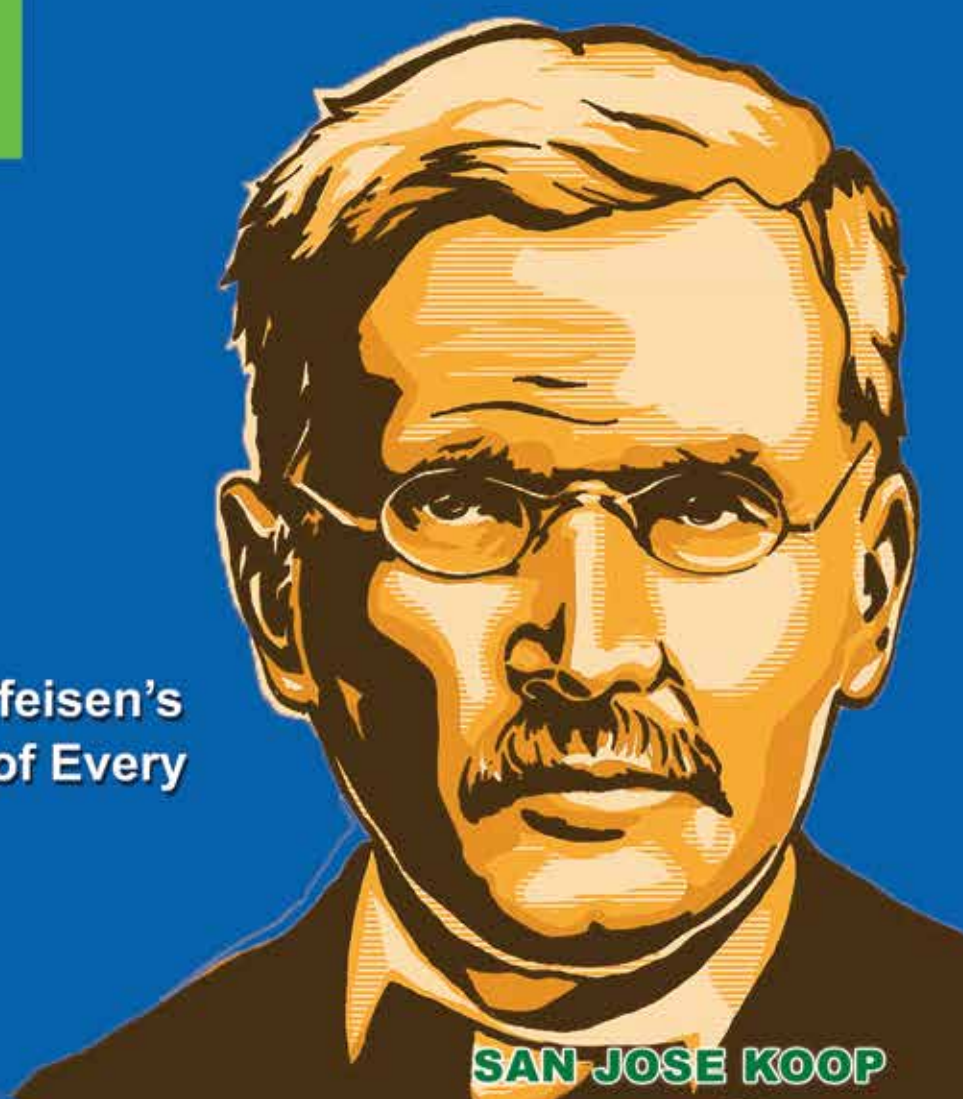


FRIEDRICH WILHELM

RAIFFEISEN

200 YEARS



Theme: Rekindling Raiffeisen's
Ideologies in the Heart of Every
Credit Union

SAN JOSE KOOP

31st

GENERAL ASSEMBLY
ANNUAL REPORT
MARCH 31, 2019

Our Vision

A world-class financial institution committed to serve.

Our Mission

To empower our members by providing them access to competitive and quality financial services.

Our Values

S - Solidarity

E - Equality

R - Responsiveness

V - Values-Oriented

E - Excellence

Our Goals

To be financially viable through sustained profitability and growth.

To provide our members with quality products and services.

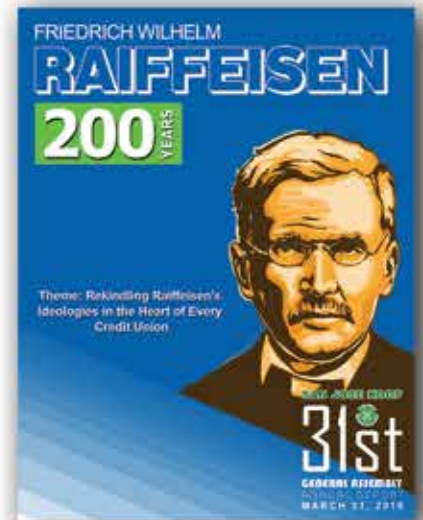
To promote strategic partnership with the LGU and NGO of the community.

To provide our community with social welfare and livelihood programs.

To have an effective interrelation and coordination with our APEX organization (secondary and tertiary coops).

TABLE OF CONTENTS

| | |
|--|----|
| Raiffeisen Anniversary | 02 |
| Various Awards | 03 |
| Statement on the Cooperative Identity | 04 |
| Solidarity Message | 05 |
| Joint Chairperson & CEO Report | 11 |
| 5years Comparative Financial Highlights | 14 |
| 5years Comparative Actual Performance Against Target | 15 |
| 2018 Approved Board Resolution | 16 |
| Treasurer's Report | 17 |
| Statement of Management Responsibility 2018 | 18 |
| Statement of Respresentation 2018 | 19 |
| Report of Independent Auditor 2018 | 20 |
| Practitioner's Compilation Report | 23 |
| Statements of Financial Position 2018 | 24 |
| Statements of Financial Operations 2018 | 25 |
| Statements of Changes in Equity 2018 | 26 |
| Statements of Cash Flows 2018 | 27 |
| Notes to Financial Statements | 28 |
| Proposed Statements of Finacial Position 2019 | 41 |
| Proposed Statements Of Operation 2019 | 44 |
| Audit Committee Report | 46 |
| Election Committee Report | 47 |
| Credit Committee Report | 48 |
| Ethics Committee Report | 49 |
| Mediation Committee Report | 50 |
| Education Committee Report | 51 |
| Operational Plans 2019 | 53 |
| Board of Directors Picture | 62 |
| Committee's and Other Officers Picture | 63 |
| Management Staff Picture | 64 |



2018 Annual Report

Raiffeisen Year 2018 - Celebration of the 200th Raiffeisen's anniversary

What do we celebrate?

The Raiffeisen Year 2018 is celebrating the 200th birthday of Friedrich Wilhelm Raiffeisen, one of the founders of the co-operative idea and the co-operative banking concept, a whole year long. His idea was and still is of great importance worldwide. The aim of the Raiffeisen Year 2018 is therefore not only to celebrate and enhance the co-operative idea, but to set the stage for Raiffeisen's descendants to carry on his legacy for the future.

Raiffeisen's founding idea: "we can achieve more together than alone".

Who was Friedrich Wilhelm Raiffeisen?

Friedrich Wilhelm Raiffeisen was one of the founding fathers of the co-operative movement in general and more specifically of co-operative banking. He was born in 1818 in Germany. He was the son of Gottfried Friedrich Raiffeisen, a farmer and a mayor. After a brief career in the military, Friedrich Raiffeisen became mayor himself at the early age of 27, an office he would carry out for the next 20 years in several municipalities in the Rhineland region. He died in 1888 at the age of 69. Raiffeisen conceived of the idea of co-operative during his tenure as the young mayor. He was inspired by observing the suffering of the farmers who were often in the grip of loansharks. He founded the first co-operative lending bank in 1864. In order to secure the liquidity equalisation between the small credit banks, in 1872 Raiffeisen created the first rural central bank, the "Rheinische Landwirtschaftliche Genossenschaftsbank" (Rhenish Agricultural Cooperative Bank).

Congratulations

San Jose Koop for Receiving various awards



INTERNATIONAL AWARD

From **ASSOCIATION OF ASIAN CONFEDERATION OF CREDIT UNIONS**
Silver ACCESS Brand for 2018

8 consecutive years ACCESS Brand Awardee
(5 Bronze 2010-2015 and 3 Silver 2016-2018)

NATIONAL AWARD

From **COOPERATIVE DEVELOPMENT AUTHORITY - NATIONAL**
3rd Placer Most Outstanding Primary Cooperative - Medium
Scale Category (Billionaire Cooperative) in the Philippines for 2018

4 consecutive years CDA - National Awardee
(2015 - 2018)



REGIONAL AWARD

From **COOPERATIVE DEVELOPMENT AUTHORITY - REGION III**
Most Outstanding Cooperative in Region III

4 consecutive years CDA - Region III
(2015 - 2018)

PROVINCIAL AWARD

HALL OF FAME AWARDEE

From **PROVINCIAL COOPERATIVE AND ENTERPRISE**
DEVELOPMENT OFFICE - BULACAN (PCEDO)

Gawad Pagkilala - for receiving various awards from ACCU,
CDA Region III and CDA National

5 consecutive years PCEDO - Bulacan Special Awardee
(2014 - 2018)



CITY AWARD

HALL OF FAME AWARDEE

From **CITY COOPERATIVE DEVELOPMENT OFFICE**
Plaque of Recognition - for receiving various awards from ACCU,
CDA Region III and CDA National

5 consecutive years CCDO - CSJDM Special Awardee
(2014 - 2018)



Statement on the Cooperative Identity

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Solidarity Message



Senate of the Philippines Office of Senator Juan Miguel F. Zubiri

Greetings and welcome to the 31st General Assembly of the San Jose del Monte Savings and Credit Cooperative!

Thirty-one years is no small feat, and for San Jose Koop to not only have lasted but also flourished for this long is testament to its foundational presence in the San Jose community, and indeed in the entirety of Bulacan. The success of this cooperative has been truly inspiring—from just sixty members and a one-table office, it now boasts over thirty-two thousand members and a four-story head office. As an advocate of cooperativism, it gladdens me greatly to see cooperatives such as San Jose Koop succeed and thrive, proving that sustainable development is truly the way to go.

The challenge now is to keep finding more innovative and inclusive approaches to sustainable development as you go forward. But I have little doubt as to the future successes of this cooperative—as history has shown, San Jose Koop is a most adaptive, well-managed, community-minded organization.

I look forward to the fruits of this assembly, and you can trust that you have in me an ally in your continued work toward better communities, and a better Philippines.



JUAN MIGUEL F. ZUBIRI

Solidarity Message



Republika ng Pilipinas
Pamahalaang Panlalawigan ng Bulacan
Lungsod ng Malolos

Greetings!

Endowed with strategic location and beckoned by affluent natural resources and diligent and hardworking constituents, the Province of Bulacan has emerged as a rising economic colossus not only in the region, but in the whole country as well. Although possessed with all the integral components vital to growth and development, the attainment of Bulacan's economic vibrancy was never conjured out of thin air or through sheer providence, but through strategic planning, good governance and most importantly, through hard work and passionate determination of its people who have zealously labored, to surmount the shackles of poverty.

The success of the Province of Bulacan is not a triumph of economic corporate giants or financial empires but rather the victory of the common man fueled by the Bulakenyo's penchant for cooperatives. Through this movement, the province has undeniably fostered the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. and development of these cooperatives.

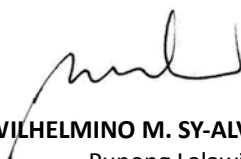
Tungo rito, ang pagiging huwarang kooperatiba ay hindi lamang nasusukat sa kakayahan nitong makapagpahiram ng kapital o pondo sa mga miyembro nito, kung hindi maging sa uri ng mga programang inilulunsad nito na may layuning gawing produktibo ang kanyang mga miyembro sa larangan ng kalakalan, sa pamamagitan ng pagbabahagi ng angkop na kaalaman at kasanayan sa mga naghahangad mamuhunan. Sapagkat, ang pagkakaroon ng sapat na kaalaman at kasanayan ang magdadala sa ating ekonomiya sa higit na mataas na antas. Gayundin, ang mga taong marunong sa pakikipagkalakalan ay may kakayahang harapin ang anumang hamon sa nagbabagong panahon. Kung higit na maraming mga Bulakenyo ang magiging ganito ang pananaw sa buhay, hindi maglalaon, sa pamamagitan ng ating mga kooperatiba ay ma ta ta wag na tayong COOP Capital of the Philippines na mas magiging higit na maunlad ang ating lalawigan nang higit pa sa ating inaasahan.

Taimtim pong binabati ng inyong lingkod ang pamunuan at lahat ng kasapi ng San Jose del Monte Savings and Credit Cooperative sa pagdaraos ng inyong ika-31 na Taunang Pangkalahatang Pagtitipon at nawa'y patuloy pang yumabong ang inyong kooperatiba sa mga darating pang panahon.

Ipagpatuloy ninyo ang inyong pagiging isang mapagkakatiwalaang samahang maaaring makapagdulot ng pagbabago sa ating mga mamamayan at sa buong Lalawigan ng Bulacan.

Maraming Salamat po.

Mabuhay ang San Jose del Monte Savings and Credit Cooperative!


WILHELMINO M. SY-ALVARADO
Punong Lalawigan

Solidarity Message



HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES



It is my distinct honor to be able to greet the San Jose del Monte Savings and Credit Cooperative as it celebrates its 31st Annual General Assembly on March 31, 2019.

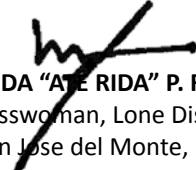
As a lawmaker, I have a keen interest in the promotion and encouragement of the growth of cooperatives such as the San Jose Koop as it has been proven time and again to help improve the quality of life of its members who are also my constituents.

The benefits and privileges of cooperatives duly registered with the Cooperative Development Authority (CDA), notwithstanding the present state of the cooperative sector, still leaves much to be desired. It is a known fact that there is the issue of lack of financial and technical support from the government. In the future therefore, I would endeavour to include this in my legislative agenda. There is a need to awaken the interest of our countrymen in a people-centered kind of business enterprise such as a cooperative.

Nonetheless, there exist in our midst a "success story" such as the San Jose Koop which have grown by leaps and bounds in the last three decades of its existence. My congratulations to the men and women who have been tirelessly working to make the San Jose Koop a catalyst for promoting thrift and savings among its members and create funds for productivity, economic development and social justice.

Together let us partner in serving the people of San Jose Del Monte City.

Arya San Josefio!



Hon. FLORIDA "ATE RIDA" P. ROBES
Congresswoman, Lone District
City of San Jose del Monte, Bulacan

Solidarity Message



Republic of the Philippines
Province of Bulacan
City of San Jose del Monte
OFFICE OF THE CITY MAYOR

To be able to greet the San Jose del Monte Savings and Credit Cooperative as it celebrates its 31st Annual General Assembly certainly brings me boundless joy and satisfaction.

The primary objective of every cooperative is to be a catalyst to equalize opportunities. In the Philippines, cooperatives are expected to assist the government to sustain its high level of growth and make it inclusive over the long term. This will in turn enable the country to eradicate poverty and boost shared prosperity in the generations to come.

I believe that the San Jose Koop is doing its share to achieve that objective. For the last thirty one (31) years, it has served as a practical vehicle for promoting self-reliance, harnessing people power and giving rise to the birth of a variety of entrepreneurial ventures.

For being a vibrant contributors to the City of San Jose del Monte's economic landscape, I salute the officers and members of the San Jose Koop.

May you continue in your noble mission to become valuable contributors in the City's economic development for truly. "Together We Are Stronger"

Arya San Joseño!

A stylized, handwritten signature in black ink, consisting of a large, looping 'A' and 'R' followed by a horizontal line.

ARTURO B. ROBES
City Mayor

Solidarity Message



Association of Asian Confederation of Credit Unions



Best Wishes from ACCU!

On behalf of more than 35 million members of 30,473 credit unions in 22 countries in Asia, it gives me pleasure to send you a very sincere message of support and good wishes on the 31st General Assembly of San Jose del Monte Savings and Credit Cooperative on March 31, 2019.

I am very privileged to witness the journey of San Jose Koop to success. From humble beginnings in 1986 to one of the largest and stable financial cooperatives in the Philippines. Most importantly, the consistent achievement of ACCESS standards makes San Jose Koop a safe and sound financial institution in Asia.

We congratulate the leaders and management for consistently embracing and deploying internationally accepted sound business practices. This is a translation of your commitment to preserve the unique value of cooperatives.

People and communities would thrive by cooperatives taking risks and operating in rural, impoverished, and underserved locations. We commend San Jose Koop for providing access to capital to its members – an opportunity your members and communities might not otherwise have. With your services, it is now possible for your members to start and sustain a business, send their kids to school, own a descent home, get out of debts, build wealth and many more.

We wish that your cooperative would remain a brilliant business model used by members to navigate to their life goals and aspirations.

ACCU constantly advocates to preserve the fundamentals of cooperative and maintain the philosophy and ideals intact and alive. Repetitively sharing the cooperative purpose and its underlying philosophy with your members is crucial to your growth and sustainability.

Thank you for giving back by being a consistent Supporter member of ACCU.

Congratulations and more power!

Sincerely yours,

A handwritten signature in black ink, appearing to read 'E. San Roque'.

ELENITA V. SAN ROQUE
Chief Executive Officer

Solidarity Message



**CENTRAL LUZON REGION LEAGUE
OF THE PHILIPPINE FEDERATION OF CREDIT COOPERATIVES
(PFCCO-CENTRAL LUZON)
CDA Accredited Training Provider**

Pinaabot ko ang aking taos pusong pagbati sa mga opisyal, kawani at buong kasapian ng San Jose Del Monte Savings and Credit Cooperative sa inyong ika-31 Taunang Pangkalahatang Pagpupulong.

Kinagalak ko na kahit may mga hamon na lagging bumabalakid sa pag kamit natin ng matatag na ekonomiya, ang inyong kooperatiba ay nanatiling matatag upang patuloy na makapaglingkod ng naaayon sa serbisyo at produktong kinakailangan ng kasapian nanagiging daan sa pag-unlad ng mga kasapi at ng komunidad na sumasakop sainyo.

Ang patuloy na paglilingkod ng San Jose Del Monte Savings and Credit Cooperative ay nagpapatunay ng inyong kahandaan upang lalong iangat ang kabuhayann ng mga kasapi sa pamamagitan ng paglulunsad ng mga bagong produkto at serbisyo, lalong pagpapabuti sa mga paglilingkod na ginagawa na tumutugon sa mga pangangailangan ng mga kasapi.

Panatilihin ninyo ang inyong mga sinubok ng panahon na mga katangian ng San Jose Del Monte Savings and Credit Cooperative at pagiging mananampalataya sa Diyos upang lalo pang sumulong ang Kooperatibang inyong minamahal. Laging tatandaan na may isa tayong liga na inyong maasahan, ang PFCCO – CLRL, isang tawag lang ay tutulong sa inyo.

Mabuhay ang Kilusang Kooperatiba!

Sa Panginoon ang lahat ng papupri at pasasalamat, palagi.

MAGDALENA C. BONDOC
Chairperson, PFCCO-PFCCO-CLRL

Joint Chairperson & CEO Report

REPORT TO MEMBERS/SHAREHOLDERS

Based on news report in 2018, the GDP of the Philippines increased by 6.1% while the earnings of all the banking institutions went up to 6.7%. Against this backdrop, we are glad to report to you that our Cooperative (San Jose Koop) registered a milestone net surplus of P73.4 Million or 20% higher than its 2017 net surplus of P60.96 Million. In the same manner, our Total Asset reached an all time record of P2.025 Billion in 2018. While other community based cooperatives reached their P2 Billion assets after 50 or more years of operations, San Jose Koop took only 31 years to reach this goal of P2 Billion assets.

Some of the factors that help us in attaining our milestone financial performance were as follows:

1. Increased in regular members by 18%, from 28, 266 in 2017 to 33, 345 in 2018.
2. As a consequence, total fixed deposit or share capital went up by 22% from P389,620,800 in 2017 to P474,564,200 in 2018
3. Our new policy requiring all members to patronize our deposit and loan products to become a Member in Good Standing (MIGS) produce positive results as total loan releases for the year rose to P1,397,800,300 in 2018 from P1,056,269,900 in 2017. Total deposits on the other hand went up from P1.08 Billion in 2017 to P1.3 Billion in 2018 or an increase of 21%.
4. Our gross revenues for 2018 of P184.7 Million surpassed the 2017 figures of P161.9 Million by 14%.

We have already set aside the amount of P51.13 Million as interest on your share capital and patronage refund for interest paid by our borrowers. Interest rate on share capital is 9% and patronage refund is 11%. We have scheduled the distribution of dividends and refund by February 2019.

Other Financial Highlights worth mentioning and can be used in benchmarking or comparing with other cooperatives are as follows:

1. Return to equity in 2018 stood at 12.8 % while return to asset reach 3.98%. As of December 31, 2018, the book value of our share is P132.40 per share against PAR value of P100 per share.
2. As we are also aspiring for a more stable operations, with plenty of back up funds. We have increased our General and Optional Reserves from P116.84 Million in 2017 to P141.87 Million in 2018 or an increase of 21.42%. We are now working for standby Credit Lines as a precautionary measures for any liquidity problems that may come along due to adverse business conditions or economic downturn.

We were again recipients of various awards in 2018, notable of which is the 3rd ACCESS Silver Award from the Association of Confederation of Credit Union in Asia which is based in Bangkok, Thailand and the 3rd (Third) place as Most Outstanding Cooperative in the Philippines bestowed to us by the Cooperative Development Authority (CDA).

Guided by the 6th and 7th Cooperative Principles, we help other primary and secondary cooperatives in the form of grants and investments to the tune of P49,906,024 while another P1,912,890 were spent for projects that are beneficial to the community.

All the above performance will not be possible if not for the loyal support of our members and shareholders, officers and employees, other benefactors and instructors of various seminars and workshops. We thank you all wonderful people.

RECOGNITIONS/AWARDS RECEIVED IN 2018 ARE AS FOLLOWS:


1. Silver Brand Award for ACCESS Branding, Manila, Philippines, September 1, 2018 given by ACCU.
2. 3rd Placer Most Outstanding Primary Cooperative in the Philippines - Medium Scale Category (Billionaire Cooperative) at Novotel, Manila, October 26, 2018 given by CDA National.
3. Most Outstanding Cooperative - Large Scale Cooperative Billionaire Category at Convention Center, Lungsod ng Malolos, Bulacan, October 16, 2018 given by CDA Region 3
4. 3rd Placer Most Outstanding Cooperative - Large Scale Cooperative Billionaire Category National Level at Convention Center, Lungsod ng Malolos, Bulacan, October 24, 2018 given by Provincial Cooperative and Enterprise Development Office (PCEDO)
5. Plaque of Recognition for 3rd Most Outstanding Cooperative - Large Scale Billionaire Category at Star Mall, San Jose Del Monte, Bulacan, October 26, 2018 given by City Cooperative Development Office(CCDO)

OPERATIONAL IMPROVEMENTS AND FACILITIES:

1. Opening of San Jose Koop's 4th satellite office located at Caypombo, Sta. Maria, Bulacan in order create a better network to our members and to reach out prospective members as well.
2. Launching of KAYA PAYMENT PLATFORM which will enable members to provide with financial services using such delivery of channels as over the counter, mobile, ATM and POS.
3. Increase ceiling on other loan products to continue to grow our lending business and to provide member needs thus resulting to an increase of our loan portfolio.
4. Addressing the healthcare needs of our members we started the construction of SAN JOSE KOOP Clinic located at Tungkong Mangga Satellite office and also tie ups with Cooperative Health Management Federation (ONE COOP HEALTH) and CLIMBS offering affordable healthcare insurance facility for our members and their families.
5. Expansion of our partnership program tie ups with various business establishments like hospitals, laboratory clinics, restaurants, appliance stores, etc. that provide discounts to our members on their products and services.
6. Continuous trainings and re-train our employees and officers to raise the competence in the delivery of our services to members.
7. Strengthening of all satellite offices in doing business excellence to deliver better services to our members and contribute more on the continuous growth in membership, growth in assets and investment.
8. Conduct ownership meetings within the 3 clusters to inform members and be aware on the new policies imposed and new products and services being offered by the cooperative.
9. Annual physical and medical examination for officers and employees and see to it that they are physically fit while performing their duties and responsibilities.
10. Team building activities, sports and wellness activities participated by all officers and employees of the cooperative.

