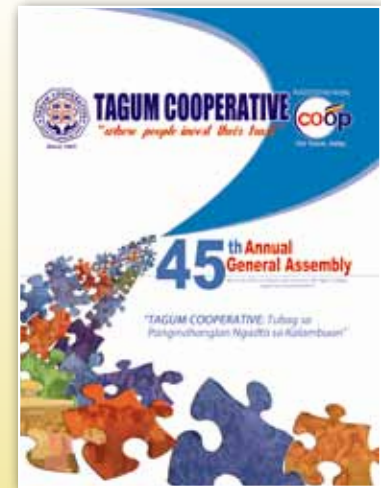


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## THE COVER

Each piece of the puzzle illustrated in our cover represents the prized dreams and aspirations that each coop member endeavors to achieve in joining the cooperative. When joined together, it will create an amazing picture of fulfillment and a show of power in line with the year's theme, **"Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalamboan"**.





# TAGUM COOPERATIVE

## 45<sup>th</sup> Annual General Assembly Programme

<b>PART I:</b>	<b>PRELIMINARY ACTIVITIES</b>	
7:00 – 8:00 A.M.	Thanksgiving Mass.....	<b>REV. FR. DANNY C. MONTANA, RCJ</b> Main Celebrant
		<b>DIOCESAN PRIESTS</b> Co-Celebrants
8:00 A.M.	Presentation of Candidates .....	<b>MS. CARIDAD A. CHAVEZ</b> Chairperson, Election Committee
6:00 A.M. - 12:00 NOON	Registration, Voting and Encashment of Coupons (Up to 12:00 noon only)	
<b>PART II:</b>	<b>PROGRAM PROPER</b>	
8:30 A.M.	Invocation .....	<b>DR. EVELIA R. SATOR</b> Member, Board of Directors
8:35 A.M.	National Anthem .....	<b>MR. MARK LOUIE D. MAHINAY, CPA, MBA</b> Chairperson, Audit Committee DLP/LCD Presentation
8:39 A.M.	Kooperatiba Hymn.....	<b>DR. EDGARDO D. APOYA</b> Vice Chairperson, Election Committee DLP/LCD Presentation
8:45 A.M.	Coop Pledge .....	<b>MS. ROSALINA S. ARGENT</b> Treasurer
8:48 A.M.	Welcome Address.....	<b>MS. NENITA E. LUMAAD, MA.Ed.</b> Chairperson, Board of Directors
9:00 A.M.	Presentation of TC Officers.....	<b>MS. MONICA L. SALIDO, MM</b> Member, Board of Directors
9:05 A.M.	Presentation of Members/Guests .....	<b>MS. NENITA R. MALBAS, CPA, MBA</b> Vice Chairperson, Board of Directors
9:10 A.M.	Presentation of Operational Highlights .....	<b>MS. JURIS D. PEREZ, CPA, MBA</b> SCG Manager/OIC-General Manager
9:25 A.M.	Intermission Number .....	<b>TAGUM NATIONAL HIGH SCHOOL DANCE GUILD</b>
9:40 A.M.	Introduction of the Guest Speaker .....	<b>MS. NORMA R. PEREYRAS</b> Member, Board of Directors
9:45 A.M.	MESSAGE .....	<b>DR. EMMANUEL M. SANTIAGUEL</b> Guest Speaker Chairperson, Cooperative Development Authority (CDA)
<b>PART III:</b>	<b>BUSINESS ASSEMBLY PROPER</b>	
10:00 A.M.	Call to Order	
	Proof of Due Notice	
	Declaration of Quorum	
	House Rules	
	Consideration of the Minutes of the Previous General Assembly	
	Business Arising from the Minutes of the Previous General Assembly	
	Presentation of Tagum Cooperative Officials' Reports:	
	a. BOD & Management	e. Conciliation-Mediation Committee
	b. Audit Committee	f. Gender Equality Committee
	c. Credit Committee	g. Election Committee
	d. Education Committee	h. Joint Officials' Recommendations
	External Auditor's Report – Reyes, Tacandong and Company	
	CY 2012 Budget Presentation and Announcement (Distribution of PRD, Encashment of Meal Coupons, Etc.)	
	Intermission Number .....	Tagum National High School Dance Guild
	Acknowledgment .....	<b>ENGR. ALBERT M. OMEGA</b> Member, Board of Directors
	Raffle	
	Adjournment	

Assembly Moderators:

**Ms. Mayumi M. Pinzon**  
**Mr. Darwin F. Suyat**

Hosts:

**Ms. Katherine Lou S. Arnilla**  
**Mr. Jonald V. Madanguit**

Assembly Recording Secretaries:

**Ms. Henrietta T. Cobrado**  
**Ms. Shekainah Sibala**

Ground Coordinator:

**Mr. Roel M. Bautista**



Fellow Cooperators,

Cooperativism has always been considered as one of the main keys to economic development and improvement of the lives of people. As the economic environment grows sharper and difficult to stabilize, Tagum Cooperative needs to inform, educate and capacitate all the members for them to meet adequately their financial and social needs.

We believe that if we are to prepare our members to become economically independent, socially at par with others and accepted worthy and contributing members of their communities, they must be empowered financially, socially and ethically.

For the year 2011, the undersigned, together with the other members of the Board of Directors have pursued relentlessly to uplift the stature of our members through different programs, products and activities. We have included in our endeavors, financial literacy and leadership programs for our young people, social and savings mobilization programs for our retirees, varied and required trainings for our staff and officers, affordable, customized and timely products for our members, and Gender and Development programs for our families. Tagum Cooperative had been instrumental and an effective vehicle for progress and development of its members and communities. Proofs are the awards that Tagum Cooperative received from CDA and from other secondary/tertiary cooperatives like the Model Cooperative Network (MCN).

The BOD further revisited the policies of Tagum Cooperative which serves as guidelines by the officers and staff, enhanced/revised these policies so they shall be relevant with the times. Not only have we strengthened our financial strategies but our organizational structure as well to better meet the many and varied demands of our members. All resources are put to maximum use so we will reap substantial returns of our investments.

There might be some differences of opinions between and among us on how we shall achieve our mission, nonetheless, we, the BODs of Tagum Cooperative is one in our vision **TO BE THE BEST ONE-STOP-SHOP COOPERATIVE FOR MEMBER CARE** where members invest their trust. We believe that Tagum Cooperative is **“TAGUM COOPERATIVE: TUBAG SA PANGINAHANGLAN NGADTO SA KALAMBUAN.”**

  
**NENITA E. LUMAAD**  
Chairperson  
Board of Directors





**MALACAÑAN PALACE**  
Manila

I extend my warmest greetings to the Tagum Cooperative, as you hold your 45th Annual General Assembly, themed, **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan.”**

Our administration is proud to have you as among our partners in reaching out to our citizenry, empowering them through the provision of resources and your demonstration of goodwill. I am confident that this assembly shall serve to strengthen your dedication to the people of Davao del Norte, Compostela Valley, and the cities of Tagum, Panabo, and Davao, and their neighboring areas. May you continue to work toward the improvement of the quality of life among our fellowmen and the realization of their dreams.

Cooperatives such as yours embody the values of accountability and integrity that our administration is promoting throughout the nation, especially among our colleagues in public service. These are the values we must observe in this daylight of hope and reform, and it is this daylight that shall illuminate the future of progress and prosperity within our reach.



**BENIGNO S. AQUINO III**  
President





Republic of the Philippines  
**OFFICE OF THE VICE PRESIDENT**

Congratulations to the Tagum Cooperative on the holding of its 45th Annual General Assembly themed **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan!”**

The dedication with which you have worked to promote the welfare of your members as well as your respective communities is certainly a testament to the extent of what a committee organization of Filipinos can do to better the lives of our kababayans.

I pray that this commitment and your resilience as a group never wavers, and that you be only strengthened by the challenges that may arise on your road to further success. You are truly a commendable group of members of our society.

May this 45th Annual General Assembly continue to inspire the general membership as well as the rest of the country with your integrity and progress. I wish you prosperity for all time.

Mabuhay kayo!



  
**JEJOMAR C. BINAY**  
Vice-President



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

My warmest greetings to the men and women of the Tagum Cooperative as you hold your 45th Annual General Assembly on March 18, 2012.

I regard your theme, **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan,”** as an affirmation of your strong commitment to promote effective and responsive programs, products and services for your members as you achieve your common objective of full social, economic and spiritual growth. I trust that this event will further strengthen the cooperative sector in Mindanao by celebrating your growth and stability while tackling important issues and concerns affecting your programs and services.

I note that Tagum Cooperative is a service-and-economic oriented, development-inspired and family-centered cooperative that has served its members and the community since 1967. You are truly a valuable partner in Mindanao’s sustained growth and development, having attained your current stature as one of the primary cooperatives with total assets of more than P1 billion and over 60,000 pro-active members throughout the provinces of Davao del Norte, Compostela Valley and the cities of Tagum, Panabo and Davao.

For our part, we in the House of Representatives recognize the significant role that cooperatives play in ensuring a vibrant social and business environment for the province, and by extension, the whole country as well. Cooperatives not only assist our people in their time of dire need but also encourage self-reliance and greater productivity among them. Rest assured that we are committed to continuously forging and fortifying our partnerships with cooperatives. We shall likewise support efforts to build more vibrant and well-managed cooperatives that will be better equipped to respond to the needs of their members, and of our larger society.

I urge the country’s cooperatives, such as Tagum Cooperative to continue to partner with government in nation building, by helping us craft a legislative agenda that will foster national growth and reduce, if not eradicate, poverty. May you continue lending a helping hand and leading by example to our countrymen, especially your members.

I wish you all a successful General Assembly!

*Mabuhay!*

  
**FELICIANO BELMONTE, JR.**  
Speaker





Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
 Quezon City, Metro Manila

I wish to convey my warmest congratulations to the dedicated officers, staff and members of Tagum Cooperative on your 45th Annual General Assembly!

It has been over four decades of remarkable success for Tagum Cooperative, which was undoubtedly made possible by the relentless perseverance of its leadership and pro-active involvement of its membership in the coop's undertakings. As such, there is no doubt that your cooperative has become a billionaire cooperative and takes pride of more than 60,000 members.

Your theme **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan”** sounds quite promising thus Tagum Coop must continue to demonstrate stunning performance. As it has been in the previous years, it should remain a catalyst for change on the lives of the members and the communities it serves.

The Coop-NATCCO Party-list is proud of your remarkable achievements. As you embark another year of cooperative undertaking, we would like to reaffirm our full support on whatever programs and services you may effect.

May the International Year of Cooperatives make way for fresh opportunities to propel cooperatives achieve greater heights.

Thank you for your unwavering support to the advocacies and programs of the Coop-NATCCO Party-list.



  
**HON. CRISENTE C. PAEZ**  
 Representative  
 Coop-NATCCO Party-list



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
 Quezon City, Metro Manila

Isang mainit na pagbati mula sa COOP-NATCCO Partylist, **“Ang Partido at Kakampi ng Kooperatiba sa Kongreso.”**

I convey my warmest felicitations and congratulations to the mighty and the 1st billionaire cooperative in the province of Davao del Norte, the **Tagum Cooperative (TC)**, including its 60,000 strong and proactive members, on the occasion of its **45th Annual General Assembly** with the theme: **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan.”** Your 45th year as a cooperative is in itself a great accomplishment. Only a handful of cooperatives in the Philippines reach this age. This is indicator of your continuous passion and dedication to making cooperatives a part of the way of life of the Mindanaoans. Your passion for cooperatives has become so contagious that even cooperatives as far as Luzon and Mindanao have now made Tagum Coop as their inspiration, including my very own primary cooperative.

I would like to salute the officers, staff and members for steering **Tagum Coop** to what it is now, a very important economic player in the City of Tagum and to nearby towns of the province of Davao del Norte. I agree that you are very supportive, well-informed and dedicated membership, besides good governance and strict financial discipline, has always been your greatest asset in making your coop vision within reach. I also believe that this is your key in making your cooperative **credit-free**. A very ideal status that is emulated and envied by other cooperatives. **Tagum Coop** is a living proof that cooperativism is here to stay and that cooperatives can reach the billionaire status even without loans or credit assistance from government or financial institutions. **Tagum Coop** has proven that cooperatives can now be at par with commercial banks.

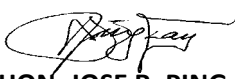
I am also proud to know that **Tagum Coop** is one of the few cooperatives in Mindanao that is practicing Gender Equality (GE). I encourage you to share your experiences on this endeavor that can further make cooperative operations better.

I am proud to inform you that your humble Representative has been selected as the Chairperson of the Committee on Cooperatives of the 15th Congress of the House of Representatives. I find this another feather in our cap as a sector and as a unified COOP-NATCCO Partylist. Just recently too, I was appointed as the Chairperson of the Technical Working Group (TWG) of the Committee on Poverty Alleviation to tackle and finalize the Magna Carta for the Poor. I am confident that this is a recognition of cooperatives' important participation and contribution to the poverty alleviation efforts of our government.

With your passionate and unwavering support, we will continue to seek a stronger cooperative sector and exert our best effort to move forward our cooperative legislative agenda. I trust that our partnership will go a long way for the sake of our general membership, the cooperative sector and country, as a whole.

**COOP-NATCCO Partylist will always be your strong partner in all your cooperative endeavors, today and in the future.**

**Mabuhay ang Tagum Coop! Mabuhay ang COOP-NATCCO Partylist! Mabuhay ang Kooperatiba!**

  
**HON. JOSE R. PING-AY**  
 Representative  
 Coop-NATCCO Party-list





Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
 Quezon City, Metro Manila

My warmest felicitations to the board of directors and all the members of the Tagum Cooperative, in behalf of all my constituents in the first district of Davao del Norte, in the holding of your 45th Annual General Assembly.

It is indeed with great honor that you have given me an opportunity to be a part of your souvenir program of this year's general assembly. For one, cooperatives are an essential part of our country's economy and the absence of them would certainly mean a slower, dull and a monotonous economy. Founded on the principles of entrepreneurship, self-employment, and a private initiative, cooperatives play a vital part in nation-building as it fosters independency and self-reliance and encourages all individuals to engage in trade in a way that does not curtail their right to a progressive and a better-secured financial capability.

I therefore salute all the cooperatives for their significant contribution in propelling our economy, as we usher into the new millennium and will be facing once again the constant challenges that each growing nation undergoes, in pursuit of that lasting and sustainable development.

Rest assured, as your representative and your voice in the halls of the House of Congress, I am one with you in your endeavors and I continuously initiate tangent steps through the legislation of practical and appropriate measures that would directly redound to the benefits of all, especially the underprivileged and the small and medium enterprises.

With all your support, I am positive that as we take that genuine path towards progress and development, we would achieve that genuine change that we all deserve so much.

More power to the Tagum Cooperative. Pilipinas, padayon sa pag-uswag!



  
**CONG. ANTHONY G. DEL ROSARIO**  
 1st District Representative



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
 Quezon City, Metro Manila

It is with pride and honor to greet the officers, staff and members of the Tagum Cooperative on your 45th Annual General Assembly.

Certainly, your theme "**Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan**" solidly reflects the zest for public service and solid action the cooperative has for its advancement and more so, to its members and the community you are entrenched. The achievements that Tagum Coop have gained through the years far exceeds the longevity of its existence, a public service worthy of praise and emulation.

Tagum Coop along with other existing, strong and resolute coops all over the country significantly binds the Filipino people to stand firm and optimistic of one's future.

I am one with you in this significant event of yours. Like my *Barangayanihan Development Program*, we share the same aspiration for our fellowmen. And you can always count on my support today and the years ahead.

May you always continue to evolve. The consolidated hardwork and determination of each and every cooperators would certainly mean a brighter fiscal year 2012-2013 for Tagum Coop.

Congratulations and Mabuhay!



  
**ANTONIO F. LAGDAMEO, JR.**  
 2nd District Representative



## Philippine Cooperative Center

It is with great pride and joy that I greet Tagum Cooperative on your 45th Annual General Assembly.

Your cooperative being one of the few billionaire cooperatives has come a long long way in proving that yes the people can! You have given your members hope and your community progress beyond one's imagination.

Sheer hard work and perseverance are not enough to spell success but also the cooperation and involvement of each member that brought your cooperative where it is today.

You have been an inspiration to many cooperatives and you have been unselfish in sharing your success story.

I hope and pray that in the years to come, TAGUM COOPERATIVE will continue the march toward progress as living embodiment of the cooperativism in action for the entire nation.

**MABUHAY ANG KILUSANG KOOPERATIBA!**



  
**AGAPITO "BUTZ" AQUINO**  
Chairperson



Republic of the Philippines  
**COOPERATIVE DEVELOPMENT AUTHORITY**  
827 Aurora Blvd. Service Road, Brgy. Immaculate Conception,  
1111 Cubao, Quezon City

*The glue that holds all relationship together – between the leader and the led – is trust, and trust is based on integrity.*  
– Brian Tracy

The words of wisdom imparted by Brian Tracy is aptly fitting for Tagum Cooperative! For it is your members' complete trust that enable you to do great things: innovations, changes and advancements that makes you the billionaire coop you are right now. It is never easy to reach this status, but your deep commitment and adherence to your cooperative mission, vision and the spirit of cooperativism gives you resiliency to pursue your goal. To the Board of Directors, the Management and Staff, my congratulations for bringing Tagum Coop to this level of prestige worth to be emulated by others.

At the onset of my tenure, I have introduced the 3-Point Agenda as the main thrust of CDA endeavors up to 2013, anchored on the Philippine Medium-Term Plan 2011-2016 pursuant to President Benigno C. Aquino Administration's framework for translating his Social Contract with the Filipino People. I am hopeful that Tagum Coop, with your growing network, your proven and tested nit and grit in the face of many trials which you have all triumphed with, will help us meet mainstreaming 20 million cooperative membership by the end of year 2013.

With the given groundwork of our actions, CDA had its program rolling. We already have conducted consultations and convergences of federations, unions, coop councils, LGU coop offices and partner-agencies in recognition of their roles in advancing cooperativism in their respective jurisdiction. They signified their strong conviction, cohesion and forged partnership for the implementation of the cooperative programs in pursuit of development and people empowerment as an instrument of peace, unity and ecological integrity. Also, the leader-representatives of the sector forged oneness, pledged and committed their unwavering faith to a common vision towards promoting economic growth, poverty eradication and social justice.

However, all these grandiose endeavors will not be realized without the deep commitment, cooperation and internalization of the CDA itself and the embodiment of the cooperative movement to uphold the real essence of cooperativism.

This year, we will be celebrating the International Year of Cooperatives with the international theme "Cooperative Enterprises Build a Better World". We will be showing the whole nation that cooperative movement in the country is alive, strong, dynamic, progressive and pro-active as we will banner our Philippine IYC theme "Transformative Cooperative for People, Planet, Prosperity and Peace"! This coming February 18, 2012, come and let us join together and show the world our cooperative force!

CDA has always been a supporter and believer of Tagum Cooperative. We acknowledged your great accomplishment and your great contribution to the economic growth of our beloved country as well as to the betterment of our society. Keep on, CDA will always be your partner in advancing your noble cause.

Mabuhay ang Tagum Cooperative!  
Mabuhay ang Kilusang Kooperatiba!

  
**EMMANUEL M. SANTIAGUEL, PH.D.**  
Chairperson







## NATCCO NETWORK

I extend my wholehearted cooperative greetings to TAGUM COOPERATIVE on your 45th Annual General Assembly meeting. I am excited to know that the cooperative's total assets now reached more than P1 Billion and with over 60,000 members all over in cities of Tagum, Panabo and Davao.

TAGUM COOPERATIVE has made giant steps over the years. I salute the men and women in the active forefront and those silently working behind the success of the cooperative. It is worthy of receiving award from the National government and CDA as well for driving cooperativism to the grassroots of our society.

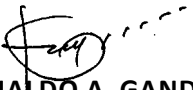
As you celebrate this year's gathering with the Theme: **"Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan"** is timely and suitable for this occasion. What Tagum Cooperative is doing today sets the trend for the future. The strong presence of the Tagum Cooperative in the communities and in the other areas around the Mindanao is a clear indication that you want to alleviate and solve the problem of poverty.

As you move forward, let the cooperative change the culture, change the game. It should start from us and influence the rest to join and participate.

In behalf of the NATCCO Network and as your partner in progress, I wish you success in all your endeavours.

Mabuhay ang TAGUM Cooperative!



  
**REYNALDO A. GANDIONCO**  
Chairman of the Board  
NATCCO Network



## MASS-SPECC Cooperative Development Center

In behalf of MASS-SPECC Cooperative Development Center and the more than 300 primary affiliates, it is an honor to be part of your 45th General Assembly, my sincere greetings and felicitations to the Officers, Management and Staff and the 60,000 proactive members of Tagum Cooperative.

Indeed, celebrating your Sapphire anniversary is another milestone, making a mark in the history of the cooperative, your outreach has significantly contributed in alleviating poverty in Mindanao. The aggressive stance shown through the years by TC has proven that it has continued to play a vital role in the improvement of life of the members and the socio-economic development of the country.

The nation's path to progress involves all sectors of the society and the cooperative sector is not excluded. It has been proven over time that the cooperative sector was able to withstand financial and economic crisis. It has continued to address the needs of the community and continues to support the government to keep the economy vibrant.

The past year was full of challenges but we will face the coming year with a renewed spirit especially that this year we will be celebrating the International Year of the Cooperatives with the tagline "Cooperative Enterprises Build a Better World". Your chosen theme **"Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan"** is appropriate with the present times as a motivation to truly inspire significantly with other sectors. It is most certain that with the achievements TC had surpassed through the years it will continue to create milestones in the years to come.

As a fellow cooperator, we are all like sapphires coming from a single form--we belong to one movement- the cooperative movement. So, let's do our share, let us go out of our way, reach and share, support and cooperate. The 45 years of evolution is too precious to be put aside. I enjoined all of you to work together and become a perfect gem.

Thank you and God bless!  
Mabuhay ang Kooperatiba!



  
**GADWIN E. HANDUMON**  
Chairperson





Republic of the Philippines  
**PROVINCE OF DAVAO DEL NORTE**  
 Tagum City

Sa Board, Management ug sa tanang miyembro sa Tagum Cooperative, malipayong pagpahigayon sa inyong ika-45 na Annual General Assembly!

Ang inyong tema, **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan,”** usa ka nindot na pahayag nga magdala gayud ug kalipay sa mga miyembro. Kini nagpasabot nga maayo ang kahimtang karon sa kooperatiba.

Ang probinsyal nga kagamhanan kasamtangan nga nagapatuman sa programang P.E.O.P.L.E. (People Empowerment, Education, Optimum Health, Public-Private partnership, Link to the world, and Employment and Livelihood opportunities). Pinaagi niini, makalaum kita nga padayon pa ang suporta sa mga organisasyo’ng sama sa kooperatiba agi ug pagpadayag sa pagsalig sa kagamhanan sa mga kooperatiba isip “rising engine of growth” sa Davao del Norte.

Ako manghinaut sa malungtaron nga paglambo sa Tagum Coop alang sa mga miyembro ug sa padayon nga pagbarog isip hulagway sa usa ka malampuson nga kooperasyon.

Mabuhay!



  
**RODOLFO P. DEL ROSARIO**  
 Governor



Republic of the Philippines  
**PROVINCE OF COMPOSTELA VALLEY**  
 Capitol Building, Cabidanan, Nabunturan,  
 Compostela Valley

It is an honor to congratulate the Tagum Cooperative for holding its 45th Annual General Assembly on March 18, 2012 with the theme, **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan”**.

Tagum Cooperative has indeed already gone through remarkable achievements as the primary cooperative whose total assets now reached more than one billion pesos and with over 60,000 members.

There is no doubt that Tagum Cooperative has been a significant pillar in our economy in terms of providing accessible services not only on the financial needs of our members but also in providing employment and livelihood to the community.

It is my ardent wish that you remain strong and continue to be true to your mission and mandate and thus helping our government alleviates the quality of life of our people especially in Compostela Valley Province.

Congratulations and Keep on Growing TAGUM COOP!



  
**ARTURO T. UY**  
 Governor



Republic of the Philippines  
**OFFICE OF THE CITY MAYOR**  
City of Tagum

I wish to congratulate the officials and members of Tagum Cooperative on the occasion of your 45th Annual General Assembly on March 18, 2012. This is a very fitting event where you banner the significant milestones of your cooperative in the last 45 years.

During these years, you had prevailed and you as a group braved the raging waters and dashed yourselves to the summit of success. Many odds were surpassed and many challenges were faced together. The road ahead is still long. As you create more years of strong partnership, I wish you more power to steer the wheel to bring your cooperative into an unprecedented success.

Let this event be a venue for you to innovate your ways to bring in new perspectives that will propel the success of Tagum Cooperative. I am hopping for your continued growth because I believe that your collective success is also the success of the people of Tagum City who believe in the power of cooperatives in crafting a socially-empowered community.

Thank you very much and Mabuhay!



  
**REY T. UY**  
Mayor



Republic of the Philippines  
**OFFICE OF THE CITY MAYOR**  
City of Davao

Warm greetings to the men and women of Tagum Cooperative on the occasion of your 45th Annual General Assembly!

The year 2011 saw an even greater increase both in your assets and in your membership. Today, as a billionaire cooperative, I am confident that you will be more than able to surpass your goals for your 45th year. Use the gains you have achieved to fuel more success and to respond to the needs of your members through sustainable programs and initiatives. Let me especially commend you for extending your services to the youth and to the senior citizens of the region through your Youth Laboratory Cooperative and Golden HEARTS programs.

As you celebrate this milestone, may this document be a testament to the organization's numerous contributions to society and its capacity to empower the members and help them live the "cooperative way of life".

Congratulations and more power to Tagum Cooperative!



  
**SARA Z. DUTERTE**  
Mayor



Republic of the Philippines  
Province of Compostela Valley  
Municipality of Nabunturan  
**OFFICE OF THE MUNICIPAL MAYOR**

My most sincere congratulations to Tagum Cooperative for its 45th Annual General Assembly. Those figures in years, membership, services rendered, awards and recognition and Statement of Operations prove your worth and attainment of your set goals and objectives.

The theme, **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan”** capsulizes the direction settings, mission and goals of Tagum Coop for the people. In the true spirit of partnership and cooperativism, the Local Government of Nabunturan is gratefully happy to work with you as we exert efforts to effect good and effective governance and social responsibility.


One of the priority responsibilities of the local government is the empowering of the people’s lives and people are empowered when they are released from the nets of poverty.

In behalf of the Municipality of Nabunturan, the capital town of Compostela Valley, its Officials and employees, let me express my sincere thanks to Tagum Cooperative for having established a branch in Nabunturan and for partnering with us in our efforts to respond to the call for peace, prosperity and wholistic development.

May the New Year 2012 and the years ahead be more fruitful and bright!

Congratulations!



  
**ROMEO C. CLARIN**  
Mayor



Republic of the Philippines  
**OFFICE OF THE CITY MAYOR**  
City of Panabo

CONGRATULATIONS to Tagum Cooperative on its 45th Annual General Assembly!

Cooperative is one of the nationwide economic building entities that help not only the people but the community in terms of addressing the socio-economic needs of our country and Tagum Cooperative had been a part of it. Your Cooperative has established its name for quite a time now, and is still going forward in its service to the public, and this I commend. On your 45th Annual General Assembly, I hope that whatever marvelous achievements Tagum Cooperative had achieved will inspire you as members to continue your support and that you will always be proud of what it had gone through the years.

Your theme has been a true battle cry towards progress and development and the city government of Panabo is very grateful for what you have contributed towards this end and hoping that more will be on your program for the next years to come.

Again, congratulations and God Bless.



**ATTY. JOSE L. SILVOSA, SR.**  
Mayor





Republic of the Philippines  
**OFFICE OF THE MUNICIPAL MAYOR**  
Municipality of Carmen

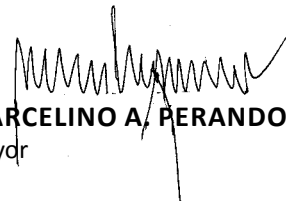
Please allow me to express my heartfelt congratulations and best wishes to all proactive Members, Officers and Board of Directors of TAGUM COOPERATIVE as you come together for the 45th Annual General Assembly on March 18, 2012 at Pedro San Jose Gym, UM Tagum College, Tagum City, Davao del Norte.

The theme: **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan”** affirms positivity that ensure cost-effective development.

It is my fervent prayer that the Lord may continue to bless Tagum Cooperative as we continue to be one in our quest.

Once again, congratulations and may God bless us all!



