

AUDITED *Financial Statements*

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Mindanao	2,719,752.20	2,625,579.61	60,000.00	154,172.59
Malanday	1,729,212.55	1,694,070.02	-	35,142.53
Total	P126,830,677.19	P74,887,913.54	P1,946,178.03	P53,888,941.68

29. CONTINGENCIES AND COMMITMENTS

Contingencies
During the course of regular business, the Cooperative is involved with various legal cases upon default of payment of members, however none of which in the opinion of management and its legal counsel, is expected to have material adverse effect on the cooperative's financial position.

Lease Commitments
The Cooperative has entered into a lease contract for the office of its branches with on to five years contract with private individuals which may be extended for further term or shorter at option of the parties and the rate will be based on the prevailing rate subject to the mutual agreement. The total amount of net expense. The future minimum rent expense payments are estimated based on the lease contract agreement which will amount to P437,785.32 in year 2022 only.

30. RELATED PARTY TRANSACTIONS

The related party transactions made by the Cooperative for the year ended December 31, 2021 is with regards to loans and transactions of directors, officers, staffs and related interest (DOSRI). Under the Cooperative policy which is line with the Articles under RA 9520 the Philippine Cooperative Code of 2008 these loans and other transactions are made substantially with the same ceilings and term of agreements as with other members of the cooperative under the cooperative by-laws. The total loan receivables from DOSRI accounts for 2021 and 2020 amount to P43,737,796.54 and P42,870,533.90, respectively. The DOSRI accounts are regularly monitored and reviewed by the board.

31. EVENTS AFTER THE REPORTING DATE

There were no events after reporting date that would require disclosure or adjustments on the consolidated financial statements.

32. TAXES

The Cooperative has been duly registered with the Cooperative Development Authority (CDA) pursuant to RA No. 9520 and with Certificate of Registration dated November 19, 2009. The Cooperative has Certificate of Tax Exemption dated April 21, 2017, valid until April 21, 2022.

As cooperative dealing with both members with accumulated reserves and undivided net savings of more than ten (10) million, the cooperative is entitled to the tax exemption and incentives under Section 61 of RA No. 9520 as implemented by Sect. 7 of the Joint Rules and Regulations, implementing Art. 60, 61 and 144 of RA 9520 and circularized by the Revenue Memorandum Circular No. 012-10 dated February 11, 2010, as follows:

- Exemption from Income Tax on income from CDA registered operations;
- Exemption from Value Added tax on CDA registered sales or transactions;
- Exemption from Percentage Tax;
- Exemption from Donor's Tax on donations to duly accredited charitable, research and educational institution and reinvestment to socio-economics projects within the area of operation of the cooperative;
- Exemption from Excise Tax which it is directly liable;
- Exemption from documentary Stamp Tax, provided however that the other party to the

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taxable document/transaction who is not exempt shall be the one directly liable for the tax. All payments for documentary stamp tax - REM (Real Estate Mortgage) are paid directly by the member-borrowers;

- Exemption from Annual Registration Fee of P500.00;
- Exemption from all taxes on transactions with insurance companies and banks including but not limited to 20% final income tax on interest deposit and 7.5% final income tax on interest derived from a depository bank under the expanded foreign currency deposit system.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Requirements under Revenue Regulations (RR) 15-2010:

The information on taxes, licenses and permit fees paid or accrued during the year required under RR15-2010 issued on November 25, 2010 are as follows:

- Output VAT**
The cooperative is exempt from paying and filing Value Added Tax.
- Input VAT**
Since cooperative are exempt from value added tax there is no recognition of VAT input.
- Landed cost, custom duties, tariff fees, and excise tax**
The Cooperative has no transaction which was subjected to custom duties, tariff fees and excise tax for the taxable year 2021.
- Taxes and licenses**
The details of taxes and licenses and permit fees for the year ended December 31, 2021 are as follows:

Business & local taxes	P73,866.49
Barangay Clearance	1,200.00
Car Registration	7,068.12
Total	82,134.61

- Withholding Taxes**
The details of total withholding taxes for the taxable year ended December 31, 2021 are shown below:

	Tax Base	Tax withheld
Compensation	P15,450,010.76	P290,368.47
Honorarium	548,000.00	27,400.00
Professional Fee	427,828.95	21,391.45
Rental	561,812.06	28,090.60
General Support	2,871,146.28	57,422.94
Total	P19,858,798.05	P424,673.46

There were no transactions that were subjected to final withholding tax.

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(6) Tax Cases and Tax Assessments

The Cooperative has no tax case and or any deficiency tax assessment during the year.

Requirements under Revenue Regulations No. 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions and other significant tax information, to be disclosed on the notes to financial statement. The Cooperative revenues and non-operating income are exempt from income taxes.

34. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2020 financial statements were classified to conform to 2021 financial statement presentation of accounts.

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Comparative Statement of Operations (2018-2021)

Year	Revenues	Expenses	Net Surplus
2018	115,322,794.69	135,887,896.41	108,671,679.76
2019	135,887,896.41	108,671,679.76	128,776,855.22
2020	108,671,679.76	128,776,855.22	73,106,748.92
2021	128,776,855.22	73,106,748.92	80,545,846.42

COMPARATIVE STATEMENT OF OPERATIONS FOR THE YEAR 2018 TO 2021

	2018	2019	2020	2021
REVENUE				
	115,322,794.69	135,887,896.41	108,671,679.76	128,776,855.22
EXPENSES				
	73,106,748.92	80,545,846.42	73,653,509.27	74,887,913.54
NET SURPLUS				
	42,216,045.77	55,342,049.99	35,018,170.49	53,888,941.68

COMPARATIVE PERCENTAGE INTEREST ON SHARE CAPITAL AND PATRONAGE REFUND FOR THE YEAR 2018 TO 2021

	2018	2019	2020	2021
INTEREST ON SHARE CAPITAL				
	(75%) 5.26%	(75%) 6.17%	(77%) 3.66%	(75%) 5.27%
PATRONAGE REFUND				
	(25%) 10.04%	(25%) 12.05%	(23%) 7.09%	(25%) 10.19%
RATE OF RETURN				
	7.02%	8.23%	4.76%	7.03%

32ND ANNUAL GENERAL ASSEMBLY

Sequential Annual Regular General Assembly Meeting (ARGAM)

VIA ZOOM CONFERENCE PLATFORM

May 23 - June 03, 2022

Monday to Friday / 9:00AM to 3:00PM

PHCCCO BUILDING, HCSCCO HEAD OFFICE

Gen. T. De Leon, Valenzuela City

Theme: HCSCCO: THRIVING IN THE NEW NORMAL

PROGRAM OF ACTIVITIES

PART I - PROGRAM

09:00 AM ONLINE Registration of Attending MEMBERS

PART II - PRELIMINARIES

01:00 PM OPENING
Invocation
Philippine National Anthem
The Cooperative Pledge
Vision, Mission and Core Values

Welcome Remarks - Fr. Domingo M. Salonga
BOD Chairperson

Messages

Presentation of Candidates for Election
- Board of Directors
- Audit Committee
- Election Committee

Loyalty Award for Member (Silver & Gold)

Top Recruiter Award for Members

PART III - BUSINESS MEETING

01:30 P.M. Call to Order/Roll Call

Proof of Due Notice/Proclamation of Quorum

Declaration and Consideration of Presence of Quorum, Reading & Approval of the Previous Minutes of Meeting 2021

Matters Arising from the Minutes of Meeting

PART III - BUSINESS MEETING

Consideration of 2021 Reports to the General Assembly:

- Chairperson and CEO
- Audit Committee
- Election Committee
- Ethics Committee
- Mediation & Conciliation Committee
- Gender and Development Committee
- Education and Training Committee

For General Assembly Approval/Adoption/Confirmation:

- Vision, Mission & Core Values
- Audited Financial Reports 2021
- Operational Plan and Budget for 2022
- 3-Year Development Plan 2022-2024
- External Auditor for 2022
- Education and Training Plan 2022
- Social/ Community Plan 2022
- Mortuary Premium Increase
(from P600.00 to P900.00)

Open Forum

Announcement of Election Results (for the last day of General Assembly: June 03, 2022)

Other Matters

Adjournment

PART IV - G.A. Raffle Door Prizes (June 03, 2022)

Closing Remarks - Ms. LILLIAN D. SILUBRICO
Chief Executive Officer



HOLY CROSS SAVINGS AND CREDIT COOPERATIVE

PHCCCO Building HCSCCO Head Office Gen. T. De Leon, Valenzuela City

Message

Naharap at napagtagumpayan natin ang nakaraang dalawang taon ng pandemya na may tapang at walang-sawang pagbibigay ng ating panahon, talino't yaman sa pagtataguyod ng ating Kooperatiba. Lahat ng bumubuo ng Board of Directors at Management Staff ay laging handang ipagpatuloy ang matapat na paglilingkod upang patuloy na umunlad ang buhay ng mga kasapi sa lahat ng larangan.

Ang tema ng General Assembly sa taong ito, 2022 ay "HCSCC: Thriving in the New Normal". Isang hamon sa ating lahat na makita ang ating gawain at misyon sa Kooperatiba na isang biyaya. Sabi nga ng isang kilalang manunulat espiritual: "There are no accidents in life, only grace!" Anuman ang ating gampanin sa Kooperatiba, tayo'y tinawag at nahirang upang maging mabunga at makahulugan ang ating buhay sa paglilingkod sa samabayanan.

Sa matapat na paglilingkod, angat buhay ang lahat!