CONCERN FOR THE COMMUNITY AND ENVIRONMENT:

1. Health Care Laboratory Test in partnership with LABPRO clinic
2. Zumba Festival participated by members of the cooperative
3. Dental Care Awareness Program held at Caypombo, Sta. Maria, Bulacan
4. Quarterly feeding Program at Children’s Home, Orphanage & Day Care Center
5. Clean Up Day participated by officers and employees of the cooperative
6. Medical and Dental Mission held at Tungkong Mangga Coop Clinic
7. Balik-Eskwela Program held at Capili Compound, Graceville, CSJDM
8. Youth Summer Camp held at San Jose Koop Activity Area & Brgy. Pob. Covered Court
9. San Jose Koop’s 3rd Business Forum held at Grotto Vista Resort & Pavillion
10. Free Eye Examination held at Skyline Hospital Hospital and Medical Center
11. Gender and Development Awareness Seminar held at San Jose Koop main office
12. Agrilink Exposure Program held at World Trade Center, Pasay, City
13. Tree Planting Activities held at Pakulis, Brgy Pob. 1,CSJDM, Bulacan
14. Trick or Treat for Kids held at San Jose Koop Activity Area
15. Hands-On Baking Seminar for cooperative members
16. Trade Fair Activities held at Tungkong Mangga Satellite Office
17. New Born Screening in Partnership with the Ospital ng Lugsod ng San Jose del Monte
18. Gift Giving and Feeding Program held at San Isidro Day Care Center and Religious Missionaries of the Divine Savior, Licao-Licao
19. Free Cataract Screening and Operation held Mount Grace Hospital Eye Center
20. Past Officers Appreciation Day held at Tungkong Mangga Satellite Office
21. San Jose Koop’s Year End Party held at Grotto Vista Resort
22. Gift Giving for Abandoned Elderly Women Home held at Dela Costa 111, Graceville, CSJDM, Bulacan


ROMEO A. DE JESUS, CPA
Chairperson of the Board


CAROLINE D. DAVE
Chief Executive Officer



5 Years Comparative Financial Highlights

RESULTS OF OPERATIONS

Comparative Figures 2014 to 2018 *(in Million Pesos)*

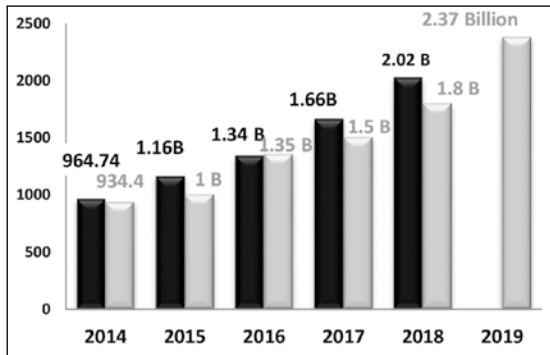
| | Actual 2014 | Budget 2014 | Actual 2015 | Budget 2015 | Actual 2016 | Budget 2016 | Actual 2017 | Budget 2017 | Actual 2018 | Budget 2018 | Proposed 2019 |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Operating Revenue | 82.92 | 96.00 | 97.54 | 106.00 | 117.03 | 108.23 | 139.95 | 124.82 | 160.97 | 156.16 | 179.97 |
| Operating Expenses | 62.83 | 65.61 | 78.97 | 71.21 | 87.07 | 84.35 | 107.07 | 98.21 | 116.70 | 116.04 | 136.70 |
| Other Income | 22.98 | 12.20 | 29.97 | 13.42 | 24.09 | 30.13 | 28.04 | 26.76 | 29.15 | 24.68 | 36.80 |
| Net Surplus | 43.07 | 42.59 | 48.54 | 48.21 | 54.06 | 54.00 | 60.97 | 60.56 | 73.41 | 72.00 | 80.00 |
| Return on Equity | 15.30% | 14.95% | 14.83% | 14.28% | 13.88% | 14.69% | 12.90% | 11.59% | 12.80% | 11.49% | 10.6% |
| Return on Asset | 4.70% | 4.68% | 4.56% | 4.83% | 4.32% | 4.57% | 4.06% | 4.23% | 3.98% | 4.36% | 3.37% |

RESULT OF FINANCIAL POSITION

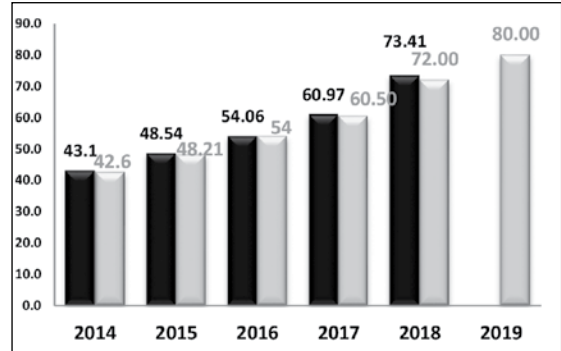
Comparative Figures 2014 to 2018 *(in Million Pesos)*

| | Actual 2014 | Budget 2014 | Actual 2015 | Budget 2015 | Actual 2016 | Budget 2016 | Actual 2017 | Budget 2017 | Actual 2018 | Budget 2018 | Proposed 2019 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Total Resources (Assets) | 964.74 | 934.40 | 1163.48 | 1B | 1.34B | 1.36B | 1.66B | 1.5B | 2.02B | 1.8B | 2.375B |
| Loan Receivable (Net) | 406.22 | 421.81 | 471.76 | 430.02 | 622.03 | 540.76 | 774.91 | 825.00 | 1.12B | 1B | 1.46B |
| Investment (Long Term) | 205.74 | 124.70 | 339.58 | 260.16 | 328.38 | 474.70 | 450.00 | 450.00 | 449.40 | 270.00 | 420.00 |
| Deposits | 605.64 | 577.06 | 747.20 | 644.85 | 848.61 | 886.82 | 1.08B | 1B | 1.3B | 1.22B | 1.53B |
| Share Capital | 231.20 | 232.80 | 274.09 | 274.40 | 328.28 | 311.50 | 389.62 | 450.00 | 474.56 | 469.00 | 585.18 |
| Book Value per Share | P130.12 | P130.25 | P129.08 | P130.05 | P129.21 | P130.09 | P132.67 | P131 | P132.40 | P129.63 | P128.74 |

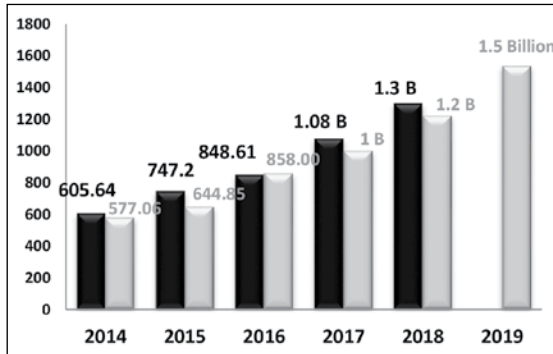
5 Years Comparative Actual Performance Against Target



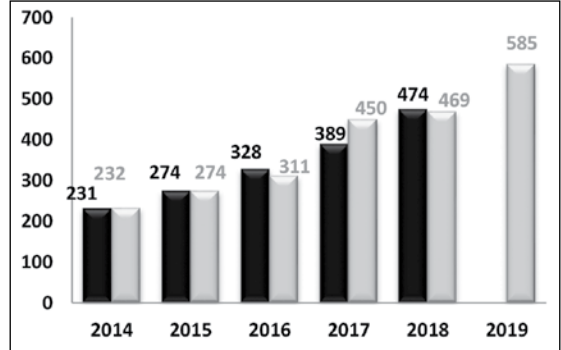
RESOURCES (Assets) (in million pesos)



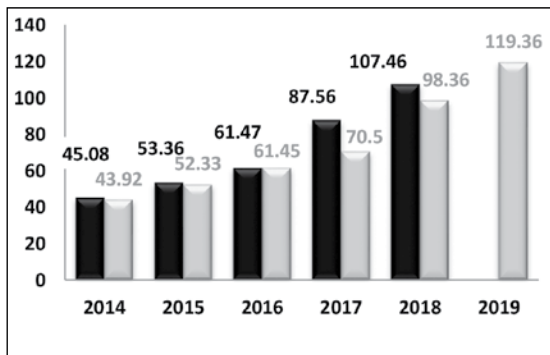
NET SURPLUS (in million pesos)



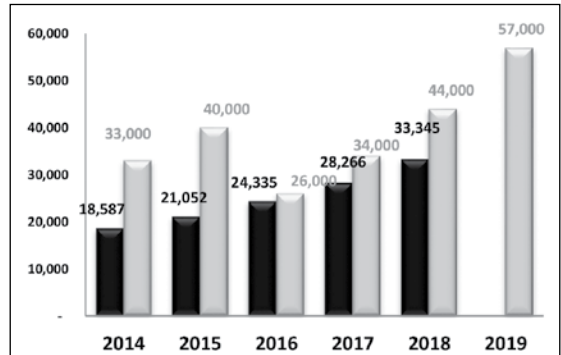
DEPOSITS (in million pesos)



PAID-UP SHARE CAPITAL (in million pesos)



RESERVES



MEMBERSHIP

Legend: **Actual**
 Target

2018 Approved Board Resolution

| Resolution No. | Date of Approval | Content |
|-----------------------|-------------------------|---|
| 2236 | January 9 | Resolution to put up another Satellite Office in Bgy. Caypombo Sta. Maria Bulacan |
| 2239 | January 9 | Resolution to launch multi-channel payment service called Kaya Payment Network (KPN) |
| 2249 | February 13 | Declaration of interest on share capital and patronage refund |
| 2257 | February 27 | Amendment to the procedure of Member's Loyalty Program - Member-Get-Member Program |
| 2258 | February 27 | Amendment to the Procedure of Member's Loyalty Program - BayadMongSakto May Panalo Promo Program |
| 2261 | February 27 | Amendment to the Policy on Member Entitled to Vote |
| 2262 | February 27 | Accepting the Responsibility and Liability as Guardian of the San Jose Koop Youth Laboratory Cooperative |
| 2269 | March 20 | Amendment by addition to the Policy on CCL and Salary Loan |
| 2311 | July 12 | Amendment to the Policy on DOSRI |
| 2312 | July 12 | Amendment to the Policy on Delinquency Collection Time Table |
| 2313 | July 12 | Approval of New Policy on Determination of Delinquent Loans |
| 2321 | August 14 | Amendment to the Policy on DamayImpok Advances |
| 2328A | August 28 | Amendment to Guidelines/Procedures on Disposal of Real and Other Properties Acquired |
| 2330 | September 11 | Approval of partnership program with SM Business Services, San Jose Del Monte Branch as payment center |
| 2348 | September 24 | Amendment to the Policy on Solicitation/Donation |
| 2349 | September 24 | Amendment to the Policy on DamayImpok Advances |
| 2356 | October 9 | Amendment to the Policy on Maximum Limit of Secured Loans |
| 2363 | October 23 | Amendment to the Policy on Co-maker |
| 2373 | November 27 | Resolution approving purchase of Real Estate Property as additional facilities for business operations |
| 2375 | December 11 | Resolution approving the purchase of commercial building located at Florida Homes Loma De GatoMarilaoBulacan as Satellite Office and authorizing the Chief Executive Officer to sign in all documents regarding the purchase of the said property |
| 2376 | December 11 | Resolution to Enter into Memorandum of Agreement with Technical Education And Skills Development Authority (TESDA) for Coop Livelihood Trainings |
| 2378 | December 11 | Approval of Policy for San Jose Koopdinators |
| 2379 | December 11 | Approval of Plans and Programs and Proposed Budget for 2019 |
| 2384 | December 26 | Resolution approving new loyalty program for members called Birthday Month Loan Charges Discount |
| 2385 | December 26 | Resolution approving to defer amendment on Article II Section 6 of San Jose Del Monte Savings and Credit By-Laws |
| 2388 | December 26 | Resolution approving new loan ceiling of various loan products |

Treasurer's Report

Ang patuloy na paglaki ng mga bagong miyembro ng pamilya ng San Jose Koop at sa patuloy na pagtangkilik ng bawat isa sa serbisyong hatid ng ating Kooperatiba ay muli nating napanatili ang mapabilang sa natatanging Billionaires Cooperative ng ating bansa. Narito po at ating tignan ang Comparative Status Report of Cash Position sa nakalipas ng taon ng 2017 at 2018.

COMPARATIVE STATUS REPORT OF CASH POSITION FOR THE YEAR 2018 & 2017

| Account | 2018 | 2017 |
|--------------------------|------------------|------------------|
| Cash and Cash Equivalent | 213,808,579.26 | 303,859,869.97 |
| Short Term Investment | 3,171,961.31 | 18,082,000.00 |
| Long Term Investments | 449,397,007.88 | 382,187,332.44 |
| Short Term Obligations | 61,164,745.34 | 50,487,806.70 |
| Total Deposits | 1,300,919,865.24 | 1,078,196,235.81 |

Liquidity = $\frac{\text{Liquid Assets} - \text{Short Term Obligation}}{\text{Total Deposits}}$

| | 2018 | | 2017 |
|-----|-------------------------|-----|-------------------------|
| Php | 216,980,540.57 | Php | 321,941,869.97 |
| - | (61,164,745.34) | - | (50,487,806.70) |
| | <u>155,815,795.23</u> | | <u>271,454,063.27</u> |
| | 155,815,795.23 | | 271,454,063.27 |
| | <u>1,300,919,865.24</u> | | <u>1,078,196,235.81</u> |
| | = 12.00% | | = 25% |


Bagama't bumaba ang liquidity ratio ng ating Kooperatiba sa 12% sa taong 2018 kung ihahambing sa 25% ng taong 2017 ay dahil sa agresibong marketing strategy ng ating Kooperatiba sa pagpapautang na nag-resulta ng Loans Receivable na Php 1,128,295,470.53 o 45% na mas malaki sa taong 2017.

Ang pagpapautang ang siyang pangunahing pinagmumulan ng malaking kita ng ating Kooperatiba na nagkaroon ng net surplus na Php 73,409,227.54 o 20% na mas malaki noong nakaraang taong 2017.

Ang patuloy na paglago pong ito ay dahil sa mahuhusay na pamamahala ng ating mga butihing Board of Directors at sa buong pusong paglilingkod ng ating Management Staff sa pamunuan at sa bawat miyembro ng Kooperatiba.

Bilang Ingat-yaman at aktibong miyembro, patuloy ko pong pangangalagaan at pananatiliing nasa ayos at wasto ang kalagayang pananalapi ng ating Kooperatiba at patuloy na maghahanap ng mga investment opportunities para sa kapakinabangan ng ating Kooperatiba.

Patuloy po nating tangkilikin ang lahat ng programa ng San Jose Koop. Mabuhay po tayong lahat.


DIONISIO A. SAN FELIPE
Treasurer

Statement of Management Responsibility 2018

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE

San Pedro St., Poblacion, City of San Jose Del Monte, Bulacan

CDA Registration No. 9520-03002875 / CIN-0106030222

The management of the **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE**, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2018 and 2017, in accordance with the Philippine Financial Reporting Framework for Cooperatives in the Philippines 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.

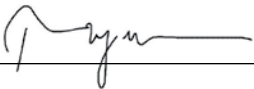
In preparing the financial statements, management is responsible for assessing the Cooperative's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cooperative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

The Board of Directors is responsible for overseeing the financial reporting process of **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE**.

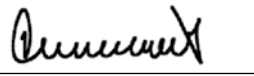
The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the general membership of the cooperative.

OSMUNDO F. SALONGA, JR., the independent auditor appointed by the general assembly, has audited the financial statements of **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE** in accordance with Philippine Standards on Auditing, and in his report to the members, has expressed his opinion on the fairness of presentation upon completion of such audit.

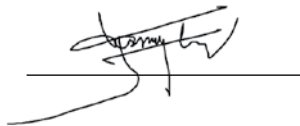
ROMEO A. DE JESUS
Chairperson



CAROLINE D. DAVE
General Manager



DIONISIO A. SAN FELIPE
Treasurer



February 16, 2019

Statement of Representation 2018


OSMUNDO F. SALONGA, JR., C.P.A
City of Malolos, Bulacan

HON. ORLANDO R. RAVANERA
Chairman
Cooperative Development Authority

In connection with my examination of the financial statements of the **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE** covering the year ended December 31, 2018, 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.


OSMUNDO F. SALONGA, JR.
CPA Certificate No. 44969
TIN No. 162-167-802-000
PTR No. 1450118 January 03, 2019 - Malolos City, Bulacan
BIR 05-002227-1-2018 Valid until February 6, 2021
CDA No. 337 Valid from January 22, 2017 to January 21, 2020
BOA Accreditation No. 1517 valid until October 26, 2020

February 16, 2019
Malolos City, Bulacan

Independent Auditor's Report

The General Assembly
Thru: The Board of Directors
SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
San Pedro St., Poblacion, City of San Jose Del Monte, Bulacan

Opinion

I have audited the financial statements of **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE**, which comprise the statements of financial condition as at December 31, 2018 and 2017, 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 **SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE** as at December 31, 2018 and 2017, 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 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 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 34 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.



OSMUNDO F. SALONGA, JR.

CPA Certificate No. 44969

TIN No. 162-167-802-000

PTR No. 1450118 January 03, 2019 - Malolos City, Bulacan

BIR 05-002227-1-2015 Valid until February 27, 2018

CDA No. 337 Valid from January 22, 2017 to January 21, 2020

BOA Accreditation No. 1517 valid until October 26, 2020

February 16, 2019

Malolos City, Bulacan

Practitioner's Compilation Report

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE

San Pedro St., Poblacion, City of San Jose Del Monte, Bulacan

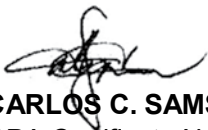
I have compiled the accompanying financial statements of SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE based on information you have provided. These financial statements comprise the statement of financial condition of SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE as at December 31, 2018, the statement of operations, statement of changes in Equity, Statutory Funds, Due to CETF and Donations and Grants, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Framework for Cooperatives (PFRFC). I have compiled with relevant ethical requirements, including principles of integrity, objectivity, professional, competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRF for Cooperatives.



CARLOS C. SAMSON

CPA Certificate No. 51267

TIN No. 116-752-601-000

PTR No. 1151396 January 09, 2019 - Bocaue, Bulacan

BIR 05-004364-001-2017 Valid until march 3, 2020

CDA No. 0955 Valid from December 13, 2016 to December 12, 2019

BOA No. 3308 valid until October 13, 2020

January 15, 2019

Bocaue, Buacan

Statements of Financial Position

As of December 31, 2018 and 2017

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
San Pedro St. Poblacion, City of San Jose Del Monte, Bulacan
CDA Registration No. 9520-03002875 / CIN 0106030222

| | <i>NOTES</i> | <i>2018</i> | <i>2017</i> |
|--|--------------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 5, 8 | 213,808,579.26 | 303,859,869.99 |
| Receivable | 5, 6, 9 | 715,932,613.07 | 576,744,619.11 |
| Financial Assets | 5, 6, 10 | 3,171,961.31 | 18,082,000.00 |
| Other Current Assets | 5, 11 | 5,831,899.80 | 2,606,064.95 |
| Total Current Assets | | 938,745,053.44 | 901,292,554.05 |
| NON-CURRENT ASSETS | | | |
| Loans Receivables | 5, 6, 9 | 412,362,857.46 | 201,242,951.57 |
| Property and Equipment | 5, 6, 12 | 17,227,287.22 | 8,972,508.72 |
| Investment Property | 5, 6, 13 | 17,000,000.00 | 17,000,000.00 |
| Financial Asset - Long Term | 5, 6, 10 | 449,397,007.88 | 382,187,332.44 |
| Other Non-Current Assets | 14 | 190,982,356.02 | 153,012,313.74 |
| Total Non-Current Assets | | 1,086,969,508.58 | 762,415,106.47 |
| TOTAL ASSETS | | 2,025,714,562.02 | 1,663,707,660.52 |
| LIABILITIES AND MEMBERS' EQUITY | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Deposit Liabilities | 5, 15 | 1,300,919,865.24 | 1,078,196,235.81 |
| Interest of Share Capital Payable | 5, 16 | 35,970,521.49 | 29,875,007.92 |
| Patronage Refund Payable | 5,17 | 15,415,937.78 | 12,803,574.82 |
| Due to Union and Federations (CETF) | 5, 18 | 1,983,959.08 | 1,524,296.75 |
| Other Current Liabilities | 19 | 7,794,326.99 | 6,284,927.21 |
| Total Current Liabilities | | 1,362,084,610.59 | 1,128,684,042.51 |
| NON-CURRENT LIABILITIES | | | |
| Long Term Liabilities | 5, 20 | 35,332,933.17 | 17,506,820.47 |
| Total Non-Current Liabilities | | 35,332,933.17 | 17,506,820.47 |
| TOTAL LIABILITIES | | 1,397,417,543.76 | 1,146,190,862.98 |
| MEMBERS' EQUITY | | | |
| Share Capital | 5, 21 | 474,564,200.00 | 389,620,800.00 |
| Deposits for share capital subscription | 5, 21 | 1,186,022.97 | 1,110,490.67 |
| Donations and Grants | 5, 22 | 1,242,103.14 | 1,234,603.14 |
| Statutory Funds | 5, 23 | 151,304,692.15 | 125,550,903.71 |
| Total Members' Equity | | 628,297,018.26 | 517,516,797.52 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | | 2,025,714,562.02 | 1,663,707,660.50 |

See accompanying notes to financial statements.

