



ANNUAL REPORT 2020

HPP EMPLOYEES MULTIPURPOSE COOPERATIVE

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Service in the Time of Pandemic.

7TH ANNUAL GENERAL ASSEMBLY AGENDA

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Adjournment

JOINT REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT

Dear Members,

Over the last couple of years, a lot of businesses, cooperatives included, have suffered from the uncertainties and difficulties brought about by COVID-19. And although we were not spared, our financials show we did better than most. But more than anything, the pandemic has reminded us why our cooperative exists, which is to help members in times of need. And that's exactly what we will do as we adopt the theme "Service in the Time of Pandemic."

As our Annual General Assembly last year was cancelled, the following reports will cover both Calendar Years 2019 and 2020.

Financial Highlights

PARTICULARS	2019	2020	% Increase / (Decrease)
Gross Revenue	4,569,428.06	5,640,529.19	23%
Total Assets	60,706,326.82	77,227,379.04	27%
Net Surplus	2,000,247.16	3,113,092.01	56%
Cash and Cash Equivalents	3,261,013.20	11,470,951.22	252%
Investment Reserve Fund	17,795,493.20	25,704,774.86	44%
Loan Receivables	24,659,810.33	24,462,443.28	(1%)
Share Capital	44,938,486.34	54,298,926.63	21%
Loan Releases	40,202,228.24	33,255,381.51	(17%)
Total Loans Granted	2364 Loans	2113 Loans	(11%)
Membership	1262 members	1282 members	2%

"But more than anything, the pandemic has reminded us why our cooperative exists, which is to help members in times of need."

2019-2020 MILESTONES/PROJECTS

- **Granted close to 2,500 loans amounting to more than P70M** - this has helped hundreds of our members in their financial need.
- **Damayan Benefit Claims** - we were able to provide burial assistance to 32 members who lost a dependent.
- **Inclusion of other IT/BPO Companies** - with the approval of our amended bylaws, the CDA has allowed us to accept employees of other IT/BPO companies to join HPPCOOP as Associate Members. This is another milestone to be proud of as we have added 5 IT/BPO companies to date.
- **Increased Capitalization to P100M** - with our continuous growth, we had to increase our Authorized Capitalization from P10M to P100M.
- **1CoopHealth: The HPP HMO Plan** - in 2019, we've launched our HMO Plan targeted at providing affordable healthcare for members and their families.
- **Family Members as Associate Members** - HPPCOOP has accepted family members to join as "Honorary Members" allowing them to take advantage of some benefits of being with HPPCOOP particularly the 1CoopHealth HMO Plan.
- **HPP Life Plan** - to assist members with unexpected death in the family, we have made available some memorial services plans that members can avail at pre-need costs.
- **HPP Mart Online** - launched of the eCommerce site where members can avail of products at discounted prices.
- **Marketing and Testimonials Video** - created videos to help market HPPCOOP to employees as well as to other IT/BPO companies who may benefit from being members of the Cooperative.
- **ANCI Distributorship** - signed a distributorship agreement with Amazing Nature Care International to market their Stevia herbal products.
- **Launched DxCoffee Plus** - to promote members' physical wellness, HPP Coop has launched its own healthy coffee brand. DxCoffee Plus is a 5-in-1 coffee mix with health benefits and without the harmful effects of sugar.
- **Website Upgrade** - we've upgraded our website to make it easier for members to navigate. The Member Feedback section was added for better member engagement.
- **HPP Mobile App for IOS** - we've made the HPP Mobile App available for iPhone users.
- **LAZADA Workshop** - our "LEARN to EARN" program continued with a Lazada Workshop on how members and dependents can become Lazada sellers.

- **Christmas Gift Coupons** - in appreciation of members' continued support, HPP Coop has distributed gifts to all Members in Good Standing in the form of Christmas Gift Coupons which they can redeem from the Coop's eCommerce site, HPP Mart Online.
- **Financial Assistance to Taal Victims** - we've offered P20,000.00 interest-free loans payable in 12 months to members affected by the Taal eruption.
- **Tulong Taal** - partnered with DXC Inspire to donate P55,000.00 for the Taal Evacuation Relief and Feeding Program.
- **HPP Distributes Free Face Masks** - in the aftermath of the first reported coronavirus case in the country, face masks have suddenly become overpriced if not out of stock. To help members protect themselves, we gave away free face masks to members.
- **Donation to COVID-19 Frontliners** - together with DXC Inspire, we were able to donate meals and much needed PPEs to the Philippine General Hospital.
- **Typhoon Ulysses Donation Drive** - HPPCOOP has put up the Typhoon Ulysses Damayan Fund and matched members' donations to the Fund. A total of P126,200.00 was donated to the victims through DXC Inspire.
- **COVID Loan** - to lighten the impact of the pandemic, we offered a special COVID Loan of up to P20,000.00 with a very low 0.37% interest per month payable in 12 months.
- **HP Laptops at 0%** - we offered laptops at 0% interest to help members with the Work From Home and Learn From Home requirements of the new normal.
- **Free COVID-19 Insurance** - as the pandemic continues with no end in sight, HPP has given all its members free COVID-19 insurance.
- **Online Loan Application** - as COVID-19 continued to affect members' way of life, HPP has made available various loans through online application via HPP website and/or mobile app, improving services to members by significantly reducing average turnaround time to 24 hours.
 - Birthday Loan
 - Emergency Loan
 - COVID Loan
 - Share Capital Loan
- **Multipurpose Cooperative Status** - the Cooperative Development Authority (CDA) has approved our application to become a multipurpose cooperative. This will allow us to expand to other businesses apart from savings and loans.

- **2019 Awards**
 - **Gawad Parangal Nominee** - HPP Coop was recognized by the Cooperative Development Authority - Manila Extension Office (CDA-MEO) during the Gawad Parangal Awards held at the Winford Hotel in Manila on Oct 17, 2019. The CDA-MEO has cited HPP Coop saying that its "best practices, good governance and application of cooperative standards build a social consciousness to the vital role of cooperatives".
 - **Best Performing Cooperatives** - HPP Coop has been recognized as one of the Best Performing Cooperatives for 2019 by the City of Taguig during the Cooperative Month Culminating Program held at the SM Aura on October 25, 2019.

Looking Ahead

3-Year Strategic Plan (2021-2024)

GOAL	DESCRIPTION
A	Increase Membership to 3,000 by the end of 2024.
B	Accelerate growth by expanding the coop's business beyond credit facilities, maximizing return on investment and increasing benefits to members.
C	Improve systems and processes for better member experience.
D	Improve member benefits and services.
E	Contribute to the community where we operate.

2021 High-Level Plans

- Increase Membership to 1500
- Setup Construction Company
- Continue Partnerships with Company initiatives
- Introduce Real Estate Loan
- Start eCommerce Business
- Make Available Business Opportunities for Members
- Upgrade HPPCOOP System to Cloud
- Introduce more Member Benefits
 - Pandemic-related Loans
 - More Online Transactions
 - Hire Manpower to Improve Response Time

Theme

HPPCOOP has adopted the following theme for 2021:

“Service in the Time of Pandemic.”

As COVID-19 continues to spread and affect our members, HPPCOOP, together with its officers and management, will continue to find ways to lighten the impact of the pandemic to its members.

Call to Action

HPPCOOP has not only survived the first two years of the pandemic but it has continued to grow despite the pandemic. Imagine where we could have been if COVID-19 did not happen. But we could not have done it without the support of the officers and members of our cooperative. Truly, we are stronger together.

Thus, our request to you, our members, is simple: PLEASE CONTINUE TO PATRONIZE the services and products of our cooperative. Our support of our cooperative comes back to us in the form of dividend, patronage refund, and more and better services.

Growing together, the Cooperative Way.

For the Board of Directors



Prima Mae C. Espadon
Chairperson

For the Management



Jose Val D. Hilario
Chief Executive Officer

5TH ANNUAL GENERAL ASSEMBLY MINUTES

1 MINUTES OF THE MEETING OF THE 5TH ANNUAL GENERAL ASSEMBLY OF THE HPP EMPLOYEES CREDIT
 2 COOPERATIVE, HELD ON MARCH 27, 2019, AT TRAINING ROOMS 19-22, 11F INTELLECTUAL PROPERTY
 3 CENTER, MCKINLEY HILL, TAGUIG CITY
 4 MINUTE TAKER: DIRECTOR EVANGELISTA NICOLAS
 5

6 PART I REGISTRATION 7

- 8 • Registration started at 3:00 PM.

9 PART II OPENING ACTIVITIES 10

11 A. Invocation

12 Led by CEO Val Hilario
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14 B. National Anthem

15 Led by CEO Val Hilario
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17 C. Cooperative Pledge

18 Led by CEO Val Hilario
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20 D. Presentation of Candidates for the 2018 Election

21 Election Committee Member Julius Abarro presented the candidates for following positions:
 22

- 23 a. Board of Directors (3 seats) – 4 candidates (Aleth delas Armas, Maximilian de Leon, Myra
 24 Mancilla, Mike Nicolas)
- 25 b. Audit Committee (3 seats) – 3 candidates (Blessie Simeon, Denise Sison, Reinee Ty)
- 26 c. Election Committee (3 seats – 4 candidates (Nic Baligod, Betxii dela Cruz, Eugenio Frias,
 27 Neil Inigo)

28 E. Acknowledgements and Welcome Address

- 29 a. GM Val Hilario presented and recognized the members of the Board of Directors present
 30 in the General Assembly.
 31
- 32 b. Past Chairman and General Manager Val Hilario read his message which was published as
 33 part of the 2017 Annual Report, mentioning that the 4th Annual General Assembly is aptly
 34 themed “Limitless” given the limitless possibilities for HPPECC based on its performance
 35 the past 4 years. He also recognized the 20 founding members who started HPPECC.
- 36 c. GM Val Hilario read the message of Philippine Vice President Leni Robredo who
 37 emphasized the key role cooperatives play in nation building as well as wished HPPECC a
 38 fruitful assembly.
 39

40 F. Raffle for Early Birds

41 Syma Drone #1 – Winner: Ryan Pelayo
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43 **PART III GA PROPER**

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45 **A. Call to Order**

46 Chairman of the Board Mike Nicolas, acting as the assembly's presiding officer, called the meeting
47 to order at 4:29PM. In the absence of the Secretary, the Chair appointed Dir. Eugene Teves as the
48 Acting Secretary of the proceedings.

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50 **B. Proof of Notice of General Assembly and Determination of Quorum**

51 The Chairman inquired from the Acting Secretary, if the members of HPPECC were duly notified
52 on the holding of the 4th Annual General Assembly. Dir. Eugene Teves confirmed that due notice
53 was sent to all members one (1) month before the General Assembly and thus requirement has
54 been complied. He further certified that based on record, 27.39% of members entitled to vote are
55 present as of 4:00PM, which is above the 25% required by the Bylaws. As such, the Secretary
56 confirmed that a quorum was present. With that, the Chair formally opened the Assembly
57 meeting at 4:29PM.