  
**MARCELINO A. PERANDOS**  
Mayor



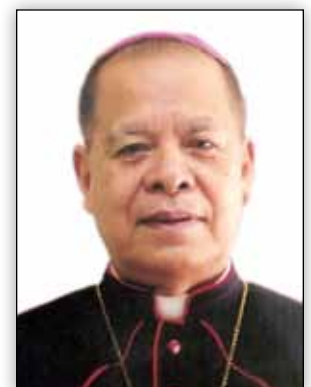
**ARCHDIOCESE OF DAVAO**


At 45 with its marvelous achievements, **Tagum Cooperative** has grown much in providing quality service to at least 60,000 members. With this I wish to extend my prayerful best wishes and congratulations to the board of directors, officers and members on the occasion of your 45TH ANNUAL GENERAL ASSEMBLY on 18 March 2012 at the Pedro B. San Jose Gym, UM Tagum College, Tagum City, Davao del Norte.

I commend all of you for your mutual cooperation in strengthening the spirit of cooperativism. Your theme **“Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan”** is both an assurance that you are doing well and a promise that you will face the challenges of our time and work for the progress of our society as a whole.

Our society needs heralds of truth, justice and peace, which I believe every man or woman of faith is called to be. It is my hope and prayer that as you embark on new programs and new services, you will live by and uphold Christian values that are gradually becoming extinct in these modern times. And as you hold on together in addressing important concerns affecting your membership, may you always be responsible and inner-directed persons capable of choosing life freely in conforming with your conscience and may you truly listen to the voice of God within and be receptive to His divine will.

Congratulations and God bless!



  
**FERNANDO R. CAPALLA**  
Archbishop of Davao



**DIOCESE OF TAGUM**  
Tagum City

My prayerful greetings to the stakeholders of **Tagum Cooperative** on the occasion of its 45th Annual General Assembly on 18 March 2012 at Pedro B. San Jose Gym, UM Tagum, Tagum City, Davao del Norte.

The theme chosen for this year's celebration: **"Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan"**, reaffirms the important role of the institution to improving the quality of life especially of its members. I am sure that a number of Tagum Cooperative members have been helped not only economically as spurred by the financial services of Tagum Cooperative, but also, in many other important aspects of their lives.

In one of the Church's Social Letters, *Mater et Magistra*, Pope John XXIII writes, "The Church's social doctrine has emphasized the contribution that such activities (for instance, cooperative enterprises) make to enhance the value of work, to the growth of a sense of personal and social responsibility, a democratic life and the human values that are important for the progress of the market and of society."

May Tagum Cooperative continue its noble mission so that its members will eventually become economically stable, and more importantly, value-oriented and empowered citizens.

My paternal blessings and prayers!



+ *Wilfredo Manlapaz*  
+WILFREDO D. MANLAPAZ, DD, STHD  
Bishop of Tagum



An Alliance of **FOCCUS** cooperatives

It is my pleasure to extend my felicitations to TAGUM COOPERATIVE on its 45th ANNUAL GENERAL ASSEMBLY. As you celebrate important milestones of achievements this year, being the CDA GAWAD PARANGAL AWARDEE FOR 2011, and for ACHIEVING THE FOCCUS GOLD STANDARDS, I sincerely hope that your cooperative would continue to be a model and inspire the cooperative movement to go beyond frontiers in making cooperativism a potent force in uplifting the lives of the members and contributing to economic development in your community.

Achieving the higher level of FOCCUS PRUDENTIAL STANDARDS arms Tagum Cooperative with a powerful tool in making true its promise of making **"Tagum Cooperative: Tubag sa Panginahanglan Ngadto sa Kalambuan"**, which is your theme for this year's General Assembly.

I salute the Board of Directors, Officers, Management and the General Membership of Tagum Cooperative for the exemplary achievement and for making your cooperative SAFER, MORE SOUND AND SUSTAINABLE. I also wish to thank Tagum Cooperative for its continued participation and support to the Model Cooperative Network's goals and endeavors.

In behalf of MCN, and as your partner in the cooperative sector, I wish you success in all your future endeavors.

More Power to TAGUM COOPERATIVE.

*Imelda S. Magabilen*  
IMELDA S. MAGABILEN  
Chairperson

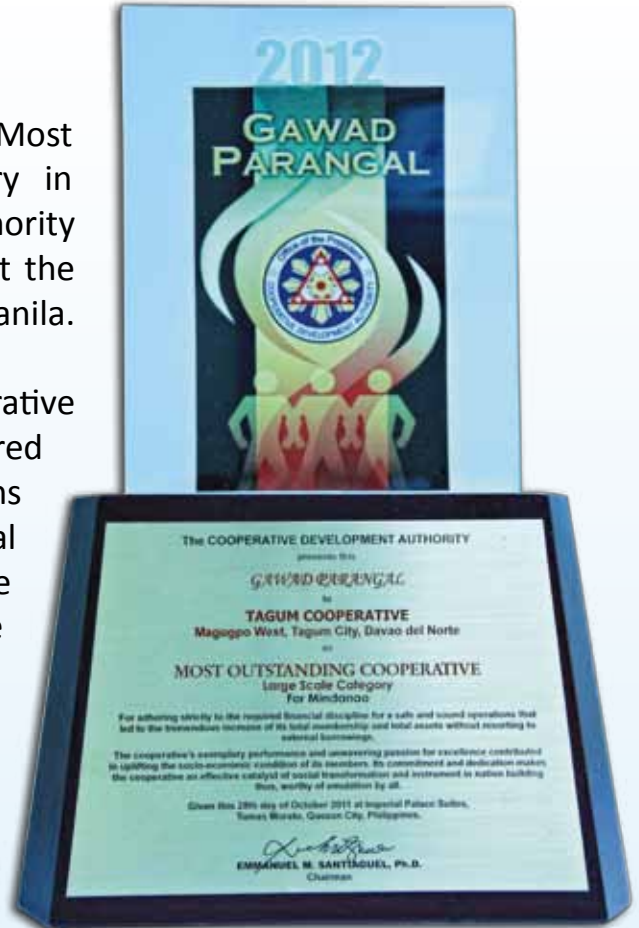




## CDA GAWAD PARANGAL

Tagum Cooperative was awarded as the Most Outstanding Cooperative for Large Scale Category in Mindanao in the Cooperative Development Authority (CDA) Gawad Parangal held last October 28, 2011 at the Imperial Palace Suites, Tomas Morato, Quezon City, Manila.

This award was given by the CDA to Tagum Cooperative in recognition for its strict adherence to the required financial discipline for safe and sound operations that led to the tremendous increase in the total membership and total assets of Tagum Cooperative without resorting to external borrowing for the past 10 years. The Tagum Cooperative's exemplary performance and unwavering quest for excellence has greatly contributed to the upliftment of the socio-economic condition of members. The commitment and dedication of its officers and employees make Tagum Cooperative an effective catalyst of social transformation and instrument in nation building.



## MCN FOCCUS AWARD

The Model Cooperative Network, an Alliance of Model Cooperative Network, grandiosely celebrated the 9<sup>th</sup> FOCCUS Awards Night last December 19, 2011 at Davao Convention Center, F. Torres St., Davao City. This is a way of honoring excellence, world class quality and commitment to cooperative member's welfare that is distinctively FOCCUS or Finance Organizations Achieving Certified Credit Union Standards.

The Biggest Cooperative in Region XI, TAGUM COOPERATIVE bagged the FOCCUS ACHIEVEMENT GOLD AWARD, not just the size of its assets but more importantly because of the faithful adherence to the financial ratios and quantitative indicators. The awarding rites were attended by the dynamic Board of Directors, Officers and the Eight (8) Branch Managers of Tagum Cooperative.



**BOARD OF DIRECTORS**



**NENITA E. LUMAAD, MA.Ed.**  
Chairperson



**NENITA R. MALBAS, CPA, MBA**  
Vice-Chairperson



**ATTY. CELERINA E. ESUERTE**  
Director



**EVELIA R. SATOR, Ed.D.**  
Director



**NORMA R. PEREYRAS**  
Director



**MONICA L. SALIDO, M.M.**  
Director



**ENGR. ALBERT M. OMEGA**  
Director

**KEY MANAGEMENT OFFICERS**



**ROSALINA S. ARGENT**  
Treasurer



**ATTY. ROLANDO C. CASAWAY**  
Legal Counsel



**HERMARIE T. ESMAEL**  
BOD Recording Secretary



# EXPANDED MANAGEMENT TEAM



**Brendo B. Bayocot, CPA**  
OIC-General Manager/Comptroller



**Juris D. Perez, CPA, MBA**  
Asst. General Manager-designate/SCG Manager



**Junifel R. Oculam**  
ICT Manager



**Angelina A. Ramos**  
HRD Manager



**Edwin C. Tautho**  
Manager Trainee-General Services Office



**Olivia T. Pendon**  
MBA Manager



**Kathryn Ann J. Salazar**  
FuneCare Manager



**Evelyn G. Bungabong**  
Main Branch Manager



**Nelson C. Salvalzo**  
Nabunturan Branch Manager



**Jerubi D. Jupista**  
Carmen Branch Manager



**Vincente P. Binag**  
Bajada Branch Manager



**Ma. Linda Remoreras**  
Panabo Branch Manager



**Roberto T. De Castro**  
Matina Branch Manager



**Vivelyn D. Fronteras**  
Mintal Branch Manager



**Ria Diosa A. Caliao, MBA**  
Public Market Branch Manager



**Judelyn V. Anunciado, CPA**  
SCG Accountant



**Maryjoan A. Boque**  
Finance Officer



**Daniel S. Aguinaldo**  
Loan Officer



**Baby Boy Rolly A. Saligan**  
CARS Officer



**Jovencio I. Rubilla, Jr.**  
Accountant



**Joan P. Almendras**  
Acting Marketing Officer



**Liza L. Daligdigan**  
MEPS Officer



**Felrim C. Balcita**  
Legal Researcher



**Mary Ann L. Jabile**  
SCWE Officer



**Clyjnee S. Dairo**  
Acting Youth Program Officer



**Aristotle D. Aguipo**  
Manager Trainee-General Service Office



**Irene S. Rosameran, CPA**  
Internal Audit Head

# BOARD OF DIRECTORS & MANAGEMENT REPORT

## To Our Fellow Cooperators:

Congratulations for making the Year 2011 a very remarkable year for Tagum Cooperative!

We say that as a billionaire cooperative, in the year 2011 there was great enthusiasm in pursuing our resolve to expand and grow our territories. Likewise, we confronted the challenge on “sustainability”- to remain on top among the cooperatives in Mindanao Region in giving value-added services to members amid the changing economic landscape .

With the combined efforts of the officers, management and the general membership, we are able to successfully achieved the **“first ever P102M mark in net surplus”** in our 45 years of operations! Our record-breaking success this year is attributed to the new products and services, including enhancements and innovations that we introduced to fit the growing demands of our members along business lines, namely: Savings and Credit, Member Benefit and Assistance and FuneCare.

We are ready to face challenges in 2012 with the impressive figures and growth we attained in the different key result areas of operations as we press forward and continue to lead .

## A. 3- YEAR FINANCIAL HIGHLIGHTS



## B. KEY FINANCIAL HIGHLIGHTS

### Data of 2011 versus 2010 Accomplishments:

- Membership up by 28% to 66,868
- Share Capital up by 31% to Php 455 Million
- Loans receivables up by 28.30% to Php 1.097 Billion
- Deposits up by 28% to Php 708.2 Million

- Net Surplus up by 9.3% to Php 102.18 Million
- Delinquency rate lowered to 8.38% from last year’s 8.68%

## C. HUMAN RESOURCES AND DEVELOPMENT INITIATIVES

Tagum Cooperative regarded its human resource as an important and valuable asset to the organization in the realization of its goals and objectives. As such, in 2011, deserving employees were promoted to managerial and supervisory positions while young and new employees were added to augment the present workforce for technical and clerical positions.

As we perceive the active role of Human Resource Development to effectively respond to the changing needs of the members; pre-determined trainings and seminars for career development of employees are regularly taken. The cooperative also held mid-year and year-end operations review and planning to train employees to stay focus on the objectives of different key result areas. It also gives the employees the opportunity to have a holistic view of the operations, measures and evaluates accomplishments while honing their communication skills.

The welfare of employees is taken cared of professionally through the Salary Standardization Program, Performance Management System, adaptation of HR Max software, HRD Manual and TC Employees’ Retirement Plan. All these initiatives for Human Resource Development are integral part of the goals of the cooperative.

## D. INFRASTRUCTURE AND FACILITY DEVELOPMENT

Driven by the strong commitment to better serve the members, we undertake various infrastructure projects and facilities development programs as follows:

- Opening of the New Market Branch situated at M & L Building, Tagum City Public Market in addition to the sub-office inside the market which is still operational.
- Renovation of the TC Main ground floor that comes with bigger space and improved office layout.
- Installation of a documents vault at the 2nd floor of the TC Main Branch including the installation of CCTV and alarm system.
- Fencing of the 42,000 sq. m. Land area owned by the cooperative situated at La Fortuna Tagum City.
- Installation of PASADA Booth in front of TC Main Building.
- Installation of Tagum Coop Pinoy Automated Teller Machine (ATM) at TC Main and the distribution of ATM Cards .
- Distribution of the new ID for TC members at a subsidized cost of P20.00 per member.
- Maintenance of Tagum Coop Website “ [www.tagumcoop.org](http://www.tagumcoop.org) ”.
- Installation of the new TC Inquiry Machine

## E. MEMBER SERVICES

In establishing the objectives for 2012, the satisfaction of the members in the products and services of the cooperative was foremost in our mind. Thus, member satisfaction is the goal that we seek and focus on because high member satisfaction as a matter of course, produce loyalty and subsequently, profit and growth.

The members' satisfaction can be experienced in all facets of the business of Tagum Cooperative.

#### **Savings and Credit Group**

- Opening of the New Market Branch to serve the members in the public market and the nearby areas at their most convenient manner. This is a realization of our 5-year strategic plan to put up 1 branch each year.
- Launching of Standby Credit Line Services (SCLS), a (1) one-year revolving credit line loan facility which can be availed of via several draw-downs or one time release depending on the borrower's preference. It is intended to address short-term loan needs of members
- Enhancement of the Policy on Accredited DepEd Employees Special Loan (ADESL) being one of the leading loan products offered to teachers to conform with the requirements of DepEd.
- Successfully launched the AFLATOUN Program to seven schools in Tagum City. The program aims to build the child's leadership skills and practice the value of savings. Accredited schools which joined the Aflatoun program are: Magugpo Pilot Central Elem. School, Rizal Elem. School 1, Mankilam Elem. School, Laureta Elem. School, La Filipina Elem. School, Catalan Elem. School and Apokon Central Elem. School.
- Customized savings products to encourage members develop the habit of savings through SalaD (Save A Lot Advocacy), PASADA (Pabilisang Savings Para sa mga Drivers Advocacy) and Golden Hearts.
- Conversion of eligible Youth Savers and Power Teen Savers to Regular Membership to be able to address their specific needs.
- Celebrated the very first TC Youth Laboratory Cooperative 1st General Assembly with the theme "A SAVER IS A LEADER TODAY" last November 5, 2011 at the Molave Hotel attended by 1,208 participants.
- Released a new issue of The Coop Watch to keep the members informed of the developments of the coop and strengthen the bond among members thru the various programs, products and services.
- Launched the "Go for Gold" campaign in classifying membership in the cooperative by encouraging the members to pursue share capital build-up.

#### **Member Benefit and Assistance**

- Continuous campaign to members to value Insurance by offering Security and Protection of Life and Properties from any Perils, Eventualities and Untoward Incidents. In 2011, there were 11, 002 policies issued to members for both life and non-life products while 1,428 associate members were added to the cooperative and still counting.
- Delivered Health-Care Services to 1,137 members who got hospitalized and availed of the aggregate benefit of P2.6 M; 2,089 members got free consultation by accredited doctors and; 3,799 members and their dependents availed of Free-Clinics.
- Mortuary benefits were accorded to 182 members where their declared beneficiaries availed the benefit in

the aggregate amount of Thirteen Million Six Hundred Twelve Thousand Two Hundred pesos (P13,612,200.00).

- Conducted HPP Anniversary Health Activities/Check-ups/Paps Smear & Breast Cancer Detection, Prostate Detection, Free Clinics, Deworming, Foot Massage on November 2011.
- Twice-a-year conduct of Mass Blood Donation every May and October.

#### **FuneCare**

- Extension of service and support to members in time of bereavement. This year, 77 members passed away and attended to by TC FuneCare who was accorded a personalized and decent funeral services.
- TC FuneCare was able to recruit 832 associate members to the fold in its continuing campaign to reach as many people as possible to be covered by its services.
- To accommodate the increasing number of transactions, (2) units of brand new transportation services and assorted wake equipment were purchased.
- Initial discussion with other Funeral homes in Davao City took place for possible business tie-up to cater the memorial service needs of members.
- Conducted a Community Service Activity last November 1-2, 2011 at La Filipina Public Cemetery and Glorious Resurrection Memorial Park assisted by a medical team from Bishop Regan Memorial Hospital.

#### **INSTITUTIONAL LEADERSHIP**

- Calendar year 2011 marked a historic year for Tagum Cooperative as it garnered the First CDA Gawad Parangal Award as the "Most Outstanding Cooperative for Mindanao" (large scale category) during the culmination of the Cooperative Month last October 28, 2011 at the Imperial Palace Suites, Tomas Morato, Quezon City.
- In December 19, 2011 Tagum Cooperative was recognized by the Model Cooperative Network (MCN) for having achieved the Gold Status as a FOCCUS Branded Cooperative. Awarding ceremonies was held at the Davao Convention Center, Davao City.

#### **INSTITUTIONAL LEADERSHIP**

##### **Board of Director / Key Management Officer**

##### **Nenita E. Lumaad, Ma. Ed.**

- Chairperson, Board of Directors of Tagum Cooperative
- Member, Board of Directors of CLIMBS Life and General Insurance Cooperative

##### **Nenita R. Malbas, CPA, MBA**

- Vice- Chairperson, Board of Directors of Tagum Cooperative
- Member, Conciliation and Mediation Committee of CLIMBS Life and General Insurance Cooperative
- Chairperson, Audit Committee of MASS-SPECC
- Chairperson, Audit Committee of NATCCO



**Atty. Celerina E. Esuerte**

- Member, Board of Directors of Tagum Cooperative
- Member, Board of Directors of Model Cooperative Network

**Evelia R. Sator, Ed. D.**

- Member, Board of Directors of Tagum Cooperative
- Vice-Chairperson for Training and Education, Board of Trustees of CU-TE Foundation Inc.
- TC Gender Focal Person representing MASS-SPECC and AWCFC

**Norma R. Pereyras**

- Member, Board of Directors of Tagum Cooperative
- Member, Board of Directors of Philippine Cooperative Center
- Vice-Chairperson, Board of Directors of MASS-SPECC
- Chairperson, Board of Advisers of TC Youth Laboratory Cooperative

**Monica L. Salido, M.M.**

- Member, Board of Directors of Tagum Cooperative

**Engr. Albert M. Omega**

- Member, Board of Directors of Tagum Cooperative

**Rosalina S. Argent**

- Treasurer, Tagum Cooperative
- Member, Investment Committee of MASS-SPECC
- Member, Ethics Committee of MCN

**Atty. Rolando C. Casaway**

- Legal Counsel, Tagum Cooperative
- Corporate Secretary, CLIMBS Life and General Insurance Cooperative
- Chairperson, Election Committee of NATCCO
- Chairperson, Election Committee of MASS-SPECC

**Brendo B. Bayocot, CPA**

- OIC General Manager/Comptroller, Tagum Cooperative

**Juris D. Perez, CPA, MBA**


- Asst. General Manager-designate/Savings and Credit Group Manager
- Member, Model Cooperative Network (MCN) Brand Monitoring Committee
- Member, Board of Directors of Cooperative Managers Association for Mindanao (CMAM)
- President, PICPA Davao del Norte and ComVal Chapter

**G. COMMUNITY SERVICES**

Tagum Cooperative continues to create an impact in the community through its various projects and programs namely: Alternative Learning System (ALS); Blood Letting Program; Gender and Development and Family Enrichment Program (GAD-FEP); Savings and Credit with Education (SCWE); Tree Planting and Tree Growing Project; "Gasa Alang sa Eskwela"; "Brigada Eskwela"; "Hot Lunch Plus"; "Pamaskong Handog"; Neck and Thyroid Detection Seminar; Breast Cancer Detection; Paps Smear; Prostate Detection; Deworming; and other medical-related services to our Members.

To God be the Glory!

  
**NENITA E. LUMAAD, MA.Ed.**  
 Chairperson

  
**NENITA R. MALBAS, CPA, MBA**  
 Vice- Chairperson


  
**NORMA R. PEREYRAS**  
 Director

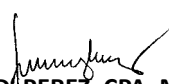
  
**EVELIA R. SATOR, Ed.DM**  
 Director

  
**MONICA L. SALIDO, MM**  
 Director

  
**ENGR. ALBERT M. OMEGA**  
 Director

  
**ATTY. CELERINAE. ESUERTE**  
 Director

  
**BRENDO B. BAYOCOT, CPA**  
 OIC-General Manager/Comptroller

  
**JURIS D. PEREZ, CPA, MBA**  
 Asst. General Manager-designate/  
 Savings and Credit Group Manager



# AUDIT COMMITTEE REPORT

To Our Fellow Cooperators,

Congruent to our mission to ensure reliability and soundness of the cooperative operations, we accomplished the following in 2011 in coordination with the Internal Audit Section:

## Reviewed and Recommended Policies and Procedures

- Clarified Subscription Policy on Share Capital of Members' Accounts (Approved per BOD Reso # 1094 dated Nov. 29, 2011)
- Improved TC Internal Control Policy (Approved per BOD Reso # 653 dated July 30, 2011)
- Travel Policy (Approved per BOD Reso # 440 dated May 29, 2011)
- Proposed TC Fraud Detection and Prevention Policy in coordination with the TC Legal Counsel
- Proper treatment of long outstanding other payables (Approved per BOD Reso # 1093, dated Nov. 29, 2011)
- Proper Accounting of Financial Transactions of SCWE (Approved per BOD Reso # 691, dated Aug. 14, 2011)
- Reconciliation of TC Fixed assets as of December 31, 2010 per books of accounts of Accounting Section and asset registry of the General Services Section (Approved per BOD Reso# 690, dated August 14, 2011)
- Centralized recording of A/R CLIMBS transactions to TC Main to assist management in the reconciliation process
- Branches' remittance on Himsug Pamilya Program (HPP) Fund Disposition as of December 31, 2010
- Inventory System for HPP Medicines

## Financial/Operational Audit

- Cash reconciliations to verify accuracy of the cash balances
- Direct confirmation of members' accounts through personal visits to verify accuracy, completeness and integrity of their loans, share capital and savings account balances while indirectly assisted the collectors in the collection process
- Examination of loan documents of member-borrowers to ensure that standard loan procedures are being followed per Approved TC Credit and Lending Policy
- Physical annual inventory count of fixed assets, supplies, accountable forms and loan collaterals including land titles to verify existence and the adequacy of controls on the custody of the same
- Assessment on the accuracy of valuation and recording of TC investments and ensure the adequacy of controls in the custody of certificates and other documents representing ownership and rights thereof
- Examination of the financial records of the different business lines and assessed the proper accounting of financial transactions thereof
- Audit of the cash advances to officers and employees to assure timely, just and adequate liquidation of the same in accordance to the Approved TC Internal Control Policy
- Audit of the Patronage Refund and Interest on Share Capital due for distribution to the valued members

- Audit of withholding taxes of employees and recommended the refund of the overwithholding for year 2010
- Audit on personnel due for resignation and/or renewal concerning their financial and property accountabilities
- Regulation of disbursements to contractors and project manager related to TC Construction/Renovation projects in accordance with the Memorandum of Agreement
- Pre and post audits on various purchases and verification of premium remittances to CLIMBS/CLIFSA

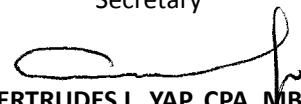
## Compliance Audit

- Assisted TC management in obtaining the Certificate of Tax Exemption which was released last November 2011
- Evaluated and recommended the services of a highly credible and reputable Accounting and Auditing Firm which rendered financial audit and provided reasonable assurance that the TC financial reports are fairly presented in all material respects
- Assessed management's adherence to the provisions in RA 9520 and TC Articles of Cooperation and By Laws and in the Department of Labor and Employment (DOLE) and Bureau of Internal Revenue (BIR) laws and regulations.

## THE AUDIT COMMITTEE:



**ROSAMARIA S. TORREJANO, CPA, MPA**  
Secretary



**GERTRUDES L. YAP, CPA, MBA**  
Vice Chairperson



**MARK LOUIE D. MAHINAY, CPA, MBA**  
Chairperson



# CREDIT COMMITTEE REPORT

Dear Fellow Cooperators,

Sincere and warm greetings to everyone on our 45th Annual General Assembly!

With the concerted efforts of dedicated Officers, Management and Staff and everyone's passion for service, Tagum Cooperative again hurdled the challenges of another year. The five-year strategic plan, the vision at hand, the client-friendly financial programs and services contributed in addressing effectively our member's needs, improving their quality of life and empowering themselves to attain financial stability.

Tagum Cooperative established the formidable pillars in its sales organization and with commitment to service and innovative products and services both in savings and loans and inspired with our common

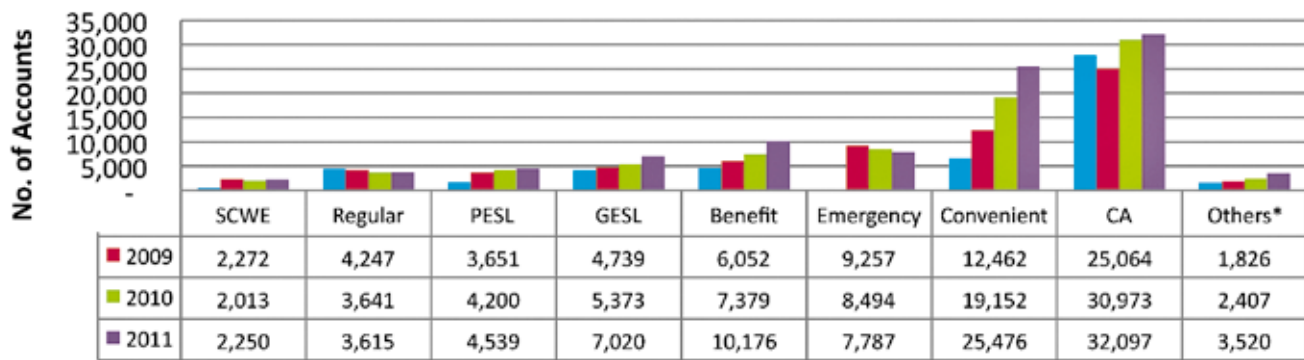
vision to be the one-stop shop as we aim to make a difference in our member's-client's lives.

Our cooperative continue to put premium on the development of member-centered and value-driven trainings to its Officers, Management and Staff for total member care.

To respond to the needs of our ever growing membership, our products and services are continually improved and tailored-fit to meet our member's needs.

