

REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE

COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Audit Engagement Letter

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Statements of Cash Flows

Statements of Changes in Equity

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AUDIT ENGAGEMENT LETTER

The Board of Directors
Regional and Central COMELEC Employees Multi-Purpose Cooperative
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

You have requested that we audit the financial statements of **Regional and Central COMELEC Employees Multi-Purpose Cooperative** as of December 31, 2024 and the related statement of operations, cash flows and changes in equity for the year then ending. I am please to confirm my acceptance and our understanding of this engagement by means of this letter. My audit will be made with the objective of my expressing an opinion on the financial statements.

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

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

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

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

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

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

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




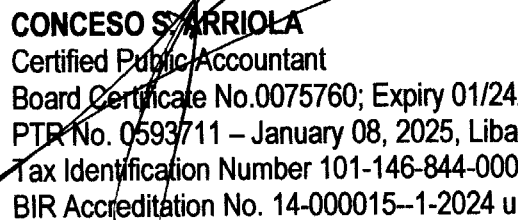
This letter will be effective for one (1) year unless it is terminated, amended or superseded.

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

REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE

Acknowledged in behalf of the cooperative by:


ATTY. MARIA CORAZON S. MONTALLANA
Chairperson, BOD


CONCESO S. ARRIOLA
Certified Public Accountant
Board Certificate No.0075760; Expiry 01/24/2028
PTR No. 0593711 – January 08, 2025, Libagon, Southern Leyte
Tax Identification Number 101-146-844-000
BIR Accreditation No. 14-000015--1-2024 until 2/01/2027
BOA No.5403 valid until 1/31/2027
CDA CEA No. 988 valid until 11/07/ 2028

January 15, 2025
Libagon, Southern Leyte

Statement of Management's Responsibility for the Financial Statements

The management of **Regional and Central COMELEC Employees Multi-Purpose Cooperative** is responsible for all information and representation contained in the financial statements for the year ended December 31, 2024. The financial statements have been prepared in conformity with Philippine Financial Reporting Framework for Cooperatives in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

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

Conceso S. Arriola, the independent auditor appointed by the Board of Directors for the year 2024, has examined the financial statements of the cooperative in accordance with the Philippines Standards on Auditing and the Standard Audit Systems for the Cooperatives and has expressed his opinion on the fairness of presentation upon completion of such examination, in her report to the members of the cooperative.

Signed on January 13, 2025



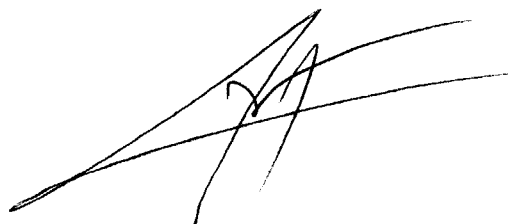
Atty. Maria Corazon S.
Montallana
Chairperson



Movita V. Pogenio
Treasurer



Atty. Felicisimo A. Embalsado
Manager




Statement of Management's Responsibility for Annual Income Tax Return

The management of **Regional and Central COMELEC Employees Multi-Purpose Cooperative** is responsible for all information and representations contained in the Annual Income Tax Return for the calendar year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return or Annual Information Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.


In this regards, Management affirms that the attached Audited Financial Statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Regional and Central COMELEC Employees Multi-Purpose Cooperative**, complete and correct in all material respects. Management likewise affirms that:

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

Signed under oath:


ATTY. MARIA CORAZON S. MONTALLANA
Chairperson, BOD


ATTY. FELICISIMO A. EMBALSADO
Manager


MOVITA V. POGENIO
Treasurer



STATEMENT OF REPRESENTATION

TO THE COOPERATIVE DEVELOPMENT AUTHORITY,

In connection with the audit of **REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE** for the year ending December 31, 2024 which are to be submitted to the Cooperative Development Authority, I hereby represent the following:

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

CONCESO S. ARRIOLA

Certified Public Accountant

Board Certificate No.0075760 Expiry 1/24/2028

PTR No. 0593711 – January 08, 2025, Libagon, Southern Leyte

Tax Identification Number 101-146-844-000

BIR Accreditation No. 14-000015-1-2024 until 2/01/2027

BOA No. 5403 valid until 1/31/2027

CDA CEA No. 988 until 11/07/2028

January 17, 2025

Libagon, Southern Leyte

SUBSCRIBED AND SWORN to
before me this _____, affiant
exhibiting _____ me his/her
_____, with ID No.
_____, issued on _____,
issued at _____, as competent
proof of identity.

Doc. No. 2
Page No. 2
Book No. 1
Series of 2025

ATTY. DALE N. DAMAYO

Notary Public for Municipalities of La Paz, Mayorga,
MacArthur, Abuyog, and Javier

Notarial Commission No. 02-25-01, until December 31, 2026

MCLE Exemption No. VII-BEP002321 - January 12, 2023

Valid until April 14, 2028

IBP No.493029 - 01.02.2025 - Leyte Chapter

PTR No. 0111455 - 01.02.2025 - Abuyog, Leyte

Roll of Attorney's No. 82595, May 30, 2022

Real Street, Poblacion District 2, MacArthur, Leyte

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors and Members of
REGIONAL AND CENTRAL COMELEC EMPLOYEES' MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

