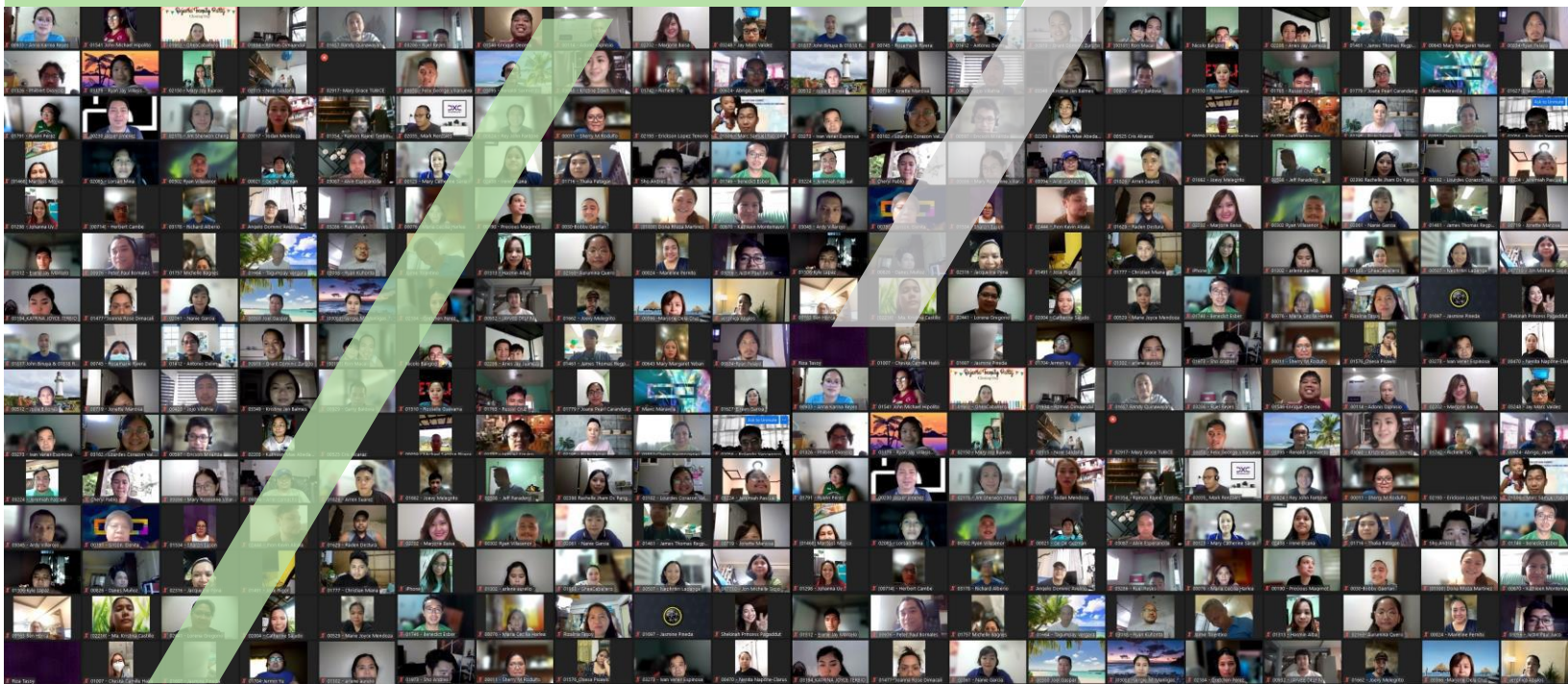


HPP Employees Multipurpose Cooperative

2022 HPPCOOP ANNUAL REPORT



*Alone I am Weak
But with Others I am Strong!*

www.hpp.coop



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9th ANNUAL GENERAL ASSEMBLY AGENDA

2

Part 1 - Preliminaries

Invocation

National Anthem

Cooperative Pledge

Presentation of Candidates

Welcome Address / Inspirational Messages

Part 2 – Business Proper

Call to Order

Proof of Due Notice & Determination of Quorum

Conduct of Proceedings

Approval of the Agenda

Reading and Approval of the 2022 AGA Minutes

Confirmation of Board Resolutions for 2022

Chairman's Report

Committee Reports

2022 Audited Financial Statements

STEPS Financial Rating

New Business

2023 Election

Oath of Office of Newly Elected Officers

Open Forum

Closing Remarks

Adjournment

JOINT REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT

Dear Members,

It was just six months ago (i.e. September 2022) when we had our last Annual General Assembly. But with the mandate of the Cooperative Development Authority for cooperatives nationwide to return to the regular, pre-pandemic schedules, we have to hold our 9th Annual General Assembly and Election of Officers in March 2023.

