

ORO INTEGRATED COOPERATIVE

FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE FIGURES AS AT DECEMBER 31, 2020)



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Oro Integrated Cooperative
Tiano, Yacapin Sts., Cagayan de Oro City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oro Integrated Cooperative (the Cooperative), which comprise the statement of financial condition as at December 31, 2021, and statement of operations, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial condition of the Cooperative as at December 31, 2021, and its operations and its cash flows for the year then ended in accordance with Philippine Financial Reporting Framework (PFRF) for Cooperatives as prescribed by the Cooperative Development Authority (CDA).

Other Matter

The financial statements of the Cooperative as at and for the year ended December 31, 2020, presented for comparative purposes, were audited by another auditor who expressed an unqualified opinion on those statements on March 19, 2021.

Basis for Opinion

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





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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRF 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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control.



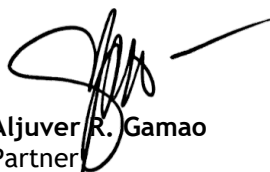
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material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

We 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 we identify during our audit.

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 25 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of the management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.



Aljuver R. Gamao
Partner

CPA Certificate No. 0126931

Tax Identification No. 944-910-315

BIR Accreditation No. 08-001682-015-2022, issued on January 5, 2022,
effective until January 4, 2025

PTR No. 3572554, issued on January 10, 2022, Cebu City

March 22, 2022
Cagayan de Oro City



ORO INTEGRATED COOPERATIVE

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2021
(WITH COMPARATIVE FIGURES AS AT DECEMBER 31, 2020)

	<i>Note</i>	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	P909,987,834	P796,143,318
Loans and receivables - net	6	469,237,021	806,870,936
Other current assets - net	11	17,399,014	17,374,789
Total Current Assets		1,396,623,869	1,620,389,043
Noncurrent Assets			
Loans and receivables - net of current portion	6	5,812,637,787	4,159,466,534
Financial assets at cost	7	170,353,466	162,599,002
Investment in a subsidiary	8	63,162,505	63,162,505
Property and equipment - net	9	240,871,438	233,270,268
Real properties acquired - net	10	45,247,435	49,677,388
Other noncurrent assets - net	11	407,106,346	341,074,943
Total Noncurrent Assets		6,739,378,977	5,009,250,640
TOTAL ASSETS		P8,136,002,846	P6,629,639,683
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Deposit liabilities	12	P3,795,407,285	P3,078,716,108
Accounts and other payables	13	209,246,287	181,649,961
Accrued expenses	14	129,086,268	84,792,225
Current portion of loans payable	15	53,036,018	38,267,451
Interest on share capital payable	16	197,400,789	143,526,525
Patronage refund payable	16	84,600,338	61,511,368
Other current liabilities	17	36,675,654	39,039,341
Total Current Liabilities		4,505,452,639	3,627,502,979
Noncurrent Liabilities			
Deposit liabilities - net of current portion	12	359,328,500	288,296,315
Loans payable - net of current portion	15	110,098,850	35,723,504
Retirement benefit obligation	21	69,005,532	62,084,389
Total Noncurrent Liabilities		538,432,882	386,104,208
Total Liabilities		5,043,885,521	4,013,607,187
EQUITY			
Share capital	18	2,360,268,439	2,027,730,393
Statutory funds	19	731,848,886	588,302,103
Total Equity		3,092,117,325	2,616,032,496
TOTAL LIABILITIES AND EQUITY		P8,136,002,846	P6,629,639,683

See Notes to the Financial Statements.



ORO INTEGRATED COOPERATIVE

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	<i>Note</i>	2021	2020
REVENUES			
Interest income from loans and receivables	6	₱818,278,566	₱636,136,531
Service and other fees	6	189,009,533	109,802,988
Miscellaneous income	20	35,017,262	33,583,179
		1,042,305,361	779,522,698
COSTS AND EXPENSES			
Finance costs	23	143,944,006	120,751,779
Administrative costs	24	478,618,480	362,575,453
		622,562,486	483,327,232
OTHER INCOME			
Interest income from investments	7	7,577,631	9,882,589
Dividend income from investments	7	6,893,709	6,559,403
Interest income from bank deposits	5	2,982,405	4,459,184
Gain on sale of real and other properties acquired	10,11	3,430,141	3,275,066
		20,883,886	24,176,242
NET SURPLUS		₱440,626,761	₱320,371,708
DISTRIBUTION OF NET SURPLUS			
General reserve fund		₱96,937,887	₱64,074,342
Cooperative education and training fund		17,625,070	19,222,302
Community development fund		13,218,803	9,611,151
Optional funds		30,843,874	22,426,020
Interest on share capital		197,400,789	143,526,525
Patronage refund		84,600,338	61,511,368
		₱440,626,761	₱320,371,708

See Notes to the Financial Statements.



ORO INTEGRATED COOPERATIVE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	Note	2021	2020
SHARE CAPITAL	18		
Common:			
Balance at beginning of year		P2,016,097,000	P1,698,980,800
Additional members' contributions (net of withdrawals)		320,077,800	305,793,200
Reclassifications from deposit for share capital subscription		11,633,200	11,323,000
Balance at end of year		2,347,808,000	2,016,097,000
Deposit for share capital subscription:			
Balance at beginning of year		11,633,393	11,323,193
Additional members' contributions		12,460,246	11,633,200
Reclassifications to common share capital		(11,633,200)	(11,323,000)
Balance at the end of the year		12,460,439	11,633,393
Total share capital		P2,360,268,439	P2,027,730,393
STATUTORY FUNDS	19		
General reserve fund:			
Balance at beginning of year		P398,404,004	P331,018,276
Allocation from net surplus		96,937,887	64,074,342
Reversals of unclaimed interest and patronage refund		5,221,485	3,311,386
Balance at end of year		500,563,376	398,404,004
Cooperative education and training fund:			
Balance at beginning of year		44,135,293	36,796,951
Allocation from net surplus		8,812,535	9,611,151
Charges		(2,515,492)	(2,272,809)
Balance at end of year		50,432,336	44,135,293
Community development fund:			
Balance at beginning of year		37,097,542	32,192,728
Allocation from net surplus		13,218,803	9,611,151
Charges		(8,235,868)	(4,706,337)
Balance at end of year		42,080,477	37,097,542
Optional funds:			
Balance at beginning of year		108,665,264	107,092,953
Allocation from net surplus		30,843,874	22,426,020
Charges		(736,441)	(20,853,709)
Balance at end of year		138,772,697	108,665,264
Interest on share capital and patronage refund:	16		
Balance at beginning of year		-	-
Allocation from net surplus		282,001,127	205,037,893
Transfer to interest on share capital payable		(197,400,789)	(143,526,525)
Transfer to patronage refund payable		(84,600,338)	(61,511,368)
Balance at end of year		-	-
Total statutory funds		P731,848,886	P588,302,103
TOTAL EQUITY		P3,092,117,325	P2,616,032,496

See Notes to the Financial Statements.



