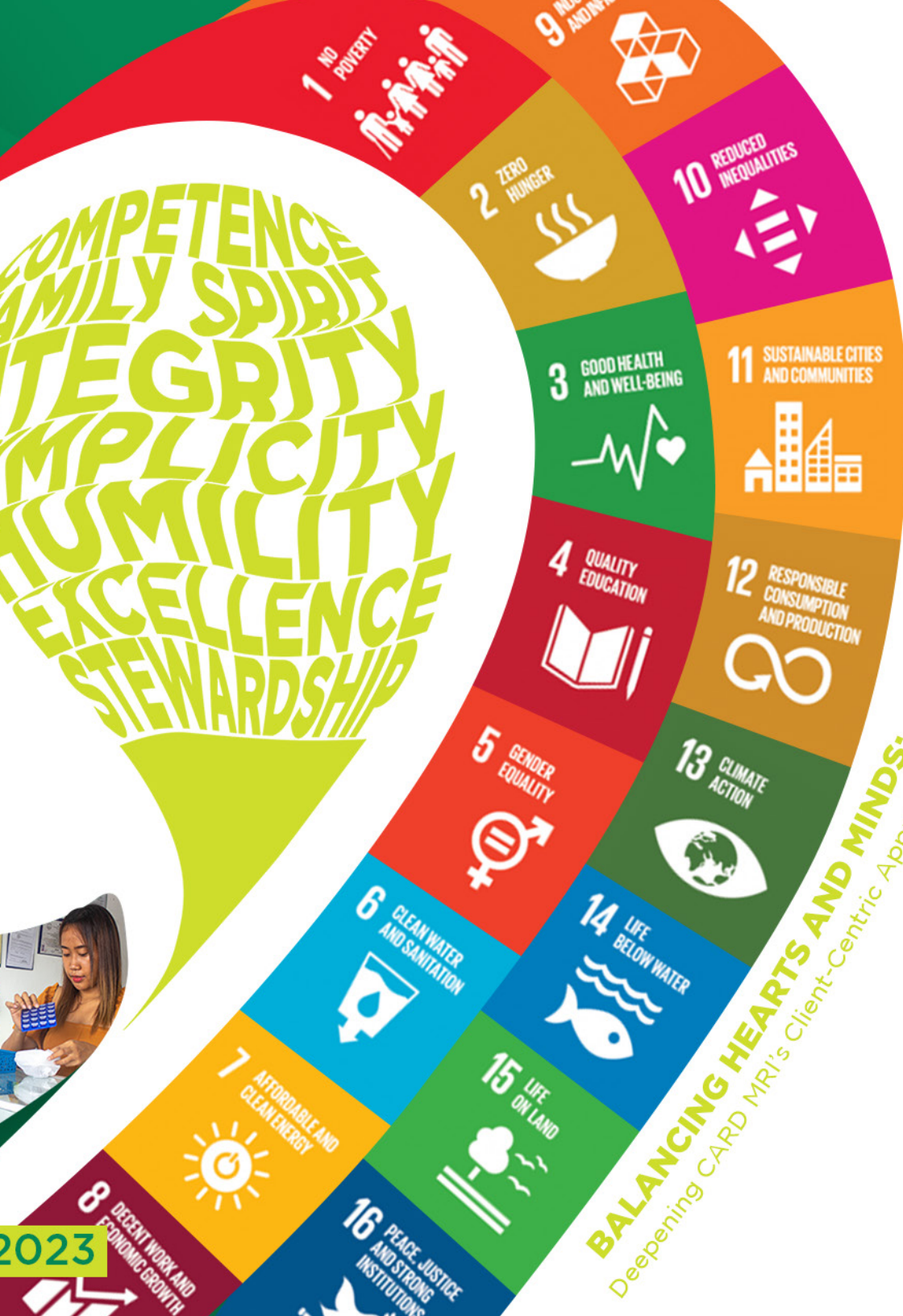


COMPETENCE
FAMILY SPIRIT
INTEGRITY
SIMPLICITY
HUMILITY
EXCELLENCE
STEWARDSHIP



CARD EMPC

Integrated Annual Report 2023



BALANCING HEARTS AND MINDS:
Deepening CARD MRI's Client-Centric Approaches

About the COVER



In its 37 years of existence, CARD MRI's commitment to empowering the socio-economically challenged and marginalized sectors in the Philippines never faltered.

Our theme, "Balancing Hearts and Minds: Deepening CARD MRI's Client-Centric Approaches", reflects our service-focused strategies to foster sustainability in everything we do, from our products and services to our programs and initiatives. This commitment ensures that CARD MRI provides lifelong assistance to every individual so that they can take hold of their own destinies.

In every decision we make, we always consider this crucial aspect: the harmony of our emotions and intellect. It guides us in creating rightful decisions not only for the organization but also for the welfare of the communities we serve.