I have audited the accompanying financial statements of **REGIONAL AND CENTRAL COMELEC EMPLOYEES' MULTI-PURPOSE COOPERATIVE** which comprise the statements of financial condition at December 31, 2024 and the related statements of operations, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **REGIONAL AND CENTRAL COMELEC EMPLOYEES' MULTI-PURPOSE COOPERATIVE** as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Framework for Cooperatives

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Philippine Financial Reporting Framework for Cooperatives, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

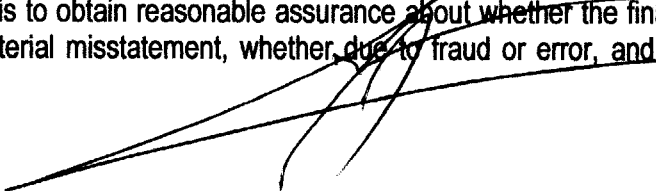
My responsibility is to express an opinion on these financial based on my audits. I conducted my audits in accordance with Philippines Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from materials misstatement.

In preparing the financial statements, management is responsible for assessing the Cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses, taxable revenue and deductible expenses in the related notes to the financial statements are presented for the purposes of filing with the Bureau of the Internal Revenue and is not a required part of the basic financial statements. Those supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in our audit of the basic financial statements. In my opinion, those supplementary information are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CONCESO S. ARRIOLA

Certified Public Accountant

Board Certificate No. 0075760: Expiry 1/24/2028

PTR No. 0593711 – January 08 2025, Libagon, Southern Leyte

Tax Identification No. 101-146-844-000

BIR Accreditation No. 14-000015-1-2024 until 2 /01/ 2027

BQA No. 5403 valid until 1/31/2027: CDA CEA No. 988 valid until 11/07/2028

January 17, 2025

Tacloban City, Leyte

REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

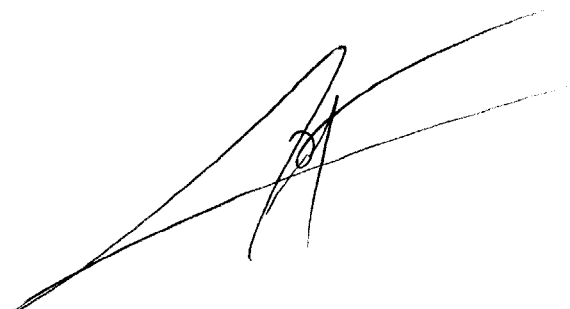
STATEMENT OF FINANCIAL CONDITIONS

As of December 31, 2024 and 2023

(Amounts in Philippine Pesos)

	Notes	2024	2023
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	2.4,5	39,370,648.30	52,081,691.54
Loans and Receivables, net	2.4,6	461,217,209.97	379,736,694.86
Other financial assets	2.4,7	18,917,061.50	18,191,147.09
Other current assets	2.4,8	469,340.00	45,490.00
Total Current Assets		519,974,259.77	450,055,023.49
Non-Current Assets			
Financial assets, at cost	9	4,947,395.33	4,744,299.68
Property, Plant and Equipment, net	2.4,10	6,614,624.03	2,514,705.20
Other non-current assets	11	146,140,142.35	116,180,642.15
Total Non-Current Assets		157,702,161.71	123,439,647.03
TOTAL ASSETS		677,676,421.48	573,494,670.52
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES			
Current Liabilities			
Deposit liabilities	2.4,12	122,904,141.72	111,063,144.56
Trade and Other Payables	2.4,13	3,665,262.74	1,077,125.82
Accrued expenses	2.4,14	1,298,029.01	1,290,494.19
Other current liabilities	15.21	37,550,002.47	29,097,144.62
Total Current Liabilities		165,417,435.94	142,527,909.19
Non-Current Liabilities			
Retirement payable	16	1,705,457.59	1,379,131.12
Members' benefit and Other funds payable		2,734,877.46	2,610,887.54
Total Non-Current Liabilities		4,440,335.05	3,990,018.66
Total Liabilities		169,857,770.99	146,517,927.85
EQUITY			
Members' equity			
Paid-up share capital	17,SCE	440,262,500.00	368,922,900.00
Statutory funds	21,SCE	67,556,150.49	58,053,842.67
Total Equity		507,818,650.49	426,976,742.67
TOTAL LIABILITIES AND EQUITY		677,676,421.48	573,494,670.52

See accompanying notes to financial statements



REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

STATEMENT OF OPERATIONS

For the years ended December 31, 2024 and 2023

(Amounts in Philippine Pesos)

	Notes	2024	2023
REVENUES	18	79,241,114.38	66,991,795.39
Total Revenues		79,241,114.38	66,991,795.39
EXPENSES	19	33,156,491.40	30,118,068.16
Total Expenses		33,156,491.40	30,118,068.16
NET SURPLUS Before Other Items		46,084,622.98	36,873,727.23
ADD(DEDUCT)- OTHER ITEMS-Subsidy/Gains (Losses)			
Losses in Financial Assets through Profit and Loss		-	(201,523.05)
Total		-	(201,523.05)
NET SURPLUS		46,084,622.98	36,672,204.18
DISTRIBUTED AS FOLLOWS:			
Reserve fund	21,SCE	4,608,462.30	5,867,552.67
Optional fund	21,SCE	3,225,923.61	2,567,054.29
Community development fund	21,SCE	1,382,538.69	1,100,166.13
Cooperative education and training fund	21,SCE	2,304,231.15	733,444.08
Due to union/federation	21,SCE	2,304,231.15	733,444.08
Interest on share capital payable	21,SCE	23,667,430.77	19,405,469.42
Patronage refund payable	21,SCE	8,591,805.31	6,265,073.51
		46,084,622.98	36,672,204.18
NET SURPLUS AS DISTRIBUTED		0.00	201,523.05