ORO INTEGRATED COOPERATIVE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	<i>Note</i>	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus		P440,626,761	P320,371,708
Adjustments for:			
Provision for probable losses on loans and receivables	6,24	99,563,363	41,189,373
Retirement benefit expense	21,24	8,069,291	21,297,259
Depreciation and amortization	9,11,24	21,313,167	21,211,895
Interest income from investments	7	(7,577,631)	(9,882,589)
Dividend income from investments	7	(6,893,709)	(6,559,403)
Interest income from bank deposits	5	(2,982,405)	(4,459,184)
Gain on sale of real and other properties acquired	10,11	(3,430,141)	(3,275,066)
Impairment on real properties acquired	10,24	-	1,430,000
Impairment on other funds and deposits	11,24	-	943,799
Operating income before working capital adjustments		548,688,696	382,267,792
Decrease (increase) in:			
Loans and receivables		(1,429,847,285)	(787,824,079)
Other current assets		7,015,737	4,372,405
Increase (decrease) in:			
Accounts and other payables		27,596,326	6,169,059
Accrued expenses		44,294,043	11,022,854
Other current liabilities		(11,176,222)	6,602,626
Deposit liabilities		787,723,362	519,888,707
Net cash generated from (used in) operations		(25,705,343)	142,499,364
Interest received from investments	7	7,577,631	9,882,589
Dividend received from investments	7	6,893,709	6,559,403
Interest received from bank deposits	5	2,982,405	4,459,184
Payments made to retiring employees	21	(1,148,148)	-
Net cash flows from (used in) operating activities		(9,399,746)	163,400,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	9	(23,866,487)	(22,705,337)
Net additions to financial assets at cost and other funds and deposits		(72,740,330)	(18,634,810)
Proceeds from sale of real and other properties acquired		14,001,291	6,824,108
Additions to other noncurrent assets		(4,527,963)	(1,834,268)
Net cash flows used in investing activities		(87,133,488)	(36,350,307)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of share capital	18	320,077,800	305,793,200
Deposit for share capital subscription	18	12,460,246	11,633,200
Loan availments		139,252,925	9,069,165
Payments of:			
Interest on share capital and patronage refund payable		(199,816,408)	(208,112,029)
Loans payable		(50,109,012)	(52,112,207)
Charges from statutory funds		(11,487,801)	(27,832,855)
Net cash flows from financing activities		210,377,750	38,438,474
NET INCREASE IN CASH AND CASH EQUIVALENTS		113,844,516	165,488,707
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		796,143,318	630,654,611
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	P909,987,834	P796,143,318
NONCASH FINANCIAL INFORMATION			
Reclassification from financial assets at cost to other funds and deposits		P-	P15,052,630
Reclassification from loans and receivables to real properties acquired and assets acquired in settlement of loans	10,11	14,746,584	12,660,048
		P14,746,584	P27,712,678

See Notes to the Financial Statements.



ORO INTEGRATED COOPERATIVE

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE FIGURES AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020)

1. Cooperative Information

Oro Integrated Cooperative (the Cooperative), with registration number 9520-10000722, is a cooperative organized in 1966 and duly registered with the Cooperative Development Authority (CDA) pursuant to Republic Act (R.A.) No. 6938 on February 5, 1991. On October 15, 2009 and pursuant to R.A. No. 9520, otherwise known as the Philippine Cooperative Code of 2008, the Cooperative was re-registered with the CDA.

The Cooperative's principal place of business is at Tiano-Yacapin Streets, Cagayan de Oro City.

It has a total of 20 branch offices which are located in Mindanao and Visayas. Branches in Mindanao are located at Carmen, Yacapin, Cogon, Bulua, Agora, and Puerto in Cagayan de Oro City; Molugan, El Salvador City, Balingasag and Gingoog City, in the province of Misamis Oriental; Baungon, Talakag, Aglayan, Maramag, Manolo Fortich, Don Carlos and Valencia City, in the province of Bukidnon; and Butuan City. Branches in Visayas are located at Ubay, Tubigon, and Tagbilaran City, Bohol.

The Cooperative, as allowed by its Articles of Cooperation, is engaged in granting loans, receiving deposits, and providing other financial services to its members. The current area of operation covers Mindanao and Visayas provinces.

Tax Exemptions

The Cooperative is enjoying tax exemptions and incentives for all its business transactions with its members. Article 61 of R.A. No. 9520 stipulates that "cooperatives transacting business with both members and non-members shall not be subject to tax on their transactions with members". The Cooperative renewed its tax exemption on April 13, 2021 and shall be valid for five (5) years until April 13, 2026, unless sooner revoked by the Bureau of Internal Revenue for violation of any provision of the Joint Revenue Regulations, the terms and conditions indicated in the certificate or upon withdrawal of the Certificate of Registration by the CDA. The Cooperative is entitled to the following exemptions as provided by Article 61 of R.A. No. 9520, as implemented by Section 8 of Joint Rules and Regulations Implementing Articles 60, 61, and 144 of R.A. No. 9520:

- a) Exemption from income tax on CDA-registered operations;
- b) Exemption from value-added tax (VAT) on CDA-registered sales or transactions;
- c) Exemption from other percentage tax;
- d) Exemption from donor's tax on donations to duly accredited charitable, research and educational institutions, and reinvestment to socio-economic projects within the area of operations of the Cooperative;
- e) Exemption from excise tax for which it is directly liable;
- f) Exemption from documentary stamp tax. Provided, however, that the other party to the taxable document or transaction who is not exempt shall be the one directly liable for the tax; and
- g) Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest on deposit and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

The financial statements of the Cooperative were authorized for issue by the Board of Directors (BOD) on March 22, 2022.



2. Basis of Preparation

Statement of Compliance

The financial statements of the Cooperative have been prepared in accordance with Philippine Financial Reporting Framework (PFRF) for Cooperatives as prescribed by the CDA.

On September 16, 2015, the CDA issued Memorandum Circular No. 2015-06 which specifically provides for treatment of certain accounts which are unique only to Cooperatives and such peculiarities are in accordance with universally-accepted cooperative principles. The revised PFRF for Cooperatives is effective January 1, 2016. The Cooperative adopted the framework on its financial statements for the years ended December 31, 2021 and 2020.

Pursuant to Section 3 of R.A. No. 6939, the CDA issued MC 2016-06 prescribing the usage of Standard Chart of Accounts (SCA) for Cooperatives in conformity with PFRF for Cooperatives. The Cooperative adopted the SCA in the presentation of financial statements as of December 31, 2021 and 2020.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies that follow.

Functional and Presentation Currency

The financial statements are presented in Philippine Peso (₱), the Cooperative's functional currency. All values are rounded to the nearest Philippine Peso, unless otherwise indicated.

3. Significant Accounting Policies

Current versus Noncurrent Classification

The Cooperative presents assets and liabilities in the statements of financial condition based on current and noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent, if any, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as noncurrent.



Financial Assets

Financial assets are recognized when the Cooperative becomes a party to the contractual provisions of the financial instrument. Financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at amortized cost and financial assets at cost. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. Regular purchases and sales of financial assets are recognized on their trade date. All financial assets are initially recognized at its transaction price unless the arrangement constitutes, in effect, a financing transaction wherein the Cooperative will measure it at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets carried at fair value are initially recorded at fair value and transaction costs related to it are recognized in the statement of operations.

As of December 31, 2021 and 2020, the Cooperative has no financial assets carried at fair value.

Financial assets at cost. Financial assets at cost of the Cooperative refer to financial assets in the form of debt or equity securities which are not quoted in an active market and are expected to be realized in cash within a certain period of time from the reporting period. These financial assets are carried at cost less impairment, if any.

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statements of operations. Impairment loss, if any, is determined as the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its fair value, but not in excess of the original cost of the asset. A reversal of impairment loss is recognized immediately in the statement of operations.

The Cooperative recognizes dividends and other distributions from investments as income without regard as to whether the distribution is from accumulated profits of the investee arising before or after the date of acquisition. These are recorded as “Dividend income from investments” and “Interest income from investments” in the Cooperative’s statement of operations.

Financial Liabilities

Financial liabilities of the Cooperative, which include interest-bearing deposit liabilities, accounts and other payables, accrued expenses, loans payable, interest on share capital payable, patronage refund payable and other current liabilities, are recognized when the Cooperative becomes a party to the contractual terms of the instrument, and which are measured at amortized cost using the effective interest method.

