



# 2014 Tagum Cooperative

*"where people invest their trust"*

## What's Inside

2	Programme	34	Conciliation-Mediation Committee Report
3	Message of the Chairperson	35	Ethics Committee Report
4	Messages	36	Youth Development and Succession Program Report Proposed Joint Officials' Recommendations
18	2013-2014 Tagum Cooperative Board of Directors, Key Management Officers and Expanded Management Team	37	External Auditor's Report
22	Awards of Excellence	75	Approved Operational Budget for the Year 2014
23	Board of Directors and Management Report	76	Management Directory
26	Audit Committee Report	78	Activities and Events
27	Credit Committee Report	81	Advertisements
29	Education Committee Report	87	2013-2014 Awards and Recognitions
32	Gender Equality Committee Report	88	47th AGA Working Committees
33	Election Committee Report	90	In Memoriam 2013

# TAGUM COOPERATIVE

## 47<sup>TH</sup> Annual General Assembly Programme

**THEME: “ TAGUM COOPERATIVE: Sustaining Financial and Social Strengths to Uplift Members’ Lives.”**

<b>PART I:</b>	<b>PRELIMINARY ACTIVITIES</b>	
6:00 A.M. - 12:00 N.N.	Registration, Voting and Encashment of Coupons (Maximum Time - 12:00 NN Only)	
8:00 A.M.	Presentation of Candidates .....	<b>Atty. Jennifer B. Namoc-Yasol</b> Chairperson, Election Committee
<b>PART II:</b>	<b>PROGRAM PROPER</b>	
8:30 A.M.	Doxology .....	Tagum Cooperative Choir <b>Dir. Nenita R. Malbas, CPA, MBA</b> Member, Board of Directors
8:45 A.M.	National Anthem .....	Tagum Cooperative Choir
8:50 A.M.	Cooperative Pledge .....	<b>Dir. Fe J. Adlawan</b> Member, Board of Directors
8:55 A.M.	Welcome Address .....	<b>Dir. Miriam R. Baloyo, CPA</b> Chairperson, Board of Directors
9:15 A.M.	Presentation of TC Officers .....	<b>Dir. Edgardo T. Silagan</b> Member, Board of Directors
9:30 A.M.	Presentation of Members/Guests .....	<b>Dir. Monica L. Salido, MM</b> Vice-Chairperson, Board of Directors
9:45 A.M.	Special Number .....	Tagum Cooperative Choir
9:55 A.M.	Presentation of Operational Highlights .....	<b>Ms. Juris D. Perez, CPA, MBA</b> OIC-General Manager/SCG Manager
10:10 A.M.	Introduction of the Guest Speaker .....	<b>Ms. Rosalina S. Argent</b> Treasurer
10:20 A.M.	Message .....	<b>Erwin “PASTOUR” Emata</b>
10:40 A.M.	Awarding Ceremony .....	Awards Committee Guest Speaker
<b>PART III:</b>	<b>BUSINESS ASSEMBLY PROPER</b>	
11:20 A.M.	Call to Order	
	Proof of Due Notice	
	Declaration of Quorum	
	House Rules	
	Consideration of the Minutes of Previous General Assembly	
	Business Arising from the Minutes of the Previous General Assembly	
	Presentation of Tagum Cooperative Officials’ Reports:	
	a. BOD & Management	g. Conciliation & Mediation Committee
	b. Audit Committee	h. Ethics Committee
	c. Credit Committee	i. Youth Dev’t and Succession Program
	d. Education Committee	j. Joint Officials’ Recommendations
	e. Gender Equality Committee	k. External Auditor’s Report
	f. Election Committee	
	CY 2014 Budget Presentation and Announcement (Distribution of PRD, Encashment of Meal Coupons, etc.)	
	Acknowledgement .....	<b>Dir. Antonio C. Arañas, MPA</b> Member, Board of Directors
	Raffle	
	Adjournment	
Assembly Moderators:	Assembly Recording-Secretary:	
<b>Atty. Ma. Lina F. Baura, CPA</b>	<b>Ms. Henrietta T. Cobrado</b>	
<b>Ms. Rebecca O. Lectura</b>		
<b>Ms. Katherine Lou S. Arnilla, RN</b>		
<b>Ms. Jeanevive D. Abangan</b>		
Hosts:	Ground Coordinators:	
<b>Ms. Joy Fritz H. Josol</b>	<b>Mr. Roel M. Bautista</b>	
<b>Mr. Mark Kaye C. Anggan</b>	<b>Mr. Joneil L. Lloren</b>	



When I took the oath of Office as Chairperson last March 2013, I made a personal commitment to uphold the dignity of my office and to dedicate my time, efforts, knowledge and treasure for the performance sustainability and betterment of our Tagum Cooperative. More than that, I commit to share whatever wisdom, skills and experiences I have, to uplift the lives of our members, and to sustain the performance and growth of our Cooperatives.

Thus, it is with deep gratitude and honor that I acknowledge the dedication, wholehearted support and commitment of all our Directors, Committee Officers, Management and Staff for concluding another year of laudable performance and success in serving our members and the community where we operate as we observe our 47th Annual General Assembly. Thank you and Congratulations for maintaining high standards of excellence in our financial services that have sustained and propelled our growth in assets and income, despite challenges, competitions and calamities that beset our economy this year.

During that oath-taking, I spelled out two (2) areas of focus for this cooperative to concentrate on. First, is **to sustain the financial stability** of the cooperative as an organization and second, is **to promote and sustain our social responsibilities** towards our members specially those who have less; to assist and insure that they have access to trainings and financial vehicles and products that will help them achieve economic growth, and to promote self-reliance and self-improvement.

For the year 2013, Tagum Cooperative has achieved another bar of achievement as it attained **P200.7 million net savings** or **19%** increase from the figure of last year. Indeed it is a very remarkable performance for a cooperative considering that this bottom line was attained despite a very challenging economic environment, made more challenging by the detrimental effects of Typhoon Pablo felt by majority of our branches. I commend and laud the Management for exercising prudent expenditures that resulted in savings and contributed to the hefty bottom line figure. This year is another milestone for Tagum Cooperative as it reached the **P2.2 billion mark in assets**, a bit ahead of its target, going by our strategic plan. **Delinquency rate went down from 8.30% to 7.28%.**

Tagum Cooperative likewise continually promotes and sustains its social responsibility towards its members through sustained delivery and improvement of its products, trainings and services.

This year, loan policies and payment scheme were reviewed and revisited to address the members' clamor and concerns to better serve them and to improve their financial standing. Interest rates were also reviewed and re-assessed to be at par with other cooperatives and with the banking industry. We also introduced new products based on members' needs; a time deposit product that pays out interest monthly, Loan in a Million and an installment plan of our Funecare packages.

During the year under review, our Education Committee had continuously developed programs and services to drum up our poverty elimination campaign by giving our members education through seminars on Financial Literacy, Livelihood and Skills Training and retirement planning, done through regular ownership and focus group discussion meetings. These activities were designed to capacitate our members, even the youth and associate members, for financial literacy and fiscal responsibility.

The SCWE (Savings and Credits with Education) program had conducted several livelihood training sessions for our women and men motivated to become entrepreneurs. We also set them on their way to entrepreneurship by allowing the use of our Tagum Public Market stalls as venue for their small businesses. Meanwhile, our Pasada project continues to assist our drivers develop a savings habit & promote access to financial vehicles of TC for added capital. With these, Tagum Cooperative manifested its commitment to be a strong advocate for the empowerment of the poor to achieve financial independence.

Tagum Cooperative continued to support its ongoing community projects and had recently introduced socially relevant programs for the community. It partnered with TESDA for a scholarship program for poor and deserving students who are members or children of members. It also partnered with Local Government Hospitals and San Pedro Hospital for its medical mission activities done in Tagum, Carmen in Davao del Norte & Nabunturan in Compostela Valley Province. Such initiative became a way of educating community members on health consciousness while giving them access to medical checkup. Tagum Cooperative will continue to find ways and means to deliver community services and hopefully to be recognized as one of the pillars of economic development, hand in hand with the public and the private sectors.

This year Tagum Cooperative has continued to improve its internal business processes and has hurdled the ACCESS brand diagnostic audit. As of November 30, 2013, it had passed the BRONZE Brand category under ACCESS Branding, an international brand accreditation. This Bronze Brand accreditation will be awarded during the Association of Asian Confederation of Credit Union (ACCU) Forum in Indonesia by September 2014.

We also optimize people resources as we continue to invest in our leaders' competencies thru attendance to required CDA trainings and develop competencies of our workforce thru various trainings, seminar and exposure to different learning facilities.

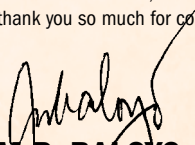
This year, we embarked into giving our second liners in Management with a very comprehensive Management Training Program (MTP) to strengthen our business process and operations for competitive advantage.

As I hand down these achievements to the next set of leaders, I would like to encourage them to commit further, to aim high to sustain the sterling performance of Tagum Cooperative, leave a legacy of financial freedom and to stay relevant to the lives of our members. May these financial and social strengths be felt not only by this generation but by our children's children for whom we'd like to ensure a much better and much improved living.

We have indeed come to a momentous time in our cooperative history; a time of achievement in which we can all be proud of, achievements that represent the shared efforts and talent, teamwork, commitment of our Board of Directors, Committee Officers, Management & Staff, and your cooperation as members. Without you and them, we could not have reached our current stature.

I thank our Almighty God for His constant providence in allowing us to reach the great heights of success. To my fellow members of the Board of Directors, please accept my sincere gratitude for supporting me, as the Chairperson, and for backing me up in running the affairs of our cooperative. To the entire Management team and the Staff, thank you for your dedicated service, cooperation and unwavering support. Finally, to our Members, thank you so much for continually patronizing our products and services and for reposing trust in our leadership.

**To God be the Glory and God Bless us All.  
Mabuhay ang Tagum Cooperative!!**

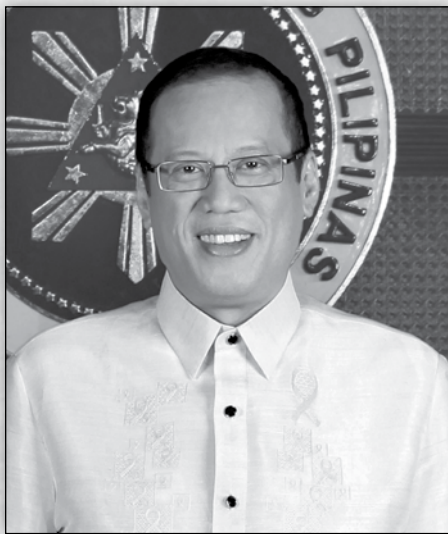
  
**MIRIAM R. BALOYO, CPA**  
Chairperson, Board of Directors







## Malacañan Palace Manila



My warmest greetings to the Tagum Cooperative as you hold your 47th Annual General Assembly.

Our country's journey towards progress continues to gain momentum in this era of reform. As we build a more equitably progressive society, the cooperative model remains a vital tool in empowering individuals and allowing them to pursue their aspirations with greater security. In solidarity, let us ensure that, as the old culture of corruption and self-interest is stamped out and rightfully replaced with integrity and justice, Filipino communities will reach for even greater heights and work towards fulfilling our goals of nation-building. May Tagum Cooperative be a force for unity in your region.

The Philippines is rapidly becoming a hub of trade and commerce in the Asia-Pacific region. May this event intensify your passion for excellence and enable your members to achieve their collective goals.

I wish you a productive and meaningful assembly.

A handwritten signature in black ink, appearing to read "B. Aquino III".

**BENIGNO S. AQUINO III**  
President



# MESSAGES



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



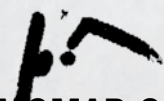
Warmest greetings to Tagum Cooperative and congratulations as you hold your 47th Annual General Assembly.

I commend you for your dedication to uphold the welfare of your members as reflected in your theme, ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives!”***

Tagum is fortunate to have sons and daughters who are passionate in providing help and support to our fellow Filipinos. Promoting the best interests of your members depicts your genuine desire to serve and contribute to the progress of your city.

I wish Tagum Cooperative more success in your future endeavors. Once again, congratulations.

Mabuhay kayong lahat!

  
**JEMOMAR C. BINAY**  
Vice-President



Republic of the Philippines  
**OFFICE OF THE SENATE PRESIDENT**  
Quezon City, Metro Manila

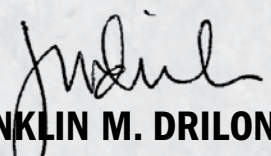


Warmest greetings to the Tagum Cooperative of Davao on the occasion of its 47th Annual General Assembly, with the theme ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives”***.

I congratulate the officials and members of this cooperative for its reputation as one of the biggest and most successful cooperatives in the country today. Needless to say, it has effectively performed its important role in enhancing the financial independence of its members and in contributing to the economic development of the country.

I hope that the Tagum Cooperative will continue to undertake worthwhile projects and live up to the challenges of further improving the lives not only of its members but of the rest of our people. Remain steadfast in your advocacies and help the nation in making Filipinos more productive in their endeavors.

Mabuhay po kayong lahat!

  
**FRANKLIN M. DRILON**  
Senate President

# MESSAGES



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



My warmest greetings to all the officers and members of the Tagum Cooperative on your 47th Annual General Assembly.

This year's theme, **"Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members' Lives,"** shows that your organization is committed to build a strong organization that will encourage self-reliance and greater productivity among your members and assist them in their time of need.

For our part, we in 16th Congress assure that we shall remain your partner in improving our country's economy as well as the provision of public services to our people. We shall join 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.

We count on cooperatives like yours to be our partner, together with your more than 90,000 proactive members, in helping make our nation economically strong and stable. Let us also unite our efforts in helping our countrymen regain their strength, hopes and opportunities as one people.

On behalf of the House Representatives, I wish you all a successful and memorable event.

Mabuhay!

**FELICIANO BELMONTE, JR.**

Speaker



Republic of the Philippines  
**OFFICE OF THE SENATE**  
Pasay City



My warmest greetings and congratulations to Tagum Cooperative for its 47 years of success and solidarity! I stand as one with you in celebrating your 47th General Assembly.

The continued success of your annual conference is a testament to the growth and financial prosperity of our cooperative. This year's theme **"Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members' Lives"** is indeed relevant to the role of the cooperative movement as an instrument for citizen empowerment.

Through Tagum Cooperative's direction and support, your members have been given a platform to communicate transformative change to their families and your local community. Your dedication to developing the skills and capabilities of your members just shows that, indeed, cooperativism is more fun in the Philippines!

For your continued growth in membership and strength in leadership I have to extend my highest praise.

Mabuhay ang Kooperatibismo!

**MANUEL "LITO" M. LAPID**

Chairperson, Senate Committee on Cooperatives



# MESSAGES



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



My warmest congratulations to all the Officers, management staff, and members of TAGUM COOPERATIVE!

Your theme for this 47th Annual General Assembly **“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives”** humbly reflects the way your cooperative has contributed to your members in the communities you served. You have already achieved a great feat of success with a total assets of more than P2 billion and more than 90,000 active members in 3 provinces and key cities in Davao.

Your contribution in uplifting the lives of your members through service excellence to the members and the communities is worth benchmarking across the cooperative sector. These endeavors will not only enhance the cooperative identity as a vehicle for inclusive growth but also as builders of sustainable development. Being recently adjudged as the 2013 Most Outstanding Cooperative or the Gawad Parangal Award by the Cooperative Development Authority speaks of the outstanding effort of the officers and staff in adhering to good governance and sound business practices. I salute the officers and staff for this great achievement for two consecutive years.

While cooperatives are generally better off with minimum government intervention, it is a recognized fact that cooperatives can become bigger and stronger and harness its full potential when government provides a policy environment conducive to its growth. Proof of this is the fast growth of cooperatives not only credit unions but also other types as well in other countries especially in Japan, South Korea and some parts in Europe.

As your representative of our Coop-NATCCO Party, it is my duty to push for policy initiatives in the House of Representatives that will not only hasten the growth but also provides for the necessary policy environment for the protection of cooperatives. Presently, aside from other key legislations we filed in Congress, we are now deliberating the Charter of the Cooperative Development Authority (CDA) and we hope that with the new charter, CDA will be more efficient and effective in its regulation to cooperatives thereby protecting also the depositor-members. While doing this, we will ensure also the autonomy and independence of cooperatives from unnecessary government interventions.

We look forward for another stellar year and milestone-setting the cooperative plans to embark on and I am very certain that with these broader plans it will bring further impact to the lives of the members and communities. The Coop-NATCCO Party is very proud to have you as a very active member and resolute supporter.

Once again, on behalf of the Coop-NATCCO Party I wish to congratulate all the officers, staff and members of Tagum Cooperative on the occasion of your 47th Annual General Assembly.

More power and keep it up!

**HON. CRESENTE C. PAEZ**  
Representative, Coop-NATCCO Partylist  
Chairman, Committee on Cooperatives Development



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



Greetings of peace and solidarity from COOP-NATCCO Partylist!

May the spirit of camaraderie and cooperation of all the members of Tagum Cooperative be rekindled as you hold your 47th Annual General Assembly with the theme **“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives.”**

This occasion is definitely a perfect time to celebrate the great achievements of Tagum Cooperative. Its commitment to deliver innovative and responsive products and services to its members is manifested in its ever growing financial and social assets, which now reached over P 2-B in total assets and 90,000 members. It is not just the numbers that speak for the marvelous achievements of Tagum Coop as it is conferred with various awards year after year.

Tagum Cooperative can take advantage of its financial and social strengths in order to continue with its mission and to achieve its vision for the community. I am confident that Tagum Coop can sustain its growth especially with the sound leadership of the officers and the growing trust of the membership.

The COOP-NATCCO Partylist remains proud of your achievements and of your active involvement in the Party. With your continued support, we believe that we can beat every challenge we face.

Be assured that we will continue to push for legislations that will further benefit our cooperatives. As we all aspire for a better regulatory agency, the Party is working on the enactment of the CDA Charter Amendment bill, our priority bill this 16th Congress. We also filed several other measures that will strengthen our advocacies on cooperative and rural development, people empowerment and good governance.

I wish you a fruitful and meaningful celebration of your 47th Annual General Assembly!

**HON. ANTHONY M. BRAVO, PH.D.**  
Representative, Coop-NATCCO Party-list



# MESSAGES



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



It is with great pleasure to congratulate the Tagum Cooperative on your 47th Annual General Assembly, a gathering of people who possess similar ideals in being productive citizens while at the same time boosting their capacity and fuelling the engines of local growth.

This assembly is significant in every sense, for an organization that spans at least four provinces in Region XI, including four component cities and almost a hundred thousand proactive members with a compelling P2 billion pesos worth of assets, the meeting is even necessary to update each and every member as to their respective status as well as the status of the organization in general, feeding their members with the latest achievements and the new programs and services that are offered them and the community.

With this year's theme "**Sustaining Financial and Social Strengths to Uplift Members' Lives**", is a positive and encouraging affirmation that boosts the general-accepted practices and strategies that foster service-orientation rather than self-enrichment of the leaders. Strategies such as long-term orientation centred on members' security, has been one of the methods exercised by cooperatives which lived longer than other coops, as was observed by the International Labor Organization (ILO) in 2013. However cooperatives employ their own strategies, still in the larger picture, through the underlying values of solidarity, self-help, and equality, they help build better communities by advancing sustainable development, social integration, and decent work.

Through the empowerment of members, cooperatives strengthen the communities. Thus, the importance and efficiency of social responsibility which every organization must possess, should be given due emphasis if we are to sustain the development of each organization.

As the representative of our constituents in the first district, I am one with your ideals in making Davao del Norte a truly progressive province which owes its continued success in the participation of the various stakeholders that mold our holistic development, with heart-warming gratitude to cooperatives and the various enterprises operating in the province.

I am hopeful we will achieve our dreams of attaining a prosperous and a unified community facing the challenges of yet another year of our existence as a strong nation in this cooperative journey.

**ANTHONY G. DEL ROSARIO**  
Representative, 1st District, Davao del Norte



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



It is with great joy and appreciation that I congratulate Tagum Coop as it holds its 47th annual general assembly with the theme "**Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members' Lives**".

Tagum coop has continuously revolutionized itself to become an ever growing, stable and lucrative financial partner in the region.

As the country and our region is perennially beset with disasters, it is worthwhile to note the contributions of financial institutions such as Tagum cooperative in keeping economic stability down to the grassroots.

In particular, i commend your SCWE livelihood programs for reaching out and empowering especially non-working mothers for them to be equal partners in bringing progress to the family. Indeed, these programs created an enormous social impact.

It is my hope and desire that Tagum Coop continues to grow financially as an institution, imparting greater satisfaction to its members, clientele and business partners.

Again, congratulations and mabuhay!

**ANTON F. LAGDAMEO, JR.**  
Representative, 2nd District, Davao del Norte



# MESSAGES



Republic of the Philippines  
**PROVINCE OF DAVAO DEL NORTE**  
Capitol Building, Mankilam, Tagum City



I convey my warmest felicitations to Tagum Cooperative, Inc. on its 47th Annual General Assembly!

After 47 years, Tagum Coop has risen to be the best coop we in Davao del Norte can be proud of. Noteworthy is that these years it spent not only in finding ways to reach the One-Billion-Peso mark. It engaged into social activities to also reach the less privileged.

Your theme, ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives,”*** speaks about the coop’s commitment to keep up with its gains for the ultimate benefit of the members. Commendably, this commitment has been translated into increased membership totaling to 90,000 and overwhelming assets now in the tune of more than P2 billion.

The unparalleled growth of Tagum Coop in the region is also a success for the entire Davao del Norte. I hope, with our P.E.O.P.L.E. agenda, we continue to work together to nurture this growth along with other coops in the province.

More power and have a fruitful 47th Annual General Assembly!

**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 Tagum Cooperative for holding its 47th Annual General Assembly with the theme, ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members Life”***.

Tagum Cooperative has indeed already gone through remarkable achievements as the premier cooperative in Davao Region whose total assets now reached more than a billion pesos and with over 65,000 members.

At 47, Tagum Coop has been practically taking part in shaping our local economy particularly in terms of providing various accessible services and in providing employment to the community. Indeed, your cooperative has already surpassed daunting challenges and gone through great accomplishments.

I would like therefore to express my warmest congratulations to the past and present Officers of Tagum Coop, steadfast Members and dynamic Staff, for without the unrelenting efforts they have proved; all your achievements would not have been realized.

Congratulations and Keep on Growing Tagum Coop!

**ARTURO T. UY**

Governor



# MESSAGES



**COOPERATIVE DEVELOPMENT AUTHORITY**  
Cubao, Quezon City



My warmest greetings to Tagum Cooperative in holding your 47th Annual General Assembly.

Indeed the Tagum Coop has lived up to its theme **“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members”**. Consistent with its strong vision and cooperative mission, it has continued to earn unprecedented honor and recognition being the recipient of Most Outstanding Large Scale Cooperative in local and National Level for two consecutive years, 2012 and 2013.

It has imbibed cooperativism in every aspect of its varied coop services that members unquestionably patronize and committed to support the coop endeavours, thus, easily formed the slogan “Where people invest their trusts”. Tagum Coop has also put into practice the 7th Cooperative Principle by solidly forming an alliance with different cooperatives in the region. A FOCCUS branded coop and also implementing the Model Credit Union Building, Tagum Coop has built its unshakable foundation based on International Coop Standards. Kudos to the Officers and faithful members of Tagum Coop!

We strongly recommend that Tagum Cooperative be a partner in the implementation of the International Cooperative Alliance (ICA) declared Blueprint for a Cooperative Decade. The blueprint strategies involve five (5) critical interlinked themes: Identity, Participation, Sustainability, Legal Framework and Capital as an aimed implementing strategies until 2020 for the growth of cooperatives globally. The overarching agendas are: (1) Elevate participation within membership and governance to a new level; (2) Position cooperatives as builders of sustainability; (3) Build the cooperative message and secure the cooperatives identity; (4) Ensure supportive legal frameworks for cooperative growth, and (5) Secure reliable cooperative capital while guaranteeing members control.

The ambitious 2020 Vision of said blueprint for cooperative business are to be as follows: 1) The acknowledged leader in economic, social and environmental sustainability; 2) The model preferred by people; and 3) The fastest growing form of enterprise.

CDA will always be a proud supporter of Tagum Cooperative for all its efforts to heed the call of social responsiveness. It is our hope that Tagum will also be an enthusiastic member of ICA in the near future.

Mabuhay ang Kilusang Kooperatiba na Pandaigdigan!

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



**PHILIPPINE COOPERATIVE CENTER**  
90 Balet Drive Extension  
Quezon City



The PCC Family congratulates Tagum Cooperative in the celebration of its 47th Annual General Assembly with the theme **“Sustaining financial and social strengths to uplift members’ lives”**.

Tagum Cooperative has grown fast in the last five years. Back in 2008, Tagum Cooperative ranked number 25 in the whole country in terms of total assets. Ending 2013, 5 years hence, it has climbed to the top 10. From 658M assets, it now has 2.25B assets owned by more than 100,000 members and served in its 10 offices. The sustainable growth of Tagum Cooperative has not gone unnoticed. In the years 2011, 2012 and 2013, Tagum Cooperative has consistently garnered the number 1 slot as the Most Outstanding Cooperative for the Large Scale category in the CDA Gawad Parangal. These awards are testaments to the financial and leadership strengths of the cooperative. The cooperative is now in the best time to take a more focused look on how these strengths can be harnessed to uplift the members’ lives. At the end of the day, the real measurement of a coop’s success should be measured in terms of how it has changed the lives of the members.

As one of the leading cooperatives in the country, Tagum Cooperative carries the big responsibility to help shape the future of the cooperative sector and the cooperative movement. The Philippine Cooperative Center, with the participation of the leaders of Tagum Cooperative, has charted the Strategic Plan of PCC. One of the major decision was to position PCC as the apex of cooperatives in the country. This was a milestone in the history of PCC and the sector, as we move towards more rationalization within the cooperatives. PCC affirms its *raison d’être* as “a unifying and transforming voice of the cooperative movement”. This mission is founded on the values of Integrity, Leadership and Community. The financial cluster has likewise defined its plan anchored on the strategic plan of the PCC.

There is much that the cooperatives can do together to help build a stronger Philippine cooperative sector. This would require cooperative leaders who have personal humility coupled with the strong professional will; leaders who have the ambition to build a strong coop sector, not just to build isolated strong cooperatives. And we hope that we can rely on the big cooperatives to appreciate the imperative to cooperate and to act as one, beyond their individual cooperatives, and together as a family.

Again, congratulations to Tagum Cooperative!  
More power!

  
**SYLVIA OKINLAY PARAGUYA**  
PCC Chairperson



# MESSAGES



## ASSOCIATION OF ASIAN CONFEDERATION OF CREDIT UNIONS



Best Wishes to Tagum Cooperative

On behalf of more than 44.4 million individual members of 22,712 credit unions in Asia, it is our great honor to send greetings to the leaders and members of Tagum Cooperative on its 47th Annual General Meeting.

The theme of the annual gathering - **“Sustaining Financial and Social Strengths to Uplift Members’ Lives”** is a constant reminder of the mission of the cooperative.