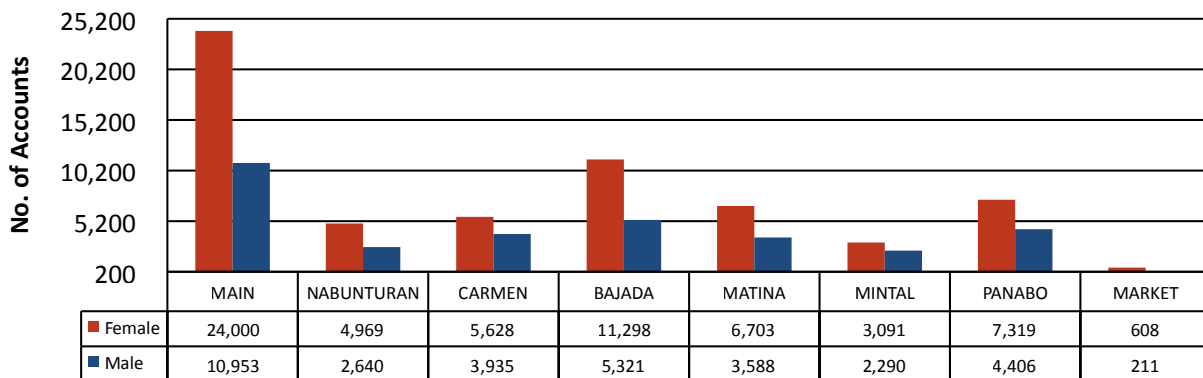
The year 2011 proved to be another year of growth for Tagum Cooperative and thus, we are proud to report to this General Assembly, the following accomplishments and/or achievements for the year, to wit:

## NUMBER OF LOANS ACTED AND RATIFIED PER LOAN TYPE

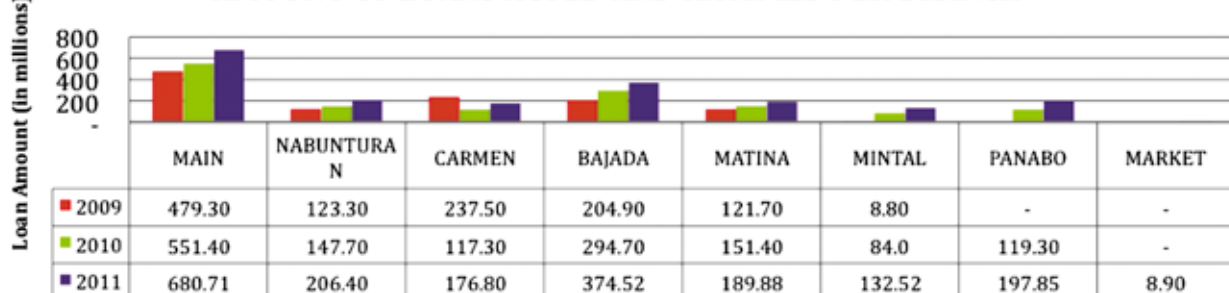


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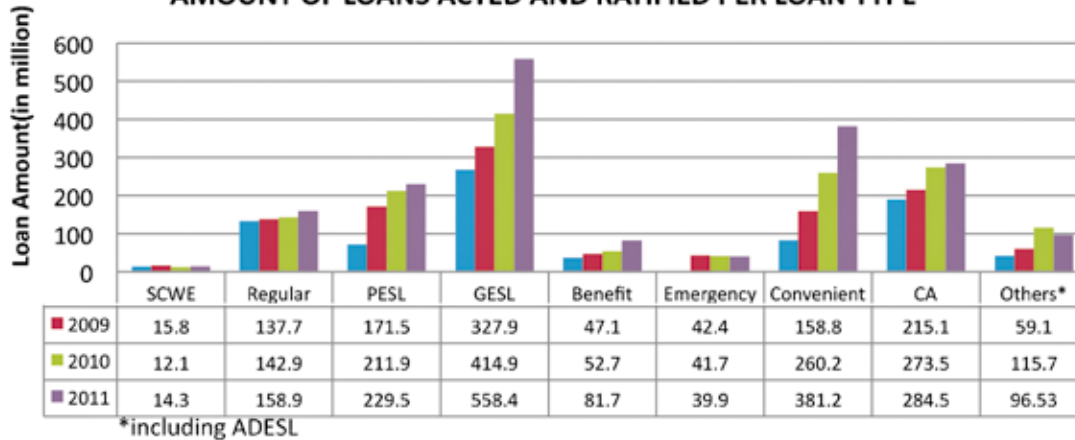
## NUMBER OF LOANS ACTED AND RATIFIED BY GENDER FOR THE YEAR 2011



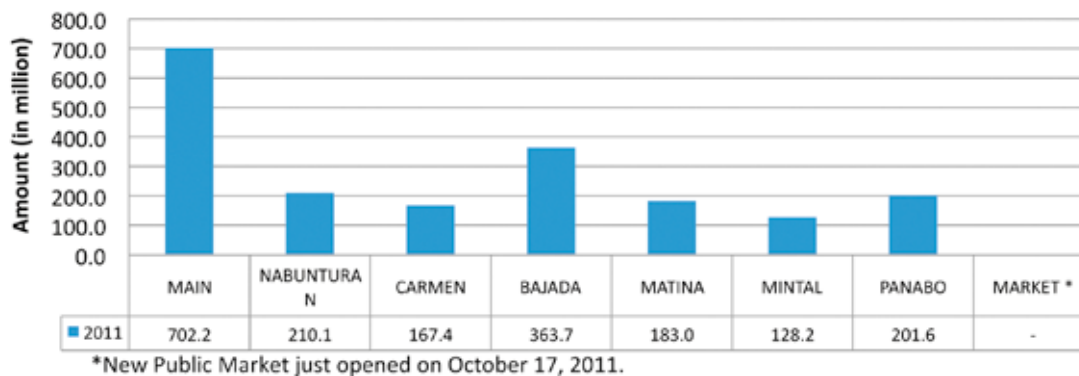
## AMOUNT OF LOANS ACTED AND RATIFIED PER BRANCH



### AMOUNT OF LOANS ACTED AND RATIFIED PER LOAN TYPE



### LOAN COLLECTION FOR THE YEAR PER BRANCH

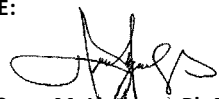



#### Other Loan\Credit Administration – Related Activities:

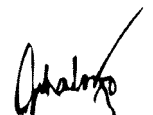
1. Acted and confirmed loan releases every week.
2. Evaluated loan documents endorsed/forwarded by Credit Analyst and Branches for approval.
3. Periodic visitation to branches for the approval and confirmation of loan applications.
4. Acted on loan applications and communications referred to by the Board of Directors for appropriate action and consideration.
5. Conducted actual inspections of loan collaterals and guarantees for regular loans and the new big business loans.
6. Continuous monitoring, follow up and visitation of delinquent loans and meeting with delinquent loan borrowers-members for the collection and plan of payment.
7. Participated in crafting new loan products, guidelines and loan requirements.
8. Attended relevant and required seminars, workshops and meetings like good governance, policy review, loan evaluation and inspection seminar with actual field demonstration and other operations-related activities.

4. checking and monitoring purposes.
4. And other recommendations on loan procedures and practices as would be practical and necessary in the process that will aid in our lending activities.

#### THE CREDIT COMMITTEE:

  
Cesar M. Limbaga, Ph.D.  
Chairperson

  
Edgardo Rey J. Bula  
Vice-Chairperson

  
Miriam R. Baloyo, CPA  
Secretary

#### Recommendations:

1. For appraiser and loan evaluators to continue membership with DACMEN (Davao Association of Credit Men) and avail of its services particularly on access to client information on delinquent borrowers from other branches and other lending institutions.
2. For Loan Collectors and Loan Evaluators/Loan Account Officer especially new hires, continuously attend seminars relevant to lending operations and policies in order to update themselves and to have uniform implementation among our branches.
3. For the Branch Manager to affix their signatures in every approved loans through its Promissory Notes for double





# EDUCATION COMMITTEE REPORT

Dear Fellow Cooperators,

Warm Greetings of Cooperation!

The Education and Training Committee (EDCOM) shall be responsible in planning and implementing the educational and informational training activities of Tagum Cooperative. (Section 20 Article III of the Amended By-laws of Tagum Cooperative.)

The Committee is reporting to the General Assembly its accomplishments for CY 2011 to wit;

## I. IN-HOUSE SEMINARS, TRAININGS, MEETINGS AND OTHER SIMILAR ACTIVITIES

### A. ATTENDED BY THE MEMBERS:

Nature/Title	Number of Trainings Conducted
1. Pre-Membership Orientation	2, 550
2. Savings and Credit Seminar	198
3. Ownership Meetings	20

### B. ATTENDED BY TC OFFICIALS, KEY MANAGEMENT OFFICERS AND STAFF:

#### Nature/Title

##### 1. Study Circle

- Pre-Annual General Assembly
- Refresher Course on TC Code of Discipline and Internal Control Policy
- Study & Revision of Coop Vision, Mission & Core Values
- Study on Ownership Classification

##### 2. Wellness Program

- Prostate Detection Seminar
- Neck & Thyroid Detection Seminar
- Breast Cancer Detection Seminar
- Paps Smear/Cancer Detection Seminar
- TC Annual Sports Festival

##### 3. Operations Review/Training/Orientation/Meeting

- MCUB/PEARLS Training
- Standard Chart of Accounts Seminar-Workshop
- 360 Degrees Financial Literacy Training
- Parliamentary Procedure Seminar-Workshop
- Conflict Management Seminar
- Articles of Cooperation & By-Laws Refresher Course
- Fundamentals of Cooperative Seminar
- Policies & Programs of Cooperative Re-orientation Seminar
- Cultivating the Roots: Structured Learning Experience Seminar-Workshop
- Leadership & Values Re-orientation Seminar
- Aflatoun Training of Trainers
- Disaster Preparedness Seminar
- Gender Equality Seminar
- Defensive Driving Seminar
- Operations Review and Planning
- Officers & Staff Recollection

## OUTSIDE SEMINARS/TRAININGS/WORKSHOPS/CONVENTIONS/ CONGRESSES/ASSEMBLIES/MEETINGS/OTHER ACTIVITIES

ORGANIZATIONS	Number of Activities attended by Officers and Staff
ACCU (Asian Confederation of Credit Union)	2
NATCCO (National Confederations of Cooperatives)	18
MASS-SPECC (Mindanao Alliance of Self-Help Societies-Southern Philippines Educational Cooperative Center)	15
AWCF (Asian Women in Cooperative Forum)	10
CLIMBS (Coop Life Insurance & Benefit Services)	9
MCN (Model Credit Network)	14
CDA (Cooperative Development Authority)	7
PCU (Provincial Credit Union)	2
CU-TE (Credit Union Trainers Empowerment)	17
PMAP (Personnel Management Association of the Philippines)	12
PICPA (Philippine Institute of Certified Public Accountant)	3
PCC (Philippine Cooperative Center)	12
WINC (WOMEN IN Cooperatives Region XI)	2
CNPL (Coop NATCCO Party List)	2
Other Agencies	26

## III. COMMUNITY-SERVICE PROGRAMS IN LINE WITH THE 7TH UNIVERSAL PRINCIPLE OF COOPERATIVE, "CONCERN FOR COMMUNITY"

- A. Blood-Letting Program (May 2011 and October 2011)
- B. Community Involvement
  1. Tree Planting and Tree Growing Project on Sept. 8, 2011 and Oct. 2011
  2. Hot Lunch Plus in Taba Elementary School, Carmen on January to March 2011.
  3. "Pamaskong Handog:
    - a. Tagum City Public Market "Batang Palengke on Dec. 22, 2011 – 100 recipients
    - b. Home for the Aged on Oct. 27, 2011 and Dec. 20, 2011 – 43 recipient
    - c. Sagop Palad Foundation, Inc. at Pindasan Mabini on Dec. 21, 2011 – 35 recipients
    - d. Purok Calachuchi, Visayan Village on Dec. 2011 – 100 recipients
  4. "Gasa Alang sa Eskuwela" – distributed 400 school bags with school supplies in (4) four elementary schools
  5. "Brigada Eskuwela" - distributed assorted cleaning materials/paints to (33) thirty three elementary and secondary schools

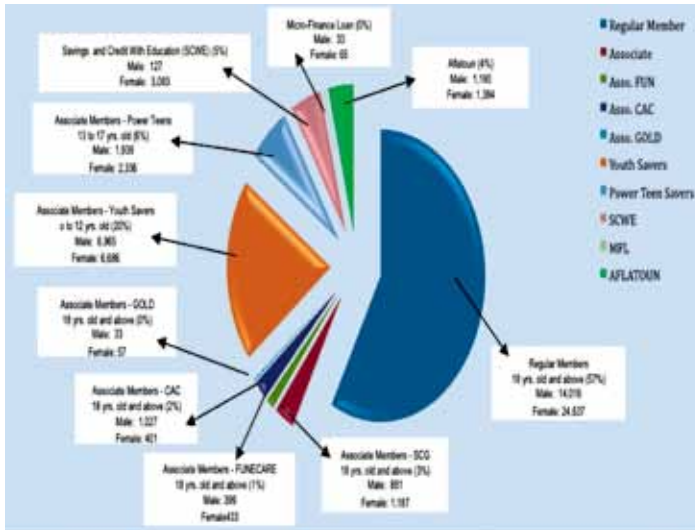


6. Tagum Coop's Himsug-Pamilya "Free Clinic" – 1,802 recipients from Main Office and 2,740 members from Branch Offices who availed of the HPP Free Clinic.

**IV. PUBLIC RELATIONS AND AWARENESS**

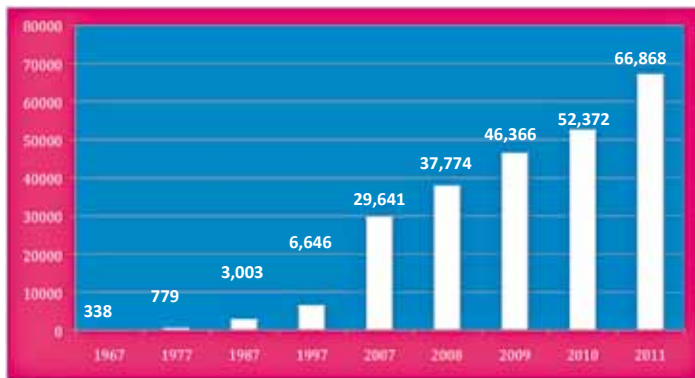
1. Radio and TV Program every Mondays, Wednesdays, and Fridays at 6:00 – 7:00 in the evening
2. Coop Watch released every quarter
3. EDCOM Newsletter

**V. MEMBERSHIP CLASSIFICATION**



**MEMBERSHIP CLASSIFICATION**

TOTAL NUMBER OF MEMBERS AND USERS AS OF DECEMBER 31, 2011 = 66,868  
 MALE = 26,599; FEMALE = 40,269 = 66,868 (27.67% increase from last year)



Rate of Increase per Decade: 1950%, 285.49%, 121.31%, 346%, 27.43%, 22.74%, 12.95%, 27.67%

**V. MEMBERS-IN-GOOD-STANDING**

As of December 31, 2011:

Male	8,187
Female	14,668
Total	22,855
Percentage	34.18%

**VII. PLANS AND PROGRAMS FOR 2012 AND CONTINUING COMMITMENT**

The Education Committee (EDCOM) shall continue the implementation of the following programs & activities:

1. Ownership Meetings in different Barangays, Municipalities, Organizations, Institutions, Offices, Schools, and others.
2. EDCOM Newsletter, Radio Program and Coop Watch.

3. Adopt-A-School Program (Hot Lunch Plus)
4. Membership Growth and Share Capital Build-up through classification of Members by recommending policies and procedures to the General Membership attuned to Tagum Cooperative's vision, mission, goals and objectives.
5. Continue sharing best practices to other cooperatives in line with the 6th Cooperative Principle "Cooperation among Cooperatives".
6. Continue the outreach program/community-service programs in line with the 7th Cooperative Principle "Concern for Community".
7. Projects concerning Environmental Protection -Tree Planting & Growing in line with the 8th Cooperative Principle "Concern for Environment".
8. Gender and Development Program through conducting seminars on Magna Carta for Women and Translating the Gender Landscape: Creating Awareness and Activism.
9. Implementation of the Strategic Plan for 2012 – Banking Operations, Insurance Businesses, FUNECARE Services and others.
10. Intensive conduct of Pre-Membership Orientation (PMO) and, Savings and Credit Seminars in order to hit the targeted growth of Membership per year, until the next five years in accordance to the Five-Year Strategic Plan.
11. Continue conducting Trainings and Seminars as mandated by R.A. 9520.
12. Physical Wellness Program for Officers and Staff through participation in Fun Run and Walk for a Cause Activities.

*Happy 45th Annual General Assembly and Mabuhay Tayong Lahat!*

**EDUCATION COMMITTEE**

*Nenita R. Malbas*  
**NENITA R. MALBAS, CPA, MBA**  
 Chairperson

*Norma R. Pereyras*  
**NORMA R. PEREYRAS**  
 Vice-Chairperson

*Monica L. Salido*  
**MONICA L. SALIDO, MM**  
 Member



# CONCILIATION-MEDIATION COMMITTEE REPORT

Dear Fellow Cooperators,

## *“Mediate, do not Litigate”*

The Conciliation-Mediation Committee (CMC) is a newly created committee as provided in Article 137 of Republic Act No. 9520, otherwise known as, the “THE PHILIPPINE COOPERATIVE CODE of 2008” . It consists of a Chairperson, Secretary and a Member; all of whom are appointed by the Board of Directors of Tagum Cooperative.

From the time of the inception of the Committee, below are our investments:


- (a) CDA Memorandum Circular 2007-05 series of 2007 was carefully studied and crafted the detailed Conciliation-Mediation Program suited for Tagum Cooperative.
- (b) Attended seminars/trainings :
  - Seminar on Conflict Management (PIRMA, Inc.)  
“Talk Works: A Mediation Training Program for the Cooperative Sector” (PCC/ The CoRe Group Foundation)
  - Mediator’s Colloquium-1, “a Continuing Professional Knowledge, Attitudes and Skills Competency Enhancement Course on Compassionate Conflict Management for Mediation Practitioners in the Cooperative Sector” (CDA/ PhilIdeas)
  - Mediator’s Course Level I, II, III (CDA/PhilIdeas)
- (c) Facilitated 1001 cases conciliation-mediation for members with delinquent accounts
  - 582 were mediated
  - 419 on process for preliminary conference
- (d) Submitted COOP ADR PROGRAM ANNUAL MONITORING REPORT:
  - July-December 2010
  - January-June 2011
  - July-December 2011

Tagum Cooperative was recognized as the first cooperative who submitted the Coop ADR Program Annual Monitoring report for the year 2010 to the Cooperative Development Authority (CDA).

The Conciliation-Mediation Committee, as a team, would like to express our sincerest thanks for giving us the privilege to serve our coop.

### THE CONCILIATION-MEDIATION COMMITTEE:

  
**LAURENCIA B. RIMANDO**  
Member

  
**BENEDICTA O. HILARIO**  
Secretary

  
**NOEL O. QUIDILLA**  
Chairperson



# GENDER EQUALITY COMMITTEE REPORT

Tagum Cooperative has been an active gender equality advocate for the past two decades and it has emerged focusing on the roles of both women and men and their contribution to the social and economic development of our country and the community as well.

Tagum Cooperative is a partner of Asian Women in Cooperative Forum (ACWF), a resource center and advocacy body on gender equality in Asia whose membership includes Indonesia, Malaysia, Philippines, Thailand, Vietnam and Cambodia. The thrust of AWCF is to promote gender awareness among organizations in these countries so as to pursue its advocacy on Gender Equality (GE). Tagum Cooperative is one of the three (3) cooperatives in Davao Region that benefited in this program.

The GE Program is now a regular feature of Tagum Cooperative with an established GE Committee that carries and oversees the implementation of the GE advocacy plans and programs.

It has included in the conduct of Savings and Loan Seminar, Ownership Meetings and In – House Trainings some important topics on Gender Equality Awareness together with its topics on Family Enrichment Program, Financial Counselling and Family Budgeting.

Gender Sensitivity Trainings (GST) were conducted to the cooperative officers, lecturers and employees together with their spouses primarily to introduce gender issues that exist in the organizations and households .Said training will be part of the education and training for members. With these, Tagum Cooperative will remain steadfast to its advocacy for gender equality among the members, officers and employees. Furthermore, said advocacy has been seen as highly contributory to greater economic prosperity, promoting enriched career growth and job satisfaction, an avenue of opportunities for women and men and to promote a decent and productive work conditions. Above all, Tagum Cooperative will continue to work to eliminate discrimination, provide equal opportunities for women and men, stop stereotyping and make the general membership more gender responsive.

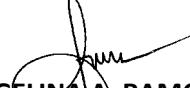
## THE GENDER EQUALITY COMMITTEE:



**STARLITO S. YECYEC, JR.**  
Member



**ROEL M. BAUTISTA**  
Member



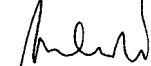
**ANGELINA A. RAMOS**  
Ex-Officio/Secretary



**NORMA R. PEREYRAS**  
GE Consultant/Adviser



**MIRIAM R. BALOYO, CPA**  
Asst. GE Focal Person



**MONICA L. SALIDO**  
Member



**Nenita E. Lumaad, MA.Ed.**  
Member



**Nenita R. Malbas, CPA, MBA**  
Vice-Chairperson



**Evelia R. Sator, Ed.D.**  
Chairperson/GE Focal Person



# ELECTION COMMITTEE REPORT

## RESULT OF THE 2010 TAGUM COOPERATIVE 44th ANNUAL GENERAL ASSEMBLY ELECTIONS (MARCH 27, 2011)

### FOR THE OFFICE OF THE BOARD OF DIRECTORS

	NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1.	Ms. Ms. Norma R. Pereyras	6688	First	Elected
2.	Ms. Ms. Nenita E. Lumaad, MA.Ed.	5996	Second	Elected
3.	Ms. Monica L. Salido, M.M	5610	Third	Elected
4.	Engr. Albert M. Omega	5152	Fourth	Elected
5.	Atty. Celerina E. Esuerte	5017	Fifth	Elected
6.	Ms. Rosalina S. Argent	3664	Sixth	----

### FOR THE OFFICE OF THE AUDIT & INVENTORY COMMITTEE

	NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1	Ms. Mark Louie D. Mahinay, CPA	6683	First	Elected
2.	Ms. Gertrudes L. Yap, CPA, MBA	6362	Second	Elected

### FOR THE OFFICE OF THE ELECTION COMMITTEE

	NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1.	Mr. Edgardo D. Apoya, Ed.D.	4507	First	Elected
2.	Ms. Darwin Suyat	3384	Second	-----

### FOR RECOMMENDATION DURING THE 2012 TC ANNUAL GENERAL ASSEMBLY:

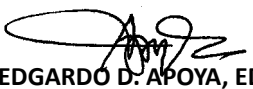
As approved last December 22, 2011 Joint Officers meeting, the foregoing qualification requirements/criteria shall be imposed on members-In-Good standing ( MIGS ) who intend to run for "elective positions" in Tagum Cooperative effective during 2013 Annual general Assembly Elections and onward:

1. Every qualified candidate must have a minimum share capital of Fifty Thousand pesos (P50,000.00 ) upon his/her filing of Certificate of Candidacy.
2. Every qualified candidate must have a minimum savings deposit of Twenty Thousand Pesos (P20,000.00) upon his/her filing of Certificate of Candidacy and must have an average minimum maintaining balance of Five Thousand Pesos (P5,000.00) in the full calendar year prior to the election date.

The above requirements/criteria are meant to raise the Minimum Qualification Standards set for those planning to become officials of Tagum Cooperative to set a bigger stake in the coop governance and leadership, and as " role models" in leading the savings mobilization drive of Tagum Cooperative.

### THE ELECTION COMMITTEE:

  
**FLORDELIZA L. ALEGARBES**  
 Secretary

  
**EDGARDO D. APOYA, ED. D.**  
 Vice-Chairperson

  
**CARIDAD A. CHAVEZ**  
 Chairperson





# JOINT OFFICIALS' RECOMMENDATIONS

(For March 18, 2012 TC Annual General Assembly)

## ON THE AMENDMENTS OF THE BY-LAWS OF TAGUM COOPERATIVE

### 1. Article II – Membership, Section 2b – Application of Membership

Existing	Proposed
The applicant except for Associate member shall subscribe to at least Thirty Two (32) shares at P250.00 per share, with a total value of Eight Thousand Pesos (P8,000.00) of which at least Two Thousand Pesos (P2,000.00) corresponding to Eight (8) shares shall be paid upon submission of the application for membership and subscription agreement shall provide the terms of payment of the unpaid subscription in no case to exceed one (1) year.	“The applicant except for Associate member shall subscribe to at least Thirty Two (32) shares at P250.00 per share, with a total value of Eight Thousand Pesos (P8,000.00) of which at least Two Thousand Pesos (P2,000.00) corresponding to Eight (8) shares shall be paid upon submission of the application for membership and subscription agreement shall provide the terms of payment of the unpaid subscription <b>as may be determined by the Board.</b> ”

### 2. Article II – Membership, Section 2d – Application of Membership

Existing	Proposed
None	<b>Sec. 2d Rights of unpaid shares. - Holders of subscribed shares not fully paid which are not delinquent within the prescribed period specified by the board of Directors or existing policy hereof shall have all the rights of a member unless the member is classified as member not in good standing.</b>

### 3. Article II – Membership, Section 2e – Application of Membership

Existing	Proposed
None	<b>Sec. 2e Fines on Unpaid Subscribed Share Capital</b> Subject to the provisions of the contract of subscription, the board of directors may at any time declare due and payable to the cooperative unpaid subscriptions to the share capital and may collect fines. <b>Provided, that such fine is fair and reasonable under the circumstances as determined by the Board of Directors (IRR of RA 9520, Rule 10 Sec 6).</b>

### 4. Article III – Administration, Section 2 – The General Assembly

Existing	Proposed
A member in good standing is one who: 1. Has paid the required membership fee of Three Hundred Pesos (P300.00) or such amount of membership fee as the Board of Directors, shall determine from time to time, and the value of at least Eight (8) shares equivalent to P2,000.00, as provided in section 2(b) of Article II of these By-Laws;	A member in good standing is one who: 1. Has paid the required membership fee of Three Hundred Pesos (P300.00) or such amount of membership fee as the Board of Directors, shall determine from time to time, and the value of at least <b>Thirty-two (32) shares equivalent to P8,000.00</b> , as provided in section 2(b) of Article II of these By-Laws;

### 5. Article III – Administration, Section 5a – Termination of Membership

Existing	Proposed
Membership in Tagum Cooperative may be terminated either by withdrawal or expulsion. The death, insanity or insolvency of a member shall be considered an automatic termination of membership. However a member who transfers his residence outside of the area of operation of Tagum Cooperative may choose to continue his membership provided however that he cannot borrow more than his share capital and/or deposits.	<b>Membership in Tagum Cooperative may be terminated either by withdrawal or expulsion. The death, insanity of a member shall be considered an automatic termination of membership.</b>

**6. Article III – Administration, Section 11 – Qualification and Disqualification for Directors**

Existing	Proposed
c. Those who, during their incumbency, had been absent for three (3) consecutive regular Board of Directors’ Meeting without being excused;	c. Those who, during their incumbency, had been absent for three (3) consecutive regular Board of Directors’ Meeting without being excused. <b>Board Recording-Secretary/BOD Secretary shall provide ELECOM all the documents without being asked by ELECOM with respect to any unexcused absences of an incumbent director.</b>

**7. Article III – Membership, Section 15 – Removal of Directors, Members of the Elected Committees and Employ**

Existing	Proposed
None	a. <b>Any elected or appointed officer of the cooperative who during the incumbency of such officer had been absent for three (3) consecutive regular meetings of their respective offices without being excused may be removed subject to the provision of Article 50, Chapter IV of RA 9520.</b>

**8. Article VIII – Preparation and Approval of Budget, Section 1 – Budget Committee**

Existing	Proposed
The Budget Committee shall be constituted every year composed of three (3) Ex-Officio members; one (1) coming from the Board of Directors, another from the Audit Committee and the other from the Office of the General Manager. The members shall elect from among themselves.....	The Budget Committee shall be constituted every year composed of <b>four (4) members</b> ; one (1) coming from the Board of Directors, another from the Audit Committee <b>and Treasurer, as regular members</b> , and the other from the Office of the General Manager <b>as ex-officio member</b> . The members shall elect from among themselves....

