



**OMAGANHAN FARMERS AGRARIAN REFORM
COOPERATIVE, OFMPC** Mem No.: 36
CDA Reg. No. 9520-08002001

Date: 05 2024 JAN

Head Office

Omaganhan, Tabango, Leyte
0917-500-6602
ofmpc_main@yahoo.com

Tabango Branch

Valenzona St., Pob.,
Tabango, Leyte
(053) 551-9811

Villaba Branch

Rubillos St., Villaba
Leyte
(053) 552-8044

San Isidro Branch

Crossing, San Isidro, Leyte
0917-506-3105
ofmpc_sanisidro@gmail.com

Naval Branch

Castin St., Sma. Rosar
Naval, Biliran
(053) 500-9557

October 12, 2023

HON. LEONARDO JAVIER JR.
Vice Governor
Presiding Officer, Sangguniang Panlalawigan
Province of Leyte

Dear Vice Governor Hon. Leonardo:

In response to your Notice of Call for Accreditation, kindly be informed that OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC with office address at Omaganhan, Tabango, Leyte would like to seek accreditation by the Sangguniang Panlalawigan;

In support of this application are the following administrative requirements:

1. Duly accomplished Application Form for Accreditation;
2. Duly approved Board Resolution signifying intention for accreditation for the purpose of representation in the local special body;
3. Certificate of Registration issued by the Cooperative Development Authority (CDA).
4. List of Current Officers;
5. CY 2021 Minutes of the Annual Meeting;
6. CY 2021 Annual Accomplishment Report; and
7. CY 2021 Financial Statements

Thank you.

Sincerely,


IVY O. FUENTES
COO

OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC
Omaganhan, Tabango, Leyte
CDA REG. # 9520-08002001

APPLICATION FORM FOR ACCREDITATION

Name of Organization: OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC

Address: _Omaganhan, Tabango, Leyte

Contact No. 09175006602 Email Address (optional): ofmpc_main@yahoo.com

Date Organized: August 30, 1989 Sector/s Represented: IVY O. FUENTES, Chief Operation Officer

Purposes/Objectives:

- **Accept SSS Contribution and payment;**
- **Credit and Savings to members only;**
- **Crop, Fishery and animal production, processing and marketing of the members products/produce;**
- **Facilitating the procurement of farm inputs/implements for the members;**
- **To undertake rentals on post harvest facilities to farmers members only**
- **Money transfer and ATM Services to members and non-members.**

Services that the organization provides or can participate in:

- Savings & Credit
- Agrivet Supply
- Fertilizer Merchant

Registering Agency:

Date Registered: January 9, 1992

- Securities and Exchange Commission (SEC)
- Cooperative Development Authority (CDA)
- Department of Labor and Employment (DOLE)
- Department of Human Settlement and Urban Development (DHSUDO, formerly the Housing and Land Use Regulatory Board (HLURB))
- National Commission on Indigenous People (NCIP) **certification*

Accreditation Agency (if any):

Date Accredited: _____

- Commission on Population and Development (POPCOM)

- Department of Agriculture (DA)
- Department of Public Works and Highways (DPWH)
- Department of Social Welfare and Development (DSWD)
- Department of Agriculture (DA)
- Department of the Interior and Local Government (DILG)
- Department of Labor and Employment (DOLE)
- National Commission for Culture and the Arts (NCCA)
- Presidential Commission for the Urban Poor (PCUP)
- Philippine Drug Enforcement Agency (PDEA)
- Department of Labor and Employment (DOLE)
- Others (specify): _____

Organizational Level

- Barangay-level
- Chapter
- Affiliate of a larger organization (identify organization): _____
- Others (specify): _____

Projects Implemented in the [Province/City/Municipality] of [Tabango]

Year	Project	Cost	Financing Source/Scheme	Beneficiaries	Status	
					Completed	Ongoing
	NONE	NONE	NONE	NONE	NONE	NONE

Prepared by:

Jolina R. Celedona
JOLINA R. CELEDONA
 BOD Secretary

Noted by:

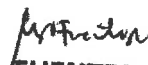
Ivy Q. Fuentes
IVY Q. FUENTES
 COO

OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC
Omaganhan, Tabango, Leyte
CDA REG. # 9520-08002001

Name of Program/Project/Activity	Objective/s	Duration/Date	Status		Budget	Remarks
			Complete	Ongoing		
NONE	NONE	NONE	NONE	NONE	NONE	

**add rows as necessary*

Prepared by:
JOLINA R. CELEDONA
 BOD SECRETARY

Noted by:

IVY O. FUENTES
 Chief Operation Officer

OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC
Omaganhan, Tabango, Leyte
CDA REG. # 9520-08002001

BOARD RESOLUTION #. 11
SERIES 2023

WHEREAS, section 100 of the local Government Code of 1991 (RA 7160) provides for the accreditation of civil society organizations;

WHEREAS, on [Date], the Department of the Interior and Local Government issued Memorandum Circular No. 2022-083, on the Guidelines on the Accreditation of Civil Society Organizations and Selection of Representatives to the Local Special Bodies;

WHEREAS, the OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC is a civil society organization duly registered with the Cooperative Development Authority (CDA) and existing under Philippines laws;

WHEREAS, in the OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC Special Board Meeting held at Brgy., Omaganhan, Tabango, Leyte on September 17, 2023 attended by the following Board of Directors present, the following resolution was approved and adopted:


RESOLVED, AS IT HEREBY RESOLVED, to signify our intention to be an accredited civil society organization with the Sangguniang Panlalawigan pursuant to the procedures and guidelines set forth in Section 108 of the Local Government Code of 1991 and DILG Memorandum Circular 2022-083, and to apply for membership in a local special body in the Province of Leyte.

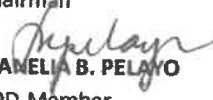
RESOLVED FURTHER, to forward a copy of this RESOLUTION to the Chair of the Sangguniang Panlalawigan Committee on Accreditation;

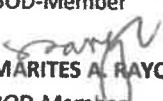
RESOLVED FURTHERMORE, that the following representative/s of the Cooperative are authorized and directed to take any action necessary to effectuate the foregoing resolutions Ms. Ivy O. Fuentes;

ADOPTED unanimously by the Board of Directors of the OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC this ___ day of September in the Municipality Tabango;

BOARD OF DIRECTORS


JUMAR O. LUMAPAK
Chairman


MANELIA B. PELAYO
BOD-Member


MARITES A. RAYOS
BOD-Member


ESTELITO P. BUTAD
BOD-Member


ADELFA F. RUSSEL
Vice-Chairwoman

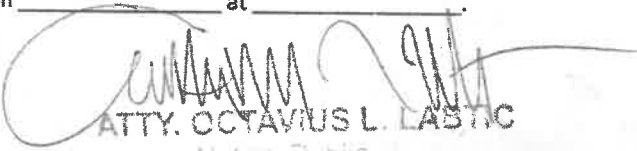

JAIME D. OMOLOLON
BOD-Member


JOCELYN V. CRUZ
BOD-Member


JOLINE T. BEDONA
119 SEP 2023 SECRETARY

SUBSCRIBED AND SWORN TO before me this ___ day of _____, 202__ in _____, Affiant exhibiting to me his/her with valid identification no. _____ issued on _____ at _____.