We are happy to share that Tagum Cooperative will soon receive the ACCESS Brand accreditation from ACCU. ACCESS, an acronym for A-1 Competitive Choice for Excellence in Service and Soundness is a quality assurance standard for Asian credit unions. Patterned from the Balanced Scorecard, the accreditation certifies that the credit union has established and applied a management system that channel the energies, abilities, and specific knowledge held by people in the organization toward achieving long-term strategic goals and quality standards on the perspectives of Finance, Customer-Member, Internal Business Processes, and Learning and Growth. We are anticipating that the whole process of accreditation will be completed by June 2014.

The accreditation is a strong foundation that assures the members of Tagum Cooperative of excellent services and financial soundness. We trust that ACCESS standards will be embodied as organizational culture of Tagum Cooperative. We commend the leaders and management for their dedication. ACCESS Brand is not easy to achieve, but the Board and management have even taken personal sacrifice to bring Tagum Cooperative to international standards.

As a supporter member of ACCU, we appreciate your commitment of involving on international credit union development. Thank you for collaborating with us to spread the credit union ideals in countries where our support is required such as in Cambodia, Laos, Myanmar, Mongolia and Bhutan.

We wish you more success in the years to come.

  
**RANJITH HETTIARACHCHI**  
Chief Executive Officer



## Republic of the Philippines DEPARTMENT OF EDUCATION Office of the Secretary



My warmest welcome to the 47th Annual General Assembly of the Tagum Cooperative!

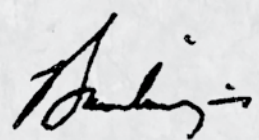
Cooperatives espouse what is most necessary in Philippine Society: unity, trust, and active participation. We see that Tagum Cooperative is the place “Where People Invest their Trust,” and that these values are more pronounced during its 47 years of service.

In this year’s General Assembly, the Tagum Cooperative shall focus on **“Sustaining Financial and Social Strengths to Uplift Members’ Lives.”** The drive to continue building up the cooperative’s achievements should only become more dynamic in the years to come.

Success is not only in sustaining the excellent standing of this organization in general but in innovating and strengthening the pillars that supported the organization.

We pray that this meeting bears fruit, not only in informing the members of how the year went but in kindling the dedication that has been poured into the organization.

Mabuhay!

  
**BR. ARMIN A. LUISTRO FSC**  
Secretary



# MESSAGES



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




Tagum Cooperative is a perfect reminder, as in the words of United Nations Secretary, General Ban Ki-moon - that it is possible to pursue both economic viability and social responsibility. You have definitely shown that in the celebration of your 47th Annual General Assembly. With a total asset of more than P2 Billion, a total membership of over 90,000 and a long list of achievements and accomplishments on women empowerment, youth development and alleviation of poverty, you have indeed lived up to your goal of leaving a legacy to the members and the community by helping improve peoples' lives and at the same time contributing to the betterment and the development of the community.

The marvelous achievements that you have in the past years are testaments not only to the strong effort and teamwork of the officials, the management and the staff but are manifestations that the members of this cooperative continue to invest their trust in you - and it is a trust that is well-deserved for Tagum Cooperative is geared towards improving its services and programs. It is but appropriate then, that this year's celebration is anchored on the theme: **Sustaining Financial and Social Strengths to Uplift Members' Lives.**

The Local Government Unit of Tagum is one with you in that. In our EAGLE WINGS program, where its letter "N" stands for NGOs, GOs, and Cooperative Development, we continue to pursue and initiate programs that will support the cooperative sector because we believe that cooperatives are strong partners of the government in uplifting the lives of the poor and underprivileged Filipinos.

Thus, we look forward to continue working with you in our shared goal of bringing our beloved Tagum City to greater heights. Again, congratulations on the occasion of your 47th Annual General Assembly. The Local Government Unit of Tagum and all the Tagumenyos are one with you in this celebration.

  
**ALLAN L. RELON, DPA**  
City Mayor



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



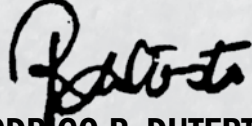
My warmest greetings to Tagum Cooperative as you host your 47th Annual General Assembly.

The cooperative model has, time and again, proved significant in lifting our people from poverty, providing them with opportunities for personal and financial growth.

The Filipino people's deep sense of community accounts for the strength of cooperativism in the country which brings out in us the tradition of bayanihan and incorporating it in its model of enterprise.

Organizations such as yours have enabled our citizens to turn challenges into opportunities and bolster success and thus, we continue to count on you as one of our key partners in continuing to tap the potential of our thriving economy and persevere to lead our fellowmen in that collective march towards stability.

I wish you a productive and insightful assembly.

  
**RODRIGO R. DUTERTE**  
City Mayor



# MESSAGES



Republic of the Philippines  
**PROVINCE OF COMPOSTELA VALLEY**  
Municipality of Nabunturan



Warm greetings to the officers, members and the management of Tagum Cooperative on this 47th Annual General Assembly with the theme, **“Tagum Cooperative: Sustaining Financial and Social Strength to Uplift Members’ Lives”**.

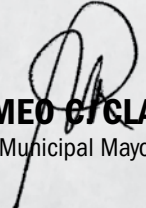
Truly, Tagum Cooperative has remarkably lived up to the ideals and principles of helping each other, specially in the face of challenges and difficulties. You have shown the commitment and the unrelenting efforts in providing quality cooperative services needed to improve many lives in the community.

Our partnership of shaping a total integral development in the life of our constituents manifested economic prosperity and social stability thus making our people empowered and experienced a progressive and meaningful life.

For this, in behalf of the municipality of Nabunturan, the capital town of Compostela Valley Province, with its elected officials, employees and the Nabunturanons, I wish to extend my great appreciation.

With God in our midst, let us continue the mission entrusted to us.

Congratulations and more power!

  
**ROMEO C. CLARIN**  
Municipal Mayor



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



47 years of passion. 47 years of dedication. 47 years of excellent service to the members of the community. 47 years and Tagum Cooperative is still growing strong!

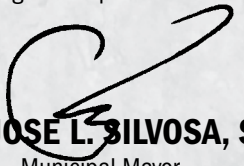
With this, I gladly commend Tagum Cooperative for holding its 47th Annual General Assembly 2014. It is my great joy to have witnessed how this cooperative really strived hard for excellence. With this, you have earned the respect and trust of your members as well as your clientele.

It is my great joy to see that you are not just staying where you currently are; that you are still continuing to expand your reach towards the different parts of our country. With this, you are where you are now. You have totally been a part of the lives of the people particularly in helping them stand on their own feet.

For 47 years, you have proven to yourselves and to others that you are worthy of the awards that you have received every year. It is an undeniable fact that Tagum Cooperative is a great contributor in the economic growth not just in the province of Davao del Norte but in the entire country. The decades of service you have rendered to the community has been very excellent. If you continue rendering your services with your utter and sincerest efforts and hard work you will also continue to emerge as the best cooperative as always.

As another year starts to unfold, may the Light of Good Governance and excellence lead you towards becoming trailblazers of change in the community.

Thank you and Mabuhay ang Tagum Cooperative!

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



# MESSAGES



Republic of the Philippines  
**PROVINCE OF DAVAO DEL NORTE**  
Municipality of Carmen

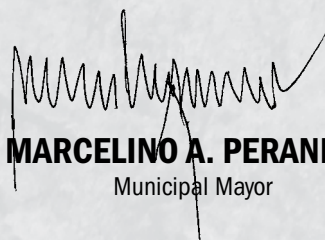


Please allow me to convey my earnest compliments and best wishes to all proactive Members, Officers and Board of Directors of TAGUM COOPERATIVE for its 47 years of commitment, enthusiasm and exceptional service.

The theme: ***"TAGUM COOPERATIVE: Sustaining Financial and Social Strengths to Uplift Members' Lives"*** timely responds in these trying times as we continue to stand up and move forward.

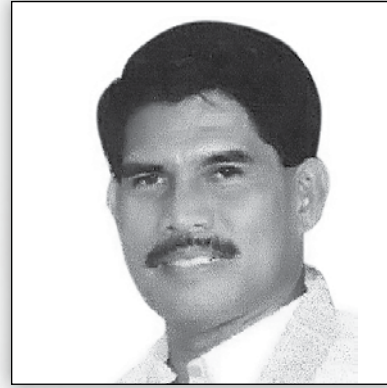
And in behalf of the People and Officialdom of the Municipality of Carmen, I would like to express my sincerest gratitude for considering our place as one of your partners in pursuit for service excellence.

Congratulations and may God bless us all!

  
**MARCELINO A. PERANDOS**  
Municipal Mayor



Republic of the Philippines  
**PROVINCE OF DAVAO DEL NORTE**  
Municipality of Santo Tomas




My warmest greetings to Tagum Cooperative,

Nothing beats a trusted company. I believed that Tagum Cooperative is one of the largest cooperative in the entire Mindanao. It was also dubbed as a large cooperative by the Cooperative Development Authority of the Philippines and it was a great pleasure for the Tomasians to do banking matters with your company. With your dynamic way of delivering innovative, and responsive product. Your services gave delightful way to your clients wherein they feel secured.

Accountability, competence and optimism are the strengths of your organization. It is a good foundation to build trust and confidence among your members in our greener Municipality of Sto. Tomas. At present, your office portrayed unity and coherence among its members. It is a positive impression to enlist more members to your cooperative. Your merits and performance proved your capability on handling people, time and money. I believe that you are more that what your accomplishments says.

I am hoping for further development services from your prominent cooperative. And looking forward for every success in your organization. Tagum Cooperative is a member friendly cooperative. It is a bridge that binds people and good service throughout the residents of the Municipality of Sto. Tomas.

  
**BENIGNO R. ANDAMON**  
Municipal Mayor



# MESSAGES



Republic of the Philippines  
**PROVINCE OF DAVAO DEL SUR**  
City of Digos

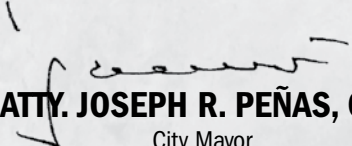


It is with heartfelt felicitations that I greet the Officers and members of the Tagum Cooperative on the occasion of your 47th Annual General Assembly.

Bannered by the theme; ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Member’s Lives”***, most fittingly captures this remarkable and noteworthy event as the organization looks back at its marvelous achievements through the years as well as embark on new programs for the future.

Having grown by leaps and bounds, from humble beginnings, Tagum Cooperative is a testimony to the success of cooperativism as a vehicle for social change and development.

The City of Digos joins with you in this celebration and wishes no less than your success in the many years to come.

  
**ATTY. JOSEPH R. PEÑAS, CPA**  
City Mayor



**Diocese of Tagum**  
Chancery Office  
Rizal Street, Tagum City



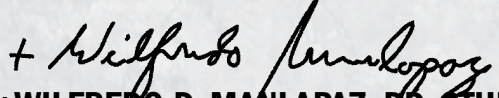
I share with you all – the stakeholders of Tagum Cooperative – the spirit of joy on the occasion of your 47th Annual General Assembly.

Since its inception, Tagum Cooperative has mustered its resources, becoming a financially viable and reliable institution today. This year’s theme of your gathering, ***“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives,”*** spells out the commitment of the institution to help its members and the bigger community as well attain economic stability.

Your celebration calls to mind the message of Pope Francis to leaders who have accessed to various resources. He said that leaders have a primary obligation to use their gifts to help the poor and vulnerable, to promote equality and human dignity. His Holiness added: “It is intolerable that thousand people continue to die every day from hunger, even though substantial quantities of food are available, and often simply wasted.” Leaders have this fundamental role in improving human welfare “by stimulating and developing the immense resources of human intelligence”.

It is therefore a daunting task posed by His Holiness not only to the leaders but to all of us. We are called to responsibly make use of available resources and work together towards uplifting the conditions of our brothers and sisters particularly the less fortunate. May all Tagum Cooperative stakeholders, especially in this Year of Laity as declared by the Catholic Bishops in the Philippines, take the challenge!

As Tagum Cooperative continues to soar higher in the years to come, I wish you all the best. Mabuhay ang Tagum Cooperative!

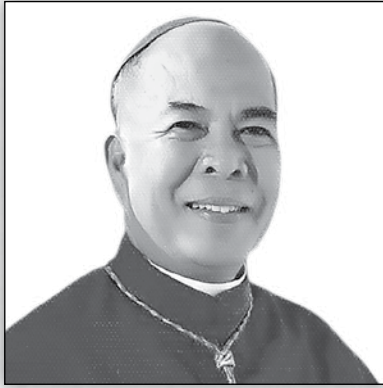
  
**+WILFREDO D. MANLAPAZ, DD, STHD**  
Bishop of Tagum



# MESSAGES



**ARCHDIOCESE OF DAVAO**  
Davao City



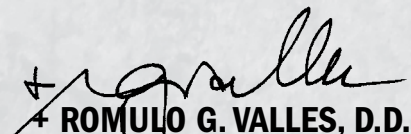
A primary cooperative founded in 1967, the TAGUM COOPERATIVE shows its fruitfulness in its current membership of more than 90,000 members who have voluntarily joined together to achieve social, economic and cultural goals.

With your theme **“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives”** on this your 47th Annual General Assembly, I greet and commend the board of directors, officers and members for having done well and for having held on together in the face of the challenges of our time.

As you live by the vision and mission of Tagum Cooperative, I wish to remind you on this Year of the Laity (2014 as declared by the Catholic Bishops’ Conference of the Philippines) that “it is in unity that good Christian people will get their strength and attain victory.” Continue therefore to “unite in groups, which through prayer, discernment and concerted action, will renew the social and political fabric of our country.”

Congratulations!

With prayers and best wishes, I remain

  
**ROMULO G. VALLES, D.D.**  
Archbishop of Davao



**NATCCO NETWORK**

**NATIONAL CONFEDERATION  
OF COOPERATIVES**



It is a great honor for me to greet the members, staff, and leaders of Tagum Cooperative on your 47th year.

Obvious to the Philippine cooperative movement is how Tagum Cooperative has improve the lives of members as well as the communities by providing loans to local entrepreneurs, deposit-taking from the local economy, and other valuable services like insurance - all while advocating the Entrepreneurial Spirit, Gender Equity and Youth Development.

The Co-op Principles and Values are key to your success. From your humble beginning as Holy Name Society of Tagum Parish in 1967, with Share Capital of P80, Tagum Cooperative has grown to more than 80,000 members with assets of around P2.3 Billion and zero borrowings.

But let us not be content with past success. You must now take Tagum Cooperative to the next level. The International Cooperative Alliance released the Blueprint for a Cooperative Decade to attain Vision 2020, when the co-operative form of business will be recognized as:


- The acknowledged leader in economic, social and environmental sustainability,
- The model preferred by people, and
- The fastest growing form of enterprise.

To achieve these, we must together:

1. Elevate participation with membership & governance
2. Build sustainability
3. Secure the co-op identity
4. Ensure supportive legal framework for growth
5. Secure reliable cooperative capital while guaranteeing member control.

And I will take the liberty to add the sixth: Be integrated with your Network. You can be sure that your NATCCO Network will still be your partner in offering products and tools to your directors and managers so you can continue to expand your reach, standardize & improve services, and further improve the lives of members.

This is an exciting time for our movement. The future is bright. 2020 is within reach!

  
**JOSE ROMEO EBRON**  
Chairman, NATCCO Network



# MESSAGES



My best wishes to Tagum Cooperative!

We at MASS-SPECC and the cooperative members of the federation join in the celebration of your 47th Annual General Assembly.

Three years from now TC will be 50 years, the theme **“Sustaining Financial and Social Strengths to Uplift Member’s Lives”** for this year’s celebration is a prelude to gearing up for its continued existence for past decades and for more decades to come. Cooperatives need sustainability in order to grow, sustainability does not only mean viable or how much net income we will have every month, it also means balancing the effects of your operations through your financial and social performance. Satisfied members will never leave instead they will multiply thus, the growth in membership would mean growth in capital build up for the cooperative. Financial growth could mean to be able to provide products and services that would benefit the vast majority of the members which in turn could uplift or raise their standard of living which to be able to afford and satisfy their needs, meet their basic needs in life and live with humane condition. The relationship between a cooperative as an institution and its members is partnership- where no party will leave and will have no loop sided effect, both parties will benefit- that is the essence of a partnership which is the quintessence of sustainability.

TC’s success through the years is the fruit of your relentless efforts to uplift the lives of the people who have put their trust in your cooperative. The evidential transformation of your members to become financially independent and entrepreneurs resulting to their economic upliftment became an inspiration of your members, their families and the community that would form part of TC’s legacy.

The commitment of all those behind the institution- the members, officers and management to reach out to 90,000 members is one tangible effect of how TC had made a marked in the evolution of the cooperative movement in the nation and more importantly in Mindanao. Your cooperative is truly an institution that returns some rewards to the people and communities it operates, the real gauge of an institution’s success.

More power and God bless to all of your endeavors!

**GADWIN E. HANDUMON**

Chairperson



An Alliance of **FOCCUS** cooperatives



The Model Cooperative Network, an Alliance of FOCCUS Cooperatives, wishes to extend its warm congratulations to the members of TAGUM COOPERATIVE on its 47th General Assembly with the theme **“Tagum Cooperative: Sustaining Financial and Social Strengths to Uplift Members’ Lives”**.

Tagum Cooperative is undoubtedly among those that embody the characteristics and ideals of a Model Cooperative. With its various awards and recognition bagged, and by the growing number of members and assets, Tagum Cooperative is making big strides in improving the lives of its members and its community.

We would like to take this opportunity to officially congratulate Tagum Cooperative for religiously adhering to stringent FOCCUS Prudential Standards. This is a testament to your cooperative’s continued commitment to uplifting the lives of your members and to contribute to your communities.

We salute the entire membership, the leadership and the workforce of TAGUM COOPERATIVE for the dedication of love for work, skills, ideas and time in the service of the cooperative.

We wish you the best for another year of an admirable show of cooperativism within your cooperative and within the cooperative sector in the country and beyond!

**IMELDA S. MAGABILEN**

Chairperson

# 2013-2014 TAGUM COOPERATIVE BOARD OF DIRECTORS AND KEY MANAGEMENT OFFICERS



**MIRIAM R. BALOYO, CPA**  
Chairperson



**MONICA L. SALIDO, M.M.**  
Vice-Chairperson



**ANTONIO C. ARAÑAS, MPA**  
Director



**FE J. ADLAWAN**  
Director



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





**ENGR. ALBERT M. OMEGA**  
Director



**EDGARDO T. SILAGAN**  
Director

## KEY MANAGEMENT OFFICERS



**ROSALINA S. ARGENT**  
Treasurer



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



**HERMARIE T. ESMAEL**  
BOD Recording Secretary



**JURIS D. PEREZ, CPA, MBA**  
OIC-General Manager/SCG Manager

# CY 2013 EXPANDED MANAGEMENT TEAM



**JURIS D. PEREZ, CPA, MBA**  
OIC-General Manager/Savings & Credit Group Manager



**LUNA L. PAULIN, CPA**  
Treasury Manager/Comptroller



**ANGELINA A. RAMOS**  
HRD Manager



**SEAN PLAZA**  
ICT Officer-in-Charge



**KATHRYN ANN J. SALAZAR**  
FuneCare Manager



**ELSA O. BALAGON**  
OIC-MBA Officer



**ARISTOTLE D. AGUIÑO**  
General Services Officer



**MA. LINDA M. REMORERAS**  
Main Branch Manager



**ROBERTO T. DE CASTRO**  
Bajada Branch Manager



**NELSON C. SALVALOSA**  
Nabunturan Branch Manager



**VICENTE P. BINAG**  
Panabo Branch Manager



**VIVELYN D. FRONTERAS**  
Matina/Digos Branch Manager



**JERUBI D. JUISTA**  
Mintal Branch Manager



**EVELYN G. BUNGABONG**  
Carmen & Sto. Tomas Branch Manager



**RIA DIOSA A. CALIAO, MBA**  
Public Market Branch Manager



**SHERWIN GABRIEL C. PETALINO, CPA**  
SCG Accountant





**MARYJOAN A. BOQUE**  
Finance Officer



**DANIEL S. AGUINALDO**  
Loan Officer



**BABY BOY ROLLY A. SALIGAN**  
CAR Officer



**EDILYN T. BELDIA, CPA**  
Accountant



**JOAN P. ALMENDRAS**  
Marketing Officer



**LIZA L. DALIGDIGAN**  
MPS Officer



**JESSIE B. BAYLOSIS**  
Legal Officer



**CLYJENEE S. DAIRO, M.M.**  
Youth Program Officer



**MARY ANN L. JABILE**  
SCWE Officer



**ROMELA T. PANGANDOYON**  
ECDP Officer



**JOVIE LOU A. SUMATRA, CPA**  
OIC-Internal Audit



**MILDRED G. RESMA**  
Budget Officer

# AWARDS OF EXCELLENCE



**2012 AND 2013 COOPERATIVE DEVELOPMENT AUTHORITY (CDA)  
GAWAD PARANGAL MOST OUTSTANDING PRIMARY COOPERATIVE  
LARGESCALE CATEGORY**



**DIRECTOR NENITA R. MALBAS AWARDED AS  
GAWAD PARANGAL MOST OUTSTANDING  
COOPERATIVE LEADER IN REGION XI**





# BOARD OF DIRECTORS' & MANAGEMENT REPORT

To Our Fellow Cooperators:

Kudos to everyone for making the year 2013 truly a rewarding year !

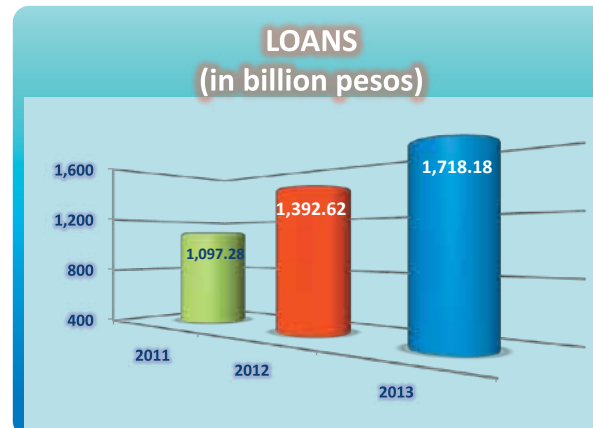
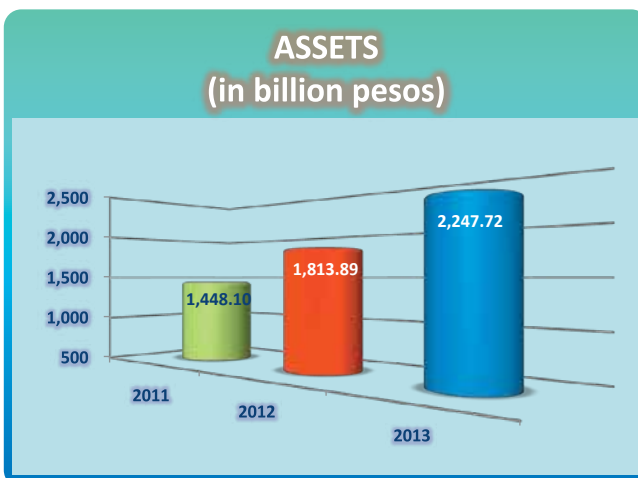
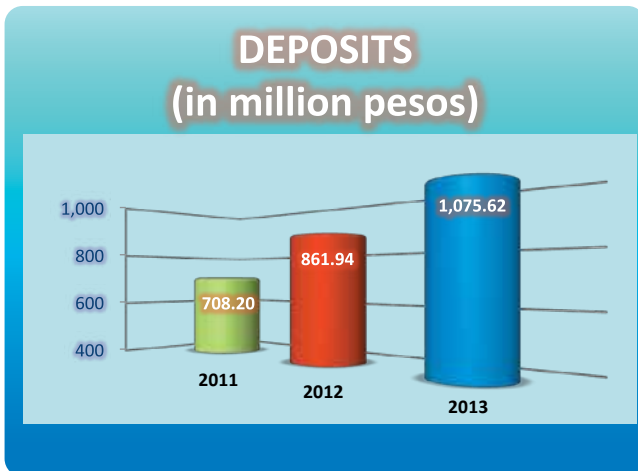
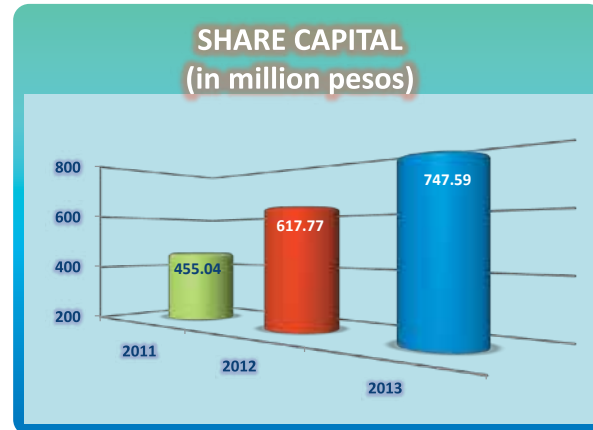
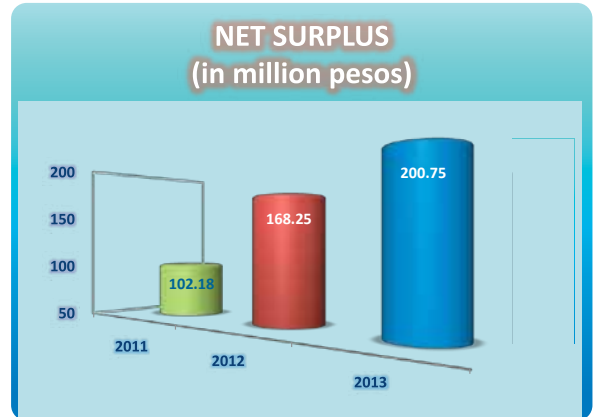
We started 2013 unfazed with the challenge on the effects of climate change which had affected our members across the branches. Once again, we had reaped the prize of our hard work as we bagged the first ever "P202 Million Net Surplus" in the history of Tagum Cooperative's 47 years of operational existence. Such remarkable achievement of 22% growth against last year's performance is an indicator that the cooperative spirit is very much alive.

It is heartwarming to note that our members continued to patronize the products and services of the cooperative through our three (3) business lines, Savings and Credit Group, Member Benefit and Assistance and FuneCare. We commit to continue innovating to serve our members' increasing needs.

For the second time in a row, Tagum Cooperative garnered the Gawad Parangal Award for Most Outstanding Cooperative (Large Scale Category) – National Level given by the Cooperative Development Authority (CDA). This is another feather on our cap and an affirmation of our efforts toward excellence in operations and to give pride to the community where we exist.

The outstanding achievement we had in 2013 is a big boost as we start for another fruitful year.

## A. Financial Highlights



## B. Key Financial Highlights

- Membership up by 19.70% from 83,378 to 99,807 (49,732 Regular; 10, 591 Associate; 39,844 Youth).
- Total Assets up by 23.84% from Php 1.81 Billion to Php 2.25 Billion.
- Loans Receivable up by 23.38% from Php 1.39 Billion to Php 1.72 Billion.
- Deposits up by 24.79% from Php 861.94 Million to Php 1.075 Billion.
- Share Capital up by 21.01% from Php 617.77 Million to Php 747.59 Million.
- Net Surplus up by 18.63% from Php 169.22 Million to Php 200.75 Million

## C. Human Resources and Development Initiatives

Tagum Cooperative Human Resources and Development Office aims to provide the groundwork that will address programs and initiatives geared towards the growth and development of its employees in achieving organizational goals and objectives for the year under review.

