



2021 ANNUAL REPORT

BREAKING the POVERTY TRAP
THROUGH POLICY ADVOCACY
and INNOVATIONS

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VISION

We envision an empowered, just, prosperous, and resilient Agri-cooperative federation of family farmers.

MISSION

Our mission, as a national federation, we are dedicated to building the capacities of member-agriculture, fishery, and forestry cooperative.

AFFILIATES



PARTNERS



WHO WE ARE

The Philippine Family Farmers' Agriculture-Fishery-Forestry Cooperatives Federation (AgriCOOPh) is a steadily growing network of primary agri-based cooperatives. Although just founded on August 12, 2017 and registered on August 15, 2018, we are now comprised of 500,000 individual members from thirty cooperatives and resources of PHP 10.38B (USD 216M).

MEMBERSHIP MAP

LUZON

1. Countryside Builders Multi-Purpose Cooperative
2. DiCaDi Agricultural Cooperative
3. Diffun Saranay Development Cooperative
4. Gubat St. Anthony Cooperative
5. Matulatula Agrarian Reform Community Cooperative
6. Pecuaría Development Cooperative
7. Samahan ng mga Palawano sa Amas Brookes Multi-Purpose Cooperative
8. Soro-soro Ibaba Development Cooperative

VISAYAS

1. Carmen Samahang Nayon Multi-Purpose Cooperative
2. Compostela Market Vendors Multi-Purpose Cooperative
3. First Consolidated Cooperative Along Tañon Seaboards
4. Guadalupe Community Multi-Purpose Cooperative ADD
5. Hamtic Multi-Purpose Cooperative
6. Kalipunan ng Maliliit na Magniniyog ng Pilipinas Agriculture Cooperative
7. Lamac Multi-Purpose Cooperative
8. Negros Agri-Entrepreneurs Marketing Cooperative
9. Omaganhan Farmers Agrarian Reform Cooperative
10. Patanom Credit Cooperative

MINDANAO

1. Agus Pinoy Producers Cooperative
2. Dapco Agrarian Reform Beneficiaries Cooperative
3. Farmers Alternative for Self-Reliance Multi-Purpose Cooperative
4. Golden Grains Marketing Cooperative
5. Malabog Integrated Enterprises Development Cooperative
6. NGPI-ARB Multi-Purpose Cooperative
7. Oro Integrated Cooperative
8. Paglaum Multi-Purpose Cooperative
9. Panaw-Sumilaw Multi-Purpose Cooperative
10. Puting Bato Multi-Purpose Cooperative
11. Sto. Niño Multi-Purpose Cooperative
12. Socorro Empowered People's Cooperative



MEMBERSHIP TIMELINE



November 27, 2015
National Conference of eighty Farmers' Organizations in the Ateneo de Manila University

June 30, 2017
Strategic Planning at Partnership Center, Quezon City

August 10-12, 2017
Strategic Planning Workshop at Ciudad Christhia, San Mateo Rizal

August 12, 2017
Establishment of the Philippine Family Farmers' Agriculture Fishery Forestry Cooperatives Federation

January 14-15, 2018
Business Planning Workshop at SIDC Resort, Batangas City

July 27, 2018
Consultation Meeting with Partners at Stone House Hotel, Quezon City

August 15, 2018
Cooperative Development Authority Registration

BOARD and MANAGEMENT REPORT

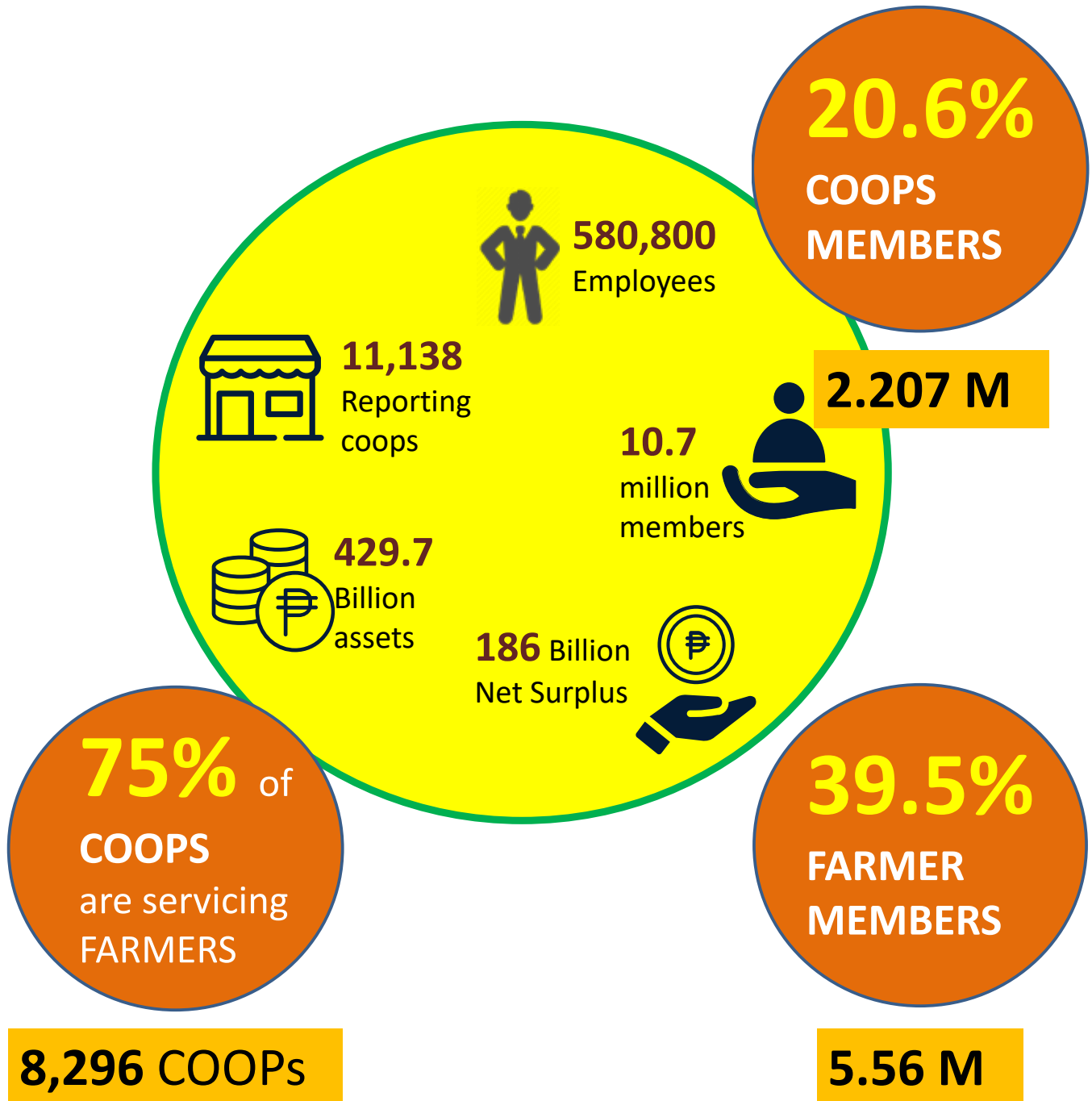
Achievements in AgriCOOPh 2021-22



Our Mission

When we looked back on 2019, we can be proudest of how we came together to create a national federation that is dedicated to building the capacities of agricultural cooperatives in the country.

How Big is the Cooperative Sector?



20.6%

**COOPS
MEMBERS**

2.207 M

580,800
Employees

11,138
Reporting
coops

10.7
million
members

429.7
Billion
assets

186 Billion
Net Surplus

75% of
COOPS
are servicing
FARMERS

39.5%

**FARMER
MEMBERS**

8,296 COOPs

5.56 M

AgriCOOPh by the Numbers

Services Delivered

Board and Management
Report

6,450 farmers and workers are members of 43 agri-coops which were assisted and received direct services.

8,778 sacks of rice sold amounting to P17.5 million from 4 agri-coops on AgriCOOPh terms in 2021

During 1st half of 2022, direct palay buying from farmers increased from P14 to P17 per kilo under new contract with institutional buyer

P14 million in COVID response funds raised in 2020-2021

- P1m coops4food initiative – USAID/Agriterra
- P1m bridge-financing – FSSI
- P12m ARISE Fund – IFAD/AFA

Increased sales from P71.4 million in 2021 to more than 100 million in 2022 (actual 121.7m as of June & 16.7m gross margin)

12 coffee coops received Institutional Strengthening involving 1,200 coffee Farmers under PhilCAFE

7 coop-based dairy enterprises received capacity building services involving 1,000 carabao buffaloes & more than 500 dairy farmers

3 Coops received technical assistance on product packaging and branding for coffee, cacao, and dairy

6 Coops have developed Investment and Technical Assistance Plan (ITAP) for banana chips, calamansi juice, and coffee

Investment and Technical Assistance Plan



PARIC buys higher compared to the prevailing prices. PARIC however has limited financial working capital to fully assist the project. The estimated cost of the project from the construction of the building, set-up of solar panels, water system, acquisition of equipments, working capital for 2 months including labor and ingredients total to P411,30M.