F. Domingo M. Salonga
 Dir. FR. DOMINGO M. SALONGA
 Chairperson, Board of Directors



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15. OTHER CURRENT LIABILITIES

The details of this account are shown below:

	2021	2020
Account Payable - Others	P4,533,324.40	P4,795,491.48
Other Payable	2,701,131.75	1,313,560.17
Accrued Expenses Payable	1,437,568.75	1,057,712.73
Unrealized Gain on sale of investment property	1,184,829.72	622,233.92
Housing Deposits Payable	556,500.00	-
SSS/Philhealth & Pagbigay Payable	72,941.14	71,790.83
SSS/Pagbigay Loan Payable	68,738.01	81,631.45
Withholding Tax Payable	37,503.63	6,795.28
Rental Deposits Payable	-	552,737.00
Total	P10,922,529.39	P8,481,991.86

16. RETIREMENT FUND PAYABLE

Under Republic Act No. 7641, all organizations with ten (10) or more are required to provide a minimum retirement benefits to qualified exiting employees. The cooperative retirement plan is a non-contributory and of the defined benefit type which provides a retirement benefit equivalent to one hundred percent (100%) of the plan salary for every year of credited service. The cooperative provides for the estimated retirement benefits based on actuarial valuation made by the insurance provider. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. The retirement payable as of December 31, 2021 and 2020 amounts to P5,236,194.65 and P4,457,730.77, respectively.

17. OTHER NONCURRENT LIABILITIES

The account pertains to annual insurance premium of P900.00 paid by a full pledge member, the amount being set aside as mortuary fund. As of December 31, 2021 and 2020, other non-current liability amounts to P5,748,356.87 and P1,873,504.13 respectively.

18. SHARE CAPITAL

The breakdown of this account is as follows:

	Authorized Capital	Issued and Paid-up Capital	Unpaid Capital	Treasury Shares	Total Share Capital
Common	800,000,000.00	6,234,187.00	623,418,700.00	31,301,700.00	592,117,000.00
Preferred A	72,500,000.00	148,761.00	14,876,100.00	2,286,300.00	12,589,800.00
Preferred B	20,000,000.00	46,180.00	4,618,000.00	-	4,618,000.00
Total	892,500,000.00	6,429,128.00	642,822,800.00	33,588,000.00	609,234,000.00

The authorized share capital of the Cooperative is P92,500,000.00, divided into 8,925,000 shares with par value of P10.00 per share, of which P100,000,000.00 is for common shares and P92,500,000.00 of Preferred A and P50,000,000.00 for Preferred B shares.

Common shares are open to all natural persons who are Filipino citizen of legal age and with initial share capital of P5,000.00.

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24. ADMINISTRATIVE EXPENSES

The detail of this account is as follows:

	2021	2020
Provision for Probable Losses on Loans	P16,201,000.00	P12,129,201.00
Salaries and Wages	15,430,011.76	14,247,904.38
Officers and Employees Benefits	5,203,684.87	7,759,150.63
General Assembly	4,515,196.70	1,062,144.30
Depreciation and Amortization	3,291,464.54	4,407,391.89
Travel and Transportation	2,675,740.02	2,274,461.64
Provision for Loss on Investments	2,500,000.00	2,500,000.00
Retirement Benefits Expense	2,200,000.00	2,200,000.00
General Support Services	1,743,108.31	1,893,883.85
Light, Water and Power	1,577,497.16	1,488,123.07
SSS, PhilC & HDMF Contributions	1,452,579.10	1,577,780.39
Contingency Fund	1,000,000.00	-
Office Supplies	978,780.19	816,001.92
Repairs and Maintenance	756,457.29	445,660.48
Rental	561,812.06	989,902.74
Officers' Honorarium and Allowances	548,000.00	486,000.00
Communications	541,965.68	456,024.22
Insurance Expense	447,879.42	448,181.21
Professional Fees	427,828.95	278,947.37
Collection Expense	361,692.64	225,812.76
Advertising and Promotion	269,800.00	373,765.00
Representation and Entertainment	146,302.95	155,074.88
Social & Community Service Expenses	111,000.00	-
Meetings and Conferences	88,000.76	70,520.31
Taxes and Licenses	82,134.61	248,241.81
Gas, Oil and Lubricants	72,951.65	101,526.94
Affiliation Fee	61,000.00	2,000.00
Miscellaneous Expense	21,621.55	-
Members' Benefits Expense	18,460.00	4,707,302.00
Total Administrative expenses	P63,299,471.62	P60,545,017.81

25. EMPLOYEE BENEFITS

Salaries and Employees' Benefits - Expenses recognized for salaries and employees' benefits short term amounts to P20,653,695.63.

Post-employment Defined Benefit Plan - Characteristics of the Defined Benefit Plan: The Cooperative's employee retirement plan is non-contributory and of the defined benefit type which provides a retirement benefit equivalent to one hundred percent (100%) of Plan Salary for every year of credited service. Benefits are paid in a lump sum upon retirement in accordance with the terms of the Plan. The normal retirement age is 60 with a minimum of 20 years of credited service. The plan also provides for an early retirement age of 55 but also with a minimum 20 years of credited service. There was no curtailment or settlement recognized for the financial year ended December 31, 2021 and 2020. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2021 and 2020.

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Preferred shares A shall be issued to all natural persons who are Filipino senior citizen and with share capital less than P5,000.00.

Preferred shares B shall be issued to all natural persons who are Filipino citizen with a minimum share capital of P20,000.00.

19. STATUTORY FUNDS

The movement of this account is presented below:

	Beq. Balance	Usage	Provision	End Balance
General Reserve Fund	P60,353,030.30	-	8,083,241.25	P68,466,371.55
Education & Training Fund	1,223,472.21	(446,159.60)	808,374.12	1,585,686.73
Community Dev. Fund	4,419,035.97	(1,037,444.93)	1,616,668.25	4,979,259.29
Optional Fund	12,867,348.04	(1,280,000.00)	2,155,557.67	13,742,905.71
Total	P78,859,886.52	(2,753,604.53)	12,663,801.29	P88,503,183.28

20. REVALUATION SURPLUS

As of December 31, 2021, the Cooperative has Unrealized Gains on Property Valuation of Land located at Gen. T. de Leon and Malina, Valenzuela City to a total amount of P15,835,717.83. This was made by an independent appraiser.

21. INCOME FROM CREDIT OPERATION

This account consists of the following:

	2021	2020
Interest Income on Loans	P10,684,831.09	P9,475,127.56
Service/Filing/Inspection/Collection fee	7,386,918.41	7,170,515.06
Fines, Penalties and Surcharges	4,921,583.22	2,540,035.59
Total	P12,993,332.72	P19,185,678.21

22. OTHER INCOME

The detail of this account is as follows:

	2021	2020
Interest Income on Investments/Deposits	P8,118,379.42	P10,657,673.38
Membership Fees	276,010.00	241,100.00
Miscellaneous Income	5,442,944.15	4,381,478.97
Total	P13,837,333.57	P15,280,252.35

23. FINANCING COSTS

Finance cost pertains to interest expense on deposits liabilities. The interests paid and accrued to members' deposits amounts to P1,588,419.2 in year 2021 and P13,108,471.46 in year 2020. Interest rate on varies from the rate of 0.5% to 2.5% depending upon the type of deposits.

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26. OTHER ITEMS

The detail of this account is as follows:

	2021	2020
Gain on Sale on Property & Equipment	P7,000.00	P3,600.00
Gain on Sale - Investment Property	136,967.84	143,291.91
Gain on Sale - BOPPA	241,941.54	938,378.14
Rent of Property - ROPA	294,800.00	490,000.00
Optional Fund Surplus	1,290,000.00	1,712,076.33
Loss on Investment	(484,531.25)	-
Total	P1,946,178.03	P3,236,766.38

27. ALLOCATION AND DISTRIBUTION OF NET SURPLUS

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

- At least fifteen (15%) percent shall be set aside as General Reserve Fund. This is created to provide for the stability of the cooperative and to absorb losses in its business operation.
- Three (3%) percent of the net surplus shall be set aside for cooperative education and training fund. 30% of this shall be utilized by the Cooperative for its own education and training activities while the other 70% shall be credited to cooperative education and training fund of the Apo organization of which the cooperative is a member.
- Four (4%) percent of net surplus is distributed in Optional Fund. The fund shall be used for acquisition Land, Building and equipment, and/or replacement fund for Property and Equipment.
- Three (3%) is distributed for the Community Development Fund of the Cooperative. The Fund shall be used for projects or activities that will benefit the community where the cooperative operates.
- The remaining net surplus shall be distributed to members in a form of interest on share capital and patronage refund. As prescribed under IRR No. 9520, Rule 10 Section 14, the amount allocated for patronage refund shall not be less than 30% of the net surplus, provided that it shall not be more than twice the rate of interest on share capital. Hence, the Board approved for the remaining net surplus to be distributed as follows: 75% for interest on share capital and 25% for patronage refund.

The net surplus for distribution for the years 2021 and 2020 are shown below:

	2021	2020
General Reserve Fund	P8,083,241.25	P5,352,735.57
Education and Training Fund - Local	808,374.12	525,272.56
Use to Union/Cooperation	808,374.12	825,372.56
Community Development Fund	1,616,668.25	1,650,545.11
Optional Fund	2,155,557.67	1,400,726.82
Interest on Share Capital	30,142,429.90	21,222,093.46
Patronage Refund	10,104,176.47	8,040,534.41
NET SURPLUS AS DISTRIBUTED	P53,888,941.62	P35,018,170.49

28. SEGMENTAL OPERATIONS

The Cooperative's segmental income and expenses in 2021 are as follows:

	Revenue	Expenses	Other Items	Net Surplus
Head Office	P95,107,980.23	P53,401,678.90	P83,436.49	P41,789,737.82
Malina	18,692,655.45	10,684,442.07	1,701,341.54	9,710,554.92
Patnarin	8,581,076.76	6,482,142.94	100,800.00	2,199,733.82

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Movement of Probable Losses on Loans:

	2021	2020
Beginning Balance	P128,639,529.62	P110,006,306.57
Add: Provision for the year	16,201,000.00	12,629,200.00
Adjustments	660,974.10	602,422.89
Ending Balance	P145,501,503.52	P128,639,929.42

The total loans receivables amount to P933,444,630.21 in year 2021 and P976,312,931.97 in year 2020, which includes unearned interest amounting to P7,142,428.95 and P2,966,288.91 for year 2021 and 2020, respectively.