Essentially, in the year 2013, it provides interventions necessary for all employees to responsibly perform their functions as Tagum Cooperative lingers to advance its business and stays upright in the industry. With the emerging human resources management trends, the cooperative has hired and appointed people with indubitable knowledge, skills, experience and attitude with the potential implication that they can greatly contribute to the success of the cooperative.

As it functions as a strategic business partner, the Human Resources and Development Office considerably prepares and keeps its employees on the track by providing various employee's trainings, workshops, seminars, safety and security learning sessions, gender equality awareness, sports through the annual sports fest activity and annual recollection for its employees' spiritual enrichment. It has also actively participated in the various government sponsored Jobs Fair that gives HRD the opportunity to look for potential applicants who will make up a superior workforce.

In line with Tagum Cooperative's deliberate plans for business expansion and succession plans, the Human Resources and Development Office is constantly pursuing the momentum to initiate innovative plans and activities for its human resources that will surely contribute to the success of Tagum Cooperative at its best.

## D. Infrastructure and Facility Development

- Opening of the new Tagum Cooperative Digos Branch situated along Rizal Ave., in front of the old Terminal Exit, Brgy. Zone 3, Digos City on March 14, 2013 to accommodate and fulfill our mission to deliver products and services to members in the heart of the city of Digos.
- Completion of Tagum Cooperative Nabunturan Branch Phase 1 & 2 to facilitate better services to members, clients and guests.
- The acquisition of additional service vehicles for TC Funecare and Mintal Branch to fast tract the delivery of member's products and services related to the daily operations.
- The Safety and Security Committee conducted bidding in the procurement of Security Services which was awarded to Urduja Security Services, Inc, a first in the history of Tagum Cooperative.
- Ongoing installation of Closed Circuit Television (CCTV) to all TC Offices to safeguard our valued members and properties from any untoward incidents.

## E. Member Products and Services

We envisioned the year 2013 to be tough, due to the devastation inflicted by typhoon "Pablo" that visited our area in the later part of 2012. The Agriculture sector was greatly affected as well as those who were engaged in Agri-Business; but the employees and laborers suffered much. Our Education and Community Development Program (ECDP) gave assistance to our members and supported the LGU's and NGO's in helping the community in general. As a dynamic financial institution, Tagum Cooperative continuously seek for ways and means to serve its members by offering new products and made innovations to existing products and services that will suit their needs. Despite all the challenges that were encountered, we commit to provide for the benefit of the whole membership.

## F. Savings and Credit group

- Launched the new Time Deposit Product called "TIME in 30" for members

who intend to save their money while regularly receiving the monthly interest instead of earning it upon maturity of time deposits.

- Introduced the "Loan in a Million", a loan promo primarily aimed to cater to members who are engaging in business and aiming to increase their working capital to build-up their inventory and continuously meet their monthly obligations.
- Amended the TC Lending Policy and implemented the lower interest rate for our Accredited DepEd Employee Salary Loan (ADESL) and made innovations on the repayment scheme of our Government Employee Special Loan (GESL) to efficiently address the members' needs.
- Opened the Tagum Cooperative Digos Branch on March 14, 2013. Through the concerted efforts of the said branch, now having 1,015 members in Digos as of December 2013.
- Included the payment of HPP premium upon Membership to ensure that all new members' basic health needs are covered; likewise enjoy the benefits and protection;
- Reduced the Pabilisang Savings sa mga Driver's Advocacy (PASADA) Membership Fee from P300.00 to P 100.00.
- Applied for the A1 Competitive Choice for Excellence in Service and Soundness (ACCESS) Branding that was validated by Ms. Elenita San Roque, Manager of the Members Services of Asian Confederations of Credit Unions (ACCU) based in Thailand.

## G. Member Benefit and Assistance (MBA)

- Tagum Cooperative- Coop Assurance Center (TC-CAC) has been of service to the members for 5 years now and still counting. It continues to promote and campaign to the members and would-be members the value of insurance by offering and selling security and protection of Life and Properties from unforeseen events that might occur.
- TC-CAC issued 9,800 insurance policies (Life and Nonlife insurance) with the gross premium of Php 4.95 Million where 170 members were able to claim the insurance benefits for Life and Non-life Insurance.
- The declared beneficiaries of the 209 members who died last year were able to receive the benefits amounting to Php14.460 Million for mortuary and Php8.05 Million for LPP.
- Tagum Cooperative Himsug Pamilya Program (HPP) continues to enhance, extend and provide health care benefits to HPP members for the last seven (7) years. Through the accreditation of the new OB- Gyne doctor, Dr. Concepcion B. Balunos, this year 2013, TC-HPP was able to help the members especially the women in their health reproductive system.
- Different free clinics and screenings were availed of by HPP Members, such as Eye Screening, Dental Screening, Diabetes Lecture and Check-up and Papsmear in different branches.
- Tagum Cooperative- Himsug Pamilya Program (HPP) celebrated its 7<sup>th</sup> anniversary last October 26, 2013 through the series of "Free Clinics/ Screening" in different branches. The members of Tagum Cooperative were able to enjoy the free papsmear, free prostate detection, checkup and free clinics.

On its 8<sup>th</sup> year of Mass Blood Donation Program, Tagum Cooperative-Himsug Pamilya Program together with the Tagum City Blood Mobile, Collecting team, continues to inculcate the value of donating blood. For the year 2013, Tagum Cooperative produced 166 units of B\blood from our donors/members.

## H. FuneCare

Below represents the accomplishments/activities of TC FuneCare for calendar year 2013;

- Attended and provided mortuary services to 96 members who passed away in 2013.
- Extended mortuary services to 255 indigent-constituents as one of the partners of our Local Government Unit's program in providing burial assistance.
- We were able to seal a deal with Memorial Services Cooperative Foundation (MSCF) as their servicing mortuary for their affiliate members and Toril Community Cooperative (TCC) as one of Tagum Cooperative's servicing mortuary for our members in Davao City Branches in case of death.
- As part of our aim to extend funeral/mortuary services to members and would be members aged 65 years and up, the TC Cares Plan was launched last October 26, 2013. This program is designed to give affordable services to members for as low as Php350.00 per month payable in 5 years with transferability/assignability features.
- Conducted the Annual Community Service Activity for the 6<sup>th</sup> year last



November 1 and 2, 2013 at La Filipina Public Cemetery and Glorious Resurrection Memorial Park, Inc. with the assistance of the medical team from Bishop Regan Memorial Hospital. Said activity provided free blood pressure check-up and medical assistance to the visiting public. Total registered recipients were 512 (299 females and 212 males) who were also provided free snacks and drinking water. FuneCare also sponsored Holy Masses as part of the 2 day-commemoration of the All Saints' and All Souls' Day.

- Initial discussions with other cooperatives and private funeral homes is still on going for possible tie ups for implementation in 2014.

### I. Institutional Leadership

Calendar year 2013 marked a phenomenal and historic year for Tagum Cooperative as it garnered the Cooperative Development Authority's (CDA) Gawad Parangal Award as the "Most Outstanding Cooperative, Large – Scale Category (National Level) during the 12<sup>th</sup> National Cooperative Summit held on October 09, 2013 at the SMX Convention center, Mall of Asia, Pasay City.

### BOARD OF DIRECTORS

#### Dir. Miriam R. Baloyo, CPA

- Credit Union Development Educator (CUDE) in Asia
- Chairperson, Board of Directors of Tagum Cooperative
- Chairperson, Gender Equality Resource Center of MASS-SPECC
- Member, Board of Directors of MASS-SPECC representing Women Sector
- Member, Board of Directors of TC Women's Livelihood Cooperative

#### Dir. Monica L. Salido, M.M.

- Vice-Chairperson, Board of Directors of Tagum Cooperative
- Chairperson, Election Committee of TC Women's Livelihood Cooperative

#### Dir. Antonio C. Arañas, MPA

- Credit Union Development Educator (CUDE) in Asia
- Member, Board of Directors of Tagum Cooperative

#### Dir. Fe J. Adlawan

- Credit Union Development Educator (CUDE) in Asia
- Member, Board of Directors of Tagum Cooperative
- Member, Board of Directors of Model Cooperative Network
- Gender Focal Person, Tagum Cooperative
- Tagum Cooperative Gender Focal Person, representing MASS-SPECC and AWCF

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

- Credit Union Development Educator (CUDE) in Asia
- Member, Board of Directors of Tagum Cooperative
- Member, Board of Trustee of CU-TE, Inc. Member, Board of Directors of Model Cooperative Network
- Member, Board of Directors of Davao Allied Services and Development Cooperative (DALDESCO)
- Member, Board of Directors of TC Women Livelihood Cooperative
- Chairperson, Audit Committee of Davao del Norte Electric Cooperative (DANECO) – CDA
- President, Tagum Chamber of Commerce, Inc.
- Member, Board of Directors of Tagum Doctors College, Inc.
- Member, Board of Director of Cor Jesu College of Digos, Inc.

#### Dir. Albert M. Omega

- Credit Union Development Educator (CUDE) in Asia
- Member, Board of Directors of Tagum Cooperative
- Member, Board of Directors of Philippine Cooperative Center
- Chairperson, Board of Directors Davao del Norte Electric Cooperative (DANECO) – CDA
- Charter President, CU-TE Foundation, Inc.

#### Dir. Edgardo T. Silagan

- Credit Union Development Educator (CUDE) in Asia
- Member, Board of Directors of Tagum Cooperative
- Member, Education Committee of Provincial Cooperative Union-Davao (PCU-D)

### KEY MANAGEMENT OFFICERS

#### Ms. Juris D. Perez, CPA, MBA

- OIC-General Manager – Designated/Savings and Credit Group Manager
- Member, Model Cooperative Network (MCN) Brand Monitoring Committee

#### Ms. Rosalina S. Argent


- Credit Union Development Educator (CUDE) in Asia
- Treasurer, Tagum Cooperative
- Chairperson, Ethics Committee of Model Cooperative Network
- Member, Investment Committee of MASS-SPECC
- Member, Board of Directors of TC Women's Livelihood Cooperative

#### 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

### THE BOARD OF DIRECTORS AND MANAGEMENT:

  
**MIRIAM R. BALOYO, CPA**  
 Chairperson


  
**MONICA L. SALIDO, M.M.**  
 Vice-Chairperson

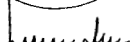
  
**ANTONIO C. ARAÑAS, MPA**  
 Director

  
**FE J. ADLAWAN**  
 Director

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

  
**ENGR. ALBERT M. OMEGA**  
 Director

  
**EDGARDO T. SILAGAN**  
 Director

  
**JURIS D. PEREZ, CPA, MBA**  
 OIC-General Manager



# AUDIT COMMITTEE REPORT

To Our Fellow Cooperators,

With the numerous achievements of Tagum Cooperative in its 47<sup>th</sup> year, having awarded as National Winner for Primary Large Scale Cooperatives in 2013 CDA Gawad Parangal, it is no doubt how we deserved these blessings because of the dedication and passion of the people behind the organization.

As our continuing commitment in serving Tagum Cooperative and its members by ensuring the reliability and soundness of operations, we present our accomplishment for the year 2013 together with the Internal Audit Section:

## Compliance Audit

1. Performed the Performance Report Standards for Cooperatives and Cooperative Social Audit for the year 2012 which earned Tagum Cooperative a Very Satisfactory and Satisfactory rating, respectively for both reportorial requirements and informed the Board of Directors and management on the areas for improvement.
2. Verified management's compliance on compensation and expanded withholding taxes and other Bureau of Internal Revenue (BIR) tax provisions.
3. Verified management's compliance on labor laws mandated by Department of Labor & Employment (DOLE).
4. Providing information to the Board of Directors and management on the interpretations of latest issuances of memorandum circulars and rulings by Cooperative Development Authority (CDA).
5. Recommended to the Board of Directors the compliance to the Article 46 of R.A. 9520 and CDA Memo Circular No. 2013-17.
6. Reviewed Tagum Cooperative Management's adherence to the provisions embodied in RA 9520, TC Articles of Incorporation and By-Laws.
7. Assisted the management in selecting highly credible and reputable Accounting and Auditing firm that will render financial audit services to Tagum Cooperative for the year 2013 and 2014.
8. Financial/Operational Audit
9. Performed surprise cash counts and examination of bank reconciliation in TC Main and other branches to verify the completeness and correctness of cash balances reflected in financial statements.
10. Reviewed TC Investments and ensured its existence, ownership, proper valuation and adequacy of controls.
11. Provided the Board of Directors and management analysis of past due loan accounts which informed them on the areas of consideration in the granting of loan applications in order to minimize credit risk.
12. Conducted examination of loan releases and loan documentation in accordance with the approved lending policy.
13. Confirmed loan account, savings account and share capital account balances of members' through mails and verified its existence, completeness and correctness.
14. Reviewed the list of accounts recommended for charged off by management and ensured its compliance with the approved policy/guidelines and procedures in charging off/ write – off of loans receivable.
15. Audited cash advances of officers and employees which are subject to liquidation in accordance with existing policies and recommended amendments thereto.
16. Conducted annual inventory of fixed assets, unused stationeries and supplies and loan securities and assured proper valuation and existence.
17. Conducted pre and post audits on various purchases and verified premium remittances for Mortuary, HPP & LPP
18. Reviewed the adequacy of bonds and insurances for employees handling cash transactions.
19. Reviewed the proper distribution of patronage refund and interest in share capital to members based on approved criteria.
20. Verified the disbursements to contractors and project managers for TC Construction/Renovation projects in accordance with the Memorandum of Agreement.
21. Conducted pre-audit of overtime claims of employees and ensured it is in accordance with the approved policy on overtime.
22. Conducted audit on employees due for resignation, renewal and/or end of contract concerning their financial and property accountabilities.
23. Performed comprehensive audit on TC Branches to evaluate the efficiency of business operations and review related matters and issues needing immediate attention and action.
24. Conducted audit of SCWE operations in accordance with policies and recommended enhancements on existing procedures.
25. Conducted an assessment of Youth Program operations which resulted in identifying risks and recommended procedures in order to mitigate the identified risks.
26. Conducted an initial assessment of ATM transactions and ensure that minimum controls were in placed.
27. Enhancement of TC Policies and Procedures

## On TC Internal Control Policy

- a. Incorporated Override on Misposting Error on Savings, Share Capital and Loan Transactions (Approved per BOD Resolution #096, dated February 8, 2013, s. 2013)
- b. Amended the Override Authority on Tellers Transactions (Approved per BOD Resolution #097, dated February 8, 2013, s. 2013)
- c. Incorporated Loans Record Vault Dual Control (Approved per BOD Resolution #098, dated February 8, 2013, s. 2013)
- d. Amended Special Internal Control for Cash (Approved per BOD Resolution #099, dated February 8, 2013, s. 2013)
- e. Amended Special Internal Control for Checks & Other Cash Items (COCI) (Approved per BOD Resolution #100, dated February 8, 2013, s. 2013)
- f. Amended Policy on Cash Advances/Accounts Receivable subject to liquidation (Approved per BOD Resolution #437, dated June 10, 2013, s. 2013)

## On Procurement of Goods and Services Policy

- a. Amendment on Procurement of Goods and Services Policy (Approved per BOD Resolution # 502, dated July 6, 2013, s. 2013)

## On TC Travel Policy

- a. Amendment on TC Travel Policy (Approved per BOD Resolution # 501, dated July 6, 2013, s. 2013)
28. Reviewed and recommended policies and procedures to wit:
- a. Policy on External Borrowing (Approved per BOD Resolution # 957, dated December 19, 2013, s. 2013)
  - b. Policy on Asset – Liability Management (Approved per BOD Resolution # 957, dated December 19, 2013, s. 2013)
  - c. Policy on Error Management (Approved per BOD Resolution # 957, dated December 19, 2013, s. 2013)
  - d. Policy on Petty Cash Fund (Approved per BOD Resolution # 957, dated December 19, 2013, s. 2013)
  - e. Policy on Risk Management
  - f. Cash Operations and Procedure – Cash handling for Aflatoun and Youth Laboratory Collection Deposit
29. Served as resource speakers for refresher course in TC Internal Control Policy conducted to TC employees and other trainings/seminars conducted to TC members.
30. Served as Technical Working Group of Bids and Awards Committee in the selection of security agency that will provide security services for Tagum Cooperative.

## THE AUDIT COMMITTEE:

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

  
**BRENDO B. BAYOCOT, CPA**  
Vice Chairperson

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





# CREDIT COMMITTEE REPORT

Dear Fellow Cooperators:

Greetings!

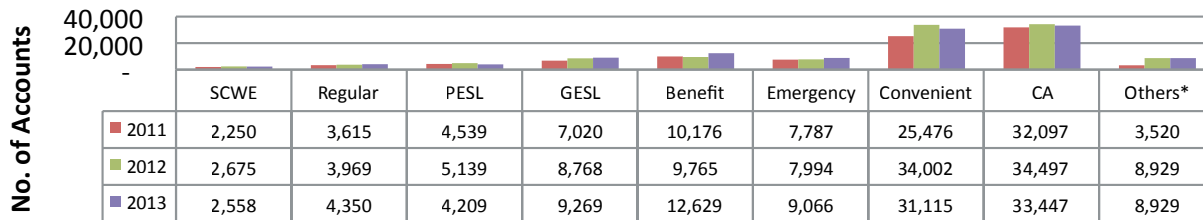
As mandated by R.A. 9520, TAGUM COOPERATIVE must adhere to a shared objective of actively involving in the community development activities and help in improving the economic condition of the society especially of its Members.

Members are true measure of success of a cooperative and in this vision, the CREDIT COMMITTEE is hopeful in attaining

good results of its performance and recommendations Lending practices and loan requirements have been introduced and amended.

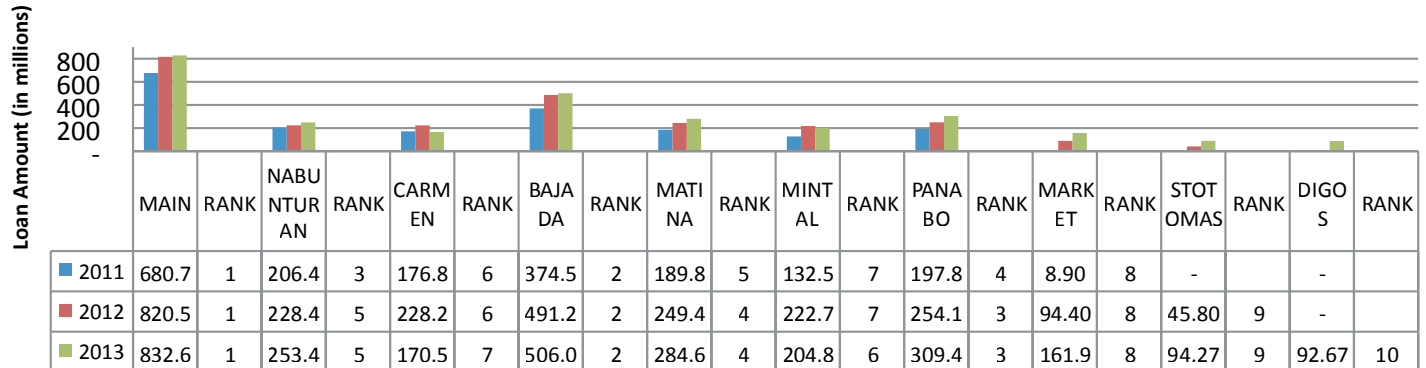
Herein below is the Report duly prepared to help TC Members be well-informed of the CREDIT COMMITTEE accomplishments for the year, to wit:

## NUMBER OF LOANS ACTED AND RATIFIED PER LOAN TYPE

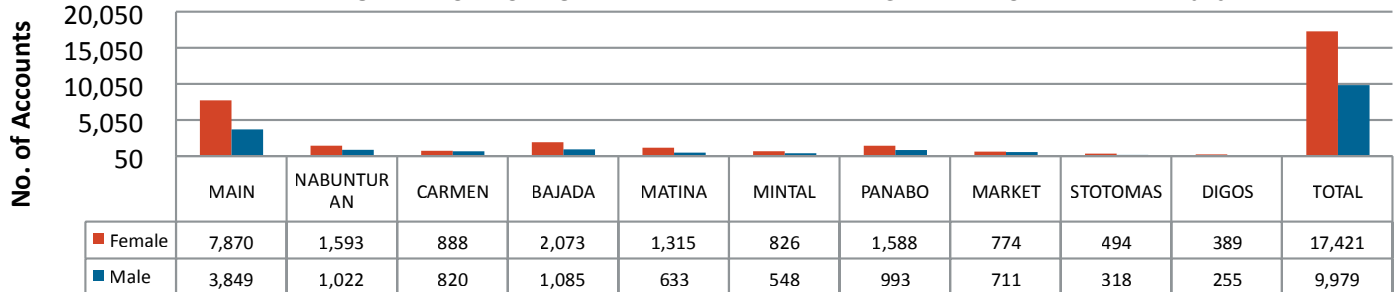


\*including ADESL

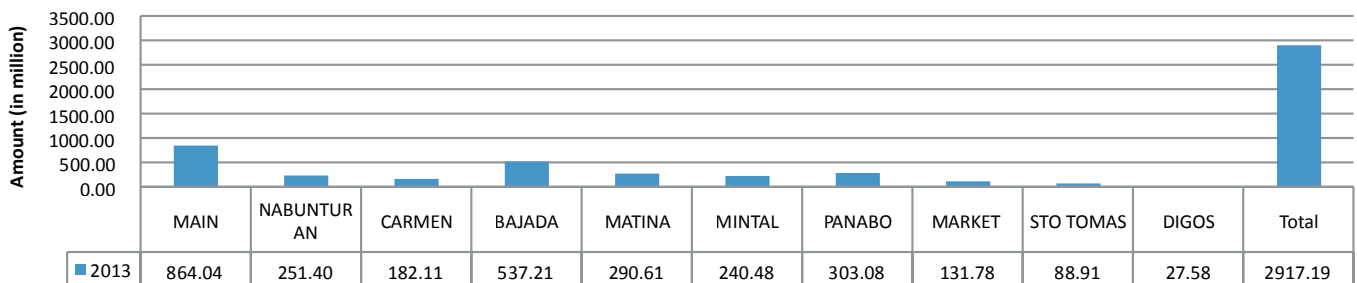
## AMOUNT OF LOANS ACTED AND RATIFIED PER BRANCH



## NUMBER OF LOANS ACTED AND RATIFIED BY GENDER FOR THE YEAR 2013



## LOAN COLLECTION FOR THE YEAR PER BRANCH



**CREDIT ADMINISTRATION AND RELATED ACTIVITIES:**

**A. Loan Confirmation:**

1. Examination and evaluation of loan documents submitted by borrowers during confirmation process; and the adoption of the new color coding scheme for the Credit Scoring Form.
2. Confer with the Loan Clerk, Credit Analyst and Branch Manager if there is a problem arising from the borrower's documents and application form.
3. Branch monthly visitation schedule on Loan Confirmation of at least 200 loans and above.
4. To require the Loan Clerk to submit a report of the list of borrowers whose application need confirmation including the approved amount using the new prescribed format.

**B. Actual loan Monitoring:**

1. Monitoring of delinquent accounts as per request of Branch Manager and Loan Officer.
2. Personally confer with the borrower/member on the status and reasons of the delinquency and help resolve the problem.
3. Filing of Notices and the member's promise as a credit reference (This will also become a reference of the borrower).
4. To require Loan Clerk to submit Report of Monitoring Activity per branch for record purpose and reference.

**C. On-site Ocular Inspection of Collateral/s:**

1. Inspection of collaterals within Davao Region and Compostela Valley Area as well as those newly-approved areas within the vicinity of Davao Region.
2. All Real Estate Loan Collaterals must be mortgaged at the Registry of Deeds (ROD).
3. The Credit Committee inspects collaterals of PHP 500,000.00 and above and loans below Php 500,000.00 is subject to the discretion of the Management.
4. Ocular Inspection with a member of the Board of Directors is required for LOAN IN A MILLION product (BOD Res. 831 s-2013).
5. Ocular Inspection Report is revised using the new format.
6. The Credit Committee reports on the physical condition and actual status of the collateral for BOD approval.

**CREDIT COMMITTEE RECOMMENDATIONS AND AMENDMENTS APPROVED BY THE BOARD OF DIRECTORS:**

- A. Revision of the content of Loan Application Form using the suggested new format. (For easy filling-up of the borrower).
- B. Following uniform arrangement of the Borrower's Loan Documents in all branches for easy evaluation and inspection during Confirmation of Loans.
- C. Using new color coding scheme of Credit Score and Endorsement Sheet for easy identification of type of loan.
- D. Loan Clerks are required to prepare and facilitate the report of Loan Confirmation, Loan Monitoring and Ocular Inspection of Collateral following the prescribed format recommended by the Credit Committee.
- E. The Credit Committee and Branch Manager have recommended the Uniform Loan Amortization Scheme for all types of loans. However, the borrower may choose between the diminishing balance scheme or the new uniform loan amortization scheme.
- F. To allow loan renewal on all types of loans upon reaching 20% of loan payment made.
- G. To increase the Loanable Value of collateral from 60-70% to 70-80% within Davao Region and 60% only outside of

Davao Region based on the criteria of actual Fair Market Value, Bureau of Internal Revenue Zonal Valuation and the Market Value reflected on the Local Tax Declaration.

- H. Loan Collectors and Credit Analysts must undergo Orientation on new policy and collection strategies.

**OTHER RELATED ACTIVITIES:**


1. Attendance to various seminar, meetings, workshops, speaking engagement, conferences, GO/NGO invitations and other Tagum Cooperative-related activities.
2. Promotion of Tagum Cooperative loan products, guidelines and loan requirements (in media: radio, print and TV).
3. Policy Review with the Branch Manager, Loan Section Officer, Collection and Asset Recovery Section Officer for BOD Approval.
4. As facilitators/speakers during the Savings and Loan Seminar, Ownership Meetings and other activities initiated by the Education Committee, as well as under Credit Union Trainees' Empowerment (CUTE) Foundation.
5. Attendance to Social management activities in schools, communities and offices.
6. Spiritual upliftment thru religious recollection and Values Development.
7. Facilitated Effective Communication Skills among Tagum Cooperative Officers and Staff as two of the Credit Committee members are also members of the International Toastmasters' Club locally known as the PALM CITY TOASTMASTER'S CLUB.
8. To implement all Credit Policies promulgated by the Tagum Cooperative Board of Directors.

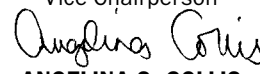
The CREDIT COMMITTEE is hopeful that whatever Tagum Cooperative has achieved, we will be reminded that we are all part of it.

Always pray for greater achievement and attainment of cooperative vision.

Respectfully yours,

  
**DR. CESAR M. LIMBAGA**  
 Chairperson

  
**DR. EVELIA R. SATOR**  
 Vice-Chairperson

  
**ANGELINA S. COLLIS**  
 Secretary





# EDUCATION COMMITTEE REPORT

Warm Greetings to all dear Cooperators!

Tagum Cooperative remained as the Most Outstanding Cooperative- Large Scale Category for the year 2013 through the leadership of responsible and goal-oriented officers, management and staff and remarkably through the cooperation of its members.

Guided and inspired by Tagum Coop mission, the Education Committee through Education and Community Development Program (ECDP) Section, has implemented most, if not all, of its target projects and programs for the year.