Statements of Financial Operation

For the Year Ended December 31, 2018 and 2017

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
 San Pedro St. Poblacion, City of San Jose Del Monte, Bulacan
 CDA Registration No. 9520-03002875 / CIN 0106030222

| | NOTES | 2018 | 2017 |
|--|----------|-----------------------|-----------------------|
| REVENUES | 5 | | |
| Interest on Loans Receivables | | 112,325,660.66 | 97,884,594.34 |
| Service Fees and Filling Fees | | 26,498,250.86 | 23,205,532.07 |
| Fines, Penalty & Surcharges | | 22,141,409.39 | 18,863,267.28 |
| TOTAL GROSS REVENUE FROM OPERATIONS | | 160,965,320.91 | 139,953,393.69 |
| OTHER INCOME | 5, 24 | 23,769,031.50 | 21,957,658.40 |
| TOTAL GROSS REVENUE | | 184,734,352.41 | 161,911,052.09 |
| COST AND EXPENSES | | | |
| Financing Cost | 5, 25 | 33,875,502.72 | 30,886,179.35 |
| Employees Benefit Expense | 5, 26 | 23,993,416.90 | 20,305,580.69 |
| Provision for Probable Losses | 5, 6, 27 | 25,850,000.00 | 28,461,896.58 |
| Other Operating Expenses | 5, 28 | 32,984,281.77 | 27,372,973.33 |
| TOTAL | | 116,703,201.39 | 107,026,629.95 |
| NET SURPLUS BEFORE OTHER ITEMS | | 68,031,151.02 | 54,884,422.14 |
| OTHER ITEMS | 29 | 5,378,076.52 | 6,084,981.79 |
| NET SURPLUS FOR DISTRIBUTION | | 73,409,227.54 | 60,969,403.93 |
| DISTRIBUTED AS FOLLOWS: | 5, 30 | | |
| Reserved Fund | | 11,011,384.13 | 9,145,410.59 |
| Coop. Education Training Fund - Local | | 1,835,230.69 | 1,524,235.10 |
| Due to Union/Federation (CETF) | | 1,835,230.69 | 1,524,235.10 |
| Optional Fund | | 5,138,645.93 | 4,267,858.28 |
| Community Development Fund | | 2,202,276.83 | 1,829,082.12 |
| Interest on Share Capital | | 35,970,521.49 | 29,875,007.93 |
| Patronage Refund | | 15,415,937.78 | 12,803,574.83 |
| NET SURPLUS AS DISTRIBUTED | | 73,409,227.54 | 60,969,403.93 |

See accompanying notes to financial statements.

Statements of Changes in Equity 2018

For the Year Ended December 31, 2018 and 2017

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
 San Pedro St. Poblacion, City of San Jose Del Monte, Bulacan
 CDA Registration No. 9520-03002875 / CIN 0106030222

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| SHARE CAPITAL | | |
| <i>COMMON SHARES</i> | | |
| Beginning Balance | 389,609,600.00 | 328,270,900.00 |
| Additions for the year | 95,431,397.00 | 74,159,567.28 |
| Net Additions / (Deductions) | (470,100.00) | (6,651,267.28) |
| Paid up Share Capital - Common | 484,570,897.00 | 395,779,200.00 |
| Treasury Shares - Common | (10,018,197.00) | (6,169,600.00) |
| Total Share Capital - Common | 474,552,700.00 | 389,609,600.00 |
| <i>PREFERRED SHARES</i> | | |
| Paid up Share Capital - Preferred | 11,200.00 | 9,800.00 |
| Additions for the year | 300.00 | 1,500.00 |
| Net Additions / (Deductions) | | (100.00) |
| Total Share Capital - Preferred | 11,500.00 | 11,200.00 |
| TOTAL PAID-UP SHARE CAPITAL | 474,564,200.00 | 389,620,800.00 |
| <i>DEPOSIT FOR FUTURE SUBSCRIPTION</i> | | |
| Deposit for Share Capital Subscription | 1,186,022.97 | 1,110,490.67 |
| TOTAL SHARE CAPITAL | 475,750,222.97 | 390,731,290.67 |
| DONATIONS AND GRANTS | | |
| Beginning Balance | 1,234,603.14 | 1,234,603.14 |
| Receipts | - | - |
| Deductions | - | - |
| Ending Balance | 1,234,603.14 | 1,234,603.14 |
| STATUTORY FUNDS | | |
| RESERVED FUND | | |
| Beginning Balance | 87,566,411.15 | 61,472,844.86 |
| Provisions | 11,011,384.13 | 9,145,410.59 |
| Deductions / Adjustment | 8,885,348.68 | 16,948,155.70 |
| Ending Balance | 107,463,143.96 | 87,566,411.15 |
| EDUCATION AND TRAINING FUND - LOCAL | | |
| Beginning Balance | 2,187,250.44 | 1,753,624.03 |
| Provisions | 1,835,230.69 | 1,524,235.10 |
| Deductions / Adjustment | (1,406,207.48) | (1,090,608.69) |
| Ending Balance | 2,616,273.65 | 2,187,250.44 |
| OPTIONAL FUND | | |
| Beginning Balance | 29,271,751.94 | 25,003,893.66 |
| Provisions | 5,138,645.93 | 4,267,858.28 |
| Deductions | - | - |
| Ending Balance | 34,410,397.87 | 29,271,751.94 |
| COMMUNITY DEVELOPMENT FUND | | |
| Beginning Balance | 6,525,490.18 | 5,434,565.59 |
| Provisions | 2,202,276.83 | 1,829,082.12 |
| Deductions / Adjustment | (1,912,890.33) | (738,157.53) |
| Ending Balance | 6,814,876.67 | 6,525,490.18 |
| TOTAL STATUTORY FUNDS | 151,304,692.15 | 125,550,903.71 |
| TOTAL EQUITY | 628,289,518.26 | 517,516,797.52 |

See accompanying notes to financial statements.

Statements of Cash Flows 2018

For the Year Ended December 31, 2018 and 2017

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
 San Pedro St. Poblacion, City of San Jose Del Monte, Bulacan
 CDA Registration No. 9520-03002875 / CIN 0106030222

| | <i>NOTES</i> | 2018 | 2017 |
|--|--------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net Surplus | | 73,409,227.54 | 60,969,403.93 |
| Adjustments for: | | | |
| Depreciation | 5, 6, 12 | 3,083,344.10 | 2,355,713.02 |
| Amortization of Computerization Costs | | 18,076.65 | |
| Amortization Charge to Donation and Grant | | 7,500.00 | - |
| Provision for Probable Loan Losses | | 25,850,000.00 | 29,999,896.58 |
| Loans Receivables Written-off | | (19,160,924.76) | (19,404,540.14) |
| Operating Income Before Working Capital Change | | 83,207,223.53 | 73,920,473.39 |
| Changes in Assets and Liabilities | | | |
| Increase / (Decrease) in: | | | |
| Financial Asset | | | |
| Receivables | 5, 6, 9 | (356,996,975.09) | (163,406,177.66) |
| Other Current Assets | 5, 11 | (3,225,834.85) | (1,438,522.34) |
| Increase / (Decrease) in: | | | |
| Deposit Liabilities | | | |
| Due to Unions and Federations (CETF) | 5, 18 | (1,375,568.36) | (2,327,591.05) |
| Other Current Liabilities | 19 | 1,509,399.78 | 3,536,695.93 |
| Net Cash Provided By (Used in) Operating Activities | | (54,158,125.56) | 139,870,836.72 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net Addition to Financial Assets | 5, 6, 10 | (52,299,636.75) | (71,891,822.43) |
| Additions to Property and Equipment | 5, 6, 12 | (11,338,122.60) | (690,943.51) |
| Additions to Computerization Costs | | | (6,349,833.20) |
| (Increase) Decrease in Real Property Acquired | 14 | 21,623,839.09 | (1,332,400.01) |
| Net Cash Provided By (Used in) Investing Activities | | (42,013,920.26) | (80,264,999.15) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase / (Decrease) in Other Funds and Deposits | | (59,611,958.02) | 40,881,761.51 |
| Interest on Share Capital | | (29,875,007.92) | (26,488,050.84) |
| Patronage Refund Payable | | (12,803,574.82) | (11,352,021.79) |
| Increase / (Decrease) in Long-Term Payables | 5, 20 | 17,826,112.70 | (7,862,807.06) |
| Share Capital Subscription | 5, 21 | 85,018,932.30 | 61,464,642.87 |
| Change in Statutory Funds | | 5,566,250.87 | 15,119,389.48 |
| Net Cash Provided By (Used in) Financing Activities | | 6,120,755.11 | 71,762,914.17 |
| NET INCREASE (DECREASE) IN CASH | | (90,051,290.71) | 131,368,751.74 |
| CASH AND CASH EQUIVALENTS, BEGINNING | | 303,859,869.97 | 172,491,118.23 |
| CASH AND CASH EQUIVALENTS, END | | 213,808,579.26 | 303,859,869.97 |

See accompanying notes to financial statements.

Notes to Financial Statements

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE San Pedro St. Poblacion, City of San Jose Del Monte, Bulacan CDA Registration No. 9520-03002875 / CIN 0106030222

1. GENERAL INFORMATION

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE (formerly: San Jose Del Monte Kooperatiba ng Bayan sa Kaunlaran) was formed as a cooperative pursuant to Republic Act (RA) 6938 and 6939 and under the new Cooperative Code of the Philippines of 2008 also known as Republic Act 9520 for the purpose of encouraging thrift and granting loans to members for productive, educational and providential purpose, providing goods and services and other requirements of the members. The name of the cooperative was amended and approved by CDA last March 2011.

The Cooperative was duly registered with the Cooperative Development Authority (CDA) under the RA 6938 and 6939 and has complied with the requirements prescribed by the Authority for the issuance of new Certificate of Registration No. 9520-03002875 with Cooperative Identification Number CIN-0106030222 under Article 144 of Republic Act (RA) 9520 otherwise known as "Philippine Cooperative Code of 2008" issued on November 19, 2009.

The Cooperative's registered business address is San Pedro St., Poblacion, City of San Jose Del Monte, Bulacan.

The Cooperative is registered with the Bureau of Internal Revenue (BIR) Revenue District 025B, with Certificate of Registration (COR), OCN 4RC0000580543, dated June 18, 1999, Tax Identification Number (TIN) 002-308-926.

The Cooperative's latest and valid Certificate of Tax Exemption has been issued by the BIR on September 13, 2016, with validity until September 13, 2021 subject to the conditions of the joint implementing rules of CDA and BIR, as promulgated by the Department of Finance (DOF), implementing Article 60, 61 and 144 of RA 9520. One of the conditions is the continued compliance with CDA's requirements.

Among the tax exemptions being enjoyed by the cooperative, with respect to national taxes are: (i) Exemption from income tax from CDA registered operations; (ii) Exemption from Value-Added Tax on CDA-registered sales or transactions; (iii) Exemption from other Percentage Tax; (iv) Exemption from Donors Tax on donations to duly accredited charitable, research and educational institutions, reinvestments to socio economic projects within the area of operations of the cooperative; (v) Exemption from Excise Tax for which it is directly liable; (vi) Exemption from Documentary Stamp Tax (DST); (vii) Exemption from payment of Annual Registration Fee of Five Hundred Pesos (P500.00); and (viii) Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposit and 7.5% final tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

The Cooperative's primary Purposes are: (i) Savings and credit operations; (ii) Undertakings which are necessary and incidental to the specific business/service of the cooperative, such as, but not limited to: cash investment, sale of real and other acquired properties including development, incidental rental of coop properties and facilities, coop assurance center, remittance and bills payment subject for BSP regulations; (iii) Guardianship of Laboratory Cooperative and accept responsibilities of supervising and monitoring the activities of the Laboratory Cooperative and act in its behalf in dealings with third parties when capacity to contract is required. (iv) To develop and maintain different types of savings according to the needs and desires of

members; (v) To develop and maintain different loan products according to the needs of members.

2. NATURE/ STATUS OF OPERATION

The cooperative is engaged in Savings and Credit operations, transacting business exclusively for members only. The cooperative's composition of membership are as follows: (i) Regular Member, (ii) Associate Member; and (iii) Youth bee.

The cooperative's area of operation is the entire Island of Luzon.

The cooperative continues to enjoy a positive growth in terms of revenue increase, increase in total assets and membership growth.

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 FINANCIAL STATEMENTS

3.1 Basis of Preparation

The accompanying financial statements have been prepared on historical cost convention and in Philippine Peso, which is the Cooperative's functional currency. All values are stated in absolute amounts unless otherwise indicated.

Accrual Basis / Modified Accrual Basis

The cooperative prepares its financial statements, except for cash flow information, using the accrual basis of accounting. On the accrual basis, items are recognized as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items. However, recognition of revenues is on a modified accrual basis; i.e., interest income, fines, penalties and surcharges is recognized when earned and collected. This is so because only interest income, fines, penalties and surcharges on loans receivable that has been realized (earned and collected) shall be the basis of the income available for distribution to its members through interest on share capital and patronage refund.

3.2 Statement of Compliance

The financial statements have been prepared in conformity with Philippine Financial Reporting Framework for Cooperatives (Memorandum Circular 2015-06).

4. CHANGES

Adopted for financial Report Period Ending December 31, 2016, the Cooperative Development Authority's Memorandum Circular 2015-06, which defines the Financial Reporting Framework for Cooperatives to be used in the Philippines. Furthermore, there is an administrative sanction for non compliance, ranging from written-warning to revocation of certificate or registration.

The following accounts were affected as a result of the adoption of the new Financial Reporting Standards for Cooperatives:

(1) Real and Other Property Acquired has been split into two categories namely; (i) Assets Acquired in Settlement of Loan (presented under other current assets); and (ii) Real Property Acquired (RPA) present under Other non-current assets.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Measurement at Initial Recognition

At initial recognition, the cooperative measure assets and liabilities at historical cost unless the Philippine Financial Reporting Framework for cooperatives requires initial measurement on another basis such as fair value.

The cooperative recognizes a financial asset or a financial liability only when the cooperative becomes a party to the contractual provisions of the instrument.

When a **Financial Asset** or **Financial liability** recognized initially, the cooperative measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services. If the arrangement constitutes a financing transaction, the cooperative shall measure the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

The cooperative measures an item of **Property and Equipment** at initial recognition at cost. The cost of an item of property, plant and equipment comprises all of the following:

- a) its purchase price, including legal and non-refundable taxes, after deducting trade discounts and rebates.
- b) 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. These can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a cooperative incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- d) interest and other financing cost of funds borrowed intended for the construction or development of an asset.

5.2 Subsequent Measurement

At the end of each reporting period, the cooperative measures financial instruments as follows, without any deduction for transaction costs the cooperative may incur on sale or other disposal:

- a) Debt instruments shall be measured at amortized cost using the effective interest method or straight line interest amortization method. Debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the cooperative shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.
- b) Investments in publicly-traded securities are measured at fair value with changes in fair value recognized in profit or loss.

- c) Investments in non-publicly traded securities, mutual fund and other externally-managed funds shall be measured at cost less impairment.

Most assets that a cooperative initially recognized at historical cost are subsequently measured on other measurement bases.

- a) The cooperative measures Property and Equipment at the lower of depreciated cost and recoverable amount.
- b) A cooperative measures investment in listed securities at fair value.

Investment Property

Investment property shall be measured at cost less accumulated depreciation and accumulated impairment losses.

5.3 Derecognition

The cooperative derecognizes a **Financial Asset** only when:

- a) the contractual rights to the cash flows from the financial asset expire or are settled, or
- b) the cooperative transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- c) the cooperative, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the cooperative:

- i. Derecognize the asset; and
- ii. Recognize separately any rights and obligations retained or created in the transfer.

The cooperative derecognizes a **Financial Liability** only when:

The cooperative derecognize a financial liability (or a part of a financial liability) only when it is extinguished--i.e. when the obligation specified in the contract is discharged, is cancelled or expires.

If an existing borrower and lender exchange financial instruments with substantially different terms, the cooperatives account for the transaction as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the cooperative account for a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) as an extinguishment of the original financial liability and the recognition of a new financial liability.

The cooperative shall recognize in profit or loss any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed.

The cooperative derecognize an item of **Property and Equipment**:

- a) on disposal, or
- b) when no future economic benefits are expected from its use or disposal.

The cooperative recognize the gain or loss on the derecognition of an item of **property equipment** in profit or loss when the item is derecognized. The cooperative does not classify such gains as revenue.

In determining the date of disposal of an item, the cooperative apply the criteria for recognizing revenue from the sale of goods.

The cooperative determine the gain or loss arising from the derecognition of an item of property and equipment as the

NOTES TO FINANCIAL STATEMENTS

difference between the net disposal proceeds, if any, and the carrying amount of the item. Any gain from disposal is included in the statement of operations for the period.

5.4 Impairment

Impairment of Assets:

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount.

Impairment of Asset other than Inventory:

The cooperative assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the cooperative estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

At each reporting date, the cooperative determine whether an item **Property Equipment** is impaired and, if so, how to recognize and measure the impairment loss.

At each reporting date, the cooperative determine whether an item **Property Equipment** is impaired and, if so, how to recognize and measure the impairment loss.

Reversal of Impairment Loss:

The cooperative assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the cooperative determine whether all or part of the prior impairment loss should be reversed.

5.5 Cash and Cash Equivalent

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial condition at face amount. Cash denominated in foreign currency is translated in the functional currency use in preparing the financial statement using the closing rate as of the reporting period.

Cash Equivalents are short-term, highly liquid investments held to meet short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

5.6 Loans Receivable

Loans Receivable are non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. Loans Receivable is recognized for the difference between the gross receivable and the related unearned interest income.

Loans Receivable are classified as current and non-current or past due account. These are further sub-classified according to the nature of loans as defined by cooperative management. Interest income on these loans are recognized only upon collections.

Loans receivable are presented in the financial statement at its realizable value. Allowance for probable losses on receivables is based on the past due amount using portfolio at risk, for purposes of prudence in financial reporting.

Portfolio At Risk (PAR) is a guidance computation set by regulator Cooperative Development Authority in determining allowance for probable losses, to wit: (i) One (1) month to Twelve (12) months past due would require 35% provisioning, and (ii) the more than Twelve (12) months past due will have 100% provisioning.

Allowance for Probable Losses

Allowance for Probable losses is maintained at a level considered adequate to provide for potential losses on loans and other resources. The allowance is increased by provision charged to operations and reduced by net write-offs and reversals. The level of allowance is set up at the higher of the amount determined based on management's evaluation of potential losses after consideration of prevailing and anticipated economic conditions.

5.7 Financial Assets

These are financial instruments excluding cash and cash equivalents, loans and receivables, investment in associates, investment in joint ventures, and investment in subsidiaries.

Financial Assets are classified into current and long term.

5.8 Property and Equipment

These are tangible assets that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and (b) are expected to be used during more than one period.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. Fully depreciated assets are retained in the accounts until there is a disposal. No further depreciation charges is made in respect to those assets. Write-off and disposal must be authorized by the board.

5.9 Investment Property

"Investment Property is property (land or a building, or part of a building, or both) held by the cooperative to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business."

5.10 Deposit liabilities

Deposit Liabilities are deposit made by members that can be withdrawn at any given time. This includes Time Deposit, Savings Deposit, Savings Youthbee, Savings Smart Savers, Damayan Impok, Special Deposits, Tipid Movement, Christmas Savings, Budget, Savings, Health Saver Club, Holiday Savings, Happy Retirement, Couples Savings and Auto Debit.

5.11 Interest on Share Capital Payable

Interest on Share Capital Payable is the liability of the cooperative to its members for interest on Share Capital, which is determined at the end of every reporting period. The cooperative distributes and credits the interest on share capital to the member's savings account every year upon completion of the audited financial statements.

5.12 Patronage Refund Payable

Patronage Refund Payable is the liability of the cooperative to its members who availed of its products and services. Patronage refund, which is determined at the end of every reporting period, is distributed and/or credited to the members' savings account every year upon completion of the audited financial statement.

5.13 Due to Unions and Federations (CETF)

This account refers to the accumulated amount of the 50% share on Cooperative Education and Training Fund (CETF) set aside for the Union/ Federation that the cooperative has chosen or of which it is a member.

5.15 Long Term liabilities

This account includes Revolving Capital Payable, Damayan Trust Fund Payable 2012, Mutual Benefit Fund Payable, Members Benefit Fund Payable, Assets Acquired Transfer and Registration Fund Payable, System Development Fund Payable and Retirement Fund Payable.

Revolving Capital Payable

The account refers to deferred payment of interest on share capital and patronage refund, which should be agreed upon in the General Assembly.

Members' Benefit Fund Payable

This account refers to funds for special purposes and is not part of the distribution of net surplus.

Retirement Fund Payable

This account refers to the accumulated retirement benefit costs charged against the income of the cooperative over the expected remaining working lives of participating qualified employees.

5.16 Share Capital

This account refers to ownership Interest of members in the cooperative. The cooperative has two class of shares, namely: Common Share and Preferred Share.

Deposit for Share Capital Subscription

Deposit for share capital subscription happen on three (3) instances, namely: (i) amount paid by the members for capital subscription equivalent to the value of less than one share; (ii) additional subscription in excess of authorized capital pending approval of the amendments to increase Authorized Share Capital; and (iii) amount of share capital paid but not yet covered by subscription contract.

5.17 Donation and Grant

A Donation and Grant is assistance by another entity in the form of a transfer of resources to a cooperative in return for past or future compliance with specified conditions relating to the operating activities of the cooperative.

These are amounts received by the cooperative as awards, subsidies, grants, aids and others. This shall not be available for distribution as interest on share capital and patronage refund, and shall form part of the members' equity of the Statement of Financial Condition.

5.18 Statutory Funds (as per Cooperative Code)

Statutory Funds - are Mandatory funds established/set up in accordance with Articles 86 and 87 of the Cooperative Code (RA 9520). These are: (i) General Fund; (ii) Cooperative Education and Training Fund (CETF); (iii) Community Development Fund; and (iv) Optional Fund.

Reserve Fund

An amounts set aside annually for the stability of the cooperative and to meet net losses in its operations. It is equivalent to at least 10% of the net surplus. A corresponding fund should be set up either in the form of time deposit with local banks or government securities. Only the amount in excess of the paid up share capital may be used for the expansion and authorized investment of the cooperative as provided for in its by-laws.

Reserve Fund account is intended, among others, to meet operational losses. All accumulated losses incurred by the cooperative in their business operation shall therefore be charged against this Fund which shall be decided upon by the Board of Directors.

Cooperative Education and Training Fund (CETF)

This account refers to the amount retained by the cooperative which shall not be more than ten percent(10%) of the net surplus for the training, development and other similar cooperative activities geared towards the growth of the cooperative movement. Half of the amount allocated for the fund annually shall be spent by the cooperative for their own education and training purposes, while the other half may be remitted to a union or federation chosen by the cooperative.

Community Development Fund

An amount for the community development fund, which shall not be less than three per centum (3%) of the net surplus. The community development fund shall be used for projects or activities that will benefit the community where the cooperative operates.

Optional Fund

This account refers to fund set aside from the net surplus not exceeding 7%. It shall be used for acquisition of land and/or building, machinery and equipment, replacement fund for Property and Equipment, Members' Benefits, and other necessary funds.

In the event the cooperative has an accumulated losses from prior periods, the following modified allocation and distribution of Net Surplus for the current and future periods shall be observed, until such time that the debit balance of reserved fund has been fully offset:

- a. Twenty five per centum (25%) shall be declared as interest on share capital and patronage refund.
- b. Cooperative Education and Training Fund- one half of the per centum as provided in the by-laws.
- c. Community Development Fund- one half of the per centum as provided in the by-laws.
- d. Optional Fund- one half of the per centum as provided in the by-laws.
- e. Reserve Fund- remaining amount of net surplus.