Table 8: Projected Project Cost

Particulars	Sources		Total
	GGGI	PARIC	
Equipment	7,444,400	-	7,444,400
Building and Solar Panels	7,591,600	-	7,591,600
Working Capital 2 Months	912,000	2,323,784	3,235,784
Total	8,948,000	2,323,784	10,671,784
	78%	22%	100%

The project will be using the following equipment and facility:

Partnership Engagement

Funding partners increased from 11 in 2021 (CSA, DGRV, USAID/Agriterra, ACDI-VOCA, AsiaDHRRA, PBSP, FDC, PCC, AFA/IFAD, GIZ) to 14 in 2022 (+TRIAS, MEDA, GIZ-Minda)

TRIAS provided tools on OCD with emphasis on entrepreneurship, environment, gender & youth, and sustainability

Agriterra strengthened AgriCOOPh through organizational assessment, strat planning, TOT on My.Coop, governance, financial management & female leadership

ACDI-VOCA through CDP is supporting the institutional capacity building of the federation

Highlights

Our COMMITMENT

Coops4food in response to COVID-19

At the height of the pandemic in 2020 when the formal market system collapsed, we responded by linking the farmers and consumers through inter-coop trade. This was an action research called "coops4food initiative" with USAID funding support through Agriterra under the GROW-COOP Project.



Warehouse Blessing



Logistics Support



Weekly delivery to SFP/DSWD, Hospital & Hotel

- Lamac MPC – vegetables and fish
- FCCT – dressed chicken, pork & eggs
- GCMPC – canned goods



Expanding markets for vegetables, eggs, dressed chicken, fish, and pork



Cebu Diocese



Coffee Shop



Hospital



As part of AgriCOOPh Federation’s extension activities towards agricultural value chain development in partnership with Filinvest Development Corporation, Inc. Misamis Power Corporation, the federation conducted a 4-day Agri-Enterprise Management Training last Nov. 24-27, 2021 in Villanueva, Misamis Oriental. The training was inspired using the My.COOP Modules of the International Training Center of the International Labor Organization. It was participated by 12 representatives from 5 farmer and fisherfolk-led groups from municipalities of Tagoloan and Villanueva, Misamis Oriental.



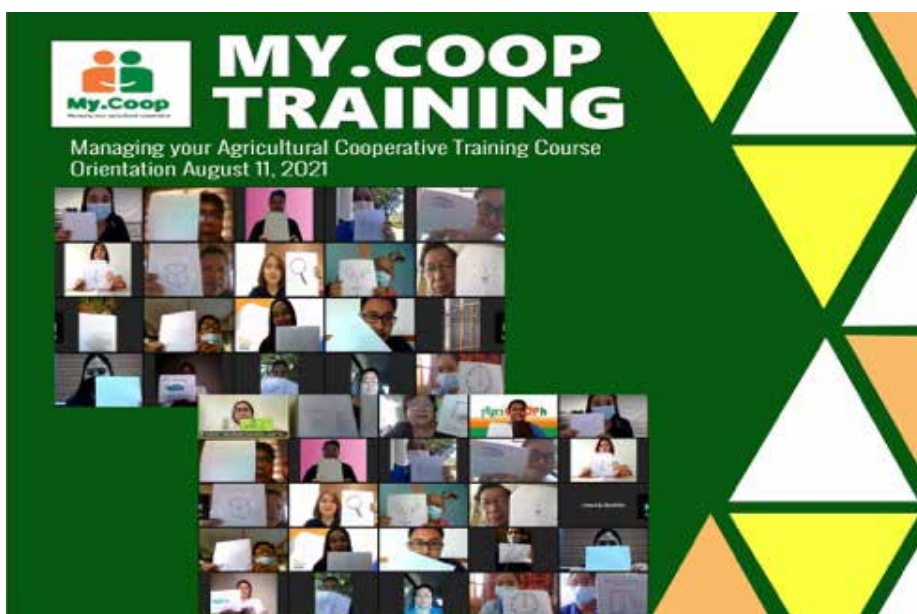
These participants are representatives of PSC Vegetable Farmers Association, Balacanas Vegetable Farmers Association, Balacanas Fisherfolk Association, Baluarte Small Fisherfolks Association, and 4HClub as part of the company’s CSR Project AYOS or the Accelerating Youth and Farmers Opportunities on Sustainable Agriculture. The training was also made possible with coordination with the Municipal Agriculturist Offices from Tagoloan and Villanueva.



TOT on My.Coop Course for PCC Staff and Coop Officers

PCC TOT on My.COOP package (Managing your Agricultural Cooperative)

- 38 participants completed the online sessions
- 14 participants from 4 coops completed the online modules
- Total – 52 participants
- Total training fees generated – P657,000
- Charged to CETF – P102,000 (4 coops)
- Charged to PCC - P480,000
- Charged to Agricooph CETF – P75,000



PhilCAFE Capacity Building (Project Title: Institutional Strengthening of Coffee Producing Cooperatives/Associations with Support from ACDI/VOCA PhilCAFE Project)

	Organization	Location
1	Bayanihan Millenium MPC (BMMPC)	Pigtauranan, Pangantucan, Bukidnon
2	MILALITTRA Farmers Agriculture Cooperative (MILFACO)	Miarayon, Talakag, Bukidnon
3	IMDALSA Agrarian Reform Cooperative	Dalwangan, Malaybalay, Bukidnon
4	Marayag Coffee Rubber Farmer Association (MACORFA)	Mati, Davao Oriental
5	Progressive ARB MPC	Poblacion, Tagbina, Surigao del Sur
6	Murcia Marginal Coffee Growers, Inc.	Murcia, Negro Occidental
7	Tupi Coffee Growers Association (TuCoGAI)	Tupi, South Cotabato
8	Kalamansig Farmers Agriculture Development Marketing Association	Sta. Clara, Kalamansig, Sultan Kudarat
9	Sagada Arabica Coffee Growers & Processors Organization	Sagada, Mt. Province
10	Gawidan Malin-awaan Marketing Cooperative	Gawidan, Tabuk City

Approach

- Assessment
- Agri-Enterprise Management training
- Enterprise Management Advisors

- 10 coffee producer organizations strengthened where there will be an improved enterprise operations, financial management, governance, and membership commitment
- 1,000 members benefitted
- 10 coffee producer organizations service provision expanded

MILFACO

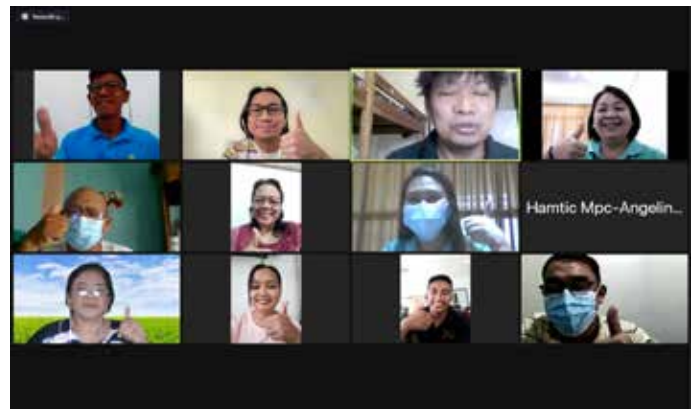


Bayanihan Millenium MPC



Dairy Enterprise Assessment

Improving the Dairy Value Chain in the Visayas Regions” (A Dairy Hub Development and Capacity Building Project for Dairy Cooperatives in Visayas Region) under the GROW Coop Project – Cooperative Assessment



Strengthening of cooperatives as actors of economic development

- Improvement of sustainable safety mechanism for functioning cooperative system
- Improvement of the local embedment of the cooperative know-how and the systematic training and education



- Northern Mindanao Dairy Cooperatives Federation
- 4 Primary Dairy Cooperatives
- Nueva Ecija Federation Dairy Cooperatives & 3 Member-Dairy Cooperatives
- All Member-Coops of AgriCOOPh

Quick response – Typhoon Odette

Supply and Marketing Services

Thru Coops4Food, 26,853 Typhoon Odette-affected families benefitted and received food packs procured from the participating cooperatives. This was made possible thru DSWD Region 7.