58

59 **C. Conduct of the Proceedings**

60 To ensure an orderly general assembly, the Chairman reminded anyone who wishes to speak to
61 ask to be recognized before making any statement. The Chair also mentioned that anyone can
62 make a motion but it has to be seconded before it is considered for discussion by the general
63 assembly.

64

65 **D. Review and Approval of the Agenda**

66 The Chairman presented the order of the Agenda. Member Aaron Ace Torres Aznar (Coop ID
67 01146) moved to approve the agenda as presented which was seconded by Member Jun Mariano
68 (Coop ID 00818).

69

70 There were no objections, the Agenda of the 2018 Annual General Assembly was approved. The
71 Chair asked that this be recorded as follows:

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73 **GA Resolution No. 2018-01**

74

75 **BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the Agenda of the 4th Annual General Assembly
76 Meeting of the HPP Employees Credit Cooperative as presented,

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78 **BE, AS IT IS HEREBY, APPROVED.**

79

80 **E. Reading and Approval of the Minutes of the 3rd Annual General Assembly held on March 14,**
81 **2017 at 11F Intellectual Property Center, McKinley Hill, Taguig City**

82 GM Val Hilario mentioned that to save time, copies of the minutes were distributed in advance for
83 everyone to review ahead of time instead of having the Secretary read the minutes during the
84 meeting proper. The floor was then opened for any comments on the minutes.

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86 There being no comments, Member Bunny Junsay (Coop ID 00085) moved for the approval of the
87 Minutes of the 3rd Annual General Assembly which was seconded by Member Joseph Balana
88 (Coop ID 00545).

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90 There being no objections, the Chair asked that this be recorded as follows:

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GA Resolution No. 2018-02

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Minutes of the 3rd Annual General Assembly Meeting of the HPP Employees Credit Cooperative, held on March 14, 2017 at 11F Intellectual Property Center, McKinley Hill, Taguig City, as presented,

BE, AS IT IS HEREBY, APPROVED.

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F. Review and Confirmation of Board Resolutions for 2017-2018

Dir. Eugene Teves presented and read the Board Resolutions for 2017-2018, as follows:

Date	BR No.	Description
01/11/2017	2017-01	Resolved to adjust salary of Janet Abrigo.
01/27/2017	2017-02	NOW, THEREFORE, BE IT RESOLVED, that this cooperative declares the following distribution of the net surplus for Fiscal Year 2016: A. 50% for General Reserve Fund B. 10% for Education and Training Fund C. 3% for Optional Fund D. 3% for Community Development Fund E. 34% for Surplus Available for Distribution and is further allocated as follows: a. 80% for Interest on Share Capital b. 20% for Patronage Refund
01/27/2017	2017-03	RESOLVED, that the HPPECC will provide allowance for probable losses for past due Loans Receivables as of December 31, 2016, as follows: P21,154.71
01/27/2017	2017-04	RESOLVED, that a separate Savings Account with Bank of the Philippine Islands, McKinley Hill Branch, be opened exclusive for the Reserve Fund; RESOLVED FURTHER, that the amount of P1,133,740.63 representing the total Reserve Fund of the cooperative as of December 31, 2016, be deposited to the said bank account;
01/27/2017	2017-05	RESOLVED, that the Secretary of this cooperative be authorized and directed to sign the 2016 Audited Financial Statements in lieu the General Manager;
04/27/2017	2017-06	NOW THEREFORE BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the following were elected to their respective positions and will serve for a period of two (2) years or until such time that their replacements have been named: Val Hilario – elected as Chairman Mike Nicolas – elected as Vice Chairman RESOLVED FURTHER, that the following be appointed to their respective positions for a period of one (1) year or until such time that their replacements have been named:

		Sherry Rodulfo – appointed as Cooperative Secretary Rick Ocampo – appointed as Cooperative Treasurer
08/31/2017	2017-07	NOW THEREFORE BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the current CEFT Fund of the Cooperative amounting to P94,166.31 be split into three (3), as follows: <ul style="list-style-type: none"> • 1/3 to be remitted to NATCCO (National Confederation of Cooperatives) • 1/3 to be remitted to COUNTPA (Cooperative Union of Taguig and Pateros) • 1/3 to be remitted to a third federation that HPPECC will join
10/04/2017	2017-08	Therefore be it RESOLVED, that effective 04 October 2017, Prima Mae Espadon is appointed to the HPPECC Board and will serve for the unexpired term of Val Hilario which is until 31 March 2019 or until a successor is elected by the General Assembly; <p>RESOLVED FURTHER, that Directors Mike Nicolas and Johann Molo be elected Chairman and Vice Chairman, respectively, and will serve until 31 March 2018 or until their successors are elected by the Board of Directors;</p>
10/04/2017	2017-09	RESOLVED, that members who resigned will be allowed to join 1 year from date of resignation from the Cooperative; <p>RESOLVED FURTHER, that a member can only rejoin once. A member who has twice resigned from the Cooperative will not be allowed to rejoin;</p>
10/04/2017	2017-10	RESOLVED, that Damayan Claims be charged as Expense instead of collecting P20 per member to fund the Cooperative's Damayan Fund.
11/29/2017	2017-11	RESOLVED, that the Cooperative be authorized to purchase a real property described as follows: <p>Project : Avida Serin West Tagaytay Address: Barangay Silang Crossing East, Tagaytay City Unit: 2-708 Area: 41.02 sqm</p> <p>RESOLVED, FURTHER, that the Cooperative authorizes, Jose Val D Hilario, General Manager of the Cooperative to negotiate with the Avida Land Corp., execute, sign any and deliver on behalf of the Cooperative all contracts, deeds, and other documents necessary to effect the sale/purchase and to claim, collect, or demand the original copy of the title.</p>
11/29/2017	2017-12	RESOLVED, that the Cooperative be authorized to purchase a real property described as follows: <p>Project : Avida Serin East Tagaytay Address: Barangay Silang Crossing East, Tagaytay City Unit: 2-1202 Area: 25.40 sqm</p> <p>RESOLVED, FURTHER, that the Cooperative authorizes, Jose Val D Hilario, General Manager of the Cooperative to negotiate with the Avida Land Corp., execute, sign any and deliver on behalf of</p>

		the Cooperative all contracts, deeds, and other documents necessary to effect the sale/purchase and to claim, collect, or demand the original copy of the title.
11/19/2017	2017-25	NOW THEREFORE, RESOLVED AS T IS HEREBY RESOLVED, to apply for membership With the COUNTPA and to abide by its bylaws, policies, decision of the General Assembly and participate actively in the program, project, services, pay its membership fees, annual dues, and Cooperative Education and Training Fund (CETF) contribution and assessments as may be required for the benefit and/or welfare of the members.
01/18/2018	2018-01	Therefore be it RESOLVED, that a General Manager will be hired to oversee the overall day-to-day business operations of the cooperative and provide general direction, supervision, management and administrative control over of the cooperative; RESOLVED FURTHER, that Jose Val D. Hilario will be hired as General Manager of HPPECC;
01/18/2018	2018-02	Resolved to adjust salary of Janet Abrigo.
02/08/2018	2018-03	NOW, THEREFORE, BE IT RESOLVED, that this cooperative declares the following distribution of the net surplus for Fiscal Year 2017: A. 50% for General Reserve Fund B. 10% for Education and Training Fund C. 3% for Optional Fund D. 3% for Community Development Fund E. 34% for Surplus Available for Distribution and is further allocated as follows: a. 85% for Interest on Share Capital b. 15% for Patronage Refund
02/08/2018	2018-04	RESOLVED, that the Secretary of this cooperative be authorized and directed to sign the 2017 Audited Financial Statements in lieu the General Manager;

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- Member Juan Corpuz (Coop ID 01203) raised a question on why the patronage refund allocation is a lot smaller than the dividend allocation (i.e. patronage refund allocation of only 15% vs dividend allocation of 85%). He further continued that since we would like to encourage members to borrow from the cooperative, that the patronage refund should be prioritized over dividends. GM Val Hilario replied that the Board determines the dividend and patronage refund rate based on the performance of the cooperative, which should also be within CDA regulations. For example, CDA regulation states that patronage refund rate should not be more than twice the rate of dividend. For 2017, the 85%-15% allocation of dividend and patronage refund actually already translated to a higher rate for patronage refund (i.e. 3.73% rate for patronage refund vs 3.04% rate for dividend).

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- Member Freddie Lou Ann Matutes Gonzales (Coop ID 00713) raised a question on when the purchased condo unit in Tagaytay be available to members. GM Val Hilario answered that upon turnover of the developer and after some minor renovations/furnishings just to make it

118 comfortable for members to stay. The delay encountered was due to some paperwork
 119 required by Ayala (developer). Dir. Eugene Teves added that the Cooperative bought 2
 120 condominium units. One is RFO (Ready for Occupancy) while the other is purchased at Pre-
 121 selling and is aimed as an investment which the cooperative can sell at a profit later on.
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- 123 • Member Emily Banzil Abad (Coop ID 00563) asked if there is a fee/cost if a member will use
 124 the condo. Chairman Mike Nicolas answered that yes there is a minimal payment for usage of
 125 the condo unit which will be used for its maintenance and upkeep. GM Val Hilario added that
 126 housekeeping costs, association dues, utilities, etc. need to be paid by the member staying.
 127 Otherwise, any cost associated with its use and upkeep will unfairly be spread among all the
 128 members.
 129

130 After which, Member Margrethe Decena (Coop ID 00179) moved to approve the Board
 131 Resolutions for 2017-2018, as presented. Member Mikey Rivera (Coop ID 00059) seconded the
 132 motion. There being no objections, the Chair asked that this be recorded as follows:
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134 **GA Resolution No. 2018-03**

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 136 **BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the 2017-2018 Board Resolutions, as
 137 presented,
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139 **BE, AS IT IS HEREBY, APPROVED.**
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141 **G. Minor Raffle Set 1**

142 Oontz Bluetooth Speaker #1	Pagaddat, Hosea L.
143 Oontz Bluetooth Speaker #2	Latosa, Lesliean U.
144 Oontz Bluetooth Speaker #3	Tamayo, Liezel
145 Syma Drone #2	Fantone, Rey John A.
146 Syma Drone #3	Ereno, Richard Paul P.
147 SJ4000 Action Camera #1	Padua, Daniel A.
148 SJ4000 Action Camera #2	Rodriguez, Rovelyn C.
149 Huawei Fitness Watch #1	Gaspar, Joel A.
150 Huawei Fitness Watch #2	Dimarucut, Winnie C.
151 Huawei Fitness Watch #3	Mangubat, Andre Milo S.
152 HP Sprocket #1	Balana, Joseph P.
153 HP Sprocket #2	Cabarle, Johanna A.