The cooperative allocates it's net surplus from operation in accordance with its' by-laws, with reference to the limitations set by cooperative code, and is presented in Note 30.

5.19 Revenue

Revenue is income that arises in the course of ordinary activities of a cooperative and is referred to by a variety of names including sales, service income, commission, interest, dividends, royalties and rent.

Gains are other items that meet the definition of income but are not revenue. When gains are recognized in the statement of operation, they are displayed separately.

Other Income

These are Income received by the cooperatives other than its main operations.

5.19 Expenses

Expenses encompasses losses as well as those expenses that arise in the course of the ordinary activities of the cooperative.

- a) Expenses that arise in the course of ordinary activities of the cooperative include; cost of collection of loans receivable, finance cost on deposit liabilities, wages and benefits, depreciation and amortization, and other operating expenses. They usually take the form of an outflow or depletion of assets such as cash and cash
- b) Losses are other items that meet the definition of expenses and may arise in the course of ordinary activities of the cooperative. When losses are recognized in the statement of operations, they are presented separately.

5.20 Employee Benefits

Employee benefits are all forms of consideration given by the cooperative in exchange for service rendered by employees.

Short Term Employee Benefits

The cooperative recognizes the cost of short term employee benefits to which its employees have become entitled as a result of service rendered to the cooperative during the reporting period as

NOTES TO FINANCIAL STATEMENTS

an expense, unless required to be capitalized under the framework of property and equipment.

“Short term employee benefits includes: (i) wages, salaries and social security contributions; (ii) short-term compensated absences; (iii) 13th month pay as mandated by labor code; (iv) de minimis benefits and other benefits (i.e. Hospitalization, rice subsidy, monetized leave, cash gift, special leave benefits, medical allowance for dependents, laundry allowance, length of service and uniform allowance)”

Post Employment Benefits:

Define Benefits Plan / Retirement Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans the cooperative's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the cooperative. If actuarial or investment experience is worse than expected, the cooperative's obligation may be increased, and vice versa if actuarial or investment experience is better than expected.

The cooperative allocated to **Retirement Fund Payable** every year, base on actuarial study, an amount for employees retirement. Current service cost is charge to expense. The Retirement Fund Payable is funded internally, where the cooperative maintains other funds and deposit account that is restricted to meet this obligation.

The cooperative retirement plan is superior than what is being provided for under Republic Act No. 7641, Retirement Pay Law, where the cooperative pays 125% of the basic salary of employee for every year of service base on graduated formula for length of service. Vesting period start on year Ten (10) of employment, equivalent to 50% of 125% with increment of 5% every year, for a maximum of 100% of 125% for Twenty years in service and beyond.

In the event that a certain employee retires after continuous service of five (5) years and had reached the age of 60 years old, the cooperative will apply the provision of RA 7641

RA No. 7641, States that: “In the absence of a retirement plan or agreement providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, but not beyond sixtyfive (65) years which is hereby declared the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

5.21 Other Items

Other items includes accounts peculiar to cooperatives and is required by the framework to be disclosed as separate line item in the statement of operations. These includes:

Project Subsidy - refers to the amount deducted from Project Subsidy Fund to subsidize project expenses. This shall appear in the statement of operation as a contra account to Subsidized Project Expenses.

Donation and Grant Subsidy - refers to an amount deducted from Donations and Grants account to subsidize depreciation funded by donations and grants.

Optional Fund Subsidy - refers to amount deducted from Optional Fund to subsidize depreciation funded by Optional Fund and/or community development expense.

Subsidized Project Expenses- refers to a portion of the Project Subsidy Fund expended for training, salaries and wages and other activities subsidized by donations and grants.

5.22 Income Taxes

The Cooperative is exempt from income tax so long as it complies with the requirements of the Cooperative code as implemented by the Joint Implementing rules and Regulation of CDA and BIR, as discuss in note 1.

6. MANAGEMENT'S SIGNIFICANT JUDGEMENT AND ESTIMATES

6.1 Judgements

The preparation of the Cooperative's financial statements in conformity with Philippine Financial Reporting Framework for Cooperatives requires management to make estimates and assumptions that affect the amounts reported in the Cooperative's financial statements and accompanying notes. The estimates and assumptions used in the Cooperative's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Cooperative's financial statements. Actual results could differ from such estimates, judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.2 Estimates

In the application of the Cooperative's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 affect 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 a summary of the significant estimates and judgements and related impact and associated risk in the Cooperative's financial statements.

Allowance for Probable losses (on loans Receivables)

The Cooperative estimation on allowance for probable losses are base on Portfolio At Risk as discuss in note 5.6.

Estimated Useful lives of Property and Equipment

The Cooperative estimates the useful lives of property and equipment based on the period over which property and equipment are expected to be available for use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, the estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows;

| | |
|-----------------------------------|-------------|
| Building | 10-15 years |
| Building Improvements | 5-7 years |
| Furniture, Fixture and Equipment | 3-5 years |
| Transportation Equipment | 5-7 years |
| Leasehold Rights and Improvements | 5-7 years |

The Cooperative Assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Cooperative to make estimates and assumptions that can materially affect the financial statement. Future events could cause the Cooperative to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Cooperative's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Cooperative believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Cooperative's assessment of receivable values and may lead to future additional impairment changes.

Impairment of Non Financial Assets

The Cooperative is required to perform an impairment review when certain impairment indicators are present. Purchase accounting requires extensive use of accounting estimates and judgement to allocate the purchase price to the fair market values of the assets and liabilities.

Determining the fair market values of property and equipment, and investment property, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, required the Cooperative to make estimates and assumptions that can materially affect the financial statements. future events, could cause the Cooperative to conclude that property and equipment and other long-lived assets are impaired. any resulting impairment loss could have material adverse impact on the Cooperative's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Cooperative believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Cooperative's assessment of recoverable values and may lead to future additional impairment charges

Revenue Recognition

The Cooperative's revenue recognition policies requires the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlement are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Cooperative is exposed to credit, liquidity, and other risks that arise in the normal course of its business. Its risk and control framework includes a focus on minimizing negative affects on the Cooperative's financial performance due to unpredictability of financial markets that drives the risks.

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial condition.

The Cooperative continuously monitors defaults of members, customers and other counterparties, and incorporate this information into its credit risk controls. The Cooperative's policy is to deal only with credit worthy counterparties.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will incur difficulty in raising funds to meet commitments associated with financial instruments. liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash flows as anticipated.

In order to minimize liquidity risk, the Cooperative maintains sufficient cash and has the availability of funding through an adequate amount of committed credit facilities.

8. CASH

| This account is composed of the following: | | |
|--|-----------------------|-----------------------|
| | 2018 | 2017 |
| Cash on Hand | 22,301,262.92 | 12,976,016.02 |
| Petty Cash Fund / Revolving Fund | 30,000.00 | 15,000.00 |
| Cash in Bank - Combo Savings | 148,436,004.20 | 199,265,319.45 |
| Cash in Bank - Savings | 338,494.55 | 581,641.23 |
| Cash in Bank - FCUDU | 772,797.77 | 431,358.23 |
| Cash in Coop Bank - Savings | 1,000.00 | 1,000.00 |
| Cash in Coop Bank - Time Deposit | 41,929,019.82 | 90,589,535.06 |
| Total | 213,808,579.26 | 303,859,869.99 |

9. RECEIVABLES

| This account is composed of the following: | | |
|--|-------------------------|-----------------------|
| | 2018 | 2017 |
| Current | 1,143,932,933.65 | 785,457,138.52 |
| Restructured | 13,075,148.24 | 16,086,938.94 |
| Past due | 10,895,518.00 | 9,404,651.60 |
| TOTAL | 1,167,903,599.89 | 810,948,729.06 |
| Allowance for Probable Losses | (42,729,124.60) | (36,040,049.36) |
| Net Realizable Value | 1,125,174,475.29 | 774,908,679.70 |
| Add: Sales Contract Receivable | 3,120,995.24 | 3,078,890.98 |
| TOTAL RECEIVABLES | 1,128,295,470.53 | 777,987,570.68 |

| Classification of Loans Receivable | | |
|--------------------------------------|----------------|----------------|
| | 2018 | 2017 |
| CBL - Coop Business. Credit Loan | 370,853,640.91 | 210,784,737.66 |
| PL-Educ/ELA/EL/House Repair/PL-B2BTD | 180,162,967.20 | 124,886,100.47 |
| Small Enterprise Loan | 95,730,173.83 | 83,075,478.67 |
| Transport Service LALA | 82,427,941.12 | 86,993,710.58 |

NOTES TO FINANCIAL STATEMENTS

| | | |
|-------------------------------------|-------------------------|-----------------------|
| Special Car Privilege for Manager | 4,752,973.42 | 2,747,269.35 |
| Special LALA | 22,371,663.91 | 2,400,000.00 |
| Agri Finance Loan | 36,831,314.56 | 34,443,135.97 |
| Salary Loan | 42,139,675.01 | 23,271,028.05 |
| CBL-SPI. Coop Business. Credit Loan | 38,635,400.89 | 31,277,806.00 |
| SPL CCL Institution | 41,500,000.00 | 66,500,000.00 |
| PL-LALA | 91,302,385.98 | 58,664,110.53 |
| Service Loan | 23,944,186.79 | 19,837,782.36 |
| CBL-Combla | 23,410,154.98 | 19,249,614.15 |
| CBL-Market Stall Owners | 10,671,153.49 | 9,195,199.56 |
| PL-Christmas Loan | 17,021,246.18 | 14,844,096.62 |
| Restructured | 28,452,978.52 | 16,086,938.94 |
| PL-Back to School Loan | 1,329,361.21 | 1,530,103.69 |
| CBL-Restaurant & Catering | 2,003,898.24 | 1,706,607.57 |
| PL-Housing Loan | 3,630,447.27 | 3,279,925.42 |
| PL-LALA (FLEXI) | 49,591,774.73 | |
| PL-Loyalty Loan | 817,504.14 | |
| PL-Micro Share Loan | 322,757.51 | 175,083.47 |
| TOTAL | 1,167,903,599.89 | 810,948,729.06 |

Reconciliation of Allowance for Probable Losses:

| | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 36,040,049.36 | 25,444,692.92 |
| Provision during the year | 25,850,000.00 | 29,999,896.58 |
| Write-off | (19,160,924.76) | (19,404,540.14) |
| Balance at the end of the year | 42,729,124.60 | 36,040,049.36 |

Loans Receivable as presented in the face of B/S

| | 2018 | 2017 |
|--|-------------------------|-----------------------|
| Short Term & Current Portion of Long term loans receivable | 715,932,613.07 | 576,744,619.11 |
| Non Current portion of Long term loans receivable | 412,362,857.46 | 201,242,951.57 |
| Balance at the end of the year | 1,128,295,470.53 | 777,987,570.68 |

CBL- Coop Business. Credit Loan

Available to qualified members for a credit line of 20 times the share capital, maximum amount of Php 20M for a term of 1 to 5 year and with collateral requirements. Rate of Interest is 1.33% per month using diminishing balance plus graduated surcharges ranging from 2% to 6% for the term range of 1 year to 5 years payment.

PL-Educ/ELA/EL/House Repair/PL-B2BTD

Providential Loan (PL) to qualified member as follows:

Educational Loan - requiring 2 co-makers, with maximum loanable amount of Php 20,000 for a term of 6 month and interest rate of 14% per annum.

Employees Loan Assistance (ELA) available to qualified members who are employees of government or private institution for a maximum loan

exposure of Php 150,000 using a loan merit system. Term is up to 2 years and payable monthly. Requires 2 co-makers. Interest rate is 14% per annum.

Back to Back (B2B) Loan, loanable amount is 95% of share capital for a term of up to 2 years at the rate of 10% per annum.

Small Enterprise Loan

Small Enterprise Loan (SEL) consist of; (i) Trading Loan Assistance, (ii) Retail Loan Assistance, (iii) vendors Loan Assistance, (iv) Direct Selling Loan Assistance, (v) Food Cart Loan Assistance, and (vi) Beauty Wellness Service Loan Assistance. Borrower member must have existing business that needs additional capital. Requires 2 co-makers and or post dated checks. term of loan is up to 2 years payable monthly for an interest rate of 14% per annum.

Transport Service Loan

Transport Service Loan consist of; (i) Motor Service Vehicle Loan, (ii) Motorcycle Loan for TODA Member, (iii) PUJ Operators Loan Assistance, (iv) TODA Operator Loan Assistance, (v) TAXI Operator Loan Assistance, and (vi) Bus Operator Loan Assistance. Borrower must be a regular member with at least Php 20,000 share capital. Requires 20% Down Payment for the loan and issuance of post dated check. Term of loan is up to 5 years payable monthly for an interest rate of 14% per annum.

Agri Finance Loan

Agri-Finance Loan consist of; (i) Farmers Loan Assistance, (ii) Poultry Raising Loan Assistance, (iii) Backyard Piggery Loan Assistance, (iv) Duck Raising Loan Assistance, (v) Fruit and Vegetable Farmers Loan Assistance, (vi) Livestock Raising Loan Assistance, (vii) Fish Farming Loan Assistance, and (viii) Flora and Fauna Loan Assistance. Borrower member must have 2 co-maker of issue post dated check. Term of loan is up to 2 years payable monthly, quarterly or every 4 months for an interest rate pf 14% per annum.

Salary loan

Member borrower must be a regular employee of private or government institution, and the institution is willing to enter into Memorandum of Agreement with the Cooperative for the automatic salary deduction. Term of loan is up to 2 years payable monthly and requires 1 co-maker. Interest rate is 14% per annum.

PL-LALA

Providential loan- lot Acquisition loan Assistance. Must be a regular member with at least Php 20,000 share capital, not over 55 years old and with competitive source of income can loan a maximum amount of Php20M with a term of 5, 10, 15 or 20 years payable monthly. Interest rate is 12% per annum.

Service Loan

Member who are engaged in any service business can avail of Service loan. The loan is required to be secured by 2 comakers, with a term of up to 2 years, payable monthly, with an interest rate of 14% per annum.

CBL-Combla

Commercial Business loan Assistance (COMBIA)- A Member must have at least Php 20,000 share capital, must have a commercial business. Maximum loanable amount is Php 500,000. loan is required to be secured by 2 co-makers or post dated checks with a term of up to 1 year, payable monthly or daily (except Saturday and Sunday), with an interest rate of 1.33% per month using diminishing balance plus surcharge of 1% and 2% for loan term of 1-6 months and 7-12 months respectively.

CBL-Market Stall Owners

Commercial Business loan (CBI)-Market Stall Owners Assistance- Maximum loanable amount is Php 150,000. The loan is required to be secured by 2 co-makers or post dated checks with a term of up to 2 year,

payable daily (except Saturday and Sunday), with an interest rate of 1.33% per month using diminishing balance plus surcharge of 1% and 2% for loan term of 1-6 months and 7-12 months respectively.

PL-Christmas Loan

Providential loan (PI)-Christmas loan - Minimum loanable amount of Php 5,000 Maximum of Php 10,000. The loan is required to be secured by 1 co-maker, must have no penalty for 1 year for other existing loans, Payable in 3 months or Cash on due Date (COD), with an interest rate of 1% per month.

Restructured Loans

For reasons allowed under Board Resolution 1127, Series of 2010, a loan Receivable account maybe meritoriously restructured. (1) Extension of grace period; (2) Reduction of interest, penalty and surcharges; (3) Reduction of payment amortization, etc. All these are intended to unburden a member borrower who is currently having financial difficulties for causes beyond his control, such as; typhoon, fire, earthquake.

PL-Back to School Loan

Providential loan (PI)-back to School loan - Minimum loanable amount is 80% of Assessed Tuition Fee but not exceeding Php 50,000. Secured by 2 co-makers or PDC. Term of payment is up to 6 months and can be availed on top of other existing loan. Payable monthly, with an interest rate of 1% per month.

CBL-Restaurant & Catering

Commercial Business loan (CBI)-Restaurant & Catering Owners loan Assistance (RCOI) - Member borrower must have a restaurant or catering business. Maximum loanable amount is Php 200,000. The loan is required to be secured by 2 comakers, with a term of up to 2 years, payable daily (except Saturday, Sunday and Holidays), with an interest rate of 1.33% per month using diminishing balance plus surcharge of 1% and 2% for loan term of 1-6 months and 7-12 months respectively.

PL-Housing Loan

Providential Loan (PL)-Housing Loan. Must be a regular member with at least Php 20,000 share capital, not over 55 years old and with competitive source of income can loan a maximum amount of Php 20M with a term of 5, 10, 15 or 20 years payable monthly. Interest rate is 9.5% per annum.

PL-Micro Share Loan

Providential Loan (PL)-Micro Share Loan. Allows member with share capital of Php 1,000 to complete the minimum share capital required. Term of payment is up to 2 years, with interest rate of 1% per month.

Sales Contract Receivable

This account refers to amortized cost of the receivables arising from installment sale of assets acquired in settlement of loans/obligations.

10. FINANCIAL ASSETS

This account is composed of the following:

| | 2018 | 2017 |
|-----------------------------------|---------------------|----------------------|
| <i>Current Investment In:</i> | | |
| Unit Investment Trust Fund (UITF) | 3,171,961.31 | 18,082,000.00 |
| Time Deposit (TD) | | |
| Total Current Investment | 3,171,961.31 | 18,082,000.00 |

Non-Current Investment In:

| | | |
|---|-----------------------|-----------------------|
| Share in Coop Banks and Other Coops. | 48,530,455.87 | 28,350,455.87 |
| Long Term Bonds | 78,556,325.14 | 125,092,411.08 |
| Long Term Dollar Bond | 11,073,500.00 | 6,676,000.00 |
| Preferred Share | 10,001,000.00 | 45,991,897.62 |
| Long Term Unit Investment Trust Fund (UITF) | 15,000,000.00 | 15,000,000.00 |
| Treasury Bill | 20,000,000.00 | 23,013,072.31 |
| Other Investment Funds | 266,235,726.87 | 138,063,495.56 |
| Total Non-Current Investment | 449,397,007.88 | 382,187,332.44 |
| Unrealized Gain/ (Loss) on Investments | - | - |
| Total Non-Current Investment-Net | 449,397,007.88 | 382,187,332.44 |
| TOTAL FINANCIAL ASSETS | 452,568,969.19 | 400,269,332.44 |

Share in Coop Banks and Other Coop.

These includes share capital, savings deposit and time deposits in cooperative banks.

Unit Investment Trust Fund (UITF)

UITF are marked to marketable securities, where the price per unit of the securities are available on a daily basis. This investment fund has the risk of decline in value of the original investment, but on the other hand can have higher yields.

Long Term Bonds

Long term bonds are placements in some universal banks.

Other Investment Funds

These are combinations of marketable securities and other Bond, Treasury Bills, and Preferred Shares on various banks and non banks financial intermediaries.

11. Other Current Assets

This account is composed of the following:

| | 2018 | 2017 |
|-------------------------------------|---------------------|---------------------|
| Account Receivable - Others | 5,178,002.11 | 1,990,393.85 |
| Prepaid Expenses | 517,400.87 | 610,550.00 |
| Receivable from Accountable Officer | 128,830.02 | 1,000.00 |
| Advances to Officers and Employees | 7,666.80 | 4,121.10 |
| Total | 5,831,899.80 | 2,606,064.95 |

Account Receivable - Others

This includes: Claims receivable; A/RCIS; WesternUnion; SC Insurance; Insurance (Caritas); A/ROther/Members; and Damay Impok Advances.

NOTES TO FINANCIAL STATEMENTS

12. Property and Equipment

This account is composed of the following:

| | 31-Dec-17 | Additions | Disposal/ Write-off / Reclass | 31-Dec-18 |
|----------------------------------|------------------------|-----------------------|-------------------------------------|------------------------|
| COST | | | | |
| Land | 2,000,863.39 | | | 2,000,863.39 |
| Land Improvements | 131,852.00 | | | 131,852.00 |
| Building | 10,201,831.70 | 3,505,000.00 | | 13,706,831.70 |
| Building Improvements | 4,523,176.10 | 1,316,747.63 | | 5,839,923.73 |
| Furniture, Fixture and Equipment | 10,208,427.83 | 2,315,391.96 | | 12,523,819.79 |
| Transportation Equipment | 4,285,881.65 | 4,200,983.01 | (1,560,842.27) | 6,926,022.39 |
| Leasehold Rights & Improvements | 697,252.68 | | | 697,252.68 |
| TOTAL COST | 32,049,285.35 | 11,338,122.60 | (1,560,842.27) | 41,826,565.68 |
| ACCUMULATED DEPRECIATION | | | | |
| Building | (6,828,180.07) | (441,995.88) | | (7,270,175.95) |
| Building Improvements | (2,966,975.53) | (392,598.24) | | (3,359,573.77) |
| Furniture, Fixture and Equipment | (8,619,340.26) | (1,529,764.87) | | (10,149,105.13) |
| Transportation Equipment | (3,965,037.09) | (718,985.11) | 1,560,842.27 | (3,123,179.93) |
| Leasehold Rights & Improvements | (697,243.68) | - | | (697,243.68) |
| Total | (23,076,776.63) | (3,083,344.10) | 1,560,842.27 | (24,599,278.46) |
| CARRYING VALUE | 8,972,508.72 | 8,254,778.50 | - | 17,227,287.22 |

Carrying Value per class of Property and Equipment:

| | 31-Dec-16 | 31-Dec-17 |
|----------------------------------|----------------------|---------------------|
| Land | 2,000,863.39 | 2,000,863.39 |
| Land Improvements | 131,852.00 | 131,852.00 |
| Building | 3,840,436.81 | 3,373,651.63 |
| Building Improvements | 1,947,348.40 | 1,556,200.57 |
| Furniture, Fixture and Equipment | 2,022,786.45 | 1,589,087.57 |
| Transportation Equipment | 629,708.59 | 320,844.56 |
| Leasehold Rights & Improvements | 64,282.59 | 9.00 |
| Total | 10,637,278.23 | 8,972,508.72 |

13. INVESTMENT PROPERTY

This account is composed of the following:

| | 2018 | 2017 |
|---------------------------------|-------------------------|-----------------------|
| COST | | |
| Land | 12,730,000.00 | 12,730,000.00 |
| Building | 4,270,000.00 | 4,270,000.00 |
| TOTAL COST | 1,167,903,599.89 | 810,948,729.06 |
| ACCUMULATED DEPRECIATION | | |
| Building | - | - |
| Carrying Value | 17,000,000.00 | 17,000,000.00 |

14. OTHER NON-CURRENT ASSETS

This account is composed of the following:

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Other Funds and Deposits | | |
| Long Term Time Deposit | 11,173,507.02 | 11,582,547.25 |
| Bonds and Treasury Bills | 111,217,932.91 | 51,196,934.66 |
| Total Other Funds and Deposits | 122,391,439.93 | 62,779,481.91 |
| Real Property Acquired (RPA) | 62,002,661.42 | 83,626,500.51 |
| Computerization Cost | 6,588,254.67 | 6,606,331.32 |
| Miscellaneous Assets | - | - |
| TOTAL OTHER NON-CURRENT ASSETS | 190,982,356.02 | 153,012,313.74 |
| Reconciliation of RPA (Additions and Deductions) | | |
| RPA Beginning | 83,626,500.51 | 82,294,100.50 |
| Additions | 45,975,947.68 | |
| Disposal | (21,623,839.09) | (44,643,547.67) |
| Transfers (to Property and Equipment) | - | - |
| Impairment | - | - |
| Reversal of Allowance for Probable Losses | - | - |
| RPA Ending | 62,002,661.42 | 83,626,500.51 |

Other funds and deposits are restricted funds set aside for funding statutory funds and other reserves such as retirement, members benefit and other funds.