KNOWLEDGE MANAGEMENT

NEWSLETTER SEPTEMBER 2021

Agricultural Cooperative Development Agenda: An Enabling Environment for the Agri-Coop Sector

AGRICULTURAL COOPERATIVE DEVELOPMENT AGENDA

MY.COOP TRAINING

AGRI.COOPH CLIMBS COLLABORATION

UPCOMING EVENTS

DAIRY AGRI.COOPH PROJECT: SCOPING, RESOURCE & COMMUNITY MAPPING

DAIRY AGRI.COOPH PROJECT: GOVERNANCE TRAINING

MY.COOP TRAINING: RESILIENCE MODULES 3 AND 4

UPDATES FROM OUR PARTNERS

DORV-AgriCOOPh Project: Strengthening of Dairy Cooperatives in Nueva Ecija and Northern Mindanao

AgriCOOPh-CLIMBS Collaboration: Weather Protect Insurance Training & Workshop

UPDATES FROM OUR NETWORK

My.COOP Training: Managing your Agricultural Cooperative Training Course

PhilCAFE-AgriCOOPh Business Development Project: Inception Meeting

ACOOP FACTS

ACOOP FACTS

ACOOP FACTS

ACOOP FACTS

ACOOP FACTS

ACOOP FACTS

AgriCOOPh

Farmer's Alternative for Self-Balanced Multi-Purpose Cooperative

AgriCOOPh Services with EAMMCO

VISION

MISSION

AgriCOOPh e-Learning website Coming Soon

While working hard to finish the development of this site. Sign up below to receive updates and to be notified when we launch!

AgriCOOPh Federation will be opening soon our e-learning platform for the agricultural cooperative sector! This is supported by Deutsche Genossenschafts- und Raiffeisenverband e.V. with ITech Media Logic as our development partner. Modules on Agri-Enterprise Management and more will be uploaded soon.

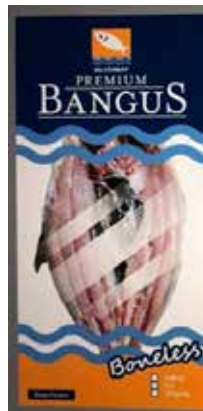
Coops4foodsecurity – Rice Value Chain

- Increase sales volume from 8,778 bags to 20,000 bags for Cebu market
- Expand institutional market to Metro Manila & Davao



Coops4foodsecurity – Fishery Value Chain

- Joint venture for milkfish production, processing & marketing:
- Silverbay Producers Coop, AgriCOOPh & Balingasag LGU
- MAFISCO, Bislig: Tuna fishing, ice plant, cold storage, processing & marketing
- Baug ARB MPC, Magallanes: 100 hectares of fishpond
- KGMC and GARBEMCO in Kabasalan



NET WT 85g

SILVERBAY

HOMEMADE

BANGUS CHILI PASTE

INGREDIENTS: BANGUS FLAKES, GARLIC, ONION, CHILI PEPPERS, CORN OIL
KEEP REFRIGERATED

Coops4foodsecurity – Coffee Value Chain

- Digitalization of the coffee value chain: Pilot Coops – PARBEMCO, BACOLFA & TUCOGAI
- Investment & Technical Assistance Plan
- Linking to coffee shops – Specialty Coffee



Digitizing the Coffee Value Chain

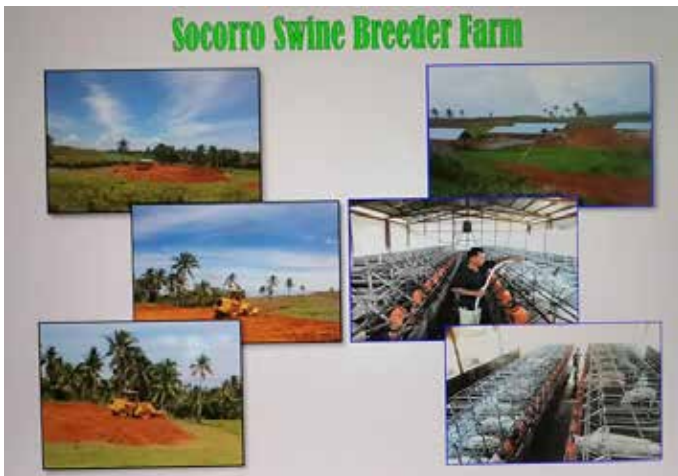
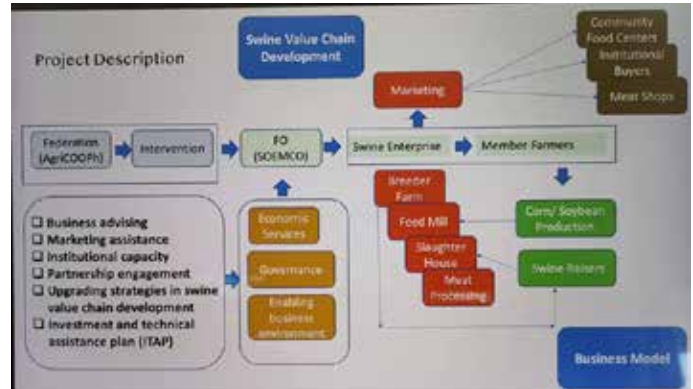
Business Development Services

To address market failure thru lack of information, market linkage, and access to sustainable finance and investments in the coffee sector, the AgriCOOPh-PhilCAFE Digitization Project has initiated its data gathering phase in Surigao del Sur, South Cotabato, and Davao del Sur. A Platform Administrator designed by CoreDev Solutions, Inc. and Technical and Investment Plans are also being finalized in response to these challenges.




Coops4foodsecurity – Swine Value Chain

World Bank-PRDP IREAP – P200 Million Enterprise



“Coop4Food – Partnership for Bridging Production and Consumption Solution”

AsiaDHRRA
Asian Partnership for the Development of Human Resources in Rural Areas

AgriCOOPh
A FULL VALUE-CHAIN SERVICE PROVIDER

SOCORRO EMPOWERED PEOPLE'S COOPERATIVE
Bucas Grande Island Socorro
1996
SOEMCO

Partnership Engagement

Ambassador Michel Parys of Belgium and Consul Enrison Benedicto visited AgriCOOPh Cebu Office on Oct. 11, 2021



Peter Hinn, GIZ Adviser, SPADe/MinPAD Project





AgriCOOPh is delighted for another successful delivery of rice for 1,106 families in Valenzuela, Malabon, and Novaliches last August 13, 2021; who are beneficiaries of the RiceAid Program initiative of PBSP. We continue to enhance the agricultural value chain and ensure food security in the country.






MAKILAHOK SA KONSULTASYON TUNGKOL SA AGRICULTURAL COOPERATIVE DEVELOPMENT AGENDA

Nais mo bang marinig ang boses ng iyong kooperatiba at maging bahagi ng kinatirap ng mga agri-coops?

SALI NA!
Sama-sama nating palakasin ang boses ng mga magsasaka sa pamamagitan ng

AGRICULTURAL COOPERATIVE DEVELOPMENT AGENDA (ACDA)

Register here to get Meeting ID and Password

Location	Date	Time
Luzon	Sep 20, 2021 (Monday)	08:00 - 11:45 AM
Visayas	Sep 14, 2021 (Tuesday)	08:00 - 11:45 AM
Mindanao	Sep 21, 2021 (Tuesday)	08:00 - 11:45 AM

FOR QUESTIONS, PLEASE CONTACT: ELAI PASCUAL, EPASCUAL.BTU@USAID.COM

#AgricoopForChange

MANAGING YOUR AGRICULTURAL COOPERATIVE (MYCOOP)
May 26-28, 2022

Agricultural Cooperative Governance Training for Lamac MPC, FCCT, COMAVEMCO and Baybay Dairy Coop

Youth Leadership Masterclass 2022: Building the Next Generation of Agricultural Cooperatives

FEMALE LEADERSHIP TRAINING
May 23-25, 2022



PRDP Mindanao conducted the second round of the Mindanao Online C.A.F.E on October 28, 2021 with the topic “Strengthening the Country’s Food system the AgriCOOPh way” via online platform.

The Mindanao Online C.A.F.E or Convergence for Agriculture and Fisheries Enterprise is PRDP Mindanao’s knowledge sharing platform which aims to establish linkages between farmers, traders, and other private institutions in Mindanao and the Philippines.

A total of 75 participants registered and joined the Mindanao Online C.A.F.E composed mostly by the proponent groups and project beneficiaries of I-REAP subprojects from six regions in Mindanao, along with representatives from Provincial Agriculture Offices, and Regional Project Offices.



Mr. Marek Poznanski of CSA, Brussels – Cebu Visit for project monitoring and strategizing on “short value chain & institutional markets”



Federation Capacity Building



Andy Lohof - Consultant
OCB Training, CDP, ACDI-VOCA/USAID
Facilitators: CDP Country Director Alfred Allaga,
Jose Romeo Ebron, and Felipe Cook



Signing of Cooperation Agreement

CDP/ACDI-VOCA - Gender, Youth, and Social Inclusion (GYSI) Planning, Cebu City



As we conclude this year's celebration of the #InternationalWomensMonth2022, AgriCOOPh Federation supported by the Cooperative Development Program, a USAID - US Agency for International Development-funded and ACDI/VOCA-led project, participated Gender, Youth, and Social Inclusion (GYSI) Planning in Cebu City. The team has come up with the federation's GYSI 5-year strategy for a more gender responsive and socially inclusive program for the agricultural cooperative sector.