The Committee is reporting to the General Assembly the following accomplishments for the year 2013, to wit;

## I. Trainings, Seminars, Ownership Meetings and Other Similar Activities Conducted:

Improving access to cooperative membership, Tagum Coop conducted a daily **Pre-Membership Orientation** through its newly formulated video presentation which increased cooperative membership from 83,378 in CY 2012 to 99,807 in CY 2013 with an increase of 16, 429 representing a 19.7% increase.

Likewise, attendance to **Savings and Loan Seminars** helps improve the quality of members as they are taught to be responsible not only with their obligations with Tagum Cooperative but most of all to their family and community as well.

Series of Ownership Meetings were also conducted for the year which aim to discuss significant updates which the members deserved to know as owner of Tagum Cooperative. **Ownership Meetings** tackle Financial Literacy, a newly designed module for members which will help them realize the importance of saving, budgeting and debt management in preparation for their retirement.

One of the strategies which personally tackles the issues and concerns of respective members is the **Focus Group Discussion**. This serves an avenue to gather recommendations and/or suggestions which are very essential to further improve the products, services and performance of Tagum Coop employees and officers

Members of Savings and Credit with Education (SCWE) Group were given opportunity to start their own business through the following livelihood trainings conducted. It has empowered them to help increase the income of their families.

- Printing of Mugs, T-shirt Printing , Folded Fan & Bags
- Rug and Pot Holder Making
- Training on Slippers Making
- Candle Making
- Siomai and Banana Chips Making
- Banana Ketchup and Banana Vinegar Making

Tagum Coop Officials, Key Management Officers and Staff have been continually upgrading their competencies through seminars, trainings and other interventions given.

### In- House Trainings & Seminars

Title of the Seminars	No. of Participants
Becoming Whole Brain Leaders Seminar	60
Revisiting TC Vision, Mission, Values and Strategies	32
Strategic Planning *	31
Internal Control*	41
Credit Union Directors Competency Course	25
Social Performance Management	41
Leadership and Values Re-Orientation *	17

Basic Computer Course *	10
HIV/AIDS Awareness	32
Service Quality Seminar	64
Enhancing Corporate Image through Pictures	21
Financial Statement Literacy and Analysis Seminar	86
Cash Handling and Telling	22
Internal Control Policy Seminar	189
Appraisal of Real Estates and Other Collaterals	28
Effective Conduct of Credit Investigation	27

\* RA 9520 Required Trainings for Coop Officers

### International activities conducted by Asian Confederation of Credit Union (ACCU)

- Internship Program at the Interregional Association of Credit Union of the Far East and Zaralkalye in Khabarovsk, Russia attended by the Youth Program Officer
- 15<sup>th</sup> Asian Credit Union Development Education Workshop in Bangkok, Thailand attended by two (2) Directors and the General Manager
- 2013 Asian Credit Union Forum in Kathmandu, Nepal attended by the Chairperson and the General Manager.

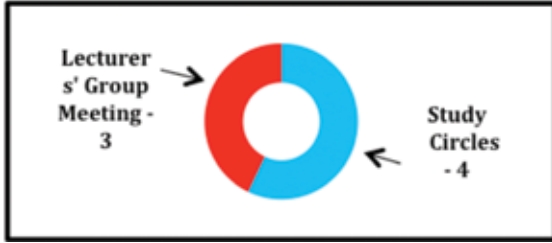
### National and Local activities attended by Tagum Coop Officials, Key Management Officers and Staff:

Affiliations/Other Learning Institutions	No. of Seminars/ Trainings/ Meetings Attended	Affiliations/ Other Learning Institutions	No. of Seminars/ Trainings/ Meetings Attended
Cooperative Development Authority (CDA)	2	Model Cooperative Network (MCN)	18
National Confederation of Cooperatives (NATCCO)	11	Provincial Cooperative Union of Davao (PCUD)	8
Mindanao Alliance of Self-Help Societies- Southern Philippines Educational Cooperative Center (MASS-SPECC)	15	Personnel Management Association of the Philippines (PMAP)	5
CLIMBS Life and General Insurance Cooperative	10	Davao Chamber of Commerce and Industries, Inc. (DCCII)	3
Philippine Cooperative Center (PCC)	4	Women in Cooperatives (WINC)	1
National Youth Commission (NYC)	2	(DALDESCO)	1
Credit Union Trainer's Empowerment (CU-TE)	5	Other Learning Institutions	24

Officers and staff's attendance to the aforementioned activities has immensely improved their competencies in running the affairs of Tagum Cooperative. Likewise, these activities have paved the way for them to interact with other cooperative leaders and learned

from their best coop practices that contributed much to what Tagum Cooperative is now.

*Lecturers' Group Meetings and Study Circles*



The lecturers' group composed of seasoned coop leaders, key management staff and committed members from diverse fields of expertise meet regularly to discuss the new products and services offered by Tagum Coop, new policies approved and issues, concerns and problems gathered/expressed/submitted during the conduct of ownership meetings and from feedback mechanism like the suggestion box, to come-up with better recommendations to address said issues and concerns for members' satisfaction.

*Wellness Program:*

- TC Annual Sports Festival
- Participated in 14 Fun Runs/ Walk for a Cause Activities facilitated by other government and non-government institutions
- Participated in 3 ZUMBA Dance Exercise facilitated by Christ the King Cathedral & Nuestra Señora del Carmen Parish

**II. Number of Members and Users and Membership Classification:**

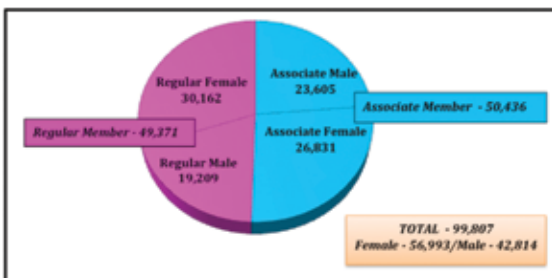
Membership Beginning: January 1, 2013	83,378
Add: New Members	
Regular Members	7,457
Associate Adult Members	1,043
Associate Youth Members	<u>13,608</u>
	21,568
Sub-Total	104,946
Less Withdrawal of Membership	
Regular Members	3,177
Associate Adult Members	769
Associate Youth Members:	<u>1,193</u>
	5,139

TOTAL NUMBER OF MEMBERS AND USERS AS OF DECEMBER 31, 2013 99,807

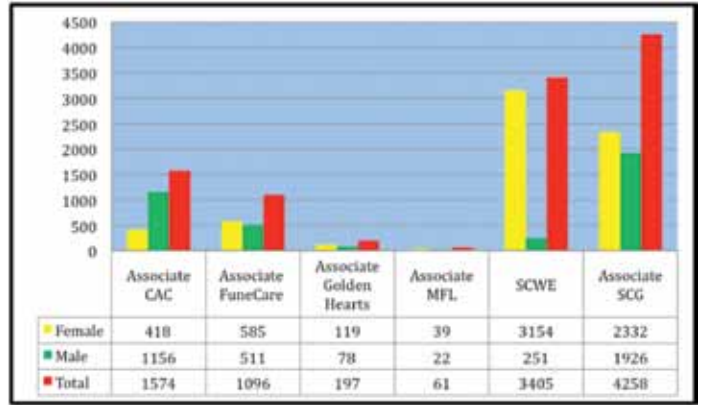
Members-in-Good Standing as of December 31, 2013

Male	-	10,736
Female	-	<u>17,376</u>
Total	-	28,112

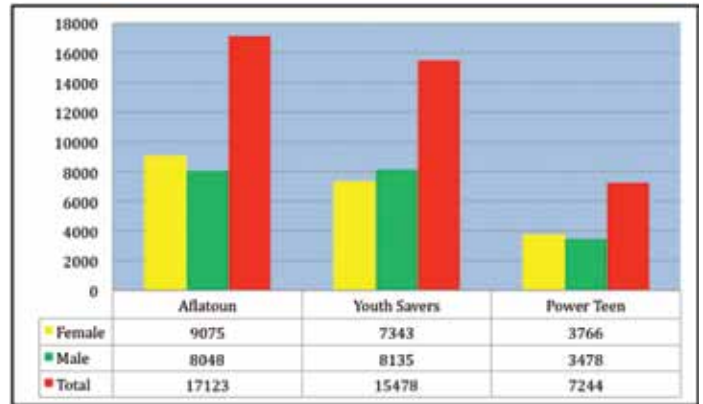
**MEMBERSHIP BY TYPE AS OF DECEMBER 31, 2013**



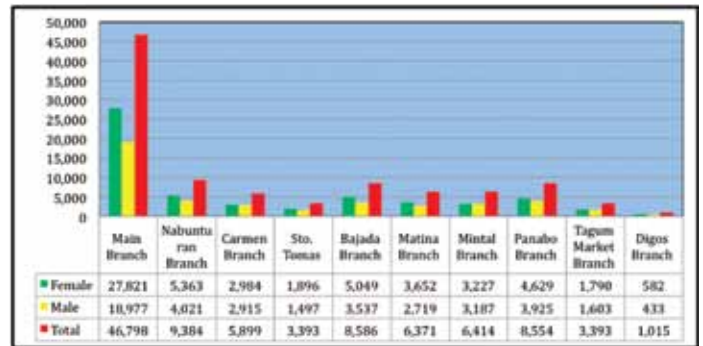
**ASSOCIATE MEMBERS BY TYPE AS OF DECEMBER 31, 2013**



**MEMBER USERS AS OF DECEMBER 31, 2013**



**MEMBERSHIP BY BRANCH AS OF DECEMBER 31, 2013**



**III. Community Development Programs:**

For CY 2013, Tagum Coop spent Php. 5, 860, 811.37 for the implementation of Community Development Program pursuant to RA 9520, to wit:

- Gift Giving: School Supplies
  - Busaon Elementary School - 150 students
  - Sta. Cruz Elementary School - 175 students
- Brigada Eskwela: Cleaning Materials
  - 79 partner schools in Davao del Norte, Compostela Valley and Davao City
- Gasang Alang sa Eskwela: School Supplies
  - 1,560 students of 16 partner schools
- Girl Scout and Boy Scout Uniforms Sponsorship
  - 34 Girl Scout Uniform of Magatots Elementary School
  - 18 Boy Scout Uniform of Magatots Elementary School



- Adopt a School “Hot Lunch Plus” Program
  - Tuganay Elementary School
  - Rizal Elementary School
  - Kimamon Elementary School
- Donations:
  - Construction of Luntiang Paraiso Regional Rehabilitation Center (LPRRC) Chapel which was inaugurated last November 15, 2013.
  - Relief Goods Operation to the victims of Typhoon Pablo in Carmen, Montevista, Compostela Valley.
  - Construction and Rehabilitation of School and Church in Monkayo, Agusan del Norte and New Bataan who were affected by Typhoon Pablo.
  - Cash Donation for the victims of Typhoon Yolanda
  - Medicines for the 60th Infantry Battalion and 10th Infantry Division, Philippine Army during their Medical and Dental Civic Action Program held on December 7, 2013 in Asuncion, Davao del Norte.
  - Medicines for Rotary Club of Tagum during their Christmas “Pahalipay Para sa Tagumwenyos”
- Scholarship Program in partnership with TESDA
  - 5 scholars
- PASADA Protect Activity: Free Haircut and Free Accident Insurance
  - 39 PASADA Members
- Senior Citizen’s Day: Free FBS and Cholesterol Screening and Grocery Items
  - 202 TC Senior Citizens Members
- Himsug Pamilya Activities
  - Free Dental Check-up, Eye Check-up, Prostate Detection Check-up, Pap smear, Ear, Nose, Tongue (ENT) Check-up and Free Diabetes Lecture and Check-up.
  - Mass Blood Donation
- Tree Planting & Growing
  - 1,000 forest trees planted at the Accretion Area located in Brgy. Pandapan, Tagum City
- Medical Outreach Activity in partnership with San Pedro Hospital
  - Tagum City - 147 children
  - Carmen, Davao del Norte - 144 TC Members
  - Nabunturan, Compostela Valley – 167 TC Members
- Pamaskong Handog
  - Home for the Aged – 65 residents
  - Students in Palenskwelahan – 48 students

**IV. Public Relations and Awareness**

The Radio Guesting Program has been a weekly activity of Tagum Coop for the purpose of conveying to the general membership the latest significant developments, new policies, and programs of the cooperative. It is also the chance of members to inquire and/or express their concerns through text message wherein it will be directly addressed by our Key Management Staff and Officers on air.

Tagum Coop also engaged in Radio Advertisement Program and TV Programs for the general membership’s awareness on the products and services offered by Tagum Cooperative.

For the year 2013, Tagum Coop Radio and TV Stations partners were:

- A. University of Mindanao Broadcasting Network (UMBN), DXDN Tagum City
- B. ABS-CBN FM Radio Networks (My Only Radio for Life) in Davao City
- C. ABS-CBN TV-4 Davao - “Maayong Buntag Mindanao Show”
- D. Davao del Norte Channel – “Kapihan sa Kapitolyo Program”

**V. Plans and Programs for CY 2014**

1. Regular conduct of Pre-Membership Orientation (PMO) and Savings and Loan Ownership Radio / TV Program
2. Trainings and Seminars for Members, Officers and Staff prioritizing seminars mandated by R.A. 9520
3. Community Development Programs
4. Health and Wellness Program for Members, Officers and Staff
5. Gender Equality Learning Sessions\*
6. Management and Staff Learning Sessions\*\*

\*In coordination with the Respective Responsible Committees  
 \*\*In coordination with the Human Resource Development

Under the auspices of the Education Committee, all plans and programs for CY 2013, as approved by the General Assembly, had been successfully implemented. We attribute these accomplishments to the able leadership of TC Officials and all out support of the Management Staff and the General Membership including other Coop partners and networks (local, national and international). Hence, our sincere expression of profound gratitude.

Finally, we give glory, honor and praise to the Lord Almighty for His faithfulness in making Tagum Cooperative truly the “Most Outstanding Cooperative – Large Scale Category” as adjudged by the Cooperative Development Authority (CDA).

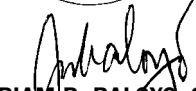
HAPPY 47TH ANNUAL GENERAL ASSEMBLY at MABUHAY TAYONG LAHAT!

**EDUCATION COMMITTEE:**

  
**MONICA L. SALIDO, MM**  
 Chairperson

  
**FE J. ADLAWAN**  
 Vice Chairperson

  
**EDGARDO T. SILAGAN**  
 Secretary

  
**MIRIAM R. BALOYO, CPA**  
 Chairperson, Board of Directors  
 Ex-Officio Member

  
**ROMELA T. PANGANDOYON**  
 Ex-Officio Member



# GENDER EQUALITY COMMITTEE REPORT

Gender Equality

## VISION

Tagum Cooperative: Center for Excellence in Gender equality Program in Mindanao

## MISSION

To strengthen the family relationship of the entire membership of Tagum Cooperative

To advocate Gender Equality to both Women and Men.

## GOALS

To make 100% Gender Sensitive among officers, management & staff and members

To undertake various activities on Gender Equality promotion.

To fully adopt the Tagum cooperative Gender Equality Manual by October 2011.

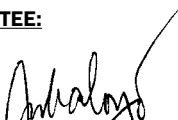
To fully spearhead Gender Equality among the General Membership and in the whole Island of Mindanao.

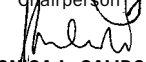
For 47 years, the cooperative focuses on the integrity of gender and development, making sure that it reaches all areas of human and family aspects in reflections like sharing of responsibilities, community involvement, responsible parenthood, family togetherness and family spirituality.

The year has emerged successfully in giving excellent activities and reaches out in the community. Specifically it brought out classified spheres in GE Education such as Magna Carta of Women Seminar, Leadership of Women and Men with Financial Literacy, Presentation and Communication Skills Seminar, Gender Sensitivity Training Seminar to other Cooperatives and World Café for Spouses.

In valuing time and effort in a holistic approach, a great component that gave eminent output is featured in the expertise of Tagum Cooperative GE Educators who are looking forward to make good results and to work towards cooperative objectives. They plan activities that promote measurable indicators that will uphold short-term and long-term goals in the cooperative, thus, has identified improvements and accomplishments in the Year 2013.

## GENDER EQUALITY COMMITTEE:

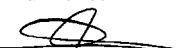
  
**DIR. MIRIAM R. BALOYO, CPA**  
 Chairperson

  
**DIR. MONICA L. SALIDO, M.M.**  
 Vice-Chairperson

  
**DIR. FE J. ADLAWAN**  
 GE Focal Person

  
**MS. ROSALINA S. ARGENT**  
 GE Secretary

  
**DR. EVELIA R. SATOR**  
 GE Adviser

  
**MS. LESLIE S. CANUTO**  
 Resource Person

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

  
**MR. ROEL M. BAUTISTA**  
 Member, Staff



Magna Carta of Women held on November 23, 2013 at Tagum Alliance Gospel Church, Visayan Village, Tagum City.



Leadership of Women and Men with Financial Literacy Seminar held on September 25-30, 2013 attended by the selected Department of Education (DepEd) teachers.

Gender Sensitivity Training for other Cooperatives together with the Gender Equality Trainers.



Communication Skills Seminar held on September 19, 2013 at Tagum Cooperative Function Hall attended by selected Tagum Coop employees.

Gender Equality Committee, MASS-SPECC & AWCFC GERC Strategic Planning held on July 5, 2013 at Tagum Cooperative Board of Directors' Room.





# ELECTION COMMITTEE REPORT

Ladies and Gentlemen:

The Tagum Cooperative Election Committee forwarded to the Board of Directors RESULT OF THE 2013 TAGUM COOPERATIVE 46<sup>TH</sup> ANNUAL GENERAL ASSEMBLY ELECTIONS held on March 17, 2013 to give the Board a fair view on the vacancy in the Board and in the Committees.

## RESULT OF THE 2013 TAGUM COOPERATIVE 46<sup>TH</sup> ANNUAL GENERAL ASSEMBLY ELECTIONS (MARCH 17, 2013)

### **FOR THE OFFICE OF THE BOARD OF DIRECTORS**

NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1. Ms. Nenita R. Malbas, CPA, MBA	8802	First	Elected
2. Ms. Monica L. Salido, M.M.	7727	Second	Elected
3. Engr. Albert M. Omega	6692	Third	Elected
4. Mr. Edgardo T. Silagan	6214	Fourth	Elected

### **FOR THE OFFICE OF THE AUDIT COMMITTEE**

NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1. Mr. Mark Louie D. Mahinay, CPA	10676	First	Elected
2. Mr. Brendo B. Bayocot, CPA	9184	Second	Elected

### **FOR THE OFFICE OF THE ELECTION COMMITTEE**

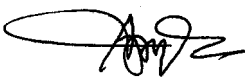
NAME OF CANDIDATE	VOTES GARNERED	RANK	STATUS
1. Ms. Flordeliza L. Alegarbés	4269	First	Elected

### **INFORMATION**

In the Office of the Board of Directors there are three positions that are due for election. In the Audit Committee one position is due for election while in the Election Committee one position is subject for election.

### **THE ELECTION COMMITTEE:**

  
**ATTY. JENNIFER B. NAMOC-YASOL**  
Chairperson

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

  
**FLORDELIZA L. ALEGARBES**  
Secretary



# CONCILIATION-MEDICATION COMMITTEE

Dear Fellow Cooperators,

## MEDIATE... DON'T LITIGATE!

We aim on a Harmonious Relationship, Peace and Promote Social Impartiality to facilitate an amicable settlement among disputing members. Below are our investments:

### MEMBERS ASSISTED AND CASES HANDLED

As of December 2013, the Conciliation-Mediation Committee received 2,131 complaints from Tagum Cooperative for collection of sum of money against members with delinquent accounts. Out of the said complaints, 1,204 were successfully mediated with signed settlement agreement and 927 cases were set for mediation conference.

### MEDIATORS ENHANCEMENT

The Committee members had undergone trainings required as per RA 9520 and a series of seminars that enhanced and developed their skills in handling disputes, were as follows:

- Conflict Management (Phil-Ideas / CU-TE Foundation, Inc.)
- Records Management (PCU-Davao)
- Basic Computer Program (PCU-Davao)
- Credit Union Directors Competency Course (CUDC)
- 5<sup>th</sup> National Conference of Co-op Mediators and Other Neutrals *cum* Continuing Professional Enhancement Course (Phil-Ideas/CDA)

### MONITORING

As mandated by the Cooperative Development Authority (CDA), the Committee consistently submits its semi-annual Coop Alternative Dispute Resolution (ADR) Program Monitoring Report since its implementation in 2010.

Recently, the Cooperative Development Authority (CDA) commended the Committee for its consistent and unwavering commitment in promoting the alternative dispute resolution mechanism as a primary mode of addressing disputes arising in the cooperative. Its continuing gesture of reporting its activities and accomplishments underscores its “no non-sense” adherence to attaining justice in a non-adversarial manner.

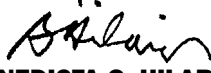
The Committees’ performance has put Tagum Cooperative in an enviable position in the area of fostering an ideal cooperative-membership relation.

The Conciliation-Mediation Committee, as a team, would like to express its sincerest appreciation for the privilege afforded us to serve Tagum Cooperative.

### **THE CONCILIATION-MEDIATION COMMITTEE:**

  
**NOEL D. QUIDILLA**  
Chairman

  
**LAURENCIA B. RIMANDO**  
Vice-Chairperson

  
**BENEDICTA O. HILARIO**  
Secretary





# ETHICS COMMITTEE REPORT

Pursuant to the pertinent provisions of Republic Act 9520, otherwise known as the Philippine Cooperative Code of 2008, particularly Articles 42 and 43 thereof, in relation to Rule 7, Sections 3 and 4 of the Rules and Regulation Implementing Certain Provisions of RA 9520, the three-member ETHICS COMMITTEE was created per BOD Resolution No. 416 dated May 18, 2013. The members of the Ethics Committee are: Ret. Judge Albert S. Axalan - Chairperson, Dr. Eduard C. Amoguis - Vice-Chairperson, Janet T. Matuguinas, CPA, MBA - Secretary, and Director Fe J. Adlawan as Resource Person. The functions of the committee are as follows:

- a. Develop Ethical Norms and Code of Conduct to be observed by the members, officers and employees of the cooperative subject to the approval of the Board of Directors and ratification of the General Assembly;
- b. Disseminate, promote and implement the approved Code of Conduct and Ethical Norms;
- c. Monitor compliance with Universally Accepted Principles of Cooperation, Good Governance and Good Values and recommend to the Board of Directors measures to address the gap, if any;
- d. Recommend Sanctions;
- e. Recommend ethical rules and policy to the Board of Directors;
- f. Attend all trainings related to the functions of the committee;
- g. Issue Certificate of No-Affiliation with any Federation/Union, if necessary; and
- h. Perform such other functions as may be prescribed by the By-laws or authorized by the General Assembly.

In response to the challenges beseeching Tagum Cooperative and in compliance with the tasks assigned to it by the Board of Directors, the Committee initiated and conducted several hearings pertaining to the moral conduct of some of its employees and possible legal implications of their conduct. Thereafter, the Committee submitted its REPORT and RECOMMENDATIONS on the issue of what is moral and what is not. At the instance of the Board of Directors, the Committee likewise looked into and conducted discreet investigation on the reported or possible conflict of interest of some of its officers. Fortunately, no such conflict of interest was found but nonetheless, for the guidance and information of everyone concerned, the Committee submitted its reports and recommendations clearly defining therein the parameters of what may or may not constitute conflicts of interests.

The Committee's biggest challenge was to amend, and submit proposed amendments, to the Ethical Norms and Code of Conduct of Tagum Cooperative- a fact that the Committee just did.

These were the initial accomplishments that have been done and submitted, and the Ethics Committee looks forward to do its share more effectively in promoting and protecting the rights and interests not only of Tagum Cooperative but also and more especially its 99 thousand strong members.

## **THE ETHICS COMMITTEE:**

  
**ATTY. ALBERT S. AXALAN**  
Chairperson

  
**MR. EDUARD C. AMOGUIS, Ed.D.**  
Vice-Chairperson

  
**MS. JANET T. MATUGUINAS, CPA, MBA**  
Secretary



# YOUTH DEVELOPMENT AND SUCCESSION PROGRAM REPORT

The annual mounting growth of young people's involvement and participation to our different cooperative affairs and activities is one of the parameters that the Tagum Cooperative Board of Directors and Management carefully look at to ensure that all plans are in the right track, in fulfilling its commitment to train our youth to become financially literate leaders in the community and in the cooperative movement. For 2013, our accomplishments are the following:

- As of December 2013, the Youth Savers Club, Power Teen, Aflatoun and TC Youth Laboratory Cooperative comprised our total youth members/users totaling to 42,763.
- Seventeen (17) newly accredited partner schools in our Aflatoun and TC Youth Laboratory Cooperative Program;

## DAVAO CITY DIVISION:

1. Matina Central Elementary School
2. Little Panay Elementary School
3. Don Juan Rodriguez Elementary School

## PANABO CITY DIVISION:

1. Datu Abdul Elementary School
2. Imelda Elementary School

## TAGUM CITY DIVISION:

1. Don Ricardo Briz Elementary School
2. Assumpta School of Tagum

## COMPOSTELA VALLEY DIVISION:

1. Sta. Maria Elementary School
2. Cabidanan Elementary School
3. Maco Central Elementary School

## DAVAO DEL NORTE DIVISION:

1. Tuganay Elementary School
2. NAFCO Central Elementary School
3. New Catipunan Elementary School
4. Maniki Central Elementary School
5. Luna Elementary School
6. New Visayas Elementary School
7. San Vincenzo Learning Center

- Recognition of the TC Youth Laboratory Cooperative by the Office of the President, Malacañan Palace, and the issuance of Certificate of Registration by the National Youth Commission.
- Regional winner in the Mindanao-wide Ten Accomplished Youth Organization (TAYO) held last September 23-24, 2013 at Davao City qualifying for the National level selection to be held on February 1-6, 2014 at Heroes Hall, Malacañan Palace, Manila.
- Conducted the first "Training of Trainers" for all our out-of-school-youth ALS teachers in Tagum City Division last October 29-30, 2013.
- Conducted a "Strategic Planning" to all our active school teacher coordinators last October 30-31, 2013.
- Actively participated in the National Youth Commission Anniversary Activities held last June 28-30 and July 25, 2013 in Davao City.
- Conducted a month-long "Financial Literacy Day" in all our forty three (43) partner schools in all Department of Education Divisions last December 2013.
- Celebrated "Gabi ng Pasasalamat", a thanksgiving night for all our active School Principals/partners last December 20, 2013 at Golden Palace Hotel, Tagum City.

## PROPOSED JOINT OFFICIALS' RECOMMENDATIONS

(For March 16 and 23, 2014 Tagum Cooperative 47<sup>TH</sup> Annual General Assembly)

1. To amend the TC Articles of Cooperation under the Primary Objectives by adding:
  - To engage in a Housing Loan Project, Leasing and other related real estate business;
  - To engage in Business Franchising, such as but not limited to Fuel Re-filling Station and Food Chains.
2. Opening of a full-operating Tagum Cooperative Branch in San Francisco, Agusan del Sur
3. Aimed at establishing collective ownership by the entire Membership of Tagum Cooperative, its Vision, "**Tagum Cooperative: the best one-stop-shop cooperative for total member care**", and its Mission, "**to promptly deliver innovative and responsive products and services to Members in a secured financial environment**", shall have to be approved and/or confirmed by this 47th Annual General Assembly.