Doc No: 391
Page No: 79
Book No: XXXIX
Series of 2023


ATTY. OCTAVIUS L. LASTIC
Notary Public

Until Dec. 31, 2023

PTR NO. 10000000000000000000 1/03/23

San

Rull

IBP No. 10000000000000000000 -01/09/23

Leyte

MGLE Commission No. VII

0023264 -08/30/22



Republic of the Philippines
OFFICE OF THE PRESIDENT

COOPERATIVE DEVELOPMENT AUTHORITY

Registration No: 9520-08002001
Amendment No: 9520-08002001-3

**CERTIFICATE OF REGISTRATION
OF
AMENDMENTS TO THE
ARTICLES OF COOPERATION AND BYLAWS**

KNOW ALL MEN BY THESE PRESENTS, GREETINGS:

This is to certify that the proposed amendments to the **Articles of Cooperation and Bylaws** of the **Omaganhan Farmers Agrarian Reform Cooperative, OFMPC**, with office address at **Omaganhan, Tabango, Leyte** adopted in its **Regular Annual General Assembly** meeting held at the **Omaganhan Elementary School, Tabango, Leyte** on **April 27, 2018** were submitted to the Cooperative Development Authority (CDA) for registration pursuant to the provisions of Republic Act No. 9520.

The attached amendments hereto consisting of **208** pages of the Articles of Cooperation and **32** pages of the Bylaws, being not contrary to the provisions of RA 9520 and the rules and regulations prescribed by the CDA, are hereby approved and registered.

IN WITNESS WHEREOF, by virtue of the powers vested in me by law, I have hereunto set my hand and caused the seal of Authority to be affixed this **21st day of December, 2018** at **Quezon City, Philippines**.




ORLANDO R. RAVANERA, CSEE, CEO VI
Chairman 



REPUBLIC OF THE PHILIPPINES
OFFICE OF THE PRESIDENT
DEPARTMENT OF FINANCE
COOPERATIVE DEVELOPMENT AUTHORITY

Reg.No. **9520-08002001**

CERTIFICATE OF REGISTRATION

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS:

This is to certify that

Omaganhan Farmers Multi-purpose Cooperative, OFMPC

CIN-0104080052

with address at Brgy. Omaganhan,, Tabango, Leyte , duly registered with the Authority under Certificate of Registration/Confirmation No. CBU-477 dated Jan 09, 1992 has complied with the requirements prescribed by the Authority for the issuance of New Certificate of Registration under Article 144 of RA 9520 otherwise known as the "Philippine Cooperative Code of 2008".

By virtue of the powers and duties vested in me by law, the Omaganhan Farmers Multi-purpose Cooperative, OFMPC is hereby registered with the Cooperative Development Authority and shall continue to enjoy the rights and privileges in accordance with RA 9520 and all other laws appurtenant thereto unless this Certificate is suspended or cancelled for cause.

Given In Quezon City, Philippines, this 9th day of November, 2009.



LECIRA V. JUAREZ
Chairperson

OMAGANHAN FARMERS AGRARIAN REFORM COOPERATIVE, OFMPC
Omaganhan, Tabango, Leyte
CDA REG. # 9520-08002001

Activity: GENERAL ASSEMBLY

Participation: All Regular and Associate Members

Date and Time: April 23, 2023 @ 7:30 in the morning

Expectation for the Activity: APPROVAL OF AMENDMENTS & POLICY, ISSUANCE OF DIVIDEND AND PATRONAGE REFUND, REVIEW AND APPROVAL OF DEVELOPMENT PLAN & BUDGET 2023.

General Objective:

Specific Objectives:

- - Amendments of constitution and by-laws on Cooperative Membership
- - Presentation and Approval of Development Plan and Budget 2023
- - Issuance of Dividend and Patronage of members

Agenda:

1. Agenda 1. Amendments of constitution and by-laws on Cooperative Membership.

- For Associate Members

Share Capital of Php 1,000.00 equivalents of 5 shares amended into Php200.00 equivalents to 1 share only.

Environmental Trust Fund – 100.00

Membership fee – 100.00

Amendment was duly approved unanimously during OFMPC General Assembly.

2. Agenda 2. Presentation and Approval of Development Plan and Budget 2023.

Chairman Jumar Lumapak presented the Development Plan and Budget 2023 and move to approved by Mr. Melen Ocuillo duly seconded by Hon. Roslie E. Omega, OFMPC Members.

3. Agenda 3. Issuance of Dividend and Patronage of members.

All OFMPC Members Regular and Associate are entitled to received Dividend and Patronage refund

Dividend -2.44%

Patronage – 1.22%

Presentation of Dividend and Patronage approved by Elvira Malinao and duly seconded by Ana Marie Veraces.

Prepared by: _____

Noted by: _____

**OMAGANHAN FARMERS' AGRARIAN REFORM
COOPERATIVE, OFMPC**

Brgy. Omaganhan, Tabango, Leyte

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

Audit Engagement Letter

Statement of Management's Responsibility for the Financial Statements

Statement of Management's Responsibility for Annual Income Tax Return

Statements of Representation

Report of Independent Auditor

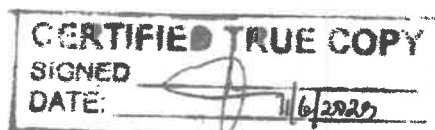
Statements of Financial Condition

Statements of Operations

Statements of Cash Flows

Statement of Changes in Equity

Notes to Financial Statements



AUDIT ENGAGEMENT LETTER

The Board of Directors
Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC
Brgy. Omaganhan, Tabango, Leyte

You have requested that we audit the statements of financial condition of Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC as of December 31, 2022 and the related statements of operations, cash flows and changes in equity for the year then ending. I am please to confirm my acceptance and our understanding of this engagement by means of this letter. My audit will be made with the objective of my expressing an opinion on the financial statements.

I will conduct my audit in accordance with Philippine Standards on Auditing and in conformity with the Philippine Financial Reporting Standards (PFRS).

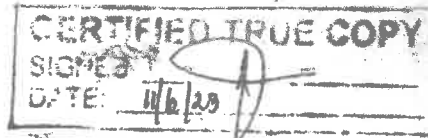
Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In addition to my report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to my knowledge.

I remind you that the responsibility of the preparation of the financial statements including adequate disclosure is that of the management of the company. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of assets of the company. As part of my audit process, I will request from management written confirmation concerning representations made to us in connection with the audit.

However, as part of my responsibility as accredited external auditor, I shall report to the Cooperative Development Authority (CDA) any of the following cases which may have been discovered based on generally accepted auditing standards, if the cooperative fails to disclose the same to the Authority under its current reports:

1. Any misappropriation of assets;
2. Recording of transactions without substance;
3. Manipulation, falsification or alteration of records or documents;
4. Intentional misapplication of accounting policies;
5. Omission of material information;
6. And any other instance/factor which may classified as fraud.



JOLINA R. CELEDONA
BOD SECRETARY,

I look forward to full cooperation with your staff and I trust that they will make available to me whatever records; documentation and other information are requested in connection with my audit.

This letter will be effective for one (1) year unless it is terminated, amended or superseded.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangement of my audit to your financial statements.