Provision for probable losses on loan amounts to P145,501,503.52 and P128,639,929.42 in years 2021 and 2020, respectively. The management notes that 92.47% of its loan portfolio is fully secured either by land title, members deposit and share capital. Of the total past due amount of P995,957,657.01, 91.52% of that is secured by a collateral which means only P19,017,950.32, 6.73% is not secured. The amount of allowance for probable losses on loans is P145,501,503.52, as of December 31, 2021.

However as per standard the cooperative should provide 100% provision for loan probable loss accounts with more than twelve (12) months past due and 35% of accounts for one (1) to twelve (12) months past due. The Financial Reporting Standards applicable to Cooperatives in the Philippines recognized the Unearned Interest Income, interest already earned but not yet received, must be presented as a contra asset account to conform with IAS 39. 46. IAS 39, 36 measures the loans receivables at its net carrying value or amortized cost.

DOSRI Accounts

As of December 31, 2021 and 2020 the DOSRI accounts are as follows:

	2021	2020
Board of Directors & Officers	P29,624,003.49	P31,456,374.13
Management Staff	14,113,793.05	11,414,459.77
Total	P43,737,796.54	P42,870,833.90

7. OTHER CURRENT RECEIVABLES

This account consists of the following:

	2021	2020
Accounts Receivable - Foreclosed Accounts	P2,978,327.00	P6,679,120.31
Other Current Receivables	3,229,922.20	3,237,742.77
Total	P6,208,249.20	P9,916,863.08

Management considers the carrying amounts of these receivables to be a reasonable approximation of their fair values.

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9. REAL AND OTHER PROPERTIES ACQUIRED (ROPA)

In the ordinary course of granting loan, the Cooperative accepts real and other properties used as collateral to secure their loans. This account consists of acquired properties by the Cooperative in settlement of loans and receivables through foreclosure and for any other reasons. Total amount of acquired real and other properties amounted to P7,218,010.81 and P18,911,922.26 for years 2021 and 2020, respectively.

10. HELD TO MATURITY - INVESTMENTS

This account consists of investment in financial institution held to maturity:

	2021	2020
DEP Government Securities	P39,816,394.9	P54,816,394.9
Micro Bank Money Market Fund	24,179,415.79	24,055,243.47
Phil Am Life NCMF Philippines, Inc.	18,191,115.90	18,191,115.90
Sun Life Asset Management Co.	16,470,340.71	16,470,340.71
Chinabank RTB	15,041,653.11	-
CLMBS - COL Financial and Mutual Fund	12,000,000.00	12,000,000.00
Philippine Aaa Life	9,000,000.00	9,000,000.00
PNB - Fixed rate bond	5,000,000.00	5,000,000.00
Security Bank Equity Investment	5,000,000.00	5,000,000.00
Total	P144,701,920.41	P144,535,096.98

There is no objective evidence that the investment has been impaired, the management did not recognize any impairment.

11. INVESTMENT IN NON-MARKETABLE EQUITY SECURITIES

This account consists of investments to various Cooperatives which are as follows:

	2021	2020
Climbs Life and General Insurance Cooperative	P11,257,215.92	P6,912,866.08
Phil. Resort, Travel and Education Service Corp.	1,950,000.00	1,950,000.00
Metro South Cooperative Bank	1,591,000.00	1,591,000.00
Credit Information System	1,000,000.00	1,000,000.00
National Capital Region League of PRCCO	576,227.34	671,237.31
CLISA	500,000.00	-
Philippine Cooperative Center	153,712.00	133,712.00
COOPIS Federation of Cooperatives	-	2,000,000.00
Total	17,208,165.26	14,258,815.42

Less: Allowance for Probable Loss on Investment

	2021	2020
Total Investments in Non-Marketable Equity Securities	P11,708,163.26	P11,258,815.42

Investments are initially valued at transaction price and fair valuation is subsequently measured. Investment in non-publicly traded securities is valued at cost and market valuation is regularly monitored.

12. INVESTMENT PROPERTY

The Cooperative's investment property pertains to the portion of land and building held for lease. The gross carrying amounts and the accumulated depreciation of investment property are shown below:

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8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property and equipment at the beginning and end of 2021 and 2020 are shown below:

	Cost 12/31/2021	Accum. Depreciation	Net Book Value 12/31/2021
Land & Improvement	P89,287,671.30	-	P89,287,671.30
Building & Improvement	20,324,401.50	15,385,095.67	5,039,305.83
Office Improvement	4,621,483.53	4,621,411.53	72.00
Office Equip. Fur & Fix	11,893,500.82	9,224,670.16	2,668,830.66
Transport. Equipment	6,110,021.95	3,787,975.62	2,322,046.33
Leasehold Improvement	-	-	-
Construction in progress	1,346,030.00	-	1,346,030.00
Total	P134,204,807.88	33,219,152.98	P100,985,654.90

	Cost 12/31/2020	Accum. Depreciation	Net Book Value 12/31/2020
Land & Improvement	70,324,401.50	-	70,324,401.50
Building & Improvement	10,263,151.08	15,106,679.99	(4,843,528.91)
Office Improvement	4,621,483.53	4,621,411.53	72.00
Office Equip. Fur & Fix	11,893,500.82	8,344,654.28	3,548,846.54
Transportation Equip.	3,172,602.83	3,237,419.12	(60,816.29)
Leasehold Improvement	-	-	-
Construction in progress	1,346,030.00	-	1,346,030.00
Total	113,528,588.88	31,309,944.92	82,218,643.96

	Cost 12/31/2020	Accum. Depreciation	Net Book Value 12/31/2020
Land & Improvement	70,324,401.50	-	70,324,401.50
Building & Improvement	10,263,151.08	15,106,679.99	(4,843,528.91)
Office Improvement	4,621,483.53	4,621,411.53	72.00
Office Equip. Fur & Fix	11,893,500.82	8,344,654.28	3,548,846.54
Transportation Equip.	3,172,602.83	3,237,419.12	(60,816.29)
Leasehold Improvement	-	-	-
Construction in progress	1,346,030.00	-	1,346,030.00
Total	113,528,588.88	31,309,944.92	82,218,643.96

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	Land	Building	Total
Cost 12/31/2021	P8,010,000.00	P20,800,966.21	P28,810,966.21
Accum. Depreciation	-	6,300,933.26	6,300,933.26
Net Book Value 12/31/2021	P8,010,000.00	P14,499,932.85	P22,509,932.85

	Land	Building	Total
Net Book Value 12/31/2020	P8,010,000.00	P15,339,556.16	P23,349,556.16
Depreciation / Amortization	-	(1,040,023.31)	(1,040,023.31)
Net Book Value 12/31/2021	P8,010,000.00	P14,499,932.85	P22,509,932.85

	Land	Building	Total
Cost 12/31/2020	P8,010,000.00	P20,800,966.21	P28,810,966.21
Accum. Depreciation	-	6,300,933.26	6,300,933.26
Net Book Value 12/31/2020	P8,010,000.00	P14,499,932.85	P22,509,932.85

	Land	Building	Total
Net Book Value 12/31/2019	P8,010,000.00	P16,579,579.48	P24,589,579.48
Depreciation / Amortization	-	(1,040,023.32)	(1,040,023.32)
Net Book Value 12/31/2020	P8,010,000.00	P15,539,556.16	P23,549,556.16

13. OTHER NON CURRENT ASSETS

This account consists of:

	2021	2020
Computerization cost, net	98,992.26	193,239.92
Other Funds and Deposits	67,100,392.70	62,390,091.37
Rental deposits and other non-current assets	3,872,491.89	3,716,021.62
Total Other Non-current assets	70,971,876.85	66,299,352.91

Other Funds and Deposits consists of deposits to various commercial banks and financial institution in a form of time deposits and placements for future funding of the statutory and other reserves in compliance to cooperative laws and regulations.

14. DEPOSIT LIABILITIES

This account consists of the following:

	2021	2020
Savings Deposits	P500,087,697.70	P460,797,352.72
Pension Savings Deposits	69,842,109.11	66,948,828.81
Coop Palawan	292,318,096.44	271,109,167.34
Time Deposits	163,626,705.49	162,831,553.39
Laboratory Coop	58,375,252.22	55,381,685.84
Total Deposit Liabilities	P1,087,812,533.96	P1,023,134,601.10

Interest on Deposits Liabilities on Coop Palawan is 1.5%, Pension Savings earn 2.50% and time deposit earns 0.75% per annum.

FIRST PART

The 31st Annual General Assembly was held sequentially from June 7 to June 25, 2021. It was conducted through videoconferencing. The preliminaries such as Opening Program were conducted in the morning each day followed by the presentation of the proposed revision of the election guidelines and processes. The proposed revision of the election guidelines were, as follows:

- The conduct of election can be done on any of the following manners:
 - Regular Election (Face to Face)
 - Online Election (No face to face)
 - Combination of both

The revision of the election guidelines was moved to adopt and approved by several motions and was approved by the General Assembly. Upon approval of the revised election guidelines, the election of officers was followed.