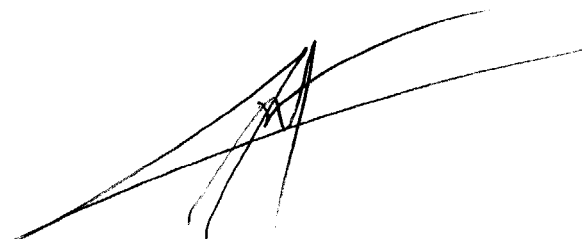
See accompanying notes to financial statements



REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte
STATEMENT OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus		46,084,622.98	36,672,204.18
Add(Deduct) - Adjustments to reconcile net surplus to cash provided by operating expenses:			
Depreciation and amortization	19	482,400.16	186,876.96
Provision for probable losses on loans	19	600,000.00	600,000.00
Changes in operating assets and liabilities			
Decrease (increase) in:			
Other financial assets	7	-725,914.41	(5,666,551.31)
Loans and Receivables	6	(82,080,515.11)	(56,730,682.75)
Other current assets	8	(423,850.00)	7,931.00
Increase (decrease) in:			
Deposit liabilities	12	11,840,997.16	20,326,385.38
Trade and Other Payables	13	2,588,136.92	(294,782.20)
Accrued Expenses	14	7,534.82	740,013.74
Other current liabilities	15	(26,110,609.38)	(19,831,451.03)
Net cash flows (used) in operating activities		(47,737,196.86)	(23,990,056.03)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in financial assets, at cost	9	(203,095.65)	(2,217,295.50)
Net acquisition/disposal of property & equipment	10	(4,582,318.99)	(1,491,286.06)
(Increase) in other non-current assets	11	(29,959,500.20)	(43,185,489.62)
Net cash flows (used in) investing activities		(34,744,914.84)	(46,894,071.18)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in retirement payable	16	326,326.47	248,945.53
Increase (Decrease) in other non-current liabilities		123,989.92	396,632.00
Increase in paid-up share capital	17	71,339,600.00	70,061,000.00
Credits to statutory funds	SCE	(2,018,847.93)	7,634,549.15
Net cash flows provided by financing activities		69,771,068.46	78,341,126.68
Net Increase (Decrease) in Cash and Cash Equivalents		(12,711,043.24)	7,456,999.47
Cash and Cash Equivalents , January 01	2,4,5	52,081,691.54	44,624,692.07
CASH AND CASH EQUIVALENTS, December 31	2,4,5	39,370,648.30	52,081,691.54

See accompanying notes to financial statements



REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2024 and 2023

(Amounts in Philippine Pesos)

	Notes	2024	2023
PAID-UP SHARE CAPITAL			
Beginning balance	17	368,922,900.00	298,861,900.00
Add (deduct): Net changes		71,339,600.00	70,061,000.00
TOTAL PAID-UP SHARE CAPITAL	4 & 16	440,262,500.00	368,922,900.00
STATUTORY FUNDS			
RESERVE FUND			
Beginning balance		38,228,145.87	24,310,964.62
Provisions		4,608,462.30	5,867,552.67
Credits		-	8,049,628.58
Ending Balance	4 & 19	42,836,608.17	38,228,145.87
EDUCATION AND TRAINING FUND			
Beginning balance		2,889,574.19	2,327,652.57
Provisions		2,304,231.15	733,444.08
(Charges)		(1,621,416.82)	(171,522.46)
Ending Balance	4 & 19	3,572,388.52	2,889,574.19
OPTIONAL FUND			
Beginning balance		13,048,653.87	10,481,599.58
Provisions		3,225,923.61	2,567,054.29
Ending Balance	4 & 19	16,274,577.48	13,048,653.87
COMMUNITY DEVELOPMENT FUND			
Beginning balance		3,887,468.74	3,030,859.58
Provisions		1,382,538.69	1,100,166.13
(Charges)		(397,431.11)	(243,556.97)
Ending Balance	4 & 19	4,872,576.32	3,887,468.74
Total Statutory Funds	SCE	67,556,150.49	58,053,842.67
TOTAL EQUITY	SCE	507,818,650.49	426,976,742.67

See accompanying notes to financial statements



REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE
COMELEC Region 8, Brgy. 91 Abucay, Tacloban City, Leyte

NOTES TO FINANCIAL STATEMENTS
As of December 31, 2024 and 2023
(Amounts in Philippine Pesos)

Note. 1 General Information

Regional and Central COMELEC Employees Multi-Purpose Cooperative was organized on April 15, 2005. It provides credit facilities to eligible and deserving members.

The cooperative holds certificate of tax exemption issued by the Bureau of Internal Revenue (with reference no. coop-00017-22-RR-14-RDO-088) which is valid until March 16, 2027, under Tax Identification No. (TIN) 006-045-103-000 and is registered with the Cooperative Development Authority under Registration Certificate No. 9520-08006867 dated January 25, 2010.


