases are more fully described in the accounting policies. The accounting principles followed and used include PAS 101 (as non-publicly accountable entity) and partly by the following new/revised Philippine Accounting Standards (PAS), Philippine Financial Reporting Standards (PFRS) which are effective for financial reporting.

PAS 1 – Presentation of Financial Statements

PAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

PAS 10 – Events after Balance Sheet Date

PAS 16 – Property, Plant & Equipment

PAS 24 – Related Party Transactions

PAS 7 – Cash Flow Statements

PAS 18 – Revenue

PAS 1 – Presentation of Financial Statements

Provide framework of financial statement presentation. It requires more specific balance sheet line items; financial statements must be comparative; and has a number of new disclosure requirements. This standard also requires presentation of comparative information.

PAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The standard is applied in selecting and applying accounting policies and accounting for changes in accounting policies, changes in accounting estimates and correction of prior period errors.

PAS 10 – Events after Balance Sheet Date

The standard is applied in the accounting for and disclosure of events after balance sheet date.

PAS 16 – Property, Plant and Equipment

PAS 16 (a) provides additional guidance and clarification on recognition and measurement of property, plant & equipment; (b) require capitalization of assets dismantling, removal or restoration; (c) and requires measurement of an item of property & equipment acquired in exchange for a non-monetary asset or a combination of monetary and non-monetary assets at fair value, unless the exchange transaction lacks commercial substance. The standard also provides guidelines for de-recognition (e.g. disposal)

PAS 24 – Related Party Transactions

This standard applies in: (a) identifying related party relationship transactions; (b) identifying outstanding balances between an entity and its related parties; identifying the circumstances in which disclosures to be made about these items.

PAS 7 – Cash Flow Statements

Prescribe the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 18 – Revenue

Prescribe the accounting treatment for revenue arising from certain types of transactions and events.

3. MANAGEMENT SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

Management's Use of Judgments and Estimates

The financial statements are prepared in conformity with the above-mentioned accounting principles accepted in the Philippines which requires management to make estimates and assumptions that affect the amounts reported in the financial statements are based on management's evaluation of relevant facts and circumstances as of date of the financial statements. Actual results could differ from such estimates.

The key estimates/ assumptions concerning the future that has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated Useful Lives

The useful life of the Cooperative's property or equipment is based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the assets are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

Functional and Presentation Currency

Items included in the Cooperative's financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in the Philippine Peso, which is the Cooperative's functional and presentation currency.

Revenue Recognition

Revenue is recognized when it is possible that economic benefit associated with transaction will flow to the cooperative and the amount of revenue can be measured reliably. Revenues from the transactions of the Cooperatives are recognized on a cash basis.

Cash and Cash Equivalents

Cash includes cash on hand and in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and impairment in value. Depreciation is computed using the straight line method over the estimated useful lives of the assets.

Cost and Expenses

Cost and expenses not directly attributable to capitalize assets or projects are recognized and charged to operations as incurred.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the Philippines that requires the Cooperative to make estimates and assumptions that affect the reported amounts of income, expenses, resources and disclosures of contingent resources and liabilities. Actual results could differ from those estimates.

Allocation and Distribution of Net Surplus

The Cooperative's constitution and by-laws explicitly provide that its net surplus at the end of the year shall be distributed in the following manner:

- a) General Reserve Fund – Ten percent (10%) shall be set aside for the reserve fund. The reserve fund shall be used for the stability of the Cooperative and to meet losses in its operations.
- b) Education and Training Fund – Ten percent (10%) for the education and training fund. Half of the amount transferred to the education and training fund annually under this subscription may be spent by the Cooperative for education and training purposes; while the other half shall be credited to the Cooperative's education and training fund of the Apex organization.
- c) Optional Fund – Seven percent (7%) of the Cooperative's net surplus. It shall be used for acquisition of the Cooperative's land and building.
- d) Community Development Fund – Three percent (3%) of the Cooperative's net surplus for projects and activities that will benefit the community where the Cooperative operates.
- e) Interest on Share Capital and Patronage Refund Payable – after deductions of the statutory, any remaining net surplus shall be distributed to the Cooperative's members in the form of interest not to exceed the normal rate of return on investments and patronage refunds. It is allocated at the ratio 70% and 30% respectively after provisions of the statutory funds.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Cooperative is exposed to credit, liquidity and other risks that arise in the normal course of its business. Its risk and control framework includes a focus on minimizing negative effects on the Cooperative's financial performance due to unpredictability of financial markets that drives the risks.

Credit Risk

Generally the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial condition. The Cooperative continuously monitors default of customers and other counterparties and incorporates this information into its credit risk controls. The cooperative's policy is to deal only with creditworthy counterparties. The Cooperative's management considers that all the above financial assets that are not impaired or past due for each balance sheet dates are good credit quality.