All interest related charges are recognized as an expense under “Finance costs” in the statement of operations.

Accounts and other payables, accrued expenses, loans payable, interest on share capital payable, patronage refund payable and other current liabilities are initially recognized at its transaction price, unless the arrangement constitutes, in effect, a financing transaction wherein the Cooperative will measure it at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.



Derecognition of Financial Instruments

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or,
- the Cooperative transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or,
- 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.

Financial Liabilities. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or has expired.

Offsetting Financial Instruments

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

Income and expenses are not offset in the statement of operations unless required or permitted by PFRF for Cooperatives.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, cash in other cooperative federations, ATM fund, and checks and other cash items. Cash in banks includes cash equivalents which are short-term, highly liquid investments held to meet short-term cash commitments rather than for investment or other purposes. Investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

Loans and Receivables

Loans and receivables are assets with fixed or determinable payments that are not quoted in an active market which include loans and other receivables. Loans and receivables are initially recognized for the difference between gross receivable and the related unearned interest income.

Loans and receivables are subsequently measured at amortized cost less impairment and unearned interest income. Gains and losses are recognized in the statement of operations when the loans and receivables are derecognized or impaired, as well as through amortization process. Allowance for impairment of loans receivable is provided based on the portfolio-at-risk (PAR) model. Under the PAR model, failure to receive payment one day after the due date of amortization makes the entire loan balance subject for impairment. For other receivables, allowance for impairment is provided when objective evidence of impairment exists. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR. Unearned discount is recognized as income over the life of the loan or shorter periods to which the discount relates.

The Cooperative assesses the collectability of loans receivables after exhausting all possible means of collection. Any uncollectible accounts are duly recommended by management to BOD for write-off. Upon subsequent collection of loans receivables previously written-off, the Cooperative recognizes the recoveries on principal as an addition to the allowance for impairment of loans and receivables whereas the interest as miscellaneous income in the year of collection.

These are presented as "Loans and receivables" in the statement of financial condition.



Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than one period. Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in the statement of operations in the period the costs are incurred.

Depreciation commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the assets or in the case of leasehold improvements, the term of the lease, whichever is shorter, as follows:

<u>Category</u>	<u>Estimated useful life</u>
Buildings and improvements	5–25 years
Furniture, fixtures and equipment	3 years
Transportation equipment	5 years
Leasehold rights and improvements	2–5 years

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

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which a Cooperative expects to consume an asset's future economic benefits, the Cooperative shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Cooperative shall account for the change prospectively as a change in an accounting estimate.

Construction in progress is stated at cost. This includes cost of construction, property and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and are available for operational use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of operations in the year the asset is derecognized. When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts while any resulting gain or loss is included in statement of operations.

Investment in a Subsidiary

A subsidiary is an entity that is controlled by the parent entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control is presumed to exist when the Cooperative owns, directly or indirectly through subsidiaries, more than 50% of the voting power of the non-cooperative subsidiaries.

Investment in subsidiary is measured initially at cost plus any directly attributable costs in acquiring the subsidiary. Subsequent to initial recognition, investment in a subsidiary is carried in the Cooperative's financial statements at cost less any accumulated impairment loss.



Investment in an Associate

An associate is an entity, including an unincorporated entity, over which the Cooperative has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

If an investor holds, directly or indirectly, 20% or more of the voting power of the associate, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

Investment in an associate is measured initially at cost plus any directly attributable costs in acquiring the associate. Subsequent to initial recognition, investment in associate is carried in the Cooperative's financial statements at cost less any accumulated impairment loss.

The Cooperative shall recognize dividends and other distributions received from the investment as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investment Properties

Investment properties consist of properties that are held 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.

The Cooperative shall measure 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 costs. Subsequent to initial recognition, an investment property shall be measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of operations in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers between investment property, owner occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Assets Acquired in Settlement of Loans (AASL) and Real Properties Acquired

Assets acquired in settlement of loans refer to the non-real properties acquired by the Cooperative in settlement of loans from defaulting borrowers through foreclosure or "dacion en pago". These are classified under "Other current assets" in the statement of financial condition.

Real properties acquired refer to the parcel of land and buildings acquired by the Cooperative in settlement of loans from defaulting borrowers through foreclosure or "dacion en pago". These are classified as "Real properties acquired" in the statement of financial condition.

These properties are initially recognized at fair value or the carrying amount of the loan, whichever is lower, plus directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs. If the fair value of the property is lower than the carrying amount of the loan, the difference is retained as loans receivable to be collected from the members.



Subsequent to initial recognition, assets acquired in settlement of loans and real properties acquired is stated at cost less accumulated depreciation and any impairment losses.

Assets acquired in settlement of loans and real properties acquired are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the asset is recognized in the statement of operations in the year of retirement or disposal.

Other Funds and Deposits

Other funds and deposits refer to the restricted funds set aside for funding of statutory and other reserves. These include time deposits, investments in mutual funds and other funds externally managed by banks and other financial institutions which may be convertible to cash when needed. These are presented under "Other noncurrent assets" in the statement of financial condition and are carried at cost less impairment, if any.

Computerization Cost

Computerization cost refer to the cost of accounting systems of the Cooperative. This is amortized over a period not exceeding three years or useful life whichever is shorter and is presented net of periodic amortization under "Other noncurrent assets" in the statement of financial condition.

Impairment of Nonfinancial Assets

At each reporting date, other current assets (except dividends receivable, refundable deposits and deposits to suppliers), property and equipment, investment in subsidiary, real properties acquired and other noncurrent assets (except other funds and deposits) are reviewed to determine whether there is any indication that these assets are impaired. If there is an indication of possible impairment, the recoverable amount, which is the higher of fair value less cost to sell and value in use, of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of operations.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of impairment loss is recognized immediately in the statement of operations.

For any compensation received from third parties for nonfinancial assets that were impaired, lost or given up, the Cooperatives includes these in the statement of operations only when the compensation becomes receivable.

Loans Payable

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using either the effective or straight-line interest amortization method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR and straight-line amortization is included as "Finance costs" in the statement of operations.

Share Capital

Share capital is recognized at par value for all shares issued. The share capital is presented as equity taking into consideration accounting requirements under the laws, rules, regulations and principles promulgated by the CDA. The Cooperative is authorized to issue common and preferred shares.



Preferred shares are considered as equity provided that it has no period for maturity, shall not be withdrawn and should not be used in offsetting obligations whether past due or current while the membership subsists. Otherwise, preferred shares shall be presented as part of time deposits under "Deposit liabilities".

Deposits for Share Capital Subscription

Deposits for share capital subscription includes amounts paid by members for capital subscription equivalent to the value of less than one share and additional subscriptions in excess of authorized capital pending approval of the amendments to increase authorized share capital.

Statutory Funds

The Cooperative establishes the statutory funds in accordance with the provisions of R.A. No. 9520, An Act Amending the Cooperative Code of the Philippines to be known as the "Philippine Cooperative Code of 2008".

General Reserve Fund. The General Reserve Fund, which receives at least 10.0% allocation every year from the net surplus of the Cooperative, is intended for the stability of the Cooperative and to meet losses in its operations. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.

Cooperative Education and Training Fund (CETF). The CETF, which also receives not more than 10.0% allocation from the net surplus of the Cooperative every year, is intended for the education and training and other purposes of the Cooperative's members. Half of the allocation to the Fund is remitted to the CETF of the federation or union to which the Cooperative is affiliated, presented as Due to CETF under "Other current liabilities" in the Cooperative's statements of financial condition. Upon the dissolution of the Cooperative, the unspent balance of the Fund shall be credited to the CETF of the federation or union to which the Cooperative is affiliated.