**9. Article VIII – Settlement of Disputes, Section 1a.**

Existing	Proposed
a. Except as provided for in all the paragraphs of Section 15, Article III of these By-laws, all disputes arising between or among members of the Board of Directors, committees, officials and individual members shall be referred to the Joint Officials Meeting. If the controversy could not be settled in the Joint Officials Meeting, the same shall be referred to the arbitration of three (3) members: one (1) shall come from the Secondary Organization chosen by the Joint Officials Meeting and the two (2) to be nominated by each of the parties concerned. The resolution/decision of the arbiters may be appealed to the Cooperative Development Authority within fifteen (15) days from date of notice to the parties concerned).	a. Except as provided for in all the paragraphs of Section 15, Article III of these By-laws, all disputes arising between or among members of the Board of Directors, committees, officials and individual members shall be referred <b>by any party involved in the Conciliation-Mediation Committee (CMC) of Tagum Cooperative.</b> <b>Should such Conciliation-Mediation proceedings fail, the complainant may file the complaint to the Conciliation and Mediation committee of the cooperative, federation or union to which the Tagum Cooperative is a member.</b> <b>If the dispute remains unresolved, the complainant shall file the complaint to the Cooperative Development Authority for arbitration, in accordance with the provisions of Article 137 of R.A. 9520 and the rules on arbitration issued by the CDA.</b>

**Article VIII – Settlement of Disputes, Section 1b**

Existing	Proposed
None	b. <b>In case the conflict/controversy is among and between the members of Tagum Cooperative or between the members and Tagum Cooperative, arising from loan obligations contracted by the members with Tagum Cooperative and such other analogous cases, the same shall be brought directly by any party involved to CMC of Tagum Cooperative for settlement. if no settlement is agreed upon, any party involved may elevate the same before the regular courts of competent jurisdiction.</b>

## 11. Manner in Conducting the Annual General Assembly and Special General Assembly

1. For purposes of the conduct of the annual business assembly and the election of the members of the Board of Directors (BOD), the Election Committee (ELECOM) and the Audit Committee (AC), the Annual General Assembly (AGA), as determined by the Board of Directors, shall be divided into several parts or into Main Office Assembly, Individual Branch Assembly and/or Clustered Branch Assembly which shall consist of two or more branches;
2. The conduct thereof shall be done on continuing basis and/or on several successive days on separate dates and/or simultaneously with the other branches whenever applicable, as determined by the Board of Directors, and the same shall still be deemed as one whole and single particular Annual General Assembly;
3. The foregoing provisions and all the subsequent provisions hereinafter stated shall likewise apply to any and all particular Annual General Assembly, Special General Assembly and/or similar General Assembly;
4. The Individual Branch Assembly and/or Clustered Branch Assembly shall be held, respectively, within the jurisdiction of any Branch Office, as determined by the Board of Directors;
5. The TC Main Office as determined by the Board of Directors, shall be divided into two (2) or more assemblies as determined by the Board of Directors;
6. The General Manager within sixty (60) days prior to the date of election of the main office assembly and each branch/clustered branch assembly, shall submit to the Board of Directors for its approval, amendments or modification, as the case may be, a Unified Certified List of Members in Good Standing (UCL of MIGS) wherein all the names of MIGS per Branch Assembly/Clustered Branch Assembly/Main Office Assembly are jointly consolidated and must be arranged in alphabetical order by family name;
7. This UCL of MIGS shall be the basis by the Branch Assembly/Clustered Branch Assembly/Main Office Assembly Registration Committee (BARC)/ (MOARC) for the registration of MIGS, who may attend such Branch Assembly/Branch Clustered Assembly/Main Office Assembly;
8. The UCL of MIGS shall be the basis of the ELECOM in allowing the MIGS to vote during the election. No other list of members is allowed. Any employee, TC member or officer (elected or appointed) who uses another list shall be liable subject to sanction as determined by the Board of Directors;
9. The Board of Directors shall see to it that the aforesaid UCL of MIGS shall have appropriate markings/tags. The aforesaid sixty (60) days period may be reduced or extended by the Joint Officers Meeting (JOM) as it deems fit and advisable. Moreover, the BARC/MOARC shall be designated by the Board of Directors. Immediately after election, the duties and responsibilities of the BARC/MOARC shall cease. The Board of Directors shall set the date of each and every branch/clustered branch assembly/main office assembly;
10. The business assembly and the election of elective officials as determined by the Board of Directors, shall be done successively in various dates and/or simultaneously in the main office assembly and in each and all the branch or clustered branch assemblies whenever applicable, wherein all regular members may attend;
11. During the discussion and voting phases, only Members in Good Standing (MIGS) are allowed to participate. Furthermore, only MIGS are allowed to vote and be voted upon. A MIGS who has only one vote regardless of the amount of share capital or the number of share capital stock certificates owned, must only vote on the date of the election in the main office, clustered branch or branch assemblies, where he/she is registered prior to the date of the election. No proxy voting is allowed;
12. Transferring by a MIGS to another branch, main office or clustered branch in order to vote on the date of the election is strictly prohibited;
13. A MIGS can only vote once every general assembly election to elect the members of the Board of Directors, the Election Committee and the Audit Committee. Only MIGS can directly vote for and elect the members of the Board of Directors, the Election Committee and the Audit Committee;
14. The election of the members of the Board of Directors, the Audit Committee and the Election Committee, shall be by secret balloting. Likewise, the election of the Chairperson and the Vice-Chairperson by and among the directors themselves shall be by secret balloting;
15. At least sixty percent (60%) or at least four (4) which is the majority, of the members of the Board of Directors of Tagum Cooperative must come from Tagum City and the rest shall come from the other municipalities, cities and provinces within the area of operation of Tagum Cooperative. All members of the Board of Directors shall be elected at large by the MIGS. Whenever, the members of the Board of Directors shall be increased to nine (9) members, at least five (5) members which is the majority, shall come from Tagum City, and so forth and so on;
16. The Election Committee (ELECOM) shall manage, supervise, conduct and administer the aforesaid election of all elective officials in the main office assembly and in each and every branch/clustered assembly successively and/or simultaneously as the case may be. As such, the ELECOM is authorized to appoint qualified Members as Election Deputies (EDs) to assist it in the said election. Immediately after the election, the duties and responsibilities of the Election Deputies are deemed terminated;
17. During the date of election, the ELECOM must personally and closely supervise and manage all election activities, including the election deputies, precincts or polling places,

to ensure a flawless, honest and orderly election process, otherwise, ELECOM shall be liable administratively and/or civilly and/or criminally as the facts shall warrant;

18. Moreover, the ELECOM and the Main Office Assembly Registration Committee (MOARC) and the Branch Assembly/Clustered Branch Assembly Registration Committee (BARC), prior to and during the date of election, must closely coordinate with each other, so as to avoid conflicts, problems and issues that will arise which will disrupt the election process during the date of the election, otherwise, both committees (ELECOM and MOARC/BARC) shall be jointly and solidarily liable administratively and/or civilly and/or criminally as the facts shall warrant;
19. No partial canvassing/counting of votes/ballots per branch/clustered branch/main office assembly is allowed. The canvassing/counting of all votes/ballots shall be done at one time only and in one occasion by the ELECOM and shall commence/start simultaneously at the same time in the Main Office immediately after all the casting of votes/ballots in all the branch/clustered branch/main office assemblies shall have been completed and terminated;
20. The ELECOM shall prepare a Consolidated Election Results (CER) for all candidates and the total and aggregate number of cumulative votes each candidate garnered for all the branch/clustered/main office assemblies shall be reflected therein. The CER shall be the basis of the ELECOM for the Proclamation of all winning candidates as the duly Elected members of the Board of Directors, the Election Committee and the Audit Committee of Tagum Cooperative, as the case may be;
21. After all the business phase and the election phase in all branches/clustered branch/main office assemblies shall have been terminated and completed, the Joint Officers Meeting (JOM) consisting of the Individual Members of the Board of Directors, the Election Committee, the Audit Committee, the Ethics Committee and the Conciliation and Mediation Committee shall consolidate all the various Minutes of the Proceedings of Branch/Clustered Branch/Main Office Assemblies into one set of Minutes of Proceedings and the same shall be reviewed and approved by it within thirty (30) days from date of the Annual General Assembly and shall be denominated and known as the "Minutes of Proceedings of the Annual General Assembly of Tagum Cooperative" (MPAGA of TC), and indicating therein the appropriate number of years as to the holding of the said Annual General Assembly. Likewise, all actions taken and/or Resolutions passed and/or approved thereon, shall be denominated as "Annual General Assembly Resolution No." (AGA Resolution No.) and likewise indicating the appropriate number of each resolution in chronological order;
22. The members of the Board of Directors, the Election Committee, the Audit Committee, the Ethics Committee, and the Conciliation and Mediation Committee and the rest of the officers (appointed or elected) and the staff, employees and members of Tagum Cooperative are

strictly prohibited to substantially alter, modify or change the said MPAGA of TC. The said officers, employees and members are allowed to edit the said MPAGA of TC to conform with the rules on English grammar and the rules on parliamentary procedure as provided in the Robert's Rules of Order. Violation by the said officers, employees and members of this provision shall be grounds for their removal from office or termination from employment plus expulsion from membership, as the case may be, without prejudice for Tagum Cooperative to institute any administrative, civil or criminal cases against such officers, employees or members. If expelled, such officers, employees or members are barred forever from being reinstated as members of Tagum Cooperative;

23. That, the foregoing and preceding paragraphs hereby repeal Section 8 (Manner of Voting) Article III of the By-Laws, and all its corresponding paragraphs a, b and c and in lieu thereof it shall be substituted with the aforesaid "Manner in Conducting the Annual General Assembly and Special General Assembly" and all its corresponding paragraphs 1 to 24 which numbers shall be changed to small letters a to x;
24. That, likewise, the foregoing and preceding paragraphs hereby amend, modify or repeal as the case may be, any provisions of the existing by-laws and articles of cooperation and the provisions in the previous and various Annual General Assembly Resolutions, including all the provisions on the election of member-representatives, the Board of Directors, Audit Committee and the Election Committee and all related provisions on representative assembly, internal auditor, audit committee, etc., which are contrary to and/or inconsistent with the aforesaid foregoing amendments.

For approval by the General Assembly:

Other JOM Recommendation:

#### **General Reserve Fund (GRF) Allocation**

To increase the General Reserve Fund Allocation (GRF) from ten percent (10%) to twelve percent (12%).

Notes: Words or phrases written in **bold letters** are the Proposed Amendments to the Tagum Cooperative By-Laws either by addition, substitution and/or deletion.





# TAGUM COOPERATIVE

*"where people invest their trust"*



NATCCO NETWORK



Our future, today.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **TAGUM COOPERATIVE** is responsible for all information and representations contained in the financial statements for the years ended December 31, 2011 and 2010. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

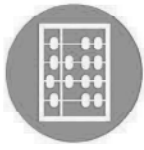
In this regard, management maintains system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

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

Reyes Tacandong & Co, the independent auditors appointed by the Board of Directors, has examined the financial statements of the Cooperative for the year ended December 31, 2011 in accordance with Philippines Standards on Auditing and has expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Members and the Board of Directors.

**BRENDO B. BAYOCOT, CPA**  
Comptroller / OIC - General Manager

**NENITA E. LUMAAD, MA.Ed.**  
Chairperson, Board of Directors



**REYES TACANDONG & Co.**  
FIRM PRINCIPLES. WISE SOLUTIONS.

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BOA Accreditation No. 4782  
SEC Accreditation No. 0207-F  
CDA Accreditation No. 0025-AF

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**INDEPENDENT AUDITOR'S REPORT**

The Members and the Board of Directors  
Tagum Cooperative

We have audited the accompanying financial statements of Tagum Cooperative, which comprise the statement of financial condition as at December 31, 2011, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Bases for Qualified Opinion*

As discussed in Note 9 to the financial statements, the Cooperative does not accrue interest income already earned (and not yet past due) but not yet collected. Philippine Accounting Standards (PAS) 18, *Revenue*, requires revenue to be measured at the fair value of the consideration received or receivable. For interest income, revenue is to be recognized as the interest accrues, taking into account the effective yield of the asset. Total interest receivable on loans and receivables not accrued by the Cooperative amounted to ₱22.0 million as at December 31, 2011 (₱19.0 million as at December 31, 2010). Had the Cooperative followed PAS 18, members' equity would have increased by ₱19.0 million as at January 1, 2011, interest income would have increased by ₱3.0 million for the year ended December 31, 2011 and loans and receivables would have increased by ₱22.0 million as at December 31, 2011.

As discussed in Note 16 to the financial statements, the Cooperative classifies members' share capital as equity in the statement of financial condition, even if the share capital has both financial liability and equity components since the Cooperative guarantees its members an annual interest based on the average members' share capital. Based on the provisions of Philippine Interpretation of International Financial Reporting Interpretations Committee 2, *Members' Shares in Cooperative Entities and Similar Instruments* and PAS 32, *Financial Instruments: Presentation*, the Cooperative's members' share capital is a compound financial instrument that has both financial liability and equity components. The Cooperative should have classified a portion of the members' share capital as financial liability equal to the fair value of the guaranteed annual interest at the date of the contribution. Subsequently, such financial liability should have been carried at amortized cost. The effects of allocating members' share capital between its financial liability and equity components have not been calculated.

*Qualified Opinion*

In our opinion, except for the effects on the financial statements of the matters described in the Bases for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Tagum Cooperative as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.



**REYES TACANDONG & Co.**  
FIRM PRINCIPLES. WISE SOLUTIONS.

- 3 -

*Other Matter*

The financial statements of Tagum Cooperative for the year ended December 31, 2010 were audited by another auditor, whose report dated January 30, 2011 expressed a qualified opinion on those statements due to the Cooperative's non-accrual of interest income already earned (and not yet past due) but not yet collected, the Himsug Pamilya Program contracts not accounted for in accordance with Philippine Financial Reporting Standards, the accrued retirement payable and retirement costs not adjusted with the amounts determined by an independent actuary and the members' share capital that has both financial liability and equity components but were not accounted for in accordance with Philippine Interpretation of International Financial Reporting Interpretations Committee and Philippine Accounting Standards.

**REYES TACANDONG & CO.**

Protacio T. Tacandong

Partner

CPA Certificate No. 25006

Tax Identification No. 105-309-124

SEC Accreditation No. 1024-A

CDA Accreditation No. 0025-AF

BIR Accreditation No. 08-005144-2-2010

Issued November 5, 2010; Valid until November 5, 2013

PTR No. 1023411

Issued January 2, 2012 at Davao City

January 30, 2012

Davao City



**TAGUM COOPERATIVE**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**  
**(With Comparative Figures for 2010)**

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents (Note 8)	₱216,537,972	₱167,449,634
Investments in time deposits	3,689,256	5,613,571
Loans and receivables - net (Note 9)	1,033,593,836	800,943,857
Available-for-sale investments (Note 10)	14,111,348	10,226,219
Funds in special accounts (Note 11)	80,369,666	75,754,035
Investment property - at cost (Note 12)	3,701,189	2,288,590
Property and equipment - net (Note 13)	84,155,738	70,110,869
Reimbursement rights (Note 21)	3,379,268	-
Other assets	8,561,354	4,631,352
<b>TOTAL ASSETS</b>	<b>₱1,448,099,627</b>	<b>₱1,137,018,127</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Deposit liabilities (Note 14)	₱708,202,369	₱552,441,705
Interest on share capital and patronage refund payable (Note 25)	71,528,740	69,076,428
Accounts payable and accrued expenses (Note 15)	92,319,021	67,179,982
Pension liability (Note 21)	9,541,061	5,096,168
Total Liabilities	881,591,191	693,794,283
<b>Members' Equity (Note 16)</b>		
Members' share capital	455,037,567	347,565,092
Donated capital	1,701,225	1,701,225
Statutory funds (Note 17)	72,833,025	62,068,063
Optional funds (Note 17)	36,936,619	31,889,464
Total Members' Equity	566,508,436	443,223,844
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>₱1,448,099,627</b>	<b>₱1,137,018,127</b>

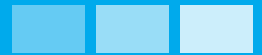
See accompanying Notes to Financial Statements.

**TAGUM COOPERATIVE**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(With Comparative Figures for 2010)**

	2011	2010
<b>INTEREST INCOME</b>		
Loans and receivables (Note 9)	₱220,825,988	₱176,504,941
Deposits in banks and other cooperatives (Notes 8 and 11)	5,343,380	4,677,829
	<b>226,169,368</b>	<b>181,182,770</b>
<b>INTEREST EXPENSE</b>		
Deposit liabilities (Note 14)	42,495,027	32,493,900
Members' share capital (Note 16)	27,207,209	20,032,152
	<b>69,702,236</b>	<b>52,526,052</b>
<b>NET INTEREST INCOME</b>	<b>156,467,132</b>	<b>128,656,718</b>
<b>PROVISION FOR IMPAIRMENT LOSSES OF LOANS AND RECEIVABLES</b> (Note 9)	<b>17,162,974</b>	<b>12,325,530</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT LOSSES</b>	<b>139,304,158</b>	<b>116,331,188</b>
<b>OTHER INCOME</b>		
Service charges and fees	36,127,493	26,126,751
Commission income	12,770,909	7,575,486
Funecare services	5,689,501	4,001,442
Recovery income	4,144,006	3,260,166
Fines and surcharges	3,594,922	4,290,378
Income from reimbursement rights (Note 21)	2,264,874	-
Gain on sale of investment property	1,110,219	1,561,344
Dividend income (Note 10)	973,448	689,768
Gain on sale of property and equipment	60,040	-
Miscellaneous	6,902,418	10,690,171
	<b>73,637,830</b>	<b>58,195,506</b>
<b>OTHER EXPENSES</b>		
Personnel (Note 18)	58,697,315	40,337,846
Occupancy and equipment-related (Note 19)	22,063,859	18,872,370
Miscellaneous (Note 20)	32,102,618	23,849,346
	<b>112,863,792</b>	<b>83,059,562</b>

(Forward)



**TAGUM COOPERATIVE**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(With Comparative Figures for 2010)**

	2011	2010
<b>OTHER ITEMS</b>		
Building fund subsidy (Note 13)	<b>₱2,105,719</b>	₱2,032,309
<b>SURPLUS BEFORE OTHER COMPREHENSIVE INCOME</b>	<b>102,183,915</b>	93,499,441
Other comprehensive income	-	-
<b>NET SURPLUS</b>	<b>₱102,183,915</b>	₱93,499,441
<b>DISTRIBUTION OF NET SURPLUS (Note 4)</b>		
General reserve fund	<b>₱10,218,392</b>	₱9,349,944
Cooperative education and training fund	<b>10,218,392</b>	9,349,944
Land and building fund/information technology program seed fund	<b>7,152,874</b>	6,544,961
Community development fund	<b>3,065,517</b>	2,804,983
Interest on share capital and patronage refund	<b>71,528,740</b>	65,449,609
	<b>₱102,183,915</b>	₱93,499,441

*See accompanying Notes to Financial Statements.*

**TAGUM COOPERATIVE**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(With Comparative Figures for 2010)**

	Number of Shares		2011	2010
	2011	2010		
<b>MEMBERS' SHARE CAPITAL</b> (Note 16)				
Common - ₱250 par value				
Authorized				
Balance at beginning of year	1,950,000	1,950,000		
Increase in authorized common stock	1,930,000	-		
Balance at end of year	<b>3,880,000</b>	1,950,000		
Subscribed				
Balance at beginning of year	1,914,828	1,556,234	₱478,707,000	₱389,058,500
Additional subscriptions	100,247	457,406	25,061,750	114,351,500
Withdrawals of subscriptions	(76,580)	(98,812)	(19,145,000)	(24,703,000)
Balance at end of year	<b>1,938,495</b>	1,914,828	<b>484,623,750</b>	478,707,000
Subscriptions receivable				
Balance at beginning of year			(137,635,566)	(136,616,717)
Additional subscriptions receivable			(25,061,750)	(114,351,500)
Collections			121,226,649	99,381,487
Withdrawals of subscriptions			2,410,958	13,951,164
Balance at end of year			<b>(39,059,709)</b>	(137,635,566)
			<b>445,564,041</b>	341,071,434
Preferred, non-voting - ₱250 par value				
Authorized				
Balance at beginning of year	650,000	650,000		
Decrease in authorized preferred stock	(530,000)	-		
Balance at end of year	<b>120,000</b>	650,000		
Subscribed				
Balance at beginning of year	31,102	20,577	7,775,500	5,144,250
Additional subscriptions	21,403	12,595	5,350,750	3,148,750
Withdrawals of subscriptions	(2,922)	(2,070)	(730,500)	(517,500)
Balance at end of year	<b>49,583</b>	31,102	<b>12,395,750</b>	7,775,500
Subscriptions receivable				
Balance at beginning of year			(1,281,842)	(205,149)
Additional subscriptions receivable			(5,350,750)	(3,148,750)
Collections			3,664,442	1,887,004
Withdrawals of subscriptions			45,926	185,053
Balance at end of year			<b>(2,922,224)</b>	(1,281,842)
			<b>9,473,526</b>	6,493,658
			<b>455,037,567</b>	347,565,092

(Forward)





**TAGUM COOPERATIVE**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(With Comparative Figures for 2010)**

	2011	2010
<b>DONATED CAPITAL</b>	<b>₱1,701,225</b>	<b>₱1,701,225</b>
<b>STATUTORY FUNDS</b>		
<b>General Reserve Fund</b>		
Balance at beginning of year	52,750,576	43,295,450
Allocation from net surplus	10,218,392	9,349,944
Others	-	105,182
Balance at end of year	<b>62,968,968</b>	<b>52,750,576</b>
<b>Cooperative Education and Training Fund</b>		
Balance at beginning of year	5,159,147	3,785,071
Allocation from net surplus	10,218,392	9,349,944
Disbursements	(5,155,489)	(3,300,896)
Transfer to cooperative education and training fund payable	(5,109,196)	(4,674,972)
Balance at end of year	<b>5,112,854</b>	<b>5,159,147</b>
<b>Community Development Fund</b>		
Balance at beginning of year	4,158,340	1,883,844
Allocation from net surplus	3,065,517	2,804,983
Disbursements	(2,472,654)	(530,487)
Balance at end of year	<b>4,751,203</b>	<b>4,158,340</b>
	<b>72,833,025</b>	<b>62,068,063</b>
<b>OPTIONAL FUNDS</b>		
<b>Land and Building Fund/ Information Technology Program Seed Fund</b>		
Balance at beginning of year	31,889,464	27,376,812
Allocation from net surplus	7,152,874	6,544,961
Building fund subsidy (Note 13)	(2,105,719)	(2,032,309)
Balance at end of year	<b>36,936,619</b>	<b>31,889,464</b>
	<b>₱566,508,436</b>	<b>₱443,223,844</b>

*See accompanying Notes to Financial Statements.*

**TAGUM COOPERATIVE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(With Comparative Figures for 2010)**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus	₱102,183,915	₱93,499,441
Adjustments for:		
Depreciation and amortization (Note 13)	7,730,170	6,239,932
Retirement costs (Note 21)	4,444,893	1,414,867
Building fund subsidy	(2,105,719)	(2,032,309)
Provision for impairment losses on investment property (Note 12)	1,405,579	-
Gain on sale of investment property	(1,110,219)	(1,561,344)
Dividend income	(973,448)	(689,768)
Amortization of other assets	495,293	348,851
Loss (gain) on sale of property and equipment	(60,040)	4,334
AFS investments written-off	-	75,000
Operating surplus before changes in operating assets and liabilities	112,010,424	97,299,004
Increase in:		
Loans and receivables	(236,387,330)	(190,425,198)
Other assets	(4,425,295)	(1,176,749)
Increase (decrease) in:		
Deposit liabilities	155,760,664	142,124,321
Interest on share capital and patronage refund payable	(57,460,281)	(42,768,296)
Accounts payable and accrued expenses	20,029,843	(16,716,689)
<b>Net cash flows used in operating activities</b>	<b>(10,471,975)</b>	<b>(11,663,607)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of/investments in:		
AFS investments	(2,911,681)	(1,061,607)
Property and equipment (Note 13)	(21,787,999)	(14,475,519)
Proceeds from disposals of:		
Investment property	2,029,392	2,042,845
Property and equipment (Note 13)	73,000	208,950
Decrease (increase) in:		
Funds in special accounts	(4,615,631)	(8,596,087)
Reimbursement rights	(3,379,268)	-
Investments in time deposits	1,924,315	(1,161,476)
<b>Net cash flows used in investing activities</b>	<b>(28,667,872)</b>	<b>(23,042,894)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of members' share capital	113,274,944	121,435,884
Withdrawals of members' share capital	(17,418,616)	(31,251,676)
Disbursements from:		
Cooperative education and training fund	(5,155,489)	(3,300,896)
Community development fund	(2,472,654)	(530,487)
<b>Net cash flows from financing activities</b>	<b>88,228,185</b>	<b>86,352,825</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>49,088,338</b>	<b>51,646,324</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>167,449,634</b>	<b>115,803,310</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱216,537,972</b>	<b>₱167,449,634</b>

See accompanying Notes to Financial Statements.



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**TAGUM COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**(With Comparative Figures for 2010)**

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**1. Cooperative Information**

Tagum Cooperative (the Cooperative) was registered with the Cooperative Development Authority (CDA) under Registration No. 9520-11002169 on November 11, 2009 as a lending cooperative in accordance with the provisions of Republic Act (R.A.) No. 9520, otherwise known as the Philippine Cooperative Code of 2008.

The Cooperative is engaged in encouraging thrift and savings mobilization among the members for capital formation, creating funds in order to grant loans for productive and providential purposes to its members and promoting the cooperative as a way of life for improving the social and economic well-being of its members.

The registered office address of the Cooperative is Gante Avenue, Tagum City.

The Cooperative has 38,653 regular members and 28,215 associate members as at December 31, 2011 (32,770 regular members and 19,602 associate members as at December 31, 2010).

The financial statements were authorized for issue by the Board of Directors (BOD) on January 30, 2012.

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**2. Organization and Tax Exemption**

On February 17, 2009, the Philippine President signed R.A. No. 9520, an act amending the “Cooperative Code of the Philippines” and is known as “Philippine Cooperative Code of 2008”.

Under R.A. No. 9520, cooperatives are exempted from the payment of all national, city, provincial, municipal or barangay taxes of whatever name and nature, including exemption from customs duties, advance sales of compensating taxes on its importation of machinery, equipment and spare parts which are not available locally as certified by the Department of Trade and Industry. The cooperative shall enjoy exemptions from government taxes or fees imposed under internal revenue laws provided that the cooperative does not transact business with non-members or the general public. The cooperative, if transacting business with both members and non-members or the general public, may be exempt from tax if the accumulated reserves and undivided net savings of the cooperative does not exceed ₱10 million, or up to 10 years from date of registration if their accumulated reserves already exceeds ₱10 million.

The Cooperative serves its members only. Accordingly, the Cooperative is exempt from taxes, including income tax, under R.A. No. 9520.

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**3. Basis of Preparation and Statement of Compliance**

Basis of Preparation

The financial statements of the Cooperative have been prepared on the historical cost basis. The financial statements are presented in Philippine Peso, the Cooperative’s functional currency.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). PFRS includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Philippine Financial Reporting Standards Council (FRSC), except for the following:

- The Cooperative does not accrue interest income already earned (and not yet past due) but not yet collected, as required by Philippine Accounting Standard (PAS) 18, *Revenue*; and,
- The Cooperative has not classified a portion of its member’s share capital as financial liability, which according to the provision of a Philippine Interpretation of International Reporting Interpretations Committee (IFRIC) 2, *Members’ Share in Cooperative Entities and Similar Instruments*, and PAS 32, *Financial Instruments: Presentation*, is a compound financial instrument that has both financial liability and equity components.

#### 4. Summary of Significant and Future Changes in Accounting Policies

##### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

##### Adoption of PAS 19, Employee Benefits

The Cooperative adopted PAS 19, beginning January 1, 2011. The standard requires the use of the projected unit credit method in measuring retirement benefit expense and a change in the manner of computing benefit expense relating to past service cost and actuarial gains and losses. It requires the Cooperative to determine the present value of defined benefit obligations with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the of the defined benefit obligation at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The Cooperative obtained an actuarial valuation of its defined benefit plan as at December 31, 2011, in accordance with PAS 19. The change in the measurement of pension benefits under the Cooperative's defined benefit pension plan resulted to a recognition of pension liability amounting to ₱9.5 million as at December 31, 2011 and retirement costs amounting to ₱4.4 million in 2011.

##### Adoption of the following new and amended PFRS and Philippine Interpretations which were adopted as of January 1, 2011:

- PAS 24, *Related Party Disclosures* (Amended) - The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application.
- PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues* (Amended) - The amendment to PAS 32 amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement* (Amended) - The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* - IFRIC 19 is effective for annual periods beginning on or after July 1, 2011. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.
- Improvements to PFRS  
The omnibus amendments to PFRS issued in May 2011 were issued primarily with a view to removing inconsistencies and clarifying wording.
  - PFRS 3, *Business Combinations*
  - PFRS 7, *Financial Instruments: Disclosures*
  - PAS 1, *Presentation of Financial Statements*
  - PAS 27, *Consolidated and Separate Financial Statements*
  - Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

These new and amended PFRS and Philippine Interpretations have no significant impact on the amounts and disclosures in the financial statements of the Cooperative.





#### New and Revised PFRS Not Yet Adopted

The following are the new and revised PFRS which are not yet effective for the year ended December 31, 2011 and have not been applied in preparing the financial statements.

- PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income* - The amendment is effective for annual periods beginning on or after July 1, 2012. The amendments change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Cooperative's financial position or performance.
- PAS 12, *Income Taxes, Recovery of Underlying Assets* - The amendment is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.
- PAS 19, *Employee Benefits (Amendment)* - The amendment is effective for annual periods beginning on or after January 1, 2013. Numerous amendments have been issued to PAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording.
- PAS 27, *Separate Financial Statements (as revised in 2011)* - The amendment is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)* - The amendment is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 11 and PFRS 12. PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements* - The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Cooperative's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.
- PFRS 9, *Financial Instruments: Classification and Measurement* - The standard is effective for annual periods beginning on or after January 1, 2013. It reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets as defined in PAS 39. The completion of this project is expected in early 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of financial assets.
- PFRS 10, *Consolidated Financial Statements* - This standard is effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.
- PFRS 11, *Joint Arrangements* - PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, joint venture entities that meet the definition of a joint venture must be accounted for using the equity method.
- PFRS 12, *Disclosure of Involvement with Other Entities* - This standard is effective for annual periods beginning on or after January 1, 2013. PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement* - This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* (IFRIC 15) - The Financial Reporting Standards Council (FRSC) has approved in September 2011 the deferral of the effectivity of IFRIC 15 until the final revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts* or PAS 18, *Revenue* and, accordingly, when revenue from the construction should be recognized:
  - An agreement of the construction of real estate is a construction contract within the scope of PAS 11 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress (whether it exercises that ability or not).
  - If the buyer has the ability, PAS 11 applies.
  - If the buyer does not have the ability, PAS 18 applies.