As a cooperative transacting with both members and non-members with accumulated reserves and undivided net savings of more than Ten million pesos (P10,000,000.00), REGIONAL AND CENTRAL COMELEC EMPLOYEES MULTI-PURPOSE COOPERATIVE (RECEMPCO) is entitled to the following tax exemptions and incentives:

1. Exemption from payment of Annual Registration fee of Five hundred pesos (P500.00);
2. Tax exemptions and incentives on its business transactions with members as provided by Article 61 of Republic Act. No. 9520, as implemented by Section 8 of the Joint Rules and Regulations Implementing Articles 60,61 and 144 of RA No. 9520:
 - a. Exemption from income tax on income from CDA-registered operations;
 - b. Exemption from value-added tax on CDA-registered sales or transactions;
 - c. Exemption from other Percentage tax;
 - d. Exemption from Donor's tax on donations to duly accredited charitable, research and educational institutions, and reinvestment to socio-economic projects within the area of operation of the cooperative;
 - e. Exemption from Excise tax for which it is directly liable;
 - f. Exemption from Documentary stamp tax: Provided, however, that the other party to the taxable document/transaction who is not exempt shall be the one directly liable for the tax; and
 - g. Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 15% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

For financial reporting, the Cooperative adopts a calendar year ending December 31.

Approval of the Financial Statements

The financial statements of the cooperative as of and for the years ended December 31, 2024 have been approved and authorized for issue by the Board of Directors on January 13, 2025

A handwritten signature in black ink, consisting of several fluid, overlapping strokes, is positioned below the text of the approval section.

Note.2 Financial Reporting Framework

The financial reporting framework that has been used in the preparation of these financial statements are summarized below. The framework has been consistently applied during the years presented, unless otherwise stated.

2.1 Basis of financial statements preparation and statement of compliance

The financial statements of the Cooperative, which consolidate the result of its lending and marketing activities, are prepared in accordance with the Philippine Financial Reporting Standards (PFRS) applicable to the Philippine Cooperatives FRSPC) and the Philippine Financial Reporting Framework taking into consideration the Cooperative law, rules, regulations and the standard chart of accounts for multipurpose cooperatives as mandated by the Cooperative Development Authority, except as noted in the succeeding sections.

The financial statements have been presented using the measurement bases specified by FRSPC for each type of asset, liability, income or expense. These financial statements have been prepared on the historical cost basis unless the framework requires another basis such as fair value.

2.2 Functional and Presentation Currency

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

2.3 Adoption of new accounting standards, amendments and interpretations to existing standards

2.4 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.


Statement of financial condition captions

The following are descriptions of specific accounting policies on statement of financial condition captions. Refer to the related Notes to the Financial Statements for additional information.

Financial Assets and Liabilities

Date of recognition

A Cooperative shall recognize a financial asset or a financial liability in the statement of financial condition when it becomes a party to the contractual provisions of the instrument.

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In the case of a regular way purchase or sale of financial assets recognition and DE recognition as applicable, is done using settlement date accounting.

Financial Asset or Financial Liabilities at Fair Value through Profit and Loss (FVPL)

This category consists of financial assets or financial liabilities that are held for trading or designated by management as FVPL on initial recognition.

Financial assets or financial liabilities at FVPL are recorded in the consolidated financial condition at fair value, with changes in fair value being recorded in the consolidated statement of operations.

The cooperative has no investment in this category or has no designated financial liability during the year.

Cash and cash equivalents

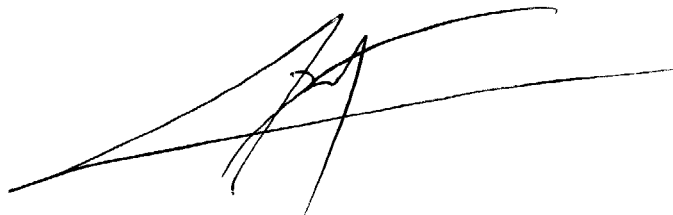
This include cash on hand, deposit held at call with banks and other short-term highly liquid investment or placements that are readily convertible to known amount of cash with maturities of three months or less from date of acquisition and that are subject to insignificant risk of change in value. Cash equivalents earn interest as indicated in the instrument. Cash and cash equivalents are presented as part of current assets (see Note 5).

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 are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial asset at FVPL. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in income when the loan and receivables are derecognized or impaired, as well as through amortization process. Loans receivables are carried at their outstanding balances reduced by an allowance for probable losses based on a predetermined figure as proposed by the management and approved by the General Assembly through the ratified annual budget. Bad accounts are written off when identified.

The Cooperative's loans receivables and other receivables are included in this category. This consists of:

- (1) Loans receivable – Active account, which pertains to receivables from member-borrowers whose loans were granted.
- (2) Other receivable – pertains to receivables from persons and/or entities, the nature of which does not qualify them to be classified under (1) and/or (2).

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Estimated allowance for uncollectible accounts

The Cooperative evaluates its loan and other receivables based on available facts and circumstances, including, but not limited to, the length of relationship with the member-borrower, member-borrower's credential on hand, the member-borrower's payment history, and collection experience.

Allowance for probable losses on loans is the estimated amount of loss, computed based on the aging of past due loan accounts by amortization and maturity.