On the one hand, it may be too soon, but on the other, it's a sign that things are going back to normal which is what we are all looking forward to.

As you will see in the following pages, 2022 has been another challenging but successful year for our cooperative. The HPP Employees Multipurpose Cooperative is committed to invest in your future and in the future of our cooperative.

As always, HPPEMC is here with you in mind. Despite the challenges of the pandemic and with our limited resources, we are proud to share that in 2022, our cooperative has reached the P100M-mark in terms of Assets, bringing us to the Large Cooperative Category. Something very few cooperatives were able to do in less than 10 years.

With the threat of COVID-19 slowly going away, we are even more confident in the direction our cooperative is going. With membership growing double-digit in 2022, it further strengthens our philosophy that *"with others I am strong!"*.

Financial Highlights

PARTICULARS	2021	2022*	% Increase / (Decrease)
Revenue	7,195,916.73	6,705,961.08	(7%)
Total Assets	89,807,122.52	113,989,456.73	27%
Net Surplus	3,817,267.93	2,609,772.37	(32%)
Cash and Cash Equivalents	17,076,536.95	11,594,997.19	(32%)
Investment Reserve Fund	23,468,578.81	17,608,928.72	(25%)
Loan Receivables	34,141,898.65	44,437,035.60	30%
Share Capital	61,621,189.16	70,424,714.22	14%
Loan Releases	38,434,235.10	52,692,497.41	37%
Total Loans Granted	2248 Loans	2419 Loans	8%
Membership	1204 members	1469 members	22%

*Unaudited

2022 MILESTONES/PROJECTS

- **Large Cooperative Category** – we’ve crossed the P100M Asset-mark in 2022 which moves us up to the Large Cooperative Category. An accomplishment few cooperatives were able to do in a span of just 8 years.
- **Granted 2,400+ loans** amounting to more than P50M, more than half of which are small Petty Cash Loans for members’ immediate needs.
- **Damayan Claims** – we were able to provide burial assistance to 22 members through our Damayan Benefit where we provide financial assistance to members who lost a dependent up to the 1st degree of consanguinity and affinity plus siblings.
- **Membership** – our membership increased 20+% from 1,204 in 2021 to 1,469 in 2022 allowing us to help more members.
- **Zero Interest Hospitalization Loan** – to help members cope with the pandemic and other difficulties, we launched the 0% Hospitalization Loan. Application has also been made online for convenience.
- **Real Estate Loans** – we’ve released 4 real estate loans, where members can borrow up to P3M for the purchase or renovation of their real property.
- **Ifugao Relief Effort** – we’ve matched members’ donations to the Ifugao Relief Effort during last year’s flash flood.
- **Second HPP Vacation Home** – as our membership increases, so does the demand for the HPP Vacation Home. Thus, we’ve added a second unit at Serin East in Tagaytay for our members’ exclusive use.
- **Serin Parking Slots** – for members’ safety and convenience when using our Serin Vacation Homes, we’ve invested in Serin basement parking slots that members can use free of charge.
- **New HMO Plans** – we’ve introduced new HMO plans to better serve members’ needs. The new plans include semi-private and private rooms with higher coverage and optional income benefit.
- **Baguio Property** – we bought a vacation property in Baguio that members and their family can enjoy. Available to members beginning Q1 2023.

- **Makati Property** – as part of our investment strategy, we acquired a lot in Makati where we plan to build our first building consisting of mixed office, commercial, and residential units.
- **System Upgrade** – we’ve upgraded our back-office system to be able to cope with our growth. The new system is cloud-based which should provide better flexibility and resiliency.
- **Maternity Benefit** – to help women members recover and adjust emotionally and financially after giving birth, we’ve introduced the HPP Maternity Benefit Policy which gives new mothers a 3-month relief from loan payments without additional interest and/or penalties.
- **HPP Ticketing System** – to cope with the demands of an increasing membership base while maintaining limited resources, we’ve launched the HPP Ticketing System to better track member issues, queries, loan applications, and other concerns.
- **New Credit Policy** – we released a new Credit Policy to address members’ call for higher credit limit while keeping the safeguards we have in place. Among the changes include the P200k limit for Multipurpose Loan, Car Equity Loan, and Housing Equity Loan, as well as a new Business Loan of up to P500k.
- **Organization Changes** – we’re slowly trying to expand our organization to cater to our growing operations. Thus, we’ve hired additional manpower to help with membership matters and improve our response times.