155 **H. Chairman's Report**

156 GM Val Hilario presented the financial highlights, as follows:
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PARTICULARS	2017	2016	2015	2014
Gross Revenue	3,395,751.17	2,413,385.72	538,827.59	4,400.00
Total Assets	41,683,707.63	20,678,355.49	6,477,227.56	146,550.00
Net Surplus	2,094,419.77	1,883,326.19	343,530.32	(32,206.27)
Cash and Cash Equivalents	7,499,755.23	1,520,322.02	768,741.20	94,050.00
Investment Reserve Fund	8,706,660.10	7,716,328.57	N/A	N/A
Loan Receivables	15,939,920.59	11,297,708.89	5,650,944.71	52,500.00
Share Capital	26,050,987.18	9,000,000.00	5,206,000.00	101,200.00
Loan Releases	25,906,230.82	18,278,213.62	7,979,254.54	52,500.00
Total Loans Granted	1551 Loans	919 Loans	269 Loans	1 Loan

Membership	1024 Members	916 Members	493 Members	36 Members
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159 GM Val Hilario presented the following 2017 Milestones/Projects:
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- Released 1,500+ loans amounting to more than P25M
 - 162 • Damayan Fund Claims Released
 - 163 • Damayan Fund Claims improvement
 - 164 • Damayan Fund Claims
 - 165 • HPPECC moved to Nakpil Room, 3F HPPECC opened ETON
 - 166 • 3rd Anniversary Celebration
 - 167 • Acquired 2 condominium units at Avida Serin Tagaytay
 - 168 • Membership to the Cooperative Union of Taguig and Pateros (COUNTPA)
 - 169 • Tools for School Program
 - 170 • HPPECC Wins Gawad Parangal "Moving-Up" Award
 - 171 • Christmas Gift Checks to all Regular and Associate Members
 - 172 • eKoopbanker Software
 - 173 • Application filed with CDA to amend HPPECC bylaws:
 - 174 ▪ Increase Capitalization to P50M
 - 175 ▪ Conversion to Multipurpose Cooperative
 - 176

177 GM Val Hilario reviewed the 3-Year Strategic Plan created in 2016. He mentioned that although a
178 lot were met, there were some where we could have done better and will therefore be given
179 more focus in 2018. Most notable among the goals that were missed was the increase in
180 membership. Target was 2000 by end of 2017 but due to company reorganizations, net
181 membership increase in 2017 was minimal (i.e. ~100 members).
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GOAL	DESCRIPTION
A	Increase Membership to 2,000 by the end of 2017.
B	Maximize return on investment and increase benefits to members.
C	Accelerate the growth of the coop by expanding its business beyond credit facilities.
D	Partner with various coop organizations to speed up HPPECC maturity.
E	Promote good governance and efficient use of cooperative resources.
F	Contribute to the community where we operate.

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184 GM Val Hilario presented the 2018 Plans, as follows:
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- CDA approval of the Proposed Amendments to our Articles and Bylaws
 - 187 • Conversion to Multipurpose Cooperative
 - 188 • Change of address to 3F Two World Square
 - 189 • Increase in Authorized Capitalization to P50M

- 190 • Inclusion of DXC and other companies resulting from mergers/acquisitions/divestitures
- 191 • Large Cooperative visits
- 192 • 4th Anniversary Celebration
- 193 • Partnerships with Company initiatives
- 194 • Double membership base
- 195 • Registration/Compliance with National Privacy Commission
- 196 • Start condominium rental business
- 197 • Start retail business
- 198 • Start member engagement programs
- 199 • Review/Update of policies and processes
- 200 • Promote Member Education – e.g. financial, entrepreneurial, technical, etc.
- 201 • Continue website development

202 GM Val Hilario presented the 2018 Budget, as follows:

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REVENUES	BUDGET
Interest Income from Loans	4,000,000.00
Service Fees	480,000.00
Rental Income	
TOTAL REVENUES	4,480,000.00
EXPENSES	BUDGET
Members Benefit Expenses	200,000.00
Salaries, Wages, Allowances and Benefits	650,000.00
General Assembly Meeting	300,000.00
Provision for Probable Losses on Loans	100,000.00
Trainings and Seminars	20,000.00
Transportation	18,000.00
Depreciation*	40,000.00
Communication Expense	24,000.00
Office supplies	24,000.00
Permits and Licenses	20,000.00
Professional Fees	30,000.00
Meetings	36,000.00
SSS, Philhealth, Pag-Ibig Contribution	62,400.00
Insurance	5,000.00
Representation	6,000.00
TOTAL OPERATING EXPENSES	1,335,400.00
NET SURPLUS ON OPERATION	3,144,600.00

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I. Committee Reports

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GM Val Hilario presented committee reports noting the following:

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The Credit Committee saw a growth of 42% vs prior year's numbers in terms of total loans granted. A total of 1,551 loans amounting to P25,906,230.82 were released to members. This was mainly due to the convenience in transacting with HPPECC vs traditional financial institutions as

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214 well as the desire of our members to grow our cooperative

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216 *Member Esraelita De Paderes (Coop ID 00742) raised a concern regarding Birthday Loan. She has*
 217 *experience difficulty in applying for a Birthday Loan due to the Co-Maker requirement. Dir. Eugene*
 218 *Teves answered that this will be reviewed by the Credit Committee and that we need to strike a*
 219 *balance between granting the privilege and securing the members' equity investment.*

220

221 The Membership Committee conducted several PMES (Pre-Membership Education Seminars)
 222 mostly during New Employee Orientations which resulted to an additional 335 new members for
 223 2017. But given the various company reorganizations, we were only able to attain a modest net
 224 increase in membership of around 100 members. The objective in 2018 is to double membership
 225 to 2000 through various marketing and recruitment programs.

226

227 The Election Committee report was presented by Mr. Julius Abarro. He discussed the
 228 accomplishments of the Election Committee particularly during the 2017 Election as well as the
 229 conduct of the 2018 HPPECC Election.

230

231 **J. Intermission number by Dir. Jody Salas and a 15-Minute Break**

232

233 **K. Minor Raffle Set 2**

234	Oontz Bluetooth Speaker #4	Nulud, Roji L.
235	Oontz Bluetooth Speaker #5	Pastor, Emmanuel John T.
236	Oontz Bluetooth Speaker #6	Salla, Maria Josefa L.
237	Syma Drone #4	Zipagan, Michael T.
238	Syma Drone #5	De Leon, Gladys
239	SJ4000 Action Camera #3	Villanueva II, Felix George G.
240	SJ4000 Action Camera #4	Drio Jr. Christopher C.
241	Huawei Fitness Watch #4	Jiongco, Jonathan A.
242	Huawei Fitness Watch #5	Santos, Jhunabelle P.
243	Huawei Fitness Watch #6	Mancilla, Myra P.
244	HP Sprocket #3	Molo, Johan Hunter B.
245	HP Sprocket #4	Garcia, Eva M.

246

247 **L. 2017 Audited Financial Statement**

248 GM Val Hilario presented the 2017 Audited Financial Statements, highlights of which are as
 249 follows:

250

HPP EMPLOYEES CREDIT COOPERATIVE
STATEMENT OF FINANCIAL CONDITION
(Amounts in Philippine Pesos)

ASSETS	Note	December 31,	
		2017	2016
Current Assets			
Cash	7	7,499,755.23	1,520,322.02
Loans and Other Receivables-net	6,8	15,939,920.59	11,297,708.89
Merchandise Inventory		39,480.00	-
Total Current Assets		23,479,155.82	12,818,030.91
Non-Current Assets			
Financial Asset at Cost	6,9	100,333.33	100,000.00
Furnitures, Fixtures and Office Equipment	10	31,128.37	-
Investment Property	11	9,366,430.01	-
Other Non-Current Assets	6,12	8,706,660.10	7,760,324.58
Total Non-Current Assets		18,204,551.81	7,860,324.58
TOTAL ASSETS		41,683,707.63	20,678,355.49

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities			
Deposit Liabilities	6,13	2,558,269.61	2,062,500.21
Accrued Expense and Other Payable	6,14	6,378.82	87,834.88
Other Current Liabilities	6,15	169,216.19	105,600.92
Interest on Share Capital Payable	21	498,471.91	512,264.72
Patronage Refund Payable	21	213,630.82	128,066.18
Total Current Liabilities		3,445,967.34	2,896,266.91
Non-Current Liabilities			
Finance Lease Payable	16	9,326,430.01	-
Other Non-Current Liabilities	6,17	308,955.97	178,027.48
Total Non-Current Liabilities		9,635,385.98	178,027.48
TOTAL LIABILITIES		13,081,353.32	3,074,294.39
Members' Equity			
Members' Capital-Common	6,18	9,000,000.00	9,000,000.00
Members' Capital-Preferred	6,19	997,000.00	997,000.00
Deposits for Share Capital Subscription	6,20	16,053,987.18	6,266,426.04
Total Members' Equity		26,050,987.18	16,263,426.04
Statutory Fund	6,18,21	2,551,367.13	1,340,635.07
TOTAL MEMBERS' EQUITY		28,602,354.31	17,604,061.11
TOTAL LIABILITIES AND MEMBERS' EQUITY		41,683,707.63	20,678,355.49
See Accompanying Notes to Financial Statements		-	-

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Thereupon, Member Kris Irvin S. Delos Santos (Coop ID 00953) moved to approve the Chairman's Report, Committee Reports, and the 2017 Audited Financial Statements, as presented. The motion was seconded by Margrethe Decena (Coop ID 00179).

There being no objections, the Chair asked that this be recorded as follows:

GA Resolution No. 2018-04

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the 2018 Chairman's Report, 2018 Committee Reports, and 2017 Audited Financial Statements as presented,

BE, AS IT IS HEREBY, APPROVED.

267

M. Minor Raffle Set 3

268

Oontz Bluetooth Speaker #6 Salla, Maria Josefa L.

269

Oontz Bluetooth Speaker #7 Mariano, Ar-Jay Angelo B.

270

Oontz Bluetooth Speaker #8 Sinson, Elenita T.

271	Oontz Bluetooth Speaker #9	Legarda, Mary Ann
272	Oontz Bluetooth Speaker #10	Mariano, Jun Leo D.
273	Huawei Tablet #1	Camacho, France Marion
274	Huawei Tablet #2	Medina, Kim Bryan Lambert
275	Huawei Tablet #3	De Leon, Maximilian M
276	SJ4000 Action Camera #5	De Claro, Kristine Lorraine
277	Huawei Fitness Watch #7	Quevedo, Eric Jerico G.
278	Huawei Fitness Watch #8	Pagaddat, Hosea L.
279	Huawei Fitness Watch #9	Salas, Jody C.
280	Huawei Fitness Watch #10	Eribose, Pedro H.
281	HP Sprocket #5	Gepty, Henry F.
282	HP Sprocket #6	Mariano, Ar-Jay Angelo B.
283		

284 **N. Results of the 2018 HPPECC Election**

285 Mr. Julius Abarro of the Election Committee presented the results of the 2018 HPPECC Election.
 286 He mentioned that the election was done electronically via the HPPECC website and that there
 287 were a total of 436 votes casted translating to a turnout of 52.78% of the total members entitled
 288 to vote. He noted that the turnout was above the minimum of 25% required by the bylaws.