A review of the cooperative's aging of loans receivable showed that the allowance for probable loss of **Php 9,581,074.71** at December 31, 2024 is sufficient to cover for probable impairments in its past due loans under the above mentioned classification. Using the past due by amortization, the Cooperative should provide an allowance for probable losses on its past due loan receivables in the amount of **Php 8,254,996.37**

<u>Aging by PAR</u>	<u>Amount</u>	<u>Rate</u>	<u>Required Allowance</u>
Less than one (1) year	6,247,742.02	35%	2,186,709.71
More than one (1) year	6,068,286.66	100%	6,068,286.66
Total Required Allowance			8,254,996.37
Total Provision (Note 4)			9,581,074.71
VARIANCE			1,326,078.34

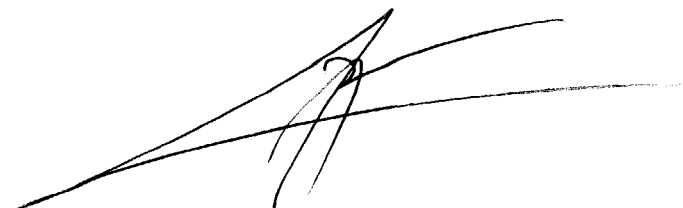
Prepaid expenses

These represent advance payments made for future expenses that will be incurred by the Cooperative. At the time of payment, the Cooperative records the transaction using the asset method and adjustments are made at the end of each month to determine actual expenses incurred.

Accrual Basis

Regional and Central COMELEC Employees Multi-Purpose Cooperative financial statements, particularly its income and expenses are accounted for under the accrual basis of accounting. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Cooperative and the amount of revenue can be measured reliably. Service and other fees as well as miscellaneous income and gains are recognized as income over the corresponding accounting period or term when the service is being rendered. However, interest and fines on loans are recognized as income when collected to reflect a more reliable and relevant measurement of its income. Income and other fees collected in advance pertaining the subsequent accounting period are shown under income account in the current liability section of the statement of financial condition.

Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding at the rate applicable.



Related costs and expenses are recognized as incurred.

Held-to-Maturity Investments (HTM)

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Cooperative's management has the positive intention and ability to hold to maturity. Where the Cooperative sells other than an insignificant amount of HTM investments, the entire category would be tainted and classified as AFS investments. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the interim statements of operations when HTM investments are derecognized or impaired, as well as through the amortization process.

The Cooperative did not hold investments in this category during the current year.

Other Financial Assets

Other financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the categories. Subsequent to initial recognition. These investments are carried at fair value in the balance sheet. Changes in the fair value of such assets are reported in the equity section of the balance sheet until the investment is derecognized or the investment is determined to be impaired. On DE recognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the interim statement of revenue and expenses.

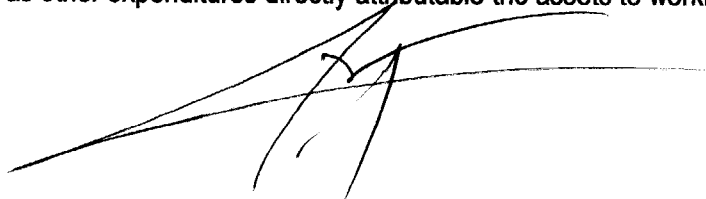
Unused Office Supplies

These represent advance payment made for future expenses that will be incurred by the Cooperative. At the time of payment, the Cooperative records the transaction using the asset method and adjustments are made at the end of each month to determine actual expenses incurred.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization, as well as impairment losses, if any.

Property and equipment are initially measured at cost, which comprises their purchase prices, as well as other expenditures directly attributable the assets to working condition. Subsequent

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costs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Cooperative and the cost of the item can be measured reliably. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is charged to the Statement of Operations on a straight-line basis over the useful lives of the property and equipment.

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

When property and equipment is disposed of, or permanently withdrawn from use, and no future economic benefits are expected from its disposal or retirement, the cost and related accumulated depreciation or amortization, as well as impairment losses, if any, are removed from the accounts, and the resulting gains or losses arising from the disposals or retirement are reflected in the results of current operations.

Estimated useful lives of property and equipment

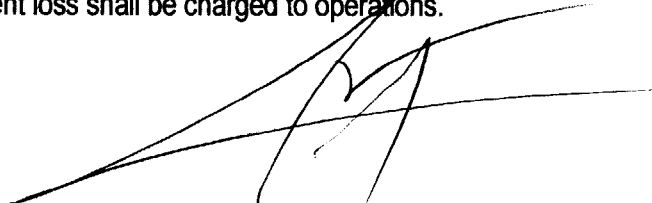
The Cooperative annually reviews the estimated useful lives of property and equipment based on the period over which the assets are expected to be available for use and revised if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and amortization expenses and decrease of non-current assets.

The estimated useful lives of property and equipment are as follows:

	<u>Number of Years</u>
Furniture and Fixtures	5
Office Equipment	5
Other Equipment	5

Estimated asset impairment

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



The Cooperative reviews property and equipment for impairment of value. This includes considering certain indications of impairment such as significant changes in assets usage, significant decline in assets' market value, and obsolescence or physical damage of assets. As of and for the period ended December 31, 2024, the Cooperative did not recognize any impairment losses on its properties and equipment.

Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

These are recognized when the Cooperative becomes a party to the contractual agreements of the instrument. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. All interest-related charges are recognized as expense in the Statement of Operations under the caption Finance Costs.

Included in this category are the Cooperative's accounts payable, accrued expenses and other liabilities as well as interest on Share Capital Payable and Patronage Refund Payable to the Cooperative's members.

Trade payables are recognized at their nominal value. Interest on Share Capital and Patronage Refund Payable are recognized as financial liabilities based on the Cooperative's By-Laws as well as Cooperative's Laws and regulations. Financial liabilities are derecognized from the financial condition only when the obligations are extinguished either through discharge, cancellation or expiration.