15. DEPOSIT LIABILITIES

This account is composed of the following:

| | 2018 | 2017 |
|-----------------------------|----------------|----------------|
| Time Deposit - Regular | 535,730,526.23 | 440,477,103.08 |
| Time Deposit - Associate | 353,280,734.96 | 329,979,781.18 |
| Savings Deposit - Regular | 282,572,600.87 | 208,395,751.51 |
| Savings Deposit - Associate | 86,773,752.92 | 66,941,965.37 |
| Savings Youthbee | 13,864,744.52 | 15,477,187.66 |
| Savings Smarts Savers | 3,585,903.50 | 4,012,940.71 |
| Damay Impok | 9,119,491.05 | 4,435,199.51 |
| Special Deposit | 3,545,708.10 | 2,632,885.47 |
| Tipid Movement | 133,419.06 | 133,419.06 |

| | | |
|----------------------------------|-------------------------|-------------------------|
| Christmas Savings | 141,328.82 | 206,983.78 |
| Budget Savings | 2,741,580.67 | 2,594,028.39 |
| Health Savers Club | 137,133.48 | 100,636.22 |
| Wellness Savings | 24,632.65 | 502.95 |
| Holiday Savings | 643,927.35 | 275,673.87 |
| Happy Retirement | 5,514,051.21 | 1,592,246.00 |
| Couples Savings | 397,001.14 | 134,673.77 |
| Auto Debit | 1,967,095.88 | 754,535.12 |
| Emergency Savings Fund | 108,196.63 | 2,011.81 |
| Kaya Savings Deposit | 20,799.98 | |
| Future Education Fund | 617,236.22 | 48,710.35 |
| TOTAL DEPOSIT LIABILITIES | 1,300,919,865.24 | 1,078,196,235.81 |

Time Deposit

Time deposit is available to regular members for a Php 10,000.00, which is also the maintaining balance to earn interest at the range of 1.5% to 5.5% per annum, depending on the amount and number of days of placement and withdrawable on maturity. In the event of pre-termination, the savings deposit rate shall apply.

Savings Deposit

Regular savings deposit is available to regular members for a Php 500.00. Requires Php 200.00 maintaining balance to earn interest at 1% per annum, withdrawable anytime.

Savings Youthbee

Design for kids below 12 years old of the parents who are member of the cooperative. Initial deposit required is Php 30.00 and the maintaining balance to earn interest in Php 200.00. Interest rate is 1.5% per annum. Withdrawable anytime.

Savings Smart Savers

Design for teenagers age 13-17 years old of the parents who are member of the cooperative. Initial Deposit required is Php 50.00 and the maintaining balance to earn interest is Php 200.00. Interest rate is 1.5% per annum. Withdrawable anytime.

Damay Impok

Damay Impok is available to regular members for a Php 600.00. Requires Php 600.00 maintaining balance to earn interest at 1.5% per annum, withdrawable only upon resignation of member or death.

Christmas Savings

Design for member of the cooperative to save for Christmas Season Initial Deposit required is Php 500.00 and the maintaining balance to earn interest is Php 200.00. Interest rate is 1.5% per annum. Withdrawable only on the months of November, December and January.

Budget Savings

Design for payment of regular bills of members of the cooperative. Initial Deposit required is Php 500.00 and the maintaining balance to earn interest is Php 500.00. Interest rate is 1.5% per annum. Withdrawable anytime.

Health Savers Club

Design to help members save for money for medical needs. Initial Deposit required is Php 500.00 and the maintaining balance to earn interest is Php 500.00. Interest rate is 1.5% per annum. Withdrawable anytime or as the medical need arises.

Holiday Savings

Design to help members save for money for vacation, travel and leisure. Initial Deposit required is Php 500.00 and the maintaining balance to earn interest is Php 500.00. Interest rate is 1.5% per annum. Withdrawable anytime.

Happy Retirement

Requires Php 500.00 maintaining balance to earn interest at 6% per annum, withdrawable only upon resignation of member or retirement.

16. INTEREST ON SHARE CAPITAL PAYABLE

This account is composed of the following:

| | 2018 | 2017 |
|--------------------|----------------------|----------------------|
| Beginning | 29,875,007.92 | 26,488,050.84 |
| Additions | 35,970,521.49 | 29,875,007.92 |
| Deductions/Payment | (29,875,007.92) | (26,488,050.84) |
| TOTAL | 35,970,521.49 | 29,875,007.92 |

17. PATRONAGE REFUND PAYABLE

This account is composed of the following:

| | 2018 | 2017 |
|--------------------|----------------------|----------------------|
| Beginning | 12,803,574.82 | 11,352,021.79 |
| Additions | 15,415,937.78 | 12,803,574.82 |
| Deductions/Payment | (12,803,574.82) | (11,352,021.79) |
| TOTAL | 15,415,937.78 | 12,803,574.82 |

18. DUE TO UNION AND FEDERATIONS (CETF)

This account is composed of the following:

| | 2018 | 2017 |
|--------------------|---------------------|---------------------|
| Beginning | 1,524,296.75 | 2,327,652.70 |
| Additions | 1,835,230.69 | 1,524,235.10 |
| Deductions/Payment | (1,375,568.36) | (2,327,591.05) |
| TOTAL | 1,983,959.08 | 1,524,296.75 |

19. OTHER CURRENT LIABILITIES

This account is composed of the following:

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Other Payable | 1,975,651.84 | - |
| Accounts Payable | 5,325,932.73 | 5,882,421.72 |
| SSS/Philhealth/HDMF Contribution Payable | 218,818.60 | 153,607.38 |
| SSS/ HDMF Loans Payable | 108,391.01 | 57,021.91 |
| Withholding Tax Payable | 165,532.81 | 191,876.20 |
| TOTAL | 7,794,326.99 | 6,284,927.21 |

NOTES TO FINANCIAL STATEMENTS

20. LONG TERM PAYABLES

This account is composed of the following:

| | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Revolving Capital Payable | 613,136.74 | 244,924.76 |
| Loans Payable | 13,391,188.33 | |
| Members' Benefit Welfare Fund Payable | 4,466,956.53 | 2,211,051.89 |
| Retirement Fund Payable | 16,861,651.57 | 15,050,843.82 |
| TOTAL | 35,332,933.17 | 17,506,820.47 |

Revolving Capital Payable

The account refers to deferred payment of interest on share capital and patronage refund, which should be agreed upon in the General Assembly

Retirement Fund Payable

Internally Funded Retirement Benefit Fund

21. SHARE CAPITAL

Share Capital is composed of the following:

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Common Shares: | | |
| Authorized 5,000,000 shares at P100 par value | | |
| Shares Subscribed-Beginning | 389,609,600.00 | 328,270,900.00 |
| Subscription during the year | 94,961,297.00 | 67,508,300.00 |
| Treasury Shares | (10,018,197.00) | (6,169,600.00) |
| Paid-up Share Capital | 474,552,700.00 | 389,609,600.00 |
| Preferred Shares: | | |
| Authorized 20,000 shares at P100 par value | | |
| Shares Subscribed-Beginning | 11,200.00 | 9,800.00 |
| Subscription during the year | 300.00 | 1,400.00 |
| Treasury Shares | | - |
| Paid-up Share Capital | 11,500.00 | 11,200.00 |
| Total Shares issued/fully paid | 474,564,200.00 | 389,620,800.00 |
| Deposit for Share Capital | 1,186,022.97 | 1,110,490.67 |
| Subscription | | |
| TOTAL SHARE CAPITAL | 475,750,222.97 | 390,731,290.67 |

22. DONATIONS AND GRANTS

This account is composed of the following:

| | 2018 | 2017 |
|---------------------|---------------------|---------------------|
| Donation and Grants | 507,200.00 | 499,700.00 |
| Donated Reserved | 734,903.14 | 734,903.14 |
| TOTAL | 1,242,103.14 | 1,234,603.14 |

23. STATUTORY FUNDS

This account is composed of the following:

| | 2018 | 2017 |
|-----------------------------|-----------------------|-----------------------|
| Reserved Fund | 107,463,143.96 | 87,566,411.15 |
| Education and Training Fund | 2,616,273.65 | 2,187,250.44 |
| Community Development Fund | 6,814,876.67 | 6,525,490.18 |
| Optional Fund | 34,410,397.87 | 29,271,751.94 |
| TOTAL | 151,304,692.15 | 125,550,903.71 |

24. OTHER INCOME

This account is composed of the following:

| | 2018 | 2017 |
|---------------------------------|----------------------|----------------------|
| Income / Interest on Investment | 18,127,895.99 | 16,751,565.82 |
| Other Income | 496,548.68 | 428,079.00 |
| Interest on Bank Deposits | | |
| Other Income on Insurance | 3,819,232.56 | 3,848,360.85 |
| Other Loans Income | | |
| Rent Income | | |
| Miscellaneous Income | 777,554.27 | 507,252.73 |
| Membership Fees | 547,800.00 | 422,400.00 |
| TOTAL | 23,769,031.50 | 21,957,658.40 |

25. FINANCING COSTS

This account is composed of the following:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Interest Expense on Deposit Liabilities | 32,837,755.72 | 29,793,628.47 |
| Interest Expense on Borrowings | 1,037,747.00 | 1,092,550.88 |
| TOTAL | 33,875,502.72 | 30,886,179.35 |

26. EMPLOYEES BENEFIT EXPENSE

This account is composed of the following:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Salaries and / Wages | 17,171,506.20 | 14,708,349.38 |
| SSS, Philhealth and Pag-ibig Contribution Expenses | 1,271,395.01 | 1,081,762.86 |
| Employee Benefits | 4,509,068.69 | 3,670,802.07 |
| Retirement Benefit Expense | 1,041,447.00 | 844,666.38 |
| TOTAL | 23,993,416.90 | 20,305,580.69 |

| | 2018 | 2017 |
|----------------------------------|--------------|--------------|
| Employees Benefits, Sub-schedule | | |
| Hospitalization | 540,437.87 | 493,001.74 |
| Rice Subsidy | 1,678,450.00 | 1,244,150.00 |
| Vacation Leave | 374,949.40 | 329,927.33 |
| Cash Gift | 368,000.00 | 325,000.00 |
| Special Leave Benefits | 15,621.76 | 32,500.00 |

| | | |
|-----------------------------|---------------------|---------------------|
| Medical Allowance-Dependent | 112,500.00 | 234,000.00 |
| Laundry | 270,000.00 | 628,450.00 |
| Length of Service | 739,100.00 | 383,773.00 |
| Uniform Allowance | 410,009.66 | |
| TOTAL | 4,509,068.69 | 3,670,802.07 |

27. PROVISION FOR PROBABLE LOSSES

This account is composed of the following:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Provision for Probable Losses on Loans | 25,850,000.00 | 28,461,896.58 |
| Provision for Probable Losses on Investments | - | - |
| Provision for Probable Losses on ROPA | - | - |
| TOTAL | 25,850,000.00 | 28,461,896.58 |

28. OTHER OPERATING EXPENSES

This account is composed of the following:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Depreciation and Amortization | 3,188,273.90 | 2,525,308.49 |
| Collection Expenses | 7,529,702.16 | 5,873,353.32 |
| General Assembly Meeting Expenses | 1,560,206.25 | 1,101,413.17 |
| Miscellaneous Expenses | 4,118,893.11 | 4,778,786.56 |
| Power, Light and Water | 1,474,725.20 | 1,211,647.07 |
| Office Supplies | 2,481,945.65 | 1,833,753.05 |
| General Support Services | 1,067,000.00 | 962,833.33 |
| Promotional Expenses | 1,950,064.49 | 1,539,158.22 |
| Repairs and Maintenance | 519,879.32 | 669,524.70 |
| Officers' Honorarium and Allowances | 600,000.00 | 553,950.00 |
| Travel and Transportation | 695,574.95 | 382,397.84 |
| Communication Expenses | 672,141.14 | 581,930.32 |
| Meeting and Conferences | 632,016.35 | 442,131.99 |
| Gas, Oil and Lubricants | 352,740.22 | 216,775.93 |
| Insurance | 537,306.84 | 365,171.92 |
| Professional Fees | 285,739.13 | 364,522.86 |
| Rental | 495,789.47 | 120,000.00 |
| Representation | 481,780.00 | 312,000.00 |
| Members' Benefit Expense | 4,168,985.10 | 3,387,720.70 |
| Litigation Expenses | 5,000.00 | 36,746.79 |
| Periodicals/Magazines and Subscriptions | 9,820.00 | 10,596.00 |
| Registration Expenses | 69,168.18 | |
| Taxes and Licenses | 74,265.31 | 96,533.83 |
| Bank Charges | 13,265.00 | 6,717.24 |
| TOTAL | 32,984,281.77 | 27,372,973.33 |

29. OTHER ITEMS

This account is composed of the following:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Gains on Sale of Acquired Assets and Property | 5,247,106.27 | 5,715,187.97 |
| Gains or Losses in Financial Assets through Profit and Loss | (25,000.00) | 369,793.82 |
| Gains or Losses of Foreign Exchange Valuation | 155,970.25 | - |
| TOTAL | 5,378,076.52 | 6,084,981.79 |

30. NET SURPLUS ALLOCATION

The Net Surplus allocation was based on the following percentages:

| | 2018 | 2017 |
|-------------------------------------|-------------|-------------|
| Reserved Fund | 15% | 15% |
| Coop. Education Training Fund-Local | 2.5% | 2.5% |
| Due to Union/Federation (CETF) | 2.5% | 2.5% |
| Optional Fund | 7% | 7% |
| Community Development Fund | 3% | 3% |
| Interest on Share Capital | 49% | 49% |
| Patronage Refund | 21% | 21% |

Interest on Share Capital is computed from the net Surplus after deducted the statutory funds totaling 30%. The remaining balance then will be multiplied by 70% for Interest on share capital (70% x 70% = 49%) and the other 30% goes to Patronage Refund (70% x 30% = 21%)

NOTES TO FINANCIAL STATEMENTS

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

There are no events after the end of reporting period that would require disclosure or adjustment on the financial statement of the cooperative other than the Board of Directors Authorization for Issue the current years interest on share capital and patronage refund and the Approval for issue of cooperative Audited Financial Statement.

The Board of Director has approved for distribution to individual member the interest on share capital and patronage refund for the current year's reporting period on February 17, 2019. The manner of distribution is presented in the summary of significant accounting policy for Interest on share capital and patronage refund.

The financial statements of the Cooperative for the year ended December 31, 2018 were authorized for issue by the Board of Directors on February 17, 2019. The Board of Directors are still empowered to revise or amend the financial statements whenever necessary.

32. SUPPLEMENTAL NOTES TO FINANCIAL STATEMENTS

Under Revenue Regulation (RR) No. 15-2010, dated November 25, 2010, as further emphasized as to its reporting format under Revenue Memorandum Circular (RMC) No. 17-2011, dated March 17, 2011, the following tax information are hereby disclosed.

31.1 VAT Exempt

32.1 Taxes and Licenses paid for the year

a. Local Taxes

| | |
|--------------------|-----------|
| Barangay Clearance | 2,150.00 |
| Mayor's Permit | 12,053.00 |
| CDA Registration | 610.00 |
| Real Property Tax | 59,452.31 |
| Sub-Total | 74,265.31 |

b. National Taxes

BIR Registration
Car Registration

Total - All Other Taxes

32.2 Withholding Taxes

i. Tax on Compensation and Benefits

| | |
|---------------------------|------------|
| Tax withheld for the year | 161,100.59 |
| Tax remitted in Jan. 2018 | 22,756.29 |
| Total | 183,856.88 |
| Tax Due | 188,856.88 |
| Over-remittance | - |

ii. Creditable Withholding Taxes

Proposed Statements of Financial Position 2019

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE

San Pedro St., Poblacion I, City of SJDM, Bulacan

III-FF-0132/072

| | PROPOSED 2019 | BUDGET 2018 | ACTUAL 2018 |
|---|-------------------------|-------------------------|-------------------------|
| ASSETS: | | | |
| CURRENT ASSETS | | | |
| Cash on Hand | 19,793,505.40 | 15,963,900.00 | 20,031,764.15 |
| Cash and Other Cash Items | 3,000,000.00 | 3,000,000.00 | 2,269,498.77 |
| Cash in Bank | 190,000,000.00 | 191,000,000.00 | 149,547,296.52 |
| Cash in Cooperative | 37,000,000.00 | 90,600,000.00 | 41,930,019.82 |
| Petty Cash Fund | 30,000.00 | 18,000.00 | 30,000.00 |
| Cash Advances to Officers & Employees | 10,000.00 | 10,000.00 | 7,666.80 |
| Investment Short Term | 3,200,000.00 | 18,080,000.00 | 3,171,961.31 |
| Cash and Cash Equivalent | 253,033,505.40 | 318,671,900.00 | 216,988,207.37 |
| Loans Receivable | | | |
| Current | 1,436,582,179.91 | 991,730,750.00 | 1,111,891,768.33 |
| Restructured | 30,243,835.37 | 20,881,700.00 | 28,105,651.78 |
| Past Due-1-30days | 15,121,917.68 | 6,264,510.00 | 7,441,054.19 |
| -31-360 days | 30,243,835.37 | 25,058,040.00 | 20,254,201.89 |
| over 360 days | | | 210,923.70 |
| Loans Outstanding (Gross) | 1,512,191,768.33 | 1,043,935,000.00 | 1,167,903,599.89 |
| Allowance for Probable Losses on Loans | (51,169,124.60) | (40,923,000.00) | (42,729,124.60) |
| Net Loans Outstanding | 1,461,022,643.73 | 1,003,012,000.00 | 1,125,174,475.29 |
| Sales Contract Receivable | 12,000,000.00 | 12,000,000.00 | 9,043,746.05 |
| Less: Unrealized Gross Margin | (5,920,000.00) | (5,920,000.00) | (5,922,750.81) |
| Net Sales Receivable | 6,080,000.00 | 6,080,000.00 | 3,120,995.24 |
| Recble from Acctble. Officers & Employees | 310,000.00 | 310,000.00 | 128,830.02 |
| Accounts Receivable - Others | 7,130,000.00 | 558,000.00 | 5,178,002.11 |
| Prepaid Expenses | 499,400.87 | 592,550.00 | 517,400.87 |
| TOTAL CURRENT ASSETS | 1,728,075,550.00 | 1,329,224,450.00 | 1,351,107,910.90 |
| INVESTMENTS - LONG TERM | | | |
| Investments - Cooperatives | 48,000,000.00 | 28,350,000.00 | 48,530,455.87 |
| Investments - Banks | 12,000,000.00 | 39,130,000.00 | 12,037,226.67 |
| Investments- Others | 360,000,000.00 | 315,000,000.00 | 388,829,325.34 |
| TOTAL LONG-TERM INVESTMENTS | 420,000,000.00 | 382,480,000.00 | 449,397,007.88 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 3,000,900.00 | 2,000,900.00 | 2,000,863.39 |
| Land Improvements | 131,900.00 | 131,900.00 | 131,852.00 |
| Building | 14,850,000.00 | 15,600,000.00 | 13,706,831.70 |
| Less: Accumulated Depreciation | (7,415,000.00) | (8,306,000.00) | (7,270,175.95) |
| Building Improvements | 6,640,000.00 | 5,119,000.00 | 5,839,923.73 |
| Less: Accumulated Depreciation | (3,869,400.00) | (3,710,000.00) | (3,359,573.77) |
| Furniture, Fixtures and Office Equipment | 17,306,800.00 | 11,216,400.00 | 12,523,819.79 |
| Less: Accumulated Depreciation | (12,421,500.00) | (11,098,000.00) | (10,149,105.13) |
| Transportation Equipment | 9,200,000.00 | 7,900,000.00 | 6,926,022.39 |
| Less: Accumulated Depreciation | (3,303,000.00) | (5,267,600.00) | (3,123,179.93) |
| Leasehold Rights and Improvements | 697,000.00 | 697,000.00 | 697,252.68 |
| Less: Accumulated Depreciation | (697,000.00) | (697,000.00) | (697,243.68) |
| TOTAL PROPERTY AND EQUIPMENT | 24,120,700.00 | 13,586,600.00 | 17,227,287.22 |

PROPOSED STATEMENTS OF FINANCIAL POSITION 2019

| | PROPOSED 2019 | BUDGET 2018 | ACTUAL 2018 |
|---|--------------------------|-------------------------|-------------------------|
| OTHER ASSETS | | | |
| Computerization Costs | 5,403,750.00 | 5,403,750.00 | 6,588,254.67 |
| Other Funds and Deposits | 122,400,000.00 | 63,000,000.00 | 122,391,439.93 |
| Investment Property - Land | 12,730,000.00 | 12,730,000.00 | 12,730,000.00 |
| Investment Property - Building | 4,270,000.00 | 4,270,000.00 | 4,270,000.00 |
| Real & other Property Acquired | 58,000,000.00 | 71,900,000.00 | 62,002,661.42 |
| TOTAL OTHER ASSETS | 202,803,750.00 | 157,303,750.00 | 207,982,356.02 |
| TOTAL ASSETS | 2,375,000,000.00 | 1,882,594,800.00 | 2,025,714,562.02 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Deposits | | | |
| Savings Deposits | 489,454,781.49 | 357,670,000.00 | 369,346,353.79 |
| Time Deposits | 1,003,670,000.00 | 796,900,000.00 | 889,011,261.19 |
| Special Deposit | 4,459,000.00 | 3,038,000.00 | 3,545,708.10 |
| Tipid Movement | 133,400.00 | 133,400.00 | 133,419.06 |
| Savings Youthbee | 2,000,000.00 | 15,500,000.00 | 13,864,744.52 |
| Savings Smart Savers | 1,900,000.00 | 5,116,000.00 | 3,585,903.50 |
| Holiday Savings | 1,010,000.00 | 443,000.00 | 643,927.35 |
| Christmas Savings | 149,000.00 | 166,400.00 | 141,328.82 |
| Budget Savings | 9,332,000.00 | 3,700,000.00 | 2,741,580.67 |
| Health Savers Club | 177,800.00 | 114,400.00 | 137,133.48 |
| Happy Retirement Savings | 9,427,000.00 | 3,200,000.00 | 5,514,051.21 |
| Couple's Savings | 829,000.00 | 266,600.00 | 397,001.14 |
| Auto Debit Savings | 3,370,000.00 | 1,470,000.00 | 1,967,095.88 |
| Wellness Savings | | | 24,632.65 |
| Emergency Savings Fund | 216,000.00 | 14,000.00 | 108,196.63 |
| Future Education Fund | 201,000.00 | 108,000.00 | 617,236.22 |
| Kaya Savings Deposit | 108,000.00 | | 20,799.98 |
| Damay-Impok | 8,170,000.00 | 12,162,000.00 | 9,119,491.05 |
| Loans Payable Metrosouth | | | 13,391,188.33 |
| Accounts Payable | 4,250,000.00 | 3,550,000.00 | 5,325,932.73 |
| SSS/ECC/Philhealth Premium/loan Payable | 370,000.00 | 295,000.00 | 327,209.61 |
| Withholding Tax Payable | 200,000.00 | 200,000.00 | 165,532.81 |
| Interest on Share Capital Payable | 39,200,000.00 | 35,280,000.00 | 35,970,521.49 |
| Patronage Refund Payable | 16,800,000.00 | 15,120,000.00 | 15,415,937.78 |
| Due to CETF (Apex) | 2,645,000.00 | 1,985,000.00 | 1,983,959.08 |
| Other Payables | 1,810,000.00 | 1,085,000.00 | 1,975,651.84 |
| TOTAL CURRENT LIABILITIES | 1,599,881,981.49 | 1,257,516,800.00 | 1,375,475,798.91 |
| LONG-TERM LIABILITIES | | | |
| Revolving Capital Payable | | | 613,136.74 |
| Members Future Benefit Fund Payable | 3,000,000.00 | 200,000.00 | 4,466,956.53 |
| Retirement Fund Payable | 18,730,000.00 | 16,730,000.00 | 16,861,651.57 |
| TOTAL LONG TERM LIABILITIES | 21,730,000.00 | 16,930,000.00 | 21,941,744.84 |
| TOTAL LIABILITIES | 1,621,611,981.49 | 1,274,446,800.00 | 1,397,417,543.75 |