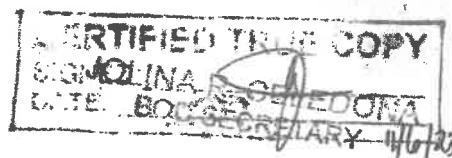
OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC

Acknowledged in behalf of the cooperative by:

JUMAR O. LUMAPAK
BOD-Chairperson

7 7
EDMUND L. AMPLAYO, CPA
PRC License No. 56956; Expiry: 12/09/2023
PTR No. 8854465 – January 06, 2023, Catbalogan, Samar
BIR Accreditation No. 14-003212-001-2021 valid until 08/24/2024
BOA Accreditation No. 1096 valid until 12/31/2023
TIN No. 115-759-895-000
CDA CEA No. 068 issued 05/19/2021 valid until 05/18/2024

January 15, 2023
Tacloban City, Leyte, Philippines



Statement of Management's Responsibility for the Financial Statements

The management of **Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC** is responsible for all information and representation contained in the statements of financial condition as of December 31, 2022 and the related statements of operation, changes in equity and cash flows for the year ending December 31, 2022 and the summary of significant accounting policies and other explanatory notes. The financial statements have been prepared in accordance with the generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regards, management contains 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 its external auditor, (i) all significant deficiencies in the design and operation of internal control that would 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 of other employees who exercise significant roles in the internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the members as well as to the different government agencies and regulatory bodies. The same was reviewed and approved on January 22, 2023.

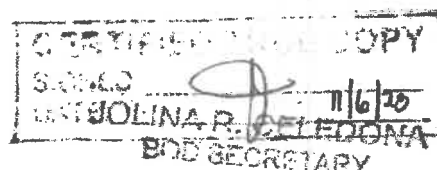
EDMUND L. AMPLAYO, CPA Sole Private Practitioner, the independent auditor appointed by the Board of Directors and Members, has audited the financial statements of the Cooperative in accordance with Philippine Standards on Auditing and has expressed his opinion on the fairness of presentation upon completion of such audit, in his report to the Members and Board of Directors.

Signed under oath, this ____ day of _____ 2023 in Omaganhan, Tabango, Leyte by:

JUMAR O. LUMAPAK
Chairperson

ALICIA C. TUMAGAN
Treasurer/Cashier

IVY O. FUENTES
COO



12 APR 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information 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 representation 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 tax returns.

In this regard, the Management affirms that the attached audited 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 **Omaganhan Farmers' Agrarian Reform Cooperative** 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 requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c) The name **Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC** has filed 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.

JUMAR O. LUMAPAK ALICIA C. TUMAGAN IVY O. FUENTES
 Chairperson Treasurer/Cashier COO
31 MAR 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2023 affiant exhibiting to me their Community Tax Certificate, as follows:

Name	Comm. Tax Cert.	Date of Issue	Place of Issue

Doc. No. 256
 Page No. 52
 Book No. LXXVI
 Series of 2023


ATTY. OCTAVIUS L. LABTIC
 Notary Public
 Until Dec. 31, 2023
 PTR NO. 7520289 1/03/23
 San Isidro, Leyte
 Roll No. 46, 742
 IBP No. 14721 -01/09/23
 Leyte Chapter
 MCLE Compliance Cert. No. VII

CERTIFIED TRUE COPY
 SIGNED JOLINA R. PELEDONA
 DATE: 11/6/23

12 APR 2023

STATEMENT OF REPRESENTATION

TO THE COOPERATIVE DEVELOPMENT AUTHORITY,

In connection with the audit of **OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC** for the year ending December 31, 2022 which are to be submitted to the Cooperative Development Authority, I hereby represent the following:

- 1.) That said financial statements herewith are prepared and presented in conformity with Philippine Accounting Standards;
- 2.) That in the conduct of the audit, I adhered to the Philippine Standards on Auditing promulgated by the Board of Accountancy and the Standard Audit System for Cooperatives as required by the Cooperative Development Authority;
- 3.) That I am qualified as provided for in Section 14 of the Code of Professional Ethics for Certified Public Accountants and Article 81 of R.A. 9520 (Cooperative Code of the Philippines);
- 4.) That I am fully aware of my responsibility as an independent auditor for the audit certificate issued and attached to the financial statements and the sanctions to be bestowed on me for any misrepresentations that I may have willingly or unwillingly committed;
- 5.) That I make these representations in my individual capacity;
- 6.) That I am a member in good standing of Philippine Institute of Certified Public Accountants (PICPA) – Tacloban City.

E
EDMUND L. AMPLAYO, CPA

PRC License No. 56956; Expiry: 12/09/2023

PTR No. 8854465 – January 06, 2023, Catbalogan, Samar

BIR Accreditation No. 14-003212-001–2021 valid until 08/24/2024

BOA Accreditation No. 1096 valid until 12/31/2023

TIN No. 115-759-895-000

CDA CEA No. 068 issued 05/19/2021 valid until 05/18/2024

March 28, 2023

Tacloban City, Leyte, Philippines

CERTIFIED TRUE COPY
SIGNED _____
DATE: 11/4/22
JOLINA R. CELEDONA
BOD SECRETARY

INDEPENDENT AUDITOR'S REPORT

**THE BOARD OF DIRECTORS
OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
Brgy. Omaganhan, Tabango, Leyte**

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the **OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC** which comprise the statements of financial condition as at December 31, 2022 and the related statement of operations, statement of changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the cooperative as at December 31, 2022 and of its financial performance and cash flows for the years then ended in accordance with the Philippine Financial Reporting Frameworks (PFRFs) for cooperatives.

Basis for Opinion

I conducted my audits in accordance with the Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled other 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, for SMEs and for such internal control management determined 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 but to do so. Those charged with the governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatement 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 decision 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

CERTIFIED TRUE COPY
SIGNED _____
DATE: 11/4/22

RECEIVED
RDO NO. 22-038-A
12 APR 2023

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relate 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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Company 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, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during my audit.

Report on the Supplementary Information Requires Under Revenue Regulation No. 15-2010

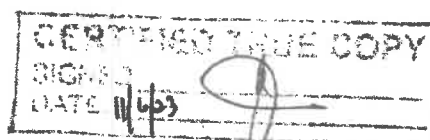
My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary on taxes and licenses in the note to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements.

In my opinion, the supplementary information present fairly in all respect in relation the basic financial statements taken as a whole.

March 28, 2023
Tacloban City, Leyte, Philippines

9 7

EDMUND L. AMPLAYO, CPA
 PRC License No. 56956; Expiry: 12/09/2023
 PTR No. 8854465 – January 06, 2023, Catbalogan, Samar
 BIR Accreditation No. 14-003212-001--2021 valid until 08/24/2024
 BOA Accreditation No. 1096 valid until 12/31/2023
 TIN No. 115-759-895-000
 CDA CEA No. 068 issued 05/19/2021 valid until 05/18/2024



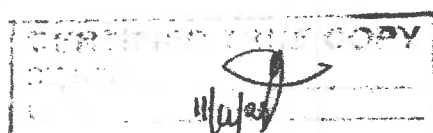
JOLINA R. CELEDONA
BOD SECRETARY

OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
Brgy. Omaganhan, Tabango, Leyte

STATEMENT OF FINANCIAL CONDITION
As of December 31, 2022 and 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	49,485,395.32	41,892,626.39
Loans and receivables, net	6	188,100,560.56	166,567,099.45
Merchandise inventory	7	586,968.73	-
Other current assets	8	1,576,845.52	1,692,896.03
Total Current Assets		239,749,770.13	210,152,621.87
Non-Current Assets			
Financial assets at cost	9	1,868,641.59	3,946,241.54
Property & equipments, net	10	13,518,284.74	13,136,130.13
Other non-current assets	11	18,025,696.67	17,483,724.77
Total Non-Current Assets		33,412,623.00	34,566,096.44
TOTAL ASSETS		273,162,393.13	244,718,718.31
LIABILITIES & EQUITY			
LIABILITIES			
Current Liabilities			
Deposit liabilities	12	119,168,807.27	103,772,250.25
Trade and other payables	13	251,830.72	21,027,229.13
Accrued expenses	14	553,384.67	462,282.51
Other current liabilities	15	4,063,275.87	2,405,736.03
Total Current Liabilities		124,037,298.53	127,667,497.92
Non-Current Liabilities			
Non-current liabilities	16	26,782,322.76	11,708,244.23
Other non-current liabilities	17	31,927,744.03	21,774,970.67
Total Non-Current Liabilities		58,710,066.79	33,483,214.90
TOTAL LIABILITIES		182,747,365.32	161,150,712.82
EQUITY			
Paid-up share capital	SCE	65,826,914.19	62,226,823.83
Donations/grants	SCE	2,779,672.58	2,299,672.58
Other funds		6,547,708.72	5,042,229.88
Statutory funds	SCE	15,260,732.32	13,999,279.20
TOTAL EQUITY		90,415,027.81	83,568,005.49
TOTAL LIABILITIES & EQUITY		273,162,393.13	244,718,718.31

See accompanying Notes to Financial Statements.