289 Results were as follows:

290 **Board of Directors (3 seats)**

Candidate Name	Member ID	Number of Votes	Term
Mike Nicolas	00009	353	2 years
Maximilian M De Leon	00057	252	2 years
Myra Mancilla	00077	211	2 years
Aleth De Las Armas	01256	134	

293 **Audit Committee (3 seats)**

Candidate Name	Member ID	Number of Votes	Term
Blessie G. Simeon	00046	347	1 year
Denise Sison	00733	273	1 year
Reinee Ty	00966	249	1 year

295 **Election Committee**

Candidate Name	Member ID	Number of Votes	Term
Nicolo Baligod	00045	306	1 year
Neil Inigo	00296	239	1 year
Elizabeth Dela Cruz	00653	277	1 year
Eugenio Frias	01099	119	

297 After the announcement of the winners, Mr. Julius Abarro administered the Oath of Office to the
 298 newly elected officers.
 299
 300

- 301 O. New Business / Open Forum
 302 The floor was opened for anything the members wishes to discuss.
 303
- 304 a. Member Rodella M Gayoso (Coop ID 01008) asked “Are there other investment options the
 305 Cooperative is looking at?”. Dir. Eugene Teves answered that for now, we invested on 2
 306 condominium units but the Board is looking at other investment opportunities.
 307
- 308 b. Member Rodella M Gayoso (Coop ID 01008) asked “Is the cooperative part of the Financial
 309 Wellness program?”. GM Val Hilario answered that we are not since the cooperative is
 310 separate and distinct from DXC. The cooperative is a separate legal entity but we do
 311 partnership projects with Financial Wellness.
 312
- 313 c. Member Simon F Doroja Jr (Coop ID 00104) asked “Can the co-maker requirement be
 314 relaxed/loosen up for some loans?”. Dir Eugene Teves answered that the Credit Committee
 315 will review this comment taking into consideration that we need to ensure the risks involved
 316 for such actions.
 317
- 318 d. Member Pedro H. Erispe (Coop ID 00987) asked “Is there an offsite/outing for members?”.
 319 GM Val Hilario answered that due to the cost involved, there is no plan for such event right
 320 now but this can be taken up by the Membership Committee for any alternatives.
 321
- 322 e. Member Esraelita De Paderes (Coop ID 00742) asked “Can the requirements for co-maker be
 323 interchanged for Petty Cash Loan and Birthday Loan?”. Dir. Eugene Teves answered that the
 324 suggestion is noted and will be reviewed by the Credit Committee.
 325
- 326 f. Member Neil Inigo (Coop ID 00296) asked “Can there be a loan to be provided to address the
 327 impact of TRAIN Law?”. GM Hilario answered that this will be difficult to implement as impact
 328 of TRAIN Law is different for each member. However, we have existing types of loans that can
 329 be used to address the impact of TRAIN Law.
 330
- 331 g. Member Esraelita De Paredes (Coop ID 00742) asked “Can Damayan Fund not be shouldered
 332 by the Cooperative but bring back to previous setup which is paid by the members
 333 separately?” A motion to vote on the proposal was raised and seconded by the Assembly, as
 334 follows:
 335
- 336 Vote – Damayan Fund of P10,000.00 be charged from the Raffle Fund collected every month
 337 from the members.
 338 Not in Favor: 3
 339 In Favor: Overwhelming Majority
 340
- 341 GM Val Hilario gave those dissenting members a chance to explain their vote.
 342
- 343 After the explanations, Member Led Mangubat (Coop ID 00005) moved to recount the votes.
 344 This was seconded by Member Rodella M Gayoso (Coop ID 01008) without any objections.
 345
- 346 Recount – Damayan Fund of P10,000.00 be charged from the Raffle Fund collected every
 347 month from the members.
 348 Not in Favor: 62

349 In Favor: 60

350

351 After the recount, the Chair announced a status quo with how Damayan Fund will be handled
352 and that it be recorded as follows:

353

354

GA Resolution 2018-05

355

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that a stay in the treatment of the P10,000.00
356 Damayan Fund,

357

358

BE, AS IT IS HEREBY, APPROVED.

359

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361

- h. GM Hilario proposed to change primary email communication from work email to personal
362 emails. He mentioned that this is to avoid any conflict of interest with the company, avoid
363 HPPECC emails going to junk, and to be able to communicate to members who left the
364 company. Member Simon F Doroja Jr (Coop ID 00104) moved to approve the proposal. It was
365 seconded by Member Elizabeth Apostol Dela Cruz (Coop ID 00653).

366

There being no objections, the Chair asked that this be recorded as follows:

367

368

GA Resolution 2018-06

369

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the use of personal email as opposed to
370 company email in HPPECC communications as proposed,

371

372

BE, AS IT IS HEREBY, APPROVED.

373

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376

- i. GM Val Hilario proposed a retail business to the general assembly, specifically groceries.
377 Considering the 1,000 members that HPPECC has, if only each member will commit to buying
378 P1,000.00 worth of groceries from HPPECC per month, that will be a big income for the
379 cooperative.

380

Member Freddie Lou Ann Matutes Gonzales (Coop ID 00713) shared that she is ok with the
381 idea as long as this will result to lower price of the grocery items.

382

383

Member Led Mangubat (Coop ID 00005) moved to approve that the Board can look further
384 into the business idea. This was seconded by Member Roji L Nulud (Coop ID 00018) with no
385 objections.

386

387

388

- j. Chairman Mike Nicolas brought the concern on P.O. from DXC. That this is a good way for the
389 cooperative to earn however, there should be a proper process to protect the cooperative
390 and to streamline the procedure.

391

392

- k. Chairman Mike Nicolas asked those who are leaving the company and staying as Associates to
393 link HPPECC up to their new company for HPPECC's possible expansion outside of
394 DEXC/HPE/HPI.

395

396

- l. Member Jun Leo Dimaguila Mariano (Coop ID 00818) asked to study the possibility of
397 expanding to family members. This was noted by the Board and will be discussed during the

398 planning session.

399

400 m. Member Freddie Lou Ann Matutes (Coop ID 00713) suggested to allow family members to
401 have a savings deposit with the cooperative. The suggestion was noted and will be discussed
402 by the Board.

403

404 n. Member Majo Lumen Salla (Coop ID 00707) inquired about the need for manager signature
405 for loans. Dir. Eugene Teves replied that it is to somehow protect the cooperative and is more
406 of an "fyi only" to the manager.

407

408 **P. Major Raffle**

409 HP Printer #1	Alviar, Michael Alison
410 HP Printer #1	Avenilla, Jun Jun
411 Sony 32" Internet TV #1	Ismael Lex Bernie E.
412 Sony 32" Internet TV #2	Concepcion Jr, Fernando
413 Sony 40" Internet TV #1	Vuorisalo, Karoline Ann
414 HP Laptop #1	Solomon, Krhistine Anne M.
415 HP Laptop #2	Tolentino, Renaliza P.
416 Apple Watch #1	Martirez, Ma. Criselda A.
417 Trip to Boracay for 2 #1	Paderes Jr. Leonardo

418

419 **Q. Adjournment**

420 There being no other matters to discuss, Chairman Mike Nicolas adjourned the 4th Annual General
421 Assembly of the HPP Employees Credit Cooperative at 9:03pm.

BOARD RESOLUTIONS FOR 2019-2020

Date	BR No.	Description
01/24/2019	2019-01	Membership to NATCCO Network Manager's Club
01/24/2019	2019-02	Opening of Chinabank Account
01/24/2019	2019-03	Appointment of CEO
02/20/2019	2019-04	Distribution of Net Surplus for FY 2018
02/20/2019	2019-05	Representative to the 42nd NATCCO ANNUAL GENERAL ASSEMBLY
04/10/2019	2019-06	Election/Appointment of New Officers for 2019-2020
06/27/2019	2019-07	HPP Mobile App License
06/27/2019	2019-08	ANCI Distributorship
08/01/2019	2019-09	DXCOFFEE Brand
08/15/2019	2019-10	HPPEMC Marketing Video
11/04/2019	2019-11	Optional Fund applied to Serin depreciation.
12/04/2019	2019-12	Serin Condominiums to be used as Member's Benefit
12/04/2019	2019-13	Christmas Gift Coupons for Members
12/04/2019	2019-14	Metro South Cooperative Bank Membership
12/16/2019	2019-15	Increase of Savings and Time Deposit Interest Rates
03/02/2020	2020-01	Distribution of Net Surplus for FY 2019
03/03/2020	2020-02	Allowance for Probable Losses
03/12/2020	2020-03	Availment of Regulatory Relief
07/03/2020	2020-04	Representative to the 1CISP ANNUAL GENERAL ASSEMBLY
07/28/2020	2020-05	Purchase of St. Peter Cremation Plan
07/28/2020	2020-06	Damayan Benefit Fund Expansion
08/25/2020	2020-07	Cancellation of HPCOOP 6th Annual General Assembly due to COVID-19
09/22/2020	2020-08	HPPCOOP to put up Construction Business
10/23/2020	2020-09	Investment in Money Market (BPI and Sunlife)
10/23/2020	2020-10	Additional P1M Share Capital in Investment 1 Cooperative Insurance System of the Philippines
10/23/2020	2020-11	Additional P1M Share Capital Investment in 1 Cooperative Health Management Federation
10/23/2020	2020-12	COVID-19 Insurance for all Members
11/27/2020	2020-13	Christmas Raffle Budget

2019-2020 AUDITED FINANCIAL STATEMENTS

HPP EMPLOYEES MULTIPURPOSE COOPERATIVE

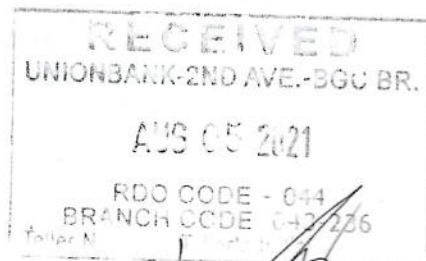
11F Intellectual Property Center, McKinley Hill, Taguig City

AUDITED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Amounts in Philippine Peso

Carlos C. Samson
Certified Public Accountant



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

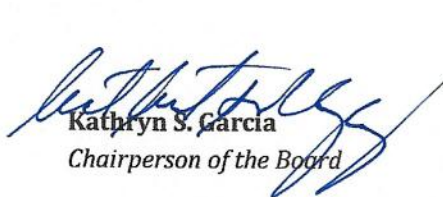
The management of HPP Employees Multipurpose Cooperative is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors is responsible for overseeing the Cooperative's financial reporting process.

Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

Carlos C. Samson, the independent auditor appointed by the Board of Directors, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Kathryn S. Garcia
Chairperson of the Board

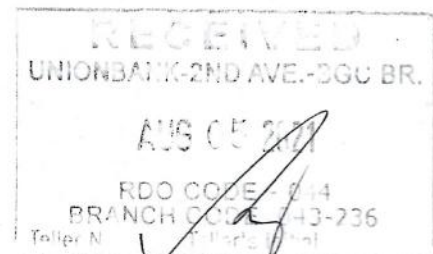


Myra P. Mancilla
Treasurer



Joyce L. Ramos
Board Secretary

May 28, 2021




**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

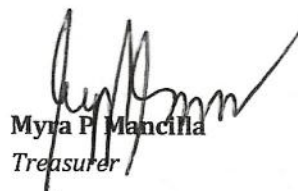
**The Commissioner
Bureau of Internal Revenue
Taguig City**

The management of the **HPP Employees Multipurpose Cooperative** is responsible for all information and representations contained in the Annual Income Tax Return for the period ended December 31, 2020 and 2019. 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 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 tax returns, and any other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the period ended December 31, 2020 and 2019, the accompanying Annual Income Tax Return are in accordance with the books and records of **HPP Employees Multipurpose Cooperative** are complete and correct in all material respects. Management likewise affirms that:

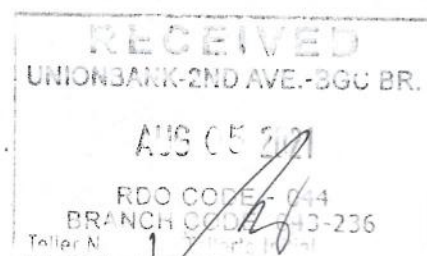
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, the pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted 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 **HPP Employees Multipurpose Cooperative** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all other taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Kathryn S. Garcia
Chairperson of the Board


Myra P. Mancilla
Treasurer


Joyce L. Ramos
Board Secretary

May 28, 2021



CARLOS C. SAMSON

Certified Public Accountant

119 McArthur High Way, Lolomboy, Bocaue, Bulacan 3018

Contact Nos.: 0917-3227124 ; 0922-8089616

STATEMENT OF REPRESENTATION

USEC. JOSEPH "JOY" ENCABO

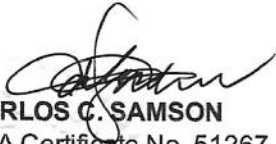
Chairman

Cooperative Development Authority

In connection with my examination of the financial statements of the **HPP EMPLOYEES MULTIPURPOSE COOPERATIVE** covering the year ended December 31, 2020, which are herewith submitted to the Cooperative Development Authority, I hereby represent the following:

1. That said financial statements herewith presented are in accordance with the Philippines, which include all applicable Philippine Financial Reporting Framework (PFRF) for Cooperatives, and other accounting requirements under the laws, rules, regulations and principles promulgated by the Cooperative Development Authority (CDA);
2. That in the conduct of my audit, I adhere to the Philippine Standards on Auditing (PSA) and the Standard Audit System for Cooperatives (SASC) as required by the CDA;
3. That I am qualified as provided for in Section 14 of the Code of Professional Ethics for Certified Public Accountants and Articles 81 of R.A. 9520 (Philippine Cooperative Code of 2008);
4. That I am fully aware of my responsibility as an independent auditor for the audit report issued and attached to the financial statements and the sanctions to be bestowed on me for any misrepresentations that I may have willingly or unwillingly committed;
5. That I nor any member of immediate family do not have any direct or indirect financial interest with the Cooperative;
6. That I am not an employee nor an officer of a secondary cooperative or tertiary cooperative of which the cooperative is a member;
7. That I am not an employee of the CDA nor have I engaged an employee of the CDA in the course of audit; and
8. That I make representation as member of the Philippine Institute of Certified Public Accountants (PICPA) as an independent auditor.
9. That I am a member of PICPA - Bulacan Chapter.

It is however, understood that my accountability is based on matter within the normal coverage of an audit conducted in accordance with Philippine standards on Auditing.


CARLOS C. SAMSON

CPA Certificate No. 51267

TIN No. 116-752-601-000

PTR No. 1202524 January 05, 2021 - Bocaue, Bulacan

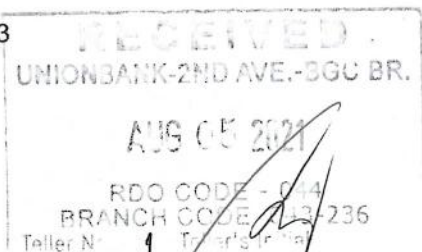
BIR 05-004364-001-2020 Valid until February 21, 2023

CDA No. 0955 Valid from January 27, 2020 to January 26, 2023

BOA No. 3308 Valid until October 13, 2023

May 28, 2021

Bocaue, Bulacan



CARLOS C. SAMSON
Certified Public Accountant
119 McArthur High Way, Lolomboy, Bocaue, Bulacan 3018
Contact Nos.: 0917-3227124 ; 0922-8089616

REPORT OF INDEPENDENT AUDITOR

The General Assembly
Thru: The Board of Directors
HPP EMPLOYEES MULTIPURPOSE COOPERATIVE
11F Intellectual Property Center, McKinley Hill, Taguig City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **HPP EMPLOYEES MULTIPURPOSE COOPERATIVE**, which comprise the statements of financial condition as at December 31, 2020 and 2019, and the statements of operations, statements of changes in equity and statements cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of **HPP EMPLOYEES MULTIPURPOSE COOPERATIVE** as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework for Cooperatives.

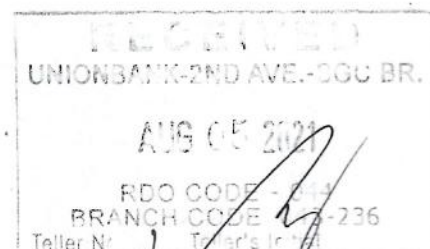
Basis for opinion

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

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

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

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



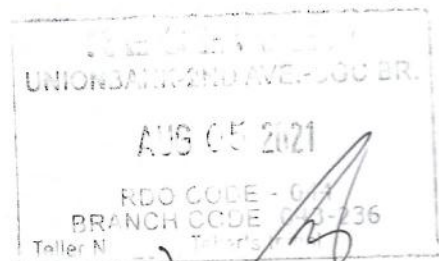
Those charged with governance are responsible for overseeing the Cooperative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional emissions, 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my auditor's report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CARLOS C. SAMSON

CPA Certificate No. 51267

TIN No. 116-752-601-000

PTR No. 1202524 January 05, 2021 - Bocaue, Bulacan

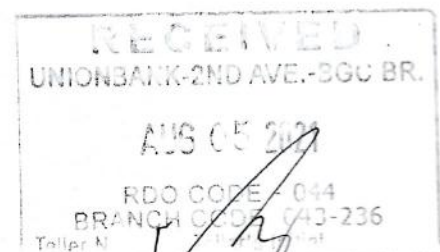
BIR 05-004364-001-2020 Valid until February 21, 2023

CDA No. 0955 Valid from January 27, 2020 to January 26, 2023

BOA No. 3308 Valid until October 13, 2023

May 28, 2021

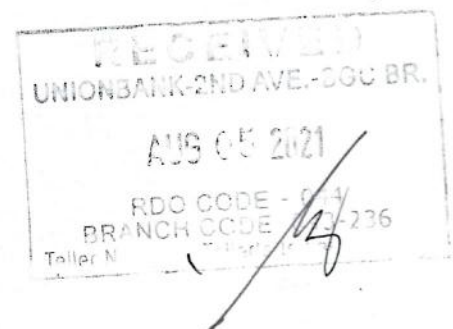
Bocaue, Bulacan



HPP EMPLOYEES MULTI-PURPOSE COOPERATIVE
11 F Intellectual Property Center , Upper McKinley Hill, Fort Bonifacio Taguig City
STATEMENTS OF FINANCIAL CONDITION
AS AT DECEMBER 31, 2020 AND 2019
Amounts in Philippine Pesos

	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalent	4,6	11,470,951.22	3,261,013.20
Loans and Receivable-net	4,7	24,462,443.28	24,659,810.33
Inventory		954,872.70	358,967.00
Other Current Assets		1,070.00	-
Total Current Assets		36,889,337.20	28,279,790.53
Non-Current Assets			
Financial Assets at Cost	4,8	423,059.04	423,059.04
Financial Assets at Amortized Cost	4,0	25,704,774.86	17,795,493.20
Investment Property	4,10	9,366,430.01	9,366,430.01
Property and Equipment-net	4,11	350,658.00	420,781.43
Other Non-Current Assets	4,12	4,493,119.93	4,420,772.61
Total Non-Current Assets		40,338,041.84	32,426,536.29
TOTAL ASSETS		77,227,379.04	60,706,326.82
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Deposit Liabilities	4,13	15,170,739.27	8,558,137.04
Accrued Expense and Other Payable	4,14	47,883.19	29,467.18
Due to Federation/Union	4,15	117,513.87	111,949.65
Interest on Share Capital Payable	4,16,17	2,222,125.08	1,411,174.37
Patronage Refund Payable	4,16,17	361,741.29	249,030.77
Total Current Liabilities		17,920,002.70	10,359,759.01
Non-Current Liabilities			
Finance Lease Payable	4,18	312,179.05	936,537.37
Other Non-Current Liabilities	4,19	261,066.38	266,070.00
Total Non-Current Liabilities		573,245.43	1,202,607.37
TOTAL LIABILITIES		18,493,248.13	11,562,366.38
MEMBERS' EQUITY			
Members' Share Capital	4,20	52,451,000.00	43,595,000.00
Deposit for Share Capital Contribution	4,21	1,847,926.63	1,343,486.34
Statutory Funds	4,22	4,435,204.28	4,205,474.10
TOTAL EQUITY		58,734,130.91	49,143,960.44
TOTAL LIABILITIES AND EQUITY		77,227,379.04	60,706,326.82

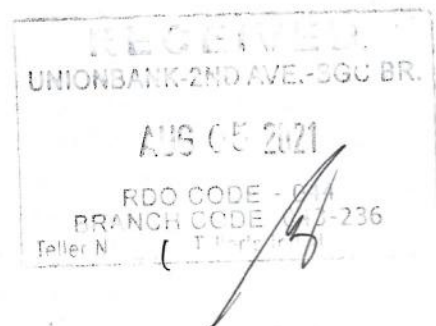
See Accompanying Notes to Financial Statements



HPP EMPLOYEES MULTI-PURPOSE COOPERATIVE
11 F Intellectual Property Center , Upper McKinley Hill, Fort Bonifacio Taguig City
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Peso)