The candidates for election 2021 were, as follows:

For Board of Directors:

- Ms. Zenaida D. Arenas
- Ms. Cresciana R. Bundoc
- Rev. Fr. Arnel M. Camacho
- Ms. Maria Ophelia C. De Guzman
- Ms. Nimfa T. Del Monte
- Ms. Benita A. Francisco
- Mr. Noel S. Garcia
- Ms. Emma C. Leona
- Mr. Andres L. Lopez
- Ms. Teresita C. Mejia
- Ms. Marivic T. Pangan
- Rev. Fr. Domingo M. Salonga

For Audit Committee:

- Ms. Ofelia F. Angeles
- Ms. Eunice Agnes K. Orena
- Ms. Nenita D. Quinto
- Ms. Gavina P. Rabadon
- Ms. Felicitia I. Sabang

For Election Committee:

- Mr. Nestor M. Balicao
- Ms. Lourdes M. Barnobal
- Ms. Eilleen B. Bautista
- Ms. Priscilla C. Delos Santos
- Ms. Lorna M. Galvez
- Mr. Erick S. Pinlac

The casting of votes by the members was made electronically.

SECOND PART: BUSINESS MEETING

- Call to Order – the business meeting was called to order by BOD Chairperson Alberto A. Guevarra at 2:00 pm

- Declaration and Consideration of Presence of Quorum – Since this is a sequential General Assembly, the determination of the quorum for the 31st Annual General Assembly will be at the end of the sequential general assembly prior to its adjournment.
- Several motions were made to move for the dispensation of the reading of the Minutes of the 29th Annual General Assembly. It was approved by the General Assembly.

The Minutes of the 29th Annual General Assembly was adopted by several motions and was approved by the General Assembly.

CHAIRPERSON AND CEO'S REPORT

CEO Lillian D. Silubrico presented the Chairperson and CEO's report to the General Assembly:

Chairperson and CEO's report focused on the responses made by HCSCCO during COVID-19 pandemic. All aspects of the cooperative operations were affected because of the pandemic.

Total assets for 2020 posted an increase of P39.87M or 2.34% despite the challenges we faced in 2020. However its net surplus decreased by P20.32M or a decrease of 36.72% compared to 2019. From the original target of P60M net surplus, it only achieved P35.01M. The main source of income is from the interest earned from the loans released to members seconded by the interest earned from investments. Both transactions (loan releases and investments) were affected by the pandemic. Loans released in 2020 decreased by P233.38M or 45.6% compared to 2019 loans released.

For the year 2020, there were 305 new members net of closure or 2% increase. It may not be an impressive number in terms of increase but what is more important is that HCSCCO was able to deliver the services to its members during the times the members needed the cooperative the most. HCSCCO felt the economic challenges that its members are facing and that was the reason why they were provided a financial support of P500.00. This was given to all existing members as of December 31, 2020 and created the Loan Payment Program in order to provide them relief during the time of pandemic.

For the internal business processes, HCSCCO was able to continue serving the members in spite of the pandemic. The system and operation adapted to the situation. It is very fortunate that before the pandemic, HCSCCO already finished the Business Continuity Plan (BCP). It helped the cooperative to handle the situation at hand and to respond effectively to the needs of the members.

The social program of HCSCCO focuses more on responding for the COVID-19 prevention. It includes the compliance on the IATF guidelines and LGU requirements to the workforce in managing

Minutes of 31st General Assembly

The Chairperson and CEO's report also includes the programs responding to the COVID-19 prevention. The Board of Directors are committed to sustain and lead the cooperative, its members and the community it serves toward financial stability under this new normal through the quality service and doing the best in fulfilling its mission as a cooperative with a heart.

Several motions were made to move for the adoption and approval of the Chairperson and CEO report. It was approved by the General Assembly.

REPORT OF AUDIT COMMITTEE

Ms. Cresenciana R. Bundoc, Chairperson of the Audit Committee reported that as mandated by R.A. 9520, the Committee is directly accountable and responsible to the General Assembly. As mandated, they conducted audit four (4) times a month. The focus of their audit is based on the following aspects: 1) financial; 2) operational; 3) compliance and 4) social performance. There were no trainings attended by its members because of the pandemic. They made recommendations for the HCSCCO to comply with the Records Management Policy, IT security policy and the full operation of Risk Management Manual.

Several motions were made to move for the adoption and approval of the Audit Committee report and were approved by the General Assembly.

REPORT OF THE ELECTION COMMITTEE

The report of the Election Committee was presented by Ms. Mary Grace P. Almazan, the Committee's Vice Chairperson. Their report was focused on the activities and tasks undertaken for year 2019 and 2020. These are:

1. Screened, evaluated and prepared the list of members qualified to become candidates;
2. Conducted Seminars for Eligible Officers (SEO) last 2019;
3. Presented the list of candidates for approval during the BOD meeting;
4. Conducted Information dissemination of the credentials of the candidates and election procedures through posting of tarpaulin in a conspicuous place;
5. Conducted nine (9) days advance election before the General Assembly with the presence of Audit Committee chairperson, Election Committee chairperson and vice chairperson, Management Programmer Group and Deputized Members
6. Compiled the ballots of advance election and keep it in a safe ballot box
7. Shredded the ballots used in advance election because of inadequate number of voters.

Several motions were made for the adoption and approval of the Election Committee report. These were approved by the General Assembly.

REPORT OF THE ETHICS COMMITTEE

Ms. Jane Frances S. Karganilla, Chairperson of the Ethics Committee reported that they collated the performance evaluation of the Board of Directors, other Officers, Chief Executive Officer and management staff vis-a-vis adherence to Code of Ethics. The results showed that Board of Directors were "very good"; committee officers were "average to above average"; CEO "exceeded expectations"; and, management staff were "average to outstanding".

The performance evaluation of the secretary and treasurer is not yet available; thus, they were recommended to undertake and submit them.

The review of Code of Ethics of Members was also undertaken by the committee. It is still in proper order.

Several motions were made for the adoption and approval of the Ethics Committee report. It was approved by the General Assembly.

REPORT OF THE MEDIATION AND CONCILIATION COMMITTEE

Atty. Ida Kristina Z. Valenzuela – Noscál, Chairperson of the Mediation and Conciliation Committee, reported that no issue or complaint has been submitted or referred to the committee for mediation and conciliation services.

Several motions were made for the adoption and approval of the Mediation and Conciliation Committee report. It was approved by the General Assembly.

REPORT OF EDUCATION & TRAINING COMMITTEE

Ms. Teresita C. Mejia, Secretary of the Education & Training Committee reported that the conduct of trainings and seminars were limited to online platforms. Management staff was able to attend seminars organized by the federation through video conferencing. Compliance to mandatory seminar for cooperative officers was made and online sessions (OES) for members were done and organized.

Several motions were made to move for the approval of the Education & Training Committee. These were approved by the General Assembly.

REPORT OF GENDER AND DEVELOPMENT (GAD) COMMITTEE

Dir. Benita A. Francisco, Chairperson of the GAD committee reported that the committee focused on the integration of the gender-neutral languages on the cooperative's policies, communication and correspondence; the practice of sex-disaggregation of data and analysis of gender data were continuously done.

Members of the committee were able to attend the Orientation of Business Development System (BDS) and the Launching of Sister Society spearheaded by the National Capital Regional League – Philippine Federation of Credit Cooperatives (NCRL-PFCCO) via online.

Several motions were moved for the adoption and approval of the Gender and Development (GAD) Committee. These were approved by the General Assembly.

ADOPTION AND APPROVAL OF THE FOLLOWING:

1. VISION, MISSION AND CORE VALUES OF HOLY CROSS SAVINGS AND CREDIT COOPERATIVE (HCSCCO)
BOD Chairperson Alberto A. Guevarra presented the Vision, Mission and Core Values of Holy Cross Savings and Credit Cooperative (HCSCCO). The recommended change in the Vision of HCSCCO is as follows:
VISION: A sustainable financial institution which aims to improve and TRANSFORM the lives of the members and their communities.

The change of Vision was severally moved and seconded for its adoption and approval. It was approved by the General Assembly.

There were no changes in the Mission Statement, Core Values and Quality Policy of HCSCCO.

AUDITED Financial Statements

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a. Determination of Functional Currency
The Cooperative has determined that its functional currency is the Philippine peso, which is the currency of the primary environment in which the Cooperative operates.

b. Distinction Between Investment Properties and Owner-occupied Properties
The Cooperative determines whether a property qualifies as an investment property. In making its judgment, the Cooperative considers whether the property generates cash flows largely independent of the other assets held by the Cooperative. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in its operations.

Some properties comprise a portion that is held to earn rental and another portion that is held for use for administrative purposes. If these portions can be sold separately or leased out separately under finance lease the Cooperative accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Cooperative considers each property separately in making its judgment.

c. Distinction between Operating and Finance Leases
The Cooperative has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management judgment, current lease arrangements were determined to be operating leases.

d. Recognition of Provisions and Contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of relevant provisions and disclosures of contingencies are discussed in Notes 6.