The Cooperative is currently assessing the impact on the financial position and performance of these standards.

#### Cash and Cash Equivalents

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

#### Investments in Time Deposits

Investments in time deposits are short-term bank deposits investments with original maturities of four months to one year and that are subject to an insignificant risk of change in value.

#### Financial Assets

Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at FVPL, directly attributable transaction costs.

The Cooperative determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

All regular purchases and sales of financial assets are recognized on the trade date, which is the date that the Cooperative commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Classified as loans and receivables are the Cooperative's investments in time deposits, loans and receivables and funds in special accounts (see Notes 9 and 11).

*AFS investments.* AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities is reported in earnings. The unrealized gains and losses arising from the fair value changes of AFS investments are recorded as part of "other comprehensive income".

The Cooperative's AFS investments include unquoted investments in shares of stock and other investments (see Note 10). These investments are carried at cost less any impairment in value.

As at December 31, 2011, the Cooperative does not have financial assets at FVPL and HTM investments.

#### Impairment of Financial Assets

The Cooperative assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by setting up an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

The Cooperative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are no longer included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income.

In relation to loan receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Cooperative will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced by setting up an allowance account. Impaired loan receivables are derecognized when they are assessed as uncollectible.

#### Financial Liabilities

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL or other financial liabilities. The Cooperative recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received.

*Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or non-interest loans and borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Classified as other financial liabilities are the Cooperative's deposit liabilities, interest on share capital and patronage refund payable, accounts payable and accrued expenses (excluding statutory payables) (see Notes 14, 15 and 25).

As at December 31, 2011, the Cooperative does not have financial liabilities at FVPL.

#### Derecognition of Financial Assets and Liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Cooperative retains the right to receive cash flows from the asset, but has assumed an obligation to pay a third party in full without material delay under a "pass-through" arrangement; or,
- the Cooperative has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Cooperative has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Cooperative's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Cooperative could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

#### Offsetting of Financial Instruments

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

#### Investment Property

Investment property, which pertains to parcels of land, land improvements and other property and equipment, is measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under "Investment property" from foreclosure dates. Any gains or loss from acquisition of investment property is recognized as "Other income" in the statement of comprehensive income.

Subsequent to initial recognition, depreciable investment property is carried at cost less accumulated depreciation and amortization and any impairment in value.

Investment property is derecognized either when these have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

#### Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as maintenance and repairs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional costs of property and equipment. Each part of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets or the term of the lease, in case of leasehold improvements, whichever is shorter, as follows:

<u>Category</u>	<u>Number of Years</u>
Buildings	4-35
Leasehold improvements	5-10
Transportation equipment	3-10
Furniture and fixtures	2-10



The useful lives and method of depreciation and amortization are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Construction in progress is stated at cost. This includes cost of construction and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and are available for operational use.

When property and equipment are sold or retired, their cost, accumulated depreciation and amortization and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

#### Impairment of Non-financial Assets

The Cooperative assesses at reporting date whether there is an indication that investment property and property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Cooperative makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Cooperative assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Cooperative has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

*Interest income on loans and receivables.* Interest is recognized when earned and collected by the Cooperative.

*Interest income on bank deposits and other cooperative deposits.* Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

*Fee income from transaction services.* Fees arising from the administration and servicing of a loan are recognized as revenue as the service is provided and is presented as "Service charges and fees" account in the statement of comprehensive income.

*Rendering of service.* Funecare income is recognized when services are rendered to and accepted by member-customers.

*Fines, penalties and surcharges.* Penalties are recognized when earned and collected by the Cooperative.

*Dividend.* Dividend is recognized when the right to receive payment is established.

#### Distribution of Net Surplus

The net surplus of the Cooperative, as required by law and the Cooperative's by laws, shall be distributed as follows:

- *General Reserve Fund*  
An amount for the general reserve fund, which shall be at least 10% of net surplus. This fund is set aside to guarantee the stability of the Cooperative's development and to absorb losses, if any, in its business operations. The general assembly may decrease the amount allocated to general reserve fund when such fund exceeds the share capital.
- *Cooperative Education and Training Fund*  
An amount for the education and training fund which shall not be more than 10% of net surplus. Certain fees or fines or a portion thereof may be credited to such fund. Half of the amount transferred to this fund may be spent by the Cooperative for education and training 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.
- *Optional Fund*  
An optional fund which may not exceed 7% of the net surplus. This fund is intended for future use such as acquisition of land and building.  
  
This fund is used to subsidize the improvement of the Cooperative's building. The amount equivalent to the acquisition cost is deducted from the fund and is credited to "Land and building fund subsidy" in the statement of comprehensive income.
- *Community Development Fund*  
An amount for the community development fund which shall be at least 3% of the net surplus. The community development fund shall be used for projects or activities that will benefit the community where the cooperative operates.
- *Interest on Share Capital and Patronage Refund*  
The remaining net surplus shall be made available to the members in the form of interest on share capital and patronage refunds which shall be made available at the same rate to all patrons of the Cooperative in proportion to their individual patronage. The amount allocated for interest on share capital shall not be more than 70% of the total net surplus after deducting the statutory and optional reserves. Further, in no case shall the rate of patronage refund be more than twice the rate of interest on share capital.

#### Operating Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or,
- (d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

#### Retirement Costs

The Cooperative has an unfunded and noncontributory retirement plan covering its permanent employees. Retirement costs are actuarially computed using the projected unit credit valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% the defined benefit obligation at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service cost not yet recognized.

#### Provisions

Provisions are recognized when the Cooperative has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when inflows of economic benefits are probable.

#### Events After the End of the Reporting Period

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

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## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Cooperative's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgments

In the process of applying the Cooperative's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

- Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial condition cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation.

The fair values of financial assets and liabilities as at December 31, 2011 (with comparative figures as at December 31, 2010) are enumerated in Note 6.

- Operating Lease

The Cooperative has entered into commercial property leases related to its office spaces. The Cooperative has determined that the lessors retain all significant risks and rewards of ownership of these properties which are leased out on operating lease.

- Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Cooperative, the functional currency of the Cooperative has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Cooperative operates. It is the currency that mainly influences the sale of service and the costs of providing the service and the currency in which receipts from operating activities are usually retained.

- Financial Assets not Quoted in an Active Market

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

- Legal Contingencies

The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsel handling the Cooperative's defense in these matters and is based upon an analysis of potential results. As at January 30, 2012, the Cooperative is not involved in any significant legal cases that will have material impact to the Cooperative. No provision for probable losses arising from legal contingencies was recognized in 2011.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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:

- Impairment of Losses of Loans and Receivables

The Cooperative reviews its loans and receivables to assess impairment at least on a monthly basis, with updating provisions made during the intervals as necessary based on continuing analysis and monitoring of individual accounts by credit officers. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Cooperative makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

The level of allowance is determined based on available facts and circumstances, including, but not limited to, the age of the receivables, collection experience, historical loss experience, adverse changes in the payments status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

The carrying value of loans and receivables amounted to ₱1.0 billion as at December 31, 2011 (₱800.9 million as at December 31, 2010), net of allowance for impairment losses and unearned interest income amounting to ₱77.0 million and ₱5.0 million, respectively, as at December 31, 2011 (₱60.9 million and ₱3.8 million, respectively, as at December 31, 2010) (see Note 9). Provision for impairment losses amounted to ₱17.2 million in 2011 (₱12.3 million in 2010) (see Note 9).

- Impairment Losses of AFS Investments

The Cooperative assesses at each reporting period whether there is objective evidence that a financial asset or group of similar financial assets is impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the statement of comprehensive income, is transferred from fund balances to the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income.

The carrying value of AFS investments amounted to ₱14.1 million as at December 31, 2011 (₱10.2 million as at December 31, 2010) (see Note 10). No provision for impairment losses on AFS investments was recognized in 2011 (₱75,000 in 2010).

- Estimated Useful Lives of Investment Property and Property and Equipment

The Cooperative estimates the useful lives of investment property and property and equipment based on the period over which these assets are expected to be available for use.

The estimated useful lives of these assets are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.



However, it is possible that future results or operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the assets would increase the recorded operating expenses and decrease the assets.

The aggregate carrying value of investment property and property and equipment amounted to ₱87.9 million as at December 31, 2011 (₱72.4 million as at December 31, 2010) (see Notes 12 and 13).

- Impairment of Non-financial Assets

The Cooperative assesses at each reporting period whether there is an indication that the investment property and property and equipment may be impaired.

Determining the value in use of these assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Cooperative to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Cooperative to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Cooperative's financial position and results of operations. The preparation of the estimated future cash flows involves significant judgments and estimates. While the Cooperative believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

The aggregate carrying value of investment property and property and equipment amounted to ₱87.9 million as at December 31, 2011 (₱72.4 million as at December 31, 2010) (see Notes 12 and 13). Provision for impairment losses amounted to ₱1.4 million in 2011 (see Note 20).

- Retirement Costs

The determination of the Cooperative's retirement costs is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and rates of compensation increase, are described in Note 21. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefits payout as at statement of condition date. In accordance with PAS 19, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in the Cooperative's actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligation.

The pension liability amounted to ₱9.5 million as at December 31, 2011 (₱5.1 million as at December 31, 2010) (see Note 21).

## 6. Categories and Fair Values of Financial Instruments

The following table sets forth the carrying value and estimated fair value of the Cooperative's financial assets and liabilities recognized as at December 31, 2011 (with comparative figures as at December 31, 2010):

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets:</b>				
Cash and cash equivalents	<b>₱216,537,972</b>	₱167,449,634	<b>₱216,537,972</b>	₱167,449,634
Loans and receivables				
Investments in time deposits	<b>3,689,256</b>	5,613,571	<b>3,689,256</b>	5,613,571
Loans and receivables	<b>1,033,593,836</b>	800,943,857	<b>1,313,561,768</b>	1,147,272,890
Funds in special accounts	<b>80,369,666</b>	75,754,035	<b>80,369,666</b>	75,754,035
	<b>1,117,652,758</b>	882,311,463	<b>1,397,620,690</b>	1,228,640,496
AFS investments	<b>14,111,348</b>	10,226,219	<b>14,111,348</b>	10,226,219
	<b>₱1,348,302,078</b>	₱1,059,987,316	<b>₱1,628,270,010</b>	₱1,406,316,349

(Forward)

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Liabilities:</b>				
Deposit liabilities	<b>₱708,202,369</b>	₱552,441,705	<b>₱718,449,628</b>	₱562,818,908
Interest on share capital and patronage refund payable	<b>71,528,740</b>	69,076,428	<b>71,528,740</b>	69,076,428
Accounts payable and accrued expenses (excluding statutory payables)	<b>91,225,434</b>	66,692,501	<b>91,225,434</b>	66,692,501
	<b>₱870,956,543</b>	₱688,210,634	<b>₱881,203,802</b>	₱698,587,837

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents:* the carrying values approximate their fair values due to the short-term maturity of these financial instruments.
- *Investments in time deposit, loans and receivables and funds in special accounts:*
  - less than one year maturity, the carrying values of loans approximates their fair values due to the short-term maturity of these financial instruments; and,
  - more than one year maturity, its fair value represents the present value of future cash flows discounted using the Cooperative's current incremental lending rates for similar types of loans.
- *AFS investments:* in the case of unquoted equity investments, as the fair values could not be reliably determined, the investments are reported at cost subject to impairment.
- *Deposit liabilities:* the fair value is estimated using the discounted cash flow methodology using the Cooperative's current incremental lending rates for similar types of deposits.
- *Interest on share capital and patronage refund payable, and accounts payable and accrued expenses (excluding statutory payables):* the estimated fair values approximate their carrying amounts given the short-term maturities of the liabilities.

As at December 31, 2011 (and 2010), the Cooperative has no financial instruments measured at fair value.

## 7. Financial Risk Management Policies and Objectives

The Cooperative's activities are principally related to the use of financial instruments. The Cooperative accepts deposits from members at fixed rates, for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets and loans to its members.

The main objectives of the Cooperative's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The main risks arising from the Cooperative's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below.

### a. Credit Risk and Concentration of Assets and Liabilities

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Cooperative manages credit risk by setting limits for individual borrowers and groups of borrowers and industry segments. The Cooperative also monitors credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Cooperative obtains security where appropriate, enters into collateral arrangements with counterparties, and limits the duration of exposures.

The Cooperative used a number of techniques to mitigate the credit risks to which it is exposed. For example, exposures may be collateralized by first priority claims, in whole or in part with cash or securities, or a loan exposure may be guaranteed by a third party. In order for the Cooperative to obtain capital relief for any use of credit risk mitigation techniques, all documentation used in collateralized transactions and for documenting guarantees must be binding on all parties and legally enforceable in all relevant jurisdictions. The Cooperative also conducts sufficient legal review to verify this and have a well-founded legal basis to reach this conclusion, and undertakes such further review as necessary to ensure continuing enforceability.

While the use of credit risk mitigation techniques reduces or transfers credit risk, it simultaneously may increase other risks such as legal, operational, liquidity, and market risks. Therefore, the Cooperative employs robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures, systems, control of roll-off risks, and management of concentration of risk arising from the Cooperative's use of credit risk mitigation techniques and its interaction with the Cooperative's overall credit risk profile.

The table below shows the gross maximum exposure to credit risk for the components of the statement of financial condition as at December 31, 2011 (with comparative figures as at December 31, 2010):

	2011	2010
Cash and cash equivalents (see Note 8)	<b>₱216,537,972</b>	₱167,449,634
Loans and receivables		
Investments in time deposits	<b>3,689,256</b>	5,613,571
Loans and receivables (see Note 9)	<b>1,115,508,448</b>	865,665,114
Funds in special accounts (see Note 11)	<b>80,369,666</b>	75,754,035
	<b>1,199,567,370</b>	947,032,720
AFS investments (see Note 10)	<b>14,111,348</b>	10,226,219
	<b>₱1,430,216,690</b>	₱1,124,708,573

Aging analysis of neither past due nor impaired, past due but not impaired and impaired financial assets per class of financial assets as at December 31, 2011 (with comparative figures as at December 31, 2010) follows:

December 31, 2011

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and cash equivalents	₱216,537,972	₱ –	₱ –	<b>₱216,537,972</b>
Loans and receivables				
Investments in time deposits	3,689,256	–	–	<b>3,689,256</b>
Loans and receivables				
Major loans	879,867,052	18,246,533	57,124,898	<b>955,238,483</b>
Special loans	70,689,119	–	4,527,982	<b>75,217,101</b>
Minor loans	52,089,415	–	14,106,757	<b>66,196,172</b>
Other loans	–	–	626,354	<b>626,354</b>
Other receivables	12,598,582	5,057,885	573,871	<b>18,230,338</b>
	1,015,244,168	23,304,418	76,959,862	<b>1,115,508,448</b>
Funds in special accounts	80,369,666	–	–	<b>80,369,666</b>
	1,099,303,090	23,304,418	76,959,862	<b>1,199,567,370</b>
AFS investments	14,111,348	–	–	<b>14,111,348</b>
	<b>₱1,329,952,410</b>	<b>₱23,304,418</b>	<b>₱76,959,862</b>	<b>₱1,430,216,690</b>

December 31, 2010

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and cash equivalents	₱167,449,634	₱ –	₱ –	₱167,449,634
Loans and receivables				
Investments in time deposits	5,613,571	–	–	5,613,571
Loans and receivables				
Major loans	688,675,231	2,217,192	42,956,767	733,849,190
Minor loans	50,961,454	–	12,897,360	63,858,814
Special loans	51,801,673	1,210,850	3,929,683	56,942,206
Other loans	–	–	642,527	642,527
Other receivables	9,904,394	–	467,983	10,372,377
	801,342,752	3,428,042	60,894,320	865,665,114
Funds in special accounts	75,754,035	–	–	75,754,035
	882,710,358	3,428,042	60,894,320	947,032,720
AFS investments	10,226,219	–	–	10,226,219
	₱1,060,386,211	₱3,428,042	₱60,894,320	₱1,124,708,573

The following table shows the credit quality of the Cooperative's financial assets per class of financial assets as at December 31, 2011 (with comparative figures as at December 31, 2010):

December 31, 2011

	Total	Neither past due nor impaired		Total	Past due but not impaired	Impaired
		High Grade	Medium Grade			
Cash and cash equivalents	₱216,537,972	₱216,537,972	₱ –	₱216,537,972	₱ –	₱ –
Loans and receivables						
Investments in time deposits	3,689,256	3,689,256	–	3,689,256	–	–
Loans and receivables						
Major loans	955,238,483	879,867,052	–	879,867,052	18,246,533	57,124,898
Special loans	75,217,101	70,689,119	–	70,689,119	–	4,527,982
Minor loans	66,196,172	52,089,415	–	52,089,415	–	14,106,757
Other loans	626,354	–	–	–	–	626,354
Other receivables	18,230,338	12,598,582	–	12,598,582	5,057,885	573,871
	1,115,508,448	1,015,244,168	–	1,015,244,168	23,304,418	76,959,862
Funds in special accounts	80,369,666	80,369,666	–	80,369,666	–	–
	1,199,567,370	1,099,303,090	–	1,099,303,090	23,304,418	76,959,862
AFS investments	14,111,348	–	14,111,348	14,111,348	–	–
	₱1,430,216,690	₱1,315,841,062	₱14,111,348	₱1,329,952,410	₱23,304,418	₱76,959,862

December 31, 2010

	Total	Neither past due nor impaired		Total	Past due but not impaired	Impaired
		High Grade	Medium Grade			
Cash and cash equivalents	₱167,449,634	₱167,449,634	₱ –	₱167,449,634	₱ –	₱ –
Loans and receivables						
Investments in time deposits	5,613,571	5,613,571	–	5,613,571	–	–
Loans and receivables						
Major loans	733,849,190	688,675,231	–	688,675,231	2,217,192	42,956,767
Minor loans	63,858,814	50,961,454	–	50,961,454	–	12,897,360
Special loans	56,942,206	51,801,673	–	51,801,673	1,210,850	3,929,683
Other loans	642,527	–	–	–	–	642,527
Other receivables	10,372,377	9,904,394	–	9,904,394	–	467,983
	865,665,114	801,342,752	–	801,342,752	3,428,042	60,894,320
Funds in special accounts	75,754,035	75,754,035	–	75,754,035	–	–
	947,032,720	882,710,358	–	882,710,358	3,428,042	60,894,320
AFS investments	10,226,219	–	10,226,219	10,226,219	–	–
	₱1,124,708,573	₱1,050,159,992	₱10,226,219	₱1,060,386,211	₱3,428,042	₱60,894,320

High grade cash and cash equivalents, investments in time deposits and funds in special accounts pertain to cash and short-term and long-term deposits with no restriction requirements or hold-out deposits and were deposited in reputable banks duly approved by the BOD.

High grade loans and receivables pertain to accounts with no default in payment.

Medium grade AFS investments pertain to unquoted investment in shares of stock with other cooperatives and financial institutions duly approved by the BOD.

Loans and receivables that are neither past due nor impaired are due from creditworthy member-borrower with good payment record with the Cooperative.

Except for those impaired loans and receivable, the Cooperative assessed the accounts receivable as collectible and in good standing.

#### *Collateral and Other Credit Enhancements*

The amount and type of collateral required depends on the assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the type of collateral and valuation parameters.

Kinds of guarantees that serve as collateral for every credit operation are as follows:

- Personal guarantee - the credit user signs a document acknowledging that he/she will pay his/her debt with his/her present or future assets without specification as to what asset will be used for payment.
- Trustee guarantee - signature of one or more persons of reputable moral and economic standing.
- Mortgage guarantee - a mortgage lien for real estate is established in favor of the Cooperative. Only first mortgage inscriptions should be accepted.
- Possession rights - real estate which do not have registered deeds but have possession right documentation and are executable.
- Guarantee certificates - these are certificates offered by certified institutions which provided this type of service.
- Other guarantees - all guarantees consisting of asset deeds issued by certified institutions in the country.
- Credit coverage of guarantee - mortgage loans which are granted based on an appraisal should be established taking into account the stipulated interest rate and the promptness at which a given property may be awarded by a legal process.
- Guarantee appraisal - an appraisal of mortgage guarantees should be made prior to their acceptance.
- Insurance on guarantees - no credit can be given if the mortgage or co-signer of guarantees is not insured.

Management monitors the market value of collateral. For all loans, specialized appraisers are contracted.

The minimum and maximum loanable amount by a single member-borrower is 90% of the member's paid-up share capital and based on the 60% of the assessed value of the loan collateral, respectively.

It is the Cooperative's policy to dispose of repossessed properties in an orderly manner. The disposition of the repossessed collateral will be in accordance with the prevailing regulations in the Philippines. Proceeds from the sale of the property will be applied in legal and other litigation fees, penalty, interest and principal. In general, the Cooperative does not occupy repossessed properties for business use.

#### b. Liquidity Risk

Liquidity risk is the risk that the Cooperative will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. However, additional funding is only used to fund liquidity shortfalls and not the normal daily operations and long-term needs.



The Cooperative has committed lines of credit that it can access to meet liquidity needs. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Cooperative. The most important of these is to maintain limits on the ratio of net liquid members' liabilities, set to reflect market conditions. Net liquid assets consists of cash and short-term bank deposits less borrowings due to mature within the next month. As part of its liquidity risk management, the Cooperative regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The table below summarizes the maturity profile of the Cooperative's financial assets and liabilities based on contractual undiscounted payments as at December 31, 2011 (with comparative figures as at December 31, 2010).

December 31, 2011

	Up to one month	One to three months	Three to six months	Six to 12 months	More than one year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱166,469,716	₱50,068,256	₱ –	₱ –	₱ –	<b>₱216,537,972</b>
Investments in time deposits	–	–	–	3,689,256	–	<b>3,689,256</b>
Loans and receivables - net	318,871,323	70,968,146	120,390,106	237,808,265	285,555,996	<b>1,033,593,836</b>
Future interest receipts	2,685,865	10,521,645	38,801,845	66,600,603	56,453,703	<b>175,063,661</b>
AFS investments	–	–	–	–	14,111,348	<b>14,111,348</b>
Funds in special accounts	33,334,984	37,510,749	1,681,975	5,841,958	2,000,000	<b>80,369,666</b>
<b>Total undiscounted financial assets</b>	<b>521,361,888</b>	<b>169,068,796</b>	<b>160,873,926</b>	<b>313,940,082</b>	<b>358,121,047</b>	<b>1,523,365,739</b>
<b>Financial Liabilities</b>						
Deposit liabilities	288,814,309	216,308,468	99,603,175	91,563,154	11,913,263	<b>708,202,369</b>
Future interest payments	9,506,115	8,016,485	8,097,662	8,123,357	1,136,919	<b>34,880,538</b>
Interest on share capital and patronage refund payable	71,528,740	–	–	–	–	<b>71,528,740</b>
Accounts payable and accrued expenses (excluding statutory payables)	66,062,372	19,070,437	3,415,206	2,221,515	455,904	<b>91,225,434</b>
<b>Total undiscounted financial liabilities</b>	<b>435,911,536</b>	<b>243,395,390</b>	<b>111,116,043</b>	<b>101,908,026</b>	<b>13,506,086</b>	<b>905,837,081</b>
<b>Net undiscounted financial assets (liabilities)</b>	<b>₱85,450,352</b>	<b>(₱74,326,594)</b>	<b>₱49,757,883</b>	<b>₱212,032,056</b>	<b>₱344,614,961</b>	<b>₱617,528,658</b>

December 31, 2010

	Up to one month	One to three months	Three to six months	Six to 12 months	More than one year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱151,311,025	₱16,138,609	₱ –	₱ –	₱ –	<b>₱167,449,634</b>
Investments in time deposits	–	–	3,114,999	2,498,572	–	<b>5,613,571</b>
Loans and receivables - net	53,618,769	18,703,358	60,573,429	121,990,890	546,057,411	<b>800,943,857</b>
Future interest receipts	840,198	4,150,906	18,717,521	107,455,318	212,339,928	<b>343,503,871</b>
AFS investments	–	–	–	–	10,226,219	<b>10,226,219</b>
Funds in special accounts	51,191,830	17,061,355	–	7,500,850	–	<b>75,754,035</b>
<b>Total undiscounted financial assets</b>	<b>256,961,822</b>	<b>56,054,228</b>	<b>82,405,949</b>	<b>239,445,630</b>	<b>768,623,558</b>	<b>1,403,491,187</b>

(Forward)

	Up to one month	One to three months	Three to six months	Six to 12 months	More than one year	Total
<b>Financial Liabilities</b>						
Deposit liabilities	₱305,315,434	₱87,378,207	₱61,971,754	₱81,430,140	₱16,346,170	₱552,441,705
Future interest payments	1,903,183	1,926,908	4,260,852	4,253,608	22,864	12,367,415
Interest on share capital and patronage refund payable	69,076,428	–	–	–	–	69,076,428
Accounts payable and accrued expenses (excluding statutory payables)	12,084,984	2,011,245	29,215,582	5,751,666	17,629,024	66,692,501
Total undiscounted financial liabilities	388,380,029	91,316,360	95,448,188	91,435,414	33,998,058	700,578,049
<b>Net undiscounted financial assets (liabilities)</b>	<b>(₱131,418,207)</b>	<b>(₱35,262,132)</b>	<b>(₱13,042,239)</b>	<b>₱148,010,216</b>	<b>₱734,625,500</b>	<b>₱702,913,138</b>

#### 8. Cash and Cash Equivalents

	2011	2010
Cash on hand and in banks	₱166,469,716	₱143,587,322
Short-term placements	50,068,256	23,862,312
	<b>₱216,537,972</b>	<b>₱167,449,634</b>

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirement of the Cooperative and earn interest at the respective short-term placements rates ranging from 0.6% to 10.25% per annum in 2011 (0.6% to 9% per annum in 2010).

#### 9. Loans and Receivables

	2011	2010
Loans receivable		
Major	₱955,238,483	₱733,849,190
Special	75,217,101	56,942,206
Minor	66,196,172	63,858,814
Others	626,354	642,527
	<b>1,097,278,110</b>	<b>855,292,737</b>
Other receivables	18,230,338	10,372,377
	<b>1,115,508,448</b>	<b>865,665,114</b>
Less: Allowance for impairment losses	(76,959,862)	(60,894,320)
Unearned interest income	(4,954,750)	(3,826,937)
	<b>₱1,033,593,836</b>	<b>₱800,943,857</b>

Major loans are regular loans, government and private employees' salary loans, income generating service loans and convenient loans which usually have a term of one to seven years, with loanable amounts ranging from ₱15,000 to ₱1 million. Interest rates ranges from 24% to 30% per annum. These loans are usually secured by hold-out on savings and time deposits, real estate and chattel mortgages.

Special loans and other loans are loans obtained for specific purposes like micro-financing, educational, pension, travel, acquisition of appliance and furniture which usually have a term of four months to seven years, with loanable amounts ranging from ₱6,000 to ₱1 million. Interest rates ranges from 12% to 45% per annum. These loans are usually secured by hold-out on savings and time deposits, real estate and chattel mortgages.

Minor loans are cash advance and emergency loans which usually have a term of six to ten months, with loanable amounts ranging from ₱6,000 to ₱11,000. Interest rates are 24% per annum. These loans are either unsecured or secured by the member's share capital.

Other receivables include receivables from members' accounts from auxiliary services (i.e., funecare services) that are non-interest bearing and are generally on 30-90 days' term.

The following table shows the breakdown of loans and receivables by maturity as at December 31, 2011 (with comparative figures as at December 31, 2010):

	2011			2010		
	Loans Receivable	Other Receivables	Total	Loans Receivable	Other Receivables	Total
Due within one year	<b>₱763,255,654</b>	<b>₱18,230,338</b>	<b>₱781,485,992</b>	₱244,982,051	₱10,372,377	₱255,354,428
After one year but not more than five years	<b>333,906,234</b>	–	<b>333,906,234</b>	604,980,322	–	604,980,322
More than five years	<b>116,222</b>	–	<b>116,222</b>	5,330,364	–	5,330,364
	<b>₱1,097,278,110</b>	<b>₱18,230,338</b>	<b>₱1,115,508,448</b>	₱855,292,737	₱10,372,377	₱865,665,114

The following table shows the information relating to loans and receivables by collateral as at December 31, 2011 (with comparative figures as at December 31, 2010):

	2011	%	2010	%
Secured by:				
Hold out on savings and time deposits	<b>₱153,239,151</b>	14%	₱86,575,970	10%
Real estate mortgage	<b>67,542,764</b>	6%	63,288,119	7%
Chattel mortgage	<b>38,266,525</b>	3%	31,849,616	4%
Unsecured	<b>856,460,008</b>	77%	683,951,409	79%
	<b>₱1,115,508,448</b>	100%	₱865,665,114	100%

Secured loans are business loans which are extended to members with a security interest in personal or real property of tangible value.