Community Development Fund (CDF). The CDF receives 3.0% allocation from the net surplus of the Cooperative every year and is intended to be used for projects or activities that will benefit the community where the Cooperative operates.

Optional Funds. At most 7.0% shall be set aside for Land and Building Fund, Cooperative Guarantee Fund, Cooperative Development Fund or other specific purposes as may be determined by the Cooperative.

Interest on Share Capital Payable. The remaining net savings shall be made available to the members in the form of interest not to exceed the normal rate of return on investments and patronage refund. This will be recognized as financial liability at the end of the reporting period. The allocation is declared by the BOD, subject to the concurrence of the General Assembly.

Patronage Refund Payable. The remaining net savings shall be made available to the members in the form of patronage refunds. This will be recognized as financial liability at the end of the reporting period. The allocation is declared by the BOD, subject to the concurrence of the General Assembly.

Revenue Recognition

Recognition of revenue is on a modified accrual basis (i.e. interest income, fines, penalties and surcharges shall be recognized when earned and actually collected). This is because only interest income, fines, penalties and surcharges on loans receivable that has been realized (i.e. earned and collected) shall be the basis of the income available for distribution to its members through interest on share capital and patronage refund. Also, due to the cash-based income distribution scheme of cooperatives, the Cooperative cannot adopt the effective interest method.

Interest income on loans and receivables. This is recognized when the interest has been earned and received.



Service and other fees. This is recognized when earned.

Interest income from bank deposits, dividend income from investments and interest income from investments. This is recognized when earned.

Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that results in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

Interest expense on deposits. This is recognized and accrued on a monthly basis based on the members' outstanding balance and interest rate effective for that specific period.

Interest expense on borrowings. Interest is accrued using the EIR method.

Other operating expenses. This is recognized as the good or service is utilized.

Related Party Transactions

Parties are considered to be related if one party has the ability to, directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant stakeholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Cooperative where those parties are individuals or any entity that is a related party of the Cooperative.

Retirement Benefit Obligation

Retirement benefits are provided to employees through a defined benefit plan. The net defined liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Under Section 6 of PFRF for Cooperatives, *Post-employment Benefits: Defined Benefit Plans*, the cost of defined benefit plan may be determined using a projected unit credit method. If the Cooperative is not able, without undue cost or effort, to use the projected unit credit method to measure its obligation and cost under defined benefit plans, the Cooperative is permitted to make simplifications such as ignoring estimated future salary increases, future service of current employees and possible in-service mortality of current employees. PFRF for Cooperatives does not require the Cooperative to engage an independent actuary to perform the comprehensive actuarial valuation needed to calculate the defined benefit obligation nor does it require that a comprehensive actuarial valuation must be done annually.

The net change in the defined benefit liability that is recognized as the cost of a defined benefit plan recognized as "Retirement benefit expense" in the statement of operations includes:

- the change in the defined benefit liability arising from employee service rendered during the reporting period;
- interest on the defined benefit obligation during the reporting period;
- the returns on any plan assets and the net change in the fair value of recognized reimbursement rights during the reporting period;
- actuarial gains and losses arising in the reporting period;



- increases or decreases in the defined benefit liability resulting from introducing a new plan or changing an existing plan in the reporting period;
- decreases in the defined benefit liability resulting from curtailing or settling an existing plan in the reporting period.

Leases

As Lessee. Operating lease payments are recognized as an expense in the statement of operations on a straight-line basis over the lease term unless a) another systematic basis is representative of the time pattern of the user's benefit and b) payments to the lessor is structured to increase in line with the expected general inflationary cost increases. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but is disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period

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

4. Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Cooperative's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the accompanying disclosures. Future events may occur which will cause the judgments, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates, and assumptions are reflected in the financial statements as they become reasonably determinable.

Judgments

The following are the judgments made by management in the process of applying the Cooperative's accounting policies apart from those involving estimation that have the most significant effect on the amounts recognized in the financial statements.

Impairment Losses of Financial Assets at Cost and Other Funds and Deposits. An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statements of operations.

Impairment loss, if any, is determined as the difference between the carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

The Cooperative recognized impairment loss on its investments amounting to nil and ₱0.9 million in 2021 and 2020, respectively (see Note 11).

The aggregate carrying value of financial assets at cost and other funds and deposits amounted to ₱564.9 and ₱492.2 million as of December 31, 2021 and 2020, respectively (see Notes 7 and 11).



Determining Operating Lease Commitments - Cooperative as Lessee. The Cooperative has entered into a lease agreement as a lessee. The Cooperative has determined, based on an evaluation of the terms and conditions of the agreement, that as a lessee, the lessor retains all the significant risks and rewards of the ownership of the leased properties. Thus, the Cooperative accounts for the contract as an operating lease.

Estimates and Assumptions

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

Allowance for Probable Losses on Loans and Receivables. Allowance is made for specific and groups of accounts where objective evidence of impairment exists. The Cooperative evaluates loans receivable account based on the past due amount using PAR model. Under the PAR model, failure to receive payment one day after the due date of amortization makes the entire loan balance subject for impairment.

For other receivables, allowance for impairment is provided when objective evidence of impairment exists. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR. The Cooperative estimates the level of allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The individual assessment is conducted for each significant other receivable.

The provision for probable losses on loans and receivables recognized in statements of operations amounted to ₱99.6 million and ₱41.2 million in 2021 and 2020, respectively (see Notes 6 and 24).

The carrying value of the loans and receivables amounted to ₱6,281.9 million and ₱4,966.3 million as of December 31, 2021 and 2020, respectively (see Note 6).

Useful Lives of Property and Equipment. The Cooperative estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. The carrying amounts of depreciable property and equipment as of December 31, 2021 and 2020 amounted to ₱78.8 million and ₱79.8 million, respectively, as analyzed in Note 9. Based on management's assessment as of December 31, 2021, there are no changes in estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Impairment of Nonfinancial Assets. The Cooperative assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values. Any resulting impairment loss could have a material effect on the results of operations.

The Cooperative recognized impairment loss on its real properties acquired amounting to nil and ₱1.4 million in 2021 and 2020, respectively (see Note 10).



The aggregate carrying value of nonfinancial assets recognized in the statements of financial condition amounted to ₱366.9 million and ₱372.2 million as of December 31, 2021 and 2020, respectively.

Retirement Benefit Expense. The cost of defined benefit pension plan and the present value of the retirement benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumption and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Total retirement benefit expense recognized in 2021 and 2020 amounted to ₱8.07 million and ₱21.3 million, respectively, as disclosed in Note 24 and the net retirement benefit obligation as of December 31, 2021 and 2020 amounted to ₱62.1 million and ₱40.8 million, respectively (see Note 21).

5. Cash and Cash Equivalents

	2021	2020
Cash on hand	₱52,202,502	₱34,805,377
Cash in banks	757,942,053	600,917,180
Cash in other cooperative federation	45,544,270	110,094,197
ATM fund	37,757,105	22,557,619
Checks and other cash items	16,541,904	27,768,945
	₱909,987,834	₱796,143,318

Cash in banks and cash in other cooperative federation earn interest at the prevailing deposit rates ranging from 0.25% to 4.00%. Interest income earned amounted to ₱2.98 million and ₱4.5 million in 2021 and 2020, respectively.