Key Sources of Estimation Uncertainty
The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e. Impairment of Loan and Other Receivables
Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Cooperative evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Cooperative's relationship with the members, the members' current credit status based on third party credit reports and known market trends, average age of accounts, delinquency experience and historical loss experience. The carrying value of loans and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 7.

f. Determination of Net Realizable Value of Inventories
In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made as well as the factors that affect the realizable value of inventories.

g. Estimation of Useful Lives of Property and Equipment and Investment Property
The Cooperative's lives of property and equipment and investment property are reviewed periodically and based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment property are reviewed periodically and

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are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on use of the assets. In addition, estimation of the useful lives of property and equipment and investment property is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in 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 property and equipment and investment property would increase recorded operating expenses and decrease non-current assets.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	5-10 years
Building improvements	5-25 years
Leasehold improvements	3-5 years
Office furniture & fixtures	5 years
Transportation equipment	5-10 years

The carrying amounts of property and equipment and investment property are analyzed in Notes 11 and 12, respectively.

f. Fair Value Measurement for Property and Equipment and Investment Property
Investment property is measured using the cost model. The fair value disclosed in Note 12 to the financial statements is determined by the Cooperative using the discounted cash flows valuation technique since the information on current or recent prices of investment property is not available. The Cooperative uses assumptions that are mainly based on closed to market conditions existing at the end of each reporting period. The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield rate and actual transactions by the Cooperative and those reported by the market.

Provision for Probable losses on loans
Provision is made for specific and groups of accounts, where objective evidence of impairment exists. The Cooperative evaluates these accounts for receivables based on available facts and circumstances, including, but not limited to, the length of the Cooperative's relationship with members, the members' current credit status based on third party credit reports and known market forces, average age of accounts, delinquency experience and historical loss experience. Provision for probable losses on loans is maintained at a level considered adequate to provide for potentially noncollectible accounts. Allowance for Probable losses on loan amounted to P145,501,913.52 and P128,639,929.42 as of end of 2021 and 2020, respectively. There is no bad debt written off for both year 2021 and 2020.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Cooperative is exposed to certain financial risks which arise in the normal course of the cooperative business activities. In seeking to manage risk, the cooperative defines an objective or a set of objectives in deciding how and when to manage and what to do about risk. A common goal for cooperative is to increase shareholder value through increasing the present value of its future expected cash flows. In normal circumstances, in pursuing the goal of increased shareholder value, cooperative is likely to evaluate risk management decisions on the basis of two criteria: the cost of reducing risk and the cost of setting risk levels at an acceptable level. That is, in line with the particular risk appetite or risk tolerance. The cooperative evaluates risk on the basis of cost-benefit criteria. The cooperative risk management is coordinated with the Board of Directors, and focuses

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on actively securing the Cooperative's short to medium-term cash flows by minimizing the exposure to financial risks.

The financial risks to which the Cooperative is exposed to, are described below:

Foreign Exchange Risk
The Cooperative has financial instruments – bank deposits denominated in foreign currencies. The Cooperative performs foreign currency sensitivity analysis by applying an adjustment to the spot rates prevailing at year-end, if any. The Cooperative does not have financial instruments subject to floating interest rate. As such, the management believes that foreign exchange risks are not material.

Credit Risks
Generally, the maximum credit risk of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial condition. The Cooperative's financial assets are summarized below:

	2021	2020
Cash and cash equivalents	P386,950,596.69	P237,175,876.64
Short Term Investment	311,252,847.73	299,576,678.57
Loans Receivables - net	780,800,297.74	844,736,713.64
Total	P1,479,003,671.97	P1,381,489,268.85

The age of financial assets that are past due but not impaired as of December 31, 2021 and 2020 are as follows:

	2021	2020
Past due - one (1) month	P10,605,617.85	P2,541,826.59
- two (2) - twelve (12) months	91,915,898.87	51,633,246.98
- over twelve (12) months	153,436,140.29	143,513,033.63
Total	P295,957,657.01	P197,691,107.20

The Cooperative's loans and receivables are actively monitored to avoid significant concentration of credit risk. The Cooperative's policy is to deal only with credit worthy members/counterparties. The Cooperative's management considers that all above financial assets that are not impaired or past due for each balance sheet dates are of good quality. With respect to loans and other receivables, the Cooperative is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about members' default rates management consider the credit quality of loan receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

As at December 31, 2021 and 2020, the Cooperative's maximum liquidity risk is the carrying amount of total current liabilities which amounted to P1,141,306,143.44 in 2021 and P1,059,021,444.83 in 2020. And the maximum liquidity risks for noncurrent liabilities with

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maturities of one to five (1-5) years amounted to the carrying amount of P9,984,581.57 in 2021 and P6,331,234.90 in 2020.

The Cooperative manages its liquidity needs by deposit liabilities as well as cash outflows due in a day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly. The Cooperative maintains cash to meet its liquidity requirements for up to a 60-day period.

5. CASH AND CASH EQUIVALENTS
This account consists of:

	2021	2020
Cash in Bank	P282,772,075.00	P231,203,890.84
Cash on Hand	2,610,141.56	5,399,412.54
Resolving Fund	310,000.00	310,000.00
Petty Cash Fund	26,000.00	26,000.00
Ticketing Fund	31,009.91	36,373.26
KAY A Settlement Fund	200,000.00	200,000.00
Time Deposit	311,252,847.73	299,576,678.57
Total	P699,203,374.23	P576,747,552.21

The cash and cash equivalents represent cash and deposits with several local and commercial banks in terms of savings accounts, current account that earn interest at the rate of 0.25% and time deposits of 2% per annum. The short-term investments to various commercial banks and financial institution in a form of time deposit with terms of these investments ranging from 30 to 60 days and with interest rates 3% p.a.

6. LOANS RECEIVABLES, net
This account consists of members' loans classified into as follows:

	2021	2020
Back to back loan	P114,214,230.71	P113,837,241.42
Provisional Loan	84,442.76	56,348,457.44
Unsecured Loan	28,400,163.23	23,800,241.48
Secured Loan	751,616,835.53	758,157,177.37
Business Assistance Loan	4,700,497.61	9,372,411.85
Others	31,398,660.35	15,827,219.21
Total Loans Receivables	993,444,630.21	976,342,691.97
Less: Allowance for Probable losses on Loans	145,501,913.52	128,639,929.42
Uncollected Interest	7,142,428.95	2,966,248.91
Loans Receivables, net	780,800,297.74	844,736,713.64
Add: Other Current Receivables	6,205,419.30	9,916,863.08
Total Loans and Receivables, net	P787,005,716.94	P854,653,576.72

Aging of Loans and Receivables:

	2021	2020
Current	P637,486,973.20	P728,651,824.71
Past due - one (1) month	10,605,617.85	2,541,826.59
- two (2) - twelve (12) months	91,915,898.87	51,633,246.98
- over twelve (12) months	153,436,140.29	143,513,033.63
Total	P933,444,630.21	P976,342,691.97

Held to Maturity Investments

This includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as HTM if the Cooperative has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, the HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated future cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

Financial Liabilities

The Cooperative's financial liabilities pertain to trade and other payables, as well as interest on share capital and patronage refund payable to the Cooperative's members. These financial liabilities are recognized at nominal value. Interest on share capital and Patronage Refund Payable are recognized as financial liabilities based on Cooperative's By-Laws and Coop laws and regulations. Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

Prepayments and Other Current Assets

Prepayments and other current assets pertain to other resources controlled by the Cooperative as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Investment Property

Investment property, carried at cost less accumulated depreciation and any impairment in value, is property (i.e., land, building and land improvements) held either to earn rental income or for capital appreciation or for both, but not used in the production or supply of goods or services or for administrative purposes. Depreciation is computed on the straight-line basis over the estimated useful lives of the investment property of 10 to 50 years.

An investment property's carrying amount is written down immediately to its recoverable amount if the property's carrying amount is greater than its estimated recoverable amount.

An item of investment property, including the related accumulated depreciation, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Investment in Non-marketable Equity Securities (INMES)
Investment in non-marketable equity securities (INMES) refers to equity instruments that do not have a quoted market price in an active market, of which fair market value cannot be reliably measured but is carried at cost.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, and amortization and impairment value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Except for Land and Construction in progress, Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	5-10 years
Building improvements	5-25 years
Leasehold improvements	3-5 years
Office furniture & fixtures	5 years
Transportation equipment	5-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each statement of financial position date. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Leases - Cooperative as a Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease.

The Cooperative determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Impairment of Non-financial Assets

The Cooperative's property and equipment and investment property are subject to impairment testing. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

Employee Benefits

The Cooperative provides short term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Cooperative, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a

long-term benefit fund. The Cooperative's post-employment defined benefit plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

c. Defined Contribution Plan

A defined contribution plan under which the Cooperative pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Cooperative has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial position date, including the risks and uncertainties associated with the present obligation.

Account Peculiar to Cooperatives:

The following accounts are peculiar to a Cooperative due to its nature as well as adherence to Cooperative Law, issued policies, rules and regulations as well as cooperative principle and practices:

Assets:

Cash in Cooperative Federation – refers to money deposited in federations which are unrestricted and readily available when needed. These are treated as cash and other cash equivalents.

Other Funds and Deposits – refers to funds set aside for funding of reserves (Statutory and Other Reserves) established by cooperatives such as General Reserved Fund, Education and Training Fund, Due to Union/Federation, Community Development Fund, and Optional Fund.

Liabilities:

Patronage Refund Payable – is liability of the Cooperative to its members and patrons for patronage refund, which can be determine only at the end of the calendar year.

Interest on Share Capital Payable – refer to liability of the cooperative to its members for interest on share capital, which can be determined only at the end of calendar year.

Due to Union/Federation (CETF) – is an amount set aside for the education and training fund of an apex organization, which is 50% of the amount allocated, by the cooperative in accordance with the provision of the cooperative's by-laws and the Cooperative Code. The apex organization may either be a federation or union of which the cooperative is a member.

Statutory funds:

The Cooperative's by laws explicitly provides the manner of distribution of the net surplus to statutory funds. These mandatory funds are established in accordance with Art. 86 and 87 of the Cooperative Code as follows:

Reserve Fund – this account refers to the amount set aside annually for the stability of the Cooperative and to meet net losses in its operations. It is equivalent to at least 15% of net surplus. The fund is set up in form of time deposit with local banks and 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.