Unsecured loans are personal loans. These are consumer-type loans, relatively small in amount and traditionally offered for various purposes incidental to the members' needs. These loans are backed up by memorandum of agreement with the borrower's employer for payroll deduction arrangements. Also, the borrower's automated teller machine card for his/her payroll account is in the custody of the Cooperative and the Cooperative is authorized by the borrower to withdraw the loan amortization from the borrower's account.

The Cooperatives delinquent loans as at December 31, 2011 (with comparative figure as at December 31, 2010) are as follows:

	2011	2010
Secured by:		
Real estate mortgage	<b>₱1,965,646</b>	₱1,208,315
Chattel Mortgage	<b>1,428,437</b>	1,897,941
Unsecured	<b>45,072,377</b>	33,984,010
	<b>₱48,466,460</b>	₱37,090,266

Generally, delinquent loans refer to loans whose principal and/or interest have become past due with respect to their maturity dates and installment periods. Delinquent loans with high probability of losses are adequately covered by an allowance for impairment losses.

The fair values of the collaterals used on delinquent and secured loans amounted to ₱20.3 million in 2011 (₱8.9 million in 2010).

Changes in the allowance for impairment losses for loans and receivables as at December 31, 2011 (with comparative figures as at December 31, 2010) are as follows :

December 31, 2011

	Major loans	Minor loans	Special loans	Other loans	Other receivables	Total
Balance at beginning of year	₱42,956,767	₱12,897,360	₱3,929,683	₱642,527	₱467,983	<b>₱60,894,320</b>
Provision for impairment losses	14,547,891	1,864,996	644,199	–	105,888	<b>17,162,974</b>
Write-off	(379,760)	(655,599)	(45,900)	(16,173)	–	<b>(1,097,432)</b>
Balance at end of year	<b>₱57,124,898</b>	<b>₱14,106,757</b>	<b>₱4,527,982</b>	<b>₱626,354</b>	<b>₱573,871</b>	<b>₱76,959,862</b>

December 31, 2010

	Major loans	Minor loans	Special loans	Other loans	Other receivables	Total
Balance at beginning of year	₱47,753,030	₱12,732,992	₱3,889,683	₱746,647	₱370,426	₱65,492,778
Provision for impairment losses	12,023,605	164,368	40,000	–	97,557	12,325,530
Write-off	(16,819,868)	–	–	(104,120)	–	(16,923,988)
Balance at end of year	<b>₱42,956,767</b>	<b>₱12,897,360</b>	<b>₱3,929,683</b>	<b>₱642,527</b>	<b>₱467,983</b>	<b>₱60,894,320</b>

With the foregoing level of allowance for impairment losses, management believes that the Cooperative has sufficient allowance to cover any losses that the Cooperative may incur from the noncollection or nonrealization of its receivables and other risk assets.

Information on the concentration of credit (gross of allowance for impairment losses) as to geographical groupings of the Cooperative's loans receivable as at December 31, 2011 (with comparative figures as at December 31, 2010) is as follows:

Branch	2011	%	2010	%
Tagum - Main	<b>₱403,138,457</b>	<b>36%</b>	₱334,226,442	39%
Bajada	<b>192,128,906</b>	<b>17%</b>	144,361,456	16%
Nabunturan	<b>139,485,704</b>	<b>13%</b>	113,996,920	13%
Matina	<b>102,536,102</b>	<b>9%</b>	76,437,300	9%
Carmen	<b>92,621,576</b>	<b>8%</b>	66,972,312	8%
Panabo	<b>92,562,334</b>	<b>8%</b>	78,066,238	9%
Mintal	<b>76,575,795</b>	<b>7%</b>	51,604,446	6%
Tagum - Market	<b>16,459,574</b>	<b>2%</b>	–	0%
	<b>₱1,115,508,448</b>	<b>100%</b>	₱865,665,114	100%

The Standard Chart of Accounts for Credit and Other Types of Cooperatives with Savings and Other Services, prescribed by the CDA, defines "Interest income from loans" as income earned and collected by the Cooperative from the interest charged on the loans granted to its members. As such, the Cooperative does not accrue interest income already earned (and not yet past due) but not yet collected. PAS 18 requires revenue to be measured at the fair value of the consideration received or receivable. For interest income, revenue is to be recognized as the interest accrues, taking into account the effective yield of the asset. Total interest receivable on loans and receivables not accrued by the Cooperative amounted to ₱22.0 million as at December 31, 2011 (₱19.0 million as at December 31, 2010). Had the Cooperative followed PAS 18, members' equity would have increased by ₱19.0 million as at January 1, 2011, interest income would have increased by ₱3.0 million for the year ended December 31, 2011 and loans and receivables would have increased by ₱22.0 million as at December 31, 2011.

**10. Available-for-Sale Investments**

	2011	2010
Investments in shares of stock		
National Confederation of Cooperatives	<b>₱5,006,756</b>	₱3,474,180
Coop Life Insurance and Mutual Benefit Services	<b>4,854,494</b>	4,854,494
Others	<b>4,250,098</b>	1,897,545
	<b>₱14,111,348</b>	₱10,226,219

Dividend income earned from these AFS investments amounted to ₱1.0 million in 2011 (₱0.7 million in 2010). No AFS investments were written-off in 2011 (₱75,000 in 2010).

## 11. Funds in Special Accounts

Funds in special account represents funds created by the Cooperative for specified purpose like funding the Cooperative's various fund liabilities and reserves, as follows:

- Fund liabilities represent funds to be used for payment of HPP payables and other special deposit liabilities.
- Fund reserves represent funds set aside for the statutory and optional funds.
- Other funds are those funds set aside for the Cooperative's special projects, gratuity and retirement funds.

Below is a summary of the changes in fund balances of the funds in special accounts as at December 31, 2011 (with comparative figures as at December 31, 2010):

<u>December 31, 2011</u>				
	Fund Liabilities	Fund Reserves	Other Fund	Total
Balance at beginning of year	₱26,192,741	₱35,617,692	₱13,943,602	<b>₱75,754,035</b>
Additions	191,650	14,424,768	479,667	<b>15,096,085</b>
Disbursements	(10,480,454)	–	–	<b>(10,480,454)</b>
Balance at end of year	<b>₱15,903,937</b>	<b>₱50,042,460</b>	<b>₱14,423,269</b>	<b>₱80,369,666</b>

<u>December 31, 2010</u>				
	Fund Liabilities	Fund Reserves	Other Fund	Total
Balance at beginning of year	₱39,928,677	₱14,061,824	₱13,167,447	₱67,157,948
Additions	54,514	21,555,868	781,151	22,391,533
Disbursements	(13,790,450)	–	(4,996)	(13,795,446)
Balance at end of year	<b>₱26,192,741</b>	<b>₱35,617,692</b>	<b>₱13,943,602</b>	<b>₱75,754,035</b>

These funds are placed in time and savings deposits with interest rates ranging from 2% to 18% per annum in 2011 (2% to 18% per annum in 2010) as follows:

	2011	2010
Time deposits	<b>₱78,753,590</b>	₱74,152,569
Savings deposits	<b>1,616,076</b>	1,601,466
	<b>₱80,369,666</b>	<b>₱75,754,035</b>

## 12. Investment Property

	2011	2010
<b>Cost</b>		
Balance at beginning of year	<b>₱3,394,536</b>	₱3,957,977
Additions	<b>3,737,351</b>	102,472
Disposals	<b>(1,708,775)</b>	(665,913)
Balance at end of year	<b>5,423,112</b>	3,394,536
<b>Accumulated Impairment Losses</b>		
Balance at beginning of year	<b>1,105,946</b>	1,290,358
Additions	<b>1,405,579</b>	–
Disposals	<b>(789,602)</b>	(184,412)
Balance at end of year	<b>1,721,923</b>	1,105,946
<b>Net Book Value</b>	<b>₱3,701,189</b>	<b>₱2,288,590</b>

The Cooperative's investment property pertains to parcels of land, land improvements and other property and equipment generally acquired by the Cooperative in settlement of loans and receivables through foreclosure. The Cooperative has adopted the cost model and will continue to carry its investment property at cost less any impairment in value.



The zonal value of the land under investment property, with carrying value of ₱3.7 million as at December 31, 2011 (₱2.3 million as at December 31, 2010) amounted to ₱5.3 million as at December 31, 2011 (₱4.5 million as at December 31, 2010). The Cooperative expects that the zonal value will be lower than the current fair value if it was determined by a qualified real estate evaluator.

### 13. Property and Equipment

#### December 31, 2011

	Land	Buildings	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
<b>Cost</b>							
Balance at beginning of year	₱4,630,150	₱54,390,632	₱4,830,550	₱8,309,783	₱23,256,492	₱4,088,545	<b>₱99,506,152</b>
Additions	-	-	1,411,107	6,659,884	7,178,469	6,538,539	<b>21,787,999</b>
Disposal	-	-	-	(160,000)	-	-	<b>(160,000)</b>
Balance at end of year	4,630,150	54,390,632	6,241,657	14,809,667	30,434,961	10,627,084	<b>121,134,151</b>
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	-	11,078,214	2,307,105	3,378,359	12,631,605	-	<b>29,395,283</b>
Additions	-	2,105,719	875,506	1,203,579	3,545,366	-	<b>7,730,170</b>
Disposal	-	-	-	(147,040)	-	-	<b>(147,040)</b>
Balance at end of year	-	13,183,933	3,182,611	4,434,898	16,176,971	-	<b>36,978,413</b>
<b>Net Book Value</b>	<b>₱4,630,150</b>	<b>₱41,206,699</b>	<b>₱3,059,046</b>	<b>₱10,374,769</b>	<b>₱14,257,990</b>	<b>₱10,627,084</b>	<b>₱84,155,738</b>

#### December 31, 2010

	Land	Buildings	Leasehold Improvements	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
<b>Cost</b>							
Balance at beginning of year	₱4,630,150	₱53,934,846	₱3,350,142	₱5,947,214	₱17,564,862	₱-	<b>₱85,427,214</b>
Additions	-	455,786	1,480,408	2,759,150	5,691,630	4,088,545	<b>14,475,519</b>
Disposal	-	-	-	(396,581)	-	-	<b>(396,581)</b>
Balance at end of year	4,630,150	54,390,632	4,830,550	8,309,783	23,256,492	4,088,545	<b>99,506,152</b>
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	-	9,045,905	1,488,896	2,808,053	9,995,793	-	<b>23,338,647</b>
Additions	-	2,032,309	818,209	753,602	2,635,812	-	<b>6,239,932</b>
Disposal	-	-	-	(183,296)	-	-	<b>(183,296)</b>
Balance at end of year	-	11,078,214	2,307,105	3,378,359	12,631,605	-	<b>29,395,283</b>
<b>Net Book Value</b>	<b>₱4,630,150</b>	<b>₱43,312,418</b>	<b>₱2,523,445</b>	<b>₱4,931,424</b>	<b>₱10,624,887</b>	<b>₱4,088,545</b>	<b>₱70,110,869</b>

The construction of the Cooperative's building was completed in 2009. As such, to subsidize the depreciation charges of the building, the Cooperative recognized the "Building fund subsidy" in the statement of comprehensive income amounting to ₱2.1 million in 2011 (₱2.0 million in 2010) and deduct it from "Optional fund - land and building fund" presented in the statement of changes in members' equity.

### 14. Deposit Liabilities

	2011	2010
Time	<b>₱447,060,081</b>	₱348,904,797
Savings	<b>193,407,343</b>	151,707,141
Special	<b>67,734,945</b>	51,829,767
	<b>₱708,202,369</b>	₱552,441,705

Savings deposits earn interest rate at 4% per annum while time and special deposits earn interest rates ranging from 5.0% to 10.5% per annum. Time deposit liabilities have maturities of 30 days to two years. Interest expense related to deposit liabilities amounted to ₱42.5 million in 2011 (₱32.5 million in 2010).

#### 15. Accounts Payable and Accrued Expenses

	2011	2010
Accrued interest on share capital	₱27,207,209	₱20,032,152
Accrued performance incentives	10,218,391	9,349,944
Deposits for future subscription	7,720,229	–
Cooperative education and training fund payable	5,506,811	4,674,972
Ace plan fund payable	2,512,731	3,569,030
HPP payable	–	11,598,429
Accrued expenses and other payables	39,153,650	17,955,455
	<b>₱92,319,021</b>	<b>₱67,179,982</b>

HPP requires each member to enroll in this program. An annual premium (renewable annually) amounting to ₱475 entitles the members to several health benefits. This includes in-patient benefits, emergency care and reproductive health care and out-patient benefits, with a maximum annual benefit of ₱3,000 per member.

The Cooperative's HPP, with contract under which the Cooperative accepts significant risks to a certain extent from the member-policyholder by agreeing to compensate the member-policyholder if an uncertain event adversely affect the said member-policyholder, are not accounted for in accordance with PFRS 4. The measurement effects of PFRS 4 on this contract have not been calculated in 2010. The Cooperative's HPP were already transferred to a cooperative engaged in insurance business in 2011 and is effectively discontinued.

On January 29, 2010, Joint IC-CDA-SEC issued Memorandum Circular No. 01-2010, *Defining Government's Policy on Informal Insurance Activities*, stating that entities, including cooperatives and Non-Government Organizations currently engaged in informal insurance were asked to terminate these activities within one year from the effectivity of abovementioned Circular. As at December 31, 2010, the Cooperative has a HPP liability amounting to ₱11.6 million.

On June 25, 2010, Joint IC-CDA-SEC issued Memorandum Circular No. 02-2010, *Disposition of Funds from Informal Insurance Cooperatives*, stating that excess funds after payments of premium to the registered cooperative insurance, if any, shall be credited, in an equitable manner, to the members' savings accounts in the cooperative. In 2011, the excess of the HPP liability amounting to ₱9.9 million, after payments of premium to a cooperative engaged in the insurance business, were transferred to the members' savings accounts.

Deposits for future subscription pertain to subscriptions received by the Cooperative which are below the minimum paid-up capital of ₱2,000.

#### 16. Members' Equity

##### Members' Share Capital

The Cooperative classifies members' share capital as equity in the statement of financial condition based on the Standard Chart of Accounts for Cooperatives as prescribed by CDA. Members' share capital earns a guaranteed interest based on the average share capital balance per member per year. Interest expense on members' share capital amounted to ₱27.2 million in 2011 (₱20.0 million in 2010). Based on the provisions of Philippine Interpretation of IFRIC 2 and PAS 32, the Cooperative's members' share capital is a compound financial instrument that has both financial liability and equity components. The portion of the members' share capital should be classified as financial liability equal to the fair value of the guaranteed annual interest at the date of contribution. Subsequently, such financial liability should be carried at amortized cost. The effects of allocating the members' share capital between its financial liability and equity components have not been calculated.

On December 6, 2011, the CDA approved the amendment on the Articles of Cooperation and By-Laws of the Cooperative. The amendment includes the increase in the Cooperative's authorized capital from ₱650 million divided into 1,950,000 common shares with voting rights and 650,000 preferred shares without voting rights, both with a par value of ₱250 per share to ₱1.0 billion divided into 3,880,000 common shares with voting rights and 120,000 preferred shares without voting rights, both with a par value of ₱250 per share.

The common shares with voting rights are issued to regular members while preferred shares without voting rights are issued to associate members, in accordance with the guidelines prescribed by CDA.

#### General Reserve Fund

The BOD saw the need to strengthen the financial foundation of the Cooperative by strengthening the general reserve fund. In accordance with the provision of the Cooperative Code of 2008, the general reserve fund of the Cooperative shall be equal to or more than the accumulated total members' share capital. The Cooperative annually sets aside funds for general reserve so that this will equal to the members' share capital.

#### Capital Management

The primary objective of the Cooperative's capital management is to ensure that the Cooperative complies with externally imposed capital requirements and the Cooperative maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize members' value.

The Cooperative manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Cooperative may accept new members, adjust the amount of dividend payment and increase distribution of net surplus to statutory funds. No changes were made in the objectives, policies and processes in 2011.

As at December 31, 2011 (with comparative figures as at December 31, 2010), the following are the Cooperative's capital as stated in the General Guidelines on the Registration and Operation of Cooperatives with Savings and Credit Services in the Philippines:

	2011	2010
Deposit liabilities (see Note 14)	<b>₱708,202,369</b>	₱552,441,705
Members' share capital	<b>455,037,567</b>	347,565,092
Donated capital	<b>1,701,225</b>	1,701,225
Statutory funds (see Note 17)	<b>72,833,025</b>	62,068,063
Optional funds (see Note 17)	<b>36,936,619</b>	31,889,464
	<b>₱1,274,710,805</b>	₱995,665,549

#### 17. Statutory and Optional Funds

This account consists of funds required to be maintained by the Cooperative pursuant to the provisions of R.A. No. 9520, as follows:

	2011	2010
Statutory funds:		
General reserve fund	<b>₱62,968,968</b>	₱52,750,576
Cooperative education and training fund	<b>5,112,854</b>	5,159,147
Community development fund	<b>4,751,203</b>	4,158,340
	<b>72,833,025</b>	62,068,063
Optional fund:		
Land and building/Information technology program seed fund	<b>36,936,619</b>	31,889,464
	<b>₱109,769,644</b>	₱93,957,527

The funds are not available for distribution to members but are used only for the specific purposes for which they are set up, as may be approved by the BOD and the General Assembly.

#### 18. Personnel Expenses

	2011	2010
Salaries, wages and allowances	₱31,263,581	₱20,231,478
Employees' benefits	10,244,666	7,551,309
Retirement costs (see Note 21)	4,444,893	1,414,867
SSS, Pag-ibig and other contributions	2,525,784	1,790,248
	<b>₱48,478,924</b>	<b>₱30,987,902</b>

#### 19. Occupancy and Equipment-Related Expenses

	2011	2010
Depreciation and amortization (see Note 13)	₱7,730,170	₱6,239,932
Security services	5,449,525	4,272,697
Communication, light and water	3,637,314	3,291,167
Maintenance and repairs	1,874,611	1,461,458
Rent (see Note 22)	1,764,396	1,619,468
Insurance	1,112,550	1,638,797
Amortization of other assets	495,293	348,851
	<b>₱22,063,859</b>	<b>₱18,872,370</b>

#### 20. Miscellaneous Expenses

	2011	2010
Provision for performance incentives	₱10,218,391	₱9,349,944
General assembly	6,593,773	5,786,792
Fuel, oil and lubricants	3,784,209	2,177,547
Stationery and office supplies	3,059,117	2,545,397
Officers' honorarium (Note 23)	2,458,355	2,117,886
Prompt payment incentive	2,428,528	1,952,527
Meetings and conferences	2,006,221	1,227,895
Professional fees	1,934,221	1,156,332
Marketing and promotions	1,654,876	1,301,554
Provision for impairment losses on investment property (see Note 12)	1,405,579	-
Collection incentives	1,301,053	670,218
Travel and transportation	1,028,673	877,957
Entertainment, amusement and representation	752,028	1,100,142
Gratuity	700,000	515,441
Taxes and licenses	403,178	331,813
Litigation	145,464	323,672
AFS investments written off	-	75,000
Miscellaneous	2,447,343	1,689,173
	<b>₱42,321,009</b>	<b>₱33,199,290</b>

#### 21. Retirement Plan

In 2011, the Cooperative has an unfunded and noncontributory defined benefit retirement plan covering all of its permanent employees. The benefits are based on the years of service and percentage of latest monthly salary. Total retirement costs charged to operations amounted to ₱4.4 million in 2011 (₱1.4 million in 2010).

The following tables summarize the retirement costs recognized in the statement of comprehensive income and the pension liability recognized in the statement of financial condition and other information about the plan.

The retirement costs recognized in the Cooperative's statement of comprehensive income in 2011 are as follows:

	<b>2011</b>
Current service cost	<b>₱1,340,016</b>
Interest cost on benefit obligation	<b>285,369</b>
Actuarial loss	<b>18,282</b>
Past service cost - non vested benefits	<b>518,446</b>
Past service cost - vested benefits	<b>2,282,780</b>
<b>Retirement costs</b>	<b>₱4,444,893</b>

The components of pension liability recognized in the statement of financial condition as at December 31, 2011 are as follows:

	<b>2011</b>
Present value of obligation	<b>₱14,677,002</b>
Unrecognized actuarial net loss	<b>(2,025,262)</b>
Unrecognized past service cost - non vested benefits	<b>(3,110,679)</b>
<b>Pension liability</b>	<b>₱9,541,061</b>

The reconciliation of the present value of defined benefit obligation as at December 31, 2011 is as follows:

	<b>2011</b>
Balance at beginning of year	<b>₱5,096,168</b>
Current service cost	<b>1,340,016</b>
Interest cost on benefit obligation	<b>285,369</b>
Actuarial loss	<b>1,193,444</b>
Past service cost - non vested benefits	<b>3,629,125</b>
Past service cost - vested benefits	<b>3,132,880</b>
<b>Balance at end of year</b>	<b>₱14,677,002</b>

Principal actuarial assumptions used to determine retirement benefit obligation as at December 31, 2011 are as follows:

	<b>2011</b>
Discount rate	<b>6.29%</b>
Salary increase rate	<b>6.00%</b>
Average remaining working lives of employees	<b>27.8 years</b>

The Cooperative's pension liability amounting to ₱5.1 million as at December 31, 2010, and the retirement costs amounting to ₱1.4 million for the year then ended were not based on the amounts determined by an independent actuary as at December 31, 2010, using the projected unit credit method in accordance with PAS 19, *Employee Benefits*, nor were information relating to the actuarial valuation indicated in the financial statements as required by PAS 19. Had the Cooperative adjusted its accrued retirement payable and retirement costs, total liabilities would have decreased and member's equity would have increased by ₱2.8 million as at December 31, 2010. Net surplus would have increased by ₱1.0 million in 2010.

#### Reimbursement Rights

The Cooperative has a retirement plan agreement with a private insurance company for all its qualified employees. The Cooperative makes yearly contribution payments to the insurance company. However, the nature of the plan does not qualify the insurance policy to be a plan asset in accordance with PAS 19. Based on the provisions of the insurance policy, the Cooperative shall be reimbursed an amount to settle its retirement obligations based on the cash surrender value of the plan. As at December 31, 2011, the cash surrender value amounted to ₱3.4 million, which is recognized as reimbursement rights in the statement of financial condition. Income from reimbursement rights, net of insurance expense amounting to ₱1.1 million, amounted to ₱2.3 million, which is recognized in the statement of comprehensive income in 2011.



## 22. Lease Commitments

The Cooperative leases the premises occupied by its branches. The lease contracts are for periods ranging from one to five years up to 2014 and are renewable at the option of either parties under certain terms and conditions. Rent expense charged to operations amounted to ₱1.8 million in 2011 (₱1.6 million in 2010) (see Note 19).

Future minimum lease payments under renewable operating lease from the above lease contracts are as follows:

	2011	2010
Next one year	₱2,160,453	₱1,424,250
After one year but not more than five years	6,425,089	2,907,533
	<b>₱8,585,542</b>	<b>₱4,331,783</b>

## 23. Related Party Transactions

The Cooperative, in its regular course of business, enters into transactions with its related parties, which principally consist of the following:

- a. Loans extended to key management personnel by the Cooperative amounting to ₱1.5 million as at December 31, 2011 (₱1.5 million as at December 31, 2010). Loans extended to directors and officers amounted to ₱3.9 million as at December 31, 2011 (₱2.1 million as at December 31, 2010). Interest income earned on these loans and receivables amounted to ₱0.6 million in 2011 (₱0.5 million in 2010).
- b. Total share capital contributions of BOD, officers and key management personnel amounted to ₱2.4 million as at December 31, 2011 (₱2.0 million as at December 31, 2010). Interest on share capital amounted to ₱212,712 in 2011 (₱119,919 in 2010).
- c. Distribution to BOD and committee member officers' honorarium amounted to ₱2.5 million in 2011 (₱2.1 million in 2010) (see Note 20). Officers' honorarium represents fixed honorarium and allowances during BOD and committee meetings.
- d. Compensation of key management personnel by benefit type in 2011 (with comparative figures in 2010) is as follows:

	2011	2010
Short-term employee benefits	₱6,197,981	₱4,910,429
Post-employment benefits	467,416	298,448
	<b>₱6,665,397</b>	<b>₱5,208,877</b>

## 24. Financial Performance

The following basic ratios measure the financial performance of the Cooperative:

	2011	2010
Return on average equity	<b>20.24%</b>	24.02%
Return on average assets	<b>7.91%</b>	9.29%
Net interest margin on average earning assets	<b>11.84%</b>	12.81%

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**25. Distribution of Interest on Share Capital, Patronage Refund and Guaranteed Interest on Share Capital**

Allocation from net surplus for interest on share capital and patronage refund amounted to ₱71.5 million in 2011 (₱65.4 million in 2010) which comprises 70% of the total net surplus available for distribution in 2011 (70% in 2010). Interest on share capital amounting to ₱35.7 million in 2011 (₱32.7 million in 2010) is equivalent to 8.69% of the member's average share capital in 2011 (10.57% in 2010) and patronage refund amounting to ₱35.7 million in 2011 (₱32.7 million in 2010) is equivalent to 14.05% of the total interest paid by the members for the loan availments made for the same period (16.29% in 2010).

Guaranteed interest on share capital amounting to ₱27.2 million in 2011 (₱20.0 million in 2010) is equivalent to 6.61% of the member's average share capital in 2011 (6.47% in 2010).

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**26. Reclassification of 2010 Financial Statements**

Certain accounts in the 2010 financial statements were reclassified to conform with the 2011 presentation, as follows:

- (A) "Accounts payable and accrued expenses" amounting to ₱5.1 million as at December 31, 2010 were reclassified to "Pension liability" and presented as a line item in the statement of financial condition.
- (B) "Accrued interest payable" presented under "Accounts payable and accrued expenses" amounting to ₱10.4 million as at December 31, 2010 were reclassified to "Deposit liabilities".
- (C) "Common stock" under "Members' share capital amounting to ₱7.8 million as at December 31, 2010 were reclassified to "Preferred stock" because these are paid subscriptions pertaining to associate members with no voting rights.