JOLINA R. CELERONA

12 APR 2023

OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
 Brgy. Omaganhan, Tabango, Leyte

STATEMENT OF FINANCIAL OPERATION
 For the years ended December 31, 2022 and 2021
 (Amounts in Philippine Pesos)

	Notes	2022	2021
REVENUES	18	44,594,547.51	38,945,238.91
TOTAL REVENUES		44,594,547.51	38,945,238.91
EXPENSES	19	39,178,846.35	35,553,523.19
NET SURPLUS before Ordinary Items		5,417,701.16	3,391,715.72
Add (Deduct) ExtraOrdinary Items			
Prior years' adjustment		-	(381,400.99)
NET SURPLUS		5,417,701.16	3,010,314.73
DISTRIBUTED AS FOLLOWS:	20		
Reserve Fund		541,770.11	301,031.47
Education and Training Fund-local		270,885.07	150,515.75
Due to Union/Federation		270,885.04	150,515.73
Community Development Fund		162,531.03	90,309.44
Optional Fund		379,239.08	210,722.04
Interest on Share Capital Payable		2,654,673.58	1,475,054.22
Patronage Refund Payable		1,137,717.25	632,166.08
NET SURPLUS AS DISTRIBUTED		5,417,701.16	3,010,314.73

See accompanying notes to Financial Statements.

1.2 April 2023

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72

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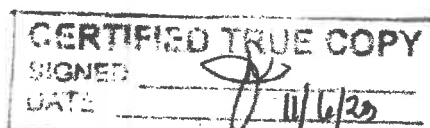
JOLINA R. CELECUNA
 BOD SECRETARY,

OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
Brgy. Omaganhan, Tabango, Leyte

STATEMENT OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus		5,417,701.16	3,010,314.73
Adjustments to reconcile net surplus to net cash provided by operating activities			
Depreciation		1,214,505.39	1,453,883.12
Provision for probable losses on accounts receivable		253,382.16	
Credits to accumulated depreciation		472,714.80	18,511.54
Changes in Assets and Liabilities			
Decrease (Increase) in:			
Loans and receivables		(21,786,843.27)	(17,640,378.72)
Merchandise inventory		(586,968.73)	
Other current assets		116,050.51	(470,764.22)
Increase (Decrease) in:			
Deposit liabilities		15,396,557.02	15,077,099.74
Trade and other payables		(20,775,398.41)	(13,066,577.29)
Accrued expenses		91,102.16	
Adjustment/Remittance to apex organization		(298,515.73)	(207,671.91)
Adjustment/Payments of interest on share capital and patronage		(2,107,220.30)	(3,716,489.46)
Other current liabilities		-	(15,110,094.40)
Net Cash Flows (Used in) Operating Activities		(22,592,933.24)	(30,652,166.87)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at cost		2,077,599.95	175,316.58
Acquisition of property and equipment		(2,069,374.80)	(4,185,409.51)
(Increase) Decrease in other non-current assets		(541,971.90)	14,380,240.09
Net Cash Flows (Used in) Provided by Investing Activities		(533,746.75)	10,370,147.16
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of share capital		3,600,090.36	3,904,286.03
(Decrease) in donations/grants		480,000.00	(6,700,000.00)
Increase in non-current liabilities		15,074,078.53	16,099,298.00
Increase in other non-current liabilities		10,152,773.38	
Increase in other funds		1,505,478.84	384,829.88
Charges) credits to statutory funds		(92,972.17)	952,927.27
Net Cash Flows Provided by Financing Activities		30,719,448.92	14,641,341.18
NET INCREASE (DECREASE) IN CASH and CASH EQUIVALENTS		7,592,768.93	(5,640,678.53)
CASH and CASH EQUIVALENTS, January 01	5	41,892,626.39	47,533,304.92
CASH and CASH EQUIVALENTS, December 31	5	49,485,395.32	41,892,626.39

See accompanying Notes to Financial Statements



JOLINA R. CELEDONA
BOD SECRETARY,

OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
Brgy. Omaganhan, Tabango, Leyte

STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
PAID-UP SHARE CAPITAL-COMMON			
Beginning Balance		62,226,823.83	58,322,537.80
Add (deduct) Net changes		3,600,090.36	3,904,286.03
TOTAL PAID-UP SHARE CAPITAL - COMMON		65,826,914.19	62,226,823.83
DONATIONS/GRANTS			
Beginning Balance		2,299,672.58	8,999,672.58
Add (deduct):			
Receipts			
Deductions/adjustments		480,000.00	(6,700,000.00)
Ending Balance		2,779,672.58	2,299,672.58
OTHER FUNDS - BUILDING			
Beginning Balance		5,042,229.88	4,657,400.00
Add (deduct):			
Provision		1,505,478.84	384,829.88
Ending Balance		6,547,708.72	5,042,229.88
STATUTORY FUNDS			
RESERVE FUND			
Beginning Balance		8,515,192.89	8,014,161.42
Add (deduct):			
Provisions		541,770.11	301,031.47
Credits		0.00	200,000.00
Ending Balance	20	9,056,963.00	8,515,192.89
EDUCATION AND TRAINING FUND			
Beginning Balance		506,585.93	175,398.27
Add (deduct):			
Provisions		270,885.07	150,515.75
Credit (Charges)		(346,548.54)	180,671.91
Ending Balance	20	430,922.46	506,585.93
COMMUNITY DEVELOPMENT FUND			
Beginning Balance		2,684,862.38	2,162,297.58
Add (deduct):			
Provisions		162,531.03	90,309.44
Credits		253,576.37	432,255.36
Ending Balance	20	3,100,969.78	2,684,862.38
OPTIONAL FUND			
Beginning Balance		2,292,638.00	1,941,915.96
Add (deduct):			
Provisions		379,239.08	210,722.04
Credits			140,000.00
Ending Balance	20	2,671,877.08	2,292,638.00
TOTAL STATUTORY FUNDS	20	15,260,732.32	13,999,279.20
TOTAL EQUITY		90,415,027.81	83,568,005.49

See accompanying Notes to Financial Statements

82

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OMAGANHAN FARMERS' AGRARIAN REFORM COOPERATIVE, OFMPC
Brgy. Omaganhan, Tabango, Leyte

NOTES TO FINANCIAL STATEMENTS
As of December 31, 2022 and 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

The **OMAGANHAN FARMERS' MULTI-PURPOSE COOPERATIVE** was organized on August 30, 1989. It was registered with the Cooperative Development Authority (CDA), a body created under Republic Act 6938 to govern and supervise all cooperatives established in the Philippines on January 9, 1992 per Certificate of Registration No. CBU-477.