2-day Annual Planning in Cebu City

Family picture with AgriCOOPh Federation Management Teams from Luzon, Visayas, and Mindanao to conclude the 2-day Annual Planning in Cebu City facilitated by Ms. Ched Castillo where the teams assessed last year's accomplishments and planned this year's activities and targets. It also included deepening workshops on the federation's VMG and Core Values.



2-day OCA workshop for AgriCOOPh

The 2day planning workshop on AgriCOOPh Organizational Capacity Assessment conducted by the TRIAS organizational strengthening and institutional development team identified the capacity gaps and targets for AgriCOOPh within a 5year time frame.



What we have achieved in 2 years and 4.5 months (August 15, 2019 to December 31, 2021)?

NON-FINANCIAL GROWTH

	Aug 2019	2020	Inc/Dec	2021	Inc/Dec
Membership	20	30	10(50%)	33	3(10%)
Members Served	4	9	5(125%)	13	4(44%)
Total Coops Served	4	22	18(450%)	43	21(95%)
Personnel	3	10	7(233%)	15	5(50%)
Donor-Partners	2	3	1(50%)	4	1(33%)

FINANCIAL GROWTH

	Aug 2019	2020	Inc/Dec	2021	Inc/Dec
Assets	1.6	5.8	4.2 (260%)	43.2	37.4(645%)
Share Capital	0.65	0.78	0.13(20%)	1.38	0.6(77%)
Deposits	0	3.0	-	14.0	11(367%)
Net Surplus	-0.015	0.32	-	0.536	0.22(67%)
Funds Mobilized	2	3.6	1.6(80%)	6.6	3.0(83%)

AUDITED FINANCIAL REPORT

Norina S. Salvador

Certified Public Accountant

Baluarte, Gapan City, Nueva Ecija

Mobile #: 0917-835-8945

Email address: norina.salvador@gmail.com

Report of an Independent Public Accountant

The Board of Directors and Shareholders
**PHILIPPINE FAMILY FARMERS' AGRICULTURE-
FISHERY- FORESTRY COOPERATIVES FEDERATION.**
2/F Philippine Cooperative Center, Balete Drive Extension
Barangay Kristong Hari, 1112 Quezon City

I have audited the financial statements of **PHILIPPINE FAMILY FARMERS' AGRICULTURE-
FISHERY- FORESTRY COOPERATIVES FEDERATION.** for the calendar year ended December
31, 2021 on which I have rendered the attached report dated June 16, 2022.

In compliance with Revenue Regulations V-20, I am stating the following:

1. The taxes paid and accrued by the above Company for the fiscal year ended December 31, 2021 are shown in the schedule of taxes and licenses.
2. I am not related by consanguinity or affinity to the president, manager or principal members of the Cooperative.



NORINA S. SALVADOR

CPA Certificate No. 95403

CDA Accreditation No. 341

Valid until March 01, 2024

BOA Accreditation No. 2006

Valid until March 14, 2023

BIR Accreditation No. 04-006164-001-2021

Valid until March 16, 2024

Tax Identification No. 199-781-390

PTR No. 8329386

January 03, 2022

City of Gapan

Norina S. Salvador

Certified Public Accountant

Baluarte, Gapan City, Nueva Ecija

Mobile #: 0917-835-8945

Email address: norina.salvador@gmail.com

Independent Auditor's Report

The Board of Directors and Members
**Philippine Family Farmers' Agriculture
Fishery Forestry Cooperatives Federation**
Rm 203 Agapito "Butz" Aquino Building,
Philippine Cooperative Center,
90 Balete Drive Extension, Quezon City

Opinion

I have audited the accompanying financial statements of **Philippine Family Farmers' Agriculture Fishery Forestry Cooperatives Federation** which comprise the statement of financial condition as of December 31, 2021 and 2020, and related statement of operations, changes in member's equity and statutory funds and cash flows for the years then ended, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial condition of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards applicable to Cooperatives in the Philippines, taking into consideration Cooperative laws, rules, regulations and principles.

Basis for Opinion

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Identify and assess the risks of material misstatement of the financial statements

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

NORINA S. SALVADOR
 CPA Certificate No. 95403
 CDA Accreditation No. 341
 Valid until March 01, 2024
 BOA Accreditation No. 2006
 Valid until March 14, 2023
 BIR Accreditation No. 04-006164-001-2021
 Valid until March 16, 2024
 Tax Identification No. 199-781-390
 PTR No. 8329386
 January 03, 2022
 City of Gapan

June 16, 2022

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION

2/F Philippine Cooperative Center, Balete Drive Extension, Barangay Kristong Hari, 1112 Quezon City

CDA Registration No. 9520-201600000042634

STATEMENTS OF FINANCIAL CONDITION*(Amounts are in Philippine Peso)*

		December 31	
	<i>Notes</i>	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	P8,252,293	P665,303
Loans and receivables - net	6	33,065,570	4,747,367
Prepaid expenses and other current assets	7	84,099	24,000
Total Current Assets		41,401,962	5,436,670
Investment at fair value through profit or loss	8	150,042	150,042
Property plant and equipment-net	9	1,722,919	251,403
TOTAL ASSETS		P43,274,923	P5,838,116
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities			
Interest on share capital and patronage refund payable	10	P386,572	P225,555
Trade and other payables	11	6,092,708	1,081,904
Time deposits	12	14,300,000	2,995,895
Loans payable	13	4,000,000	-
Project fund subsidy	14	16,230,062	184,834
Total Liabilities		41,009,343	4,488,188
Members' Equity			
Paid up capital	19	1,382,500	782,000
Deposit for share capital subscription	19	330	500
Grants and Donation	14	68,766	94,064
Statutory Funds			
General Reserve Funds	3	628,949	360,587
Optional Fund	3	90,200	52,629
Coop Education & Training Fund	3	56,179	37,592
Community Development Fund	3	38,657	22,555
Total Members' Equity	3	2,265,581	1,349,928
TOTAL LIABILITIES AND MEMBERS' EQUITY		P43,274,923	P5,838,116

See Notes to Financial Statements.

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION

2/F Philippine Cooperative Center, Balete Drive Extension, Barangay Kristong Hari, 1112 Quezon City

CDA Registration No. 9520-201600000042634

STATEMENTS OF OPERATIONS*(Amounts are in Philippine Peso)*

	<i>Notes</i>	Years Ended December 31	
		2021	2020
REVENUES			
Service Income	<i>15</i>	P2,929,950	P1,370,880
Gross profit from marketing operations	<i>16</i>	9,714,885	-
Interest income	<i>17</i>	2,488	90,600
Other income	<i>18</i>	2,378,821	2,518,712
		15,026,144	3,980,192
EXPENSES			
Administrative and marketing expenses	<i>19</i>	14,489,420	3,657,704
		14,489,420	3,657,704
NET SURPLUS FOR ALLOCATION		P536,724	P322,488
ALLOCATION OF SURPLUS:			
General reserve fund	<i>3</i>	P268,362	P161,244
Coop Education & Training Fund	<i>3</i>	26,836	16,124
Due to union/ federation	<i>3</i>	26,836	16,124
Optional fund	<i>3</i>	37,571	22,574
Community Development Fund	<i>3</i>	16,102	9,675
Interest on share capital and patronage refund	<i>3</i>	161,017	96,746
NET SURPLUS, AS ALLOCATED		P536,724	P322,488

See Notes To Financial Statements.

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION

2/F Philippine Cooperative Center, Balete Drive Extension, Barangay Kristong Hari, 1112 Quezon City
CDA Registration No. 9520-2016000000042634

STATEMENTS OF CHANGES IN EQUITY AND STATUTORY FUNDS

(Amounts are in Philippine Peso)

	Common Shares	General Reserve	Coop education training	Optional fund	Community Development Fund	Total
Balance as of 12/31/2020	₱782,000	₱360,587	₱37,592	₱52,629	₱22,555	₱1,255,364
Utilization of funds during the period		-	(8,250)	-	-	(8,250)
Additions (deductions) to common share capital during the period, net	600,500					600,500
Transfers from net surplus		268,362	26,836	37,571	16,102	348,871
Balance as of December 31, 2021	₱1,382,500	₱628,949	₱56,179	₱90,200	₱38,657	₱2,196,485

See Notes to Financial Statements.