6. Loans and Receivables - net

	2021	2020
Loans receivable:		
Current	₱6,277,881,327	₱4,848,641,798
Past due	266,758,058	295,620,729
Restructured	38,117,585	33,631,392
In litigation	23,521,996	22,573,821
	6,606,278,966	5,200,467,740
Less:		
Allowance for probable losses on loans	337,616,445	252,113,436
Unearned interest income	9,131,152	6,594,045
	6,259,531,369	4,941,760,259
Other receivables:		
Receivables from officers and employees	9,710,060	11,567,743
Accrued interest receivable	2,475,610	1,678,890
Miscellaneous	15,356,856	16,607,265
	27,542,526	29,853,898
Less: Allowance for probable losses on other receivables	5,199,087	5,276,687
	22,343,439	24,577,211
	₱6,281,874,808	₱4,966,337,470



These loans bear annual interest rates ranging from 5% to 24% collectible over a period of 1 to 10 years. Interest income from loans and receivables recognized in the statements of operations amounted to P818.3 million and P636.1 million in 2021 and 2020, respectively. Incidental to the Cooperative's lending operations, service and other fees recognized in the statements of operations amounted to P189.0 million and 109.8 million 2021 and 2020, respectively.

Miscellaneous includes the receivable from members on the redemption of real property acquired, receivable from the redemption of investments and other assistance made by the Cooperative in behalf of employees.

The breakdown of loans and receivables, net of allowance for probable losses, as to their maturity follows:

	2021	2020
Below one year	P469,237,021	P806,870,936
Over one year	5,812,637,787	4,159,466,534
	P6,281,874,808	P4,966,337,470

Maturity profile of loans receivables using portfolio at risk including percentage of allowance for probable losses provided for past due accounts is shown below:

	%	2021	%	2020
Not yet due	<1%	P6,277,881,328	-	P4,848,641,798
Past due				
Less than 31 days	100%	42,034,568	-	49,489,294
31 to 365 days	100%	88,696,144	59%	123,500,446
More than 365 days	100%	197,666,926	100%	178,836,202
		328,397,638		351,825,942
		P6,606,278,966		P5,200,467,740

All of the Cooperative's loans and receivables had been reviewed for indicators of impairment. In 2021, a portion of accounts not yet due were provided with provision for probable losses.

A reconciliation of the allowance for probable losses on loans and receivables as of December 31, 2021 and 2020 is shown as follows:

	2021		
	Loans Receivable	Other Receivables	Total
At January 1	P252,113,436	P5,276,687	P257,390,123
Provision for probable loss (see Note 24)	99,563,363	-	99,563,363
Recoveries	2,650,642	-	2,650,642
Write-offs	(16,710,996)	(77,600)	(16,788,596)
December 31	P337,616,445	P5,199,087	P342,815,532



	2020		Total
	Loans Receivable	Other Receivables	
At January 1	P216,595,929	P5,350,093	P221,946,022
Provision for probable loss (see Note 24)	41,161,737	27,636	41,189,373
Recoveries	-	(101,042)	(101,042)
Write-offs	(5,644,230)	-	(5,644,230)
December 31	P252,113,436	P5,276,687	P257,390,123

The accounts written off represent the loans that have been uncollected over long periods and have been recommended by management for write-off after exhausting all possible collection strategies.

The BOD approved the write-off of these accounts on December 23, 2021 and December 18, 2020, respectively.

The following table shows the information in relation to loans and receivables (gross of allowance for probable losses) by collateral and other credit enhancements as of December 31:

	2021	2020
Covered by		
Chattel mortgage	P1,708,250,172	P1,031,626,341
Real estate mortgage	1,644,412,775	1,578,523,575
Share capital and deposit accounts	835,751,091	646,718,843
	4,188,414,038	3,256,868,759
Unsecured	2,417,864,928	1,943,598,981
	P6,606,278,966	P5,200,467,740

The Cooperative accepts vehicles as security for chattel mortgages and land and buildings as security for real estate mortgages.

The Cooperative pledged loans receivable as collateral with its term loan rediscounting agreement with the bank. The outstanding balance of the pledged loans receivable amounted to P137.1 million and P55.5 million as of December 31, 2021 and 2020, respectively (see Note 15).

7. Financial Assets at Cost

	2021	2020
Noncurrent		
Non-publicly traded securities	P169,573,466	P161,819,002
Other externally managed funds	780,000	780,000
	P170,353,466	P162,599,002

Non-publicly traded securities pertain to cost of common and preferred shares in CLIMBS Life and General Insurance Cooperative, Mindanao Consolidated Cooperative Bank (MCCB), Bank of Hope, Inc., Metro Cagayan de Oro Water Service Cooperative Federation, Network Consolidated Cooperative Bank and other cooperatives to which the Cooperative is a member.

Other externally managed funds pertain to the Cooperative's investment with Golden Grains Marketing Cooperative.



Interest income earned amount to ₱7.6 million and ₱9.9 million in 2021 and 2020, respectively. Dividend income recognized in the statements of operations amounted to ₱6.9 million and ₱6.6 million operations in 2021 and 2020, respectively.

8. Investment in a Subsidiary

On May 23, 2019, Oro Intelligent Capital, Inc. (OIC, Inc.) was incorporated to act as a managing agent of individuals, firms, associations, corporations, partnerships and other entities. The subsidiary is 100% owned by the Cooperative with an authorized capital stock of ₱250.0 million divided into 62,500,000 common shares and 1,875,000 preferred shares with a par value of ₱1 and ₱100, respectively.

The Cooperative subscribed to 62,500,000 shares of OIC, Inc. amounting to ₱62.5 million which remains outstanding as of December 31, 2021 and 2020.

During its incorporation, the Cooperative incurred acquisition costs related to filing fees and documentary stamp taxes amounting to ₱0.7 million. The total investment in OIC, Inc. as of December 31, 2021 and 2020 amounted to ₱63.2 million.

As of December 31, 2021, OIC, Inc. is still in its pre-operating stage.

9. Property and Equipment - net

	2021						Total
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Rights and Improvements	Construction in Progress	
Cost							
At January 1	₱152,011,878	₱105,946,270	₱66,924,096	₱19,741,323	₱8,833,777	₱1,499,924	₱354,957,268
Additions	9,579,842	1,210,173	8,300,281	1,618,393	1,816,214	1,341,584	23,866,487
Reclassifications:							
Within property and equipment From AASL (see Note 11)	-	1,068,566	-	-	1,291,115	(2,359,681)	-
To other noncurrent assets (see Note 11)	-	-	-	(1,558,981)	-	-	(1,558,981)
Retirements	-	-	(768,913)	-	(840,607)	-	(1,609,520)
At December 31	161,591,720	108,225,009	74,455,464	21,303,735	11,100,499	481,827	377,158,255
Accumulated Depreciation							
At January 1	-	41,627,678	58,265,696	13,423,821	8,369,805	-	121,687,000
Depreciation (see Note 24)	-	7,720,155	6,031,849	2,121,707	522,995	-	16,396,706
Reclassification	-	-	-	(187,370)	-	-	(187,370)
Retirements	-	-	(768,913)	-	(840,607)	-	(1,609,520)
At December 31	-	49,347,833	63,528,632	15,358,158	8,052,193	-	136,286,816
Net Book Value	₱161,591,720	₱58,877,176	₱10,926,832	₱5,945,577	₱3,048,306	₱481,827	₱240,871,438



	2020						
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Rights and Improvements	Construction in Progress	Total
Cost							
At January 1	P144,075,878	P94,128,626	P63,203,961	P19,303,042	P8,764,132	P3,056,221	P332,531,860
Additions	7,936,000	435,030	4,016,735	360,610	69,645	9,887,317	22,705,337
Reclassifications:							
Within property and equipment	-	11,382,614	61,000	-	-	(11,443,614)	-
From AASL (see Note 11)	-	-	-	770,571	-	-	770,571
To other noncurrent assets (see Note 11)	-	-	-	(692,900)	-	-	(692,900)
Retirements	-	-	(357,600)	-	-	-	(357,600)
At December 31	152,011,878	105,946,270	66,924,096	19,741,323	8,833,777	1,499,924	354,957,268
Accumulated Depreciation							
At January 1	-	34,223,730	52,771,756	10,649,306	7,423,313	-	105,068,105
Depreciation (see Note 24)	-	7,403,948	5,851,540	2,947,643	946,492	-	17,149,623
Reclassification	-	-	-	(173,128)	-	-	(173,128)
Retirements	-	-	(357,600)	-	-	-	(357,600)
At December 31	-	41,627,678	58,265,696	13,423,821	8,369,805	-	121,687,000
Net Book Value	P152,011,878	P64,318,592	P8,658,400	P6,317,502	P463,972	P1,499,924	P233,270,268

Management believes that there is no indication of impairment on the Cooperative's property and equipment and that its net carrying amount can be recovered through use in operations.