# APPROVED OPERATIONAL BUDGET FOR THE YEAR 2012

## TAGUM COOPERATIVE

Magugpo West, Tagum City, Davao del Norte

### APPROVED OPERATIONAL BUDGET FOR YEAR 2012

Per Joint Officials' Meeting (JOM) Resolution No.119; Series of 2011

(With Comparative Figures from the Approved 2011 Budget)

	TOTAL		MEMBERS BENEFIT ASSISTANCE		2012 BUDGET CONSOLIDATED	2011 BUDGET CONSOLIDATED
	SAVINGS & CREDIT	FUNECARE	CAC	HPP		
<b>Revenues</b>						
Interest Income	262,886,467.41				262,035,737.03	219,465,789.55
Service Fee	38,518,952.30				38,518,952.30	29,419,096.40
Late Payment Charges	6,100,000.00				6,100,000.00	3,563,520.88
PALS Project Income						5,742.75
Recovery Income	6,115,000.00				6,115,000.00	4,669,726.47
Income from Services	-	10,830,000.00	10,967,742.35	8,637,664.09	30,435,406.44	27,783,609.67
Other Income	18,046,801.07	1,050,000.00	172,000.00	7,777.71	19,156,578.78	13,875,826.51
<b>Total Revenues</b>	<b>331,667,220.78</b>	<b>11,880,000.00</b>	<b>11,139,742.35</b>	<b>8,645,441.80</b>	<b>362,361,674.56</b>	<b>298,783,312.21</b>
<b>Less: Operating Costs and Expenses</b>						
<b>Cost of Funds/Services</b>						
Interest on Deposits	57,342,307.51				57,342,307.51	45,690,090.52
Interest on Share Capital	32,987,901.95				32,987,901.95	25,534,888.78
Litigation	195,000.00	3,000.00			198,000.00	550,000.00
Cost of Services	-	4,634,829.41	-	767,510.54	5,402,339.95	8,254,991.19
<b>Sub-total</b>	<b>90,525,209.45</b>	<b>4,637,829.41</b>	<b>-</b>	<b>767,510.54</b>	<b>95,930,549.41</b>	<b>80,029,970.50</b>
<b>Institutional Development Cost</b>						
Gratuity Expense	707,108.06	7,361.93	10,227.76	5,302.25	730,000.00	685,000.00
Meeting & Conferences	4,576,555.97	34,923.26	48,518.12	42,252.65	4,702,250.00	4,338,950.00
Education/Training	-	-	10,000.00	26,920.00	36,920.00	791,710.00
Mgt. & Professional Services	813,658.59	8,471.26	11,768.93	6,101.22	840,000.00	840,000.00
Audit Expense	511,442.54	5,324.79	7,397.61	3,835.05	528,000.00	604,000.00
Membership Fees & Dues	52,141.46	211.78	294.22	152.53	52,800.00	20,000.00
Cooperative Month & Other Activities	-	-	-	-	-	11,250.00
General Assembly	3,082,233.07	32,090.10	44,582.08	23,112.13	3,182,017.39	2,911,110.45
Members' Benefit Expense	6,320,383.69	65,803.51	91,419.38	47,393.41	6,525,000.00	3,300,000.00
Bond and Insurance	2,254,855.93	58,308.65	29,321.09	18,710.73	2,361,196.39	2,075,334.11
Travel and Transportation	917,495.52	4,289.26	67,180.41	8,848.78	997,813.97	955,472.00
<b>Sub-total</b>	<b>19,235,874.83</b>	<b>216,784.54</b>	<b>320,709.62</b>	<b>182,628.76</b>	<b>19,955,997.75</b>	<b>16,532,826.56</b>
<b>Premises</b>						
Light & Water	2,453,129.83	215,364.25	58,917.73	38,549.44	2,765,961.24	2,448,841.76
Repair & Maintenance	1,967,233.36	168,114.61	110,716.34	52,963.45	2,299,027.76	2,001,199.46
Depreciation	11,085,715.57	1,285,875.16	215,240.48	163,827.35	12,750,658.55	10,939,996.41
Taxes & Licenses	307,328.93	74,992.65	21,506.14	780.81	404,608.53	731,600.00
Fuel & Lubricants	3,763,969.34	493,124.75	68,176.82	150,571.89	4,475,842.81	3,940,900.00
Security Services	7,341,570.05	520,901.80	11,044.49	5,725.66	7,879,242.00	5,863,100.00
<b>Sub-total</b>	<b>26,918,947.08</b>	<b>2,758,373.23</b>	<b>485,602.00</b>	<b>412,418.59</b>	<b>30,575,340.90</b>	<b>25,925,637.63</b>
<b>Manpower</b>						
Salaries and Wages	39,891,087.01	1,389,608.13	1,680,237.92	974,378.74	43,935,311.80	36,078,790.85
Employees Benefits	12,308,083.36	399,151.75	594,119.97	453,225.76	13,754,580.84	12,963,431.77
Retirement Expense	1,623,127.55	29,376.03	12,611.55	19,428.59	1,684,543.73	1,926,782.62
Pag-ibig/SSS/Philhealth/ECC Contr.	3,001,148.33	107,012.73	112,292.74	82,919.60	3,303,373.40	2,697,212.60
Staff Meeting Expense	1,444,171.92	13,906.35	63,171.59	73,540.15	1,594,790.00	872,610.00
<b>Sub-total</b>	<b>58,267,618.18</b>	<b>1,939,054.99</b>	<b>2,462,433.76</b>	<b>1,603,492.83</b>	<b>64,272,599.77</b>	<b>54,538,827.84</b>
<b>Other Operating Costs</b>						
Periodicals	75,702.82	2,201.70	9,016.21	1,145.27	88,066.00	60,800.00
Communication	2,332,045.69	44,105.89	44,226.14	33,893.16	2,454,270.89	1,569,500.00
Representation & Entertainment	789,691.67	30,905.47	55,509.70	26,398.27	902,505.11	923,000.00
Marketing & Promotion	2,551,621.10	39,945.37	80,659.67	539,567.68	3,211,793.83	4,034,002.50
Collection Expense	1,800,264.71	-	6,000.00	-	1,806,264.71	1,631,831.99
Social Services Expense	-	-	-	-	-	138,000.00
Stationeries & Supplies	3,350,941.70	122,551.43	67,535.76	315,552.86	3,856,581.76	2,679,594.82
Year-end Expenses	6,765,343.38	192,932.63	454,306.19	47,367.81	7,459,950.00	6,532,369.44
SCWE Activities	-	-	-	-	-	-
Pre-operating Expenses	-	-	-	-	-	-
General Support Services	696,062.88	6,000.00	-	-	702,062.88	706,000.00
Software Maintenance	-	-	-	-	-	5,000.00
Miscellaneous	210,633.55	8,529.45	12,735.56	78,421.33	310,319.88	230,360.00
Interest on Seed Fund	13,286,347.91	850,730.38	-	-	-	-
Rent Expense	2,294,104.00	6,000.00	60,000.00	60,000.00	2,300,104.00	1,946,414.48
Prompt Payment Incentives	3,029,308.68	3,358.25	4,665.54	2,418.70	3,039,751.17	2,589,125.37
Research & Development	484,320.59	5,042.41	7,005.32	3,631.68	500,000.00	1,299,519.36
Human Resource Development	252,815.35	2,632.14	3,656.78	1,895.74	261,000.00	220,500.00
<b>Sub-total</b>	<b>37,919,204.04</b>	<b>1,314,935.12</b>	<b>805,316.87</b>	<b>1,110,292.49</b>	<b>26,892,670.24</b>	<b>24,566,017.96</b>
<b>Total Operating Costs and Expenses</b>	<b>232,866,853.59</b>	<b>10,866,977.29</b>	<b>4,074,062.25</b>	<b>4,076,343.22</b>	<b>237,627,158.06</b>	<b>201,621,179.68</b>
<b>Net Surplus Before Provision for Probable Loan Loss</b>	<b>98,800,367.19</b>	<b>1,013,022.71</b>	<b>7,065,680.10</b>	<b>4,569,098.59</b>	<b>124,734,516.50</b>	<b>97,162,132.54</b>
<b>Less: Provision for Probable Loan Loss</b>	<b>16,300,000.00</b>	<b>228,860.00</b>			<b>16,528,860.00</b>	<b>10,820,000.00</b>
<b>NET SURPLUS</b>	<b>82,500,367.19</b>	<b>784,162.71</b>	<b>7,065,680.10</b>	<b>4,569,098.59</b>	<b>108,205,656.50</b>	<b>86,342,132.54</b>
Less: Net Surplus of Other Programs (to be credited to related funds)						
Loan Protection Plan	-	-	-	-	-	-
Himsug Pamilya Program	-	-	-	-	-	4,517,575.24
<b>NET SURPLUS</b>	<b>82,500,367.19</b>	<b>784,162.71</b>	<b>7,065,680.10</b>	<b>4,569,098.59</b>	<b>108,205,656.50</b>	<b>81,824,557.29</b>
Add: Interest on Share Capital					32,987,901.95	25,534,888.78
<b>NET SURPLUS Before Provision for Interest on Share Capital</b>	<b>82,500,367.19</b>	<b>784,162.71</b>	<b>7,065,680.10</b>	<b>4,569,098.59</b>	<b>141,193,558.45</b>	<b>107,359,446.07</b>

Note: 1. The Consolidated Interest Income is net of P13,286,347.91 and P850,730.38 inter-office Interest on Seed Fund and Interest on Funecare Fund for 2012, respectively while Consolidated Other Income is net of P 120,000.00 Rent of the CAC & HPP offices for 2012.  
2. The inter-office Interest on Funecare Fund of P850,730.38 & P780,000.00 for 2012 and 2011, respectively, is eliminated.  
3. The Consolidated 2012 Rent Expense is net of P60,000.00 & P60,000.00 inter-office Rent on CAC & HPP offices, respectively.

**TAGUM COOPERATIVE**  
 Magugpo West, Tagum City, Davao del Norte  
**HIMSUG PAMILYA PROGRAM**  
**APPROVED OPERATIONAL BUDGET FOR YEAR 2012**  
 Per Joint Officials' Meeting (JOM) Resolution No. 119; Series of 2011  
 (With Comparative Figures from the Approved 2011 Budget)

	<u>2012 BUDGET</u> <u>CONSOLIDATED</u>	<u>2011 BUDGET</u> <u>CONSOLIDATED</u>
<b>Revenues</b>		
Income from Services	8,637,664.09	11,447,120.00
Other Income	7,777.71	97,075.27
<b>Total Revenues</b>	<b>8,645,441.80</b>	<b>11,544,195.27</b>
<b>Less: Operating Costs and Expenses</b>		
<b>Cost of Services</b>	767,510.54	3,519,735.53
<b>Sub-total</b>	<b>767,510.54</b>	<b>3,519,735.53</b>
<b>Institutional Development Cost</b>		
Gratuity Expense	5,302.25	6,027.20
Meeting & Conferences	42,252.65	70,702.83
Education/Training	26,920.00	34,176.70
Mgt. & Professional Services	6,101.22	12,199.63
Audit Expense	3,835.05	8,772.11
Membership Fees & Dues	152.53	116.19
General Assembly	23,112.13	42,279.12
Members' Benefit Expense	47,393.41	47,927.10
Bond and Insurance	18,710.73	17,469.50
Travel and Transportation	8,848.78	7,893.07
<b>Sub-total</b>	<b>182,628.76</b>	<b>247,563.43</b>
<b>Premises</b>		
Light & Water	38,549.44	9,465.93
Repair & Maintenance	52,963.45	24,400.32
Depreciation	163,827.35	207,124.34
Taxes & Licenses	780.81	5,424.48
Fuel & Lubricants	150,571.89	50,680.22
Security Services	5,725.66	7,290.66
<b>Sub-total</b>	<b>412,418.59</b>	<b>304,385.95</b>
<b>Manpower</b>		
Salaries and Wages	974,378.74	1,321,348.56
Employees Benefits	453,225.76	518,965.76
Retirement Expense	19,428.59	35,889.75
Pag-ibig/SSS/Philhealth/ECC Contr.	82,919.60	19,624.66
Staff Meeting Expense	73,540.15	18,358.18
<b>Sub-total</b>	<b>1,603,492.83</b>	<b>1,914,186.90</b>
<b>Other Operating Costs</b>		
Periodicals	1,145.27	1,000.00
Communication	33,893.16	33,627.12
Representation & Entertainment	26,398.27	20,365.46
Marketing & Promotion	539,567.68	636,370.96
Social Services Expense	-	1,452.34
Stationeries & Supplies	315,552.86	127,117.15
Year-end Expenses	47,367.81	81,194.10
General Support Services	-	1,045.68
Miscellaneous	78,421.33	57,115.70
Rent Expense	60,000.00	60,000.00
Prompt Payment Incentives	2,418.70	-
Research & Development	3,631.68	18,300.89
Human Resource Development	1,895.74	3,158.83
<b>Sub-total</b>	<b>1,110,292.49</b>	<b>1,040,748.22</b>
<b>Total Operating Costs and Expenses</b>	<b>4,076,343.22</b>	<b>7,026,620.03</b>
<b>NET SURPLUS</b>	<b>4,569,098.59</b>	<b>4,517,575.24</b>

# MANAGEMENT DIRECTORY

## OFFICE OF THE GENERAL MANAGER

- OIC-General Manager - MS. JURIS D. PEREZ, CPA, MBA
- Secretary - MS. ROMELA P. TAYCO
- Drivers - MR. RUDY C. CALAPRE, JR.
- MR. RODERICK C. GADO
- MR. JOEL C. LOBERANES
- MR. TEOTIMO G. MAGSALAY, JR.

## SAVINGS AND CREDIT GROUP

- SCG Manager - MS. JURIS D. PEREZ, CPA, MBA
- Main Branch Manager - MS. EVELYN G. BUNGABONG
- Secretary - MS. GENNIVIE O. AVELINO

## MEMBERSHIP, EDUCATION AND PROTECTION:

- MEPS Officer - MS. LIZA L. DALIGDIGAN
- Training Assistant - MR. ROEL M. BAUTISTA
- MEPS Clerks - MS. LIEZEL R. MALNEGRO
- MS. HAIDEE M. ESPIRITU

## LOANS:

- Loan Officer - MR. DANIEL S. AGUINALDO
- Credit Analysts - MR. FELIX M. ALBAN
- MR. RIGOBERTO M. AUGUIS
- MR. JERHUM T. BOISER
- MR. EMELIANO C. CARDINAS
- MR. ERLITO A. MORILLA
- MR. JULITO M. SUGANOB
- MR. RAMIL F. TUSAY
- Loan Documentation Clerks - MR. MARLOU B. SARELLANA
- MR. LLOYD C. ESPINOSA
- Loan Clerk-Project Base - MR. DARRYL O. GRANCHO
- Records Custodian - MR. LEONARD P. DAHUNOG

## MARKETING:

- Marketing Officer-Interim - MS. JOAN P. ALMENDRAS
- Marketing Analyst - MS. JUDECIA H. PONIO
- Marketing Assistants - MR. STARLITO S. YECYEC, JR.
- MS. CYNDRIL D. ALINSUNORIN

## SAVINGS AND CREDIT WITH EDUCATION:

- SCWE Officer - MS. MARY ANN L. JABILE
- Field Agents - MS. JANE ROSE A. LOZANO
- MS. RICHIEL F. CABRIDO
- MR. RENANTE O. TEVES
- Field Agent-Reliever - MR. CHRISTIAN PAUL S. DE GUZMAN
- SCWE Clerk - MS. IMMA CONCEPCION F. LOZANO

## COLLECTION AND ASSET RECOVERY:

- CARS Officer - MR. BABY BOY ROLLY A. SALIGAN
- CARS Clerk - MS. ANA JEAN M. ANDOY
- Loan Clerk - MS. ANALOU M. MANIWANG
- Collectors/Clerk - MR. MICHAEL F. GOZALO
- Collectors - MR. EDIMAR S. ALCONERA
- MR. DECER C. AMBOS
- MR. ARVIN A. ASIS
- MR. ERICSON C. BARTOLABA
- MR. RICK F. BERMUDEZ
- MR. VIRGILIO L. BILBAO
- MR. GERALD JOHN P. ESENCIA
- MR. ALLAN N. FLORES
- MR. JULIUS C. GETIGAN
- MR. JEM BOY A. HINGOSA
- MR. REY M. HUNAS
- MR. RODEL A. MAHUBAY
- MR. DARWIN E. MANUEL
- MR. JOSE I. RANARIO JR.

## ACCOUNTING:

- Accountant - MR. JOVENCIO I. RUBILLA JR.
- Bookkeepers - MR. GERARDO P. NAWANAO
- MS. EDILYN T. BELDIA
- MS. MILDRED G. RESMA
- ATM Specialist - MS. JOANNE B. LEGURPA
- Accounting Clerks - MS. SHERYL C. BUNDA
- MS. ANALET M. BAG-AO
- MR. RIGEN P. OLAYAN
- MS. MARY JOY S. TABALANZA
- Accounting Clerk-Project Base - MS. VENUS C. TABANAO

## FINANCE:

- Finance Officer - MS. MARYJOAN A. BOQUE
- Tellers - MS. MAYSHYLL P. ENDRES
- MS. KAREN P. LIMPO
- MS. MYRAZOL A. OMOZURA
- MS. HAIDEE A. PORRAS
- MS. CHANTELE L. SUAREZ
- MR. EDILBERTO A. JAO JR.
- MR. JONATAN B. LARAÑO
- Pasada Teller-Project Base - MR. LEUNAMME G. SEGUIA
- Finance Clerks - MS. ROVELYN G. GEMENTIZA
- MS. IVY A. CABAYAG

## LEGAL:

- Legal Officer - MS. FELRIM C. BALCITA
- CMC Coordinator - MS. ETHYL S. SURIBA
- Legal Clerk III - MR. JACOB PHILIP Q. BANAL
- Legal Documentation Clerk - MR. REY D. SASTRILLAS
- Collector - MR. NICK DAVID G. LEGASPI



**NABUNTURAN BRANCH:**

Branch Manager	- MR. NELSON C. SALVALOZA
Credit Analysts	- MR. JERRY D. CABANISAS - MR. EUPRE G. PORRAS
Bookkeeper	- MS. THERESA E. MIÑOZA
Accounting Clerk	- MS. EVELYN B. HOMIGOP
Tellers	- MS. MARIQUEL D. ALIMES - MS. VICEL JANE S. LIGUID
Marketing Assistant	- MS. GERALDINE B. LUMOR
CAC Clerk	- MS. LIEZEL B. DECHOS
Collectors	- MR. LEO L. BINALANGBANG - MR. RANDY T. LIQUIT - MR. JOHNREL B. MANALO - MR. REYNAN L. PONGOS
Loan Clerk	- MR. ANTHONY LOU T. MANON-OG
Driver/Messenger	- MR. RICHARD S. BRINGUELA

**BAJADA BRANCH:**

Branch Manager	- MR. VICENTE P. BINAG
Credit Analysts	- MR. NATHANIEL R. DESIERTO - MR. DARWIN PAUL M. TUBOD - MR. RONALD C. CABALONGA
Bookkeeper	- MS. RUBEROSE L. BERCERO
Accounting Clerk-Project Base	- MS. MARY JOY L. APATAN
Accounting Clerk	- MS. KARENA LORENA M. AXALAN
Teller	- MS. FAHIZZA MEDA M. MANAN
Marketing Assistant	- MR. ARLOU B. GARCIA
CAC Marketing Assistant	- MR. JERSHWIN S. BUYCO
CAC Clerk	- MS. JERLYN A. BEDRIO
Loan Clerk	- MR. JOMBOY L. TUPAZ
Loan Clerk-Project Base	- MR. ALEJANDRO P. CUBERO
Collector ATM/POS	- MS. ROSALIA C. ESTOQUE
Collectors	- MR. ARCHIE A. REDUCTO - MR. ANDREW G. SALVAÑA JR.
Driver-Bajada/Matina	- MR. MICHAEL S. GARGAR

**PANABO BRANCH:**

Branch Manager	- MS. MA.LINDA M. REMORERAS
Credit Analysts	- MR. ALLAN THOR C. ALVAREZ - MR. EUGENE ELIJA H. VELOSO
Bookkeeper	- MS. KAREN LYNN M. TANO
Accounting Clerk	- MS. ANGEL MAE C. IDAGO
Teller	- MS. SARRAH S. NIAGA
Aflatoun Coordinator	- MS. FRITZIE JOY P. PELICANO
Marketing Assistant	- MR. JHONNY V. LOZANO
CAC Clerk	- MS. JENALYN M. RIVERA
Loan Clerk	- MS. CHARMEAH J. CONALES
MEPS Clerk	- MR. MARK ROB R. HAVANA
Collectors	- MR. FREDJULAN J. LANTICSE - MR. VLADIMER C. MARILLA - MR. JOHN BER G. ALOJADO

**MINTAL BRANCH:**

Branch Manager	- MS. VIVELYN D. FRONTERAS
Credit Analysts	- MR. CHARLIE EMMANUEL L. JABAL - MR. LEONCIO MEJINO II
Bookkeeper	- MS. ANA LOURDES B. ALAGON
Marketing Assistant	- MS. MIKE RAINER O. MANGUIRAN
CAC Marketing Assistant	- MR. ROBERT JOHN M. FUA
CAC Clerk	- MS. HAIDE B. CALAMBA
Teller	- MS. LEA FE B. BIBAT
Loan Clerk	- MR. ANTONIO C. MADARANG JR.
Collector	- MR. FRANCIS MARTIN P. APOSTOL
Driver	- MR. JOHNSON V. INSON

**CARMEN BRANCH:**

Branch Manager	- MR. JERUBI D. JUPISTA
Credit Analysts	- MR. JARED REX F. CAJEGAS - MR. AMOR P. SORONGON
Bookkeeper	- MS. LEA G. CABANISAS
Accounting Clerk	- MS. ANALIE M. PICCIO
Teller	- MS. ELSIE R. DANGOY
Marketing Assistant	- MR. JONALD V. MADANGUIT
CAC Marketing Assistant	- MR. JOHN PAUL P. GUBOC
CAC Clerk	- MS. KARYLL H. DONALVO
Loan Clerk	- MS. VENUS C. CERBAS
Collectors	- MR. JONATHAN A. BAJEYO - MR. RANDY GLENN G. FERIDO
Driver-Panabo/Carmen	- MR. MARIO D. ALVAREZ

**MATINA BRANCH:**

Branch Manager	- MR. ROBERTO T. DE CASTRO
Credit Analysts	- MS. ANNALIZA A. SENO - MR. JERRY L. ASUQUE - MR. ELMER O. GALLETO
Bookkeeper	- MS. JERALYN G. HISU
Accounting Clerk	- MS. JEAN Y. TAGALO
Accounting Clerk-Project Base	- MR. JAMES BRIAN R. FLAGA
Tellers	- MS. MARY LUZ C. MERCADO - MR. CAMID D. YAHYA
Marketing Assistant	- MR. RUEL C. GERUNDIO
CAC Marketing Assistant	- MR. DANIEL A. BANTILAN
CAC Clerk	- MS. JOANNA MARI N. CARCALLAS
Loan Clerk	- MR. RAMONITO A. BAGON
Legal Documentation Clerk	- MR. CARPIO S. BAGON JR.
Collectors	- MR. FIDEL Y. BLANTUCAS, JR. - MR. PEDRO G. FERNANDEZ III

**PUBLIC MARKET BRANCH:**

Branch Manager	- MS. RIA DIOSA A. CALIAO, MBA
Credit Analysts	- MR. BOBBY S. PATENIO - MR. FRANCISCO D. VILLAMOR
Bookkeeper	- MS. KRIS T. JAMITO
Tellers	- MR. RENANTE E. INFANTE - MS. CHERYMEE B. ESPINOSA
Marketing Assistant	- MS. ELLEN C. BALLO
Collectors	- MR. ALBERTO L. DANGO - MR. ISABELO D. LUMAPAS

**MEMBER BENEFITS AND ASSISTANCE (MBA) GROUP:**

- MBA Manager - MS. OLIVIA T. PENDON
- Bookkeeper - MS. ELSA O. BALAGON
- CAC Marketing Assistants - MS. CRISTINE G. MAGHANOY
- MR. RUEL P. MOLINA
- CAC Marketing Asst./Liaison - MR. RYAM JOSEPH H. QUIMNO
- HPP Clerks - MR. JEFFERSON M. GADIA
- MS. NOVA DIANE T. SAMONTE

**FUNECARE GROUP:**

- Funecare Manager - MS. KATHRYN ANN J. SALAZAR
- Marketing Assistant - MR. BRIAN L. ESCOBAL
- Funecare Clerk - MR. RENAND T. SEGUNDO
- Embalmer - MR. ROGER D. QUILOJANO, SR.
- Drivers - MR. GEMM B. LOQUILLANO, JR.
- MR. FRANCISCO A. MIJARES
- Janitors - MR. ANGELITO M. MATA
- MS. ROSALIA C. TORRES

**INFORMATION AND COMMUNICATIONS TECHNOLOGY:**

- ICT Manager - MR. JUNIFEL R. OCULAM
- ICT Assistants - MR. RANDEL S. CAHIYANG
- MR. SEAN PLAZA
- Technician - MR. WILFREDO B. BARCO
- Graphic & Lay-out Artist - MR. RICARDO D. RECTO
- ICT Clerk-Project Base - MS. JEMALYN L. AMABAO

**HUMAN RESOURCE AND DEVELOPMENT:**

- HRD Manager - MS. ANGELINA A. RAMOS
- HRD Assistant - MS. ERLYBETH F. PLAZA
- Training Recruitment Specialist - MS. KATHERINE LOU S. ARNILLA
- HRD Clerks - MS. HERMELITA M. MONTAÑO
- MS. VERNAIS A. SAMPILO

**GENERAL SERVICES OFFICE:**

- GSO Manager-Trainee - MR. EDWIN C. TAUTHO
- Property Custodian - MR. JASPER C. SINTO
- GSO Clerk - MR. MICHAEL VINCENT S. MANGARON
- MR. MONCHITO B. IROY
- Messengers - MR. ROXANNE F. ABELLA
- MR. MHELDEN P. RANAO
- Janitors - MR. EDUARDO G. LUCERNAS
- MR. REMEGIO M. PAUSAL JR.

**FINANCIAL CONTROL-TREASURY GROUP:**

- Comptroller & Treasury Manager - MS. JUDELYN V. ANUNCIADO, CPA
- SCG Accountant - MS. IRENE S. ROSAMERAN, CPA
- Budget Officer - MR. ROTHER S. OMBAJIN
- Bookkeeper-SCG - MS. CHEVYLYN L. BUNCAL
- Bookkeeper-FuneCare - MS. BRENDA C. TORREMUCHA
- ATM Specialists - MS. RACEL ANN V. MARIBAO
- MS. JOAN B. LEGURPA
- Acctg. Clerk-Disbursement - MS. MARY ANN A. VEROLA

**INTERNAL AUDIT:**

- Internal Auditors - MR. RUSSELL R. NUÑEZA, CPA
- MR. JAMES MICHAEL I. POLESTICO, CPA
- MS. LUNA L. PAULIN, CPA
- Internal Audit Clerk - MR. ARISTOTLE D. AGUIPO
- Internal Audit Clerk-Project Base - MR. SHERWIN GABRIEL C. PETALINO, CPA

**EDUCATION COMMITTEE STAFF:**

- EdCom Coordinator - MS. INGGRID LOTTUSS O. ROJO
- Asst. EdCom Coordinator - MR. SONNY BOY N. CESAR

**YOUTH LABORATORY COOPERATIVE:**

- Chairperson - MR. REVEN BRYAN E. DELA PEÑA
- Vice-Chairperson - MS. ZYRILL NATHALIE L. DIGAL
- Members - MS. MARY QUEEN C. GONZAGA
- MS. FAITH A. AGUANA
- MS. MA. AGNES R. MALBAS
- MS. JOHANNAH B. SABIO
- MS. SWEET DIANE D. RAVELO

**Election Committee:**

- Chairperson - MS. ARA A. TIMOGTIMOG
- Vice Chairperson - MS. CHIQUE LOU H. CABELLON
- Secretary - MR. RITZ N. CASTILLO

**Finance and Credit Committee:**

- Chairperson - MS. KHRYZZA MAE J. PINZON
- Vice Chairperson - MS. DANREEVE JOYCE L. REVILLA
- Secretary - MS. LOISE GILLIAN M. BANGGAT

**Business and Development Committee:**

- Chairperson - MS. CHARIZ THEA C. HINAY
- Vice-Chairperson - MR. DAVE JASPER L. MENDEZ
- Secretary - MR. JOHN CRISTI B. CODILLA

**Training Committee:**

- Chairperson - MS. RUFFA MAE S. QUIRANTE
- Vice Chairperson - MR. JOHN REY H. JUMANGIT
- Secretary - MS. ZYRILL RESTIENE L. DIGAL

**HIMSUG PAMILYA ACCREDITED DOCTORS**

- TC Main Branch (Internal Medicine) - LEW IAN L. GAZMEN, M.D.
- (Pediatrics) - BERNIE L. VIRTUDAZO, M.D.
- Davao Branches - HECTOR G. QUIAMBABO, M.D., FPCP
- Nabunturan Branch - FLORENCIA S. ANDRES, M.D.
- Carmen & Panabo Branches - ERLYN D. LOPEZ, M.D.
- ERWYN VICENT G. LOPEZ, M.D.



# ACTIVITIES AND EVENTS

## January



MAYOR PERANDOS VISIT



STRATEGIC PLANNING

## February



CU-TE TRAINING



FREE PAPSMEAR & BREAST CANCER DETECTION



GOLDEN HEARTS LAUNCHING



PERFORMANCE MANAGEMENT WORKSHOP



PRE-AGA CONSULTATIVE FORUM



REFRESHER IN ARTICLES OF COOPERATION AND BY-LAWS

## March



44th ANNUAL GENERAL ASSEMBLY



ATM IMPLEMENTATION



WALK FOR A CAUSE - HOME FOR THE AGED



WOMENS DAY



*April*



MASS BLOOD DONATION



RENOVATED GROUND FLOOR BLESSING



RUN FOR PEACE

*May*



MASS-SPECC GENERAL ASSEMBLY



CLIMBS ANNUAL GENERAL ASSEMBLY



NATCCO ANNUAL GENERAL ASSEMBLY

*June*



EDUCATION COMMITTEE MEETING



GENDER TRAINERS' TRAINING



MONTHLY MASS



TAGUM COOPERATIVE SPORTSFEST



# July



# August



# September





# October



COOP MONTH CELEBRATION OPENING



CDA GAWAD PARANGAL AWARDING CEREMONY



SEMINAR ON LAND TITLES, REAL PROPERTIES AND FIELD APPRAISAL

# November



AFLATOUN TEACHERS TRAINING



AWCF VISIT



FUNECARE COMMUNITY SERVICE ACTIVITY



EMPOWERING SALES FORCE TRAINING



HIPP FREE CLINIC



MASS BLOOD DONATION



MONTHLY MASS



NECK THYROID DETECTION



PAP'S SMEAR AND BREAST CANCER DETECTION



PASADA EXPRESS OPENING



PROSTATE CANCER DETECTION



PUBLIC MARKET BRANCH OPENING



REFORESTATION PROGRAM



TAGUM COOPERATIVE SPORTSFEST



TC YOUTH LAB COOP GENERAL ASSEMBLY

# December



SCWE GENERAL ASSEMBLY



TC RECOLLECTION ACTIVITY



TC CHRISTMAS PARTY RED CARPET PREMIERE



CHILDREN CHRISTMAS PARTY



COMPUTER BUSINESS FORMS



In need of continuous forms to complete your computerization process?