# EXTERNAL AUDITOR'S REPORT



**TAGUM COOPERATIVE**  
*"where people invest their trust"*



NATCCO NETWORK



Main Office: TC Bldg., Dalisay Road, Maguppo West, Tagum City  
 Tel #s (084) 217-2329 / (084) 217-3189 / (084) 400-1056 / (084) 217-3273 / Telefax local (108)

Facebook Account: [www.facebook.com/tagumcoop](http://www.facebook.com/tagumcoop)

Website: [www.tagumcoop.org](http://www.tagumcoop.org)

**2013-2014 OFFICERS**

**BOARD OF DIRECTORS:**

Ms. Miriam R. Baloyo, CPA  
 Chairperson  
 Ms. Monica L. Salido, M.M.  
 Vice-Chairperson

**DIRECTORS:**

Ms. Antonio C. Arañas, MPA  
 Ms. Fe J. Adlawan  
 Ms. Nenita R. Malbas, CPA, MBA  
 Engr. Albert M. Omega  
 Mr. Edgardo T. Silagan

**AUDIT COMMITTEE:**

Mr. Mark Louie D. Mahinay, CPA, MBA  
 Mr. Brendo B. Bayocot, CPA  
 Ms. Rosamaria S. Torrejano, CPA, MPA

**ELECTION COMMITTEE:**

Atty. Jennifer B. Namoc  
 Mr. Edgardo D. Apoya, Ed. D.  
 Ms. Flordeliza L. Alegarbes

**CREDIT COMMITTEE:**

Mr. Cesar S. Limbaga, Ph. D.  
 Ms. Evellia R. Sator, Ed.D.  
 Ms. Angelina S. Collis

**CONCILIATION AND MEDIATION COMMITTEE:**

Mr. Noel O. Quidlila  
 Ms. Laurencia B. Rimando  
 Ms. Benedicta O. Hilario

**KEY MANAGEMENT OFFICERS:**

Ms. Biogene O. Yagong, MBA  
 Ms. Juris D. Perez, CPA, MBA  
 Ms. Rosalina S. Argent  
 Atty. Rolando C. Casaway  
 Ms. Hermarie Torreon-Esmael

## 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, 2013 and 2012. 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.

Punongbayan & Araullo, the independent auditors appointed by the Board of Directors, has examined the financial statements of the Cooperative for the year ended December 31, 2013 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.

**JUDELYNA SANCHEZ, CPA**  
 Comptroller

**JURIS D. PEREZ, CPA, MBA**  
 General Manager

**MIRIAM R. BALOYO, CPA**  
 Chairperson - Board of Directors

**TAGUM COOPERATIVE OFFICES:**

**TC PUBLIC MARKET**  
 Door 1 & 2, Pereyras Bldg.,  
 Public Market, Tagum City,  
 Davao del Norte  
 Telefax # (084) 216-4173

**NABUNTURAN**  
 Pk. 7, Arabejo St., Nabunturan  
 Comval Province  
 Telefax # (084) 376-0458

**CARMEN**  
 Public Market Bldg.,  
 Brgy. Ising, Carmen,  
 Davao del Norte  
 Telefax # (084) 628-5800

**PANABO**  
 Door No. 4 & 5 Sola Gratia Bldg.,  
 National Highway, Brgy. Sto. Niño  
 Panabo City  
 Telefax # (084) 628-8512

**BAJADA**  
 Door 4 L & R Building J.P.  
 Laurel Avenue Bajada,  
 Davao City  
 Telefax # (082) 224-1886

**MATINA**  
 Door 2, Josefina Bldg.,  
 McArthur Highway Matina  
 Davao City  
 Telefax # (082) 299-2172

**MINTAL**  
 Sampaguta St., Mintal  
 Davao City  
 Telefax # (882) 293-1377

**STO. TOMAS**  
 Reforma Bldg.,  
 R. Magsaysay Ave.,  
 FD Rd. 3 Brgy.  
 Tibal-og, Sto. Tomas  
 Davao del Norte

**DIGOS**  
 Door 1 Racilo Bldg.,  
 Zone III Rizal Ave.,  
 Digos City



**TO THE COOPERATIVE DEVELOPMENT  
AUTHORITY (CDA):**

In connection with our examination of the financial statements of Tagum Cooperative covering the year ended December 31, 2013, which are herewith submitted to the CDA, we hereby represent the following:

1. That said financial statements herewith presented are in accordance with the Financial Reporting Standards in the Philippines applicable to cooperatives (as described in Note 2 to the financial statements);
2. That in the conduct of our audit, we adhere to the Philippine Standards on Auditing and the Standards Audit System for Cooperatives as required by the CDA;
3. That we are qualified as provided for in Section 8 of the Code of Professional Ethics for Certified Public Accountants and Article 81 of Republic Act No. 9520 (Cooperative Code of the Philippines);
4. That we are fully aware of our responsibility as independent auditors for the audit report issued and attached to the financial statements and the sanctions to be bestowed on us for our misrepresentations that we may have be willingly or unwillingly committed;
5. That we nor any member of immediate family do not have any direct or indirect financial interest with the Cooperative;
6. That we are not an employee nor an Officer of a secondary cooperative or tertiary cooperative of which the Cooperative is a member;
7. That we are not an employee of the CDA nor have we engaged an employee of the CDA in the course of audit; and,
8. That we make representation in our individual capacity.

It is, however, understood that our accountability is based on matters within the normal coverage of an audit conducted in accordance with Philippine Standards on Auditing.

**PUNONGBAYAN & ARAULLO**

By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 4225009, January 2, 2014, Makati City

SEC Group A Accreditation

Partner - 0395-AR-2 (until February 10, 2016)

Firm - No. 0002-FR-3 (until Jan. 18, 2015)

BIR AN 08-002511-19-2012 (until May 15, 2015)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

**Certified Public Accountants**

P&amp;A is a member firm within Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002

SEC Group A Accreditation No. 0002-FR-3

February 4, 2014





## Report of Independent Auditors

**The Board of Directors and Members  
Tagum Cooperative**  
TC Bldg., Dalisay Road, Magugpo West  
Tagum City

### Report on the Financial Statements

We have audited the accompanying financial statements of Tagum Cooperative, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income and distribution of net surplus, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in the Philippines applicable to cooperatives (as described in Note 2 to the financial statements), 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the 2013 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 audit opinion.



# Punongbayan & Araullo

An instinct for growth™

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tagum Cooperative as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards in the Philippines applicable to cooperatives.

## *Other Matter*

The financial statements of Tagum Cooperative for the year ended December 31, 2012 were audited by other auditors whose report dated February 2, 2013, expressed a qualified opinion on those statements.

## **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2013 required by the Bureau of Internal Revenue as disclosed in Note 21 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with the Financial Reporting Standards in the Philippines applicable to cooperatives. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**



By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 4225009, January 2, 2014, Makati City  
SEC Group A Accreditation  
Partner - 0395-AR-2 (until February 10, 2016)  
Firm - No. 0002-FR-3 (until Jan. 18, 2015)  
BIR AN 08-002511-19-2012 (until May 15, 2015)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

February 4, 2014

**Certified Public Accountants**

P&A is a member firm within Grant Thornton International Ltd



**TAGUM COOPERATIVE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**  
*(With Comparative Figures for 2012 and 2011)*  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2013</u>	<u>2012</u> <u>(As Restated -</u> <u>see Note 2)</u>	<u>2011</u> <u>(As Restated -</u> <u>see Note 2)</u>
<b><u>A S S E T S</u></b>				
CASH AND CASH EQUIVALENTS	6	<b>P 357,809,014</b>	P 274,698,319	P 216,537,972
INVESTMENTS IN TIME DEPOSITS		2,112,868	3,779,487	3,689,256
LOANS AND OTHER RECEIVABLES - Net	7	1,637,693,585	1,318,139,547	1,033,593,836
AVAILABLE-FOR-SALE FINANCIAL ASSETS	8	17,857,245	15,807,281	14,111,348
FUNDS IN SPECIAL ACCOUNTS	9	125,404,344	93,017,793	80,369,666
PROPERTY AND EQUIPMENT - Net	10	88,809,419	89,293,770	84,155,738
INVESTMENT PROPERTY - Net	11	3,116,731	3,677,116	3,701,189
PREPAYMENTS AND OTHER ASSETS	12	<u>14,920,247</u>	<u>15,482,168</u>	<u>11,940,622</u>
<b>TOTAL ASSETS</b>		<b><u>P 2,247,723,453</u></b>	<b><u>P 1,813,895,481</u></b>	<b><u>P 1,448,099,627</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>				
DEPOSIT LIABILITIES	13	<b>P 1,075,624,833</b>	P 861,939,149	P 708,202,369
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	14	64,129,697	51,558,692	84,598,792
INTEREST ON SHARE CAPITAL AND PATRONAGE REFUND PAYABLE	15	138,997,205	115,801,423	71,528,740
RETIREMENT BENEFIT OBLIGATION	16	<u>19,563,545</u>	<u>12,186,961</u>	<u>9,541,061</u>
Total Liabilities		1,298,315,280	1,041,486,225	873,870,962
EQUITY	15	<u>949,408,173</u>	<u>772,409,256</u>	<u>574,228,665</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 2,247,723,453</u></b>	<b><u>P 1,813,895,481</u></b>	<b><u>P 1,448,099,627</u></b>

*See Notes to Financial Statements.*

**TAGUM COOPERATIVE**  
**STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION OF NET SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
*(With Comparative Figures for 2012)*  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>INTEREST INCOME ON</b>			
Loans	7, 20	338,678,811	276,046,365
Deposits with banks and other cooperatives	6	<u>6,367,882</u>	<u>7,121,580</u>
		<u>345,046,693</u>	<u>283,167,945</u>
<b>INTEREST EXPENSE ON</b>			
Deposit liabilities	13, 20	60,213,660	50,954,946
Retirement benefit obligation	16	<u>1,055,748</u>	<u>-</u>
		<u>61,269,408</u>	<u>50,954,946</u>
<b>NET INTEREST INCOME</b>		283,777,285	232,212,999
<b>IMPAIRMENT LOSSES</b>	7, 11	<u>25,126,221</u>	<u>19,425,866</u>
<b>NET INTEREST INCOME</b>			
<b>AFTER IMPAIRMENT LOSSES</b>		<u>258,651,064</u>	<u>212,787,133</u>
<b>OTHER INCOME</b>			
Service charge and fees		49,531,356	46,535,410
Commission income		23,059,444	18,396,446
Fines and surcharges		6,897,848	6,226,839
Funecare services		6,057,203	6,571,346
Recovery income		2,488,747	3,548,112
Dividend income	8	1,812,019	2,770,613
Income from mortuary		1,263,000	736,500
Other revenues		<u>1,723,461</u>	<u>2,723,812</u>
		<u>92,833,078</u>	<u>87,509,078</u>
<b>OTHER EXPENSES</b>			
Compensation and employee benefits	16	61,472,261	54,257,747
Occupancy and equipment-related expenses	17	33,836,864	26,795,223
Administrative expenses	18	35,434,874	31,451,082
Governance cost	19	16,208,125	15,580,772
Miscellaneous	23	<u>4,027,643</u>	<u>6,336,829</u>
		<u>150,979,767</u>	<u>134,421,653</u>
<i>Balance carried forward</i>		<u>200,504,375</u>	<u>165,874,558</u>
<b>OTHER ITEMS</b>			
Building fund subsidy	10	2,798,058	2,377,584
Prior year adjustments	2	<u>(2,554,038)</u>	<u>-</u>
		<u>244,020</u>	<u>2,377,584</u>
<b>NET SURPLUS</b>		200,748,395	168,252,142
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>200,748,395</u>	<u>168,252,142</u>
<b>DISTRIBUTION OF NET SURPLUS</b>			
	15		
General reserve fund		30,112,259	20,190,257
Cooperative educational and training fund		14,052,388	16,825,214
Optional fund		6,022,452	5,047,564
Land and building fund/information technology program seed fund		14,052,388	11,777,650
Interest on share capital and patronage refund		<u>136,508,908</u>	<u>114,411,457</u>
		<u>200,748,395</u>	<u>168,252,142</u>

*See Notes to Financial Statements.*



**TAGUM COOPERATIVE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
*(With Comparative Figures for 2012)*  
*(Amounts in Philippine Pesos)*

		<u>Notes</u>	<u>2013</u>	2012 (As Restated - <u>see Note 2)</u>
<b>SHARE CAPITAL</b>	15			
Common				
Balance at beginning of year			610,201,556	445,564,041
Additional members' contribution	20		173,348,438	188,515,279
Members' withdrawals			(44,701,630)	(24,427,705)
Transfer from deposit for share capital subscription			<u>0</u>	<u>549,941</u>
Balance at end of year			<u>738,848,364</u>	<u>610,201,556</u>
Preferred				
Balance at beginning of year			7,570,843	9,473,526
Additional members' contribution	20		6,060,581	2,877,586
Members' withdrawals			(4,889,588)	(4,780,269)
Balance at end of year			<u>8,741,836</u>	<u>7,570,843</u>
Total Share Capital			<u>747,590,200</u>	<u>617,772,399</u>
<b>DEPOSIT FOR SHARE CAPITAL SUBSCRIPTION</b>				
Balance at beginning of year			0	0
Reclassification	2		<u>7,170,288</u>	<u>7,720,229</u>
As restated			7,170,288	7,720,229
Additions during the year			476,032	0
Transfer to share capital			<u>0</u>	<u>(549,941)</u>
Balance at end of year			<u>7,646,320</u>	<u>7,170,288</u>
<b>DONATED CAPITAL</b>			<u>1,701,225</u>	<u>1,701,225</u>
<b>STATUTORY AND OPTIONAL FUNDS</b>	15			
General reserve fund				
Balance at beginning of year			83,159,225	62,968,968
Allocation from net surplus			30,112,259	20,190,257
Transfer from cooperative education and training fund payable			5,000,000	0
Transfer from cooperative education and training fund			<u>3,500,000</u>	<u>0</u>
Balance at end of year			<u>121,771,484</u>	<u>83,159,225</u>
<i>Balance carried forward</i>			<u>878,709,229</u>	<u>709,803,137</u>
Cooperative education and training fund				
Balance at beginning of year			9,156,136	5,112,854
Allocation from net surplus			14,052,388	16,825,214
Transfer to cooperative education and training fund payable			(7,026,194)	(8,412,607)
Disbursements			(4,992,478)	(4,369,325)
Transfer to general reserve fund			<u>(3,500,000)</u>	<u>0</u>
Balance at end of year			<u>7,689,852</u>	<u>9,156,136</u>
Community development fund				
Balance at beginning of year			7,113,298	4,751,203
Allocation from net surplus			6,022,452	5,047,564
Disbursements			<u>(5,674,129)</u>	<u>(2,685,469)</u>
Balance at end of year			<u>7,461,621</u>	<u>7,113,298</u>
Optional fund				
Balance at beginning of year			46,336,685	36,936,619
Allocation from net surplus			14,052,388	11,777,650
Building fund subsidy	10		<u>(2,798,058)</u>	<u>(2,377,584)</u>
Balance at end of year			<u>57,591,015</u>	<u>46,336,685</u>
Interest on share capital and patronage refund				
Balance at beginning of year			0	0
Allocation from net surplus			136,508,908	114,411,457
Transfer to interest on share capital and patronage refund payable			<u>(136,508,908)</u>	<u>(114,411,457)</u>
Balance at end of year			<u>0</u>	<u>0</u>
Total Statutory and Optional Funds			<u>194,513,972</u>	<u>145,765,344</u>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>				
Balance at beginning of year			0	0
Prior year adjustment	2		<u>(2,043,544)</u>	<u>0</u>
Balance at end of year			<u>(2,043,544)</u>	<u>0</u>
<b>TOTAL EQUITY</b>			<u>949,408,173</u>	<u>772,409,256</u>

*See Notes to Financial Statements.*

**TAGUM COOPERATIVE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
*(With Comparative Figures for 2012)*  
*(Amounts in Philippine Pesos)*

	Notes	<u>2013</u>	2012 (As Restated - see Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net surplus		200,748,395	168,252,142
Adjustments for:			
Provision for impairment losses	7, 11	25,126,221	19,425,866
Depreciation	10, 11	11,024,231	9,132,819
Building fund subsidy	10	(2,798,058)	(2,377,584)
Prior year adjustments	2, 16	2,554,038	0
Dividend income	8	(1,812,019)	(2,770,613)
Amortization of computer software		634,880	317,537
Loss (gain) on disposal of investment property		118,792	(572,662)
Operating profit before working capital changes		235,596,480	191,407,505
Increase in loans and other receivables		(344,494,380)	(305,223,267)
Increase in prepayments and other assets		(2,099,153)	(3,859,083)
Increase in deposit liabilities		213,685,684	153,736,780
Increase (decrease) in accounts payable and accrued expenses		12,571,005	(41,452,707)
Decrease in interest on share capital and patronage refund payable		(113,313,126)	(70,138,774)
Increase in retirement benefit obligation		2,779,002	2,645,900
Net Cash From (Used in) Operating Activities		<u>4,725,512</u>	<u>(72,883,646)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to funds in special accounts	9	(57,863,589)	(34,310,880)
Disbursements from funds in special accounts	9	25,477,038	21,662,753
Acquisitions of property and equipment	10	(10,488,585)	(14,221,384)
Acquisitions of available-for-sale financial assets	8	(2,049,964)	(1,695,933)
Dividends received	8	1,812,019	2,770,613
Withdrawal of investments in time deposits		1,755,683	4,502
Proceeds from disposal of investment property		204,419	1,798,958
Additional investments in time deposits		(89,064)	(94,733)
Net Cash Used in Investing Activities		<u>(41,242,043)</u>	<u>(24,086,104)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Collection of members' share capital	15	179,409,019	191,392,865
Withdrawal of members' share capital	15	(49,591,218)	(29,207,974)
Disbursements from Community Development Fund		(5,674,129)	(2,685,469)
Disbursements from Cooperative Education and Training Fund		(4,992,478)	(4,369,325)
Additional deposit for share capital subscription		476,032	0
Net Cash From Financing Activities		<u>119,627,226</u>	<u>155,130,097</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>83,110,695</b>	<b>58,160,347</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>274,698,319</u>	<u>216,537,972</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	6	<u>357,809,014</u>	<u>274,698,319</u>

**TAGUM COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**  
*(With Comparative Figures for 2012)*  
*(Amounts in Philippine Pesos)*

**1. COOPERATIVE MATTERS**

**1.1 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 primarily organized to extend loans to members for provident and productive purposes, to engage in the business of funeral care services, mortuary assistance, loan protection scheme, electronic money transfer/remittances and other financial-related products and services, and to act as insurance agent and/or general agent of any insurance cooperative whether life, non-life or health insurance for the benefit of its members.

In accordance with 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 custom 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. Cooperatives shall enjoy tax exemptions from government taxes or fees imposed under internal revenue laws provided they do not transact with non-members or the general public. Cooperatives, if transacting business with non-members or the general public, may be exempted from tax if their accumulated reserves and undivided net surplus does not exceed P10.0 million, or up to 10 years from the date of registration if their accumulated reserves already exceeds P10.0 million.

The Cooperative is required to obtain a tax exemption certificate from Bureau of Internal Revenue (BIR) every five years. It has obtained its tax exemption certificate in 2011 and shall be valid until November 11, 2016.

The Cooperative's registered office, which is also its principal place of business, is located at TC Bldg., Dalisay Road, Magugpo West, Tagum City.

The Cooperative had 49,424 and 10,631 regular and associate members, respectively, as at December 31, 2013, and 44,227 and 38,653 regular and associate members, respectively, as at December 31, 2012.

**1.2 Approval of the Financial Statements**

The financial statements of the Cooperative for the year ended December 31, 2013 (including the comparatives for the year ended December 31, 2012) were authorized for issue by the Board of Directors (BOD) on February 4, 2014.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation of Financial Statements**

*(a) Statement of Compliance with Financial Reporting Standards in the Philippines Applicable to Cooperatives*

The financial statements of the Cooperative have been prepared in accordance with Financial Reporting Standards in the Philippines applicable to cooperatives (FRSPC), which is the accounting standard prescribed by the CDA to be used by cooperatives in the preparation of their financial statements. It comprises the Standard Chart of Accounts for cooperatives (SCA) and all Philippine Financial Reporting Standards (PFRS), as adopted by the CDA, that are not inconsistent with the SCA. Earlier, pursuant to Section 3 of R.A. No. 6939, the CDA issued Memorandum Circular No. 2009-04 prescribing the use of the SCA.

Whenever PFRS treatment differs from the SCA, the CDA requires that the SCA be used as basis of accounting for the related accounts or transactions. The following are the specific accounts or group of accounts or transactions relevant to the Cooperative that differs from PFRS and should use the SCA in accounting for transactions that relate to them:

- (i) Revenue from credit operations (e.g. interest income on loans, service charge and fees) – use the cash basis of accounting;
- (ii) Classification of share capital – treated as part of equity regardless of its features;



- (iii) Prior period adjustments/correction of errors – are not applied retrospectively but rather prospectively through profit or loss;
- (iv) Classification of deposit for share capital subscription – classified as part of equity; and,
- (v) Classification of donated capital – classified as part of equity.

The financial statements have been prepared using the measurement bases specified by FRSPC for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*, and the SCA. The Cooperative presents all items of income and expenses in a single statement of comprehensive income and distribution of net surplus.

When the Cooperative reclassifies items in the financial statements, it presents two comparative periods for the statement of financial position, with no related notes presented on the statement of financial position at the beginning of the preceding period

Deposit for share capital subscription, which was previously presented as part of Accounts Payable and Accrued Expenses, amounting to P7.2 million and P7.7 million as of December 31, 2012 and 2011, has been reclassified as part of Equity in the statement of financial position in accordance with the SCA. Thus, two comparative periods were presented for the statement of financial position.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Cooperative's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Cooperative are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Cooperative operates.

## 2.2 *Adoption of New and Amended PFRS*

(a) *Effective in 2013 that are Relevant to the Cooperative*

In 2013, the Cooperative adopted for the first time the following new PFRS and amendments thereto that are relevant to the Cooperative and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual improvements to PFRS (2009-2011 Cycle)

Discussed in the succeeding pages are the relevant information about these amended standards.

- (i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. Hence, the presentation of other comprehensive income in 2013 has been modified to reflect the changes.
- (ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:
  - eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,
- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Since the SCA requires that prior year adjustments and correction of errors are not applied retrospectively but rather prospectively through profit or loss, the Cooperative has applied PAS 19 (Revised) prospectively in accordance with the SCA. Consequently, it did not restate the comparative amounts disclosed in prior years but rather, adjusted the cumulative effect of the changes against 2013 net surplus as Prior Year Adjustments in the 2013 statement of comprehensive income and distribution of net surplus, as follows:

Unrecognized past service cost as of December 31, 2012	P	2,592,233
Cumulative actuarial losses in prior year recognized in accumulated other comprehensive loss	(	2,043,544)
Unrecognized actuarial losses as of December 31, 2012		<u>2,005,349</u>
Total net effect of prior year adjustments	P	<u>2,554,038</u>

- (iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity’s statement of financial position. The details and outstanding balances of financial assets and financial liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements are disclosed in Note 5.3.
- (iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial instrument items for which other PFRSs require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. The amendment applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application. The application of this new standard had no significant impact on the amounts recognized in the financial statements.
- (v) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Cooperative:
- (a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented.

Other than the disclosure requirements of PAS 8, only a single comparative period is disclosed in the notes to financial statements even if two comparative periods are presented in the statement of financial

position as a result of the reclassification of deposit for share capital subscription as of December 31, 2012 and 2011 [see Note 21.1 (b)].

- (b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment*. The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. The amendment had no impact on the Cooperative’s financial statements since it does not have servicing equipment.
- (c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Cooperative’s financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(b) *Effective in 2013 that are not Relevant to the Cooperative*

The following amendments and interpretations to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Cooperative’s financial statements:

PAS 34 (Amendment)	:	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 1 (Amendments)	:	First-time Adoption of PFRS – Government Loans, and Repeated Application of PFRS 1 and Borrowing Cost
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investment in Associate and Joint Venture
PFRS 10, 11 and PFRS 12 (Amendment)	:	Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
Philippine Interpretation International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine

(c) *Effective Subsequent to 2013 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Cooperative will apply in accordance with their transitional provisions, to be relevant to its financial statements:

- (i) PAS 19 (Amendment), *Employee Benefits - Defined Benefit Plans - Employee Contributions* (effective from January 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan’s contribution formula or on a straight-line basis) for the gross benefit. Management has initially determined that this amendment will have no significant impact on the Cooperative’s financial statements.
- (ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the



event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Cooperative does not expect this amendment to have a significant impact on its financial statements.

- (iii) PAS 36 (Amendment), *Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements.
- (iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting* (effective January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Cooperative neither enters into transactions involving derivative instruments nor it applies hedge accounting, the amendment will not have an impact on the financial statements.
- (v) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapters of IFRS 9 and PFRS 9 dealing with impairment methodology and hedge accounting are still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Cooperative does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Cooperative and it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (vi) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Cooperative but management does not expect a material impact on the Cooperative's financial statements:

*Annual Improvements to PFRS (2010-2012 Cycle)*

- (a) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- (b) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements, and not the amounts of compensation paid or payable by the key management entity to its employees or directors.
- (c) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

*Annual Improvements to PFRS (2011-2013 Cycle)*

- (a) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.
- (b) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

### **2.3 Financial Assets**

Financial assets are recognized when the Cooperative becomes a party to the contractual terms of the financial instrument. Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs.

The categories of financial instruments relevant to the Cooperative are more fully described below.

(a) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Cooperative provides money, goods or services directly to a debtor with no intention of trading the receivables.

The Cooperative's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Investments in Time Deposits, Loans and Other Receivables, Funds in Special Accounts, and refundable and power bill deposits (presented as part of Prepayments and Other Assets) in the statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Cooperative will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate.

(b) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. This includes investments in shares of stock of other cooperatives and organizations that are not quoted in active market and their fair value cannot be readily measured. Accordingly, these unquoted financial assets are carried at cost, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest Income, Interest Expense and Impairment Losses in the statement of comprehensive income and distribution of net surplus.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

**2.4 *Prepayments and Other Assets***

Prepayments and other assets pertain to other resources controlled by the Cooperative as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Cooperative and the asset has a cost or value that can be measured reliably.

**2.5 *Property and Equipment***

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

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Buildings	4-35 years
Transportation equipment	3-10 years
Furniture and fixtures	2-10 years

Leasehold improvements are amortized over the terms of the related leases or the useful lives of the improvements, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

**2.6 *Investment Property***

Investment property includes parcels of land, building and other property and equipment acquired by the Cooperative from defaulting borrowers not held for sale in the next 12 months. These are initially measured at acquisition cost which comprises the carrying amount of the related loan after adjustments for unamortized premium or discount less allowance for credit losses plus accrued interest and directly attributable costs. Subsequently, investment property is stated at cost less accumulated depreciation and any impairment in value.

Direct operating expenses related to investment property, such as repairs and maintenance, and real estate taxes are normally charged against current operations in the period in which these costs are incurred.



An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

### **2.7 Financial Liabilities**

Financial liabilities, which include deposit liabilities, accounts payable and accrued expenses and interest on share capital and patronage refund payable, are recognized when the Cooperative becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the caption Interest Expense in the statement of comprehensive income and distribution of net surplus.