The Cooperative had no contractual commitments for the acquisition of property and equipment as at December 31, 2021 and 2020.

There are no items of property and equipment that were pledged as collateral as at December 31, 2021 and 2020.

10. Real Properties Acquired - net

	Note	2021	2020
At January 1		P49,677,388	P52,669,190
Additions		7,353,748	4,180,225
Disposals		(11,783,701)	(5,742,027)
Impairment loss	24	-	(1,430,000)
At December 31		P45,247,435	P49,677,388

Real properties acquired consists of buildings and lots acquired in settlement of loans located within the City of Cagayan de Oro and the Provinces of Misamis Oriental and Bukidnon.

In 2020, the Cooperative recognized an impairment loss on real properties acquired amounting to P1.4 million recorded under "Administrative costs" (see Note 24).

Gain on sale of real properties acquired recognized in statements of operations amounted to P2.2 million and P3.1 million in 2021 and 2020, respectively.



11. Other Assets - Net

	2021	2020
Current:		
Assets acquired in settlement of loan - net	₱14,358,830	₱14,598,640
Unused supplies	1,188,311	927,828
Dividends receivable	1,000,000	1,000,000
Prepaid expenses	851,873	848,321
	₱17,399,014	₱17,374,789
Noncurrent:		
Other funds and deposits	₱394,579,349	₱329,593,484
Investment in an associate	4,999,000	4,999,000
Vehicle plan	4,088,046	4,634,090
Refundable deposits	1,736,092	1,636,685
Computerization costs - net	1,546,244	41,667
Deposit to suppliers	157,615	170,017
	₱407,106,346	₱341,074,943

Assets Acquired in Settlement of Loans - net

A reconciliation of the assets acquired in settlement of loans as of December 31, 2021 and 2020 is shown as follows:

	Note	2021	2020
Cost			
At January 1		₱16,723,725	₱9,291,088
Additions		7,392,836	8,479,823
Disposals		(3,938,221)	(276,615)
Reclassification to property and equipment	9	(1,503,000)	(770,571)
At December 31		18,675,340	16,723,725
Accumulated depreciation			
At January 1		2,125,085	123,333
Depreciation	24	3,068,425	2,001,752
Disposals		(877,000)	-
At December 31		4,316,510	2,125,085
Net book value		₱14,358,830	₱14,598,640

Assets acquired in settlement of loans pertain to vehicles used as security for chattel mortgages foreclosed by the Cooperative as payment for delinquent loans. In 2021 and 2020, the Cooperative reclassified a foreclosed transportation equipment to property and equipment since the property was already used by the Cooperative in its operations (see Note 9).

The Cooperative recognized gain on sale of ₱1.2 million and ₱0.2 million in the statements of operations in relation to the sale of its assets acquired in settlement of loans in 2021 and 2020, respectively.

Dividends Receivable

Dividends receivable pertains to dividends to be received from MCCB.

Prepaid Expenses

Prepaid expenses consist of raffle and ticket prizes to be used for the Cooperative's general assembly.



Other Funds and Deposits

Other funds and deposits pertain to restricted funds set aside by the Cooperative from its investments for funding the reserves which is intended for the stability of its operations. These include time deposits, investments in mutual funds and other externally managed funds.

	2021	2020
Time deposits	P276,507,383	P172,282,929
Investments in mutual funds	85,945,000	85,940,795
Other externally managed funds	32,126,966	71,369,760
At December 31	P394,579,349	P329,593,484

Investments in mutual funds pertains to pools of equity and debt securities at cost managed by Sun Life Asset Management Company, CLIMBS Share Capital Equity Investment Fund Corporation, Philippine American Life and General Insurance Company, Pru Life U.K, Bank of the Philippine Islands, Inc., Asia United Bank and Banco de Oro.

Other externally managed funds represent the cost of investments that are not publicly traded and are not classified as mutual funds which are managed by banks and insurance companies. In 2020, the Cooperative has recognized allowance for impairment loss of these investments amounting to P0.9 million (see Note 24).

As at December 31, 2021 and 2020, the Cooperative has time deposits with carrying values amounting to P104.9 million and P101.7 million used as security for the loans it obtained from National Confederation of Cooperatives (NATCCO) (see Note 15).

Investment in an Associate

Investment in an associate pertains to the Cooperative's investment in Premier Health and Wellness Philippines, Inc (PHWPI). PHWPI was organized for the purpose of providing healthcare services through health facilities, diagnostic centers, pharmacies and franchises of these health services. The associate is 33.33% owned by the Cooperative with an authorized capital stock of 15,000 shares with a par value of P1,000.

The Cooperative subscribed 4,999 shares of PHWPI amounting to P5.0 million of which P1.1 million remains unpaid as of December 31, 2021 and 2020.

Vehicle Plan

Vehicle plan represents the amount shouldered by the Cooperative for the purchase of vehicles for the Cooperative's use to which ownership shall transfer to the employee after the lapse of the agreed terms.

Refundable Deposits

Refundable deposits pertain to cash advances paid to lessors by the Cooperative that will be refunded upon expiration of lease contracts.

Computerization Cost - net

Computerization cost represents the cost of accounting systems and software licenses incurred by the Cooperative.

Amortization of vehicle plan and computerization costs amounted to P 1.85 million and P2.06 million in 2021 and 2020, respectively (see Note 24).



12. Deposit Liabilities

	2021	2020
Savings deposits	₱2,267,130,743	₱1,890,797,716
Time deposits	1,449,863,493	1,117,780,159
Special savings deposits	437,741,549	358,434,548
	₱4,154,735,785	₱3,367,012,423

The Cooperative's regular savings deposits have annual interest rates ranging from 1.5% to 2.0% in 2021 and 2020. Time deposits have interest rates depending on the amount and terms of the deposits ranging from 2.75% to 5.0% in 2021 and 2020. Special savings deposits have annual interest rates ranging from 2.0% to 10.0% in 2021 and 2020.

Interest expense on deposit liabilities amounted to ₱137.25 million and ₱114.59 million in 2021 and 2020, respectively (see Note 23). As of December 31, 2021 and 2020, the accrued interest payable on the deposit liabilities included in "Accrued expenses" amounted to ₱16.65 million and ₱9.45 million, respectively (see Note 14).

The breakdown of deposit liabilities as to their maturities follows:

	2021	2020
Below one year	₱3,795,407,285	₱3,078,716,108
Over one year	359,328,500	288,296,315
	₱4,154,735,785	₱3,367,012,423

13. Accounts and Other Payables

	2021	2020
Subscription payable	₱70,176,326	₱72,406,496
Members' benefits payable	51,424,738	42,990,907
Insurance payable	21,391,646	15,319,456
Accounts payable	13,132,055	14,016,425
Fund payable	12,644,436	10,863,217
Notarial fees payable	8,510,224	6,279,287
Cash bond payable	2,283,514	2,132,324
Others	29,683,348	17,641,849
	₱209,246,287	₱181,649,961

Subscription payable refers to the Cooperative's outstanding payable on its subscription of shares in various cooperatives and corporations, including the subscription in the Cooperative's subsidiary, OIC, Inc. (see Note 8).