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Fax: (082) 226-4997 • 300-8688 • 300-5180  
Email: tesorodavao@yahoo.com

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**KODAK TRENDSETTER 800 III**  
platesetter provides reliable,  
cost-effective functionality together  
with the flexibility to meet  
production and business needs both  
now and in the future





1.84M  
INDIVIDUAL  
MEMBERS



497 COOPS  
WITH 1,038  
OFFICES



CONSOLIDATED ASSETS OF 37.7 BILLIONS



# NATCCO NETWORK



A collage of various NATCCO services and subsidiaries, each with a small 'coop' logo:

- FINANCIAL PRODUCT & SERVICES
- the power of our millions
- WESTERN UNION
- AFLATON: Battling poverty the AFLATON way
- TRAINING AND CONSULTANCY AND SUPERVISION
- WORKING TOGETHER TO PROTECT OUR COOPERATIVE
- STABILIZATION FUND
- COOPBANKER PLUS: ONLINE FINANCIAL SOFTWARE & NEW SERVICES
- MICOOP: BRINGING THE POOR OUT OF POVERTY
- CENTRAL FUND
- FAST RELIABLE AND CONVENIENT WAY TO SEND AND RECEIVE MONEY
- NATCCO HOSTEL
- SUBSIDIARIES
- NATCCO TRAVEL & TOURS
- NATCCO GREENLAND HOMES
- PROFESSIONAL SERVICE WITH A HEART FONUS
- AGRITERRA: Living Together in Cooperative Way!
- A RETAIL BUSINESS FOR YOUR COOPERATIVE
- COOP NATCCO PARTY-LIST: PAMBANSANG ALYANSA NG MGA KOOPERATIBA
- NATCCO MBA DAMAYAN
- HOME SAVINGS
- NATCCO ENTERPRISE DEVT. CENTER
- coop mart
- AFFILIATE GROUP

ISO Certified:



Member of:



227 JP Rizal St. Project 4, Quezon City | (02) 913-7011 to 14 | www.natcco.coop

# CONG. ANTHONY G. DEL ROSARIO

Representative District 1, Davao del Norte





*The entire officialdom of the LGM of Carmen, Davao del Norte  
and its people extend their warmest greetings to Tagum Cooperative  
on their 45th Annual General Assembly...*

**CONGRATULATIONS!**



Vice-Mayor Alberto L. Sarin

Mayor Marcelino A. Perandos

*Standing from L-R) SB Members Hon. Yolanda Bulseco, Hon. Roselyn Buen, Hon. Nenita Bugais,  
Hon. Jesus Atanoza, Hon. Danilo de Ramos, Hon. Lynneo Soriano, Hon. Restituto Salaysay,  
Hon. Marvin Lupio, Hon. Rolando Estremos, Hon. Mario Solis*



# MASS-SPECC Cooperative Development Center

## Helping shape the Cooperative Movement

MASS-SPECC's record of service to the cooperative realm goes all the way back to its origin in 1966, where cooperative education and training were the flagship and forefront of its cooperative endeavors. The seminars conducted gave cooperative leaders all over Mindanao the opportunity to discuss their problems and solutions together. Through these activities, a cooperative movement was being forged. MASS-SPECC's history is marked by the introduction of pioneering services, all geared towards the improvement in the capacity of the cooperatives to provide better services to the members.



Today, the MASS-SPECC Cooperative Development Center have united more than 300 primary cooperatives in the country with most of them in Mindanao. With almost one billion pesos in assets, MASS-SPECC is the biggest regional federation. Over the intervening years, MASS-SPECC continually evolved to meet the changing needs, delivering services to help build viable and people-based cooperatives.

### Central Fund, Since 1978

The central finance facility of the cooperatives. Co-ops place their funds with MASS-SPECC at rates competitive with other financial institutions. Most of the pooled money from the cooperatives is then lent to other cooperatives in need of capital for expansion of their services, microfinance operations, new viable enterprises, and financing of new branches. For the depositing cooperatives, it is not just the competitive rates but all about making sure that they are able to help other cooperatives.



### Hostel and Properties, Since 1987

The home of the cooperatives of Mindanao. The place where cooperatives come together to discuss issues and trends affecting the cooperative movement and situations affecting Mindanao development. Hostel provides accommodation, function rooms, and restaurant services.



### Information and Communications Technology, Since 1996

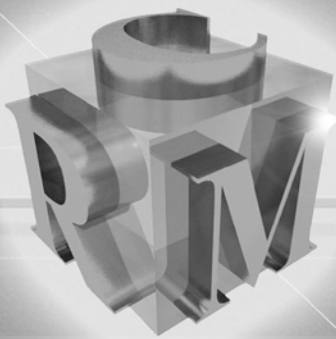
MASS-SPECC Standard Run-Time Edition (MSRTE), a customized version of the Microbanker, tailored-fit for cooperatives was introduced by MASS-SPECC in 1996. Now used by more than 100 cooperatives, MSRTE is the most widely used software implemented by any cooperative federation in the Philippines.

Continuing the trailblazing initiatives, MASS-SPECC piloted the 1st Pinoy Coop ATM in February 2006. In December 2007, MASS-SPECC was connected to the Megalink, Bancnet and Expressnet ATM networks. MASS-SPECC is the 1st non-bank, cooperative federation member of Megalink. Today's financial services aside from ATM includes inter-bank fund transfer (IBFT), point of sale (POS) and internet banking with mobile banking and inter-branch and inter-coop connectivity.



### Financial Intermediation Consultancy Services, (Since 2005) – Institute of Cooperative Studies (Since 1968), Now known as FICSICS.

Helps you to develop and train your most important asset: your people. An embodiment of the principle of continuing education, FICSICS accompanies cooperatives through regional, cluster and on-site programs for more tangible results and to achieve the local and international standards. Experience the benefits of delinquency rates within standards.



# RCM FAREAST DESIGN AND BUILD

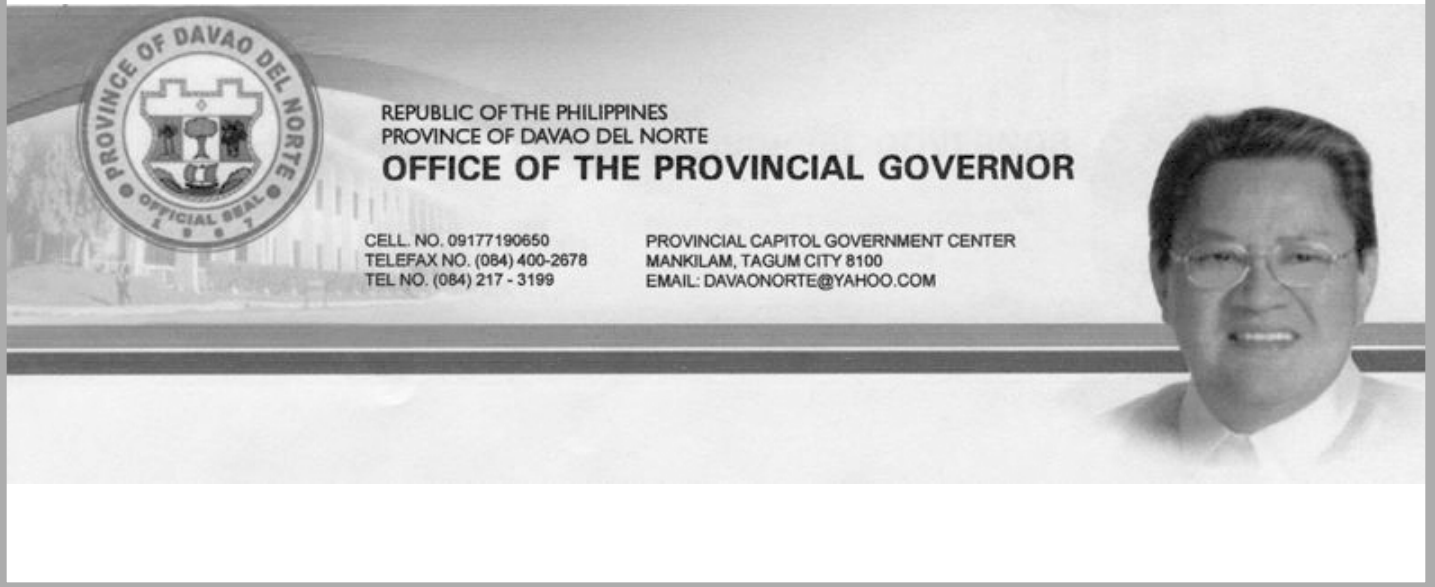
GENERAL CONSTRUCTION, ARCHITECTURAL DESIGN, CIVIL WORKS, STRUCTURAL, ELECTRICAL, PLUMBING/SANITARY DESIGN, PROJECT OUTSOURCING



073 NST BLDG., KM 5 BUHANGIN ROAD, DAVAO CITY  
TELEFAX: 63-082-300-8470; WEBSITE: [www.rcmfareast.com](http://www.rcmfareast.com)  
EMAIL: [rcmfareast2010@gmail.com](mailto:rcmfareast2010@gmail.com)

Mabuhay!!!  
**Tagum Cooperative on its 45th General Assembly**

Greetings from:



Mabuhay!!!  
**Tagum Cooperative on its 45th General Assembly**

Greetings from:

**THE 5TH CITY COUNCIL OF TAGUM**



*Congratulations to Tagum Cooperative on its 45th General Assembly!*

*Greetings from:*



# SUP CORPORATION

**1074 Pereyras Street, Magugpo West, Tagum City**  
**Tel. Nos. 216-1802 / 400-1061**

**Sol and Norma Pereyras**

## Revedor's Chairs & Tables Rental

1074 Pereyras Compound, Tagum City  
Contact Nos. 09209510786 / 216-1802 / 400-1061

**Rtn. Rhodora R. Pereyras**  
**Proprietor**

## J & B Auto Car Care

**Sta. Cruz Ave., Pereyras Compound, Brgy. Magugpo West**  
**Tagum City**

Cell Phone No. 09999958189 (look for Jun)

**Rtn. Revedor R. Pereyras**  
**Proprietor**

## MALBAS, MAHINAY & COMPANY

### Certified Public Accountants

Ega Uy Street, Purok Exodus, Orange Valley, Magugpo South, Tagum City  
Contact Details: Telefax (084) 218-7772 / Sun 09228178717 / mmco.cpas@yahoo.com

**NENITA R. MALBAS, CPA, MBA**

Managing Partner

Globe 0917 719 7015 Sun 0922 813 4300 Smart 0919 991 2357  
nitzmalbas2000@yahoo.com

**MARK LOUIE D. MAHINAY, CPA, MBA**

Partner

Globe 0917 723 5170 Smart 0909 6833 238  
mld\_mahinay@yahoo.com

ACCREDITED BY: Board of Accountancy (BOA)

Bangko Sentral ng Pilipinas (BSP) Category C

Securities and Exchange Commission (SEC) Category C

Cooperative Development Authority (CDA)

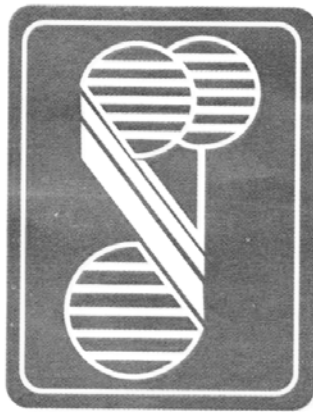
Bureau of Internal Revenue (BIR)





## Congratulations and More Power to Tagum Cooperative on its 45th Annual General Assembly

**From:**



# dalthan

Printing Press

Beside JS Gaisano, Quirante II St., Tagum City  
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# NICO

## NABUNTURAN INTEGRATED COOPERATIVE

L.C. Arabejo Ave., Nabunturan, Compostela Valley Province  
Telefax: 084-376-0821; Mobile Phone No.: 0919-8182-188

**Building Better Lives Together**

### Programs and Services:

**LENDING:**

- Salary
- Commercial
- Agri Loans
- Micro Finance
- Housing Loan
- Car Loan
- Others:
  - SSS Pension Loan
  - GSIS Pension Loan
  - PVAO Pension Loan

Lig-on ang coop nga naka-

**ACCEPT SAVINGS DEPOSIT:**

- Regular and Time Deposit

**AGRI-PRODUCTS TRADING:**

- Copra, Cooking Oil, Palay, Rice
- Masipag Organic Farm Demo

**GENERAL MERCHANDISING:**

- Groceries
- Fertilizers and Chemicals
- Ginebra San Miguel Products-Dealer

**KAAGAPAY PROGRAM**

**LEGAL SERVICES  
COOP Assurance Center**

- Life Insurance
- Non-Life Insurance

**FUNCTION HALL**

Weddings / Birthday Reception, Seminars / Meetings / Conferences



**FINANCE ORGANIZATIONS ACHIEVING  
CERTIFIED CREDIT UNION STANDARDS**

**BRANCHES: Tagum City, Maragusan & Compostela • BUSINESS CENTER: New Bataan**

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www.alliedbank.com.ph

**Congratulations**

**Tagum Cooperative  
for your  
45 Years of Service Excellence!**

**From:**



**Hon. VICTORIO R. SUAYBAGUIO, JR., MPA**  
Vice Governor  
Davao del Norte

# A & AK Concepts

**Engr. Arlene J. Adlawan - King, MEP, SEAD, PICE**  
**Arch. Helen J. Adlawan-Protacio, PIA**  
**Arch. Clint Elvis Protacio, UAP**

Door 1 Adlawan Bldg., 830 Sto. Niño St.,  
Trebajo Village, Tagum City

Contact #0917-638-0678

**DEPED DIVISION OF TAGUM CITY**  
Energy Park, Apokon, Tagum City



**NENITA E. LUMAAD**  
School Division Superintendent



**NELSON C. LOPEZ, Ed. D.**  
Asst. to the Schools Division Superintendent



**ENGR. AMBROSIO D. AYUBAN**  
Education Program Supervisor



**CONCESA G. LANOY, Ed. D.**  
Education Program Supervisor



**MAYUMI M. PINZON**  
Education Program Supervisor



**ANTONIA B. BUGNA**  
Education Program Supervisor



**ALPHA DS. FALCONIT, Ed. D.**  
Education Program Supervisor



**LEONCIO M. HADJI, Ed. D.**  
Education Program Supervisor



**ISAIAS E. MAGHUYOP**  
Principal II



**EUFEMIA B. DINAGAY**  
Education Program Supervisor



**LEILA L. IBITA**  
Education Program Supervisor



**AGNES G. ARABEJO**  
Testing Coordinator



**ARLENE M. BALDONADO, Ed. D.**  
Administrative Officer IV



**ROSAMARIA S. TORREJANO**  
Accountant



**ROXAN F. CRUZ**  
Planning Officer



**ELISA H. CASTILLO**  
Supply Officer



**NIMFA G. LUMANAG**  
Human Resource Management



**HILDA P. JACOBE**  
OIC Records Officer



**GERALDINE L. CALOTES, RN**  
OIC Health and Nutrition



## ***Benefactor***

### **DEVELOPMENT BANK OF THE PHILIPPINES**

Tagum Branch

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Tagum City Mayor

### **PSBANK**

Tagum Branch

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### **RIZAL COMMERCIAL BANKING CORPORATION**

RCBC Tagum Business Center

### **BDO UNIBANK, INC.**

Davao-Tagum Branch

### **CENTURY RURAL BANK, INC.**

### **A. E. BOTUYAN CONSTRUCTION AND STRUCTURAL CONSULTANCY, INC.**

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(PCU-Davao)

Magdum, Tagum City

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## ***Donor***

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Tagum- Quirante Branch

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Tagum Branch

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Tagum Branch

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GLYAP Accounting/Auditing Office  
Stall# 13A, TC CTC, Quezon St., Tagum City

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### **COMPUTER WORLD MARKETING**

### **ATTY. ROLANDO C. CASAWAY**

### **HON. FRANCISCO C. REMITAR**

City Councilor, Tagum City

### **ENGR. ALBERT M. OMEGA**

### **HON. JOSE L. SILVOSA, SR.**

Panabo City Mayor

# 2011-2012 AWARDEES

## MEMBERS/OFFICIALS/OFFICERS/MANAGEMENT SERVICE/MERIT AWARDS

### BLOOD DONORS

Recognizing the 139 Total Blood Donors for 2011 Mass Blood Donations thru DLP Certified Tagum Cooperative Blood Donors - Gallooners:

Mr. Arvin A. Asis	Blood Type:	B+	Ten (10) years
Mr. Virgilio L. Bilbao, Jr.		O+	
Mr. Jerhum T. Boiser		AB+	
Ms. Ritche M. Diesta		A+	
Mr. Edilberto A. Jao, Jr.		A+	
Mr. Annaben B. Libarios		O+	Fifteen (15) years
Mr. Francisco D. Villamor		B+	Twenty (20) years

Mr. Amor P. Sorongon  
 Ms. Cherymee B. Espinosa  
 Mr. Jovencio I. Rubilla, Jr.  
 Ms. Lea G. Cabanisas  
 Ms. Mary Ann L. Jabile  
 Mr. Francisco D. Villamor  
 Ms. Maryjoan A. Boque  
 Ms. Juris D. Perez, CPA, MBA  
 Mr. Jacob Philip Q. Banal  
 Ms. Elsie R. Dangoy  
 Mr. Julito M. Suganob  
 Mr. Gerardo P. Nawanao

### OUTSTANDING MEMBER-PATRONIZERS OF TC PRODUCTS AND SERVICES MEMBER CATEGORY

Mr. Armando D. Enero  
 Ms. Delia M. Cal  
 Ms. Ma. Agnes Verde Aranda  
 Ms. Elaiza A. Medalle

### MODEL MEMBER

Mr. Armando D. Enero Bajada Branch

### OFFICIALS (Service and Special Awards)

Atty. Celerina E. Esuerte Five (5) Years in Service Award as Official  
 Dr. Cesar M. Limbaga Ten (10) Years in Service Award as Official  
 Dr. Evelia R. Sator Thirty (30) Years in Service Award as Official

### OUTSTANDING MEMBER-PATRONIZERS OF TC PRODUCTS AND SERVICES - OFFICIALS CATEGORY

Ms. Rosalina S. Argent Share Capital  
 Atty. Celerina E. Esuerte Regular Savings  
 Dr. Evelia R. Sator Time Deposit

### MODEL OFFICER

Dr. Evelia R. Sator

### PRESIDENTIAL CITATION and FIVE (5) YEARS IN SERVICE AWARD AS OFFICIAL

Ms. Nenita E. Lumaad, MA.Ed.

### MANAGEMENT STAFF (Service and Special Awards)

Five (5) years  
 Mr. Joel L. Loberanes  
 Mr. Angelito M. Mata  
 Mr. Roger D. Quilojano, Sr.  
 Mr. Jared F. Cajegas  
 Ms. Erlybeth F. Plaza  
 Mr. Arvin A. Asis  
 Mr. Allan N. Flores

### SPECIAL MERIT/ACHIEVEMENT AWARD

#### "TC 2011-2012 COLLECTORS OF THE YEAR"

Mr. Reynan L. Pongos Current Accounts Collector, Nabunturan Branch  
 Mr. Jem Boy A. Hingosa Charged-off Accounts Collector, Main Office

### SPECIAL MERIT/ACHIEVEMENT AWARD

#### "TC 2011-2012 MARKETERS OF THE YEAR"

Ms. Joan P. Almendras Main Office  
 Mr. Starlito S. Yecyec, Jr. Main Office  
 Mr. Jhonny D. Lozano Panabo Branch

### SPECIAL MERIT/ACHIEVEMENT AWARD "HONOR AWARDS FOR EMPLOYEES"

Ms. Mary Ann A. Verola Most Courteous  
 Ms. Ruby Rose L. Bercero Most Industrious  
 Ms. Vernais A. Sampilo Most Well-Groomed Employee - Femal  
 Mr. Ramonito A. Banzon Most Well-Groomed Employee - Male  
 Ms. Joan P. Almendras Best in Customer Service  
 Ms. Venus C. Cerbas Best in Attendance - Non-Regular Employee  
 Mr. Angelito M. Mata Best in Attendance - Regular Employee

### MOST OUTSTANDING BRANCH

Main Branch

### MOST OUTSTANDING MANAGER

Ms. Evelyn G. Bungabong

### SPECIAL CITATION

Ms. Admarie D. Marcelo, CPA Former General Manager

### MOST OUTSTANDING FAMILY AWARD 2011-2012

YAMOTA FAMILY

### MOST OUTSTANDING FAMILY AWARD

#### CRITERIA FOR NOMINATION

#### A. QUALIFICATION OF THE NOMINEE

All members of the Family are members of Tagum Cooperative :  
 (Regular, Power Teen, Youth Savers, Aflatoun and Golden HEARTS)

- \* Both Husband and Wife.
- \* Children and their spouses (if applicable).
- \* Grandchildren (if applicable).

#### B. DEPOSITS:

##### Regular Members

- \* Share Capital of P20,000.00 and above
- \* Average Monthly Balance of P5,000.00 and above on Savings Deposit within the year of 2011;
- \* Time Deposit of P10,000.00 and above per Family Member within the year 2011.

##### Power Teens:

Minimum savings of P500.00 only for CY2011.

##### Youth Savers/Aflatoun:

Minimum savings of P200.00 only for CY2011.

##### Golden HEARTS

Minimum savings of P10,000.00 for CY2011.

#### C. LOAN AVAILMENT

Must have patronized any Loan Products.(not delinquent in CY 2011)

#### D. MEMBERSHIP STATUS

- \* Must be a regular member for ten (10) years.
- \* Must be a Member-in-Good-Standing (MIGS) for three (3) years (CY 2009-2011).
- \* Power Teens, Youth Savers, Aflatoun and Golden HEARTS have no number of years required.

#### E. RESIDENCE

The nominee and the members of the family are residing in the area where there are Tagum Coop Branches such as: Davao del Norte, Comval Province, and Davao City.

#### F. SUCCESS STORY

The nominee shall come-up with a write-up of their success story, sharing their experiences on how Tagum Cooperative have helped them succeed.

#### G. AWARD

Plaque of Recognition  
 Cash Prize of P10,000.00

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Mr. John Paul P. Guboc  
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Mr. Daniel A. Bantilan  
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Mr. Robert John M. Fua  
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 Dr. Erlyn Dobles-Lopez  
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 Ms. Karen Lorena M. Axalan  
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 Ms. Lea G. Cabanisas

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 Mr. Andrew G. Salvana  
 Mr. Carpio S. Bagon, Jr.  
 Mr. Daniel A. Bantilan  
 Mr. Jerry L. Asuque  
 Mr. Pedro G. Fernandez, III



# IN MEMORIAM 2011

## January

Alesna, María Fe B.  
Azores, Jay B.  
Baguitan, Gil B.  
Dumat, Elisar L.  
Fernando, Anecita S.  
Garcia, Francisco S.  
Idjao, Ramon J.  
Labastida, Facifico C.  
Lamayo, Maria Linda C.  
Orongan, Anecito Sr. C.  
Pono, Guillermo A.  
Quebuen, Julito O.  
Tambis, Romelito D.  
Tapuroc, Benjamin A.

## February

Bunao, Aida G.  
Dagohoy, Melchor D.  
Hadjerol, Ahiya I.  
Irig, Jovy A.  
Laurente, Nena N.  
Layese, Remedios B.  
Llanto, Pericles Jr. A.  
Paglomutan, Marlon G.  
Sangalang, Ron B.

## March

Cabudbud, Tarcela B.  
Galenzoga, Casimero E.  
Hibionada, Eduardo Jr. T.  
Ladiza, Simplicia B.  
Libarios, Ely B.  
Mirafuentes, Carolina A.  
Montes, Maria  
Peligro, Rufo L.

## April

Anaś, Nicetas P.  
Bastillada, Warlito T.  
Cabrera, Añora M.  
Cifra, Antonio C.  
Crujedo, Leonarda B.  
Diocson, Jovelito S.  
Espeda, Virginia B.  
Hangand, Gala P.  
Macasero, Pelayo V.  
Mansalay, Luisa F.  
Quijano, Lovrlyn D.  
Ruedas, Vicente S.  
Tapic, Annabel G.  
Varona, Juanita G.

## May

Abe, Teresita J.  
Acierto, Celso G.  
Aroyo, Macario I.  
Cadava, Urbano S.  
Calacat, Alicia P.  
Diano, Vencito Y.  
Gabi, Rosario A.  
Gaoiran, Franklin Sr. T.  
Jamero, Tiburcio G.  
Laude, Hermisa G.  
Mabanglo, Maxima G.  
Neri, Eduardo S.  
Paler, Jessielito E.  
Polinio, Guillermo D.  
Tabuco, Cipriano D.  
Villanueva, Gloria A.

## June

Amante, Jerry B.  
Bonilla, Elsa B.  
Carcedo, Vda. Verana Leonora  
Cedeño, Merlyn P.  
Dupla, Zenaida S.  
Fuentes, Rogelio F.  
Jupista, Salvacion D.  
Latu-ab, Conchita P.  
Manligas, Carmelita B.  
Moreno, Rolly M.  
Ototan, Calixta V.  
Pepe, Cecilia A.  
Radaza, Fernando M.  
Rodrigues, Sueza D.  
Salde, Cony N.  
Tibay Sr. Colberto P.  
Villamor, Renato V.

## July

Abil, Susan J.  
Flores, Auria P.  
Gevera, Durell P.  
Iocente, Gil A.  
Lapinod, Redford M.  
Lastimoso, Myrlina C.  
Lumapas, Ignacia D.  
Porrás, Salvacion M.  
Suico, Concepcion M.  
Valleser, Juan D.

## August

Adlong, Marcela G.  
Ambaic, Felix N. Sr.  
Bandiola, Randy A.  
Callao, Faustino O.  
Garcia, Sandra G.  
Idul, Esekias Y.Sr.  
Inso, Julieta C.  
Malanguis, Pablo Jr. C.  
Mara, Norlinda C.  
Montero, Concita J.  
Rabara, Danny L.  
Torillo, Joseph M.  
Villarosa, Leonita A.  
Yuson, Alberto A.

## September

Bernil, Ruben C.  
Celmar Sr., Jacinto S.  
Ciudad, Danilo A.  
Dela Cruz, Vilma L.  
Ebarquez, Danny M.  
Javillo, Elena L.  
Manlod, Walfredo D.  
Mirasol, Edilyn B.  
Pasawa, Fulgencia Q.  
Solis, Tomasa L.  
Somosot, Marieta P.  
Subteniente, Ceferino A.

## October

Alegado, Rommel M.  
Aliman, Patricia C.  
Billacura, Edmundo D.  
Daffon, Patricia L.  
Delima, Florentino S.  
Digaynon, Eloida M.  
Dugangay, Lorimer L.  
Ferraris, Lilian A.  
Filipinas, Jenny M.  
Impuesto, Avelino B.  
Lahaylahay, Jehan A.  
Linogon, Lucena D.  
Marcito, Lauro E.  
Marcojos, Cirila A.  
Rovillos, Mae Grace G.  
Suganob, Deoceteo G.

## December

Bonita, Dolores C.  
Comawas, Wenceslao M.  
Garcia, Jose C.  
Guerra, Epifania N.  
Maiso, Saturnina A.  
Supilanas, Emma B.  
Tantoy, Veronica B.  
Villa Andresa M.

## November

Arbañez, Romulo E.  
Boncales, Alberto J.  
Capistrano, Lino  
Cogo, Emilia T.  
Cogollodo, Casimero Jr.  
Damalerio, Elena Q.  
Depilla, Azucena N.  
Diola, Elena O.  
Jarabay, Joven D.  
Liwat, Catherine C.  
Mabaso, Josephine O.  
Madelozo, Alfredo L.  
Pansacala, Erlinda O.  
Paquingan, Leonardo H.  
Rufino, William L.  
Sayson, Carmen T.  
Seblero, Sofia E.  
Tabanao, Conchita A.  
Valmores, Virginia E.  
Verallo, Rafael M.



### TAGUM COOPERATIVE MEMORIAL SERVICES "COOP FUNECARE"

Purok 4, Santol, Barangay La Filipina, Tagum City  
Contact numbers: Telefax No. (084) 400-4908  
Globe :09176340216  
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