Coop. Education & Training Fund – this account refers to the amount retained by the cooperative for education and training of its members, officers and staff out of mandatory allocation as stipulated in the cooperative's by-laws, which is 3% of net surplus. The Cooperative distributes the fund equally to its own education and training activities and other organization.

Community Development fund- this accounts refers to the fund set aside from the net surplus which should not be less than 3% for projects and/or activities that will benefit the community where the cooperative operates.

Optional Fund – this account refers to fund set aside from net surplus for future acquisition of land, building, and equipment which shall be 4% of the net surplus.

Expenses:

General Assembly Meeting – expenses incurred in the conduct of regular/special general assembly.

Members' Benefit – all expenses incurred for the benefit of the members.

Affiliation Fee - amount incurred to cover membership or registration fees and annual dues to a federation or union.

Income Taxes

The Cooperative Code states that a cooperative transacting business only with its members is exempt from all government taxes, and therefore cannot apply the PAS for income taxes because of its tax-exempt nature. However, should the cooperative exceed the limits as set forth in the cooperative code, it will adopt the accounting standards for income taxes as stated in the PAS 12.

Income and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Cooperative and the revenue can be reliably measured. As a rule, cooperatives adopt the accrual basis of accounting. However, for credit and other cooperatives, recognition of revenues is on a modified accrual basis; i.e., interest income, fines, penalties and surcharges shall be the basis of income or revenue. Also, due to cash-based income distribution scheme of a cooperative as well as the inherent limitations of small-scale countryside credit cooperatives, it cannot adopt the effective interest method in recognizing interest income on loans receivables. The Cooperative recognized revenues on cash basis transactions.

Cost and expenses are recognized in the statement of operations upon receipt of goods and utilization of the service or at the date they are incurred.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Cooperative's financial statements in accordance with CDA & PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments 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 circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Cooperative's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

This was severally moved and seconded for its adoption and approval.

It was approved by the General Assembly.

2. 2020 AUDITED FINANCIAL REPORTS

This was adopted and approved by the General Assembly through several motions.

3. 2021 OPERATIONAL PLAN AND BUDGET AND 2021 OPERATIONAL GOALS

This was adopted and approved by the General Assembly through several motions.

4. APPROVAL OF 2021 EXTERNAL AUDITOR

BOD Chairperson Alberto A. Guevarra presented the recommendation of the Audit Committee for Ms. Ofelia T. Oliveros to be the External Auditor of HCSCCO for 2021, and as endorsed by the Board of Directors for approval by the General Assembly.

The 2021 External Auditor was approved by the General Assembly through several motions.

5. 2021 EDUCATION AND TRAINING PLAN AND BUDGET

BOD Chairperson Alberto A. Guevarra presented the Education and Training Plan for 2021 and its corresponding budget for the approval by the General Assembly.

The amount of Cooperative Education and Training Fund (CETF) shall be allocated from the Net Surplus of not more than 10%. Our by-laws fixed it at 5%. The fund shall be used for the education, training, research, advocacy and other similar cooperative activities geared towards the growth of the cooperative members, officers and employees.

Amount Allocation of the CETF P 1,505,545.11
from the Net Surplus for the year 2020

· Due to Apex Organization/Federation P 525,272.56
50% of the CETF shall be remitted to the Federation

· Local CETF P 525,272.56
50% of the CETF shall be spent by the Cooperative for education and training Program for its members, officers and management staff
Officers (25%)
Management Staff (35%)
Members (40%)

6. 2021 COMMUNITY DEVELOPMENT PLAN AND BUDGET

BOD Chairperson Alberto A. Guevarra presented the Community Development and its corresponding budget for 2021 for the approval by the General Assembly.

The amount of Community Development Fund (CDF) is at 3% of the Net Surplus. It shall be used for projects or activities that will benefit the community where the cooperative operates.

Community Development refers to the process where community members are supported by organizations, to identify and take collective actions on issues which are important to them.

It empowers community members and creates stronger and more connected communities, such as but not limited to projects on environment conservation and protection, health and sanitation, infrastructure, disaster risk reduction and management, and support to the vulnerable sector of the society.

HCSCCO being a large cooperative, 50% of CDF shall be used for infrastructure projects, while the remaining amount shall be used for social services.

Allocation for 2020 Net Surplus

Estimated Allocation from 2020 income P 1,050,545.11

- A. INFRASTRUCTURE (50%)
- B. ENVIRONMENT CONSERVATION AND PROTECTION (10%)
- C. HEALTH AND SANITATION (10%)
- D. DISASTER RISK REDUCTION AND MANAGEMENT (10%)
- E. SUPPORT TO THE COMMUNITY AND THE VULNERABLE SECTOR OF THE SOCIETY (20%)

This was adopted and approved by the General Assembly through several motions.

PROPOSED AMENDMENTS OF THE ARTICLES & BY-LAWS FOR APPROVAL BY THE GENERAL ASSEMBLY

- I. Additional powers of the Cooperative
Article II – Objectives and Purposes
Ø To act as Guardian Cooperative and accept the 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
- II. Article III of By-Laws: Administration
Ø Conduct of Regular General Assembly Meeting
The General Assembly Meeting shall hold its annual regular meeting by any of the following manner:
A. Face to Face
B. Video conferencing
C. Combination of both

The General Assembly may be conducted within the month of March of every year either in a single day or in a sequential manner.

- Ø Additional paragraph in Section 5
Conduct of Special General Assembly Meeting
Special General Assembly Meeting may also be conducted in any of the following manner: a) face to face; b) video conferencing; or c) combination of both.
- Ø Additional paragraph in Section 6
Notice of Meeting when General Assembly is to be conducted via videoconferencing:

Minutes of 31st General Assembly

When the General Assembly is to be conducted via videoconferencing, the notice shall also state the following:

1. Manner of casting of votes and the period during which vote by videoconferencing will be accepted;
2. Contact information of the Secretary or office staff whom the coop member may notify his or her intention to participate in the meeting through videoconferencing
3. The requirements and procedure for nomination and election (when meeting is for the election of directors and members of committees)
4. Information that the meeting through videoconferencing will be recorded

Ø Additional paragraph in Section 9

Section 9. Voting System

Election or removal of Directors and Committee members shall be by secret ballot. Casting of votes can be made through either face-to-face, or through online, or the combination of both.

III. RE-CONFIRMATION

- a. Creation of Gender and Development (GAD) Committee
- b. Functions and Responsibilities of GAD Committee
- c. Term of Office of Audit & Election Committee
An Audit & Election Committee is hereby created and shall be composed of three (3) members to be elected during a General Assembly meeting. **A member who garnered the highest number of votes shall hold office for two (2) years and will be retained for next election while the member with the lowest number of votes will serve only for one (1) year.**
- d. Include additional two (2) sections under Membership Responsibilities of Guardian Cooperative to PHCCCO Youth Bee Laboratory Cooperative
Liability of the Guardian Cooperative

Several motions were made for the adoption and approval of the Amendments of Articles of Cooperation & By-Laws. This was approved by the General Assembly.

PROPOSED REVISION OF THE ELECTION GUIDELINES

III. Election Process

B. Actual Election/During the Election

- Election Committee shall not be allowed to run for any position if he/she is serving as Election Committee. This is to fully function the duties of the Election Committee as stated in the law.

Several motions were made for the adoption and approval of the Revision of the Election Guidelines. This was approved by the General Assembly.

UPDATES ON THE CONSTRUCTION OF HCSCCO COMPLEX

BOD Vice Chairperson Zenaida G. Bernales made an update on the status of the construction of HCSCCO complex. The construction of HCSCCO complex was previously approved by the General Assembly with a contract amount of P50 Million Pesos.

However, upon canvassing and quoting of the construction specifications, the project cost was increased to P80 Million Pesos. The said project cost needs an approval by the General Assembly, but no General Assembly was conducted last year so the construction was deferred until the COVID-19 pandemic strikes.

Thus, the Board decided not to pursue the construction but convert the aforementioned property into parking space for vehicles of the members to generate income.

This was confirmed by the General Assembly through motions.

OPEN FORUM:

The floor for Open Forum was opened by BOD Chairperson Alberto A. Guevarra.

1. Florencia Domingo: May future plan ba kayo to have online transfer sapagbabayad or pag-deposit sa coop?

CEO: Mayroon na po tayong payment of loan through online facilities such as GCash, BDO, PNB and soon through PayMaya and KAYA.

Other plans: I-wo-work out narin ang online application of loans and ang release of loans will pay-out through KAYA card. Regarding naman sa pag-deposit through online ay i-wo-work out pa rin at kasalukuyan pong inaaral pa ng cooperative.

2. Ruth Nicdao: Kelan po makakapagrelease ng ID?

CEO: Pwede na po mag-apply for KAYA cash card, hindi siya ID but it is a Cash Card. After this G.A., pwede na pong i-prososo ang application for the KAYA card.

3. Edgar Carino: Can I suggest to improve the waiting area po natin outside sa office (MAIN OFFICE) while waiting for the turn para makapasok sa loob. Salamat po!

BOD Chairperson: We will do our best to improve yung waiting area, to make the members comfortable while waiting. Pag-uusapan po iyon ng Board.

4. Anonymous Attendee: Why did the remaining 6 members of the Board of Directors not call for a special meeting to fill-up the vacancy on the board of directors due to the death of the HCSCCO Chairman Fr. Danny Bermudo last Feb. 05, 2020?