PROPOSED STATEMENTS OF FINANCIAL POSITION 2019

| | <u>PROPOSED 2019</u> | <u>BUDGET 2018</u> | <u>ACTUAL 2018</u> |
|--|--------------------------------|--------------------------------|--------------------------------|
| EQUITY | | | |
| Members' Equity | | | |
| Deposits for Future Subscription | 1,000,000.00 | 1,000,000.00 | 1,186,022.97 |
| Common Share Capital - Authorized Subscribed Share Capital - Common | | | 10,018,197.00 |
| Less: Subscription Receivable - Common Paid-Up Share Capital - Common | 585,186,000.00 | 468,079,700.00 | 474,552,700.00 |
| Treasury Share Capital - Common | | | (10,018,197.00) |
| Preferred Share Capital - Authorized Share Subscribed Share Capital - Preferred | | | |
| Less: Subscription Receivable - Preferred Paid-up Share Capital - Preferred | 71,500.00 | 71,200.00 | 11,500.00 |
| TOTAL MEMBERS' EQUITY | <u>586,257,500.00</u> | <u>469,150,900.00</u> | <u>475,750,222.97</u> |
| Donations and Grants | 507,200.00 | 499,700.00 | 507,200.00 |
| Donated Reserve | 734,900.00 | 734,900.00 | 734,903.14 |
| TOTAL DONATION AND GRANTS | <u>1,242,100.00</u> | <u>1,234,600.00</u> | <u>1,242,103.14</u> |
| Reserve Fund | 119,463,143.96 | 98,366,000.00 | 107,463,143.96 |
| Education and Training Fund- Local | 2,700,000.00 | 2,401,000.00 | 2,616,273.65 |
| Community Development fund | 3,714,876.68 | 2,685,500.00 | 6,814,876.68 |
| Optional Fund | 40,010,397.87 | 34,310,000.00 | 34,410,397.87 |
| TOTAL STATUTORY FUNDS | <u>165,888,418.51</u> | <u>137,762,500.00</u> | <u>151,304,692.16</u> |
| TOTAL EQUITY | <u>753,388,018.51</u> | <u>608,148,000.00</u> | <u>628,297,018.27</u> |
| TOTAL LIABILITIES AND EQUITY | <u>2,375,000,000.00</u> | <u>1,882,594,800.00</u> | <u>2,025,714,562.02</u> |

Proposed Statements of Operations 2019

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE
 San Pedro St., Poblacion I, City of SJDM, Bulacan
 III-FF-0132/072

| | PROPOSED 2019 | BUDGET 2018 | Actual 2018 |
|---|--------------------------|------------------------|------------------------|
| REVENUES: | | | |
| Interest Income from Loans | 125,270,000.00 | 110,270,000.00 | 112,325,660.66 |
| Service Fees,Filing Fees | 28,800,000.00 | 24,000,000.00 | 26,498,250.86 |
| Fines, Penalties and Surcharges | 18,707,000.00 | 16,380,000.00 | 22,141,409.39 |
| Other Loan Income | 7,200,000.00 | | |
| TOTAL REVENUES | 179,977,000.00 | 150,650,000.00 | 160,965,320.91 |
| EXPENSES: | | | |
| Financing Costs: | | | |
| Interest Expense on Deposits | 35,400,000.00 | 32,000,000.00 | 32,837,755.72 |
| Interest Expense on Borrowings | 1,500,000.00 | 1,200,000.00 | 1,037,747.00 |
| TOTAL FINANCING COSTS | 36,900,000.00 | 33,200,000.00 | 33,875,502.72 |
| GROSS INCOME | 143,077,000.00 | 117,450,000.00 | 127,089,818.19 |
| ADMINISTRATIVE COSTS | | | |
| Salaries and Wages | 21,590,000.00 | 17,850,000.00 | 17,171,506.20 |
| Employees' Benefits | 4,000,000.00 | 3,500,000.00 | 4,509,068.69 |
| SSS/ECC/Philhealth, Pagibig Contributions | 1,300,000.00 | 1,300,000.00 | 1,271,395.01 |
| Retirement Benefit Expense | 1,200,000.00 | 936,000.00 | 1,041,447.00 |
| Officers' Honorarium and Allowances | 910,000.00 | 700,000.00 | 600,000.00 |
| Training/Seminars/Conferences | 250,000.00 | 120,000.00 | - |
| Office Supplies | 2,400,000.00 | 1,800,000.00 | 2,481,945.65 |
| Power, Light and Water | 1,500,000.00 | 1,500,000.00 | 1,474,725.20 |
| Travel and Transportation | 800,000.00 | 550,000.00 | 695,574.95 |
| Insurance | 820,000.00 | 450,000.00 | 537,306.84 |
| Repairs and Maintenance | 760,000.00 | 750,000.00 | 519,879.32 |
| Rental | 420,000.00 | 132,000.00 | 495,789.47 |
| Taxes and Licenses | 100,000.00 | 120,000.00 | 143,433.49 |
| Professional Fees | 320,000.00 | 320,000.00 | 285,739.13 |
| Communication Expense | 700,000.00 | 650,000.00 | 672,141.14 |
| Representation | 500,000.00 | 432,000.00 | 481,780.00 |
| General Assembly Meeting Expenses | 1,800,000.00 | 1,250,000.00 | 1,560,206.25 |
| Meetings and Conferences | 1,850,000.00 | 1,130,000.00 | 632,016.35 |
| Bank Charges | 20,000.00 | 10,000.00 | 13,265.00 |
| Collection Expense | 7,450,000.00 | 6,315,000.00 | 7,529,702.16 |
| Litigation Expense | 100,000.00 | 100,000.00 | 5,000.00 |
| Affiliation Fees | 20,000.00 | 20,000.00 | - |
| Social Services Expenses | 100,000.00 | 60,000.00 | |
| Promotional Expenses | 1,700,000.00 | 1,600,000.00 | 1,950,064.49 |
| Periodicals, Magazines, Subscriptions | 42,000.00 | 35,000.00 | 9,820.00 |
| General Support Services | 1,100,000.00 | 1,100,000.00 | 1,067,000.00 |
| Member's Benefit Expense | 9,520,000.00 | 4,850,000.00 | 4,168,985.10 |
| Gas, Oil and Lubricants | 520,000.00 | 350,000.00 | 352,740.22 |
| Miscellaneous Expense | 5,150,000.00 | 2,350,000.00 | 4,118,893.11 |
| Depreciation and Amortization | 4,500,000.00 | 3,500,000.00 | 3,188,273.90 |
| Provision for Probable Losses on Loans | 28,435,000.00 | 25,850,000.00 | 25,850,000.00 |
| TOTAL ADMINISTRATIVE COSTS | 99,877,000.00 | 79,630,000.00 | 82,827,698.67 |

| | PROPOSED 2019 | BUDGET 2018 | Actual 2018 |
|---|--------------------------|------------------------|------------------------|
| OPERATING INCOME | 43,200,000.00 | 37,820,000.00 | 44,262,119.52 |
| ADD: Other Income | | | |
| Membership Fees | 2,400,000.00 | 1,280,000.00 | 547,800.00 |
| Income/ Interests from Investment | 19,000,000.00 | 19,000,000.00 | 18,624,444.67 |
| Miscellaneous Income | 600,000.00 | 600,000.00 | 275,623.32 |
| Other Income on Insurance | 5,300,000.00 | 4,400,000.00 | 3,819,232.56 |
| Other Income | 1,500,000.00 | 900,000.00 | 501,930.95 |
| Total Other Income | 28,800,000.00 | 26,180,000.00 | 23,769,031.50 |
| Net Surplus Before Project Subsidy | 72,000,000.00 | 64,000,000.00 | 68,031,151.02 |
| Add: Project Subsidy | | | |
| Less: Subsidized Project Expenses | | | |
| Net Surplus | | | |
| Add(Deduct) Extraordinary Items | | | |
| Gain or Loss on Sale of P & E | 8,000,000.00 | 8,000,000.00 | 5,247,106.27 |
| Gain or Loss on Investment | | | (25,000.00) |
| Gain or Loss on Foreign Exchange Valuation | | | 155,970.25 |
| NET SURPLUS (FOR DISTRIBUTION) | 80,000,000.00 | 72,000,000.00 | 73,409,227.54 |
| <i>Reserve Fund - Minimum of 15% of Net Surplus</i> | <i>12,000,000.00</i> | <i>10,800,000.00</i> | <i>11,011,384.13</i> |
| <i>CETF - 5% of Net Surplus</i> | <i>2,000,000.00</i> | <i>1,800,000.00</i> | <i>1,835,230.69</i> |
| <i>Due to CETF- (APEX)</i> | <i>2,000,000.00</i> | <i>1,800,000.00</i> | <i>1,835,230.69</i> |
| <i>Optional Fund - 7% of Net Surplus</i> | <i>5,600,000.00</i> | <i>5,040,000.00</i> | <i>5,138,645.93</i> |
| <i>Community Development Fund (3%)</i> | <i>2,400,000.00</i> | <i>2,160,000.00</i> | <i>2,202,276.83</i> |
| <i>Patronage Refund Payable</i> | <i>16,800,000.00</i> | <i>15,120,000.00</i> | <i>15,415,937.78</i> |
| <i>Amt.Available for Int. on Share Cap.</i> | <i>39,200,000.00</i> | <i>35,280,000.00</i> | <i>35,970,521.49</i> |
| Net Surplus (As Distributed) | 80,000,000.00 | 72,000,000.00 | 73,409,227.54 |

Audit Committee Report

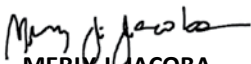
For the year **2018**, the Audit Committee devised an Annual Audit Program primarily focused on audit observations concerning policies and guidelines. We have implemented our monthly audit actions as planned; communicated and discussed with the management our audit observations together with recommended courses of actions; reported to the BOD audit findings and presented to them necessary measures to address the issues, including formulation of policies on certain areas of operations; and took notice of their positive reactions. Because of inherent limitations on any system of internal control, some weaknesses may not be detected. The following are the highlights of the result of our audit for the year 2018, to wit:

| AUDIT PROGRAM | |
|--|--|
| Audit of Cash Accounts | -Recommended the following measures: Drafting of clear-cut policy guidelines regarding limitation on the amount of disbursements thru cash and checks. Adhere strictly with policy re: Bank Reconciliation Statements. Operation Manual for Tellers should be furnished to Tellers for their easy reference. |
| Confirmation and Review of Loan Receivable Folders | -Review and evaluation if our present set-up does not compromise the internal control of check and balance re: appointment of Internal Audit in Credit Committee. -Formulation of policy guidelines re: Collection Notices. |
| Examination of Investments | -All necessary precautionary measures and careful evaluation were made before placement of investments. |
| Audit of Property and Equipment | -Reiterated our recommendation to designate/hire Property Custodian and to adhere strictly with Procurement Policy. |
| Audit of ROPA | -Draft specific guideline towards achieving the objectives as set forth in the procedures on the disposal of ROPA. |
| Audit of Deposit Liabilities | -Develop a policy that will strictly enforce confidentiality of Deposit Liabilities. |
| Audit of Share Capital | -Further study should be carried out re: limitation on Share Capital. |
| OTHER AUDIT ACTIVITIES | |
| Policy on Condonation | -To include compelling reasons/justifications as basis for granting of Penalty Condonation |
| Other Area of Operations | -Formulated and proposed the following policies/guidelines: Policy on Implementation of Social Services Programs/Activities Amendments on Advance Damayan Benefits Policy Guidelines on Officers Loyalty Incentives Policy on Audit Supervision of Internal Audit by Audit Committee Amendments on claiming of Meal Allowance Amendments on distribution of CETF and Cash Gift of Officers. -Attended Ad Hoc Committee Meetings: Utilization of Uniform allowance for Officers Formulation of Policy on Indefinite Leave Amendments - Advance Damayan Benefits Audit Supervision by Audit Committee Of Internal Audit |

2019 will be another challenging year for all of us. With strong determination of the management; wholehearted dedication of BOD and Officers; solid support of our members; and divine guidance of our Lord, we will be on the right direction towards achieving our ultimate vision- **"A world-class financial institution committed to serve"**.


VIRGILIO V. BERNARDO, JR
Chairperson


RUTH D. LIM
Vice-Chairperson


MERLY J. JACOBA
Secretary

Election Committee Report

Greetings to all SAN JOSE KOOP Members:

2018 was a great year for the ELECOM in serving San Jose Koop. We are proud to report the following accomplishments performed with happy hearts, untiring efforts and rational thinking :


- Conducted the 2018 Election of Officers attending on the lapses that happened on the previous election and resulted to :
 - Happy and contented BETs granted with additional allowance and uniform.
 - Special and extra care provided to Senior Citizens and PWDs
 - Employed the services of Lab Koop (youth members) involving them to voluntary services.
 - Utilized computer technology in the final canvassing of votes for faster and accurate results.
 - Overall result – we can vouch for a 97-99% success !
- Proposed amendment in the Qualification and Disqualification of Candidates was approved by the General Assembly, where the required share capital for elective and appointive positions are as follows:

| | | |
|---------------------------------------|---|------------|
| • Board of Director | - | P50,000.00 |
| • Board Treasurer & Secretary | - | 50,000.00 |
| • Audit Committee | - | 40,000.00 |
| • Election Committee | - | 40,000.00 |
| • Ethics/Mediation & Conciliation Com | - | 30,000.00 |
- Benchmarking trips to Local, National and International Cooperatives in improving our standards in holding clean, fair, peaceful, and well-organized election of Officers.
- Attended and participated all the cooperative's events, activities and community services.
- Studied and prepared some amendments to Election Code for approval of the General Assembly on March 31, 2019.
- Screened and approved the application of the 2019 candidates based on the updated Election Code:
 - 5 candidates for Director / 4 slots /vacancies
 - 2 candidates for Audit Committee / 2 slots/vacancies
 - 3 candidates for ELECOM / 2 slots/vacancies


We praise God for these achievements and with the continued support of the management, employees and staff, Officers and members, we anticipate for another fruitful year for San Jose Koop.

Lastly, we encourage all members to be active, exercise the right to vote, enjoy the benefits of being a Member in Good Standing (MIGS) and become the future leader of our cooperative.

“ TOGETHER, WE ARE STRONGER ! “


ENRIQUE G. ELFA
Chairman


NENENG C. CAMINO
Vice-Chairman


LAZARO G. DELA TORRE
Secretary

Credit Committee Report

Isang mapagpala at maligayang pagbati sa lahat ng mga kasapi, opisyales at kawani ng ating kooperatiba sa ating pagdiriwang ng ika- 31 taong Pangkahalatang Pagpupulong. Ang Credit Committee ay patuloy na gumaganap ng kanyang tungkulin sa pamamagitan ng paggawa ng mga polisiya ukol sa pagpapautang. Sa taong 2018, nakapagtala tayo ng humigit kumulang ₱1.40 bilyong pautang sa mga kasapi. Ito ay isasamison ng ating kooperatiba upang matulungan ang mga kasapi na mapaunlad ang kabuhayan sa tulong ng pagpapautang sa pinagsama-samang pondo ng ating kooperatiba.

Ang patuloy na pag-unlad at paglaki ng ating kooperatiba ay nakasalalay sa patuloy na pagsuporta at pagtangkilik ng mga kasapi ng ating produkto ng pautang at pag-iimpok. Tangkilikin po natin ang sariling atin sapagkat kasama tayo sa pag-unlad ng ating kooperatiba

Mabuhay ang San Jose Koop!!!

MGA NAIPAUTANG SA TAONG 2018

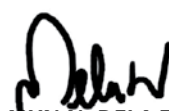
| TYPES OF LOAN | NO. | AMOUNT |
|---|---------------|----------------------|
| Cooperative Credit Line (Collateralized Loan) | 631 | 432,725,100 |
| House and Lot Acquisition Loan | 24 | 108,984,800 |
| Commercial Business Loan | 698 | 89,520,900.00 |
| Agri Finance Loan | 1,400 | 67,371,800 |
| Service Loan | 874 | 41,778,000 |
| Small Enterprise Loan | 4,730 | 190,257,200 |
| Providential Loan | 18,205 | 280,894,570 |
| Loans Against Deposit | 332 | 40,077,000 |
| Health Care Loan Assistance | 37 | 134,600 |
| Back to School / Christmas Loan / Loyalty Loan Assistance | 2,703 | 33,616,900 |
| Salary Loan | 717 | 49,301,000 |
| Transport Service Loan | 960 | 38,058,576 |
| Motor Vehicle / Motorcycle Loan | 88 | 25,079,856 |
| Total | 31,399 | 1,397,800,302 |



MARISSA C. PANTALEON
Chairperson



WILMA D. DE VERA
Vice-Chairperson



NYRALYN N. DELA TORRE
Secretary

Ethics Committee Report

Pagbati sa lahat ng kamay-ari.

Sa tuwing papasok ang Marso ay nakatakda ang ating TAUNANG PANGKALAHATANG PAGPUPULONG na hudyat na ating pagsama-sama at pakikiisa sa patuloy na pagsasagawa ng mga gawain ng ating kooperatiba.

Ang Ethics Committee ay patuloy sa pagsasaliksik ng mga paraan upang mapaglingkuran ang kabuuan ng ating mga kamay-ari. Naisasagawa ang buwanang pulong, naging bahagi sa isinangguning procedural manual checking ng mga ipinapatupad na in-house trainings at trainings na ibinibigay ng kooperatiba. Mararamdaman din ang pagsuporta ng Ethics Committee sa mga Social Services na gawain, gaya ng Gift-giving, Feeding at Tree Planting na pagbibigay halaga sa higit na nangangailangan, pagkalinga sa mga bata at kapaligiran.

Ang puso ng bawat kooperatiba ay ang Ethics Committee na pinapakiramdaman ang saloobin ang mga kamay-ari at ang kanilang mga pangangailangan. Sa kasalukuyang ay nasa proseso ng paggawa at pag-aaralang "Survey Form" na magiging kagamitan o tool nabasehan ng mga nais iparating ng mga kamay-ari. At kaugnay nito, ninanais ng komite na maihain ito sa Board of Directors at isasakatuparan kapag ito'y ganap nang sinang-ayunan.

Ang Ethics Committee ay bukas din sa mga panukala ng mga kamay-ari, iparating lamang po ito sa aming kaalaman sa pamamagitan ng pagsulat upang ito ay mapag-aralan at maaksyunan kung kinakailangan. Aming ipinapaalala na sa pamamagitan ang ating makalayuning pagpuna sa ating kooperatiba, kapwa kamay-ari, mga lider, namamahala at mga kawani ay pagpapakita ito na aktibo tayo sa larangan ng demokratikong pamamahala.

Ang pamamahala sa taong 2018 para Ethics Committee ay naging maayos. Walang natanggap o naitalang reklamo o punana may kaugnayan sa pamamahala at pagpapatupad ng ating mga alituntunin.

Pasalamat sa Panginoon ang nasa puso at isipan ng Ethics Committee sa patuloy Niyang pagpapala sa ating lahat. Hangad din po namin na umunlad pang higit ang kabuhayan ng mga kamay-ari at ito'y sa pamamagitan ng pagtanggap kilik ng mga serbisyo ng ating kooperatiba.

Maraming salamat at mabuhayangating San Jose Koop!



TEODOLFO A. CABUHAT
Chairperson



NANCY P. MAGNO
Vice-Chairperson



MICHELLE C. CRUZ
Secretary

Mediation Committee Report

Sa atin pong mga mahal na Kasapi at Kamay-ari:

Isang mapagpalang araw po sa ating lahat na naririto ngayong ika-31st General Assembly ngating San Jose Koop.

Ikinagagalak po naming ipabatid sa inyong lahat na ating mga Kasapi, nasa ilalim po ng aming Komite (MEDCOM) ay wala pong na-ihain na anumang di pagkaka-unawaan na dapat pagitnaan ng Komite nitong nakaraang taon ng 2018.


At para po sa patuloy na pagpapa-unlad ng kaalaman ng na uukol para sa aming Komite, kami po na bumubuo sa ilalim ng Komite na ito ay patuloy pa rin pong dumadalo sa ibat-ibang Trainings and Seminars. Gayun din sa pakiki-isa sa mga Civic Program na ginagawa ng ating San Jose Koop sa ibat-ibang lugar na abot ng ating Kooperatiba.


Marami pong salamat at umaasa po kayo na patuloy po naming gagampanan ang aming mga tungkulin sa ilalim ng aming Komite upang mas lalo pa naming kayong mapaglingkuran.

“TOGETHER WE ARE STRONGER”

Mabuhay po tayong lahat.