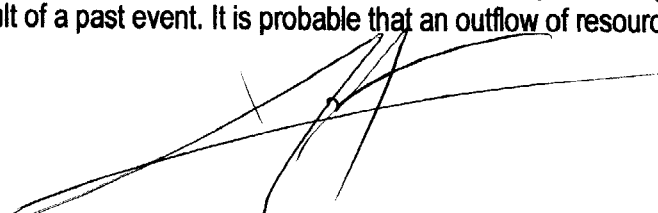
3. Critical and Significant Accounting Judgements and Estimates

The preparation of the financial statements in conformity with PFRS requires management to make judgements, estimates and assumptions that affect the Amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affected.

Provisions and Contingencies

Provision are recognized when the Cooperative has a present legal or constructive obligations as a result of a past event. It is probable that an outflow of resources embodying economic

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benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

4. Financial Risk Management Objectives and Policies

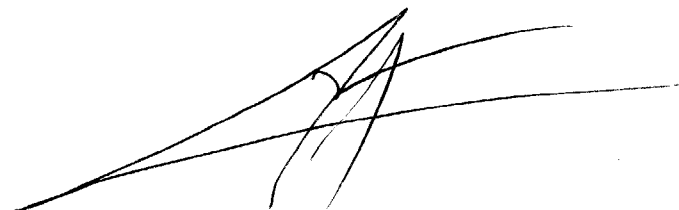
The Cooperative's financial instruments comprise of financial assets in the form of loans and other receivables. The financial liabilities comprise of accounts payable, accrued expenses and other liabilities as well as Interest on Share Capital Payable and Patronage Refund Payable to the Cooperative's members. Hence, the Cooperative is exposed to a variety of financial risk which results from its operating activities.

The Cooperative's risk management is coordinated with the Board of Directors which actively secures the Cooperative's short-to-medium cash flows. The Cooperative has no activity in terms of trading financial assets for speculative purposes nor does it write options. The most significant Financial risks to which the Cooperative is exposed to are described below:

Credit Risk

The Cooperative manages credit risk (risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss) by setting limits for member-borrowers. The Cooperative also monitors credit exposures and continually assesses the credit worthiness of counterparties. In addition, the Cooperative obtained security where appropriate, enters into master netting agreements and collateral arrangements with counterparties and limits the duration of exposures. Generally, the maximum credit exposures of financial assets is the carrying amount of financial assets as shown on the face of the financial condition or in the notes to the financial statements. Credit risk, therefore, is only disclosed in circumstances where the potential loss differs significantly from the financial asset's carrying amount.

The Cooperative's loans and other receivables are actively monitored to avoid concentrations of credit risk. Over the past years, the Cooperative has employed the services of experienced staff.

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Market Risk

The Cooperative is not exposed to market risk (the risk of loss to future earnings, to fair values of to future cash flows that may result changes in the price of a financial instrument) since it does not hold investments in debt securities and equities with Cooperative, Financial Institution and Government Entities.

Interest Rate Risk

The Cooperative follows a prudent policy on managing its assets and liabilities so as to ensure that exposures to fluctuations in interest rate are kept within acceptable limits. A substantial portion of the Cooperative's total loan portfolio is for a term of less than one (1) year to medium-term portfolio with maturity period not exceeding two (2) years with interest rates ranging from ___ to ___ per month depending on the nature of the loan. These loan term help the Cooperative minimize market risk.

Foreign Currency Risk

The Cooperative does not have significant exposures to foreign currency risk since the transactions are denominated in Philippine Peso, the functional currency.

Equity

Undivided Net Surplus

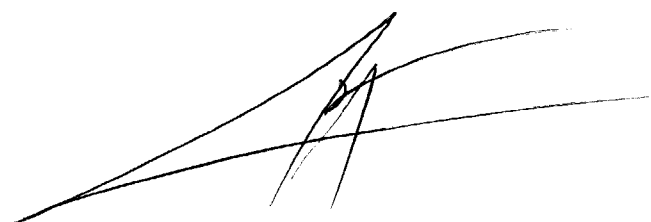
This represents the accumulated net surplus of the Cooperative that should be allocated and distributed at the end of each accounting period in accordance with Article 86 of RA 9520. It is used for Interim Financial Statement Presentation only.

Statutory Funds

These are mandatory funds to be established or set-up in accordance with Article 86 of Republic Act 9520. They include Reserve Fund, Education and Training Fund, Optional Fund and Community Development Fund.

Events after the Balance Sheet Date

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

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5. Cash and Cash Equivalents

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Cash on Hand	189,769.77	256,782.90
Checks and Other Cash Items	3,800.00	0
Cash in Bank (Note 5.1)	39,125,124.28	51,754,259.89
Petty Cash Fund	8,000.00	8,000.00
Revolving Fund (Note 5.2)	43,954.25	62,648.75
Total	<u>39,370,648.30</u>	<u>52,081,691.54</u>

Note 5.1 Cash in Bank

Land Bank of the Phils.	6,112,864.99	4,747,726.48
Metrobank	1,449,929.45	3,262,771.65
Bank of the Phil. Island	4,440,348.69	16,128,797.41
Phil. National Bank	2,599,991.63	2,810,345.55
Security Bank	<u>24,521,989.52</u>	<u>24,804,618.80</u>
Total	<u>39,125,124.28</u>	<u>51,754,259.89</u>

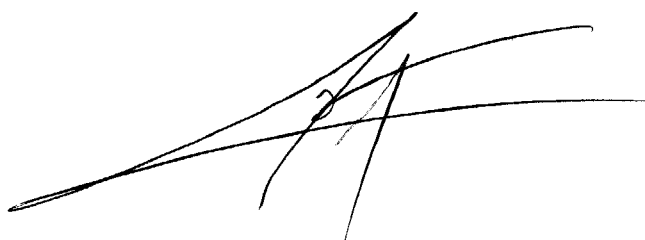
Note 5.2 – This fund is intended for savings withdrawal purposes of the coop savings depositors.