Fund payable pertains to funds set-up for litigation, advocacy and healthcare expenses, and information technology improvement.

Others primarily includes, savings deposits of former members of the Cooperative, medical and dental benefits payable, and outside services.



14. Accrued Expenses

	<i>Note</i>	2021	2020
Due to regulatory agencies		₱34,970,230	₱27,643,778
Accrued interest payable	12, 15	17,170,916	9,565,260
SSS, Philhealth, Pag-ibig contributions payable		2,294,607	2,059,333
Withholding tax payable		1,357,221	1,005,943
Other accrued expenses		73,293,294	44,517,911
		₱129,086,268	₱84,792,225

Other accrued expenses include accruals of travel incentives, security services and system and IT maintenance fees.

15. Loans Payable

	2021	2020
₱75.1M - LBP loan payable in installment until January 16, 2026	₱70,830,387	₱-
₱35.1M - LBP loan payable in installment until April 16, 2026	29,399,157	-
₱20M - NATCCO loan payable in installment until November 18, 2026	19,705,909	-
₱30M - NATCCO loan payable in installment until July 30, 2024	16,801,404	22,534,056
9.0M - LBP loan payable in installment until July 16, 2030	7,475,911	-
₱9.1M - LBP loan payable in installment until October 16, 2030	7,447,368	9,069,166
₱35M - NATCCO loan payable in installment until April 25, 2022	4,260,481	16,463,015
₱20M - NATCCO loan payable in installment until July 15, 2022	4,223,668	11,075,929
₱22.4M - LBP loan payable in installment until July 4, 2022	2,990,583	8,848,081
₱50M - LBP loan payable in installment until April 1, 2021	-	5,877,036
₱7.6M - LBP loan payable in installment until August 4, 2021	-	123,672
	163,134,868	73,990,955
Less current portion	53,036,018	38,267,451
	₱110,098,850	₱35,723,504

On April 25, 2018, the Cooperative availed two (2) ₱100.0 million loan rediscounting lines with Land Bank of the Philippines (LBP). The credit line consists of short-term and term loan line with a rediscounting rate of up to 85% of the outstanding balance of the Cooperative's loan receivables pledged as of a certain cut-off date.



The Cooperative obtained loans amounting to P35.0 million, P30.0 million and P20.0 million from NATCCO bearing 7.0% interest rates on April 25, 2019, July 30, 2019 and July 15, 2019, respectively, payable in monthly installments. The loans are secured by P 3.8 million, P31.8 million, and P26.0 million of its time deposits with NATCCO, respectively (see Note 11). As of December 31, 2021 and 2020, the carrying value of these time deposits amounted to P104.9 million and P101.7 million, respectively.

On August 30, 2019, the Cooperative has drawn an additional P22.4 million and P7.6 million from its term loan rediscounting line bearing 7.0% and 6.5% interest rates, respectively, payable in scheduled installments. The loans are secured by P32.1 million and P9.5 million loan receivables, respectively, evidenced by promissory notes, pursuant to the term loan rediscounting agreement with the bank. The outstanding balance of pledged loans receivables for these loans as of December 31, 2021 and 2020 amounted to P 4.4 million and P 12.7 million, respectively (see Note 6).

On November 27, 2020, the Cooperative has drawn an additional P9.1 million from its term loan rediscounting line bearing 5% interest rate payable in scheduled installments. The loans are secured by P10.7 million loan receivables evidenced by promissory notes, pursuant to the term loan rediscounting agreement with the bank. The outstanding balance of pledged loans receivables for these loans as of December 31, 2021 and 2020 amounted to P8.7 million and P10.5 million, respectively (see Note 6).

On March 24, 2021, May 7, 2021, and September 23, 2021, the Cooperative has drawn additional loans from its term loan rediscounting line amounting to P9.0 million, P35.1 million, and P75.1 million, respectively, bearing 5.2% to 6.0% interest rates payable in scheduled installments. The loans are secured by P140.3 million loan receivables evidenced by promissory notes, pursuant to the term loan rediscounting agreement with the bank. The outstanding balance of pledged loans receivables for these loans as of December 31, 2021 amounted to P130.0 million.

On November 18, 2021, the Cooperative obtained additional loans amounting to P20.0 million from NATCCO bearing 5.0% interest rates payable in monthly installments. The loans are secured by P 26.0 million of its time deposits with NATCCO, respectively (see Note 11). As of December 31, 2021, the carrying value of these time deposits amounted to P28.3 million.

The repayment schedule of the loans payable is as follows:

	2021	2020
2021	P-	P38,267,451
2022	53,036,018	19,243,595
2023	40,563,632	8,184,897
2024	33,824,000	5,272,465
2025	24,111,595	3,022,547
2026 to 2030	11,599,623	-
	P163,134,868	P73,990,955

Total interest expense pertaining to the loans payable of the Cooperative amounted to P 6.7 million and P 6.2 million in 2021 and 2020, respectively (see Note 23). As of December 31, 2021 and 2020, the accrued interest payable on the loans included in "Accrued expenses" amounted to P0.5 million and P0.1 million, respectively (see Note 14).



16. Interest on Share Capital and Patronage Refund Payable

	2021	2020
Allocation from net surplus	P282,001,127	P205,037,893
Distribution:		
Interest on share capital	P197,400,789	P143,526,525
Patronage refund	P84,600,338	P61,511,368
Average interest on share capital rate	9.00%	7.50%
Average patronage refund rate	10.25%	10.00%

17. Other Current Liabilities

	<i>Note</i>	2021	2020
Advances from members		P20,371,116	P22,416,743
Due to CETF	19	16,304,538	16,622,598
		P36,675,654	P39,039,341

Advances from members pertains to partial payments made by members to settle outstanding loans.

Due to CETF represents the amount for remittance to the cooperative educational and training fund of the union or federation chosen by the Cooperative.

Movement of due to CETF follows:

	2021	2020
Balance, January 1	P16,622,598	P12,004,998
Allocation from net surplus	8,812,535	9,611,151
Charges	(9,130,595)	(4,993,551)
Balance, December 31	P16,304,538	P16,622,598

18. Share Capital

The details of the common shares are presented below.

	Shares		Amount	
	2021	2020	2021	2020
Common shares - P200 par value				
Authorized - 11,250,000 shares				
Issued:				
Balance at				
beginning of year	10,080,485	8,494,904	P2,016,097,000	P1,698,980,800
Issuances	1,658,555	1,585,581	331,711,000	317,116,200
Balance at end of year	11,739,040	10,080,485	2,347,808,000	2,016,097,000
Deposit for share capital subscription			12,460,439	11,633,393
Total share capital	11,739,040	10,080,485	P2,360,268,439	P2,027,730,393

The deposit for capital subscription represents the fractional shares held by the members below the P200 par value.