Liquidity Risks

Liquidity or funding risk is the risk that an entity will incur difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either inability to sell financial assets quickly at their fair values, or counterparty failing on repayment of contractual obligation, or inability to generate cash flows as anticipated.

In order to minimize liquidity risk, the Cooperative maintains sufficient cash and has the availability of funding an adequate amount of committed credit facilities.

5 CASH AND CASH EQUIVALENTS

This account consists of the following:

	2022	2021
Cash on Hand	460,427.00	5,784,702.22
Cash in Bank - LBP	10,446,794.75	6,893,494.17
Cash in Bank - LBP (PLEA)	14,362.51	14,356.72
Cash in Bank-KADIWA	6,961,640.63	10,291.97
Cash in Bank LBP - PRDP LP	13,000.00	
Cash in Bank LBP - PRDP GOP	11,000.00	
Cash in Bank -CHINA	837,454.17	
Cash in Bank - DBP SAVINGS	1,317,113.80	4,565,693.08
Cash in Bank - DBP EGOV	53,355.18	
Cash in Bank - UCPB/LBP TIME	1,007,992.76	3,611,970.37
Cash in Bank - OMCB	913,360.23	148,452.91
Change Fund	10,000.00	9,000.00
Revolving Fund	-	16,000.00
Total Cash and Cash Equivalents	22,046,501.03	21,053,961.44

Cash in banks as well as time deposits earn interest at rates based on daily bank deposit rates.

6 LOANS AND RECEIVABLES

	2022	2021
Loans Receivable		
Current	13,431,252.83	14,676,393.00
Past Due	1,010,417.56	1,010,417.56
Mutual Fund	28,180.00	-
Accounts Receivables	6,240,064.98	5,621,073.42
Other receivables	203,500.00	-
Total	20,913,415.37	21,307,883.98
Less: Allowance for Probable Losses on Loans	116,066.77	60,150.17
Total	20,797,348.60	21,247,733.81

7 INVENTORY

This account consists of the following:

	2022	2021
Merchandise Inventory	15,075,648.45	16,743,808.60
Fuel	239,110.02	-
Total Inventory	15,314,758.47	16,743,808.60

8 INVESTMENT

This account consists of the following:

	2022	2021
Surety Fund	200,000.00	200,000.00
Municipal Development Cooperative Council	-	15,350.00
Total Other Funds and Deposits	200,000.00	215,350.00

9 PROPERTY AND EQUIPMENT

10 DONATED ASSETS

This account consists of the following:

	2022	2021
Warehouse for Onion Storage with Solar Dryer from Dept. of Agrarian Reform (DAR)	-	3,373,495.00
Solar Dryer from Dept. of Agriculture (DA)	-	419,763.15
Ford Harvester from Dept. of Agriculture (DA)	-	1,400,000.00
Tractora	-	1,400,000.00
Total Donated Assets	-	6,593,258.15
Less: Accumulated Depreciation	-	2,596,629.10
Total	-	3,996,629.05

This was Transferred to PPE

9. PROPERTY & EQUIPMENT 2022

PPE Account	Useful Life	Cost 2021	Additions/Disposal al	Adj	Total Cost 2022	Accum Dep.Beg	Dep .for the year	Accum Dep. End	Net Book Value 2022
Land		2,747,878.72			2,747,878.72				2,747,878.72
Land Improvements	30	466,880.04			466,880.04	115,410.73	15,562.00	130,972.73	335,907.31
Building Improvements	50	8,036,861.55	263,427.55	(5,829,336.34)	2,470,952.76	1,174,174.33	84,626.07	1,258,800.40	1,212,152.36
Machineries and Equipments	10	19,797,774.46	74,173.00	(4,647,730.00)	15,224,217.46	7,760,534.05	1,522,421.00	9,282,955.05	5,941,262.41
Computer Equipments	5	232,356.00	117,000.00		349,356.00	41,824.08	46,471.00	88,295.08	261,060.92
Tools and Equipments	10	891,024.75			891,024.75	592,797.00	89,024.00	681,821.00	209,203.75
Office Equipments					87,805.00				87,805.00
Office Furniture and Fixtures	10	1,172,243.84	15,451.00		1,187,694.84	500,350.42	117,224.00	617,574.42	570,120.42
Gasoline Station	20	2,752,155.75			2,752,155.75	82,564.67	137,607.00	220,171.67	2,531,984.08
									-
Donation and Grants/assets	30	-	-		3,729,336.34	3,729,336.34	1,983,619.92	142,965.12	2,126,585.04
NAFC - Rehabilitation of NAFC Rice Mill	30	-	-		2,100,000.00	2,100,000.00	1,116,982.07	70,000.00	1,186,982.07
Warehouse for Onion Storage with Solar Dryer fr.		-	-						-
Dept. of Agrarian Reform (DAR)	30	-	-		3,373,495.00	3,373,495.00	2,447,449.83	112,449.83	2,559,899.51
Solar Dryer from Dept. of Agriculture (DA)	30	-	-		419,763.15	419,763.15	286,943.56	13,992.11	300,935.67
DA - Ford Harvester	10	-	-		1,400,000.00	1,400,000.00	957,018.23	126,000.00	1,083,018.23
DA-Tractora	10	-	-		1,400,000.00	1,400,000.00	252,000.00	126,000.00	378,000.00
DA-KADIWA	10	-	-		2,647,730.00	2,647,730.00	-	238,295.70	2,409,434.30
DA-Kubota Harvester	10	-	-		2,000,000.00	2,000,000.00	1,024,489.94	180,000.00	1,204,489.94
DA-TRUCK-JAC	10	-	-		1,496,000.00	-	1,496,000.00	-	1,496,000.00
DA-Transplanter	10	-	-		1,602,306.11	1,602,306.11	-	36,051.89	36,051.89
Grand Total		36,097,175.11	3,636,162.66	6,593,258.15	46,346,595.92	18,336,158.68	3,092,349.72	21,428,508.39	24,918,087.53