HPPEMC Viber Stickers

MISSION STATEMENT

A dynamic cooperative of IT-BPS employees that provides relevant financial and other products and services to improve the quality of life of our members.

VISION STATEMENT

The innovative cooperative of choice in the IT-BPS industry.

VALUES

Harmony, Passion, Perseverance

Credibility, Accountability, Resiliency, Equality, Selflessness

5-YEAR BLUEPRINT

Strategic Themes	Member Satisfaction	Operational Excellence	Enterprise Development	People Empowerment
Strategic Results	Membership is increased to 9,000 Member Care Program is institutionalized Members are satisfied and loyal	Streamlined processes and procedures Compliance on all regulatory requirements Upgraded physical and internal infrastructure	Non-financial products and services are sustainable and contributing to significant growth of the cooperative	Competent and highly efficient employees and officers On-boarding framework for employees and new leaders is effective Succession Plan is in place

2023 – 2027 HIGH-LEVEL PLANS

1. Asset size of P500M by 2027.
2. Membership of 9,000 by 2027.
 - a. Image building
 - b. Intensive membership recruitment
3. Increase Member Satisfaction
 - a. Additional vacation homes
 - b. Annual Christmas gifts/baskets
 - c. Feedback mechanism
4. Physical cooperative-owned building.
5. Highly efficient and effective employees.
 - a. Hiring of new employees
 - b. Efficient workflow
6. Stable Core Banking System
 - a. Real-time core banking system
 - b. Online services
7. Sound Financial Performance
 - a. Other sources of income
 - b. Institutionalized process and procedures
 - c. Improved financial products and services

HPP EMPLOYEES MULTIPURPOSE COOPERATIVE

11F Intellectual Property Center, McKinley Hill, Taguig City

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
AND INDEPENDENT AUDITOR'S REPORT**

PHILIPPINE PESO

MELLICENT F. MONTÓYA
CERTIFIED PUBLIC ACCOUNTANT

MELLICENT F. MONTOYA

CERTIFIED PUBLIC ACCOUNTANT

Accredited with BOA, CDA, BIR and PICPA Member

Lot 1 Blk 15 First Street Trinidad Homes Subd. Manggahan Pasig City, Cel. No. 09178161062 email add: chicmontoya@gmail.com

STATEMENT OF REPRESENTATION

Hon. Usec Joseph Encabo
Chairman
Cooperative Development Authority
Regional Office

In connection with my examination of the financial statements of the **HPP Employees Multi-purpose Cooperative** for the years ended as at December 31, 2022 and 2021 that 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 adhered to the Philippine Auditing Standards of the (PSA) and the Standard Audit System for Cooperatives (SASC) as required by the Cooperative Development Authority.
3. That I am qualified as provided for in Section 14 of the Code of Professional Ethics for Certified Public Accountants and Articles 81 of R.A. 9520 (Philippine Cooperative of 2008).
4. That I am fully aware of my responsibility as an auditor for the audit certificate issued and attached to the financial statements and the sanctions to be bestowed on me for any misrepresentations that I may have willingly or unwillingly committed.
5. That I nor any member of my immediate family do not have any direct or indirect financial interest with the cooperative.
6. That I am not an employee of the Cooperative Development Authority (CDA) nor have I engaged an employee of the CDA in the course of audit.
7. That I make representation as member of the Philippine Institute of Certified Public Accountants (PICPA) –Eastern Chapter as an independent auditor.
8. That I am a member of PICPA Eastern Chapter.



Mellicent F. Montoya
CPA Certificate No. 61314
Until June 10, 2024
BOA No. 0605 from June 30, 2021 to June 10, 2024
CDA No. 84, valid from March 8, 2023 to March 7, 2026
TIN No. 133-704-195-000
TAN No. -07-100417-001-2022
Valid from January 24, 2022 until January 23, 2025
PTR No. BCE77670541 on January 5, 2021 Pasig City

July 5, 2023
Pasig City

MELLICENT F. MONTOKA

CERTIFIED PUBLIC ACCOUNTANT

Accredited with BOA, CDA, BIR and PICPA Member

**Lot 1 Blk 15 First Street Trinidad Homes Subd. Manggahan Pasig City, Cel. No. 09178161062 email
add: chicmontoya@gmail.com**

Report of Independent Public Accountant To Accompany Income Tax Return

The General Assembly

Thru: The Board of Directors

HPP EMPLOYEES MULTIPURPOSE COOPERATIVE

11F Intellectual Property Center, McKinley Hill, Taguig City

I have audited the financial statements of **HPP Employees Multi-Purpose Cooperative** for the period ended December 31, 2022 and 2021 on which I have rendered a report on July 5, 2023.