	Common Shares	General Reserve	Coop education training	Optional fund	Community Development Fund	Total
Balance as of December 31, 2019	₱652,000	₱199,343	₱21,468	₱30,055	₱12,881	₱915,747
Utilization of funds during the period		-	-	-	-	-
Additions (deductions) to common share capital during the period, net	130,000					130,000
Transfers from net surplus		161,244	16,124	22,574	9,675	209,617
Balance as of December 31, 2020	₱782,000	₱360,587	₱37,592	₱52,629	₱22,555	₱1,255,364

See Notes to Financial Statements.

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION

2/F Philippine Cooperative Center, Balete Drive Extension, Barangay Kristong Hari, 1112 Quezon City

CDA Registration No. 9520-201600000042634

STATEMENTS OF CASH FLOWS*(Amounts are in Philippine Peso)*

	<i>Notes</i>	Years Ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus		₱536,724	₱322,488
Add (deduct) adjustments to reconcile net surplus to net cash provided by operating activities			
Depreciation expense	9	115,598	56,040
Probable losses on receivables	6	2,984,643	-
Changes in operating assets and liabilities:	9		
Increase/decrease in:			
Loans and receivables	6	(31,302,846)	(3,822,197)
Prepaid expenses and other current assets	7	(60,099)	(24,000)
Increase/decrease in:			
Trade and other payables	11	4,992,222	472,053
Net cash provided by operating activities		(22,733,758)	(2,995,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of furniture fixtures and equipment	9	(1,702,712)	(138,475)
Increase/decrease in:			
Investment at fair value through profit or loss	8	-	(25,042)
Net cash used in investing activities		(1,702,712)	(163,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Time deposits	12	11,304,105	2,995,895
Increase in project fund subsidy	14	16,045,227	184,834
Increase (decrease) in grants and donation	14	-25,298	94,064
Increase in loans payable	13	4,000,000	-
Increase in interest on share capital and dividends payable	10	161,017	-
Increase (decrease) in share capital subscription	19	600,500	130,000
Utilization of Coop education and training fund	3	(8,250)	-
Increase in optional fund	3	(37,571)	-
Increase in community development fund	3	(16,102)	-
Decrease in deposit for share capital subscription	19	(170)	-
Net cash used in financing activities		32,023,460	3,404,793
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,586,990	245,659
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		665,303	419,645
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱8,252,293	₱665,303

See Notes to Financial Statements.

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION
NOTES TO FINANCIAL STATEMENTS

1. General Information

PHILIPPINE FAMILY FARMERS' AGRICULTURE- FISHERY- FORESTRY COOPERATIVES FEDERATION was registered with the Cooperative Development Authority with registration No. 9520-201600000042634 with objectives and purposes such as strengthening, capacity building, training and development of member cooperatives including but not limited to agri-business coaching and consultancy; Provision and/or promotion of modern, good or sustainable agriculture production practices, technologies and agri-extension; Facilitation of inputs supply and/or marketing of agricultural crops and products in the local and international markets including importation and export of raw and processed products, inputs, equipment and machineries among others.

As provided under Republic Act No. 9520 amending RA No. 6938 and 6939 or "The Philippine Cooperative Code of 2008", stating that duly registered cooperatives under this Code which do not transact any business with non-members or the general public shall not be subject to any taxes and fees imposed under the internal revenue laws and other tax laws.

The Cooperative is duly organized and existing under the laws of the Philippines with principal office at 2/F Philippine Cooperative Center, Balete Drive Extension, Barangay Kristong Hari, 1112 Quezon City and has 28 and 24 members as of December 31, 2021 and 2020 respectively.

The Cooperative is tax-exempt per Certificate of Tax Exemption No. COOP-00028-22-RR-7A-RDO-039 issued by the BIR Revenue Region No. 7A, Quezon City. It is entitled to the following tax exemptions and incentives provided by Article 61 of Republic Act No. 9520, as implemented by Sec. 8 of the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of RA No. 9520;

1. Exemption from Income Tax on income from CDA-registered transactions;
2. Exemption from Value-added tax on CDA-registered sales or transactions;
3. Exemption from other Percentage tax;
4. Exemption from Donor's tax on donations to duly accredited charitable, research and educational institutions, and reinvestment to socio-economic projects within the area of operation of the cooperative;
5. Exemption from Excise tax for which it is directly liable;
6. Exemption from Documentary stamp tax: Provided, however, that the other party to the taxable document/transaction who is not exempt shall be the one directly liable for the tax;
7. Exemption from payment of Annual Registration fee of Five hundred pesos (P500.00);
8. Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system;

This Tax Exemption shall be valid for five (5) years or until May 10, 2027

Cooperative was issued a Certificate of Compliance with COC No. 16-2020-11668 which is effective until April 13, 2022.

Cooperative Identification No. is 16201842634.

The accompanying financial statements were authorized for issue by the Board of Directors on June 16, 2022.

The Board of Directors is empowered to make revisions even after the date of issue.

2. Summary of Significant Accounting Policies

Basis of Preparation/Partial Adoption of New/Revised Philippine Accounting Standards

The accompanying financial statements have been prepared in accordance with the Philippine Financial Reporting Framework for Cooperatives. The accounting policies have been consistently applied by the Cooperative and are consistent with those used in the previous year. To facilitate the understanding of the financial statements, the more significant accounting policies and practices of the Cooperative are summarized as follows

- PAS 1 - Presentation of Financial Statements.
- PAS 8 - Accounting Policies, Change in Accounting Estimates and Errors
- PAS 10 - Events after Balance Sheet Date
- PAS 16 - Property, Plant and Equipment
- PAS 19 - Employee Benefits
- PAS 24 - Related Party Transactions
- PAS 36 - Impairment of Assets
- PAS 7 - Cash Flow Statements
- PAS 32,39 - Financial Instruments for credit coops
- PAS 40 - Investment Property

PAS 1 Presentation of Financial Statements

Provides framework of for the fair presentation of the financial statements. Fair presentation requires the faithful presentation of the effects of transactions and events in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses. It requires more specific balance sheet line items (tax liabilities, provisions, non-current interest-bearing debt, among others); financial statements must be comparative; and, has a number of new disclosure requirements. The standard also requires presentation of comparative information

PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The standard is applied in selecting and applying accounting policies used in preparing financial statements. It also covers changes in accounting estimates and corrections of errors in prior period financial statements.

PAS 10 - Events After Balance Sheet Date

The standard defines events after the end of the reporting period and sets out principles for the recognition, measurement and disclosure of those events.

PAS 16 - Property, Plant and Equipment

PAS 16 (a) provides additional guidance and clarification on recognition and measurement of property, plant and equipment; requires capitalization of the costs of asset dismantling, removal or restoration; and requires measurement of an item of property and equipment acquired in exchange for a non-monetary asset or a combination of monetary and nonmonetary assets at fair value, unless the exchange transaction lacks commercial substance. The standard also provides guidelines for de recognition (e.g., disposal).

PAS 19/IAS 19 - Employee Benefits

Prescribes the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, and non-monetary benefits); pensions, post-employment and medical benefits' other long-term employee benefits (long-service leave, disability, deferred compensation, long-term profit sharing and bonuses, and equity compensation).

PAS 36 - Impairment of Assets

This standard applies in accounting for the impairment of assets other than those covered by separate standards.

PAS 7 - Cash Flow Statements

Prescribes the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 32, 39 - Financial Instruments

Prescribes the accounting treatment, presentation and disclosure requirements for Financial Instruments.

Management's Use of Judgements and Estimates

The financial statements are prepared in conformity with the above-mentioned accounting principles accepted in the Philippines which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Those estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as of date of the financial statements. Actual results could differ from such estimates.

The key estimates/assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated Useful Lives

The useful life of each of the Cooperative's property or equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

Asset Impairment

PFRF for Cooperatives requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Cooperative to make estimate and assumptions that can materially affect its statement of assets, liabilities and stockholders' equity. Future events could cause the Cooperative to conclude that the property and equipment are impaired. Any resulting impairment loss shall be charged to operations.

Revenues Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Cooperative and the amount of revenue can be measured reliably. Revenues from transactions of the Cooperative are recognized on a modified accrual basis. However, for cooperatives with lending operations, interest income is recognized only when earned and received during the period.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. 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 Assets

Financial assets include cash and other financial instruments. The classification of financial assets depends on the purpose for which the financial assets were acquired. The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available for sale assets. Management determines the classifications of its investments at initial recognition and re-evaluates at every reporting date at which date of choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

All financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit and loss are initially recognized at fair value, plus transaction costs. The following categories of financial assets are fully classified below:

1. Financial asset at fair value through profit or loss – If acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by the management at fair value through profit or loss. Derivatives are also categorized as held at fair value through profit or loss, except those derivatives designated and considered as effective hedging instruments. Assets classified under this category are carried at fair value in the balance sheets. Changes in the fair value of such assets are accounted for in statements of income. Financial instruments held at fair value through profit or loss is classified as current if they are expected to be realized within twelve months from the balance sheet date.
2. Financial assets through other comprehensive income. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at market value in the balance sheets. Any resulting gain or loss in other comprehensive income Loans and receivables are included in current assets if maturity is within twelve months from the balance sheet date. Otherwise, these are classified as non-current assets.