“GOD IS WITH US”


EUSEBIO E. GERMAN
Chairperson


CAROLINA B. ISRAEL
Vice-Chairman


CHRISTOPHER B. VICENTE
Secretary

Education Committee Report

I. PRE-MEMBERSHIP EDUCATION SEMINAR (PMES):

Schedule of PMES at Main Office and Other Satellite Offices:

From Mondays to Fridays : 8:00 to 5:00 PM
Saturdays : 8:00 to 12:00 PM

Total PMES Attendees 2018 - 3,240

II. MGA BILANG NG KASAPIAN PARA SA TAONG 2018:

| <i>URI NG PAGIGING KASAPI</i> | <i>BILANG NG KASAPIAN</i> |
|-------------------------------|---------------------------|
| Regular Member | 33,345 |
| Associate Member | 1,362 |
| Youth Bee Savers | 2,515 |
| Smarteens Savers | 651 |

III. TRAININGS AND SEMINARS CONDUCTED / ATTENDED – 2018:

| Date | Title of Seminar/Workshop Attended |
|----------------------|--|
| January 23-24, 2018 | Seminar on Audit Management |
| February 10, 2018 | The New Tax Reform Acceleration and Inclusion (TRAIN) Program |
| February 6-7, 2018 | KAYA Platform Seminar |
| February 13-15, 2018 | Workshop on Risk Management Infrastructure |
| February 23, 2018 | PCDC Assessment and Planning Workshop |
| February 24, 2018 | Tax Reform Summit |
| March 10, 2018 | MikroTik Training Basic & Fundamentals Mikrotik |
| April 26-28, 2018 | PFCCO 16th Annual General Assembly and Seminar |
| May 9-10, 2018 | Seminar on Coop Accelerate: A Leadership Plus Series by CLIMBS |
| May 18, 2018 | Invest Bulacan Launching & Forum |
| May 31, 2018 | Marco Tool Training |
| June 6-7, 2018 | Credit Investigation and Verification Course & Seminar-Workshop on Appraisal of Real Estate, Machinery and Equipment |
| June 4-8, 2018 | Seminar Magic on Software's XPA/RIA Mobile Technology |
| June 7-8, 2018 | National Youth Workshop |
| June 10-16, 2018 | 23rd Development Education Training in Thailand |
| June 20-21, 2018 | Fundamentals of Cooperative Seminar |
| June 27-29, 2018 | Seminar on Executive Series 1 |
| July 11, 2018 | Seminar on Data Privacy Act |
| July 15-19, 2018 | WOCCU Summit in Singapore |
| August 14, 2018 | Wealth Management Forum |

EDUCATION COMMITTEE REPORT

| | |
|---------------------------------|---|
| August 16 - 17, 2018 | GAD Seminar Workshop |
| August 30, 2018 | Seminar on Professional Collection Skills Enhancement |
| August 23 - 24, 2018 | Stress Management Seminar |
| August 28, 2018 | Seminar on SSS Benefits |
| September 13-15, 2018 | Asian Credit Union 2018 (Rekindling Raiffeisen's Ideologies in the Heart of Every Credit Union) |
| September 20-21, 2018 | Basic Accounting & Bookkeeping for Non-Accountants Workshop |
| September 27-29, 2018 | Credit Union CEO Competency Course |
| October 3-5, 2018 | KOOP Summit at Davao |
| November 9-10, 2018 | Training on Gender Analysis and Planning for the Gender & Development (GAD) Committee of Co-ops |
| November 13, 2018 | Effective Policy Formulation and Policy Development |
| November 17 & 24, 2018 | Workshop on the Customer Relationship Management Seminar |
| November 29, 2018 | Owners Forum & Seminar on Blockchain Technology |
| November 25 to December 1, 2018 | 24th Development Education Program in Thailand |
| December 15, 2018 | Seminar on Entrepreneurial Marketing |

- IV. At dahil sa maayos na pamamahala at matagumpay na paglago ng San Jose Koop at bilang isa sa mga ACCESS BRAND Silver Cooperative dito sa ating bansa at sa buong Asya, mapalad tayo sapagkat patuloy tayong kinikilala ng ibang kooperatiba at mga unibersidad at kolehiyo sa buong kapuluan ng ating bansa at kanilang pinipili ang ating Kooperatiba upang magdaos ng Lakbay-Aral 0 "Bench Marking". Ang mga sumusunod ay ang mga kooperatiba, Unibersidad at Kolehiyo na bumisita at pinag-aralan ang takbo at pamamalakad ng San Jose Koop:

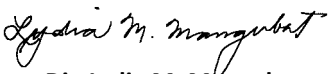
| Pangalan ng Kooperatiba/Unibersidad/Kolehiyo | Petsa |
|--|------------|
| ➤ Colegio De San Gabriel | 01-09-2018 |
| ➤ MANATAL MPC | 01-24-2018 |
| ➤ PUP Sta. Mesa | 03-09-2018 |
| ➤ PUP Quezon city | 03-09-2018 |
| ➤ SAMAKA MPC | 09-04-2018 |
| ➤ ACCU Visit | 09-19-2018 |
| ➤ PCU – DAVAO | 10-19-2018 |
| ➤ KING MPC | 11-16-2018 |
| ➤ San Isidro Labrador Parish MPC of Valenzuela | 11-19-2018 |
| ➤ TUBAO Credit Cooperative | 11-28-2018 |

Patuloy po tayong magtulong-tulong upang palakasin at palaguin ang San Jose del Monte Savings and Credit Cooperative (SJDMSCC) sapagkat wala pong imposible na ating maabot ang lahat ng ating minimithi at ninanais kung tayo ay patuloy na magsasama-sama at patuloy na magtulongan para sa ating samahan. At gaya ng ating tag line "Together We are Stronger".

Mabuhay ang ating samahang San Jose Koop at hangad namin ang tagumpay ng bawat kasapi at ng ating pamayanan.


Vice Chair, Richard E. Avena
Chairperson of EDCOM


Dir. Jovita V. Mateo
Member


Dir. Lydia M. Mangubat
Member

Operational Plans 2019

| BSC Code | Key Area (Based on Suggestions/ Recommendation) | Actions/Steps | Responsible Person/s | Time Table | Performance Target |
|----------|--|---|---|---|--|
| LG1 | Succession Plan and Leadership Development Program | <p>To formulate and adapt Succession Plan and Leadership Development Program</p> <p>Continuous education for department head and assistant levels</p> <p>Quality trainings and seminars for skills development</p> <p>Free in-house seminars on mandatory trainings</p> | Board of Directors – Governance Com. Admin. | | <p>Approved Succession Plan and Leadership Development Program for Implementation</p> |
| LG2 | Job Descriptions | To review and improve job descriptions. Competency based job description. | HR | Dec. 2018 | Competency Job Descriptions put in place Performance Management System is institutionalized integrating compensation and rewards system includes Aptitude examination or Psychological Test implement what is on the policy (example forms and letters Guidelines Performance Evaluation link to incentives and bonuses. must be understood and accepted by staff includes short courses with corresponding year of service. Payroll system on attendance and late |
| LG3 | Performance Management System | To institutionalize PMS and link it with compensation and rewards system INCENTIVES SHOULD BE BASED ON PERFORMANCE | HR | | |
| LG4 | Human Resource and Management | <p>Review Policy on Hiring Process, Employment Administration, Terms and Conditions, Benefits, Code of Discipline</p> <p>Outsource Psychometrician</p> <p>New Employees Handbook Personal Talk with each Employee</p> <p>Upgrade payroll system</p> | HR | April 2019 | |
| LG5 | Trainings and Seminars | <ul style="list-style-type: none"> • General <ul style="list-style-type: none"> ○ Fundamentals ○ Leadership ○ Values Re-orientation – ○ Financial Literacy ○ Customers Care ○ Personality Development • Technical Training <ul style="list-style-type: none"> ○ Basic Accounting Course ○ Joy at Work (Stress Management) ○ Auto CAD ○ Business Correspondence ○ Strategic Marketing ○ Social Media/Digital Marketing ○ Counterfeit Detection (yearly) • Special Training for Credit & Collection <p>Conduct seminars Re: Med-com for all staff especially in Credit and Collections To conduct seminars/training related to mediation and conciliation</p> | <p>HR</p> <p>Credit & Collection SOO HR MSBDO</p> | <p>February 2019 April 2019 May 2019</p> <p>July 2019 Quarterly</p> <p>August 2019 September 2019 } As per request January 2019</p> | Service Delivery to Members |
| LG6 | Officers and Employees Benefits | <ul style="list-style-type: none"> • Review Retirement Benefits of Employees (increase) • Review Salary Gap • Employees Hospitalization – Change Health Card Provider. (Php 10,000.00) • Yearly Outing (overnight) • Employees Day/Team Building (Twice a year) | HR | <p>April</p> <p>May -October</p> | |

OPERATIONAL PLANS 2019

| | | | | | |
|------|--|---|--|---|---|
| LG7 | Property Custodian | <ul style="list-style-type: none"> Job description should include all work related to proper handling and management of records pertaining to coop properties and equipment Full implementation of procurement policy | HR | | <p>Physical Inventory/Tagging of property and equipment</p> <p>Proper records keeping-property and equipment; and accountable forms</p> <p>Centralized procurement system</p> |
| LG8 | Clear job description of CI and Collectors | <ul style="list-style-type: none"> In-depth study should be made to assess present set-up | HR | | |
| LG9 | Office hour | 5-day work | HR | | <p>To maximize the use of ATM machine</p> <p>To promote KAYA payment platform</p> <p>To minimize energy consumption</p> <p>To motivate employees Learning Session</p> <p>To institutionalize and monitor board operations calendar</p> |
| LG10 | Board Operations Calendar | <p>Implementation based on policy</p> <ul style="list-style-type: none"> Monthly activities to be conducted by the Board of Directors to maintain good governance and development. | <p>Admin</p> <p>Governance and Risk Mgmt Committee</p> <p>Board of Directors</p> | | |
| LG11 | Ethical Standards and Policies | Lakbay-aral/Benchmarking with selected coops in coordination with EDCOM | Ethics Committee (All members) | January to March | |
| LG12 | Additional manpower | Hire 2 additional staff for MSBDO | BOD, CEO, Admin & MSBDO | 1 st Quarter of 2019 | <p>To identify the office and field worker</p> <p>This additional staff shall handle the new accounts, KAYA accounts, filing and processing of insurance, SKYLAB Coop new accounts, Encoding, filing, handle the survey, etc.</p> |
| | | Hire additional Teller Replacement of Asst. SOO | H.R./SOO-SP | <p>January 2019</p> <p>1.35M S & W</p> <p>20 K Computer w/ Printer</p> <p>45K Insurance</p> <p>55K Bill Counter</p> <p>12 K Sig. Pad Camera</p> <p>135 K Members Id Printer</p> | Service Delivery to Members |
| | | <ul style="list-style-type: none"> Additional one teller and one loan clerk | SOO-TM | January 2019 | <p>For faster processing of loans of new members and approving CCL loans, etc.</p> <p>In-charge for the daily collection on market loans and delivery of demand letters .</p> <p>To address growing number of transactions. (with at least a thousand members added every year in Tungko Office.</p> <p>Shortening the waiting time of members to finish transactions.</p> <p>New accounts-regular membership, Skylab, KAYA, health card, family insurance</p> <p>Cash voucher of loans, petty cash, cash position, cash position report, daily aging of receivables.</p> <p>To prepare collection letters of delinquent borrowers.</p> |

| | | | | | |
|-------------|---|--|---|---|--|
| | | <ul style="list-style-type: none"> Additional 2 staffs one staff | SOO-San Vicente SOO-Caypombo | | For marketing Collector/ Mktg. Staff) |
| LG13 MC1 | Staff Reshuffling Intensive Membership Recruitment | <p>Devolvement of Duties and Responsibilities of Satellite Employee</p> <ul style="list-style-type: none"> Identify groups and associations to conduct orientation. And rigid follow up after the PMES. Intensify the Member Get Member Program inform all members thru ads or social media and provide additional incentives to those who recruited 10 members every month and provide quarterly raffle to all members who participated in the program. Professionalize the San Jose Koopinator by providing them a marketing training on how to develop their skills in recruitment, and provide additional incentive to motivate all members to be part of San Jose Koopinator's team. Explore and expand the use of social media and live video we can invite members and share their experiences about San Jose Koop thru this we can promote the San Jose Koop worldwide and encourage them to be part of San Jose Koop. Conduct orientation on cross-selling and up-selling to all front liners of San Jose Koop. Create bundle of products and services based on member's needs. Consider the services provided by HVS Collection Agency in member's and borrowers recruitment. | <p>Admin/SOO-SP</p> <p>MSBD Officer/Marketing Staff</p> <p>Chief Officer MSBDO/MSBD</p> <p>Chief Officer MSBDO/MSBD</p> <p>MSBDO / MIS / Admin and Office of the CEO</p> <p>MSBDO / Admin</p> <p>MSBDO</p> <p>BOD/CEO/MSBDO</p> | <p>March 2019 370K Stationaries</p> <p>January 2019</p> <p>Jan 2019</p> <p>Jan 2019</p> <p>Mar 2019</p> <p>Feb 2019</p> <p>Jan 2019</p> <p>Jan 2019</p> | <p>Increase Membership up to 30 %</p> <p>2019 Target Main Office and San Vicente: =10,000 or 834/mo. members</p> <p>2019 Target Tungko SP Caypombo: = 4,680 or 389/mo. per satellite office</p> <p><i>Based on Road Map Year 2019 which is 57,000</i></p> <p><i>20 Koopinators (Main Office)</i></p> |
| | Caypombo | <ul style="list-style-type: none"> Facebook Business Manager Focus on group membership recruit additional KOOPINATOR per group Invites schools to join SKYLAB <ul style="list-style-type: none"> TODAs(Jan- March) Schools (April –June) Private/public offices (July – Sept.) Household (Oct. –Nov.) | Membership committee SOO-CAYPOMBO MSBDO/marketing specialist(outsourcing) Insurance Specialist | Mar 2019 All Year Round | 390 members a month = 4,680/year |
| | To attain membership target which is 4,680 a year and 390/month | <p>To include membership generation of employee in the performance evaluation.</p> <p>To target at least 12 brgys. A year or 1 Brgy./month to endorse the presence of San Jose Koop in the community for house to house Campaign</p> <p>Designate Tuesday to Friday as Cooperative Marketing Day that include Flying seeking prospective borrowers and new members</p> <p>To attend General meeting of Federation Organization present in the area of operation</p> <p>Flyer distribution in offices for repayment of utility bills</p> <p>Include SOO in the delivery of the DAMAY IMPOK benefits of Members in the covering area of Satellite Office .</p> <p>Scout Area Koopinators- 12 AK</p> | <p>SOO-SP/Admin</p> <p>SOO-SP/Asst. SOO</p> <p>SOO-SP/Asst. SOO</p> <p>SOO-SP/Asst. SOO</p> <p>SOO-SP</p> <p>SOO-SP/Admin</p> <p>MSBDO,SOO-SP</p> | <p>May 2019 and November 2019 But will be monitored monthly</p> <p>January 2019</p> <p>P500 and umbrella/Brgy. 6K/year</p> <p>February 2019 Digicam- 5000 Portable Doc.t Scanner 4K Fuel 48,000 Oil 30,000</p> <p>February 2019 RAFFLE Prices 300/meeting</p> <p>February 2019 40,000</p> <p>January 2019</p> <p>Jan – Mar 2019</p> | <p>Increase in the membership generation of previous year thus generate membership close to target. Attain membership target of 40%</p> <p>Saturate our Area of Operation of at least 35%</p> <p>30 members/ organization</p> <p>Serve as SOO entry point for Marketing</p> |
| MC2 | Membership Growth (Tungko Office) | <ul style="list-style-type: none"> Recruitment Of New Members Information Dissemination Tarpaulin On Every Barangay Hall | <p>SOO – TM BRANCH</p> <p>SOO-TM/MSBDO</p> | <p>Jan- Dec. 2019</p> <p>March – December 2019</p> | <p>4680 New Members – 390 Per Month</p> <p>20 Barangays</p> |

OPERATIONAL PLANS 2019

| | | | | | |
|-----|----------------------------------|--|--|---|---|
| | | <ul style="list-style-type: none"> Flying – Markets And Subdivision; Member-Get-Member – Spouses And Relatives (Based On Number Of Borrowers -2018) Store Signages For Member's Busines KOOPDINATORS | <p>SOO-TM/MSBDO</p> <p>SOO-TM/ALL SATO STAFFS</p> <p>SOO-TM/MSBDO</p> <p>SOO-TM/MSBDO</p> | <p>Jan – December 2019</p> <p>Jan – Dec 2019</p> <p>Jan – Dec. 2019</p> <p>Jan – Dec 2019</p> | <p>2 Brgys Per Month</p> <p>At Least Once A Month</p> <p>2400 New Members – 200 Per Month</p> <p>12 Signages 1 Per Month</p> <p>12 Koopdinators- at Least 1 Per Month</p> |
| MC3 | Aggressive Insurance Campaign | <ul style="list-style-type: none"> Distribution of pamphlets to members with San Jose Koop History, principles and values. Join with the PMES to introduce the insurance products. Provide CAC & Claims Training to Main and Satellite Office front liners together with the San Jose Koopdinators Encourage other COOPs within San Jose del Monte and other nearby towns to patronize our insurance products, and coordinate to the City Cooperative Development Office to get names of registered coop. Include or incorporate the 5 years car insurance in monthly payment for car loan and 2 years for motorcycle loan. Optional CLPP insurance in time deposit loan and back to back loan. | <p>MSBDO</p> <p>Admin</p> <p>Insurance Clerk</p> <p>MAIN, SOO, MSBDO</p> <p>Insurance Clerk, MSBDO</p> <p>MSBDO & Loan</p> | <p>All Year Round</p> <p>All year round</p> <p>April - June of 2019</p> <p>1st quarter of 2019</p> <p>February of 2019</p> | <p>To increase insurance income up to 20%</p> <p>2018 Target: P 4.3M</p> <p>2019 Target: P 5.3M insurance from loans</p> <p>Monthly Target: P 440K</p> <p>Other insurance products:</p> <p>Health Card CISP (P3,600) – 1,000 CLIMBS (P2,000) – 1,000</p> |
| MC4 | Create Business Directory | <ul style="list-style-type: none"> All front liners including satellite offices must encourage member to fill out the business directory form. All filled out form will be compiled by the new MSBDO staff Distribute koop fan Launch love month raffle Conduct members' recollection (spiritual nourishment program) Medical clinic Quarterly eye check-up and cataract operation Koop Bazaar/Tiangge and other agricultural products Members exposure program like agriLink and benchmarking Trainings and seminar | All front liners, MSBDO | January 2019 | This is to identify the existing business of member and for easy linkages |
| MC5 | Marketing Program | <ul style="list-style-type: none"> Taking notes of day-to-day problems encountered-management Suggestion boxes-members review/assess if present work force can sustain operation efficiently and effectively Financial advises on cluster meetings Improvement of physical facilities Tie-up with malls for more accessible collection/payment facilities Members Testimonials | <p>Membership Committee</p> <p>MSBDO</p> <p>Admin</p> | <p>All Year Round</p> <p>February 2019</p> <p>April 2019</p> <p>May 2019</p> <p>March 2019</p> <p>May 2019</p> <p>October 2019</p> <p>Quarterly</p> | <p>Solutions/Corrective measures and actions</p> <p>Immediate attention, strong, effective and efficient organizational set-up</p> <p>Inclusion in cluster meeting programs</p> <p>Member Friendly facilities</p> <p>More collections/payments facilities</p> |
| MC6 | Members-Customers Relations | <ul style="list-style-type: none"> Application of Members Classification tool Telephone system- members verification Simplify loan process and modify forms Review incentives of members classification | <p>Credit & Collection</p> <p>Credit & Coll. Com.</p> <p>MSBDO</p> <p>Credit Com</p> <p>SOO</p> | | Members Satisfaction |
| MC7 | Member's Satisfaction Evaluation | | | | |

OPERATIONAL PLANS 2019

| | | | | | |
|------|--|--|---|---------------------------------|--|
| MC15 | Physical Infrastructure-Building and Office space | CR Renovation(Main) Stock Room and Filing Room (P500K) Extension of 2nd flr Covered Parking area and Expansion (1 st qtr) <ul style="list-style-type: none">Fire Exits | <ul style="list-style-type: none">Admin Dept.BOD (Building Com.) CEO | | Excellent Physical infrastructure |
| MC16 | General Assembly Meeting | 1. List of METV 2. Verification of ISC & Patronage Refund Report 3. Amendments of AOC & BL To be held at least twice a year – San Jose Covered Court | IA, Elecom& Audit Committee | February 2019 | |
| MC17 | Cluster Meeting | Minuyan Sports Complex | Education Committee MSBDO Admin | August and September | |
| MC18 | Random visit to delinquent borrowers | House to house visit/ monitoring of delinquent borrowers | Credit committee/ MEDCOM | One (1) year | 1st Quarter 2019 |
| IBP1 | Promote San Jose Koop Partners | <ul style="list-style-type: none">Provide Monitor or LED TV for partner presentation.Provide signage desk to all partners for them to be identified as our partner.Include their names in some of our marketing materials like calendars, masakap, coop primer and even in the bulletin board or provide tarpaulin for them to be recognized by our members. | MSBDO, Admin, SOO, CEO MSBDO, Admin MSBDO, Admin, BOD | 1 st Quarter of 2019 | Target: 12 New Partners for 2019 |
| IBP2 | Satellite and Branches | <ul style="list-style-type: none">Establishment of Coop Satellite Offices in 2019 - Florida Villas, Muzon - Road 2, MinuyanEnhancement of 2 satellite offices(TM and SP)Installment of Bayad Center in | Branching-Out, Business Expansion and Partnership Committee | | To provide quality service and extend convenience and accessibility to all members. |
| | | Caypombo Satellite Office for members' accessibility of payment services and to increase membership | | | |
| IBP3 | Branching Out/Satellite Office (Halang) | <ul style="list-style-type: none">Put up Bayad CenterSeminars to cross sell & upsell Products & services of Koop. | Finance | Jan. to Dec. 2019 | Membership - 360 (50% Increase from 2018 Target) Loans – P 63.3M Collections – P40.5M Deposits – P43.2M (20% increase from 2018 target) |
| IBP4 | Maximize utilization of financial resources – Branching Out ROPA Diversification | <ul style="list-style-type: none">Comprehensive study re-satellite office to branch officeScouting/Survey for prospective locationsFormulate policy for systematic & effective disposalRegular auction scheduleUse all means to invite prospective buyersConduct feasibility study regarding conversion into multipurpose coopSubsidiary coop for business expansion | | | Result of Study Branching Out Proposals Approved policy and guidelines Set target Result of Study |
| IBP5 | Strengthening Collection Efforts | <ul style="list-style-type: none">Duplicate collection efforts by Collection Agency for a better coll. PerformanceReview set-up re-collectors and credit investigators job description | | | Reduce Accounts Turned-Over To Collection Agency Separate Collector And C.I. Job Description |
| IBP6 | Intensify marketing and sales activities for KAYA payment platform | <ul style="list-style-type: none">Provide free access on WI-FI for KAYA enrollees to easily download the apps, | MIS, MSBDO, Admin | January 2019 | To increase the KAYA enrollees up to 10% |

| | | | | | |
|-------|---|---|---|--|---|
| | | <p>so our staff can guide and teach them.</p> <ul style="list-style-type: none"> • Create advertisement thru AVP showing how to use the KAYA Payment Platform. • Provide flyers, primer on how to use and where can it use. • Explore and expand the use of social media for advertisement to promote KAYA Payment Platform Like: Website & Facebook Page • Distribute all marketing materials in all satellite offices | <p>MSBDO, Admin, MIS</p> <p>MSBDO, Admin</p> <p>MSBDO , MIS, Admin</p> | | <p>2019 Target: 250 Accounts – Main 100 Accounts each SP, Tungko, Caypombo</p> |
| IBP7 | Regular installation of business signage | <ul style="list-style-type: none"> • Identify areas of jurisdiction of Main Office and Satellite Offices to know their boundaries. • Each satellite offices and main office should set an individual target. • Identify outsource workers for signage delivery and installation. • Assign appropriate service vehicle for signage delivery and installation | <p>BOD, CEO, SOO, MSBDO, Admin</p> <p>BOD, CEO, SOO, MSBDO</p> <p>MSBDO, Admin</p> <p>MSBDO, Admin</p> | January 2019 | <p>Target: 20 per month Or 240 for year 2019</p> |
| IBP8 | Member's Benefit | <ul style="list-style-type: none"> • Partnership and linkages with Sta. Maria Business owners Like hospitals, restaurants, schools and others at least 6 partners for 2019 • Conduct a community project to Caypombo Satellite office twice a year. | <ul style="list-style-type: none"> • BOD • SOO-Caypombo • MSBDO • BOD Comm | <p>Jan to June</p> <p>May and Oct</p> | |
| IBP9 | CASAL System Manual | Created system Manual Upgrading of system | MIS | December 2018 | Upgraded system |
| IBP10 | Increase the control and functionality of CASAL | <p>Develop controls over users transacting on their own account and immediate family members (up to 1st degree by consanguinity and by affinity)</p> <p>Improve password strength, require user to change password every month</p> | MIS | All year round | |
| | | <p>Develop override for accounts</p> <p>Improve other functions of the platform.</p> | | | |
| IBP11 | Continuous development of 3 platform: CASAL Payroll SKYLAB Audit Services | <p>Improve functionality and security of the 3 platforms.</p> <ul style="list-style-type: none"> • Conduct coordinated audit thru implementation of policy on Audit Supervision of Internal Audit Dept. by Audit Committee • Joint effort in monitoring of plans and programs; ACCESS recommendations and Risk Mitigation Programs | <ul style="list-style-type: none"> • MIS | All year round | Organized/Coordinated audit approach and reporting |
| IBP12 | | | | | |
| IBP13 | Risk Mitigation Program | <ul style="list-style-type: none"> • At least once a year workshop | | | |
| IBP14 | High Risk Areas determined per risk register workshop | <ul style="list-style-type: none"> • Formulate policy on areas without existing policy • Amend existing policy/ies to cope with mitigation to cope with mitigation programs • Formulate risk mitigation programs | | | Approved new and amended policies Risk Mitigation Programs |
| IBP15 | Regulatory Compliance | <ol style="list-style-type: none"> 1. Renewal of Business Permits – CSJDM & Sta. Maria 2. Gov't Remittances (SSS, Pag-ibig, Philhealth & BIR) 3. CDA Reports (CAPR, Social & Performance Audit) <p>CISA/ Data Privacy Officer</p> | <p>SOO, Admin & Internal Audit</p> <p>HR, Acctg. & Internal Audit</p> <p>Accounting & Internal Audit</p> <p>Loans & MIS</p> | <p>On or before January 20, 2019</p> <p>Monthly before due date</p> <p>On or before April 30, 2019</p> <p>Planning</p> | |
| IBP16 | Risk Management | <ol style="list-style-type: none"> 1. Monitoring of Risk Programs 2. Monitoring of Policy Manuals 3. Regular review of Board Minutes & Committee Meetings 4. Cash count at Main Office 4. Checking of Daily Transactions <p>Chief Risk Officer(CRO) is tasked</p> | <p>IA & Audit Committee</p> <ul style="list-style-type: none"> • <p>Admin</p> | <p>} Monthly</p> <p>Daily</p> <p>Whole year round</p> | To develop a risk culture |