In compliance with Section 8-A, Revenue Regulation V-20, I am stating the following:

1. That the taxes paid or accrued by the above taxpayer for the year ended December 31, 2021 are shown in the schedule of taxes and licenses attached to the income tax return.
2. That I am not related by consanguinity or affinity to the Management and Members of the Board of Directors;
3. That I, as the Principal/Managing Auditor nor my staff, have no financial interest to the Cooperative or any family relationships with its management.



Mellicent F. Montoya

CPA Certificate No. 61314

Until June 10, 2024

BOA No. 0605 from June 30, 2021 to June 10, 2024

CDA No.84 valid from March 8, 2023 to March 7, 2026

TIN No. 133-704-195-000

TAN No. -07-100417-001-2022

Valid from January 24, 2022 until January 23, 2025

PTR No.BCE77670541 on January 5, 2021 Pasig City

July 5, 2023

Pasig City

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, 2022 and 2021, 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.

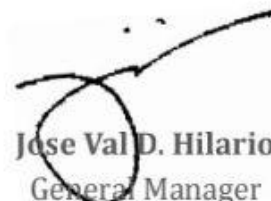
Mellicent F. Montoya the independent auditor appointed by the General Assembly, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Annie Rose J. Samson
Chairperson of the Board



Myra P. Mancilla
Treasurer



Jose Val D. Hilario
General Manager

July 5, 2023

**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, 2022 and 2021. 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 all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the period ended December 31, 2022 and 2021, the accompanying Annual Income Tax Return are in accordance with the books and records of **HPP Employees Multipurpose Cooperative** complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, 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) **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.



Anne Rose J. Samson
Chairperson of the Board



Myra P. Mancilla
Treasurer



Jose Val D. Hilario
General Manager

July 5, 2023

MELLICENT F. MONTOKA

CERTIFIED PUBLIC ACCOUNTANT

Accredited with BOA, CDA, BIR and PICPA Member

Lot 1 Blk 15 First Street Trinidad Homes Subd. Mangahan Pasig City, Cel. No. 09178161062 email add: chlcmontoya@gmail.com

REPORT OF INDEPENDENT AUDITOR

The General Assembly

Thru: The Board of Directors

HPP EMPLOYEES MULTIPURPOSE COOPERATIVE

11F Intellectual Property Center, McKinley Hill, Taguig City

Opinion

I have audited the financial statements of **HPP Employees Multi-purpose Cooperative** which comprise the Statement of financial condition as at December 31, 2022 and 2021, Statements of operations, cash flows and changes in equity for the years then ended, and notes to the financial statements, including summary of significant accounting policies.

In my opinion, the **HPP Employees Multi-purpose Cooperative** accompanying financial statements present fairly, in all material respects the financial position of as at December 31, 2022 and 2021, its financial performance and 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) and the Standard Audit System for Cooperatives (SASC). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of 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 these financial statements in accordance with 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 and 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude the appropriateness of management's use of 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 a significant doubt on the cooperative's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 the 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 in 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 the audit.

Report on Other Legal and Regulatory Requirements

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 28 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in my audits of the basic financial statements. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mellicent F. Montoya

CPA Certificate No. 61314

Valid Until June 10, 2024

BOA No. 0605 June 10, 2021 to June 10, 2024

CDA No. 0084, valid from March 8, 2023 to March 7, 2026

TIN No. 133-704-195-000

TAN No. -07-100417-001-2022

Valid from January 24, 2022 until January 23, 2025

PTR No 8994305 January 3, 2023, Pasig City

July 5 , 2023

Pasig City

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, 2022 AND 2021
Amounts in Philippine Pesos