Loans receivable are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their values is recognized in the income statement.

3. Financial assets held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. Held-to-maturity assets are carried at cost or amortized cost in the balance sheets. Assets under this category are classified as current assets if maturity is within twelve months from the balance sheet date and non-current assets if maturity is more than a year.

Cash and Cash Equivalents

Cash includes cash items on hand (cash awaiting deposit) and peso currency deposits with various depository/drawee banks, which are immediately available for use in current operations of the company.

Loans and Receivables

Loans receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

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 Company provides money or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The allowance for doubtful accounts is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

Those Accounts specifically identified to be uncollectible, after exhausting all efforts, are written off as bad debts.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event an impact on the estimated future cash flows of the financial asset.

For loans and receivables, the Company assesses whether objective evidence of impairment exists. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The Carrying amount of the asset shall be reduced through use of an allowance account and the amount of loss is charged to the statement of income. Receivables, together with the associated allowance, are written off when there is no prospect of future recovery. The amount of the loss shall be recognized in the statement of income. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If write off is later recovered, any amounts formerly charged are credited in the statement of income.

Property, Plant and Equipment

Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attribute to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture, Fixtures & Equipment	5 years
Building - warehouse	10 years

An asset 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 balance sheet 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 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 income in the year the item derecognized.

Financial Liabilities

Financial liabilities include loans and other payables, accrued expenses and related parties accounts as classified in the balance sheet.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of an instrument. All interest related charges are recognized as an expense in the statement of income under Finance costs.

Financial liabilities are recognized initially at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortized cost less settlement payments.

Patronage and Dividend distributable to members are recognized as financial liabilities when the board approved the dividends.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

Retirement Benefit Obligations

The Cooperative does not have a formal benefit plan for its employees for it just started its operation

Provisions

Provisions are recognized when the Cooperative has: (a) a present legal or constructive obligation as a result of past events, (b) it is more likely than not that an outflow of resources will be required to settle the obligation, and (c) a reliable estimate of the amount can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

ACCOUNTS PECULIAR TO COOPERATIVES

The following accounts are peculiar to a Cooperative due to its nature as well as adherence to Cooperative laws, issued policies, rules and regulations, as well as cooperative principles 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

Due from Accountable Officers and Employees - refers to total collectibles from shortages and other losses due from accountable officers and employees that are subject to immediate settlement/sanction. These are recognized at cost, less allowance for impairment, if any.

Cooperative Development Cost - refers to expenses incurred prior to the actual operations of the cooperative. These are recognized at cost, subject to amortization for a period not exceeding 3 years.

Other Funds and Deposits - refers to funds set aside for funding of reserves (Statutory and Other Reserves) established by the cooperative such as Retirement, Mutual Benefit and other Funds. This is recorded at cost

LIABILITIES:

Interest on Share Capital Payable - refers to liability of the cooperative to its members for interest on share capital, which can be determined only at the end of every fiscal year

Patronage Refund Payable - is the liability of the cooperative to its members and patrons for patronage refund, which can be determined only at the end of every fiscal 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.

Revolving Capital Payable - is the deferred payment of interest on share capital and patronage refund whose payment has been withheld, which should be agreed upon in the General Assembly.

Project Subsidy Fund Payable - Unused portion of the donation/grant for training, salaries & wages, etc.

Mutual Benefit and Other Funds Payable - are funds for special purposes such as members' welfare & benefits, i.e. loan protection, hospitalization, death, scholarship assistance, etc. including KBGF/CGF, provision for accidents not taken from net surplus.

Time deposits -this account refers to deposits made by members for a specified period of time and withdrawable at a predetermined date.

EQUITY:

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

Statutory Funds - are Mandatory funds established/set up in accordance with Articles 86 and 87 of the Cooperative Code. They are as follows:

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

Education and Training Fund - an amount retained by the cooperative out of the mandatory allocation as stipulated in the cooperative's by-laws
Community Development Fund - This is computed at 10% of cooperative's net surplus. This is used for projects or activities that will benefit the community where the cooperative operates

Optional Fund - fund set aside from the net surplus (should not exceed 7%) for future use such as land and building, community developments, etc.

Community Development Fund – fund set aside from the net surplus (should not exceed 3%) for social involvement projects.

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

Social and Community Service - expenses incurred by the cooperative in its social community involvement including solicitations and donations to charitable institutions

Provision for Members' Future Benefits - amount set up for future benefit of members, such as pension of members, etc. not taken from Net Surplus

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 PAS 12.

INCOME RECOGNITION

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

Note 3. Financial risk managementFinancial risk factors

The Cooperative's activities expose it to a variety of financial risks: market risks (which include credit risk), liquidity risk and fair value interest-rate risk. The Cooperative's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Cooperative's financial performance.

(a) Credit risk

The Cooperative has no significant concentrations of credit risk. Transactions with related parties are ensured to be at arms' length. The Cooperative has policies that limit the amount of credit exposure to any financial institution. All loans are supported by a co-maker and credit insurance.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Cooperative aims to maintain flexibility in funding by keeping committed credit lines available.

(c) Cash flow and fair value interest rate risk

The Cooperative's income and operating cash flows are substantially independent of changes in market interest rates. The Cooperative has no significant concentrations of Cash flow and fair value interest rate risk.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Cooperative is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Cooperative for similar financial instruments.

Note 4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Cooperative makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5. Cash and cash equivalents

This account consists of:

	2021	2020
Cash on hand	P8,642	P15,241
Petty cash fund	47,119	10,000
Cash in bank	8,196,532	640,063
	P8,252,293	P665,303

6. Loans and receivables-net

This account consists of:

	2021	2020
Loans Receivables	P13,015,897	P300,000
Loans Receivables - restructured	-	919,348
Advances to officers and employees	672,087	97,872
Due from accountable officers and employees	5,075	60,000
Project receivables	18,489,888	3,370,147
Others	3,867,267	-
	P36,050,213	P4,747,367
Allowance for probable losses	2,984,643	-
	P33,065,570	P4,747,367

Majority of the project receivables or equivalent to 60% or equivalent to P11.1M pertains to receivables from DSWD R7 where the cooperative entered into contract with Department of Social Welfare and Development (DSWD) and Lumad sa Adgawan Farmers Multi-purpose Cooperative (LAMPUFACO) to supply and deliver food items for supplementary feeding program for CY 2021 in Negros Province.

The Cooperative entered into a project with DGRV – Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative and Raiffeisen Confederation) where the latter will provide co-funding support of Institutional – Structure – Building salary of one Training/ Technical specialist and salary of roving auditor. The said project will cover activities from 01.01.2019 to 12.31.2020.

7. Prepaid expenses and other current assets

This account consists of:

	2021	2020
Prepaid rent	P84,099	P24,000

8. Investment at fair value through profit or loss

This account consists of:

	2021	2020
Investment in Non-Marketable Equity Securities	P145,000	P145,000
Investment with Philippine Cooperative Central Fund	5,042	5,042
	P150,042	P150,042

9. Property plant and equipment - net

This account consists of:

	Furniture, fixtures and equipment	Building	TOTAL
COST			
December 31, 2020	P367,016	P-	P367,016
Additions	397,114	1,190,000	1,587,114
December 31, 2021	P764,130	P1,190,000	P1,954,130
ACCUMULATED DEPRECIATION/ AMORTIZATION			
December 31, 2020	P115,613	P-	P115,613
Depreciation	115,598	-	115,598
December 31, 2021	231,211	-	231,211
Net Book Value	P532,919	P-	P1,722,919

	Furniture, fixtures and equipment	TOTAL
COST		
December 31, 2019	P228,541	P228,541
Additions	138,475	138,475
December 31, 2020	P367,016	P367,016

ACCUMULATED DEPRECIATION/ AMORTIZATION		
December 31, 2019	P59,573	P59,573
Depreciation	56,040	56,040
December 31, 2020	115,613	115,613
Net Book Value	P251,403	P251,403

10. Interest on share capital and patronage refund

This account consists of:

	2021	2020
Interest on share capital payable	P270,600	P157,888
Patronage refund payable	115,972	67,666
	P386,572	P225,555

11. Trade and other payables

This account consists of:

	2021	2020
Trade payables	P3,410,890	P177,750
Due to Union/ Federation (CETF)	1,683,068	624,719
Interest on time deposits	522,000	P-
Accrued expense	99,855	52,380
Other current liabilities	376,895	227,055
	P6,092,708	P1,081,904

12. Time deposits

This account consists of:

	2021	2020
Fairchild Community MPC	P10,000,000	P-
Guadalupe Multi-Purpose Cooperative	3,000,000	2,027,616
Cebu News Workers MPC	1,000,000	-
Socorro Empowered Peoples Cooperative	-	968,278
Others	300,000	-
	P14,300,000	P2,995,895

Last August 15, 2021 Agricooph introduces AgriFI Term Deposit to institutional and individual investors who would like to keep farmers in the business of farming. Depositors could benefit from rate upswings and quarterly crediting of interest earnings with Agricooph instrument. Interest rate ranges from 5% to 10% depending on the amount and the term of the deposit. Minimum deposit required is P1,000 only.