The cooperative is currently engaged in providing savings and credit services to its members. Its area of operation was currently amended to region-wide. Currently, the cooperative has two branches; the Villaba branch and San Isidro branch and one satellite in Naval, Biliran.

On January 30, 2013, the Cooperative Development Authority approved to change the name of cooperative to **Omaganhan Farmers' Agrarian Reform Cooperative, OFMPC** and certain amendments in the Articles of Cooperation and Coop By-Laws.

The cooperative enjoys exemption from certain types of taxes pursuant to Article 62 of the Cooperative Code of the Philippines for its transactions with both members and non-members for a period of ten (10) years effective from the date of registration with the CDA. This exemption was affirmed by the Bureau of Internal Revenue per Certificate of Tax Exemption Ruling dated January 29, 2003 and docketed as **TECCP RR-14-90-2003** issued by BIR Region No. 14, Palo, Leyte. Thereafter, the tax exemption is covered by different ruling as conferred by BIR Revenue Regulation (RR) No. 20-2001 (amending Revenue Memorandum Circular No. 48-91). Under this Revenue Regulation, specifically section 3, it enumerated the types of national and local taxes as registered cooperative can avail exemption. Notwithstanding the foregoing pronouncements of the cooperative earns income from unrelated sources to its main/principal business, it shall be subjected to all appropriate taxes under the Tax Code of 1997.

On the other hand, a duly registered cooperative in some cases, can be held liable to all internal revenue taxes unless otherwise provided by law or after the lapse of the 10 year period from the date of registration, its accumulated revenues and undivided net savings exceeds the ten million pesos (Php 10,000,000.00) threshold. This rule however is only applicable to cooperatives that have business to non-members.

Cooperative Tax Identification No.: 890-004-306-975-00

Cooperative was issued a Certificate of Good Standing on _____.

These financial statements of the cooperative for the year ended December 31, 2022 were authorized for issue by the Board of Directors on January 22, 2023.



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:

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 and Equipment
PAS 19	-	Employee Benefits
PAS 21	-	The Effects of Changes in Foreign Exchange Rates
PAS 24	-	Related Party Transactions
PAS 36	-	Impairment of Assets
PAS 7	-	Cash Flow Statements
PAS 18	-	Revenue
PAS 38	-	Intangible Assets
PAS 32, 39	-	Financial Instruments for Credit Coops

PAS 1 - Presentation of Financial Statements

Provides framework of financial statements presentation. It requires more specific balance sheet line items (tax liabilities, provisions, non-current interest bearing debt, among others; financial statements must be comparative; and, has a number of new disclosure requirements. The standard also requires presentation of comparative information.

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

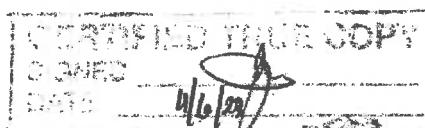
The standard is applied in selecting and applying accounting policies, and accounting for changes in accounting policies, changes in accounting estimates and correction of prior period errors.

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 and equipment; requires capitalization of the costs of asset dismantling, removal or restoration; and requires measurement of an item of property and 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 derecognition (e.g., disposal).



JOLINA R. CELEDONA
SECRETARY

PAS 19/IAS 19 - Employees Benefits

Prescribes the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, annual profit-sharing bonuses, and non-monetary benefits); pensions, post-employment life insurance and medical benefits' other long-term employee benefits (long-service leave, disability, deferred compensation, long-term profit sharing and bonuses, and equity compensation).

PAS 21/IAS 21 - The Effects of Changes in Foreign Exchange Rates

Provides certain restrictions in allowing the capitalization of foreign exchange differentials. Under prevailing circumstances, the adoption will not have a material effect on the Company's financial position, results of operations and cash flows in year 2021.

PAS 24 - Related Party Transactions

This standard applies in: (a) identifying related party relationships 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 36 - Impairment of Assets

This standard applies in accounting for the impairment of assets other than those covered by separate standards.

PAS 2 - Inventories

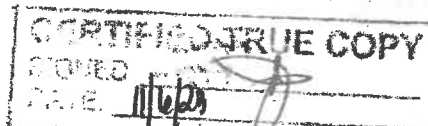
Prescribes the accounting treatment for inventories

PAS 7 - Cash Flow Statements

Prescribes 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

Prescribes the accounting treatment for revenue arising from certain types of transaction and events.



PAS 38 - Intangible Assets

Prescribes the accounting treatment for Intangible Assets not dealt with specifically in another Standard.

PAS 32, 39 - Financial Instruments

Prescribes the accounting treatment, presentation and disclosure requirements for Financial Instruments.

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 and accompanying notes. Those estimates and assumptions used 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 have a 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 each of the Cooperative's property or equipment is estimated based on the period over which the asset is 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 life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets. 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. The carrying value of property and equipment amounted to Php 13,518,284.74 and Php 13,136,130.13 as of December 31, 2022 and 2021 (Note 9).

Asset Impairment

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires to Cooperative to make estimate and assumption that can materially affect its statement of assets, liabilities and members' equity. Future events could cause the Cooperative to conclude that the property and equipment are impaired. Any resulting impairment loss shall be charged to operations.

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 "functional currency"). The financial statements are presented in Philippine Peso, which is the Cooperative's functional and presentation currency

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Cooperative and the amount of revenue can be measured reliably. Revenues from transactions of the Cooperative are recognized on a modified accrual basis

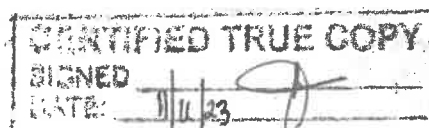
Cash and Cash Equivalents

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

Financial Assets

Receivables

Receivables, if any, are valued at face value, net of allowance for doubtful accounts and any anticipated adjustments that will reduce the amount to its estimated realizable value. The allowance for doubtful accounts is determined after a study of the estimated collectability of the receivable balances and evaluation of such factors as aging of the accounts, collection expense of the Cooperative in relation to the particular receivable, past and expected loss experiences and identified doubtful accounts.



JOLINA R. CELEDONA
PRO SECRETARY

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 properties.

	<u>Estimated Useful Lives</u>
Building	20-40
Office Equipment	02-05
Office Furniture and Fixtures	02-05
Transportation Equipment	05-10
Leasehold Rights and Improvements	02-03

Financial Liabilities

Financial liabilities include bank loans, trade and other payables, as well as interest on Share Capital and Patronage Refund Payable to the Cooperative's members. These are recognized when the Cooperative becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the Statement of Operations under the caption Finance Costs.

Trade payables are recognized at their nominal value. Interest on Share Capital and Patronage Refund Payable are recognized as financial liabilities based on the Cooperative's By-Laws as well as Cooperative Laws and Regulations.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

Impairment of Assets

The carrying amount of the Cooperative's non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Costs and Expenses

Costs and expenses, not directly attributable to capitalizable assets or projects, are recognized and charged to operations as incurred.



ACCOUNTS PECULIAR TO COOPERATIVES**Accounting Estimates**

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

ACCOUNTS PECULIAR TO COOPERATIVES

The following accounts are peculiar to a Cooperative due to its nature as well as adherence to Cooperative laws, issued policies, rules and regulations, as well as Cooperative principles and practices:

ASSETS:

Cash in Cooperative Banks/Federation – refers to money deposited in local banks and federations which are unrestricted and readily available when needed. These are treated as cash and other cash equivalents.