	Notes	2022	2021
ASSETS			
Current Assets			
Cash and Cash Equivalent	4,6	11,594,997.29	17,076,536.95
Loans and Receivable-net	4,7	47,222,964.81	34,141,898.65
Inventory		557,695.59	540,830.59
Total Current Assets		59,375,657.69	51,759,266.19
Non-Current Assets			
Financial Assets at Cost	4,8	571,098.84	534,439.82
Financial Assets at Amortized Cost	4,9	17,608,928.72	23,468,578.81
Investment Property	4,10	35,305,670.96	9,366,430.01
Property and Equipment-net	4,11	1,375,780.03	266,640.62
Other Non-Current Assets	4,12	3,642,365.55	4,411,767.07
Total Non-Current Assets		58,503,844.10	38,047,856.33
TOTAL ASSETS		117,879,501.79	89,807,122.52
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Deposit Liabilities	4,13	23,017,735.13	19,385,936.75
Trade, Non-Trade and Other Payable	4,14	134,698.87	183,436.10
Due to Federation/Union	4,15	113,443.41	121,034.75
Interest on Share Capital Payable	4,16,17	3,098,137.76	2,788,132.50
Patronage Refund Payable	4,16,17	248,550.05	380,199.89
Total Current Liabilities		26,612,565.22	22,858,739.98
Non-Current Liabilities			
Loans Payable	4,18	13,715,821.80	
Finance Lease Payable	4,19	1,585,352.51	-
Other Non-Current Liabilities	4,20	240,092.87	278,473.41
Total Non-Current Liabilities		15,541,267.18	278,473.41
TOTAL LIABILITIES		42,153,832.40	23,137,213.39
MEMBERS' EQUITY			
Members' Share Capital	4,21	70,424,000.00	59,945,000.00
Deposit for Share Capital Contribution	4,22	714.22	1,676,189.16
Statutory Funds	4,23	5,300,955.17	5,048,719.97
TOTAL EQUITY		75,725,669.39	66,669,909.13
TOTAL LIABILITIES AND EQUITY		117,879,501.79	89,807,122.52

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, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021
REVENUE			
Income from Credit Operations	4,24	6,344,635.39	7,195,916.73
GROSS REVENUES		6,344,635.39	7,195,916.73
LESS: EXPENSES			
Financing Cost			
Interest Expense on Deposits		360,804.17	177,736.35
Interest Expense on Borrowings		310,772.44	
General and Administrative Cost	4,25	3,519,395.08	3,287,623.48
TOTAL EXPENSES		4,190,971.69	3,465,359.83
NET SURPLUS FROM OPERATIONS		2,153,663.70	3,730,556.90
Add: Other Income			
Income /Interest from Deposits/Investments		13,972.34	41,623.57
Membership Fees		56,800.00	15,400.00
Miscellaneous		74,563.89	29,687.46
Total Other Income		145,336.23	86,711.03
NET SURPLUS FOR DISTRIBUTION		2,298,999.93	3,817,267.93
DISTRIBUTION:	4,15		
Reserve Fund		229,899.99	381,726.79
Education and Training Fund		11,495.00	19,086.34
Due to Federation/Union		11,495.00	19,086.34
Community Development Fund		68,970.00	114,518.04
Optional Fund		68,970.00	114,518.04
Interest on Share Capital Payable		1,621,944.45	2,788,132.50
Patronage Refund Payable		286,225.49	380,199.89
		2,298,999.93	3,817,267.93

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****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(Amounts in Philippine Peso)**

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus before distribution		2,298,999.93	3,817,267.93
Adjustment to reconcile net surplus to net cash used in operating activities:			
Depreciation	10	180,228.10	174,255.81
Provision for Probable Losses on Loan	7	-	600,000.00
Changes in Assets and Liabilities			
Decrease(Increase) in:			
Loans and Receivables	7	(13,081,066.16)	(10,279,455.37)
Other Non-Current Assets	12	769,401.52	(705.57)
Inventory		(16,865.00)	415,112.11
Increase(Decrease) in:			
Trade, Non-Trade and Other Payable	14	48,737.23	135,552.91
Due to Federation	15	(19,086.34)	(15,565.46)
Interest on Share Capital Payable	16	(1,369,184.29)	(2,222,125.08)
Patronage Refund Payable	16	(360,630.23)	(361,741.29)
Net cash used in operating activities		(11,549,465.23)	(7,737,404.01)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)Decrease in:			
Financial Assets at Cost	8	(36,659.02)	(111,380.78)
Financial Assets at Amortized Cost	9	5,859,650.09	2,236,196.05
Investment Property	10	(25,939,240.95)	
Property and Equipment	11	(1,386,841.98)	(8,180.00)
Net cash used in investing activities		(21,503,091.86)	2,116,635.27
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in:			
Deposit Liabilities	13	3,631,798.38	4,215,197.48
Loans Payable	18	13,715,821.80	
Finance Lease Payable	19	1,585,352.51	(312,179.05)
Other Non-Current Liabilities	20	(38,380.54)	17,407.03
Share Capital	21	10,479,000.00	7,494,000.00
Deposits for Share Capital	22	(1,675,474.94)	(171,737.47)
Statutory Funds	23	(127,099.79)	(16,333.52)
Net cash used in financing activities		27,571,017.42	11,226,354.47
NET INCREASE (DECREASE) IN CASH		(5,481,539.66)	5,605,585.73
CASH AT BEGINNING OF YEAR	6	17,076,536.95	11,470,951.22
CASH AT END OF YEAR		11,594,997.29	17,076,536.95