Notes;

Donation and Grants/assets and NAFC - Rehabilitation of NAFC Rice Mill was removed to Building and Improvements
DA-KADIWA and DA-Kubota Harvester was removed to Machineries and Equipments

11 Deposit Liabilities

This account consists of the following:

	2022	2021
Savings Deposit	9,287,723.79	9,452,344.59
Total Deposit Liabilities	9,287,723.79	9,452,344.59

12 ACCOUNTS AND OTHER PAYABLES

This account consists of the following:

	2022	2021
Accounts Payable - Sagana Merchandising & Others	6,431,865.41	4,503,251.50
Loans Payable - LBP WC	10,000,000.00	5,923,498.32
Loans Payable - SURE	6,040,000.00	1,050,000.00
Loans Payable - Working Capital plea	5,000,000.00	5,000,000.00
Loans Payable - Cash Crop	8,820,000.00	25,271,666.66
Loans Payable - Plea WC	-	3,900,000.00
Total Trade, Non-Trade and Other Payables	36,291,865.41	45,648,416.48

13 OTHER CURRENT LIABILITIES

This account consists of the following:

	2022	2021
Due to Union Federation	192,131.76	741,667.03
Int. on Share Cap. & Pat. Refund	3,519,956.13	1,674,745.35
Mutual Benefits	-	59,700.00
Fund Held in Trust	-	1,054,347.32
SSS/PHIC/HDMF Payable	71,347.76	46,424.30
Other payable	982,930.56	-
Total Other Current Liabilities	4,766,366.21	3,576,884.00

14 DONATION / GRANTS

This account consists of the following:

	2022	2021
Donation and Grants	3,729,336.34	3,729,336.34
DAR - Construction of Warehouse for Onion with Solar Dryer	3,373,495.00	3,373,495.00
DA - Construction of Solar Dryer	657,650.00	657,650.00
DA - Ford Harvester	815,581.55	815,581.55
NAFC - Rehabilitation of NAFC Rice Mill (cash)	2,100,000.00	2,100,000.00
DA Tractora	1,400,000.00	1,400,000.00
DA KADIWA	2,100,000.00	2,100,000.00
DA-Kubota Harvester	2,000,000.00	2,000,000.00
DA Cash for Onion Storage	5,000,000.00	-
DA Truck-JAC	1,500,000.00	-
DA Transplanter	1,600,000.00	-
Amortization of Donation and Grants	(3,770,150.44)	(2,934,909.57)
Total Donation / Grants	20,505,912.45	13,241,153.32

15 INCOME FROM CREDIT OPERATIONS

	2022	2021
REVENUES / Interest Income from Loans	3,224,732.01	1,330,002.17
LESS: DIRECT COSTS		
Interest Expense on Working Capital	588,435.44	512,370.87
Interest Expense on Deposits	589,156.79	406,869.90
Total	1,177,592.23	919,240.77
Total	2,047,139.78	410,761.40