Deposit liabilities and accounts payable and accrued expenses are recognized initially at their fair value and subsequently measured at amortized cost. Interest on share capital and patronage refund payable are recognized as financial liabilities when these are approved by the BOD subject to the concurrence of the general assembly.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

### **2.8 Offsetting Financial Instruments**

Financial assets and liabilities are offset and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **2.9 Provisions and Contingencies**

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Cooperative that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Cooperative can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

### **2.10 Revenue and Expense Recognition**

Revenue comprises revenue from rendering of services measured by reference to the fair value received or receivable by the Cooperative for services rendered.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Cooperative; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Interest income on loans, fines and surcharges and recovery income* – Income is recognized when earned and collected by the Cooperative from the loans granted to its members.
- (b) *Service charge and fees, funecare services and income from mortuary* – Revenue is generally recognized when the service has been provided and the corresponding fee has been collected.
- (c) *Commission income* – Revenue is recognized at certain rates when received from insurance products sold by the Cooperative to its members.
- (d) *Interest income on deposits with banks and other cooperatives* – Revenue is recognized as the interest accrues and collected.

(e) *Dividends* – Revenue is recorded when the Cooperative actually received the payment

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis.

### **2.11 Leases – Cooperative as Lessee**

Leases which do not transfer to the Cooperative substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Cooperative determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes 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.

### **2.12 Foreign Currency Transactions and Translations**

The accounting records of the Cooperative are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income and distribution of net surplus as part of profit or loss from operations.

### **2.13 Impairment of Non-financial Assets**

The Cooperative's property and equipment and investment property are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value, reflecting market conditions, less costs to sell and its value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

### **2.14 Employee Benefits**

Post-employment benefit is provided to employees through a defined benefit plan. The Cooperative's post-employment defined benefit pension plan covers all permanent employees. As of December 31, 2013, the Cooperative has not yet established a formal defined benefit pension plan.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Cooperative, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Cooperative's defined benefit post-employment plan covers all permanent employees.

The liability recognized in the statement of financial position for a defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the end of reporting period less the fair value of plan assets, if any, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using discount rate derived from the interest rates of a zero coupon government bonds as published by the Philippine Dealing Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurement, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest

is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Interest Expense or Interest Income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

### ***2.15 Related Party Relationships and Transactions***

Related party transactions are transfers of resources, services or obligations between the Cooperative and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Cooperative; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Cooperative that gives them significant influence over the Cooperative and close members of the family of any such individual; and, (d) the Cooperative's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

### ***2.16 Equity***

Share capital is determined using the nominal value of shares that have been issued.

Deposit for share capital subscription pertains to subscriptions received by the Cooperative which are below the minimum paid-up capital of P2,000 for regular members and P250 for associate members. These are reclassified to Members' Share Capital when minimum paid-up capital is reached.

Donated capital represents grants from government and other institutions.

Statutory and optional funds include all current and prior period results, net of interest on share capital and patronage refunds, as reported in the profit or loss section of the statement of comprehensive income and distribution of net surplus.

Accumulated other comprehensive loss represents losses due to remeasurements of post-employment defined benefit plan.

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

Any post-year-end event that provides additional information about the Cooperative's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The Cooperative's financial statements prepared in accordance with FRSPC (as described in Note 2) require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### ***3.1 Critical Management Judgments in Applying Accounting Policies***

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

#### ***(a) Distinction Between Investment Property and Owner-managed Property***

The Cooperative determines whether a property qualifies as investment property. In making its judgment, the Cooperative considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations.

#### ***(b) Distinction between Operating and Finance Leases***

The Cooperative has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.



(c) *Impairment of AFS Financial Assets*

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

Based on the recent evaluation of information and circumstances affecting the Cooperative's AFS financial assets, management concluded that the assets are not impaired as of December 31, 2013 and 2012. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.9 and relevant disclosures are presented in Note 21.2.

### **3.2 Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) *Impairment of Loans and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Cooperative evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Cooperative's relationship with the members, the members' current credit status, average age of accounts, collection experience and historical loss experience.

The carrying value of loans and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 7.

(b) *Estimating Useful Lives of Property and Equipment*

The Cooperative estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are presented in Note 10. Based on management's assessment as at December 31, 2013 and 2012, there is no change in estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Impairment of Non-financial Assets*

The Cooperative's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.13. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There are no impairment losses recognized on the Cooperative's property and equipment and investment property in 2013 and 2012.

(d) *Valuation of Post-employment Defined Benefits*

The determination of the Cooperative's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of post-employment obligation in such future periods.

The amounts of retirement benefit obligation and expense and analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 16.2.

## **4. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Cooperative is exposed to a variety of financial risks in relation to financial instruments. The Cooperative's financial assets and liabilities by category are summarized in Note 5. The main types of risks are market risk, credit risk and liquidity risk.

The management takes charge of the Cooperative's overall risk management strategies which is focused on actively monitoring and securing the Cooperative's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Cooperative does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Cooperative is exposed to are described in the succeeding paragraphs.

#### 4.1 Market Risk

The Cooperative is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing and financing activities.

##### (a) Foreign Currency Risk

Most of the Cooperative's transactions are carried out in Philippine pesos, its functional currency. The Cooperative's exposures to currency exchange rates may arise from deposits with other banks denominated in currencies other than the Philippine peso. As at December 31, 2013 and 2012, the Cooperative has no significant foreign currency risk exposure as it has no significant foreign-currency denominated deposits with banks and other cooperatives.

##### (b) Interest Rate Risk

The Cooperative's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at December 31, 2013 and 2012, the Cooperative has no significant exposure to interest rate risk as most of its financial instruments have fixed interest rates.

#### 4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Cooperative. The Cooperative is exposed to this risk for various financial instruments arising from granting of loans and receivables to members including related parties and placing deposits with banks and other cooperatives.

The Cooperative continuously monitors defaults of members and other counterparties, identified either individually or by group; and incorporates this information into its credit risk controls. Some of the Cooperative's loans and other receivables are secured by collateral or other credit enhancements.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statement of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	6	<b>P 357,809,014</b>	P 274,698,319
Investments in time deposits		<b>2,112,868</b>	3,779,487
Loans and other			
receivables – net	7	<b>1,637,693,585</b>	1,318,139,547
Funds in special accounts	9	<b>125,404,344</b>	93,017,793
Refundable and power			
bill deposits	12	<b><u>1,185,957</u></b>	<u>1,053,215</u>
		<b><u>P 2,124,205,768</u></b>	<b><u>P 1,690,688,361</u></b>

##### a) Cash and Cash Equivalents, Investments in Time Deposits and Funds in Special Accounts

The credit risk for cash and cash equivalents, investments in time deposits and funds in special accounts is considered negligible, since the counterparties are reputable banks and cooperatives with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to maximum coverage of P0.5 million for every depositor per banking institution.

##### b) Loans and Other Receivables – Net

The Cooperative's loans and other receivables are actively monitored to avoid significant concentration of credit risk. The Cooperative continuously monitors defaults of borrowers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Cooperative's policy is to deal only with creditworthy counterparties.

The Cooperative's management considers that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

In respect of loans and receivables, the Cooperative is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The table below shows the credit quality by class of financial assets based on the Cooperative's rating system as of December 31, 2013.

	<u>Neither past due nor impaired</u>		Past Due		<u>Total</u>
	<u>High Grade</u>	<u>Medium Grade</u>	<u>but not Impaired</u>	<u>Impaired</u>	
Cash and cash equivalents	P 357,809,014	P -	P -	P -	P 357,809,014
Investments in time deposits	2,112,868	-	-	-	2,112,868
Loans and other					
other receivables (gross)	1,579,527,174	-	64,920,749	90,175,266	1,734,623,189
AFS financial assets	-	17,857,245	-	-	17,857,245
Funds in special accounts	125,404,344	-	-	-	125,404,344
Refundable and power bill deposits	1,185,957	-	-	-	1,185,957
	<b><u>P2,066,039,357</u></b>	<b><u>P17,857,245</u></b>	<b><u>P64,920,749</u></b>	<b><u>P90,175,266</u></b>	<b><u>P 2,238,992,617</u></b>

This compares with the credit quality by class of financial assets based on the Cooperative's rating system as of December 31, 2012.

	<u>Neither past due nor impaired</u>		Past Due		<u>Total</u>
	<u>High Grade</u>	<u>Medium Grade</u>	<u>but not Impaired</u>	<u>Impaired</u>	
Cash and cash equivalents	P 274,698,319	P -	P -	P -	P 274,698,319
Investments in time deposits	3,779,487	-	-	-	3,779,487
Loans and other					
other receivables (gross)	1,290,207,509	-	34,034,865	82,387,735	1,406,630,109
AFS financial assets	-	15,807,281	-	-	15,807,281
Funds in special accounts	93,017,793	-	-	-	93,017,793
Refundable and power bill deposits	1,053,215	-	-	-	1,053,215
	<b><u>P1,662,756,323</u></b>	<b><u>P15,807,281</u></b>	<b><u>P34,034,865</u></b>	<b><u>P82,387,735</u></b>	<b><u>P 1,794,986,204</u></b>

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

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

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

All financial assets that are past due for at least one year have been provided with 100% allowance for impairment.

Some of the Cooperative's loans and other receivables are secured by collateral or other credit enhancements. An estimate of the fair value of collateral and other security enhancements held by the Cooperative against loans and receivables as of December 31, 2013 and 2012 is shown below.

	<u>2013</u>	<u>2012</u>
Against past due loans	<b>P 30,480,942</b>	P 43,512,623
Against current loans and receivables	<b>428,817,757</b>	194,515,482
Against items in litigation	<b>2,855,394</b>	1,183,623
	<b><u>P 462,154,093</u></b>	<b><u>P 239,211,728</u></b>

#### 4.3 Liquidity Risk

The Cooperative seeks to manage its liquidity profile to be able to service its maturing debts, and to finance operating and capital requirements. The Cooperative maintains a level of cash on hand and in banks to cover liquidity needs. As part of its liquidity risk management, the Cooperative regularly evaluates its projected and actual cash flows.



As at December 31, 2013, the Cooperative's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	Beyond 6 Months, Within 12 Months	Beyond 1 Year, Within 2 Years
Deposit liabilities	P 565,659,493	P 336,145,694	P 204,526,301
Accounts payable and accrued expenses	55,977,476	8,152,221	-
Interest on share capital and patronage refund payable	<u>138,997,205</u>	<u>-</u>	<u>-</u>
	<b><u>P 760,634,174</u></b>	<b><u>P 344,297,915</u></b>	<b><u>P 204,526,301</u></b>

This compares to the maturity of the Cooperative's financial liabilities as of December 31, 2012 (as Restated – see Note 2) as follows:

	Current		Non-current
	Within 6 Months	Beyond 6 Months, Within 12 Months	Beyond 1 Year, Within 2 Years
Deposit liabilities	P 747,840,361	P 125,170,373	P 33,315,595
Accounts payable and accrued expenses	49,031,997	2,526,695	-
Interest on share capital and patronage refund payable	<u>115,801,423</u>	<u>-</u>	<u>-</u>
	<b><u>P 912,673,781</u></b>	<b><u>P 127,697,068</u></b>	<b><u>P 33,315,595</u></b>

The contractual maturities presented in the previous page reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

## 5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

### 5.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statement of financial position are shown below.

Notes	2013		2012 (As Restated – see Note 2)			
	Carrying Values	Fair Values	Carrying Values	Fair Values		
<b>Financial Assets</b>						
Loans and receivables:						
	Cash and cash equivalents	6	P 357,809,014	P 357,809,014	P 274,698,319	P 274,698,319
	Investments in time deposits		2,112,868	2,112,868	3,779,487	3,779,487
	Loans and other receivables-net	7	1,637,693,585	1,637,693,585	1,318,139,547	1,318,139,547
	Funds in special accounts	9	125,404,344	125,404,344	93,017,793	93,017,793
	Refundable and power bill deposits	12	<u>1,185,957</u>	<u>1,185,957</u>	<u>1,053,215</u>	<u>1,503,215</u>
			<u>2,124,205,768</u>	<u>2,124,205,768</u>	<u>1,690,688,361</u>	<u>1,690,688,361</u>
	AFS financial assets	8	<u>17,857,245</u>	<u>17,857,245</u>	<u>15,807,821</u>	<u>15,807,821</u>
			<b><u>P 2,142,063,013</u></b>	<b><u>P 2,142,063,013</u></b>	<b><u>P 1,706,496,182</u></b>	<b><u>P 1,706,496,182</u></b>
<b>Financial Liabilities</b>						
At amortized cost :						
	Deposit liabilities	13	P 1,075,624,833	P 1,075,624,833	P 861,939,149	P 861,939,149
	Accounts payable and accrued expenses	14	64,129,697	64,129,697	51,558,692	51,558,692
	Interest in share capital and					

patronage refund payable	15	<u>138,997,205</u>	<u>138,997,205</u>	<u>115,801,423</u>	<u>115,801,423</u>
		<b><u>P 1,278,751,735</u></b>	<b><u>P 1,278,751,735</u></b>	<b><u>P 1,029,299,264</u></b>	<b><u>P 1,029,299,264</u></b>

See Notes 2.3 and 2.7 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Cooperative's risk management objectives and policies for financial instruments is provided in Note 4.

## 5.2 Fair Value Hierarchy

Financial assets and liabilities measured at fair value are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2013 and 2012, the Cooperative has no financial assets and liabilities measured at fair value in the statement of financial position.

The information about the fair value hierarchy of financial assets and financial liabilities that are not measured at fair value are presented below.

	Notes	Fair Value Hierarchy as of December 31, 2013			
		Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loans and receivables:					
Cash and cash equivalents	6	P 357,809,014	P -	P -	P 357,809,014
Investments in time deposits		2,112,868	-	-	2,112,868
Loans and other receivables-net	7	-	-	1,637,693,585	1,637,693,585
Funds in special accounts	9	125,404,344	-	-	125,404,344
Refundable and power bill deposits	12	-	-	1,185,957	1,185,957
AFS financial assets	8	-	-	17,857,245	17,857,245
		<b><u>P 485,326,226</u></b>	<b><u>P -</u></b>	<b><u>P 1,656,736,787</u></b>	<b><u>P 2,142,063,013</u></b>

<b>Financial Liabilities</b>					
At amortized cost:					
Deposit liabilities	13	P -	P -	P 1,075,624,833	P 1,075,624,833
Accounts payable and accrued expenses	14	-	-	64,129,697	64,129,697
Interest in share capital and patronage refund payable	15	-	-	138,997,205	138,997,205
		<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 1,278,751,735</u></b>	<b><u>P 1,278,751,735</u></b>

	Notes	Fair Value Hierarchy as of December 31, 2013			
		Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loans and receivables:					
Cash and cash equivalents	6	P 274,698,319	P -	P -	P 274,698,319
Investments in time deposits		3,779,487	-	-	3,779,487
Loans and other receivables-net	7	-	-	1,318,139,547	1,318,139,547
Funds in special accounts	9	93,017,793	-	-	93,017,793
Refundable and power bill deposits	12	-	-	1,053,215	1,053,215
AFS financial assets	8	-	-	15,807,821	15,807,821
		<b><u>P 371,495,599</u></b>	<b><u>P -</u></b>	<b><u>P 1,335,000,583</u></b>	<b><u>P 1,706,496,182</u></b>

**Financial Liabilities**

At amortized cost:

Deposit liabilities	13	P	-	P	-	P	861,939,149	P	861,939,149
Accounts payable and accrued expenses	14		-		-		51,558,692		51,558,692
Interest in share capital and patronage refund payable	15		-		-		115,801,423		115,801,423
			<u>-</u>		<u>-</u>		<u>115,801,423</u>		<u>115,801,423</u>
			<u>P -</u>		<u>P -</u>		<u>P 1,029,299,264</u>		<u>P 1,029,299,264</u>

**5.3 Offsetting Financial Assets and Financial Liabilities**

The following financial assets with net amounts presented in the statement of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statement financial position		Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
<i>December 31, 2013:</i>						
Loans and other receivables-net	P 1,637,746,400	P 52,815	P 1,637,693,585	P -	P 220,098,493	P 1,417,595,092
<i>December 31, 2012:</i>						
Loans and other receivables-net	1,318,312,944	173,397	1,318,139,547	-	208,242,175	1,109,897,372

The following financial liabilities with net amounts presented in the statement of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statement financial position		Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
<i>December 31, 2013:</i>						
Deposit liabilities	P 1,075,677,648	P 52,815	P 1,075,624,833	P -	P 220,098,493	P 855,526,340
<i>December 31, 2012:</i>						
Deposit liabilities	862,112,546	173,397	861,939,149	-	208,242,175	653,696,974

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Cooperative and counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components as of December 31:

	<u>2013</u>	<u>2012</u>
Cash on hand	<b>P 16,024,282</b>	P 15,549,867
Cash in banks and other cooperatives	<b>286,411,361</b>	203,719,711
Short-term placements	<b>55,373,371</b>	55,428,741
	<b><u>P 357,809,014</u></b>	<b><u>P 274,698,319</u></b>

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods up to three months and earn annual effective interest ranging from 0.63% to 7.00 % in 2013 and 1.75% to 10.00% in 2012. Interest income on deposits with banks and other cooperatives amounted to P6.4 million and P7.1 million in 2013 and 2012, respectively.



## 7. LOANS AND OTHER RECEIVABLES

The balance of this account is composed of the following:

	Note	<u>2013</u>	<u>2012</u>
Loans:	20.1		
Major		P 1,493,323,247	P 1,210,893,634
Special		137,901,498	102,431,967
Minor		86,451,746	78,728,805
Others		<u>507,008</u>	<u>562,910</u>
		1,718,183,499	1,392,617,316
Allowance for impairment		( 89,510,415)	( 81,938,863)
Unearned interest		( 6,754,338)	( 6,102,827)
		<u>1,621,918,746</u>	<u>1,304,575,626</u>
Other receivables:			
Accounts receivables		16,439,690	14,012,793
Allowance for impairment		( 664,851)	( 448,872)
		<u>15,774,839</u>	<u>13,563,921</u>
		<u>P 1,637,693,585</u>	<u>P 1,318,139,547</u>

Major loans are regular loans, government and private employees' salary loans, income generating service loans and convenient loans that usually have a term of one to ten years, with loanable amounts ranging from P15,000 to P10.0 million. Interest rate ranges from 7.50% to 30.00% per annum. These loans are usually secured by hold-out on savings and time deposits, and real estate and chattel mortgages.

Special loans and other loans are loans obtained for specific purposes like instant loan bonanza, 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 P6,000 to 90% of the members' time deposit. Interest rate ranges from 12.00% to 30.00 % 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 P6,000 to P15,000. Interest rate is 24.00% per annum. These loans are either unsecured or secured by the members' share capital.

Accounts receivables include receivables from members' accounts from auxiliary services, such as funecare services, that are non-interest bearing and are generally on 30-90 days' term.

The breakdown of loans and other receivables (gross) as to secured and unsecured follows:

	<u>2013</u>	<u>2012</u>
Unsecured	P 1,358,148,217	P 1,080,439,127
Secured:		
Deposit hold-out	220,151,308	208,415,572
Real estate mortgage	127,916,615	91,419,775
Chattel mortgage	<u>28,407,049</u>	<u>26,355,635</u>
	<u>P 1,734,623,189</u>	<u>P 1,406,630,109</u>

Loans to Directors, Officers, Stockholders and Related Interests (DOSRI) amounted to P5.4 million and P5.7 million as of December 31, 2013 and 2012, respectively (see Note 20.1).

The maturity profile of the Cooperative's loans and other receivables (gross) is shown below.

	<u>2013</u>	<u>2012</u>
One year and below	P 420,500,401	P 406,854,087
Over one year to five years	1,287,787,190	995,392,363
Over five years	<u>26,335,598</u>	<u>4,383,659</u>
	<u>P 1,734,623,189</u>	<u>P 1,406,630,109</u>

Interest income on loans receivables amounted to P338.7 million and P276.0 in 2013 and 2012, respectively.

Changes in the allowance for impairment losses on loans and other receivables are summarized below.

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	P 82,387,735	P 76,959,862
Impairment losses	24,940,342	19,425,866
Write-off during the year	( 17,152,811)	( 13,997,993)
Balance at end of year	<u>P 90,175,266</u>	<u>P 82,387,735</u>

All of the Cooperative's loans and other receivables have been reviewed for indications of impairment. Impairment losses incurred in 2013 and 2012 amounted to P24.9 million and P19.4 million, respectively.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This represents investments in shares of stock of the following:

	<u>2013</u>		<u>2012</u>
Coop Life Insurance and Mutual Benefit Services	<b>P 8,373,028</b>	P	7,154,665
National Confederation of Cooperatives Mindanao Alliance for Self-help Society - Southern Philippines Educational Cooperative Center	<b>6,033,233</b>		5,271,937
Philippine Cooperative Center	<b>1,611,744</b>		1,611,744
Others	<b>1,205,746</b>		1,200,740
	<b>633,494</b>		568,195
	<b><u>P 17,857,245</u></b>	P	<b><u>15,807,281</u></b>

The reconciliation of the carrying amounts of AFS financial assets are as follows:

	<u>2013</u>		<u>2012</u>
Balance at beginning of year	<b>P 15,807,281</b>	P	14,111,348
Additions	<b>2,049,964</b>		1,695,933
Balance at end of year	<b><u>P 17,857,245</u></b>	P	<b><u>15,807,281</u></b>

Dividend income earned from these investments amounted to P1.8 million and P2.8 million in 2013 and 2012, respectively.

## 9. FUNDS IN SPECIAL ACCOUNTS

This pertains to funds created by the Cooperative for specified purpose such as funding various fund reserves and other funds. 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.

Presented below is a summary of the changes in the balance of funds in special accounts.

	<u>2013</u>		<u>2012</u>
Balance at beginning of year	<b>P 93,017,793</b>	P	80,369,666
Additions	<b>57,863,589</b>		34,310,880
Disbursements	<b>( 25,477,038)</b>	(	21,662,753)
Balance at end of year	<b><u>P 125,404,344</u></b>	P	<b><u>93,017,793</u></b>

These funds were placed in savings and time deposits earning annual effective interest ranging from 0.63% to 7.00% in 2013 and 1.75% to 9.00% in 2012.

10. **PROPERTY AND EQUIPMENT**

The gross carrying amounts and accumulated depreciation at the beginning and end of 2013 and 2012 are shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Improvements</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2013							
Cost	P 5,949,302	P 67,376,319	P 9,012,287	P 20,314,751	P 36,593,833	P 6,597,628	P 145,844,120
Accumulated depreciation	-	( 18,359,575)	( 5,371,626)	( 7,928,218)	( 25,375,282)	-	( 57,034,701)
Net carrying amount	<u>P 5,949,302</u>	<u>P 49,016,744</u>	<u>P 3,640,661</u>	<u>P 12,386,533</u>	<u>P 11,218,551</u>	<u>P 6,597,628</u>	<u>P 88,809,419</u>
December 31, 2012							
Cost	P 5,949,302	P 67,376,319	P 8,039,213	P 17,400,138	P 33,819,112	P 2,771,451	P 135,355,535
Accumulated depreciation	-	( 15,561,517)	( 4,078,554)	( 5,938,833)	( 20,482,861)	-	( 46,061,765)
Net carrying amount	<u>P 5,949,302</u>	<u>P 51,814,802</u>	<u>P 3,960,659</u>	<u>P 11,461,305</u>	<u>P 13,336,251</u>	<u>P 2,771,451</u>	<u>P 89,293,770</u>
January 1, 2012							
Cost	P 4,630,150	P 54,390,632	P 6,241,657	P 14,809,667	P 30,434,961	P 10,627,084	P 121,134,151
Accumulated depreciation	-	( 13,183,933)	( 3,182,611)	( 4,434,898)	( 16,176,971)	-	( 36,978,413)
Net carrying amount	<u>P 4,630,150</u>	<u>P 41,206,699</u>	<u>P 3,059,046</u>	<u>P 10,374,769</u>	<u>P 14,257,990</u>	<u>P 10,627,084</u>	<u>P 84,155,738</u>

A reconciliation of the carrying amounts at the beginning and end of 2013 and 2012, of property and equipment is shown below.

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold Improvements</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2013, net of accumulated depreciation	P 5,949,302	P 51,814,802	P 3,960,659	P 11,461,305	P 13,336,251	P 2,771,451	P 89,293,770
Additions	-	-	973,074	2,914,613	2,774,721	3,826,177	10,488,585
Depreciation charges during the year	-	( 2,798,058)	( 1,293,072)	( 1,989,385)	( 4,892,421)	-	( 10,972,936)
Balance at December 31, 2013, net of accumulated depreciation	<u>P 5,949,302</u>	<u>P 49,016,744</u>	<u>P 3,640,661</u>	<u>P 12,386,533</u>	<u>P 11,218,551</u>	<u>P 6,597,628</u>	<u>P 88,809,419</u>
Balance at January 1, 2012, net of accumulated depreciation	P 4,630,150	P 41,206,699	P 3,059,046	P 10,374,769	P 14,257,990	P 10,627,084	P 84,155,738
Additions	1,319,152	775,424	1,797,556	2,590,471	3,384,151	4,354,630	14,221,384
Reclassification	-	12,210,263	-	-	-	( 12,210,263)	-
Depreciation charges during the year	-	( 2,377,584)	( 895,943)	( 1,503,935)	( 4,305,890)	-	( 9,083,352)
Balance at December 31, 2012, net of accumulated depreciation	<u>P 5,949,302</u>	<u>P 51,814,802</u>	<u>P 3,960,659</u>	<u>P 11,461,305</u>	<u>P 13,336,251</u>	<u>P 2,771,451</u>	<u>P 89,293,770</u>



Construction in progress pertains to accumulated costs incurred on the new buildings for branches and main office building expansion being constructed as part of the Cooperative's expansion program.

The construction of the Cooperative's main 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 and distribution of net surplus amounting to P2.8 million and P2.4 million in 2013 and 2012, respectively, and deducted it from land and building fund, presented as Optional Funds in the statement of financial position.

As of December 31, 2013 and 2012, the cost of fully-depreciated property and equipment still being used in operations amounted to P20.2 million and P20.1 million, respectively.

The amount of depreciation is presented as part of Occupancy and Equipment-related expenses under Other Expenses in the statement of comprehensive income and distribution of net surplus (see Note 17).

## 11. INVESTMENT PROPERTY

This account mainly includes parcels of land, land improvements and other property and equipment acquired in settlement of loans. Except for land, investment properties are carried at cost less impairment and depreciation. Land is carried at cost less impairment.

The gross carrying amounts, allowance for impairment and accumulated depreciation at the beginning and end of 2013 and 2012 are shown below.

	<u>2013</u>	<u>2012</u>
Cost	P 4,939,347	P 5,319,312
Allowance for impairment	( 1,721,854)	( 1,592,729)
Accumulated depreciation	( 100,762)	( 49,467)
	<u>P 3,116,731</u>	<u>P 3,677,116</u>

A reconciliation of the carrying amount at the beginning and end of 2013 and 2012, of investment property is shown below.

	Note	<u>2013</u>	<u>2012</u>
Balance at beginning of year, net of accumulated depreciation and allowance for impairment		P 3,677,116	P 3,701,189
Additions		-	1,251,690
Disposals		( 323,211)	( 1,226,296)
Impairment losses		( 185,879)	-
Depreciation for the year	17	( 51,295)	( 49,467)
Balance at end of year, net of accumulated depreciation and allowance for impairment		<u>P 3,116,731</u>	<u>P 3,677,116</u>

The fair value of investment property cannot be readily determined either through valuation technique or from other sources.