CEO: As provided for in our By-Laws, the Board has an option to fill up the vacancy of the Board of Directors as long as there is a quorum. Since it constituted naman po ng quorum ang Board, hindi na sila nag-fill up ng vacancy and the thought na magkakaroon naman ng General Assembly sa March 2020 kaya hindi na po tayo nagpatawag ng special meeting.

5. Sheila Ramos: Para sa mga OFW wala bang plan na makapag-loan kami via SPA naming diyan sa Pilipinas?

CEO: Yung mga OFW na gustong mag-apply ng loan, pwede naman magpadala ng SPA authenticated by Consular Office.

AUDITED Financial Statements

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HOLY CROSS SAVINGS & CREDIT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

I. COOPERATIVE INFORMATION

The Holy Cross Savings and Credit Cooperative was established and registered as Cooperative pursuant to Republic Act 6938 and 6939 with its former name as "Parish of the Holy Cross Credit Cooperative" under Registration and Confirmation No. Q-121-0215 on December 21, 1992. A new Certificate of Registration with No.9520-16002450 was issued on November 12, 2009 by the Authority in compliance with the requirements of Article 144 of RA 9520 otherwise known as the "Philippine Cooperative Code of 2008". It was established for the primary purpose of encouraging thrift and savings, creating funds and granting loans to members for productive purposes, educational and providential goods and services, and to engage in other services such as product distributorship and any other services useful to the members.

On April 21, 2017, the Bureau of Internal Revenue has approved the Certificate of Tax Exemption for Cooperative, with registration No. Coop-000042-17-RR-5-RDO-024 which is valid until April 17, 2022. This entitles the Cooperative to tax exemptions and incentives provided under Art. 60 of RA 9520 like payment of income tax and value added tax on CDA registered operations, donor's tax and other taxes subject to certain provisions.

The Cooperative's principal office is located at T. Bugallon St., Gen.T.de Leon, Valenzuela City. The cooperative recruits its members within the City of Valenzuela and anywhere in Luzon Island. It operates business in Metro Manila, Region I, II, III, IV, & V. At present, the Cooperative has four (4) branches, Malinta, Panturin, Malanday, and Mindanao Avenue. The operations of the Mindanao Avenue branch are conducted temporarily at the Head Office. The Cooperative operates with 52 regular management and staff.

The accompanying consolidated financial statements of Cooperative were authorized for issue by the Board of Directors on April 7, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Financial Statements

a. *Statement of Compliance with Philippine Financial Reporting Standards*
The consolidated financial statements of the Cooperative have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy and Cooperative Development Authority.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. *Functional and Presentation Currency*
These financial statements are presented in Philippine peso, the Cooperative's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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Items included in the financial statements of the Cooperative are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Cooperative operates.

Adoption of New and Amended to PFRS

a. *Effective in the year 2021 that are Relevant to the Cooperative*

For the year 2021, the Cooperative adopted for the first time the following amendments to PFRS that are relevant to the Cooperative and effective for financial statements for the annual period beginning on or after January 1, 2020:

Conceptual Framework	: Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	: Presentation of Financial Statements And Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 16 (Amendments)	: Leases – Corona Virus Disease 2019 (COVID-19) – Related Rent Concessions
PAS 16 (Amendments)	: Property, Plant and Equipment – Proceeds Intended Use
PAS 37 (Amendments)	: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Discussed below is the relevant information about these amended standards:

i. *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The application of the revised conceptual framework had no significant impact on the Cooperative's financial statements.

ii. *PAS 1 (Amendments), Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition and clarifying the

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assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's circumstances). The definition of material in PAS 8 has been accordingly replaced by a reference to the new definition in PAS 1. In addition, an amendment has also been made in other standards that contain a definition of material or refer to the term 'material' to ensure consistency. The amendment has no material impact on the Cooperative's financial statements.

iii. *PFRS 16 (Amendments), Leases – COVID-19 Related Rent Concessions.* The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID 19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID 19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID 19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting years beginning on or after June 1, 2020. Early adoption is permitted.

The Cooperative adopted the amendments beginning October 1, 2020 and the amendments have no material impact on the financial statements.

iv. *PAS 16 (Amendments) : Property, Plant and Equipment – Proceeds Before Intended Use*
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

i. *PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (effective January 1, 2022).* The amendments specify that the 'cost of fulfilling a contract' comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation

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charge for an item of property, plant and equipment used in fulfilling the contract).

Cash and cash equivalents
Cash include cash on hand and in banks held to meet short-term cash commitments rather than for investment or other purposes. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Financial Assets
Financial assets are recognized in the Cooperative's financial statements when the Cooperative becomes a party to the contractual provisions of the instruments. Transaction costs are included in the initial measurement of all financial assets. The Cooperative's financial assets include cash, loans and receivables 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. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular sales and purchases of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs.

The financial instruments of the Cooperative are as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Cooperative provides money or services directly to a debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to members and all receivables from members and other companies. Loan and other receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate.

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

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, and the required allowance by the Cooperative Development Authority based on its Portfolio-at-risk.

Unearned Interest and Discounts
Unearned interest and discounts represent interest income from loans already received but not yet earned. They are presented as a deduction from Loans Receivable in order to determine the net amortized cost.

AUDITED *Financial Statements*

HOLY CROSS SAVINGS AND CREDIT COOPERATIVE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Philippine Peso)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Surplus before distribution	53,888,941.68	35,018,170.49
Adjustments for:		
Depreciation and amortization	3,197,216.87	4,291,539.69
Provision for probable losses on loan	16,201,000.00	12,029,200.00
Net Surplus before working capital changes	73,287,158.55	51,338,910.18
(Increase) Decrease in:		
Loans and Receivables, net	63,936,415.90	16,344,904.40
Other Current Receivables	3,708,443.88	(2,587,973.86)
Unused Office Supplies	253,990.64	260,604.25
Increase (Decrease) in:		
Deposit Liabilities	64,687,932.86	26,642,281.24
Trade, Non-Trade and Other Payables	2,107,533.53	(5,475,960.47)
Due to Union/Federation	336,153.82	110,902.56
Net cash provided by operating activities	208,317,629.18	86,633,668.30
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to HTM Investments	(165,825.43)	(30,000,000.00)
Addition to Investment in Non-Marketable Equity Securities	(449,347.84)	16,417,939.86
Deduction (Additions) to Real and Other Property Acquired	(8,306,088.55)	(53,297.44)
Additions to/Reclassification of Property and Equipment	(20,594,204.50)	(1,387,069.99)
Other Funds and Deposits	(4,800,301.33)	(15,143,207.34)
Other Non-Current Assets	137,777.39	230,624.06
Net cash used in investing activities	(34,177,990.26)	(29,935,010.85)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in:		
Net Proceeds from Issuance of Share Capital	28,685,400.00	34,726,900.00
Interest on share Capital and Patronage Refund	14,153,078.40	(15,242,909.62)
Changes in Retirement fund payable	778,463.88	722,087.57
Increase (Decrease) in Non-current Liabilities	3,874,882.74	(3,149,275.20)
Uses of Statutory Funds	9,910,296.76	1,541,544.55
Provision for probable losses on loan	(16,201,000.00)	(12,029,200.00)
Distribution of Net surplus for the year	(53,888,941.68)	(35,018,170.49)
Net cash provided (used) by financing activities	(12,687,819.90)	(28,449,023.19)
NET INCREASE IN CASH & CASH EQUIVALENT	161,451,819.02	28,249,634.26
CASH AT BEGINNING OF YEAR	536,751,555.20	508,501,920.94
CASH & CASH EQUIVALENT AT END OF YEAR	698,203,374.23	536,751,555.20