6. Loans and Receivables

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Loans receivable – current	457,533,843.39	373,971,642.56
Loans receivable –past due	12,316,028.68	13,900,764.73
Loans receivable –restructured	510,720.39	281,049.81
Allowance for probable losses	(9,581,074.71)	(8,981,074.71)
Advances to officers, employees & members	0	150,210.93
Other current receivables (Note 6.1)	<u>437,692.22</u>	<u>414,101.54</u>
Total	<u>461,217,209.97</u>	<u>379,736,694.86</u>

Note 6.1 These are current receivables from PHILAMLIFE, Manulife, MBI and members.



7. Other Financial Assets

This account represents various investment to NATCCO. Interest earned are being recorded quarterly and is reported in the statement of operations as "Other Income" (**see Note 18**).

8. Other Current Assets

This account represents unused supplies and prepaid expense at December 31, 2024.

9. Financial Assets, at costs

This account consists of the following:

	2024	2023
Long term investment -NATCCO	1,366,131.45	1,352,954.91
Long term investment -PCF	75,000.00	75,000.00
Long term investment -CLIMBS	3,506,263.88	3,316,344.77
Total	4,947,395.33	4,744,299.68

10. Property and Equipment

Details of this account are shown below:

	2024	2023
Land	5,089,435.05	0
Furniture, Fixtures & Equipment	2,248,892.46	1,846,678.46
Construction on Progress	0	939,887.45
Total	7,338,327.51	2,786,565.91
Less: Accumulated Depreciation		
F/Fixtures and Office Equipment	723,703.48	271,860.71
Total	723,703.48	271,850.71
Net Carrying Amount	6,614,624.03	2,514,705.20

Depreciation charged to statement of operations as part of "administrative expenses" amounted to P482,400.16 in 2024 and P186,876.96 in 2023. The amount of depreciation reflected in statement of cash flow as part of "operating activities".



11. Other Non-Current Assets

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Computerization Costs	31,207.37	26,715.31
Other Funds and Deposits (Note 11.2)	145,169,047.53	111,064,491.79
Miscellaneous assets (Note 11.1)	939,887.45	5,089,435.05
Total	<u>146,140,142.35</u>	<u>116,180,642.15</u>

Note 11.1 Miscellaneous asset represents the cost of building plan of the cooperative. The construction of the building was not yet started as of audit.

Note 11.2 These are the restricted funds of the cooperative set aside for funding of statutory funds and other reserves such as retirement and members' benefit. Also, included Credit Surety Fund and Settlement Fund – NATCCO.

12. Deposit Liabilities

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Regular Savings	67,183,419.98	61,177,483.07
Time deposits	18,728,106.37	11,977,617.34
Other deposit liabilities (Note 12.1)	36,992,615.37	37,908,044.15
Total	<u>122,904,141.72</u>	<u>111,063,144.56</u>

Note 12.1 Details of this account are shown below:

Kiddie savings	5,834,669.28	5,508,725.38
Premium savings	29,219,970.87	30,372,598.47
KABS super savings	1,937,975.22	2,026,720.30
Total	<u>36,992,615.37</u>	<u>37,908,044.15</u>

Savings deposits are current obligations which is withdrawable upon demand. Interest is 1.5% per annum..



Interest on share capital and patronage refund

Interest on share capital and patronage refund is a liability of the Cooperative to its members for interest on share capital and patronage refund, which can be determined at the end of every accounting period. Interest on share capital is allocated in proportion to the individual member's average share while patronage refund is divided according to individual member's patronage on Cooperative services.

16. Retirement Payable

This account represents retirement fund benefit for all regular staff, however, the Cooperative made its own estimate in accruing its retirement benefit obligation.

The Cooperative has not established a formal retirement program consistent with the provisions of Republic Act. 7641 (otherwise known as "The Philippine Retirement Law").

17. Paid-up Share Capital

Details of this account are shown below:

	2024	2023
Common shares- Authorized common shares, 1,800,000 shares @ 100 per share Subscribed and Paid-up Capital	362,859,900.00	307,430,600.00
Preferred shares- Authorized preferred shares, 200,000 shares @100 per share Subscribed and Paid-up Capital	<u>77,402,600.00</u>	<u>61,492,300.00</u>
Total	<u>440,262,500.00</u>	<u>368,922,900.00</u>

18. Revenues

This account consists of the following:

	2024	2023
Income from credit operation	65,099,568.15	63,561,038.66
Service fees	9,691,947.90	0
Other income	<u>4,449,598.33</u>	<u>3,430,756.73</u>
Total	<u>79,241,114.38</u>	<u>66,991,795.39</u>

Other income includes interest income from investment, interest on bank deposits, membership fees, recovery of written -off loans and other miscellaneous income