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, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
MEMBERS' SHARE CAPITAL	21		
Authorized 900,000 Common shares at P100.00 par value		90,000,000.00	90,000,000.00
Beginning Share -Common Share		58,948,000.00	52,451,000.00
Add: Additional Subscription		9,516,000.00	6,497,000.00
Less: Treasury			
Subscribed and Paid-up Capital-Common		68,464,000.00	58,948,000.00
Authorized Share Capital 100,000@Php100 par value		10,000,000.00	
Beginning Share -Preferred Share		997,000.00	997,000.00
Add: Additional Subscription		963,000.00	
Less: Treasury			
Subscribed and Paid-up Capital-Preferred		1,960,000.00	
Total		70,424,000.00	53,448,000.00
DEPOSIT FOR SHARE CAPITAL SUBSCRIPTION	22		
Beginning Balance		1,676,189.16	1,847,926.63
Add(less)		(1,675,476.72)	(171,737.47)
Total Deposit for Share Capital Subscriptions		714.22	1,676,189.16
TOTAL MEMBERS' SHARE CAPITAL		70,424,714.22	55,124,189.16
STATUTORY FUNDS	23		
RESERVE FUND			
Beginning Balance		4,429,724.49	4,047,997.70
Add: Allocation for the year		229,899.99	381,726.79
Ending Balance		4,659,624.48	4,429,724.49
EDUCATION AND TRAINING FUND			
Beginning Balance		34,653.04	25,566.70
Add: Allocation for the year		11,495.00	19,086.34
Use of Fund		(34,653.04)	(10,000.00)
Ending Balance		11,495.00	34,653.04
COMMUNITY DEVELOPMENT FUND			
Beginning Balance		240,924.98	128,406.94
Add: Allocation for the year		68,970.00	114,518.04
Use of Fund		(87,446.75)	(2,000.00)
Ending Balance		222,448.23	240,924.98
OPTIONAL FUND			
Beginning Balance		343,417.46	233,232.94
Add: Allocation for the year		68,970.00	114,518.04
Use of Fund		(5,000.00)	(4,333.52)
Ending Balance		407,387.46	343,417.46
TOTAL STATUTORY FUNDS		5,300,955.17	5,048,719.97
TOTAL EQUITY		75,725,669.39	60,172,909.13

See Accompanying Notes to Financial Statements

HPP EMPLOYEES CREDIT 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.

The area of operation of the cooperative is within the office of Hewlett-Packard Philippines Corporation (HPPC) or Hewlett-Packard Asia Pacific-(HPAP) and its principal office is located 2F Three World Square Upper McKinley, McKinley Hill, Fort Bonifacio Taguig City, Taguig, 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 derecognises 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 determine 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 the item.

After initial recognition, an 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 recognised in profit or loss.

Investment property

Investment property represents condominium unit, house and lot acquisition that is held by Cooperative for the subsidized rental for the use of its members as members benefit and/or future appreciation.

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 cooperative in the performance of its social concerned 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 country side 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

	2022	2021
Cash in Banks	11,579,997.29	17,061,536.95
Petty Cash Fund	15,000.00	15,000.00
Total	11,594,997.29	17,076,536.95

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

6.1 Loans Receivable-net	2022	2021
Current	33,722,870.28	23,067,525.30
Past Due	3,405,377.65	2,642,982.02
Total Loans	37,128,247.93	25,710,507.32
Less: Allowance for Probable Losses on Loans	(2,114,474.74)	(2,114,474.74)
Total	35,013,773.19	23,596,032.58
6.2 Installment Receivable	357,192.85	96,290.00
Advances to HPP Development Corporation	2,785,929.21	2,785,929.21
Other Current Receivables	9,066,069.56	7,663,646.86
Total	47,222,964.81	34,141,898.65

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, 2022.

Aging Summary:

	2022	2021
Current	33,722,870.28	23,067,525.30
Past due less than 1 year	986,922.46	767,180.17
Past due more than 1 year	2,418,455.19	1,875,801.85
Total	-	37,128,247.93

Advances to the HPP Development Corporation represents advances made to the Joint venture with the Corporation were the Cooperative had invested in the amount of P4Million . The Cooperative aim to provide services to their members for their housing and contruction related needs.