19. Statutory Funds

	2021	2020
General reserve fund	P500,563,376	P398,404,004
Cooperative education and training fund	50,432,336	44,135,293
Community development fund	42,080,477	37,097,542
Optional funds	138,772,697	108,665,264
	P731,848,886	P588,302,103

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

- At least 10.0% shall be set aside as General Reserve Fund. This general fund shall be used for the stability of the Cooperative, and to absorb net losses, if any, in its business operations. The Cooperative has allocated 22.0% and 20.0% of its net surplus to general reserve fund in 2021 and 2020, respectively.
- At most 10.0% shall be set aside for CETF. One half of the fund shall provide for the training, development, and such other cooperative activities geared towards the growth of the Cooperative; while the other half shall be credited to the cooperative education and training fund of the apex organizations of which the Cooperative is a member, as Due to CETF under "Other current liabilities" account in the statements of financial condition (see Note 17). The Cooperative has allocated 4.0% and 6.0% of its net surplus to cooperative education and training fund in 2021 and 2020, respectively.
- At least 3.0% shall be set aside for Community Development Fund. This shall be used for projects or activities that will benefit the community where the cooperative operates. The Cooperative has allocated 3.0% of its net surplus to community development fund in 2021 and 2020.
- At most 7.0% shall be set aside for Optional Funds such as Cooperative Guarantee Fund, Land and Building Fund, and Cooperative Development Fund. The Cooperative has allocated 7.0% of its net surplus to optional fund in 2021 and 2020.

The remaining net savings shall be made available to the members in the form of interest not to exceed the normal rate of return on investments and patronage refunds.

20. Miscellaneous Income

	2021	2020
Management fees	P15,721,198	P11,849,666
ATM transaction fees	5,376,995	5,504,250
Interest income from charged-off loans	3,093,339	2,427,122
Penalties and charges	2,036,856	1,827,804
Membership fees	1,848,850	1,514,900
Pre-membership education seminar fees	1,807,970	1,482,208
General assembly ticket income	-	5,469,560
Others	5,132,054	3,507,669
	P35,017,262	P33,583,179

Others include income on mortgage processing fees and other incidental income of the Cooperative.



21. Retirement Benefit Obligation

The Cooperative has a noncontributory and defined benefit type retirement plan covering all regular employees. The plan provides a retirement benefit ranging from 22.5 days pay for every year of credited service, in accordance with the Retirement Pay Law (Republic Act No. 7641) to 150% for every year of credited service. The benefit is paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

In 2021 and 2020, the Cooperative measured its retirement benefit obligation and the related current service cost using the projected unit credit method.

Amounts recognized in the statements of operations in respect of this defined benefit plan follow:

	2021	2020
Current service cost	P9,017,759	P8,780,734
Interest cost	3,000,442	2,846,368
Expected return on plan assets	(382,167)	(370,697)
Actuarial loss (gain) recognized during the year	(3,566,743)	10,040,854
	P8,069,291	P21,297,259

The amounts included in the statements of financial condition arising from the Cooperative's obligation in respect of its defined benefit plan follow:

	2021	2020
Present value of defined benefit obligations	P79,955,344	P73,003,449
Fair value of plan assets	(10,949,812)	(10,919,060)
Net liability arising from defined benefit obligation	P69,005,532	P62,084,389

Movements in the present value of the defined benefit obligation are as follows:

	2021	2020
At January 1	P73,003,449	P51,378,475
Current service cost	9,017,759	8,780,734
Interest cost	3,000,442	2,846,368
Actuarial loss (gain)	(3,918,158)	9,997,872
Benefits paid	(1,148,148)	-
At December 31	P79,955,344	P73,003,449

The fair values of plan assets by each class as of December 31 are as follows:

	2021	2020
Cash and cash equivalents	P1,642,742	P1,637,859
Debt instruments	9,307,070	9,281,201
	P10,949,812	P10,919,060



Movements in the fair value of plan assets are as follows:

	2021	2020
At January 1	P10,919,060	P10,591,345
Expected return on plan assets	382,167	370,697
Actuarial loss	(213,932)	(42,982)
Benefits paid	(137,482)	-
At December 31	P10,949,813	P10,919,060

The principal assumptions used in determining the retirement benefit obligation for the Cooperative's retirement plan as of December 31 follow:

	2021	2020
Discount rate	5.19%	4.11%
Future salary increase rate	4.00%	4.00%

22. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control.

The Cooperative, in the normal course of business, has significant loans receivables and deposits savings by directors, officers, related interest and employees. Transactions with related parties are made in the ordinary course of business and on substantially same terms, including interest and collaterals, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

	2021		Terms	Conditions
	Amount	Outstanding Balance		
Loan availments	P32,293,168	P110,631,938*	1-120 months; 8%-24% on outstanding balance	Secured; No impairment
Savings deposits	(13,091,031)	54,995,558**	On demand; 2%-10% on outstanding balance	Unsecured

*Included under loans and receivables.

** Included under deposit liabilities.



2020				
	Amount	Outstanding Balance	Terms	Conditions
Loan availments	P120,153,539	P126,477,891*	1-120 months; 8%-24% on outstanding balance	Secured; No impairment
Savings deposits	14,235,849	68,086,589**	On demand; 2%-10% on outstanding balance	Unsecured

*Included under loans and receivables.

** Included under deposit liabilities.

Terms and Conditions of Transactions with Related Parties

The outstanding accounts with related parties shall be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. These transactions with related parties are made with the Cooperative's normal terms and conditions. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

The compensation of key management personnel of the Cooperative is as follows:

	2021	2020
Salaries and wages	P47,635,774	P42,526,637
Employee benefits	11,615,800	11,082,000
	P59,251,574	P53,608,637

23. Finance Costs

	Note	2021	2020
Interest expense on deposit liabilities	12	P137,250,904	P114,589,830
Interest expense on borrowings	15	6,693,102	6,161,949
		P143,944,006	P120,751,779



24. Administrative Costs

	<i>Note</i>	2021	2020
Salaries and wages		₱106,930,448	₱95,777,991
Provision for probable losses on loans and receivables	6	99,563,363	41,189,373
Employee benefits		62,970,379	59,861,357
Travel and transportation		46,404,804	22,096,650
General assembly expenses		20,041,447	13,910,504
Depreciation	9,11	19,465,131	19,151,375
General support services		17,331,178	15,641,464
Member's benefit expenses		11,814,696	1,558,252
SSS, Philhealth and PAG-IBIG contributions		11,793,322	9,861,557
Insurance		11,163,238	9,941,191
Office supplies		10,364,415	7,498,679
Retirement benefit expense	21	8,069,291	21,297,259
Repairs and maintenance		7,632,343	5,387,522
Power, light and water		6,497,756	6,180,194
Gas, oil and lubricants		5,883,957	4,297,564
Rentals		4,948,023	4,159,850
Communication		4,025,387	3,670,882
Meeting and conferences		2,874,004	1,458,146
Promotional expenses		2,426,311	1,851,033
Representation		2,294,685	2,146,754
Amortization	11	1,848,036	2,060,520
Officers' honoraria and allowances		1,755,474	1,370,974
Professional fees		1,500,152	1,386,923
Taxes, fees and charges		1,411,663	1,334,642
Litigation expenses		264,629	1,011,458
Trainings and seminars		24,174	127,949
Impairment loss on real properties acquired	10	-	1,430,000
Impairment loss on other funds and deposits	11	-	943,799
Others		9,320,174	5,971,591
		₱478,618,480	₱362,575,453



25. Supplementary Information Under Revenue Regulations (R.R.) No. 15-2010

In compliance with the requirements set forth by R.R. No. 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year 2021.

Other Taxes and Licenses

The details of taxes and licenses are as follows:

License and permit fees	P321,777
Registration fees	275,337
Capital gains tax	187,091
Others	627,458
	<hr/>
	P1,411,663
	<hr/>

Withholding Taxes

The details of withholding taxes for the year are as follows:

Withholding taxes on compensation and benefits	P3,451,048
Expanded withholding taxes	764,728
	<hr/>
	P4,215,776
	<hr/>

Tax Assessments and Cases

As of December 31, 2021, the Cooperative has no outstanding final assessment notice from the BIR.