13. Loans payable

Last September 1, 2021 The Cooperative entered into a loan agreement contract with Foundation for A Sustainable Society Inc (FSSI) amounting to P4M with interest rate of 12% per annum. The said loan will mature on March 1, 2022.

14. Project fund subsidy

This account consists of:

	2021	2020
Project fund - GROW Coop	P1,485,980	P184,834
PBSP - GGGI	361,980	-
GIZ	1,588,923	-
Arise Farmers	12,542,999	-
ACDI/VOCA (DIGITIZIING)	250,180	-
	P16,230,062	P184,834

Grants and Donation

Grants and Donation amounted to **P68,766** and **P94,064** for the year of ended December 31, 2021 and 2020

15. Service income

This account consists of:

	2021	2020
Service fees	P384,430	P982,911
Commission income	149,500	387,968
Registration fee	72,000	-
Membership fees	55,000	-
Service income - project	1,741,020	-
Training income	528,000	-
	P2,929,950	P1,370,880

16. Gross profit from marketing operations

This account consists of:

	2021	2020
Sales	P71,434,976	-
Cost of sales	61,720,090	-
Gross profit from selling activities	P9,714,885	-

Cost of sales

	2021	2020
Merchandise inventory, beginning	P-	-
Purchases	61,075,465	-
Freight in	644,625	-
Goods available for sale	61,720,090	-
Less: Merchandise Inventory, ending	-	-
Cost of sales	P61,720,090	-

17. Interest income

This account consists of:

	2021	2020
Interest income from Loans	P-	P89,658
Bank deposits and investments	2,488	942
	P2,488	P90,600

18. Other income

This account consists of:

	2021	2020
Project support subsidy	P998,188	P1,622,366
Grants and Donation Subsidy	70,298	115,411
CETF Subsidy	72,000	117,500
Membership fees	-	78,000
Consultancy fee	1,055,567	-
Miscellaneous	182,767	585,435
	P2,378,821	P2,518,712

19. Administrative and marketing expenses

This account consists of:

	2021	2020
<u>Administrative expenses</u>		
Bank charge	P68,978	P3,918
Probable losses on receivables	2,984,643	-
Salaries & wages	2,758,083	1,762,467
Permits & licenses	1,328,740	3,073
Professional fee	1,085,173	231,250
Interest expense on deposits	1,057,574	45,735
Employee benefits	878,224	405,147
Project support xpense	857,568	-
Facilitation fee	378,643	-
Rentals	354,420	108,000
Bidding expenses	349,489	-
Travel & transportation	322,240	84,192
SSS/ECC/Philhealth/Pag-ibig	185,825	108,110
Employees benefit-13th month pay	180,881	118,840
Meetings & conferences	153,230	127,337
Communication	146,792	92,867
Depreciation expense	115,598	56,040
Power, light & water	106,473	71,032
Miscellaneous expense	99,537	2,421
Office supplies	83,067	24,712
General assembly expense	81,914	145,867
CETF subsidized expense	72,000	117,500
Materials and supply	66,361	-

Representation	50,998	-
Notarial Fee	34,500	-
Insurance	32,581	-
Repairs & maintenance	31,600	13,603
Training direct cost	31,357	45,654
Trainings & seminars	31,001	5,000
Affiliation Fee	14,837	1,000
Promotions	14,240	18,660
Officers benefits	11,563	-
Unrealized foreign exchange loss		4,601
Staff Development	-	7,902
Product marketing	-	21,340
Other finance charges	-	1,849
Interest on borrowings	-	29,589
	13,968,131	3,657,704
<u>Marketing expenses</u>		
Labor (trucking deliveries)	309,396	-
Freight out	106,798	-
Commission expense	100,000	-
Spoilage, breakage and losses	5,094	-
	521,288	-
	P14,489,420	P3,657,704

20. Members' Equity

The Cooperative was authorized by the Cooperative Development Authority (CDA) to issue P10,000,000 shares divided into Eight Thousand shares (8,000) common shares with Par Value of P1,000 per share and Two Thousand (2,000) Preferred shares with Par Value of P1,000 per share

Details of the share capital is as follows:

	2021	2020
Ordinary Share Capital	P1,382,500	P782,000

Deposit for share capital subscription pertains amount paid by the members for capital subscription equivalent to the value of less than one share. As of **December 31, 2021** and 2020 deposit for share capital subscription amounted only to **P330** and **P500** respectively.

As at the end of the year there were no member who exceeded the 10% ceiling capitalization.

20. Supplementary Information Required by The Bureau of Internal Revenue

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (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 for SEs.

Requirements under Revenue Regulations (RR) 15-2010

a. VAT
The Cooperative is exempt from business taxes

b. Taxes and licenses

	2021
Business permits and Licenses	P1,328,740
Notarial fees	1,250
	P1,329,990

c. Withholding taxes
For the year 2021, total withholding taxes on compensation amounted to P82,935.

d. Tax Assessments
The Company has no tax assessment as of December 31, 2021.

e. Tax cases
The Company has no tax case as of December 31, 2021.

Requirements under Revenue Regulation (RR) 34 – 2020

The Cooperative is not covered by the requirements and procedures for Related Party Transactions (RPT) under Sec. 2 of the Revenue Regulations No. 34-2020.

21. EFFECT OF PANDEMIC

The cooperative's financial statements as of December 31, 2021 is prepared under going concern basis. Management of the company is aware of the impact of COVID-19 results in there being material uncertainties which may cast significant doubt upon the entities ability to continue as a going concern. It considers the impact of COVID-19 on customers, suppliers, employees and mandatory reporting requirements of the different government agencies. It also considers the potential effects of COVID-19 on the activities of the business. Given for the potential impact of COVID-19 and how rapidly the responses to COVID-19 pandemic are developing, management establishes, conducts and assess its contingency plans and impacts on the COVID-19 of the company.

DEVELOPMENT PLAN and BUDGET

	REVENUES	EXPENSES	NET SURPLUS
SMS/Revenues from Marketing Operations	121,693,905.75	104,994,340.00	
Project Support-AsiaDHRRA	931,374.00		
Project Support-CSA	4,239,000.00		
Project Support-DGRV	4,640,000.00		
Project Support -TRIAS	2,273,333.00		
Project Support - ACDI/VOCA	544,750.00		
CETFSubsidy	79,200.00		
TOTAL REVENUES	134,401,562.75		
Salaries and Benefits		12,152,731.00	
Board Meetings		50,000.00	
Annual General Assembly Meeting		50,000.00	
Printing of Annual Report		100,000.00	
Communications		110,000.00	
Supplies and Materials		93,500.00	
Office Rental		297,462.00	
Power, light & water		117,128.00	
Office Supplies		91,410.00	
Meetings and Conferences		168,553.00	
Representation		56,100.00	
Transportation and Travel		356,400.00	
	REVENUES	EXPENSES	NET SURPLUS
Warehouse Negros		66,000.00	
Depreciation expense		115,599.00	
Interest Expense on Deposit		1,120,000.00	
Professional fees		1,000,000.00	
Furniture & Fixtures - Manila Office		252,500.00	
Furniture & Fixtures - Cebu Office		598,000.00	
Office Equipment – Cebu		346,000.00	
Leasehold Improvement – Cebu		225,000.00	
CETF Subsidized expense		100,000.00	
Project Activities – TRIAS		2,273,333.00	
Project Activities-DGRV		2,320,000.00	
Project Activities-CSA		3,050,000.00	
Project Activities-ASIADHRRA		931,374.00	
TOTAL EXPENSES		131,035,430.00	
NET SURPLUS			3,366,132.75
Inclusion of the following non-recurring and/or substantive incremental budget items:			
1. Expansion/Improvement of Manila and Cebu Headquarters	1,421,500.00		
2. Hiring of additional manpower			
19 new hires projected for 2022, 15 already on board			

DEVELOPMENT PLAN and BUDGET

Members	Activities	2021	Targets for 2022
Membership Increase	Recruitment, promotion, project implementation	34	7 new members
Members Served	Assessment, training, advising, marketing, credit, etc.	19	27 (80% of 34)
Reached Out – Non members	Projects, partnership, service for a fee	43	20 (coops/associations)
Profiled Member Coops (updated)	Profiling, Membership Database Platform		34
Member Satisfaction	Conduct survey of members		50% are satisfied
CETF Contributions	Send letters of reminders		At least 50% of the members
Service Provisions	Brainstorming session on AgriCOOP Academy & FnS Model		Action Plan
	Review of project deliverables		Solutions for challenges identified
	Review of strategic plan for action planning		3 rd quarter Workshop