8 FINANCIAL ASSETS AT COST

This account consists of the following:

	2022	2021
Investment with St. Peter	195,840.00	174,000.00
Investment with CISP	138,109.76	138,109.76
Investment with Coop Health Management Federation	127,817.72	113,871.02
Investment with NATCCO	109,331.36	108,459.04
Total	571,098.84	534,439.82

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 P 17,608,928.72 and P23,468,578.81 as of December 31, 2022 and 2021 respectively.

10 INVESTMENT PROPERTY

The investment property consists of two units of Condominium including parking lot located at Serin West and East Tagaytay Tower in Tagaytay, Parcel of land at Makati City and House and lot at Baguio City for future business operations.

	2022	2021
Beginning Balance	9,366,430.01	9,366,430.01
Add: Acquisitions(Disposals)	25,939,240.95	-
Ending Balance	35,305,670.96	9,366,430.01

11 PROPERTY AND EQUIPMENT-NET

This account consists of the following:

	December 31, 2021	Additions/ Disposal	December 31, 2022
Land Improvements	-	199,200.00	199,200.00
Condominium Improvements	396,740.20	339,812.00	736,552.20
Condominium -Furniture, Fixtures and Equipment	183,298.66	513,838.31	697,136.97
Office Equipment	65,251.07	-	65,251.07
Computerizaion		565,599.51	565,599.51
Total	645,289.93	1,618,449.82	2,263,739.75
Less: Accumulated Depreciation			
Land Improvements	-	6,640.00	6,640.00
Condominium Improvements	161,476.90	43,512.69	204,989.59
Condominium -Furniture, Fixtures and Equipment	159,354.98	40,688.85	200,043.83
Office Equipment	57,817.43	2,739.43	60,556.86
Computerization		415,729.44	415,729.44
Total	378,649.31	509,310.41	887,959.72
Net Book Value	266,640.62	509,310.41	1,375,780.03

12 OTHER NON-CURRENT ASSET

This account consists of the following:

	2022	2021
Computerization Cost	61,418.00	131,517.20
Other Funds and Deposits	3,580,947.55	4,280,249.87
Total	3,642,365.55	4,411,767.07

The Other funds and deposits set aside for the Statutory Funds were as follows:

Cash in Bank BDO- Reserve Fund	3,316,966.97	4,016,295.58
Cash in Bank UCPB-Optional Fund	263,980.58	263,954.29
Total	3,580,947.55	4,280,249.87

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:

	2022	2021
Savings Deposits	19,829,889.01	17,000,159.74
Time Deposits	3,187,846.12	2,385,777.01
Total	23,017,735.13	19,385,936.75

The Cooperative Provides interest rates at 1.25 % for savings deposits and 2.5 % for time deposits with maturity of 1-12 months.

14 TRADE, NON-TRADE AND OTHER PAYABLE

These accounts consist of the following:

	2022	2021
Withholding Tax Payable-	71,855.43	168,740.03
Credit Life Insurance Premium Payable	62,843.44	14,696.07
Total	134,698.87	183,436.10

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:

- a. 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.
- b. 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.
- c. Three (3%) percent of the net surplus is distributed to Optional Fund which shall be utilized for land and building fund.
- d. 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.
- e. 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:

	2022	2021
NET SURPLUS FOR DISTRIBUTION	2,298,999.93	3,817,267.93
DISTRIBUTION:		
Reserve Fund	229,899.99	381,726.79
Education and Training Fund	11,495.00	19,086.34
Due to Union/Federation	11,495.00	19,086.34
Optional Fund	68,970.00	114,518.04
Community Development Fund	68,970.00	114,518.04
Interest on Share Capital Payable	1,621,944.45	2,788,132.50
Patronage Refund Payable	286,225.49	380,199.89
	2,298,999.93	3,817,267.93

18 LOANS PAYABLE

Loans payable consist of Notes payable on the balance of the cost of investment properties acquired by the Cooperative financed by Bank of Philippine Island with 4% and 5% interest rates maturing April 6 and September 6, 2025 under Hold out deposit agreement Total amount of Loan was P14,500,000.00 and has outstanding balance of P13,715,821.89 as of December 31, 2022.

19 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. Total amount of obligation of the Cooperative amounting to P 1,585,352.51 and P0.0 as of December 31, 2022 and 2021.