## 12. PREPAYMENTS AND OTHER ASSETS

This account is composed of the following:

	<u>2013</u>	<u>2012</u>
Reimbursement rights	P 4,852,909	P 4,852,909
Prepayments	4,723,213	4,527,595
Supplies inventory	2,108,094	2,603,927
Refundable and power bill deposits	1,185,957	1,053,215
Computer software - net	882,300	1,571,162
Others	1,167,774	873,360
	<u>P 14,920,247</u>	<u>P 15,482,168</u>

The Cooperative has a retirement plan agreement with a private insurance company for all its qualified employees. The Cooperative makes annual 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. The cash surrender value amounting to P4.9 million as at both December 31, 2013 and 2012, respectively, is

recognized as reimbursement rights. Income from reimbursement rights, net of insurance expense amounting to P1.1 million in 2013 and 2012, amounted to nil and P0.4 million in 2013 and 2012, respectively, which is recognized as part of Other Revenues in the statement of comprehensive income and distribution of net surplus.

Prepayments consist of prepaid insurance and prepaid rentals.

### 13. DEPOSIT LIABILITIES

As of December 31, deposit liabilities consist of the following:

	<u>2013</u>	<u>2012</u>
Time	<b>P 711,439,328</b>	P 562,299,887
Savings	<b>257,871,732</b>	217,634,776
Special	<b>106,313,773</b>	82,004,486
	<b><u>P 1,075,624,833</u></b>	<u>P 861,939,149</u>

Savings deposits earn interest at an annual rate of 4.00% while time and special deposits earn interest at 5.00% to 10.50% per annum. Time deposits have maturities of 30 days to two years.

Outstanding balance of deposit from DOSRI amounted to P11.2 million and P6.2 million as of December 31, 2013 and 2012, respectively (see Note 20.2).

Interest expense on deposit liabilities in 2013 and 2012 amounted to P60.2 million and P51.0 million, respectively, and is presented under the statement of comprehensive income and distribution of net surplus.

### 14. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of:

	<u>2013</u>	<u>2012</u> (As Restated – see Note 2)
Accounts payable	<b>P 27,717,035</b>	P 16,831,759
Accrued performance incentives	<b>16,059,872</b>	13,165,151
Accrued expenses	<b>10,465,846</b>	10,177,240
Cooperative education and training fund payable	<b>8,376,801</b>	9,598,796
Ace plan fund payable	<b>1,510,143</b>	1,785,746
	<b><u>P 64,129,697</u></b>	<u>P 51,558,692</u>

Accrued expenses mostly pertain to payables to various suppliers that remain unpaid at the end of the year that are expected to be settled within 12 months from the end of the reporting period.

### 15. EQUITY

#### 15.1 Share Capital

The details of the common shares and preferred shares are presented below.

	Note	<u>Shares</u>		<u>Amount</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Common shares – P250 par value					
Authorized – 3,880,000 shares					
Subscribed					
Balance at beginning of year		<b>2,628,004</b>	1,938,495	<b>P657,001,000</b>	P484,623,750
Additions	20.2	<b>595,507</b>	792,337	<b>148,876,750</b>	198,084,250
Withdrawal		<b>(188,859)</b>	(102,828)	<b>(47,214,750)</b>	(25,707,000)
Balance at end of year		<b><u>3,034,652</u></b>	<u>2,628,004</u>	<b><u>758,663,000</u></b>	<u>657,001,000</u>
Less: Subscription receivable					
Balance at beginning of year				<b>46,799,444</b>	39,059,709
Additions	20.2			<b>148,876,750</b>	198,084,250
Collection				<b>(173,348,438)</b>	(189,065,220)
Withdrawals				<b>(2,513,120)</b>	(1,279,295)
Balance at end of year				<b><u>19,814,636</u></b>	<u>46,799,444</u>
				<b><u>738,848,364</u></b>	<u>610,201,556</u>
Preferred shares – P250 par value					
Authorized – 120,000 shares					
Subscribed					
Balance at beginning of year		<b>39,368</b>	49,583	<b>9,842,000</b>	12,395,750

Additions	20.2	41,124	16,389	10,281,000	4,097,250
Withdrawal		( 34,194)	( 26,604)	( 8,548,500)	( 6,651,000)
Balance at end of year		<u>46,298</u>	<u>39,368</u>	<u>11,574,500</u>	<u>9,842,000</u>
Less: Subscription receivable					
Balance at beginning of year				2,271,157	2,922,224
Additions	20.2			10,281,000	4,097,250
Collections				( 6,060,581)	( 2,877,586)
Withdrawals				( 3,658,912)	( 1,870,731)
Balance at end of year				<u>2,832,664</u>	<u>2,271,157</u>
				<u>8,741,836</u>	<u>7,570,843</u>
				<b><u>P747,590,200</u></b>	<b><u>P617,772,399</u></b>

Common shares with voting rights are issued to regular members while preferred shares, which are non-voting, are issued to associate members, in accordance with the guidelines prescribed by CDA.

**15.2 Statutory and Optional Funds**

The details of this account as of December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Statutory funds:		
General reserve fund	P 121,771,484	P 83,159,225
Cooperative education and training fund	7,689,852	9,156,136
Community development fund	<u>7,461,621</u>	<u>7,113,298</u>
	136,922,957	99,428,659
Optional fund:		
Land and building/information technology program seed fund	<u>57,591,015</u>	<u>46,336,685</u>
	<b><u>P 194,513,972</u></b>	<b><u>P 145,765,344</u></b>

These 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.

The Cooperative's optional fund was used for the acquisition of land, buildings, computer equipment and computer software, which have the following carrying values as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cost		
Land	P 5,949,302	P 5,949,302
Buildings	67,376,319	67,376,319
Computer equipment	864,983	782,650
Computer software	2,813,861	2,732,842
Construction in progress	<u>6,597,628</u>	<u>2,771,451</u>
	<u>83,602,093</u>	<u>79,612,564</u>
Accumulated depreciation		
Buildings	18,359,575	15,561,517
Computer equipment	690,001	729,840
Computer software	<u>1,931,561</u>	<u>1,161,680</u>
	<u>20,981,137</u>	<u>17,453,037</u>
Net carrying amounts	<b><u>P 62,620,956</u></b>	<b><u>P 62,159,527</u></b>

**15.3 Distribution of Net Surplus**

The Cooperative's Articles of Cooperation and By-Laws explicitly provide that its net surplus at the end of the year shall be distributed in the following manner:

- (a) At least 10% shall be set aside as Reserve Fund. This general fund shall be used for the stability of the Cooperative and to absorb net losses, if any, in its business operations.
- (b) Not more than 10% may be allotted for Cooperative Education and Training Fund.
- (c) At least 3% of the net surplus shall be set aside for the community development fund which shall be used for projects or activities that will benefit the community where the Cooperative operates.

- (d) An optional fund, a land and building, community development, and any other necessary fund, the total of which shall not exceed 7%.
- (e) The remaining net surplus shall be made available to the members in the form of interest on share capital, not to exceed the normal rate of return on investments prescribed by CDA, and patronage refunds.

**16. EMPLOYEE BENEFITS**

**16.1 Compensation and Employee Benefits**

This account consists of:

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Salaries, wages and allowances		<b>P 39,459,052</b>	P 35,220,532
Other short-term benefits		<b>16,082,560</b>	13,304,160
SSS, Pag-ibig and other contributions		<b>3,572,357</b>	2,871,513
Post-employment defined benefit	16.2 (b)	<u><b>2,358,292</b></u>	<u>2,861,542</u>
		<u><b>P 61,472,261</b></u>	<u>P 54,257,747</u>

**16.2 Post-employment Defined Benefit**

(a) *Characteristics of the Defined Benefit Plan*

The Cooperative has a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Cooperative. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial report obtained from an independent actuary in 2013. Amounts in the comparative year were not restated in accordance with the SCA[see Note 2.2 (a) (ii)].

The amounts of retirement benefit obligation recognized in the statement of financial position as of December 31 are determined as follows:

	<u>2013</u>	<u>2012</u>
Present value of the obligation	<b>P 20,563,545</b>	P 16,784,543
Fair value of plan assets	<b>( 1,000,000)</b>	-
Deficiency of plan assets	<b>19,563,545</b>	16,784,543
Unrecognized past service cost	-	( 2,592,233)
Unrecognized actuarial losses	-	( 2,005,349)
	<u><b>P 19,563,545</b></u>	<u>P 12,186,961</u>

The movements in the present value of the post-employment benefit obligation recognized in the books are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	<b>P 16,784,543</b>	P 14,677,002
Current service cost	<b>2,358,292</b>	1,400,000
Interest expense	<b>1,055,748</b>	923,183
Remeasurements:		
Actuarial losses (gains) arising from:		
- changes in demographic assumptions	<b>( 139,850)</b>	-
- changes in financial assumptions	<b>2,724,314</b>	-
- experience adjustments	<b>( 2,219,502)</b>	-
Benefits paid	-	( 215,642)
Balance at end of year	<u><b>P 20,563,545</b></u>	<u>P 16,784,543</u>



The movement in the fair value of plan assets is presented below.

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	P -	P -
Contributions	<u>1,000,000</u>	<u>-</u>
Balance at end of year	<u>P 1,000,000</u>	<u>P -</u>

The plan assets consist only of cash and cash equivalents and did not earn any return in 2013.

Plan assets do not comprise any of the Cooperative's own financial instruments or any of its assets occupied and/or used in its operations.

The components of the amount of recognized in net surplus and in other comprehensive income in respect of the defined benefit plan are as follows:

	<u>2013</u>	<u>2012</u>
<i>Recognized in net surplus:</i>		
Current service cost	P 2,358,292	P 1,400,000
Interest expense	1,055,748	923,183
Past service cost	-	518,446
Actuarial loss	<u>-</u>	<u>19,913</u>
	<u>P 3,414,040</u>	<u>P 2,861,542</u>
<i>Recognized in miscellaneous under other expenses:</i>		
Actuarial losses (gains) arising from:		
- changes in demographic assumptions	(P 139,850)	P -
- changes in financial assumptions	2,724,314	-
- experience adjustments	<u>(2,219,502)</u>	<u>-</u>
	<u>P 364,962</u>	<u>P -</u>

Current service cost is presented as part of post-employment defined benefit under Compensation and Employee Benefits in the statement of comprehensive income and distribution of net surplus (see Note 16.1).

The interest expense is presented as Interest Expense on Retirement Benefit Obligation in the 2013 statement of comprehensive income and distribution of net surplus. The interest expense is presented as part of post-employment defined benefit under Compensation and Employee Benefits in the 2012 statement of comprehensive income and distribution of net surplus.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment benefit obligation, the following significant actuarial assumptions were used:

	<u>2013</u>	<u>2012</u>
Discount rates	5.32%	6.29%
Expected rate of salary increase	8.00%	6.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 27.8 for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon bond government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Cooperative to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

*Investment and Interest Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by

an increase in the return on the plan’s cash and cash equivalents and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan consists only of cash and cash equivalents.

*Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

*Inflation Risks*

A significant proportion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Cooperative’s liability.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Cooperative’s asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

*Sensitivity Analysis*

	<u>Impact of Retirement Benefit Obligation</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
Discount rate	+/- 1.0%	(P 1,100,357)	P 1,254,749
Salary increase rate	+/- 1.0%	1,085,773	( 979,234)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

*Asset-liability Matching Strategies*

The retirement plan trustee has no specific matching strategy between the plan assets and plan liabilities.

*Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P19.6 million based on the latest actuarial valuation report. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 13 years’ time when a significant number of employees is expected to retire.

The Cooperative expects to make a contribution of P11.0 million to the plan in the next financial year.

The maturity profile of undiscounted expected benefits payments from the plan within ten years as of December 31, 2013 is presented below.

Within one year	P	58,109
After one year but not more than five years		3,806,872
After five years		<u>8,909,595</u>
	P	<u>12,774,576</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 13 years.

**17. OCCUPANCY AND EQUIPMENT-RELATED EXPENSES**

This account consists of:

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Depreciation	10, 11	<b>11,024,231</b>	9,132,819
Security, messengerial and janitorial service		<b>8,267,471</b>	6,253,920

Communication, light and water		5,399,498	4,301,625
Insurance		2,923,865	1,963,723
Repairs and maintenance		2,810,774	2,418,333
Rent	21.1	2,776,145	2,407,266
Amortization of computer software		<u>634,880</u>	<u>317,537</u>
		<b><u>P 33,836,864</u></b>	<b><u>P 26,795,223</u></b>

**18. ADMINISTRATIVE EXPENSES**

This account consists of:

		<u>2013</u>	<u>2012</u>
Provision for performance incentives		<b>P 16,059,872</b>	P 13,165,151
Office supplies		5,109,872	4,510,170
Fuel, oil and lubricants		4,407,525	4,046,045
Prompt payment incentive		3,613,838	3,661,571
Marketing and promotions		2,088,551	2,128,503
Professional fees		1,665,368	1,182,577
Collection incentives		1,316,366	1,455,854
Travel and transportation		<u>1,173,482</u>	<u>1,301,211</u>
		<b><u>P 35,434,874</u></b>	<b><u>P 31,451,082</u></b>

**19. GOVERNANCE COST**

This account consists of:

	<u>Note</u>	<u>2013</u>	<u>2012</u>
General assembly		<b>P 10,134,718</b>	P 9,348,271
Meetings and conferences		2,648,620	2,707,249
Officers' honorarium	20.3	2,406,047	2,450,567
Representation		<u>1,018,740</u>	<u>1,074,685</u>
		<b><u>P 16,208,125</u></b>	<b><u>P 15,580,772</u></b>

**20. RELATED PARTY TRANSACTIONS**

The Cooperative's related parties include its DOSRI, key management and others as described below and in the succeeding page. None of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash.

**20.1 Loans**

In the ordinary course of trade or business, the Cooperative has loan transactions with certain DOSRI and key management personnel. These loans and other transactions are made substantially on the same terms and conditions as with other individuals and entities of comparable risks.

The outstanding balance of these loans is presented as part of Loans and Other Receivables in the statement of financial position (see Note 7). DOSRI loans amounted to P5.4 million and P5.7 million as of December 31, 2013 and 2012, respectively. Interest income on these loans amounted to P1.0 million in 2013 and P0.7 million in 2012, and is presented as part of Interest Income on Loans in the statement of comprehensive income and distribution of net surplus.

The management has determined that no impairment loss is required to be provided on loans to DOSRI and key management personnel as of December 31, 2013 and 2012.

**20.2 Deposits and Members' Share Capital**

DOSRI deposits amounted to P11.2 million and P6.2 million as of December 31, 2013 and 2012, respectively (see Note 13). Total share capital contributions of BOD, officers and key management personnel amounted to P4.9 million and P4.2 million as of December 31, 2013 and 2012 (see Note 15.1).

**20.3 Officers' Honorarium**

This represents fixed honorarium and allowances during BOD and committee meetings. Total honorarium of BOD and committee members and officers amounted to P2.4 million and P2.5 million in 2013 and 2012, respectively, and is presented as part of Governance Cost in the statement of comprehensive income and distribution of net surplus (see Note 19).

#### 20.4 Key Management Personnel Compensations

The compensations of key management personnel are broken down as follows:

	<u>2013</u>	<u>2012</u>
Short-term employee benefits	<b>P 5,813,556</b>	P 5,848,390
Post-employment benefits	<u>265,215</u>	<u>116,947</u>
	<b><u>P 6,078,771</u></b>	<b><u>P 5,965,337</u></b>

#### 20.5 Retirement Plan

The Cooperative's retirement fund for its defined benefit post-employment plan is administered and managed by a trustee bank. The fair value of the plan assets amounted to P1.0 million, consisting only of cash and cash equivalents as of December 31, 2013.

The retirement fund neither provides any guarantee or surety for any obligation of the Cooperative nor its investments covered by any restrictions or liens.

The details of the contributions of the Cooperative to the plan are presented in Note 16.2.

### 21. COMMITMENTS AND CONTINGENCIES

#### 21.1 Operating Lease Commitments – Cooperative as Lessee

The Cooperative is a lessee under several operating leases covering offices and certain branches. The leases have terms ranging from one to five years for the years ended December 31, 2013 and 2012, and are renewable at the option of either parties under certain terms and conditions. Rent expense amounted to P2.8 million and P2.4 million in 2013 and 2012, respectively, and is presented as part of Occupancy and Equipment-related Expenses under Other Expenses in the statement of comprehensive income and distribution of net surplus (see Note 17).

The future minimum rentals payable under these operating leases are shown below.

	<u>2013</u>	<u>2012</u>
Within one year	<b>P 3,233,861</b>	P 2,150,819
After one year but not more than five years	<u>2,878,651</u>	<u>4,141,704</u>
	<b><u>P 6,112,512</u></b>	<b><u>P 6,292,523</u></b>

#### 21.2 Contingencies

There are contingent liabilities such as litigations and claims that arise in the normal course of the Cooperative's operations which are not reflected in the financial statements. The Cooperative's management is of the opinion that losses, if any, as of December 31, 2013 and 2012, from these claims will not have any material effect on the Cooperative's financial statements.

### 22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Cooperative monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The Cooperative sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Cooperative manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

	<u>2013</u>	<u>2012</u> (As Restated – see Note 2)
Total liabilities	<b>P 1,298,315,280</b>	P 1,041,486,225
Total equity	<u>949,408,173</u>	<u>772,409,256</u>
Debt-to-equity ratio	<b><u>1.37 : 1.00</u></b>	<b><u>1.35 : 1.00</u></b>

### 23. SUPPLEMENTAL INFORMATION REQUIRED BY THE BIR

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under FRSPC. All information are presented in their absolute amounts.



**23.1 Requirements under Revenue Regulations (RR) 15-2010**

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) *Output Value-added Tax (VAT)*

The Cooperative is a CDA-registered entity that deals exclusively with members. Under R.A. No. 9520, duly registered cooperatives which deal exclusively with members shall not be subject to any government taxes or fees imposed under the internal revenue laws and other tax laws.

The Cooperative's revenues amounting to P345,046,693 is VAT exempt pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code, as amended and R.A. No. 9520.

(b) *Input VAT*

Input VAT arising from various purchases were directly charged by the Cooperative as cost and expense pursuant to R.A. No. 9337 and as a non-VAT registered taxpayer.

(c) *Taxes on Importation*

The Cooperative does not have any landed cost, customs duties and tariff fees in 2013 since it does not have any importation during the year.

(d) *Excise Tax*

The Cooperative did not have any transactions in 2013 which are subject to excise tax. Under the Code, cooperatives are exempted from the payment of all national taxes of whatever name and nature, including exemption from excise taxes.

(e) *Documentary Stamp Tax*

Under R.A. No. 9520, all cooperatives, regardless of classification, shall be subject to other internal revenue taxes, including documentary stamp tax. As a CDA-registered entity, the Cooperative is exempt from documentary stamp tax on transactions with members.

In 2013, the Cooperative has not paid or accrued any documentary stamp tax.

(f) *Taxes and Licenses*

Details of taxes and licenses are as follows:

Permits and licenses	P	248,135
Others		<u>30,165</u>
	<b>P</b>	<b><u>278,300</u></b>

The taxes and licenses are presented as part of Miscellaneous under Other Expenses in the 2013 statement of comprehensive income and distribution of net surplus.

(g) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2013 are as follows:

Compensation and benefits	P	3,127,795
Creditable		939,830
Final		<u>56,000</u>
	<b>P</b>	<b><u>4,123,625</u></b>

(h) *Deficiency Tax Assessment and Tax Cases*

The Cooperative does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

**23.2 Requirements under RR 19-2011**

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented in the succeeding pages are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2013 statement of comprehensive income and distribution of net surplus.

(a) *Exempt Revenues*

The Cooperative's exempt revenues for the year ended December 31, 2013 represents interest income amounting to P345,046,693.

(b) *Deductible Cost of Services*

The Cooperative's exempt deductible cost of services for the year ended December 31, 2013 represents interest expense amounting to P61,269,408.

(c) *Exempt Non-operating and Other Income*

The composition of the Cooperative's exempt non-operating and other income in 2013 is presented below.

Service charge and fees	49,531,356
Commission income	23,059,444
Fines and surcharges	6,897,848
Funecare services	6,057,203
Building fund subsidy	2,798,058
Recovery income	2,488,747
Dividend income	1,812,019
Income from mortuary	1,263,000
Other revenues	<u>1,723,461</u>
	<b><u>P 95,631,136</u></b>

(d) *Itemized Deductions*

Details of the Cooperative's exempt itemized deductions for the year ended December 31, 2013 are as follows:

Compensation and employee benefits	P 61,472,261
Impairment losses	25,126,221
Provision for performance incentives	16,059,872
Depreciation	11,024,231
General assembly	10,134,718
Security, messengerial and janitorial services	8,267,471
Communication, light and water	5,399,498
Office supplies	5,109,872
Fuel, oil and lubricants	4,407,525
Prompt payment incentive	3,613,838
Insurance	2,923,865
Repairs and maintenance	2,810,774
Rent	2,776,145
Meetings and conferences	2,648,620
Prior year adjustments	2,554,038
Officers' honorarium	2,406,047
Marketing and promotions	2,088,551
Professional fees	1,665,368
Collection incentives	1,316,366
Travel and transportation	1,173,482
Representation	1,018,740
Provision for year-end expenses	660,291
Amortization of computer software	634,880
Taxes and licenses	278,300
Others	<u>3,089,052</u>
	<b><u>P 178,660,026</u></b>

# APPROVED OPERATIONAL BUDGET FOR THE YEAR 2014

**TAGUM COOPERATIVE**  
Magugpo West, Tagum City, Davao del Norte

**APPROVED OPERATIONAL BUDGET FOR YEAR 2014**  
Per Joint Officials' Meeting (JOM) Resolution No. 022; Series of 2013  
(With Comparative Figures from the 2013 Approved Budget)

	TOTAL		MEMBERS BENEFIT ASSISTANCE		2014	2013
	SAVINGS & CREDIT	FUNECARE	CAC	HPP	CONSOLIDATED	CONSOLIDATED
<b>Revenues</b>						
Interest Income	418,854,290.00	-	-	-	402,342,810.49	330,730,403.38
Service Fee	49,195,464.64	-	-	-	49,195,464.64	45,958,523.82
Late Payment Charges	5,276,000.00	-	-	-	5,276,000.00	4,725,000.00
Recovery Income	2,420,000.00	-	-	-	2,420,000.00	3,700,000.00
Income from Services	-	11,914,500.00	20,145,206.64	12,629,750.00	44,689,456.64	38,778,557.84
Other Income	16,704,820.76	1,192,835.13	670,000.00	3,710.02	18,451,365.90	20,120,867.57
<b>Total Revenues</b>	<b>492,450,575.40</b>	<b>13,107,335.13</b>	<b>20,815,206.64</b>	<b>12,633,460.02</b>	<b>522,375,097.66</b>	<b>444,013,352.61</b>
<b>Less: Operating Costs and Expenses</b>						
<b>Cost of Funds/Services</b>						
Interest on Deposits	68,983,530.66	-	-	-	68,983,530.66	66,573,574.59
Litigation	375,000.00	-	-	-	375,000.00	425,000.00
Cost of Services	-	4,361,746.35	-	766,980.27	5,128,726.62	5,669,080.52
<b>Sub-total</b>	<b>69,358,530.66</b>	<b>4,361,746.35</b>	<b>-</b>	<b>766,980.27</b>	<b>74,487,257.28</b>	<b>72,667,655.11</b>
<b>Institutional Development Cost</b>						
Gratuity Expense	747,192.37	5,047.19	19,528.04	3,232.39	775,000.00	745,000.00
Meeting & Conferences	4,945,439.32	29,129.47	112,704.53	18,655.50	5,105,928.82	4,744,295.89
Education/Training	-	-	10,000.00	-	10,000.00	26,920.00
Mgt. & Professional Services	809,860.11	5,470.51	21,165.88	3,503.50	840,000.00	1,180,000.00
Audit Expense	563,045.60	3,803.30	14,715.33	2,435.77	584,000.00	528,000.00
Membership Fees & Dues	29,523.14	26.05	100.79	16.68	29,666.67	42,200.00
Cooperative Month & Other Activities	-	-	-	-	-	-
General Assembly	2,618,795.97	17,623.22	68,185.82	11,286.51	2,715,891.52	3,462,855.90
Members' Benefit Expense	7,780,441.82	52,555.94	203,343.64	33,658.61	8,070,000.00	7,050,000.00
Bond and Insurance	3,012,072.20	203,950.51	28,935.53	23,608.39	3,268,566.64	3,066,509.06
Travel and Transportation	1,567,934.24	4,133.56	89,679.10	8,313.85	1,670,060.75	1,150,940.25
<b>Sub-total</b>	<b>22,074,304.78</b>	<b>321,739.76</b>	<b>568,358.66</b>	<b>104,711.19</b>	<b>23,069,114.39</b>	<b>21,996,721.10</b>
<b>Premises</b>						
Light & Water	4,092,677.17	272,882.23	36,690.53	9,295.49	4,411,545.42	3,761,115.08
Repair & Maintenance	3,804,352.21	404,682.92	87,957.90	22,806.97	4,319,800.00	3,319,700.00
Depreciation	12,083,167.06	1,919,431.17	160,361.40	94,501.43	14,257,461.05	14,039,246.58
Taxes & Licenses	534,273.51	94,275.51	14,548.14	752.83	643,850.00	555,800.00
Fuel & Lubricants	4,399,128.12	512,800.95	177,087.29	9,283.64	5,098,300.00	4,824,980.00
Security Services	10,268,517.40	590,386.05	103,237.24	6,825.83	10,968,966.52	8,296,761.86
<b>Sub-total</b>	<b>35,182,115.48</b>	<b>3,794,458.82</b>	<b>579,882.50</b>	<b>143,466.19</b>	<b>39,699,922.99</b>	<b>34,797,603.52</b>
<b>Manpower</b>						
Salaries and Wages	52,260,218.92	1,537,058.09	1,452,420.35	1,101,099.53	56,350,796.89	49,264,021.03
Employees Benefits	16,218,733.02	520,030.95	585,753.72	426,494.37	17,751,012.06	17,318,842.65
Pag-ibig/SSS/Philhealth/ECC Contr.	4,146,882.67	110,367.24	127,609.99	88,164.91	4,473,024.80	4,957,164.80
Retirement Expense	2,007,240.82	63,558.67	62,459.70	8,683.43	2,141,942.62	1,719,414.09
<b>Sub-total</b>	<b>74,633,075.43</b>	<b>2,231,014.95</b>	<b>2,228,243.75</b>	<b>1,624,442.23</b>	<b>80,716,776.37</b>	<b>73,259,442.57</b>
<b>Other Operating Costs</b>						
Staff Meeting Expense	2,494,805.63	15,757.84	103,420.76	55,140.77	2,669,125.00	2,425,752.88
Periodicals	19,282.38	130.25	503.95	83.42	20,000.00	31,000.00
Communication	2,645,693.15	58,779.63	54,540.35	39,507.86	2,798,521.00	2,531,589.69
Representation & Entertainment	922,379.34	29,660.19	20,096.15	8,664.33	980,800.00	964,000.00
Marketing & Promotion	3,244,307.60	66,553.38	156,911.40	236,117.63	3,703,890.00	4,061,631.00
Collection Expense	1,978,410.18	-	-	-	1,978,410.18	1,934,785.28
Social Services Expense	3,000.00	-	-	-	3,000.00	227,000.00
Stationeries & Supplies	3,481,486.62	101,855.48	118,161.58	66,316.72	3,767,820.40	3,699,600.74
Year-end Expenses	19,628,470.14	291,220.82	519,385.25	142,612.92	20,581,689.13	9,975,250.00
Pre-operating Expenses	45,255.00	-	-	-	45,255.00	45,255.00
General Support Services	1,104,443.23	7,846.80	7,145.45	1,182.76	1,120,618.24	921,524.16
Miscellaneous	304,328.10	13,229.40	72,822.12	3,467.13	393,846.75	351,980.00
Interest on Seed Fund	15,293,030.31	1,218,449.21	-	-	-	-
Rent Expense	3,158,230.91	1,326.60	60,000.00	60,000.00	3,159,557.51	2,920,907.45
Prompt Payment Incentives	4,734,271.35	2,084.00	8,063.19	1,334.67	4,745,753.22	3,969,270.00
Research & Development	192,823.84	-	5,039.50	834.17	198,697.50	200,000.00
Human Resource Development	196,391.08	1,302.50	5,132.73	849.60	203,675.90	352,876.93
<b>Sub-total</b>	<b>59,446,608.85</b>	<b>1,808,196.09</b>	<b>1,131,222.43</b>	<b>616,111.97</b>	<b>46,370,659.82</b>	<b>34,612,423.13</b>
<b>Total Operating Costs and Expenses</b>	<b>260,694,635.20</b>	<b>12,517,155.97</b>	<b>4,507,707.34</b>	<b>3,255,711.86</b>	<b>264,343,730.85</b>	<b>237,333,845.43</b>
<b>Net Surplus Before Provision for</b>						
Probable Loan Loss	231,755,940.20	590,179.16	16,307,499.29	9,377,748.16	258,031,366.81	206,679,507.18
<b>Less: Provision for Probable Loan Loss</b>	<b>25,200,000.00</b>	<b>67,858.98</b>	<b>-</b>	<b>-</b>	<b>25,267,858.98</b>	<b>20,750,720.00</b>
<b>NET SURPLUS</b>	<b>206,555,940.20</b>	<b>522,320.18</b>	<b>16,307,499.29</b>	<b>9,377,748.16</b>	<b>232,763,507.83</b>	<b>185,928,787.18</b>

Notes: 1. The Consolidated Interest Income is net of P 15,259,740.07 and 1,218,449.21 inter-office Interest on Seed Fund and Interest on Funecare Fund for 2014 respectively while Consolidated Other Income is net of P 120,000.00 Rent of the CAC & HPP offices for 2014.