	Notes	2020	2019
REVENUE			
Income from Credit Operations	4,23	5,640,529.19	4,569,428.06
GROSS REVENUES		5,640,529.19	4,569,428.06
LESS: EXPENSES			
Financing Cost			
Interest Expense on Deposits		140,620.56	27,493.13
General and Administrative Cost	4,24	3,070,624.78	3,543,651.56
TOTAL EXPENSES		3,211,245.34	3,571,144.69
NET SURPLUS FROM OPERATIONS		2,429,283.85	998,283.37
Add: Other Income			
Income /Interest from Deposits/Investments		130,995.39	190,096.29
Membership Fees		32,000.00	91,200.00
Miscellaneous		520,812.77	720,667.50
Total Other Income		683,808.16	1,001,963.79
NET SURPLUS FOR DISTRIBUTION		3,113,092.01	2,000,247.16
DISTRIBUTION:			
Reserve Fund	4,17,22	311,309.20	200,024.72
Education and Training Fund	4,17,22	15,565.46	10,001.24
Due to Federation/Union	4,17,22	15,565.46	10,001.24
Community Development Fund	4,17,22	93,392.76	60,007.41
Optional Fund	4,17,22	93,392.76	60,007.41
Interest on Share Capital Payable	4,17,22	2,222,125.08	1,411,174.37
Patronage Refund Payable	4,17,22	361,741.29	249,030.77
		3,113,092.01	2,000,247.16

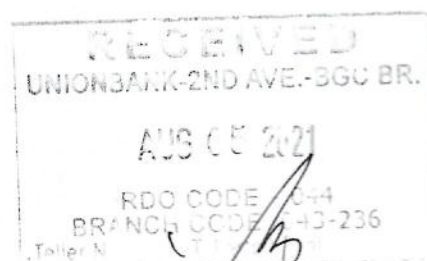
See Accompanying Notes to Financial Statements



HPP EMPLOYEES MULTI-PURPOSE COOPERATIVE
11 F Intellectual Property Center , Upper Mckinley Hill, Fort Bonifacio Taguig City
STATEMENTS OF CHANGES IN EQUITY AND STATUTORY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
MEMBERS' SHARE CAPITAL			
	20		
Authorized 900,000 Common shares at P100.00 par value		90,000,000.00	90,000,000.00
Subscribed and Paid-up Common Shares		51,454,000.00	42,598,000.00
Authorized 10,000 Preferred shares at P100.00 par value		10,000,000.00	10,000,000.00
Subscribed and Paid-up Preferred Shares		997,000.00	997,000.00
		52,451,000.00	43,595,000.00
DEPOSIT FOR SHARE CAPITAL SUBSCRIPTION			
	21		
Beginning Balance		1,343,486.34	27,123,397.25
Add(less)		504,440.29	(25,779,910.91)
Total Deposit for Share Capital Subscriptions		1,847,926.63	1,343,486.34
TOTAL MEMBERS' SHARE CAPITAL		54,298,926.63	44,938,486.34
STATUTORY FUNDS			
RESERVE FUND			
	22		
Beginning Balance		3,736,688.50	3,536,663.78
Add: Allocation for the year		311,309.20	200,024.72
Ending Balance		4,047,997.70	3,736,688.50
EDUCATION AND TRAINING FUND			
	22		
Beginning Balance		10,001.24	204,173.66
Add: Allocation for the year		15,565.46	10,001.24
Use of Fund		-	(204,173.66)
Ending Balance		25,566.70	10,001.24
COMMUNITY DEVELOPMENT FUND			
	22		
Beginning Balance		192,314.18	132,306.77
Add: Allocation for the year		93,392.76	60,007.41
Use of Fund		(157,300.00)	-
Ending Balance		128,406.94	192,314.18
OPTIONAL FUND			
	22		
Beginning Balance		266,470.18	206,462.77
Add: Allocation for the year		93,392.76	60,007.41
Use of Fund		(126,630.00)	-
Ending Balance		233,232.94	266,470.18
TOTAL STATUTORY FUNDS		4,435,204.28	4,205,474.10
TOTAL EQUITY		58,734,130.91	49,143,960.44

See Accompanying Notes to Financial Statements



HPP EMPLOYEES MULTI-PURPOSE COOPERATIVE

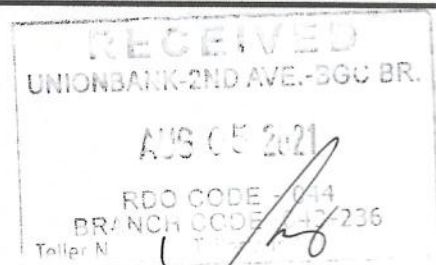
11 F Intellectual Property Center , Upper Mckinley Hill, Fort Bonifacio Taguig City

STATEMENTS OF CASH FLOWS

(Amounts in Philippine Peso)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus before distribution		3,113,092.01	2,000,247.16
Adjustment to reconcile net surplus to net cash used in operating activities:			
Depreciation	11	190,044.16	166,018.38
Provision for Probable Losses on Loan	7	700,000.00	700,000.00
Changes in Assets and Liabilities			
Decrease(Increase) in:			
Loans and Receivables	11	(502,632.95)	(4,779,504.02)
Other Current Assets		(1,070.00)	18,372.00
Other Non-Current Assets	12	(72,347.32)	(4,296,483.92)
Inventory		(595,905.70)	(358,967.00)
Increase(Decrease) in:			
Accrued and Other payables	14	18,416.01	28,219.68
Due to Federation	15	(10,001.24)	(91,086.04)
Interest on Share Capital Payable	16	(1,411,174.37)	(836,169.85)
Patronage Refund Payable	16	(249,030.77)	(92,907.76)
Non-Current Liabilities	19	-	(70,790.00)
Net cash used in operating activities		1,179,389.83	(7,613,051.37)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)Decrease in:			
Financial Assets at Cost	8	-	(318,720.15)
Financial Assets at Amortized Cost	9	(7,909,281.66)	(5,915,026.33)
Property and Equipment	11	(119,920.73)	-
Net cash used in investing activities		(8,029,202.39)	(6,233,746.48)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in:			
Deposit Liabilities	13	6,612,602.23	4,219,687.51
Finance Lease Payable	18	(624,358.32)	(624,358.32)
Other Non-Current Liabilities	19	(5,003.62)	(70,790.00)
Share Capital	20	8,856,000.00	33,598,000.00
Deposits for Share Capital	21	504,440.29	(25,779,910.91)
Statutory Funds	22	(283,930.00)	(204,173.66)
Net cash used in financing activities		15,059,750.58	11,138,454.62
NET INCREASE (DECREASE) IN CASH		8,209,938.02	(2,708,343.23)
CASH AT BEGINNING OF YEAR	6	3,261,013.20	5,969,356.43
CASH AT END OF YEAR		11,470,951.22	3,261,013.20

See Accompanying Notes to Financial Statements



HPP EMPLOYEES MULTIPURPOSE COOPERATIVE
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND RELATED TAXATION

The HPP Employees Credit Cooperative was organized and registered with the Cooperative Development Authority under the Republic Act 9520 the Philippine Cooperative Code and was issued with a certificate under Registration No. 9520-16024599 CIN No.0105164236 dated February 19, 2014. The Cooperative was formed for the purpose of promoting thrift and savings mobilization in order to create funds; to grant loans for productive and providential purpose to its members. To be able to improve the social and economic way of life of its people through cooperative.

On July 29, 2019 the HPP Employees Credit Cooperative's Articles of Cooperation and by-laws was approved for amendment due to some additional provisions and revisions on the sections of its articles and by-laws including the amendment of its name from to **HPP Employees Credit Cooperative** to **HPP Employees Multi-Purpose Cooperative**.

The area of operation of the cooperative is within the office of HP Inc, Hewlett Packard Enterprise, DXC Technology, Computer Sciences Corporation, Micro Focus and its principal office is located at 11F Intellectual Property Center, Upper McKinley Road, McKinley Hill, Fort Bonifacio, Taguig City 1634, Metro Manila.

Organization and Taxation

A duly registered cooperative, in some cases, can be held liable to all internal revenue taxes unless otherwise provided by law if after the lapse of the 10-year period from the date of registration, it accumulated reserves and undivided net savings exceeds the ten million pesos (Php10,000,000.00) threshold. This rule, however, applies to cooperatives that have business dealings with non-members.

All duly registered cooperatives are exempted from taxes as set forth under the **Joint Rules and Regulations Implementing Articles 60, 61 and 144 of R.A. 9520, otherwise known as the "Philippine Cooperative Code of 2008" in relation to R.A. 8424 or the National Internal Revenue Code** as amended and signed by the Department of Finance (DOF), Bureau of Internal Revenue (BIR) and the Cooperative Development Authority (CDA) on 5 February 2010.

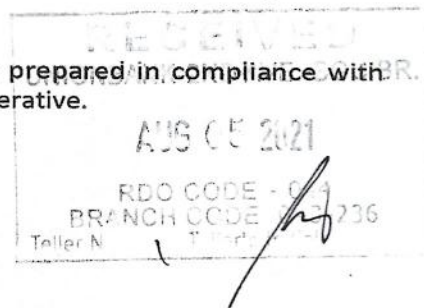
2. STATUS OF OPERATION

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

3. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared using the historical cost basis. Financial statements are presented in Philippine Peso, which is the cooperative functional currency. All values represent absolute amounts except when otherwise indicated.

Moreover, the financial statements have been prepared in compliance with Philippine Financial Reporting Framework for Cooperative.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, cash funds and other cash items, which are carried at cost: cash in banks and other short term liquid investments with original maturities of three months or less from dates of placement and that are known amounts of cash that are subject to insignificant risk of changes in value.

Loans and Other Receivable

Loans receivable represent receivable derived from lending services with fixed or determinable payments and fixed maturities that are not quoted in an active market.

Loans receivable are subsequently carried at amortized cost using the effective interest method. Other receivables consist of advances to employees. Accounts and other receivable are recognized initially at transaction price (normally the invoice price) and subsequently measured at the undiscounted amount of cash or other considerations expected to be received net of impairment.

Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire through passage of time.

Prepayments are classified in the statements of financial position as current assets when the expenses related to prepayments are expected to be incurred within one year or the cooperative's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Financial Assets at Cost

Financial asset at cost are investment in cooperatives it is used to classify instruments that do not have a quoted market price in an active market and are recognized at cost.

Financial Assets at Amortized Cost

Financial Assets as amortized cost are investment with BPI Management with interest depending on the market rate and are recognized at fair market value.

Property and Equipment

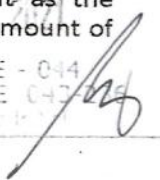
Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment comprises of its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The entity de-recognizes an item of property and equipment on disposal, or when no future economic benefits are expected from its use or disposal. The entity recognises the gain or loss on de-recognition of an item of property and equipment in profit or loss when the item is derecognised. The entity does not classify such gains as revenue. The entity determines the gain or loss arising from de-recognition of an item of property and equipment as the difference between the net disposal proceeds, if any, and the carrying amount of

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the item.

After initial recognition, a cooperative chooses the cost model. Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Fair value is disclosed. Gains and losses on disposal are recognized in profit or loss.

Investment property

Investment property represents condominium unit that is held by Cooperative for the subsidized rental for the use of its members as members benefit.