19. Expenses

Financing costs

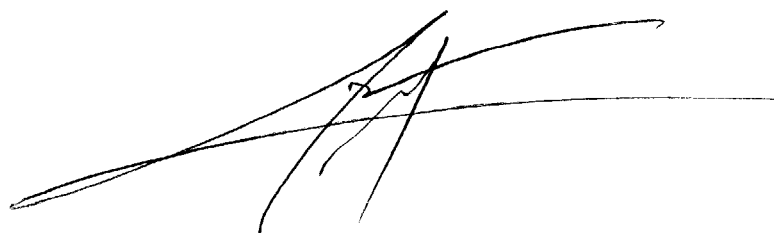
Details of this account are shown below:

	2024	2023
Interest expense on savings deposit	1,099,891.92	100,033.59
Interest expense on time deposit	375,286.93	140,525.94
Interest expense on other deposits	<u>1,169,527.12</u>	<u>1,530,292.40</u>
Sub-Total	<u>2,644,705.97</u>	<u>1,770,851.93</u>

Administrative and Operating Expenses

This account consists of the following:

	2024	2023
Salaries and Wages	2,476,992.80	2,386,023.54
Employees Benefits	1,559,626.60	1,604,129.21
SSS, Philhealth, Pag-ibig Contribution	286,860.00	277,220.40
Trainings and Seminars	0	0
Office Supplies	327,253.85	343,349.26
Travel and Transportation	410,880.99	394,010.78
Insurance	27,581.52	31,882.71
Taxes and Licenses (Note 19.1)	15,061.60	16,121.78
Retirement Benefit Expense	345,826.47	299,570.76
Officer's Honorarium and Allowances	443,750.00	310,000.00
Professional Fees	45,800.00	44,600.00
Communication Expense	272,405.49	267,503.97
Representation Expense	143,816.57	24,154.45
General Assembly Expense	1,228,979.03	1,684,575.20
Meetings and Conferences	300,501.70	236,555.95
Bank charge	36,683.00	56,225.00
Affiliation fee	2,000.00	0
Advertising and Promotion	73,000.00	182,545.50
Members Benefit Expense	20,808,153.40	18,851,797.00
Repairs and Maintenance	143,430.62	113,193.11
Depreciation	482,400.16	186,876.96
Periodicals, Magazines & Subscription	800.00	1,500.00
Amortization	16,443.55	13,284.69
Provision for Probable Losses on Loans	600,000.00	6000,000.00
Social and Community Service Expense	187,557.40	100,000.00
General Support Services	44,000.00	12,000.00
Miscellaneous Expense	231,980.68	310,095.96
Sub-Total	<u>30,511,785.43</u>	<u>28,347,216.23</u>
TOTAL	<u>33,156,491.40</u>	<u>30,118,068.16</u>



20. SUPPLEMENTARY INFORMATION REQUIRED BY BIR (RR No.15-2010)

As cooperative transacting with both members and non-members with accumulated reserves and Undivided net surplus of not more than ten million pesos (Php 10M), the cooperative is exempted from taxes on income from CDA-registered sales of transactions for a period of five (5) years effective from issuance of BIR Ruling No. COOP-00059-16-RR-14-RDO-088 dated December 02,2016

Note. 20.1 Taxes and Licenses (Local and National)

Nature of Tax	Amount
Business Permits	P 5,810.00
Property Taxes	2,361.60
BIR Penalties	1,090.00
Other Permits	<u>5,800.00</u>
Total	<u>P15,061.60</u>

21. STATUTORY RESERVES

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

- At least fourteen percent (10%) shall be set aside for the Reserve Fund. This fund is created to provide for the stability of the Cooperative and to absorb losses, if any, in its business operations. The general assembly may decrease the amount allocated to the General Reserve Fund when the fund already exceeds the share capital.
 - At least six percent (10%) shall be set aside for the Education and Training Fund. This amount shall be utilized by the Cooperative for its own education and training activities while the other half shall be credited to the Cooperative's education and training fund of the APEX organization of which the Cooperative is a member.
 - Another seven percent (7%) shall be set aside as Optional Fund.
 - Three percent (3%) shall be set aside as Community Development Fund.
 - The remaining net shall be made available to the members in the form of Interest on Share Capital and Patronage Refund not to exceed the normal rate on investment.
- 22.** Certain accounts in 2023 were reclassified to conform to the Revised Standard Chart of Accounts for Cooperative per Memorandum Circular No. 2022-24 approved per BOD Resolution No. 352, S-2021 dated July 21, 2021.



23. Related Party Transactions and Disclosures

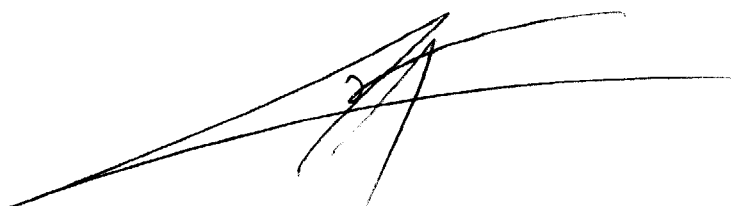
The Cooperative's significant related party transactions are as follows:

(a) Key management personnel compensation

The key management personnel short term benefits (include salaries, social security contributions, and other year-end incentives as granted by the cooperative management,

(b) Officers and employee's loans grants

Certain officers and employees have long and short –term interest bearing loans. Outstanding loan balance as of **December 31, 2024** totaled to **P33,135,459.72**. These are part of loans and receivables (see Note 6) as presented in the statements of financial condition.

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