16 INCOME FROM CONSUMER STORE OPERATIONS

	2022	2021
SALES		
Members	64,091,067.04	61,828,176.47
Total Sales	64,091,067.04	61,828,176.47
Less: Sales Returns and Allowances	7,574.12	3,515.00
Net Sales	64,083,492.92	61,824,661.47
LESS: COST OF SALES		
Beginning Inventory	16,743,808.60	8,685,964.88
Add: Purchases and Freight-in net of returns	55,192,926.83	64,633,341.67
Freight In	4,096.33	9,383.79
Stock Transfer In	(299,726.95)	(378,355.42)
Total Goods Available for Sales	71,641,104.81	72,950,334.92
Less: Ending Inventory	15,314,758.47	16,743,808.60
Total Cost of Sales	56,326,346.34	56,206,526.32
GROSS PROFIT	7,757,146.58	5,618,135.15
LESS: OPERATING EXPENSES	1,913,680.97	1,638,323.42
INCOME (LOSS) FROM CONSUMER STORE OPERATION	5,843,465.61	3,979,811.73

17 INCOME FROM SERVICE OPERATIONS

	2022	2021
REVENUES		
Milling Income - SATAKE	481,142.49	227,828.80
Miling Income - NAFC	1,346,658.00	1,194,613.00
Delivery and Hauling Income		
Trucking Income - ELF	218,583.00	380,800.90
Trucking Income -DT	63,264.00	42,592.00
Trucking Income -JAC	49,306.00	
Trucking Income -Wing Van 1	-	4,000.00
Trucking Income -Wing Van 2	61,076.00	16,703.00
Service Income		
Tractor 1	209,943.00	110,406.00
Tractor 2	267,782.00	202,655.00
Tractor 3	278,944.00	212,740.00
Dryer Income	447,800.00	400,900.00
Harvester - Kubota 1	-	424,790.00
Harvester - Kubota 2	673,288.00	424,790.00
Harvester - Kubota 3	675,888.00	485,850.00
Transplanter	8,000.00	-
TOTAL	4,781,674.49	4,128,668.70
LESS: DIRECT COSTS		
Milling - SATAKE	445,132.16	-
Miling NAFC	1,061,698.83	-
Trucking - ELF	215,602.29	-
Trucking -DT	126,591.73	-
Trucking -JAC	101,856.12	-
Trucking Wing Van 1	84,750.61	-
Trucking -Wing Van 2	144,423.85	-
Tractor 1	169,447.65	-
Tractor 2	216,596.72	-
Tractor 3	227,968.29	-
Dryer	327,824.50	-
Harvester - Kubota 1	45,871.00	-
Harvester - Kubota 2	449,492.32	-
Harvester - Kubota 3	443,235.27	-
Transplanter	3,358.12	-
TOTAL Expenses	4,063,849.46	3,808,636.59
INCOME FROM SERVICE OPERATIONS	717,825.03	320,032.11

18 OTHER INCOME

This account consists of the following:

	2022	2021
POS	156,922.00	-
Service Charge	162,977.16	-
Bank Interest Income	31,681.00	19,331.33
Miscellaneous Income	271,470.56	800,798.75
Membership Fee/Registration Fee	11,300.00	9,000.00
Total Other Income	634,350.72	829,130.08

19 EXPENSES

This account consists of the following:

	2022	2021
Bank Charges	12,150.00	200.00
Bad Debts	55,916.60	-
Commissions	135,708.95	187,401.45
Communication	32,347.00	53,386.66
Delivery Expenses	39,096.00	58,624.00
Depreciation	3,092,349.72	1,130,417.03
Depreciation expense-Donated Assets	-	519,325.82
Drying Expenses	80,000.00	5,000.00
Employee Benefits	265,458.49	226,140.70
Gas, Oil & Lubricants	188,387.85	93,270.69
General Assembly Expenses	192,690.78	-
General Support Services	62,500.00	57,500.00
Incentives & Allowances	97,939.00	97,882.75
Insurance	-	6,372.00
Meeting & Conferences	76,782.00	127,832.40
Milling Expenses	647,307.00	667,024.00
Miscellaneous Expenses	29,805.00	7,800.00
Officer's Per diems and Allowances	150,500.00	212,750.00
Power,light and water	30,553.02	21,204.17
Professional Fees	53,500.00	48,000.00
Repairs and maintenace	76,149.80	-
Representation	33,737.00	26,489.50
Retirement Benefits	305,420.50	105,270.00
Salaries and Wages	990,894.73	1,091,424.92
Social & Community Services	24,491.53	-
SSS/Philhealth and EC Contributions	81,710.00	100,455.00
Supplies	83,143.81	113,043.50
Taxes, Fees & Charges	164,697.08	224,166.54
Trainings & Seminar	21,559.25	-
Travel & Transportation	31,425.00	46,293.45
TOTAL EXPENSES	7,056,220.11	5,227,274.58

For the Year Ended December 31, 2022
 Comparative Figures of 2021