Investment property measured at its cost at initial recognition. The cost of a purchased investment property comprises price and any directly attributable expenditure such as transfer taxes and other transaction cost. If the payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

Other Non-Current Assets

Other Non-Current Assets consists of Other funds and deposits and leasehold improvement net of amortization.

Other funds and deposits are restricted funds set aside for funding of Statutory and other reserves such as Retirement, Members' benefit and other funds. This maybe in the form of time deposit or other securities which maybe convertible to cash when needed.

Deposit Liabilities

Deposit liabilities are time deposit with a stipulated maturity and interest rate per certificate of time deposits issued.

Trade Accounts Payable

Trade Accounts payable are amounts payable to suppliers for goods and services rendered to the cooperative. These are initially measured at transaction cost and are subsequently measured at undiscounted amount of cash or other considerations expected to be paid.

Accrued Expenses and other payable

Accrued expenses payable are expenses incurred but not yet paid. These are initially measured at transaction cost and are subsequently measured at undiscounted amount of cash or other considerations expected to be paid.

Other payable include payable for government obligations and contributions such as withholding tax payable for Bureau of Internal revenue (BIR); SSS premium payable for Social Security System (SSS) and HDMF loan payable and premium payable for Home Development Mutual fund (HDMF). These are measured at their transaction cost.

Due to Union/Federation

Due to Union/Federation refers to the accumulated amount set aside to the Union/Federation where the cooperative is a member. This corresponds to the 50% of the total annual allocation for the Education and Training Fund.

Interest on Capital and Patronage Refund Payable

Interest on capital payable refers to the liability of the cooperative to its members for interest on their share capital investments in the cooperative while patronage refund payable is the liability of the cooperative to its members for patronizing the business activities of the cooperative.

Other Non Current Liabilities

Other Liabilities consists of members' benefit and other fund payable to its members, employees, stakeholders, partners and beneficiaries of the

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cooperative in the performance of its social concern in the community.

Related party disclosures

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the cooperative; (2) associates; and (3) 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. The key management personnel of the cooperative and post-employment benefit plans for the benefit of cooperative's employees are also considered to be related parties.

Members' Share Capital

Members' share capital represents the nominal value of shares that have been issued both for common and preferred shareholders.

Deposit for Future Capital Subscription

Deposit for Share Capital Subscription refers to amount paid by the members for capital subscription equivalent to the value of less than one share.

Statutory Reserves

Statutory Funds are mandatory funds established in accordance with R.A. 9520. This includes reserve fund, education and training fund, optional fund and community development fund computed according to the CDA guidelines and the cooperative by-laws.

Reserve Fund

Ten percent (10%) of the net surplus for distribution shall be set aside as Reserve Fund. Reserve fund is created to provide for the stability of the cooperative and to absorb losses, if any, in its business operations.

Education and Training Fund

One percent (1%) of the net surplus shall be set aside for cooperative education and training fund. One half of the amount is used by the cooperative for its own education and training activities while the other half shall be credited to the cooperative education fund of the Union/Federation of which the cooperative is a member.

Optional Fund

Three percent (3%) shall be set aside for the optional fund of the cooperative intended either for land or building and any other necessary fund intended for members' welfare and benefits.

Community Development Fund

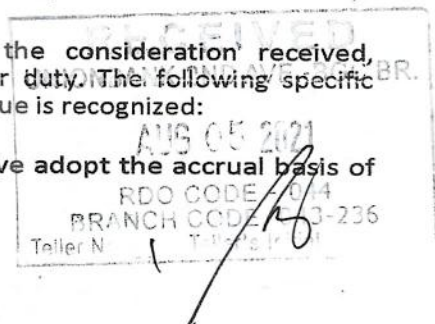
This account refers to the fund set aside from the net surplus before distribution which should not be less than three percent (3%) for projects and/or activities that will benefit the community where the cooperative operates.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the cooperative and revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income on Loans - as a rule, cooperative adopt the accrual basis of



accounting. However, for credit and other cooperatives, recognition of revenues is on a modified cash basis, i.e., interest income, fines, penalties and surcharges shall be recognized when earned and actually collected. This is so because only interest income, fines, penalties and surcharges on loans receivable that has been realized (i.e., earned and collected) shall be the basis of the income available for distribution to its members through Interest on share capital and patronage refund. Also, due to the cash-based income distribution scheme of a cooperative as well as the inherent limitations of small scale countryside credit cooperatives, It cannot adopt the effective interest method in recognizing interest income on loans receivable (PAS 18, 39).

Interest income from Bank deposits is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

Dividend income is recognized when the right to receive a payment is established.

Expense Recognition

Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and are recognized when incurred. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Employee Benefits

The Cooperative recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, social security contributions, short term compensate absences, bonuses and other non-monetary benefits, if any.

Events after the End of the Reporting Period

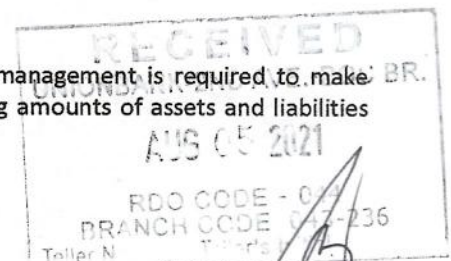
The cooperative adjusts the amounts recognized in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. Hence, the cooperative shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the end of the reporting period.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Financial Reporting Framework for Cooperatives requires the cooperative to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Actual results could differ from such estimates.

Estimates and Assumptions

In application of the Cooperative's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities



that are not readily apparent from other resources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

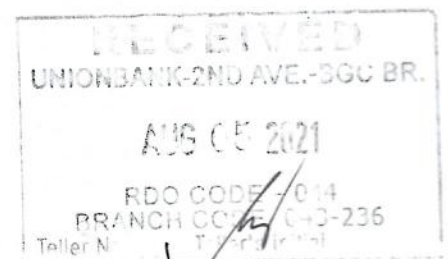
The following represents summary of significant estimates and judgments and related impact and associated risks in the Company's financial statements.

Going Concern

The cooperative has no events or conditions to indicate that a material uncertainty exists that may cast a significant doubt on the cooperative's ability to continue as a going concern.

Provisions and Contingencies

Judgment is exercised by the management to distinguish between provisions and contingencies.



6 CASH AND CASH EQUIVALENT

	2020	2019
Cash n Banks	11,458,365.91	3,246,013.20
Petty Cash Fund	12,585.31	15,000.00
Total	11,470,951.22	3,261,013.20

Cash in Banks represents total deposits by the cooperative under savings and current accounts that earns prevailing market interest rates.

7 LOANS AND OTHER RECEIVABLES-Net

	2020	2019
6.1 Loans Receivable-net		
Current	21,347,643.53	23,716,793.80
Past Due	1,944,631.15	1,083,028.32
Total Loans	23,292,274.68	23,716,793.80
Less: Allowance for Probable Losses on Loans	(1,514,474.74)	(814,474.74)
Total	21,777,799.94	22,902,319.06
6.2 Installment Receivable	36,192.00	-
Other Current Receivables	2,648,451.34	1,757,491.27
Total	24,462,443.28	24,659,810.33

The Cooperative charged interest rate of 1 -2 % per month for various loan products using the outstanding balance method of computing interest on loans with maturity depending on the types of loans as per Cooperative's loan policy.

The other receivables represents collections from HP Inc., Hewlett Packard and DXC Technology for the salary deductions of members loans for remittance to cooperative as of December 31, 2019.

Aging Summary:

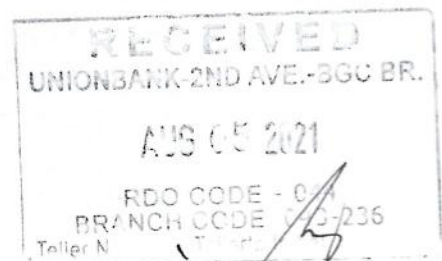
	2020	2019
Current	21,347,643.53	22,633,765.48
Past due less than 1 year	962,418.56	631,912.37
Past due more than 1 year	982,212.59	451,115.95
Total	23,292,274.68	23,716,793.80

8 FINANCIAL ASSETS AT COST

This account consists of the following:

	2020	2019
Investment with NATCCO	108,459.04	108,459.04
Investment with St. Peter	114,600.00	114,600.00
Investment with CISP	100,000.00	100,000.00
Investment with Coop Health Management Federation	100,000.00	100,000.00
Total	423,059.04	423,059.04

The Financial assets at cost represents investment with cooperative in a form of share capital and share certificate that do not have a quoted market price in an active market and are recognized at cost.



9 FINANCIAL ASSETS AT AMORTIZED COST

This account represents Investment with BPI Management amounting to P25,704,744.86 and P17,795,393.20 as of December 31, 2020 and 2019 respectively which earns .75% renewable every month depending on the market rate.

10 INVESTMENT PROPERTY

The Cooperative acquired two units of Condominium located at Serin West and East Tagaytay Tower in Tagaytay under Avida Ayala Land Corporation. The Condominium units was used for subsidized rental to the members as part of their benefits. The condominium units was partially paid in cash and the balance was financed by the bank without interest, payable in 42 months amounting to P46,248.76 per month until August 2021. Total amount of finance lease and cost of the condominium amounted to P9,326,430.01. The Investment Property was recorded at cost plus other charges related to the acquisition with total amount of P9,366,430.01 as of December 31, 2020.

11 PROPERTY AND EQUIPMENT-NET

This account consists of the following:

	December 31, 2019	Additions/ Disposal	December 2020
Condominium Improvements	348,552.40	48,187.80	396,740.20
Condominium -Furniture, Fixtures and Equipment	183,298.66	-	183,298.66
Office Equipment	57,071.07	-	57,071.07
Total	588,922.13	48,187.80	637,109.93
Less: Accumulated Depreciation			
Condominium Improvements	43,540.37	75,473.65	119,014.02
Condominium -Furniture, Fixtures and Equipment	61,244.59	49,122.25	110,366.84
Office Equipment	63,355.54	(6,284.47)	57,071.07
Total	168,140.50	118,311.43	286,451.93
Net Book Value	420,781.43	118,311.43	350,658.00

12 OTHER NON-CURRENT ASSET

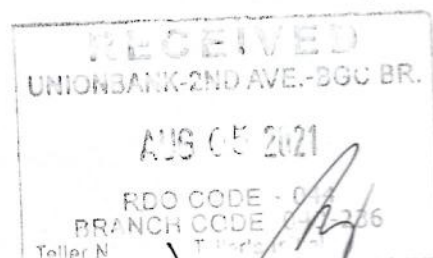
This account consists of the following:

	2020	2019
Computerization Cost	213,575.63	208,656.36
Other Funds and Deposits	4,279,544.30	4,212,116.25
Total	4,493,119.93	4,420,772.61

The Other funds and deposits were amounts set aside as follows:

Cash in Bank BDO- Reserve Fund	4,014,304.54	4,007,436.27
Cash in Bank UCPB-Optional Fund	265,239.76	204,679.98
Total	4,279,544.30	4,212,116.25

The Other Funds and Deposits are funds set aside as restricted fund for reserve and optional fund in compliance with RA 9520.