Due from Accountable Officers and Employees – refers to total collectibles from shortages and other losses due from accountable officers and employees that are subject to immediate settlement/sanction. These are recognized at cost, less allowance for impairment, if any.

Cooperative Development Cost – refers to expenses incurred prior to the actual operations of the Cooperative. These are recognized at cost, subject to amortization for a period not exceeding 3 years.

Other Funds and Deposits – refers to funds set aside for funding of reserves (Statutory and Other Reserves) established by the Cooperative such as Retirement, Mutual Benefit and Other Funds. This is recorded at cost.

LIABILITIES:

Interest on Share Capital Payable – refers to liability of the Cooperative to its members for interest on share capital, which can be determined only at the end of every fiscal year.

Patronage Refund Payable – is the liability of the Cooperative to its members and patrons for patronage refund, which can be determined only at the end of every fiscal year.

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Due to Union/Federation (CETF) – is an amount set aside for the education and training fund of an apex organization, which is 50% of the amount allocated, by the Cooperative in accordance with the provision of the Cooperative's By-laws and the Cooperative Code. The apex organization may either be a federation or union of which the Cooperative is a member.

Mutual Benefits and Other Funds Payable – are funds for special purposes such as members' welfare & benefits, i.e. loan protection, hospitalization, death, scholarship assistance, etc. including KBGF/CGF, provision for accidents not taken from net surplus.

EQUITY

Statutory Funds – are mandatory funds established/set up in accordance with Articles 86 and 87 of the Cooperative Code. They are as follows:

Reserve Fund – amounts set aside annually for the stability of the Cooperative and to meet net losses in its operations. It is equivalent to at least 10% of the net surplus. A corresponding fund should be set up either in the form of time deposit with local banks or government securities. Only the amount in excess of the paid up share capital may be used for the expansion and authorized investment of the Cooperative as provided for in its by-laws.

Education and Training Fund – an amount retained by the Cooperative out of the mandatory allocations as stipulated in the Cooperative's by-laws.

Community Development Fund – This is computed at 3% of Cooperative's net surplus. This is used for projects or activities that will benefit the community where the Cooperative operates.

Optional Fund – fund set aside from the net surplus (should not exceed 10%) for future use such as land and building, community developments, etc.

EXPENSES

General Assembly Meeting – expenses incurred in the conduct of regular/special general assembly.

Members' Benefit – all expenses incurred for the benefit of the members

Affiliation Fee – amount incurred to cover membership or registration fees and annual dues to a federation or union.

Social and Community Service – expenses incurred by the Cooperative in its social community involvement including solicitations and donations to charitable institutions.

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INCOME TAXES

The Cooperative Code states that a Cooperative transacting business only with its members is exempt from all government taxes, and therefore cannot apply the PAS for income taxes because of its tax-exempt nature. However, should the Cooperative exceed the limits as set forth in the Cooperative Code, it will adopt the accounting standards for income taxes as stated in PAS 12.

INCOME RECOGNITION

As a rule, Cooperatives adopt the accrual basis of accounting, however, for credit and other Cooperatives, recognition of revenues is on a modified accrual basis; i.e., interest income, fines, penalties and surcharges shall be recognized when earned and actually collected. This is so because only interest income, fines, penalties and surcharges on loans receivable that has been realized (i.e., earned and collected) shall be the basis of the income available for distribution to its members through interest on share capital and patronage refund.

Also, due to the cash-based income distribution scheme of a Cooperative as well as the inherent limitations of small-scale countryside credit Cooperatives, it cannot adopt the effective interest method in recognizing interest income on loans receivable.

3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

3.1 Judgments

The preparation of the Cooperative's financial statements in conformity with Financial Reporting Framework (in reference to the Generally Accepted Accounting Principles of the Philippines) requires management to make estimates and assumptions that affect the amounts reported in the Cooperative's financial statements and accompanying notes. The estimates and assumptions used in the Cooperative's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Cooperative's financial statements. Actual results could differ from such estimates, judgments and estimates 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.

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3.2 Estimates

In the application of the Cooperative's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Cooperative's financial statements.

Allowance for Doubtful Accounts

The Cooperative assesses whether objective evidence of impairment exist for receivables and due from related parties that are individually significant and collectively for receivables that are not individually significant. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables.

The Cooperative provided insufficient allowance for probable losses on loans based on the PESOS standard.

Impairment of Available-for-sale of Financial Assets

The Cooperative follows the guidance of PAS 39 in determining when an asset is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Cooperative evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the assumption made regarding the duration that, and extent to which the fair value is less than cost, the Cooperative would suffer an additional loss in its financial statements, representing the write-down of cost at its fair value.

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Estimated Useful Lives of Property, Plant and Equipment

The Cooperative estimates the useful lives of property, plant and equipment based on the period over which the property, plant and equipment are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are 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 property, plant and equipment. In addition, the estimation of the useful lives of property, plant and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible; however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors and circumstances.


A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Lives</u>
Building	02-40
Office Equipment	02-05
Office Furniture and Fixtures	02-05
Transportation Equipment	05-10
Leasehold Rights and Improvements	02-03

The Cooperative assesses the value of property, plant and equipment which require the determination of future cash flows expected to be generated from the continued used and ultimate disposition of such assets, and require the Cooperative to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Cooperative to conclude that property, plant and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Cooperative's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Cooperative believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Cooperative's assessment of recoverable values and may lead to future additional impairment charges.

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Revenue Recognition

The Cooperative's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

4. Financial Risk Management Objectives and Policies

The Cooperative is exposed to credit, liquidity and other risks that rise 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

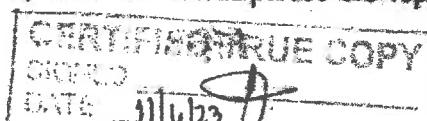
Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial condition.

The Cooperative continuously monitors defaults of customers and other counterparties and incorporate 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 of good credit quality.

With respect to trade and other receivables, The Cooperative is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.



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 the 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 through an adequate amount of committed credit facilities.


Other Price Risk Sensitivity

The Cooperative's market price risk arises from its investments carried at fair value (financial assets classified as financial assets at fair value through profit or loss and available-for-sale financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

5. CASH AND CASH EQUIVALENTS

This account is broken down as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand	25,468,305.75	11,444,564.74
Petty cash fund	48,000.00	18,000.00
Cash in vault – ATM	8,840,000.00	6,759,200.00
Cash in banks	14,268,646.40	23,670,861.65
Cash in Digi-Coop	860,443.17	0
Total	<u>49,485,395.32</u>	<u>41,892,626.39</u>

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 JOLINA R. CELESTINA

6. LOANS AND RECEIVABLES

6.1 LOANS RECEIVABLE

This account consists of:

	<u>2022</u>	<u>2021</u>
Current	141,415,605.56	143,063,263.45
Past Due	9,915,172.53	9,844,813.50
Total	<u>164,568,535.43</u>	<u>152,908,076.95</u>
Less: allowance for probable losses	<u>8,775,163.37</u>	<u>8,775,163.37</u>
Net Realizable Value	<u>155,793,372.06</u>	<u>144,132,913.58</u>

6.2 TRADE AND OTHER RECEIVABLES

Account receivables	31,650,303.23	22,149,685.87
Other receivables	<u>910,267.43</u>	<u>284,500.00</u>
Total	<u>32,560,570.66</u>	<u>22,434,185.87</u>
Less: allowance for probable losses	253,382.16	0
Total Trade and Other Receivables	<u>32,307,188.50</u>	<u>22,434,185.87</u>
TOTAL LOANS & RECEIVABLES	<u>188,100,560.56</u>	<u>166,567,099.45</u>

A review of the cooperative's aging of loans receivable showed that the allowance for probable loss of Php 8,775,163.37 at December 31, 2022 is sufficient enough to cover for probable impairments in its past due loans under PAR (30) standard. Using the PAR (30) standard, the Cooperative should provide an allowance for probable losses on in past due loan receivables in the amount of Php 7,659,464.28.