2. The inter-office Interest on Funecare Fund of P 1,218,449.22 for 2013, is eliminated.

3. The Consolidated 2014 Rent Expense is net of P 60,000.00 & P 60,000.00 inter-office Rent on CAC & HPP offices, respectively.

# MANAGEMENT DIRECTORY

## OFFICE OF THE GENERAL MANAGER:

OIC-General Manager	-	Juris D. Perez, CPA, MBA
Secretary to the GM	-	Venus C. Tabanao
Drivers	-	Rudy C. Calapre, Jr.
	-	Roderick C. Gado
	-	Teotimo G. Magsalay, Jr.

## SAVINGS & CREDIT GROUP (SCG)/MAIN OFFICE:

SCG Manager	-	Juris D. Perez, CPA, MBA
Branch Manager	-	Ma. Linda M. Remoreras
Secretary to the SCG Manager	-	Renahlene F. Mejorada

## COMPTROLLERSHIP/TREASURY DEPARTMENT:

Comptroller/Treasury Manager	-	Luna L. Paulin, CPA
Budget Officer	-	Mildred G. Resma
SCG Accountant	-	Sherwin Gabriel C. Petalino, CPA
Bookkeeper	-	Chevylyn L. Buncal
Bookkeeper-Funecare	-	Brenda C. Torremucha
ATM Specialists	-	Haidee M. Espiritu
	-	Joanne B. Legurpa
Acctg. Clerk - Disbursement	-	Mary Ann A. Verola
Audit Assistants	-	Mary Rose E. Lubon
	-	Reyre P. Donguila

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DEPARTMENT:

ICT- Officer in Charge	-	Sean Plaza
ICT Specialists- Software	-	Randel R. Cahiyang
	-	Ann Nieves T. Malingin
ICT Assistant	-	Jeleo Stephen C. Enrile
ICT Specialist- Hardware	-	Wilfredo B. Barco
Computer Technician	-	Donnie Ray C. Malabuza
Graphic Artist	-	Daryl Jay D. Dumandan

## HUMAN RESOURCE DEVELOPMENT (HRD) DEPARTMENT:

HRD Manager	-	Angelina A. Ramos
HRD Assistant	-	Erybeth F. Plaza, M.M.
Training and Recruitment Specialist	-	Leslie S. Canuto
HRD Clerks	-	Hermelita M. Montaña
	-	Joneil L. Lloren

## FUNECARE DEPARTMENT:

FuneCare Manager	-	Kathryn Ann J. Salazar
FuneCare Clerk	-	Renand T. Segundo
Marketing Assistant	-	Marlou C. Aguirre
Drivers	-	Francisco A. Mijares
	-	Fortunato D. Visande, Jr.
Janitor	-	Angelito M. Mata
Janitress	-	Babegen P. Nesperos

## GENERAL SERVICES OFFICE:

GSO Officer	-	Aristotle D. Aguipo
Property Custodian	-	Jasper C. Sinto
GSO Clerk	-	Michael Vincent S. Mangaron
	-	Kristine D. Tabaranza
Utility/Messengers	-	Roxanne F. Abella
	-	Mhelden P. Ranao
Janitress	-	Sheendyl Rae N. Luginasin

## MEMBERS BENEFIT AND ASSISTANCE (MBA) SECTION:

OIC-MBA Officer	-	Elsa O. Balagon
Marketing Assistants - CAC	-	Ruel P. Molina
	-	Silverio A. Padas, Jr.
Marketing Asst. CAC/Liaison	-	Ryam Joseph H. Quimno
HPP Clerks	-	John C. Camacho, RN
	-	Nova Diane T. Samonte

## ACCOUNTING SECTION:

Accountant	-	Edilyn T. Beldia, CPA
Bookkeepers	-	Analet M. Bag-ao
	-	Gerardo P. Nawanao
	-	Mary Joy S. Tabalanza
Accounting Clerks	-	Jemalyn L. Amabao
	-	Mark Kaye C. Anggan
	-	Rovelyn G. Gementiza
	-	Regin P. Olayan

## COLLECTION AND ASSET RECOVERY (CAR) SECTION:

CAR Officer	-	Baby Boy Rolly A. Saligan
Collector ATM/POS	-	Michael F. Gozalo
Collectors	-	Edimar S. Alconera
	-	Decer C. Ambos
	-	Arvin A. Asis
	-	Ericson C. Bartolaba
	-	Virgilio L. Bilbao, Jr.
	-	Gerald John P. Esencia
	-	Allan N. Flores
	-	Jem Boy A. Hingosa
	-	Rey M. Hunas
	-	Randy T. Liquit
	-	Rodel A. Mahubay
	-	Darwin E. Manuel
	-	Miecle Jayson B. Panilag
	-	Jose I. Ranario, Jr.
CAR Clerks	-	Analou M. Maniwang
	-	Leeven G. Granada
	-	Odessa B. Quiñones

## LOAN SECTION:

Loan Officer	-	Daniel S. Aguinaldo
Credit Analysts	-	Felix M. Alban
	-	Rigoberto M. Auguis
	-	Rick F. Bermudez
	-	Jerhum T. Boiser
	-	Emeliano C. Cardinas
	-	Erlito A. Morilla
	-	Julito M. Suganob
	-	Ramil F. Tusay
Records Custodian	-	John Paul P. Guboc
Loan Documentation Clerks	-	Lloyd C. Espinosa
	-	Marlou B. Sarellana
Loan Clerks	-	Sonny Boy N. Cesar
	-	Darryl O. Grancho

## FINANCE SECTION:

Finance Officer	-	Maryjoan A. Boque
Tellers	-	Vicel Jane L. Castillo
	-	Cherymee B. Espinosa
	-	Maysyll P. Endres
	-	Edilberto A. Jao, Jr.
	-	Jonatan B. Laraño
	-	Julius P. Nagac
	-	Johnna Nev C. Roble
Finance Clerks	-	

## MARKETING SECTION:

Marketing Officer	-	Joan P. Almendras
Marketing Analyst	-	Joy Fritz H. Josol
Marketing Assistants	-	Cyndril D. Alinsunorin
	-	Starlito S. Yecyec, Jr.
Driver	-	Eric B. Villegas

## MEMBERSHIP AND PROTECTION SECTION:

MPS Officer	-	Liza L. Daligidigan
MPS Clerks	-	Leizel R. Malnegro
	-	Maria April V. Villanueva

## LEGAL SECTION:

Legal Officer	-	Jessie B. Baylosis
Legal Researcher	-	Cesar D. Dimacuta II
Legal Clerks	-	Jacob Philip Q. Banal
	-	Vincent Carlo V. Lozano
Legal Documentation Clerks	-	Carpio S. Bagon, Jr.
	-	Rey D. Sastrillas
Legal Collectors	-	Ramon F. Banluta
	-	Nick David G. Legaspi
	-	Rodel G. Parcon
CMC Coordinator	-	Ethyl S. Suriba

## SAVINGS & CREDIT WITH EDUCATION (SCWE) SECTION:

SCWE Officer	-	Mary Ann L. Jabile
Field Agents	-	Julius L. Atiagan
	-	Janerose A. Lozano
	-	Renante O. Teves
SCWE Clerk	-	Imma Concepcion F. Lozano



**YOUTH PROGRAM SECTION:**

Youth Program Officer	-	Clydene S. Dairo, M.M.
Youth Program Coordinators	-	Haidee L. Baló
	-	Liezel T. Lumaad
Youth Lab. Roving Teller	-	Nikko C. Revita
Youth Program Cash Clerk	-	Shena Leyen F. Palomo

**OFFICE OF THE BOD:**

BOD Recording Secretary	-	Regina Kate Tambal
BOD Clerk	-	Sarah Jane P. Ursal

**EDUCATION AND COMMUNITY DEVELOPMENT PROGRAM (ECDP) SECTION:**

ECDP Officer	-	Romela T. Pangandoyon
CDP Coordinator	-	Roel M. Bautista
ECDP Assistant	-	Ana Marie D. Arce

**INTERNAL AUDIT SECTION:**

OIC-Internal Auditor	-	Jovie Lou A. Sumatra, CPA
Internal Auditors	-	Mark Owing B. Balderaz, CPA
	-	Ailene G. Donguya, CPA
	-	Eve B. Embradura, CPA
Audit Clerk	-	Gennivie O. Avelino
Driver	-	Joel C. Loberanes

**NABUNTURAN BRANCH:**

Branch Manager	-	Nelson C. Salvaloa
Credit Analysts	-	Reynan L. Pongos
	-	Eupre G. Porras
Bookkeeper	-	Theresa E. Miñoza
Collectors	-	Emiliano D. Anislag, Jr.
	-	Leo L. Binalangbang
	-	Jaypee C. Golis
	-	Angelito G. Verano
Tellers	-	Mariquiel D. Alimes
	-	Chantelle S. Baysa
Marketing Assistant	-	Geraldine B. Lumor
Accounting Clerk	-	Evelyn B. Homigop
Youth Program Coordinator	-	Jepherlie Grace M. De Leon
MPS Clerk	-	Lenie P. Amoyon
CAC/HPP Clerk	-	Liezel B. Dechos
Loan Clerk	-	Anthony Lou T. Manon-og
Driver/Messenger	-	Richard S. Bringuela

**CARMEN BRANCH:**

Branch Manager	-	Evelyn G. Bungabong
Credit Analysts	-	Anna Liza A. Seno
	-	Amor P. Sorongon
Bookkeeper	-	Lea G. Cabanisas
Teller	-	Karen P. Lim
Collector	-	Jonathan A. Bajeyo
	-	Randy Glenn G. Ferido
Marketing Assistant	-	Jonald V. Madanguit
MPS Clerk	-	Joan N. Salva
Accounting Clerk	-	Angel Mae C. Idago
CAC/HPP Clerk	-	Rochel C. Isidro
Loan Clerk	-	Venus C. Cerbas

**BAJADA BRANCH:**

Branch Manager	-	Roberto T. De Castro
Management Trainee	-	Nathaniel R. Desierto
Credit Analysts	-	Ronald C. Cabalonga
	-	Archie A. Reducto
	-	Darwin Paul M. Tubod
Bookkeeper	-	Ana Lourdes B. Alagon, MBA
Loan Officer	-	Karen Remia D. Solis
Collectors	-	Robert John A. Almendral
	-	Jeffrey S. Germo
	-	Andrew G. Salvaña, Jr.
Collector ATM/POS	-	Jerlyn A. Bedrio
	-	Rosalía C. Estoque
Teller	-	Fahizzah Meda M. Manan, MBA
	-	Camid D. Yahya, Jr.
Loan Clerk	-	Alejandro P. Cubero
Marketing Assistant	-	Arlou B. Garcia
Accounting Clerk	-	Karena Lorena M. Axalan
MPS CLERK	-	Jerishwin S. Buyco
Youth Program Coordinator	-	Jestoni T. Payot
CAC/HPP CLERK	-	Mary Joy L. Apatan
Driver	-	Michael S. Gargar

**MATINA BRANCH:**

Branch Manager	-	Vivelyn D. Fronteras
Credit Analysts	-	Jerry L. Asuque
	-	Elmer O. Galleto
Bookkeeper	-	Rube Rose L. Berceño
Collectors	-	Jonathan I. Ceballos
	-	Rolando O. Lagria
	-	Emmanuel Q. Marimon
Tellers	-	Haide B. Calamba
	-	Mary Luz C. Mercado
	-	Jean Y. Tagalo
Accounting Clerk	-	Daniel A. Bantilan
MPS Clerk	-	Ruel C. Gerundio
Marketing Assistant	-	Veche C. Bestre
Youth Program Coordinator	-	Precious P. Aguaviva
CAC/HPP Clerk	-	Ramonito A. Banzon
Loan Clerk	-	Johnson V. Inson
Driver	-	

**PANABO BRANCH:**

Branch Manager	-	Vicente P. Binag
Management Trainee	-	Jerry D. Cabanisas, M.M.
Credit Analyst	-	Allan Thor C. Alvarez
Bookkeeper	-	Karen Lynn M. Tano
Collector	-	John Ber G. Alojado
	-	Vladimir C. Marilla
Tellers	-	Charmeah J. Conales
	-	Elsie R. Dangoy
Accounting Clerk	-	Karyll H. Donalvo
MPS Clerk	-	Fritzie Joy P. Pelicano
CAC/HPP Clerk	-	Jenilyn M. Rivera, MBA
Marketing Assistant	-	Jhonny D. Lozano
Youth Program Coordinator	-	Charlie M. Libatan, Jr.
Loan Clerk	-	Leunamme G. Seguia
Driver	-	Mario D. Alvarez

**MINTAL BRANCH:**

Branch Manager	-	Jerubi D. Jupista
Credit Analysts	-	Charlie Emmanuel L. Jabal
	-	Leoncio Mejino II
	-	Jerilyn G. Hisu
Bookkeeper	-	Francis Martin P. Apostol
Collectors	-	Roberto G. Corilla, Jr.
	-	Jomboy L. Tupaz
Teller	-	Marchie T. Caballes
Marketing Assistant	-	Antonio C. Madarang, Jr.
Loan Clerk	-	Sheena Mae O. Amaga
Accounting Clerk	-	Welanie C. Rondero
MPS Clerk	-	Joanna Mari N. Carcallas
CAC/HPP Clerk	-	John Robert M. Royo
Youth Program Coordinator	-	Nesle A. Namuag
Driver	-	

**TAGUM PUBLIC MARKET BRANCH:**

Branch Manager	-	Ria Diosa A. Caliao, MBA
Credit Analysts	-	Bobby S. Patenio
	-	Francisco D. Villamor
Bookkeeper	-	Kris T. Jamito, MBA
Collectors	-	Ariel Joy A. Corlet
	-	Alberto L. Dango
	-	Isabelo D. Lumapas
Tellers	-	Renante E. Infante
	-	Myrazol A. Omosura
Marketing Assistant	-	Ellen C. Ballo

**STO. TOMAS BRANCH:**

Branch Manager	-	Evelyn G. Bungabong
Credit Analyst	-	Jared Rex F. Cajegas
Accounting Clerk	-	Analie M. Piccio
Collector	-	Johnrel B. Manalo
Teller	-	Rhea M. Arca
Youth Program Coordinator	-	D'che Mark T. Suarez
Driver	-	Gemm B. Loquillano, Jr.

**DIGOS BRANCH:**

OIC-Branch Manager/Credit Analyst	-	Eugene Elijah H. Veloso, MBA
Credit Analyst	-	Sherwin B. Cuico
Bookkeeper	-	Cristine G. Maghanoy
Teller	-	Mericris B. Vallejos
Marketing Assistant	-	Eriza Gracia A. Pepino















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More Power and Wishing Tagum Cooperative  
All the Best on its 47<sup>th</sup> Annual General Assembly  
God bless us all!



Greetings from :

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# 2013-2014 AWARDEES

## Members/Officials/Officers/Management Service/Merit Awards

### A. MEMBER CATEGORY

#### OUTSTANDING PATRONIZER OF TC PRODUCTS & SERVICES

Share Capital	Mr. Armando D. Enero	Bajada Branch
Regular Savings	Ms. Carmen M. Lobiano	Nabunturan
Special Time Deposit	Ms. Carmen M. Lobiano	Nabunturan
Youth Savers	Ms. Elaiza Gian A. Medalle	Public Market
Power Teen	Ms. Alexa Van S. Miguel	Main
Youth Laboratory	Ms. Ashiera Coolen B. Abayon	Main
Aflatoun	Ms. Ma. Erikah P. Cancio	Main
PASADA	Mr. Concordio L. Sepada	Main

#### MOST OUTSTANDING FAMILY

MR. and MRS. ROMULO M. GICALÉ	Public Market Branch
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### B. OFFICER CATEGORY

<b>Presidential Citation</b>	Dir. Miriam R. Baloyo, CPA
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#### Service Awards

Dir. Monica L. Salido, MM	25 years
Mr. Mark Louie D. Mahinay, CPA, MBA	5 years
Ms. Rosamaria S. Torrejano, CPA, MPA	5 years
Mr. Noel O. Quidilla	5 years
Ms. Laurencia B. Rimando	5 years
Ms. Benedicta O. Hilario	5 years
Ms. Janet T. Matuguinas, CPA, MBA	5 years

#### Outstanding Patronizer of TC Products & Services

Share Capital	Ms. Rosalina S. Argent
Regular Savings	Dir. Antonio C. Arañas, MPA
Special Time Deposit	Dir. Nenita R. Malbas, CPA, MBA

<b>Model Officer</b>	Ms. Rosalina S. Argent
----------------------	------------------------

### C. EMPLOYEE CATEGORY

#### Service Awards (5 years)

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Mr. Jasper C. Sinto	Mr. Ruel C. Gerundio
Mr. Arlou B. Garcia	Mr. Starlito S. Yecyec Jr.
Mr. Nick David G. Legaspi	Mr. Aristotle D. Aguipo
Mr. Lloyd C. Espinosa	Mr. Nathaniel R. Desierto
Mr. Randy T. Liquit	Mr. Rodel A. Mahubay
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Mr. Roel M. Bautista	Ms. Mary Luz C. Mercado
Mr. Sean Plaza	Ms. Rosalia C. Estoque
Ms. Sarrah S. Niaga	

#### Service Award (10 years)

Mr. Roxanne F. Abella
-----------------------

#### Service Award (15 years)

Mr. Marlou B. Sarellana
Ms. Vivelyn D. Fronteras

### SPECIAL MERIT/ACHIEVEMENT AWARD

#### TC Collector of the Year

Charge-off Accounts	Mr. Emmanuel Q. Marimon Matina Branch
Current Accounts	Mr. Rolando O. Lagria Matina Branch
Top Marketer of the Year	Mr. Jonald Madanguit Carmen Branch
Top Marketer for Youth Programs	Ms. Liezel T. Lumaad Main Office
Top Marketer for CAC/MBA Products	Ms. Jenalyn M. Rivera, MBA Panabo Branch

Most Outstanding Branch

Panabo Branch

Most Outstanding Branch Manager

Mr. Vicente P. Binag  
Panabo Branch

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 Ms. Kris T. Jamito  
 Ms. Theresa E. Miñoza  
 Mr. Arvin A. Asis  
 Ms. Analet M. Bag-ao  
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 Mr. Edilberto A. Jao, Jr.  
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 Ms. Mariquiel D. Alimes  
 Ms. Brenda C. Torremucha  
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 Ms. Karen Lynn M. Tano  
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 Mr. Leunamme G. Seguia  
 Ms. Rhea M. Arca  
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 Ms. Haidee M. Espiritu  
 Ms. Jemalyn L. Amabao  
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 Medical Team  
 (Including all HPP Accredited Doctors)

# In Memoriam 2013

Abascar, Abelito S.  
Albarado, Jonathan Y.  
Alcaria, Roberto D.  
Aleria, Lorenza C.  
Alerta, Moises A.  
Alias, Rowena B.  
Allego Sr., Armando  
Ampilani, Edres M.  
Anino, Lydia B.  
Arbuso, Fortunato  
Ariate, Zalimar G.  
Aribal, Pascual R.  
Artigo, Joselito A.  
Asna, Olivia A.  
Auguis, Roberto A.  
Bacerra Jr., Manuel A.  
Baguio, Alexander A.  
Baldemor, Primitiva B.  
Balid, Emy L.  
Balladares, Genoveva B.  
Ballinas, Richard G.  
Barcena, Samuel F.  
Batangon, Jesusa  
Bercero, Erlinda M.  
Bernales, Jose Antonio M.  
Biala, John Reynold M.  
Bio, Elena S.  
Boldo, Celerina D.  
Borres, Juliet S.  
Bualan, Rogelio M.  
Buenafe, Vera V.  
Bungabong, Longino S.  
Cadimas, Flora C.  
Cagoco, Rebecca A.  
Calimot, Remigo R.  
Calimotan, Vesetacion C.  
Calleo, Harold T.  
Callena, Silva C.  
Calo, Santiago III B.  
Canceran, Francisca P.  
Canete, Mamerita P.  
Carbonell Sr., Belmas O.  
Carnecer, Cecilia P.  
Carnice, Manuel M.  
Castro, Alexes M.  
Catulong Jr., Vicente N.  
Caya, Petronila C.  
Cayunda, Evangeline O.  
Cañas, Lourdes P.  
Cañete, Luzviminda A.  
Celmar, Neria E.  
Chatto, Ariston T.  
Chatto, Vicente A.  
Conarco Sr., Hayden M.  
Cordovan, Demetrio L.  
Cortado, Felicitas R.  
Cotamora, Alberto S.  
Cutin, Patricia C.  
Dadizon, Mauricio O.  
Dano, Genaro P.  
Daya, Crisostomo A.  
Denamarca, Sotera L.  
Diola Sr., Eduardo M.  
Dionaldo, Gerardo C.  
Doro-On, Romwel A.  
Doydoy, Rufino B.  
Dumandan, Susang G.  
Duran, Lecita D.  
Durban, Gregorio  
Endiape, Rosalinda G.  
Enojas, Norberto G.  
Escara, Alfredo O.  
Estael, Victorena  
Eusalan, Norma A.  
Fajardo, Dionisio L.  
Faller, Potenciana S.  
Fernandez, Venerando D.  
Fernando, Edison M.  
Flores, Alexander C.  
Fontanilla, Eduardo O.  
Gabatilla, Ricardo J. Jr  
Galeon, Aurora B.  
Genosas, Eleuterio D.  
Gonzales, Eduardo A.  
Gortia Jr., Albino L.  
Gumera, Rolando V.  
Hermo, Wilfredo P.  
Hipos, Amelita A.  
Jamon, Belen S.  
Javinez, Rudy B.  
Jolero, Raul P.  
Jumalon, Ernecita S.  
Lanaja, Caleope N.  
Lanciano, Johnny A.  
Largadas, Vicente Y Castro  
Larroza, Fe S.  
Laygan, Teodoro G.  
Limbing, Mercedita M.  
Loberos, Carlito D.  
Lobiano, Reynaldo C.  
Lor, Ceriaco V.  
Lora, Julandia C.  
Lubiano, Rolando D.  
Lugnasin, Joan D.  
Lupas Jr., Gregorio C.  
Lupiba Sr., Arturo M.  
Mabaso, Irene N.  
Macadangdang, Diosdado A.  
Macuto, Lorenzo G.  
Maiquez, Florentina M.  
Malubay, Ma. Jaenalin R.  
Manguiran, Timoteo B.  
Maquiling, Norma D.  
Marikit, Julieta O.  
Martije, Damacino M.  
Martir, Ruel L.  
Mata, Gloria S.  
Maureal, Froilan T.  
Melicor, Myrna D.  
Mepico, Lourdes C.  
Mercado, Luz V.  
Merquita, Romero O.  
Mesias III, Emilio E.  
Miguel, Natividad M.  
Mirafuentes, Patricio L.  
Miranda, Antonio R.  
Molino, Sabino T.  
Mondejar, Virginia A.  
Monteros Jr., Saturnino C.  
Naquila, Romeo C.  
Navarro, Telesforo E.  
Nunez, Jessie D.  
Odtojan, Rosalinda B.  
Olayan, Emma S.  
Ombajen, Reynaldo C.  
Onong, Abel B.  
Orcullo, Constanca A.  
Osic, Severino G.  
Padernal, Elizabeth R.  
Paje, Alejandrino A.  
Patrimonio, Grace P.  
Pedres Sr., Lino V.  
Pedro, Concepcion F.  
Pelier, Casiano S.  
Penero, Ronalyn B.  
Pepe, Bonifacio G.  
Perez, Edgar C.  
Pesidas, Gloria G.  
Pesidas, Jeremias S.  
Plaza, Rosalina G.  
Poblacion, Elsa S.  
Ponte, Wenda C.  
Porras, Reynaldo A.  
Quilante, Ken S.  
Rabusa Sr., Ernesto L.  
Radin, Edison S.  
Rala, Sabino F.  
Ramoran, Maria Fe T.  
Rapas, Jerry D.  
Rebayla Sr., Jesus  
Rebosura, Terisita D.  
Reyes, Fely D.  
Reyes, Roberta D.  
Rocacurba, Nova A.  
Rosales, Fortunata  
Rotante, Baltazar T.  
Royo, Filipina M.  
Ruiz, Alfredo B.  
Sajulga, Alfredo A.  
Salar, Modesta N.  
Salip, Junray M.  
Salmon, Edna Virginia A.  
Sanchez, Evelyn D.  
Saure, Restituto C  
Sembrano, Winifrida A.  
Senangote, Menilia B.  
Soliano, Ernesto Jr. T.  
Solis Sr., Romulo  
Sultan, Arturo L.  
Talo, Nelia L.  
Tiberio, Dolores O.  
Torrejas, Rene R.  
Tulo, Emeliana E.  
Villado, Melinda M.  
Villar, Noel B.  
Villarosa, Teresita P  
Villarta Sr., Gonzalo G.  
Yian, Mark Jade T.  
Ylaya Jr., Aurelio A.  
Zaragoza, Raymundo P