OPERATIONAL PLANS 2019

| | | | | | |
|-------|--|---|--|--------------------------|--|
| | | assessing and monitoring of risk factors. | Governance and Risk Mgmt Committee | | that is communicated and understood throughout the institution. |
| IBP17 | ACCESS Monitoring | <ol style="list-style-type: none"> Quarterly Validation of Self Rating Monitoring of ACCESS Findings & Recommendations Monitoring of Annual Plans & Programs Checking of Community , GAD & Member's Benefit Programs Monitoring of Member's Satisfaction Survey | IA & Audit Committee | } Quarterly } Monthly | |
| IBP18 | Policy Formulation | Policy draft must be done by the management after the first committee meeting, to be presented on the second meeting and approval of policy on Board Meeting. | Admin Governance and Risk Mgmt Committee | Whole year round | |
| IBP19 | Governance Policy | Continuous monitoring of the implementation of the Coop Governance Policy | Ethics Committee HR | All Year-Round | |
| F1 | Transfer all Youthbee and Smarteens account to SKYLAB COOP and intensify the promotion | <ul style="list-style-type: none"> Send letter or text blast to inform all depositor Duplicate the SKYLAB system in all satellite offices to accept new member and to fully operate the SKYLAB Coop program. Intensify promotion to aware the community about SKYLAB Coop Sponsor a league like CSANPRISSA to promote San Jose Koop and SKYLAB Coop Provide SKYLAB id and tie up with partners for discounts. Install template to identify all schools who participated on the SKYLAB Coop programs Create an award for the most financial | <ul style="list-style-type: none"> Skylab Specialist, CI/Collector MSBDO, SOO, MIS MSBDO-Tom BOD, MSBDO, Admin MSBDO MSBDO BOD, CEO, MSBDO, Audit Comm. | Early January 0f 2019 | Target: Additional – 2,000 Members at the end of 2019 |
| | | literate school and this is based on the total number of students who joined the program and the total amount of deposits per school | | | |
| F2 | Loan Portfolio Profitability Loyalty incentive Discount New Loan Products Comparative Test Flexible Interest Rates | <ul style="list-style-type: none"> Increase max exposure for new regular loan members up to P50K Increase loan exposures: <ul style="list-style-type: none"> Regular Loans - up to P 300K w/ PDC Christmas Loan/LOLA - up to P50K, term of payment up to 6 mos. MSOLA/RCOL – up to 300K/500K COMBLA – 700K Education Loan – up to 50K Farming Loan – up to 20K Develop new loan product referring to RA 11057 personal Security Act Assigned Account Specialist that will handle and monitor CI/Collector Streamlining of loan process Introduce loyalty base approach on loans and deposits Design products best suited to members' needs Analyze competitiveness of our current pricing Review document requirements on loan applications Formulate policy empowering management to negotiate interests Continuous text blast | | | 2019 TARGET LOAN RELEASES– P1,600 B New Loans – 600M Main – 430 M Tungko – 80M SP – 80M Caypombo – 10M Renewal – 1B Main – 700M Tungko – 140M SP – 140M Caypombo – 20M Table/Schedule of interest based on loyalty-loans and deposits New Loan Products Comparative Data |
| | | Loan Application thru phone | Credit and Collection SOO-SP MSBDO | | Target Loan Releases – 220 M Target Collections – 209 M Target Deposits – 144 M or 12 M Target KAYA – 100 acct/yr. Target Share – 23.4 M Health Card CISP - 100 CLIMBS - 100 |

| | | | | | |
|----|--|---|---|-------------------|---|
| | Improve Loan Portfolio | <p>Same Day Releases For Loan Renewals</p> <p>Allowed Letter Of Authorization For Getting Loan Application For Renewal</p> <p>For Members That Are Government Employees</p> <ul style="list-style-type: none"> Loans, Collection and Delinquency Policies must be reviewed and revisited thoroughly to ensure compliance, give guidance for decision-making, and streamline internal processes. | SOO-TM | | <p>Help To Contribute In Attaining Set Loan Releases For The Year</p> <p>To Maintain Higher Loan Portfolio</p> <p>To Make Loan Renewal Faster.</p> <p>To Increase Loan Portfolio</p> <p>We should set in the guidelines the 20% loanable amt. of the appraised value only. For limited no. of years</p> |
| F3 | Reduce Delinquency | <ul style="list-style-type: none"> Orientation for First Time Borrowers Before Release of Loan Review policy on collections Additional courier Regular meeting with the Credit and Collection (formerly Delinquency Committee) Regular endorsement to Legal Counsel (BP22) Regular endorsement to HVS Collection Agency Increase the amount set aside for reserve fund & decrease % for CETF Payment for Delmont property to Reserve Fund (17M) Review of FS & Schedules | Credit and Collection Dept. | | 2019 Target Collections – P 1.5B |
| F4 | Net Institutional Capital | <ul style="list-style-type: none"> Increase the amount set aside for reserve fund & decrease % for CETF Payment for Delmont property to Reserve Fund (17M) Review of FS & Schedules | BOD Accounting Finance Audit | December 31, 2018 | 10% net institutional capital |
| F5 | <p>ROPA – Non Earning Assets</p> <p>As of Oct, 2018- 5.2M Target 2018 – 6.6M (Short 1.4M) (700K monthly)</p> | <ul style="list-style-type: none"> Aggressive marketing & selling of foreclosed properties Categorize the actual ROPA from Acctg. ROPA Maintain less than 5% of acquired assets | BOD Accounting Finance Audit SOO | All year round | <p>At least 50% of total ROPA</p> <p>Total ROPA1 – 32M 50% = 16M (1.3M /mo.)</p> |
| F6 | <p>Reduced Financial Investments To Asset Ratio</p> <p>LIQUIDITY OCT., 2018- 14.96% STANDARD – NOT < 15% OF TA</p> <p>Investment in Banks – 42.6M Investment Others – 424.3M Other Funds & Deposits – <u>71.9M</u> Total 538.8M</p> <p>TOTAL ASSETS 1.957B</p> <p>27%</p> | <ul style="list-style-type: none"> Aggressive marketing of loan products Simplify loan process Enhance and develop loan products that will fit to members' needs Termination of Short Term Investments Loans to DTI, METROSOUTH & LANDBANK | Loans & Collection Finance Accounting SOO | All year round | <p>10%- financial investment</p> <p>200M – 2B asset</p> |

Board of Directors



Chairperson Romeo A. De Jesus, CPA



Vice-Chair Richard E. Avena



Director Aurora E. Castillo



Director Elpidio D. Abela



Director Lydia M. Mangubat



Director Jovita V. Mateo



Director John Paul G. Villar

Committees & Other Officers

Board Secretary & Treasurer

Board Secretary: Mercy C. Salas
Treasurer: Dionisio A. San Felipe



Audit Committee

Chairperson: Virgilio V. Bernardo, Jr.
Vice-Chairperson: Ruth D. Lim
Secretary: Merly J. Jacoba

Credit Committee

Chairperson: Marissa C. Pantaleon
Vice-Chairperson: Wilma D. De Vera
Secretary: Nyralyn N. Dela Torre



Election Committee

Chairperson: Enrique G. Elfa
Vice-Chairperson: Ma. Felisa C. Camino
Secretary: Lazaro G. Dela Torre

Ethics Committee

Chairperson: Teodolfo A. Cabuhat
Vice-Chairperson: Nancy P. Magno
Secretary: Michelle C. Cruz



Mediation & Conciliation Committee

Chairperson: Eusebio E. German
Vice-Chairperson: Carolina B. Israel
Secretary: Christopher B. Vicente

Management Staff

Office of the Chief Executive Officer



Melani R. Maramag • **Caroline D. Dave** • Mia Grace V. Evangelista

Internal Audit Department



Marissa C. Pantaleon • Mary Grace B. Ale

FINANCE AND INVESTMENT OPERATION DEPARTMENT



Michelle M. Fabro • **Wilma D. De Vera** • Eugene DT. Cabuhat • Nathalie Pearl B. Nazar • Allyssa L. Nolasco
Kristine Ann V. Pastoral • Sally S. Dote • Kristine Dyan T. Villano • Angelina C. Torres

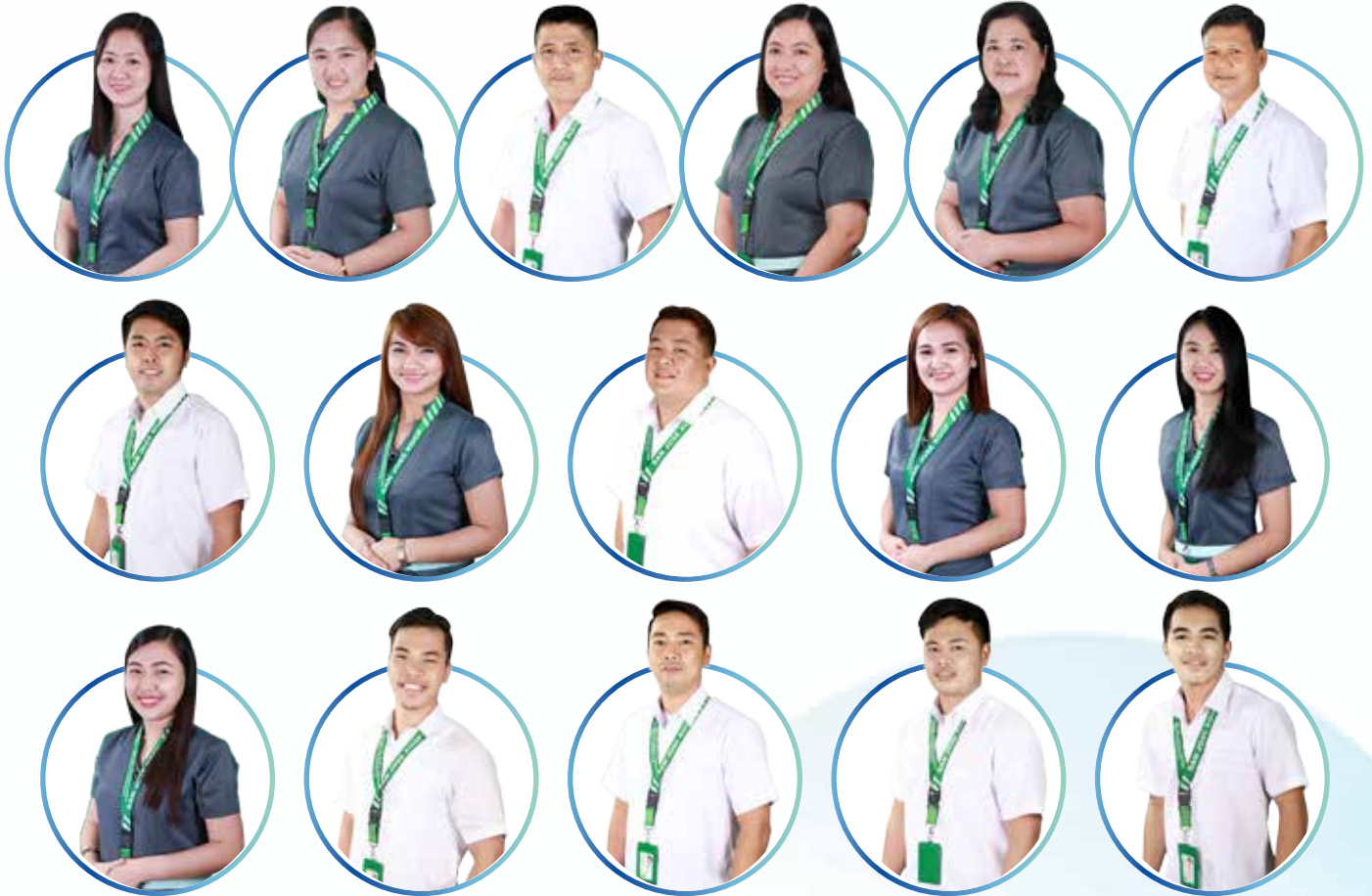
Human Resource / Administrative and Accounting / MIS Department



**Nyralyn N. Dela Torre • Elisa M. Lorenzo • Elvira S. Del Rosario • Glenda M. Lorenzo • Erin Eris G. Estrada
Cedric C. Bande • Zeny Rose P. Lucio • Morris Daniel Brodith • Eliza DC. Dela Peña • Rasel B. Sta. Maria
Mylyn H. Tanami • Mary Grace B. Valerio • Ryan E. Angeles • Alona B. Borcena • Dante A. Villanueva
Orlando C. Brusas • Aquilino E. Borcena**

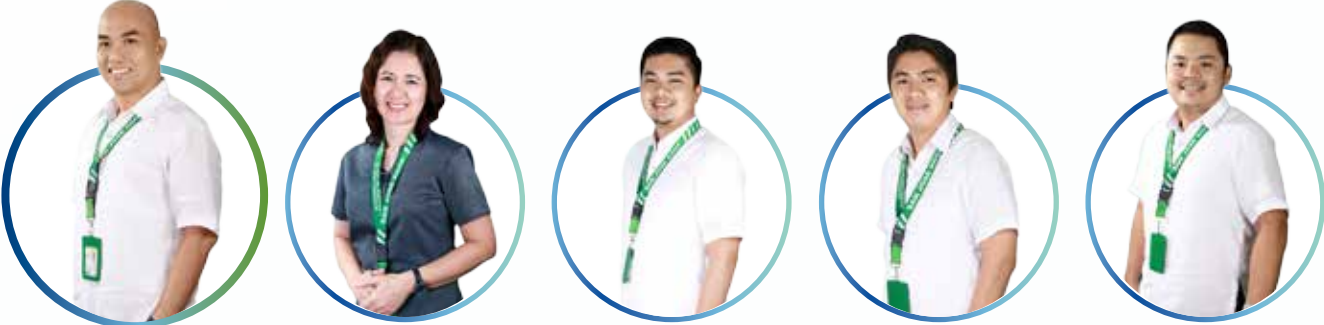
Management Staff

Credit and Collection Department



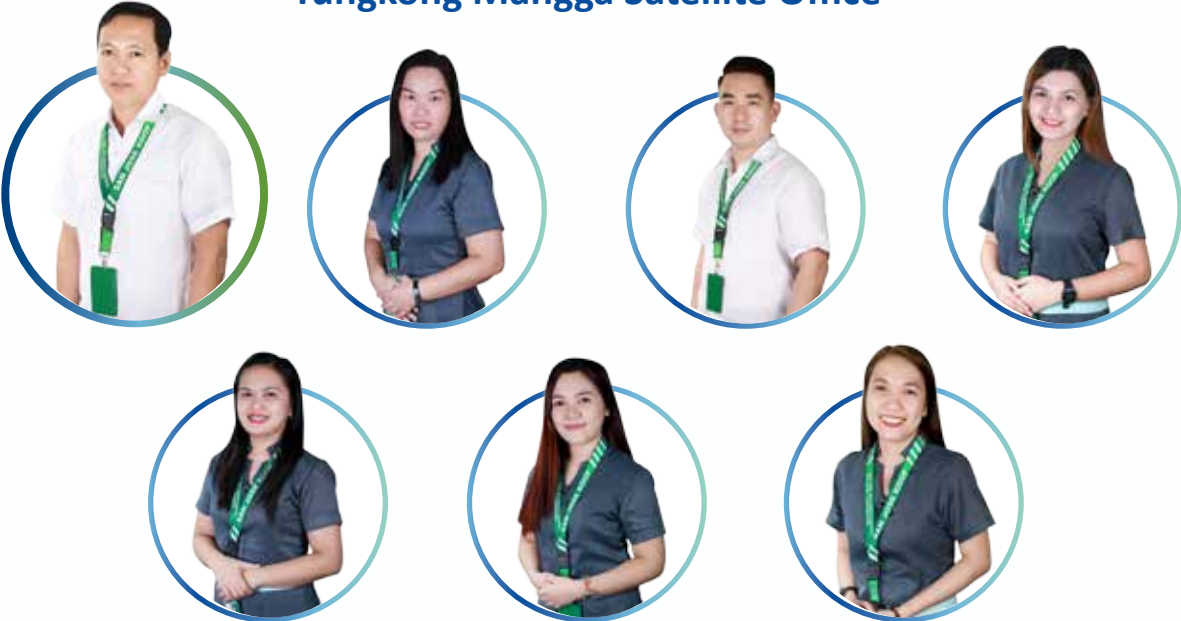
Maria Cecilia G. Sto. Domingo • Florence B. Española • Nimfa G. Hernandez • Alfredo G. Cruz Jr. • Michelle C. Maningas
Marites R. Diaz • Christopher L. Karganilla • Gerald G. Bolaños • Jhona Mae E. De Jesus • Timothy D. Quinto
Beverly N. Miranda • Mikas L. Manuel • Hershe May S. Magana • Marco Polo W. Cabrera
Barry James C. Cruz • Ryozo F. Llanes • Allan Jay R. Lopez

Member Services and Business Development Operations Department



Rodolfo Z. Gado • Mary Ann Angel P. Domingo • Rustom M. Manuel • Jeremiah H. Tanaka • Roberto Carlos P. Garcia

Tungkong Mangga Satellite Office



**Efren O. Española • Arlene A. Toledo • Clarito G. Mones Jr • Charmaine N. Payumo • Rovilynn A. Española
Pamela Theresa S. Peralta • Shella E. Sison**

Management Staff

Sapang Palay Satellite Office



Johnalan P. Borbon • Mary Ann A. Francisco • Joselito C. Trinidad • Renzy Marzenee R. Diaz
Jeremy Monique DC. Diaz • Micah Grace M. Soliman

Caypombo - Sta. Maria Satellite Office



Merlita B. Gonzales • Rhiza R. Dolorito • Mark Ramil DT. Francisco • Jimmy H. Luis

San Vicente Sta. Maria & Loma De Gato - Marilao Satellite Office



Rowell D. Alarcon • Edna B. Guilalas • Marissa S. Benavides • Irene L. Reusora • Rodalyn A. Bautista

Panalangin ng Koop

Panginoong Makapangyarihan sa Sanlibutan,

Nagpapasalamat kami sa lahat ng pagpapalang inyong iginawad sa amin;

Sa pagliligtas sa amin sa kasiphayuan dulot ng poot ng kalikasan;

Sa katiwasayang dulot ng katatagan ng loob na humarap sa mga balakid sa pag-unlad;

Sa kasaganaang bunga ng sariling pagsisikap sa pamamagitan ng kooperatiba.

Panginoon, nandito po kami sa inyong harapan upang muling magsumamo na iligtas mo ang Kooperatiba.

Ilayo mo ito sa:

Mga mapahamak na nagnanais itong lansangin

Mga taong naniniwala na walang magagawa ang karaniwang mamamayan;

Mga tagapayo na hindi napapagal sa pagharap sa mga bagong suliranin ngunit hindi nagkakaroon ng panahong makalutas ng kahit ano;

Mga tagapamahala na nagnanais na ang kooperatiba ay maglingkod sa kanila sa halip na sila ang maglingkod sa kooperatiba;

Mga namumuno na nagnanais na gamitin ang kooperatiba bilang tuntungan tungo sa kapangyarihan;

Ang pamamahalaan na ibabaon ang kooperatiba sa mas masalimuot na pamamaraan;

Mga nagpapaliwanag na may kaisipang nananatiling gapos sa kanilang daigdig at ayaw tanggapin ang kooperatiba bilang hakbanging pangkabuhayan;

At mga namumuhunang aagaw at magsasamantala sa ari-arian nito.

Tulongan mo ang aming Kooperatiba ay:

Makapaghatid ng kabutihan;

Maglingkod ukol sa kapakinabangan ng kanilang mga kasapi na hindi na mantatampalasan sa karapatan ng mga taong wala sa kooperatiba.

Patnubayan mo ang aming mga namumuno sa aming kooperatiba at sa pamahalaan sa kanilang tungkuling ginagampanan.

Patnubayan mo ang sambayanang Pilipino.

Ang lahat pong ito ay samo't dalangin namin sa iyo, Panginoon,

AMEN.

Cooperative Pledge

As a Filipino,

I am and I believe

In the cooperative.

Alone I am weak,

But with others I am strong.

So I commit myself

To work, to cooperate,

For all to be prosperous.

Harmony, industry I will value.

Cooperative affairs I will attend.

Responsibilities I will assume.

The cooperative philosophy I will live.

One vision,

One belief,

One feeling.

In cooperativism,

My life I pledge,

So help me God.



SAN JOSE KOOP

SAN JOSE DEL MONTE SAVINGS AND CREDIT COOPERATIVE

AFFILIATION AND PARTNER ORGANIZATIONS