<u>Aging by PAR</u>	<u>Amount</u>	<u>Rate</u>	<u>Required Allowance</u>
Less than one (1) year	Php 3,470,320.38	35%	Php 1,214,612.13
More than one (1) year	Php 6,444,852.15	100%	Php 6,444,852.15
Total Required Allowance for Probable Losses on Loans			Php 7,659,464.28
Total Provision (Note 6)			Php 8,775,163.37
Over (Deficit)			Php 1,115,699.09

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7. MERCHANDISE INVENTORY

This account represents goods available for sale in Agrivet Supplies Operation.

8. OTHER CURRENT ASSETS

This account consists of:

	<u>2022</u>	<u>2021</u>
Unused Office Supplies	460,070.33	504,359.32
Prepaid expenses	1,116,775.19	1,188,536.71
Total Other Current Assets	<u>1,576,845.52</u>	<u>1,692,896.03</u>

9. FINANCIAL ASSETS AT COST

This account consists of:

	<u>2022</u>	<u>2021</u>
Metro South Coop Bank	306,000.00	306,000.00
SEED Finance	0	152,599.95
VCF	36,579.05	36,579.05
PACCI	13,111.81	13,111.81
CLIMBS, Inc.	469,336.64	469,336.64
VICTO National	34,745.30	34,745.30
NATCCO	628,991.19	628,991.19
Eastern Visayas Coop Federation	75,000.00	75,000.00
Philam Life	0	2,000,000.00
Banana Chips	204,877.60	204,877.60
Asiadraa Project	0	0
Agricooph	100,000.00	25,000.00
Total	<u>1,868,641.59</u>	<u>3,946,241.54</u>

10. PROPERTY AND EQUIPMENT

Details of this account as follows:

	Land	Leasehold rights & improvements	Building	Construction in Progress	Furniture, Fixtures & Office Equip.	Transportation Equipment	TOTAL
December 31, 2022							
Beginning Net Book Value	2,044,961.37	-	6,492,181.72	3,824,592.01	650,506.16	123,888.87	13,136,130.13
Additions (disposal)		134,000.00		1,193,164.55	742,210.25		2,069,374.80
Credits to accumulated depreciation			(472,714.80)				(472,714.80)
Depreciation for the year		(44,666.66)	(620,105.63)		(498,112.75)	(51,620.35)	(1,214,505.39)
Closing Net Book Value	2,044,961.37	89,333.34	5,399,361.29	5,017,756.56	894,603.66	72,268.52	13,518,284.74
Year Ended December 31, 2022							
Cost	2,044,961.37	134,000.00	9,643,711.63	5,017,756.56	2,512,930.66	3,791,565.00	23,144,925.22
Accumulated Depreciation		(44,666.66)	(4,244,350.34)		(1,618,327.00)	(3,719,296.48)	(9,626,640.48)
Net Book Value	2,044,961.37	89,333.34	5,399,361.29	5,017,756.56	894,603.66	72,268.52	13,518,284.74
December 31, 2021							
Beginning Net Book Value	1,894,961.37	79,477.01	7,061,619.46	-	743,343.62	625,202.28	10,404,603.74
Additions (disposal)	150,000.00	(6,202.60)		3,824,592.01	217,020.10		4,185,409.51
Depreciation for the year		(73,274.41)	(569,437.74)		(309,857.56)	(501,313.41)	(1,453,883.12)
Closing Net Book Value	2,044,961.37	-	6,492,181.72	3,824,592.01	650,506.16	123,888.87	13,136,130.13
Year Ended December 31, 2021							
Cost	2,044,961.37	-	9,643,711.63	3,824,592.01	1,770,720.41	3,791,565.00	21,075,550.42
Accumulated Depreciation		-	(3,151,529.91)		(1,120,214.25)	(3,667,676.13)	(7,939,420.29)
Net Book Value	2,044,961.37	-	6,492,181.72	3,824,592.01	650,506.16	123,888.87	13,136,130.13

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JOLINA R. CELEDONA
DPO SECRETARY

11. OTHER NON-CURRENT ASSETS

This account consists of:

	<u>2022</u>	<u>2021</u>
Real & other properties acquired	20,172.00	20,172.00
Other funds and deposits*	16,367,406.11	16,117,406.11
Miscellaneous assets	377,042.74	377,042.74
Biological assets (animals)	225,496.98	247,863.50
Computerization Costs	1,035,578.84	721,240.42
Total Other Non-Current Assets	<u>18,025,696.67</u>	<u>17,483,724.77</u>

*This account represents retirement fund of the cooperative employees which was enrolled in Eternal Plans Incorporated. The cooperative paid almost Two Million Pesos from Eternal Plans Incorporated.

12. DEPOSIT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>
Savings Deposit	92,873,042.73	77,428,418.95
Time Deposit	26,295,764.54	26,343,831.30
Total Deposit Liabilities	<u>119,168,807.27</u>	<u>103,772,250.25</u>

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JOLINA R. CELEDONA
 BOD SECRETARY.

13. TRADE AND OTHER PAYABLES

This account consists of:

	<u>2022</u>	<u>2021</u>
Loans payable -- Current	0	20,403,368.27
Accounts payable-suppliers	165,819.72	0
Accounts payable-PCC	86,011.00	86,011.00
Accounts payable-ACPC	0	65,000.00
Insurance payable	0	472,849.86
Total	<u>251,830.72</u>	<u>21,027,229.13</u>

14. ACCRUED EXPENSES

This account consists of:

	<u>2022</u>	<u>2021</u>
Accrued expenses	331,443.02	451,396.40
Withholding tax payable	14,385.85	3,604.58
SSS/Philhealth/HDMF premium payable	207,555.80	7,281.53
Total	<u>553,384.67</u>	<u>462,282.51</u>

15. OTHER CURRENT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>
Due to union/federation	270,885.04	298,515.73
Interest on share capital payable	2,654,673.58	1,475,054.22
Patronage refund payable	1,137,717.25	632,166.08
Total	<u>4,063,275.87</u>	<u>2,405,736.03</u>

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16. NON-CURRENT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>
Loans payable – non-current***	23,500,397.93	8,250,397.93
Retirement fund payable*	1,316,975.24	1,316,975.24
Revolving fund payable	<u>1,964,949.59</u>	<u>2,140,871.06</u>
Total	<u>26,782,322.76</u>	<u>11,708,244.23</u>

*This account represents retirement fund for all regular employees, however, the Cooperative has not established a retirement program consistent with the provisions of Republic Act 7641 (otherwise known as "The Philippine Retirement Law"). They accrue provisions for this account using simple mathematical computations. This account was enrolled in Eternal Plans Incorporated insurance.