13 DEPOSIT LIABILITIES

These accounts consist of the following:

	2020	2019
Savings Deposits	13,728,464.15	7,923,021.67
Time Deposits	1,442,275.12	635,115.37
Total	15,170,739.27	8,558,137.04

The Cooperative Provides interest rates at 1 % for savings deposits and 2.5 % for time deposits with maturity of 1-12 months.

14 ACCRUED EXPENSE AND OTHER PAYABLE

These accounts consist of the following:

	2020	2019
Accrued Expense Payable	3,600.00	
Withholding Tax Payable-	11,260.45	13,291.75
Credit Life Insurance Premium Payable	30,903.00	11,029.07
SSS/ECC /Pag-ibig Premiums Payables	2,119.74	5,146.36
Total	47,883.19	29,467.18

15 DUE TO FEDERATION

Due to Unions/Federations is an amount set aside for the education and training fund of APEX organization is 50% of the amount allocated by the cooperative in accordance with the provision of the cooperative's by-laws and the cooperative code. The APEX organization may either be a federation or union of which the cooperative is a member.

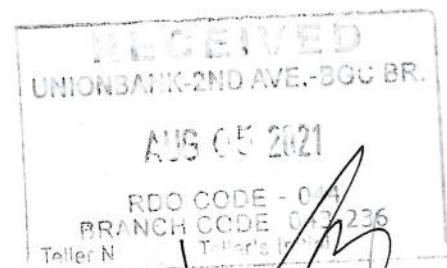
16 INTEREST ON SHARE CAPITAL AND PATRONAGE PAYABLE

Interest on capital payable refers to the liability of the cooperative to its members for interest on their share on their share capital investments in the cooperative, while patronage refund payable is the liability of the cooperative to its members for patronizing the business activities of the cooperative.

17 ALLOCATION AND DISTRIBUTION OF NET SURPLUS

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

- At least ten (10%) percent shall be set aside as General reserve fund. The general reserve fund is created to provide for the stability of the cooperative and to absorb losses, if any, in its business operation.
- One (1%) percent of the net surplus shall be set aside for Cooperative education and training fund. One-half of 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 education and training of the apex organization of which the cooperative is a member.
- Three (3%) percent of the net surplus is distributed to Optional Fund which shall be utilized for land and building fund.
- Three percent (3%) of the net surplus is distributed to community development fund which shall be used for the projects that will benefit the community where the cooperative operates.
- The remaining net surplus is allocated for Interest on share capital and patronage refund as determined by the board of directors, under certain conditions.



Net surplus for distribution for the year were allocated as shown below:

	2020	2019
NET SURPLUS FOR DISTRIBUTION	3,113,092.01	2,000,247.16
DISTRIBUTION:		
Reserve Fund	311,309.20	200,024.72
Education and Training Fund	15,565.46	10,001.24
Due to Union/Federation	15,565.46	10,001.24
Optional Fund	93,392.76	60,007.41
Community Development Fund	93,392.76	60,007.41
Interest on Share Capital Payable	2,222,125.08	1,411,174.37
Patronage Refund Payable	361,741.29	249,030.77
	3,113,092.01	2,000,247.16

18 FINANCE LEASE PAYABLE

This accounts represents the amount of obligation to Avida Land Corporation for the acquisition of the two condominium units located at Serin West and East Tagaytay Tower, Tagaytay under finance lease agreement. The amount of amortization for Condominium-1 payable in 42 monthly installment is P46,248.76 per month until August 2021. Total amount of obligation of the Cooperative amounting to P 312,179.05 as of December 31, 2020 and P 936,537.37 as of December 31, 2019.

19 OTHER NON-CURRENT LIABILITIES

This accounts consists of the following:

	2020	2019
Members Benefit Funds Payable	261,066.38	266,070.00
Total	261,066.38	266,070.00

The members benefit fund represents the benefits and incentives given to qualified and good standing members of the cooperative at the end of each year.

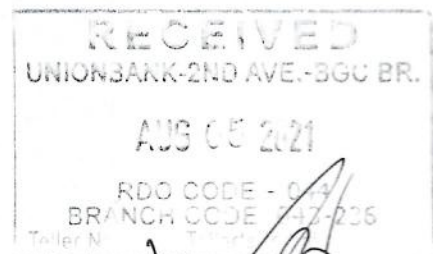
20 MEMBERS' SHARE CAPITAL

This accounts consists of the following:

	2020	2019
SHARE CAPITAL-COMMON		
Authorized Share Capital 900,000@Php100 par value	90,000,000.00	90,000,000.00
Subscribed and Paid-up Capital-Common	51,454,000.00	42,598,000.00
SHARE CAPITAL -PREFERRED		
Authorized Share Capital 100,000@Php100 par value	10,000,000.00	10,000,000.00
Subscribed and Paid-up Capital-Preferred	997,000.00	997,000.00
TOTAL MEMBERS' SHARE CAPITAL	52,451,000.00	43,595,000.00

21 DEPOSITS FOR SHARE CAPITAL SUBSCRIPTION

Deposits for share capital refers to amount paid by the members for capital subscription equivalent to the value or less than one share.



22 STATUTORY FUNDS

This account consists of the following:

	2020	2019
Reserve Fund	4,047,997.70	3,736,688.50
Community Development Fund	128,406.94	192,314.18
Education and Training Fund-Local	25,566.70	10,001.24
Optional Fund	233,232.94	266,470.18
Total Statutory Funds	4,435,204.28	4,205,474.10

The Cooperative has set aside an amount for the reserve fund and optional fund as per Coop-By Laws for the year ended December 31, 2019 see Notes10

23 INCOME FROM CREDIT OPERATIONS

This account consists of the following:

	2020	2019
Interest Income from Loan	4,266,625.36	4,098,630.09
Processing/Service Fee	1,266,169.08	411,794.80
Fines and Penalties	107,734.75	59,003.17
Income from Credit Operations	5,640,529.19	4,569,428.06

24 GENERAL AND ADMINISTRATIVE EXPENSES

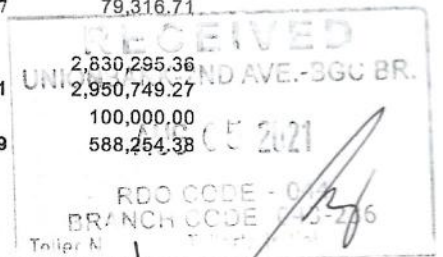
This account consists of the following:

	2020	2019
Salaries and Wages	1,501,909.56	1,392,435.36
Provision for Probable Losses on Loans	700,000.00	700,000.00
Members Benefits Expense	210,000.00	248,233.75
Depreciation and Amortization	190,044.16	166,018.38
Travel and Transportation	126,798.42	147,537.91
Communication	118,613.92	81,575.98
SSS, ECC, Philhealth and Pag-ibig Contributions	52,093.63	51,597.40
Professional and Consultancy Fees	47,600.00	16,842.10
Office Supplies	40,494.82	63,429.72
Advertising and Promotion	34,200.00	151,425.83
Taxes, Fees, and Charges	13,230.00	17,173.24
Meetings and Conferences	10,947.00	50,055.96
Trainings/Seminars	7,300.00	190,320.59
Employees Benefits	7,200.00	19,349.00
Power, Light & Water	5,119.37	2,920.24
Insurance Expense	3,440.90	1,568.90
Representation	1,133.00	1,581.00
Affiliation Fees	500.00	-
Bank Charges	-	6,030.00
General Assembly	-	208,123.70
Repairs and Maintenance	-	27,432.50
TOTAL	3,070,624.78	3,543,651.56

25 RELATED PARTY DISCLOSURES

The following related party transactions for the year ended December 31, 2020 and 2019.

	2020	2019
Management Staff		
Compensation	1,501,909.56	1,392,435.36
Loans Receivable	92,000.00	671,647.06
Share Capital	236,301.76	205,232.89
Time Deposit	283,302.00	269,441.60
Savings Deposits	38,722.37	79,316.71
Board of Directors, Committee and Officers		
Loans Receivables	-	2,830,295.36
Share Capital	3,402,761.41	2,950,749.27
Time Deposits	-	100,000.00
Savings Deposit	711,538.79	588,254.38



26 EVENTS AFTER REPORTING DATE

The accompanying financial statements were authorized for issue by the Cooperative's Chairman of the Board on May 28, 2021

27 SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS 19-2011 19-2011-15-2010

In additions to the disclosures mandated under PFRF and such other standards and/or conventions as maybe as maybe adopted, companies are required by the BIR to provide the notes to the financial statements, certain supplementary information may not necessarily be the same with those amounts disclosed in the financial financial statements which were prepared in accordance with PFRS.

All duly registered cooperatives are exempted from taxes as set forth under the **Joint Rules and Regulations Implementing Articles 60,61 and 144 of R.A 9520 otherwise known as the "Philippine Cooperative Code of 2008"** in relation to **R.A 8424 or the National Internal Revenue Code** as amended and signed by the Department of Finance (DOF) of Internal Revenue (BIR) and the Cooperative Development Authority on February 5, 2010.

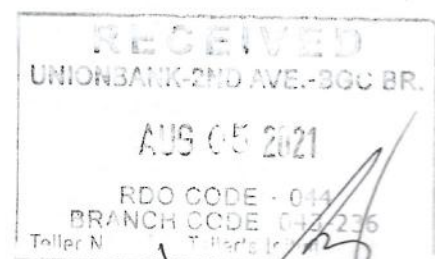
A duly registered cooperative, in some cases, can be held liable to all internal revenue taxes unless otherwise provided by law if after the lapse of the 10-year period from the date of registration, it accumulated reserves and undivided net savings exceeds ten million pesos (Php10,000,000) threshold. This rule, however, applies to cooperatives that have business dealings with non-members.

The Cooperative is entitled to the following tax exemptions and incentives 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 based on the certificate as follows:

1. Exemption from Income tax on income from CDA-registered operations;
2. Exemption from Value-added tax on CDA-registered sales or transactions;
3. Exemption from other Percentage tax;
4. Exemption from Donor's Tax on donations to duly accredited charitable, reseach and educational institutions, and reinvestment to socio-economic projects within the area of operation of the cooperative;
5. Exemption from Excise tax for which it is directly liable;
6. 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;
7. Exemption from payment of Annual Registration fee of Five hundred pesos (500.00);
8. Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system; and

The Cooperative had remitted the required taxes to Bureau in 2020 and 2019. These taxes were not included in the tax exemption certificate the cooperative had obtained as follows.

	2020	2019
a. Withholding Taxes		
Withholding tax on compensation	127,807.44	155,125.97
Expanded withholding tax	1,600.00	842.10
Total	129,407.44	155,968.07
b. All other taxes (Local and National)		
License and permit	1,165.00	2,715.00
BIR Annual Registration Fee	exempt	exempt
Total	1,165.00	2,715.00



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