20 OTHER NON-CURRENT LIABILITIES

This accounts consists of the following:

	2022	2021
Members Benefit Funds Payable	240,092.87	278,473.41
Total	240,092.87	278,473.41

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.

21 MEMBERS' SHARE CAPITAL

This accounts consists of the following:

	2022	2021
SHARE CAPITAL-COMMON		
Authorized Share Capital 900,000@Php100 par value	90,000,000.00	90,000,000.00
Beginning Share -Common Share	58,948,000.00	52,451,000.00
Add: Additional Subscription	9,516,000.00	6,497,000.00
Less: Treasury	-	-
Subscribed and Paid-up Capital-Common	68,464,000.00	58,948,000.00
SHARE CAPITAL -PREFERRED		
Authorized Share Capital 100,000@Php100 par value	10,000,000.00	10,000,000.00
Beginning Share -Preferred Share	997,000.00	997,000.00
Add: Additional Subscription	963,000.00	-
Less: Treasury	-	-
Subscribed and Paid-up Capital-Preferred	1,960,000.00	997,000.00
TOTAL MEMBERS' SHARE CAPITAL	70,424,000.00	59,945,000.00

22 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.

23 STATUTORY FUNDS

This account consists of the following:

	2022	2021
Reserve Fund	4,659,624.48	4,429,724.49
Community Development Fund	222,448.23	240,924.98
Education and Training Fund-Local	11,495.00	34,653.04
Optional Fund	407,387.46	343,417.46
Total Statutory Funds	5,300,955.17	5,048,719.97

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, 2022 see Notes10

24 INCOME FROM CREDIT OPERATIONS

This account consists of the following:

	2022	2021
Interest Income from Loan	5,027,586.60	4,115,860.52
Processing/Service Fee	1,208,117.48	2,901,381.31
Fines and Penalties	108,931.31	178,674.90
Income from Credit Operations	6,344,635.39	7,195,916.73

25 GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	2022	2021
Salaries and Wages	1,576,047.97	1,685,442.98
Members Benefits	467,447.78	306,705.00
Trainings/Seminars	343,774.02	1,000.00
Travel and Transportation	303,122.46	176,027.81
Taxes, Fees, and Charges	197,231.25	6,841.77
Communication	196,955.45	174,827.95
Depreciation	180,228.10	174,255.81
SSS, ECC, Philhealth and Pag-ibig Contributions	58,812.19	36,802.83
Office Supplies	55,583.10	33,027.31
Meetings and Conferences	51,740.00	11,004.00
Professional Fees	50,000.00	62,000.00
Bank Charges	18,637.03	2,965.00
Representation	12,500.00	-
Insurance Expense	4,712.70	1,870.00
Power, Light & Water	-	13,953.02
Notarial Fees	-	900.00
Provision for Probable Losses on Loans	-	600,000.00
Miscellaneous	2,603.03	-
TOTAL	3,519,395.08	3,287,623.48

26 RELATED PARTY DISCLOSURES

The following related party transactions for the year ended December 31, 2022 and 2021.

	2022	2021
Management Staff		
Compensation	1,576,047.97	1,678,242.98
Loans Receivable	864,185.01	140,782.76
Share Capital	414,853.24	345,067.31
Time Deposit	-	288,796.95
Savings Deposits	623,659.37	51,030.68
Board of Directors, Committee and Officers		
Loans Receivables	7,354,877.67	2,254,733.28
Share Capital	5,333,676.96	4,021,099.02
Time Deposits	20,641.41	40,763.14
Savings Deposit	1,163,658.84	747,054.99

27 EVENTS AFTER REPORTING DATE

The accompanying financial statements were authorized for issue by the Cooperative's Chairman of the Board on July 5, 2023.

28 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 9520 as implemented by Section 8 of the Joint Rules and Regulations Implementing Articles 60, 61 and 144 RA 9520 based on the certificate as following , *however the Cooperative Certificate of Tax Exemption was expired as of December 31, 2022:*

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;
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.

The Cooperative had remitted the required taxes to Bureau in 2022 and 2021. These taxes were not included in the tax exemption certificate the cooperative had obtained as follows.

	2022	2021
a. Withholding Taxes		
Withholding tax on compensation	49,178.97	26,449.07
Expanded withholding tax	5,000.00	-
Total	54,178.97	26,449.07
b. All other taxes (Local and National)		
License and permit	3,250.00	3,831.77
BIR Annual Registration Fee	exempt	exempt
Total	3,250.00	3,831.77

The Cooperative assume the risk on the expired Certificate of Tax Exemption during the year 2022.