*****LOANS PAYABLE**

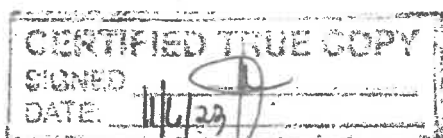
Broken down as follows:

	<u>2022</u>	<u>2021</u>
Landbank of the Philippines	2,619,163.55	2,619,163.55
SBC	<u>20,881,234.38</u>	<u>5,631,234.38</u>
Total Loans Payable	<u>23,500,397.93</u>	<u>8,250,397.93</u>

17. OTHER NON-CURRENT LIABILITIES

This account consists of:

	<u>2022</u>	<u>2021</u>
Mortuary fund payable	0	53,100.00
Other long-term payable-ACPC Yolanda	5,250,000.01	6,416,666.67
Other long-term payable-ACPC Bayanihan	24,054,404.00	14,605,204.00
Members' benefits & other funds payable	1,542,584.44	700,000.00
Employees' fund payable	<u>1,080,755.58</u>	<u>0</u>
Total	<u>31,927,744.03</u>	<u>21,774,970.67</u>



18. REVENUES

18.1 INCOME FROM CREDIT OPERATIONS

This account composed of:

	<u>2022</u>	<u>2021</u>
Interest income from loans	33,863,551.52	32,863,372.31
Service fees	5,211,060.02	4,333,380.86
Filing fees	96,329.43	80,440.00
Fines, penalties, charges	<u>1,272,643.14</u>	<u>624,958.96</u>
TOTAL INCOME FROM CREDIT OPERATIONS	<u>40,443,584.11</u>	<u>37,902,152.13</u>

18.2 MISCELLANEOUS INCOME

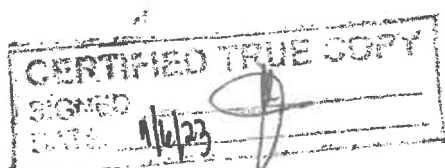
This account consists of the following:

Income/interest from Investment	3,738.66	8,784.53
Membership Fees	72,400.00	60,420.00
Other Income	1,202,212.94	699,658.33
Miscellaneous Income	<u>343,515.42</u>	<u>274,223.92</u>
Total Miscellaneous Income	<u>1,621,867.02</u>	<u>1,043,086.78</u>

18.3 GROSS PROFIT ON SALE

Details as follows:

Net Sales	<u>21,209,723.16</u>	
Less: Cost of Sale		
Merchandise inventory, beg.	819,334.97	
Add: Purchases	18,393,052.54	
Freight & handling	<u>55,208.00</u>	
Total Goods Available for Sale	19,267,595.51	
Less: Merchandise inventory, end	586,968.73	
Cost of Sale	<u>18,680,626.78</u>	
Gross Profit on Sale	<u>2,529,096.38</u>	0
TOTAL REVENUES	<u>44,594,547.51</u>	<u>38,945,238.91</u>



19. EXPENSES

This account consists of the following:

	<u>2022</u>	<u>2021</u>
Financing Costs:		
Interest expense on deposits	4,667,356.62	4,002,500.36
Interest expense on borrowings	954,675.57	2,480,831.73
Other charges on borrowings	435,200.00	342,800.00
Total Financing Costs	<u>6,057,232.19</u>	<u>6,826,132.09</u>
Administrative Costs:		
Salaries and Wages	10,448,257.66	7,963,846.36
Employees benefits	4,411,576.98	4,818,213.53
SSS, Philhealth, EC Contribution	974,455.60	864,239.14
Retirement expense	0	0
Provision for probable losses on accounts rec.	253,382.16	0
Provision for probable losses on biological assets	20,502.64	0
Provision for probable losses on investment	139,883.29	152,599.92
Depreciation	1,214,505.39	1,453,883.12
Amortization	0	197,009.15
Officers honorarium and allowance	1,023,170.00	885,775.00
Trainings/seminars	632,052.40	62,425.00
Travel and transportation	257,115.18	145,025.97
Office supplies	835,253.46	663,214.76
General assembly meeting expense	435,936.00	0
Power, light & water	957,250.13	581,135.86
Members' benefit expense	3,770,994.06	4,487,145.23
Collection expense	1,661,321.43	1,329,455.89
Meetings and conferences	205,060.89	191,197.00
Communication expense	255,081.20	121,142.20
Rental	811,250.00	773,850.82
Repairs and maintenance	1,153,780.43	637,818.00
Professional Fees	532,165.66	402,500.00
Representations	324,115.00	254,640.00
Insurance expense	893,487.92	1,047,798.16
Social services expense	906,723.05	463,672.69
Taxes and licenses	169,210.37	167,391.42
Bank charges	0	0
Gas, oil and lubricants	473,093.12	255,525.09
Affiliation fees	142,676.00	482,031.99
Miscellaneous expenses	217,314.14	325,854.51
Total Administrative Costs	<u>33,119,614.16</u>	<u>28,727,391.10</u>

39,176,846.35

39,176,846.35

35,553,523.19

35,553,523.19

TOTAL EXPENSES

20. ALLOCATION AND DISTRIBUTION OF NET SURPLUS:

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

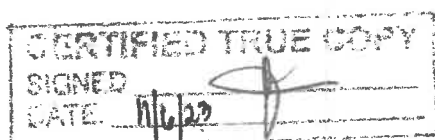
- a. Reserve Fund - Ten percent (10%) shall be set aside for the reserve fund. The reserve fund shall be used for the stability of the cooperative and to meet net losses in its operations. Not less than 10%, if less than 5 years, not less than 50%

- 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 and other purposes; while the other half shall be credited to the Cooperative education and training fund of the apex organization of which the cooperative is a member. 5% - Education and Training Fund, 5% Due to Union/ Federation

- c. Community Development Fund – This is computed at three percent (3%) of cooperative's net surplus. This is used for the projects or activities that will benefit the community of which the cooperative is a member. (Not exceeding 3%)

- d. Optional Fund – This is computed at seven percent (7%) of the cooperative's net surplus. (Not exceeding 7%)

- e. Interest on Share Capital and Patronage Refunds – After deductions of the statutory accounts, 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. Interest on Fixed Deposits shall be allocated in proportion to the individual members' average share monthly, while patronage refund is divided according to their individual patronage; i.e. of loans availed.



21. EMPLOYEE BENEFITS

a. Retirement Benefits

Republic Act (RA) No. 7641 (New Retirement Law) took effect on January 7, 1993. Under the new law, the Cooperative is required to provide minimum retirement benefits to qualified retiring employees. This amount was set up by the Cooperative in compliance with such law.

The Cooperative accrued provisions for retirement fund using simple mathematical computations to comply with Republic Act No. 7641.

b. Other Employee Benefits

The Cooperative provides 13th month pay, cash gifts, monetization of unused sick/vacation leaves and other incentives for all qualified employees.

22. RELATED PARTY TRANSACTIONS

There were no related party transaction made by the Cooperative for the years ending December 31, 2022 and 2021.

23. EVENTS AFTER BALANCE SHEET DATE

There were no events after balance sheet date that would require a disclosure or adjustment on the financial statement of the Cooperative.

24. COMMITMENTS AND CONTINGENCIES

There were no significant commitments and contingencies involving the Cooperative as of Balance Sheet Date.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Cooperative's capital management objectives are to ensure the Cooperative's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Cooperative monitor's capital on the basis of the carrying amount of equity as presented on the face of the balance sheets. Capital for the reporting period under review is summarized as follows:

	2022	2021
Total liabilities	182,747,365.32	161,150,712.82
Total equity	90,415,027.81	83,568,005.49
Debt-to-equity ratio	2.02:1	1.93:1