Financial		2021	2022
Assets	Asset build-up	43.2 M	63.2 M (+20m)
Share Capital	Capital build up program	1.38 M	2 M
Deposits	Investment promotion	14 M	16 M (+2m)
Borrowings	Sourcing from coop investors; fund accessing	4 M	10 M (+6m)
CETF	Sourcing to fund activities not supported by projects	1.65 M	2 M
Funds mobilized	Engagement with donor-partners	6.6 M	8 M (+2.6m)
Net Surplus		536K	3.6 M

Internal Business Processes	Activities	2021	Targets
Governance	Conduct of regular meetings; enhanced participation; encourage attendance of committees	6 board meetings	6 board meetings; at least 3 face-to-face board meetings
Committees	Conduct audit committee planning		At least 2 internal audits conducted
Plans	Strat planning, staff planning, enterprise planning		Strategic plan, ADP, Enterprise Business Plan
Systems	Review of policies, customization of accounting software, e-learning platform development, membership monitoring system, M&E system		Operating systems in place
KM and communications	Review & planning, communication strategy,		KM strengthened
Organizational capacity building	OCD workshop (SPIDER) – TRIAS; Organizational assessment & entrepreneurship – CDP/ACDI-VOCA		Organigram in place
Fieldwork Policies	Admin & finance planning		Policy in place

Internal Business Processes	Activities	2021	Targets
Project administration & accounting	Planning/workshop		Project accounting in place
Coordination & synergy actions	Regular coordination meeting		At least Once a month
Transfer of Head Office to Cebu	Amendment of the by-laws/ AoC		CDA approval
Trading operation	Amendment of the by-laws/ AoC		CDA approval
PhilGEPS	Application & registration		PhilGEPS registered
New External auditor	Engagement		For approval

Development Plan and Budget

Learning & Growth	Activities	2021	Targets
Succession	Succession planning; hiring of technical specialists		Succession plan;
Learning exchange	Benchmarking of federations' best practices		Best practices documented
Staff development	Invite resource speakers for seminar/workshop		1 staff dev't seminar for 2022
Learning exchange	Benchmarking an agri-based federation for staff development		4 th quarter activity
In-house Project Learning Exchange	Planning		3 rd quarter activity
Staff positioning for new projects	Orientation on the upcoming projects: MEDA; SPADe & RIISA/ADB		3 rd quarter activity

PAID UP SHARES AND CETF FUND PER MEMBER

Mem No.	Board Reso No.	Area	Cooperative	Province	SHARE CAPITAL*	CETF 2020	CETF 2021
L-0005		Luz	Gubat St. Anthony Cooperative (GSAC)	Sorsogon	300,000	-	50,000.00
L-0016		Luz	Pecuaría Development Cooperative	Camarines Sur	25,000.00	0	0
L-0018		Luz	Samahan ng mga Palawano sa Amas Bro	Palawan			
L-0020		Luz	Soro-soro Ibaba Development Cooperative	Batangas	200,000	0	0
L-0024		Luz	Diffun Saranay Development Cooperative	Quirino	100,000	0	0
L-0025		Luz	DICADI Agriculture Cooperative	Aurora	2,500	0	0
L-0026		Luz	Matulatula Agrarian Reform Community C	Oriental Mindoro	5,000	0	0
L-0031		Luz	Countryside Builders Multi-Purpose Coope	NCR-Manila	100,000	0	0
L-0043	216-2022	Luz	Camarines Sur MPC (CSMPC)	Cam Sur, Bicol	25,000	0	0
M-0001		Min	Agus Pinoy Producers Cooperative (APCO)	Agusan del Sur	25,000	0	0
M-0003		Min	Dapco Agrarian Reform Beneficiaries Co	Davao del Sur	25,000	0	0
M-0004		Min	Golden Grains Marketing Cooperative(GG	Misamis Oriental	25,000	0	0
M-0008		Min	Malabog Integrated Enterprises Developm	Davao del Sur	100,000	10,000	09/01/2021 7958189 Php 40,000.00 12/31/2021 7958232 Php 413,645.26
M-0010		Min	NGPI-ARB Multi Purpose Cooperative	Agusan del Sur	25,000	0	0
M-0012		Min	Oro Integrated Cooperative(OIC)	Misamis Oriental	100,000		480,557.56
M-0013		Min	Paglaum Multi-Purpose Cooperative	Misamis Occidental	25,000	0	0
M-0014		Min	Panaw-Sumilaw Multi Purpose Cooperativ	Bukidnon	100,000		50,000.00
M-0017		Min	Puting Bato Multi-purpose Cooperative (PU	Agusan del Norte	25,000	0	0
M-0019		Min	Socorro Empowered People's Cooperative	Surigao del Norte	225,330		114,000.00
M-0023		Min	Santo Nino Multi-Purpose Cooperative	Agusan del Norte	25,000	0	0

continued on next page

Paid-Up Shares and CETF

M-0029		Min	Farmers Alternative for Self-Reliance Multi	Agusan del Sur	25,000	0	0
M-0036		Min	Silver Bay Producers Cooperative	Misamis Oriental	25,000	0	0
M-0032		Min	Mountain View Dairy cooperative	Misamis Oriental	25,000	0	0
M-0034		Min	LUMAD SA ADGAWAN FARMERS MULTI	Agusan del Sur	25,000	0	0
M-0033		Min	Butuan Seed producers Cooperative	Butuan City	25,000	0	0
M-0038	208-2022	Min	Bato Farmers Multi-Purpose Cooprative (BAFAMCO)	Zamboanga,Sibugay	25,000		
		Min	BARBCO		5,000		
					0		
V-0035		Vis	Barbaza MPC	Antique		0	0
V-0002		Vis	Carmen Samahang Nayon MPC (CSNMP)	Bohol	70,000		
V-0006		Vis	Kalipunan ng Maliit na Magniniyog ng Pilip	Leyte	25,000		
V-0007		Vis	Lamac Multi-Purpose Cooperative	Cebu	25,000	200,000.00	0
V-0009		Vis	Negros Agri-Entrenpreneurs Marketing Co	Negros Occidental	25,000		
V-0011		Vis	Omaganhan Farmers Agrarian Reform Co	Leyte	25,000		
V-0015		Vis	Patanom Credit Cooperative	Iloilo	0	0	0
V-0027		Vis	Hamtic Multi-Purpose Cooperative	Antique	25,000		29,054
V-0028		Vis	Compostela Market Vendors MPC (COMA)	Cebu	25,000		
V-0030		Vis	First Consolidated Cooperative Along Tan	Cebu	25,000		
V-0032		Vis	Guadalupe Community Multi-Purpose Cod	Cebu	100,000		
V-0037	181-2022	Vis	Sibonga MPC	Cebu	25,000		
V-0039	207-2022	Vis	Development Workers Savings & Credit Coop	Cebu	25,000		
V-0040	204-2022	Vis	Bohol Dairy Cooperative	Bohol	0		
V-0041	205-2022	Vis	Baybay Dairy Cooperative		25,000		
V-0042	206-2022	Vis	Calinog Farmers Agriculture Cooperative		0		
*Share capital data is as of Nov 2022							
Min affiliate member			Northern Mindanao Federation Dairy Cooperative (NMFDC)				

BOARD of DIRECTORS

BOD

- | | |
|----------------------|------------------------------|
| 1. Edelito Sangco | Soemco |
| 2. Elena Tabayag | Pecuaría Development Coop |
| 3. Daven Gamolo | Golden Grains Marketing Coop |
| 4. Jaime Endraca | Gubat St. Anthony Coop |
| 5. Nicanor Gomez | Oro Integrated Coop |
| 6. Rosalina Dulabay | MIEDECO |
| 7. Noland Pernas | Panaw Sumilao MPC |
| 8. Herminio Agsaluna | Patanom Credit Coop |
| 9. Richard Obaner | Lamac |

BOD Officers

- | | |
|-------------------|-----------|
| 1. Emelina Santos | Secretary |
| 2. Ellen Pastores | Treasurer |

Audit Committee

- | | |
|---------------------|-----------|
| 1. Juliet Rawlinson | PAGLAUM |
| 2. Cheryl Oyoa | PUBAC MPC |
| 3. Dennis Baton | COMAVEMCO |

Election Committee

- | | |
|-------------------------|------------|
| 1. Marilyn Aranas | Santo Niño |
| 2. Magdaleno Bargamento | FCCT |
| 3. Rex Lambo | KAMMPIL |



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