See Accompanying Notes to Financial Statements

Minutes of 31st General Assembly

- Rynell Espinas: Maaari na po kayang magpamember ang OFW? How po?
CEO: Online application for membership is not yet available. Pero we will consider it and we will work it out kasi we have to establish the true identity ng mga mag-a-apply for membership.
- Angelo De Guzman: What constitutes a lack of quorum for the board? less than 4 members?
CEO: Yes, less than 4 members are lack of quorum for the board.
- Juanita Galguerra: Hindi po ba pwede na direct deposit to our personal account, if we intend to withdraw portion of the earnings, and the remaining portion po will be added to the share capital?
CEO: Automatic credited po sa account ninyo ang inyong dibidendo. Ma-wi-withdraw lang po iyan after June 22 and or as scheduled for the update and distribution of dividends.
- Juanita Galguerra: Hindi po ba pwedeng magkaroon ng online transfer of dividends from member's savings account to our personal bank accounts, to avoid na po na lumabas especially kami na taga-Mindanao office na nailipat na po sa Head Office? My sister is a resident of Bataan and a Senior Citizen
CEO: Possible naman po na ma-i-transfer ang inyong account through our online platform such as Cebuana Lhuiller, PayMaya or GCash pero we have to ensure na personal na makuha ng member ang kanilang dibidendo. You may coordinate with Ms. Regina Batiduan, Mindanao Avenue Head for your request. Send lang po kayo ng request through email and state the name ng member kung kanino ita-transfer ang account.
- Jerozaln Mendoza: About sa mga dibidendo pwede po bang proxy na lang po ang magdala diyan na member din naman po siya? Ang iba kasing member ay nasa kanilang mga trabaho stay-in.
Answer: Ang dividend po ay automatic na credit sa savings acct nyo pero pwede lang po ma-withdraw after the sequential meeting. Pakinggan o tingnan po lamang ninyo ang sched ninyo sapag-withdraw (through chatbox)
- Melanie Sampang: Aside from mortuary benefit, meron din po ba tayo health insurance for members or life insurance?
CEO: As health insurance, mayroon tayong Hospital Income Benefit wherein the members are entitled for P500.00/day of confinement. Life Insurance ay wala, pero Mortuary Benefit na P100,000.00 ay meron which is considered as Life Insurance.
Jerry S. Claour: Additional is the members can also avail of the Angelica Life Plan, wherein pwedeng i-avail iyon ng member through cash or pwedeng ikarga din sa Mortuary Benefit nila, or pwede siyangi-avail in the form of loan.
- Anonymous Attendee: Can a Member ask the Election Committee to present to the succeeding General Assembly an Amendment to the Election Rules and Guidelines if and when it is deemed necessary?
- Sheila Ramos: Interested po ako sa mga properties for sale ninyo. Paano po ako mag start ng application and any email or contact person?
CEO: As earlier announced, it is through Mr. Jay-An Javier. Better kung makapunta sa ating opisina pero kung hindi talaga possible na makapunta dito sa coop, you can send through email if you are interested.
- Beverly Cabaot: If ever po na maging ok na yun pag file ng online Loan application pwede po ba sa personal account if meron naman po si member na lang po ipasok yun loan approved? Hindi na po sa cash card ng KAYA?
CEO: Possible naman po nai-consider na through bank transfer or online banking ma-i-release ung loan proceeds but we want to ensure nasa mismong tao or member ma-release ang kanilang loan.
- Sheila Ramos: Kanina po nabanggit din ung housing loan tama po ba? Kung may lot po ba ako for turn over at kailangan ng i-mortgage plus house building, may loan type na ba tayo to cater it? And sa location dapat ba sa Valenzuela lang ba?
CEO: Not necessarily na located sa Valenzuela yung property. Mas maganda kung nakapangalan na sa inyo yung title ng property. Kahit nga bibili pa lang kayo ng property, may type of loan na magke-cater ng inyong kailangan. Please coordinate with our loan section.
- Anonymous Attendee: Previously members who are categorized as A or Bronze, I can't remember the exact term, they were given a token, and I have been told then, it will be done yearly.
CEO: Ginagawa pa rin po natin iyan ung ating Gold and Silver Members. May mga members na na-elevate from Silver to Gold Members. Paki-check po ang inyong Souvenir Program page 16 para sa list of silver and gold members.
- Juanita Galguerra: Can you include the manner of distribution of earnings to members especially during this new normal, wherein senior citizen members are restricted to go out?
CEO: Ang inyong dividend ay automatic credited sa account ng members, so kahit hindi makapunta sa cooperative ay ayos lang. Kaya lang after pa ng June 22, pwedeng-withdraw ang kanilang dibidendo.

Minutes of 31st General Assembly

CEO: The proposed amendment to the Election Rules and Guidelines was presented in the morning session of our General Assembly. At inapproved din po siya kaninang umaga.

Total Number of Members	-	15,842
Members Entitled to Vote	-	7,927
Number of Votes Casted	-	5,561
Total Number of Registration	-	8,663

18. Anonymous Attendee: The Election Committee is answerable only to the General Assembly. Can the Election Committee present an Amendment to the General Assembly without such Amendment being vetted by the Board of Directors?

CEO: The Election Guidelines was presented to the Board of Directors. It was approved. Since it requires approval by the General Assembly, the Election Committee presented the revision at dahil sa kanila din naman ito nag-originate. Prior to the presentation to the General Assembly, it was approved by the BOD.

The number of votes garnered is, as follows:

BOARD OF DIRECTORS	Number of Votes	Rank
Salonga, Fr. Domingo M.	4,302	1
Camacho, Fr. Arnel M.	4,294	2
Arenas, Zenaida D.	3,648	3
Francisco, Benita A.	3,591	4
Mejia, Teresita C.	3,025	5
Leona, Emma C.	2,810	6
Garcia, Noel S.	2,760	7
De Guzman, Maria Ophelia C.	2,712	8
Pangan, Marivic T.	2,680	9
Del Monte, Nimfa T.	2,519	10
Bundoc, Cresenciana R.	2,429	11
Lopez, Andres L.	1,644	12

19. Anonymous Attendee: Section 8 on the 2011 HCSCCO Amended Articles of Incorporation & Bylaws - Vacancies. Any vacancy occurring in the Board of Directors by reason of Death, may be filled by a majority vote of the remaining Directors, if still constituting a quorum; otherwise, the vacancy must be filled by the General Assembly in a Regular or Special Meeting called for the purpose. A Director so elected to fill a vacancy shall serve only the unexpired term of this predecessor in office.

QUESTION: The vacancy left with the death of the Chairman of the Board of Directors last February 5, 2020 was not filled by the Six (6) remaining Members of the Board of Directors of HCSCCO, to complete the prescribed Seven (7) Members of the HCSCCO Board of Directors as per 2011 HCSCCO Amended Articles of Incorporation & Bylaws. May I ask the reason why?

CEO: As provided in the By-Laws, BOD may be filled the vacancy occurred, it means that the BOD has an option to fill or not to fill the vacancy. And since they still constitute the quorum, they decided not to call for a special general assembly. At dahil isang buwan na lang before the regular General Assembly, the BOD decided na hintayin na lang ang new set of Board of Directors. However, the General Assembly was not pushed through because of the pandemic.

AUDIT COMMITTEE

Quinto, Nenita D.	4,463	1
Angeles, Ofelia F.	3,693	2
Sabang, Felicita I.	3,114	3
Orena, Eunice Agnes K.	2,537	4
Rabadon, Gavina P.	1,799	5

ELECTION COMMITTEE

Balicao, Nestor M.	3,375	1
Delos Santos, Priscilla C.	3,344	2
Barnobal, Lourdes M.	3,138	3
Bautista, Eilleen B.	2,397	4
Galvez, Lorna M.	1,846	5
Pinlac, Erick S.	1,506	6

The winners are the following, to wit:

BOARD OF DIRECTORS

Rev. Fr. Domingo M. Salonga
Rev. Fr. Arnel M. Camacho
Zenaida D. Arenas
Benita A. Francisco
Teresita C. Mejia
Emma C. Leona
Noel S. Garcia

AUDIT COMMITTEE

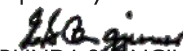
Nenita D. Quinto
Ofelia F. Angeles
Felicita I. Sabang

ELECTION COMMITTEE

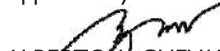
Nestor M. Balicao
Priscilla C. Delos Santos
Lourdes M. Barnobal

After the proclamation of the winners for the 2021 Elections, BOD Chairperson Alberto A. Guevarra adjourned the 31st Annual General Assembly at 3:00 pm of June 25, 2021.

Prepared by:


ERLINDA S. ONGJUNCO
BOD Secretary

Approved by:


ALBERTO A. GUEVARRA
BOD Chairperson

PRESENCE OF QUORUM: The 31st Annual General Assembly was attended by 8,663 members. BOD Secretary Erlinda S. Ongjunco declared that there was a quorum when the Annual General Assembly was adjourned on June 25, 2021

ANNOUNCEMENT OF ELECTION RESULTS

Ms. Mary Grace P. Almazan announced the results of the election for 2021. She also proclaimed the winners for the Board of Directors, members of Audit Committee and Election Committee.

AUDITED Financial Statements

HOLY CROSS SAVINGS AND CREDIT COOPERATIVE STATEMENTS OF CHANGES IN EQUITY AND STATUTORY FUNDS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Philippine Pesos)

	2021	2020
SHARE CAPITAL - 8,925,000 shares at P100.00 par value		
Common share Capital - 8,000,000 shares		
Beginning Balance	514,555,300.00	484,969,200.00
Add: Additional Capital Build-up	108,863,400.00	51,358,000.00
Less: Treasury Shares	(31,301,700.00)	(21,771,900.00)
Total	592,117,000.00	514,555,300.00
Preferred Share A - 725,000 shares		
Beginning Balance	61,551,900.00	56,369,900.00
Add: Additional Capital Build-up	5,528,600.00	8,012,500.00
Less: Elevated to Common Shares	(52,204,400.00)	-
Less: Treasury shares	(2,286,300.00)	(2,830,500.00)
Total	12,589,800.00	61,551,900.00
Preferred Share B - 200,000 shares		
Beginning Balance	4,532,200.00	4,573,400.00
Add: Additional (Terminated) Capital Build-up	85,800.00	(41,200.00)
Total	4,618,000.00	4,532,200.00
TOTAL SHARE CAPITAL	609,324,800.00	580,639,400.00
STATUTORY FUNDS		
RESERVE FUNDS		
Beginning Balance	60,383,030.30	55,130,304.73
Provisions	8,083,341.25	5,252,725.57
Total Reserve Funds	68,466,371.55	60,383,030.30
EDUCATION AND TRAINING FUND		
Beginning Balance	1,223,472.21	830,130.75
Provisions	808,334.12	525,272.56
Usage	(446,159.60)	(131,931.10)
Total Education and Training Fund	1,585,646.73	1,223,472.21
COMMUNITY DEVELOPMENT FUND		
Beginning Balance	4,419,035.97	5,075,808.94
Provisions	1,616,668.25	1,050,545.11
Usage	(1,057,444.93)	(1,707,318.08)
Total Community Development Fund	4,978,259.29	4,419,035.97
OPTIONAL FUND		
Beginning Balance	12,567,348.04	16,015,097.55
Provisions	2,155,557.67	1,400,726.82
Usage	(1,250,000.00)	(4,848,476.33)
Total Optional Fund	13,472,905.71	12,567,348.04
TOTAL STATUTORY FUNDS	88,503,183.28	78,592,886.52
Unrealized Gain on Property Valuation	15,835,717.83	15,835,717.83
TOTAL MEMBERS' EQUITY	713,663,701.11	675,068,004.35

See Accompanying Notes to Financial Statements