In the shape of heart, we prioritize enhancing the client's service experience through our offerings derived from the voices and the meaningful connections we created with our community. In the image of mind, we are guided by our core values in making conscious decisions that promote a culture of client empowerment.

The image represented by the shape of a woman with a heart and brain pictures the relationship between empathy and strategic thinking. CARD MRI positions its efforts with sustainable development goals.

CARD MRI will continue to listen and understand the voices of its community and deliver tailor-fit programs that will open boundless possibilities.

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THE CARD MRI ORGANIGRAM



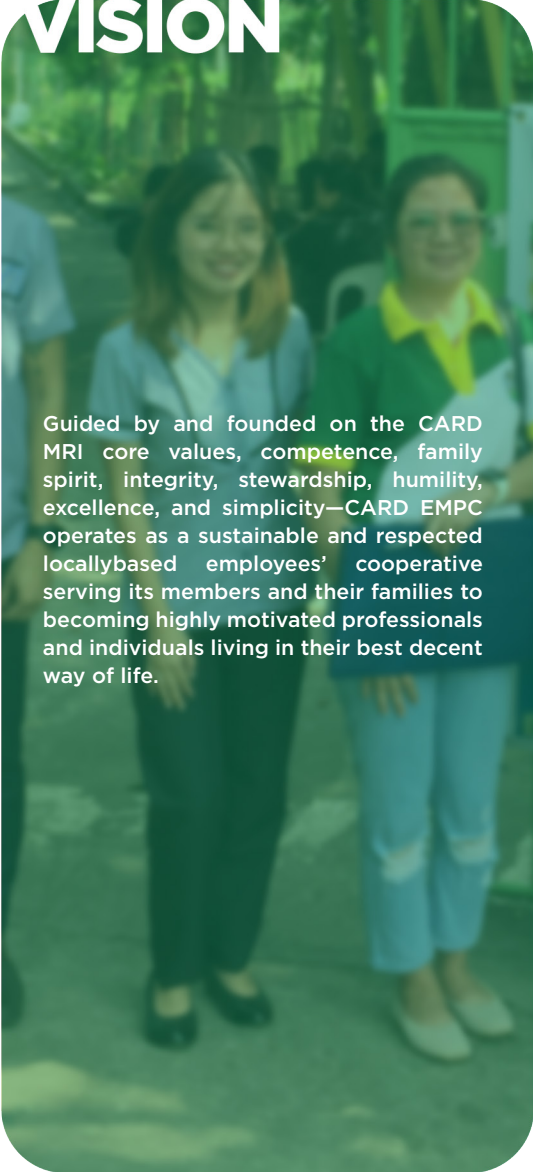
CARD Financing Group



The CARD Employees Multi-Purpose Cooperative (CARD EMPC) is duly registered with the Cooperative Development Authority whose members are all employees of the CARD MRI Group. It started as a Staff Mutual Fund, but to cater to the needs of its members, it was formed into a cooperative on May 11, 2004, to provide savings and credit services to its members.

It offers a range of loans and healthcare benefits to its member-staff, supporting their growth both professionally and personally.

VISION



Guided by and founded on the CARD MRI core values, competence, family spirit, integrity, stewardship, humility, excellence, and simplicity—CARD EMPC operates as a sustainable and respected locallybased employees' cooperative serving its members and their families to becoming highly motivated professionals and individuals living in their best decent way of life.

MISSION



CARD EMPC is committed to:

- Provide competitive products and services that are responsive to the increasing needs of its members;
- Operate sustainably to meet financial objectives while earning reasonable amount to support its projects and activities; and
- Provide educational and developmental programs for its members as a support to developing highly motivated professionals and individuals who are also continuously promoting welfare in the community.

COMPETENCE

Believing that excellent products and services for its members come out of competence, CARD EMPC keeps raising its staff's work knowledge, skills, and values through continuing formal and informal training and education. CARD EMPC has become a learning organization that instills the values of integrity, honesty, transparency, discipline, hard work, and excellence in an atmosphere of mutual respect.

FAMILY-SPIRIT

CARD EMPC builds and nurtures family spirit to build lasting relationships with its employees and members. More than showing care and endearment and sharing learning experiences, the staff of CARD EMPC commits personally to the social and economic development of its members and their families even if it entails making sacrifices, such as dedicating their time and being apart from their own families.

INTEGRITY

The strength and sustainability of our business in eradicating poverty rest on honest, trustworthy, ethical, and sincere operations and all of its undertakings. Hence, CARD EMPC leaders continuously motivate their staff to be honest and fair in all their dealings by showing themselves as models of honesty and worthy of trust.

At CARD EMPC, everyone is responsible and accountable for the performance of its institutions, officers, and individual staff.

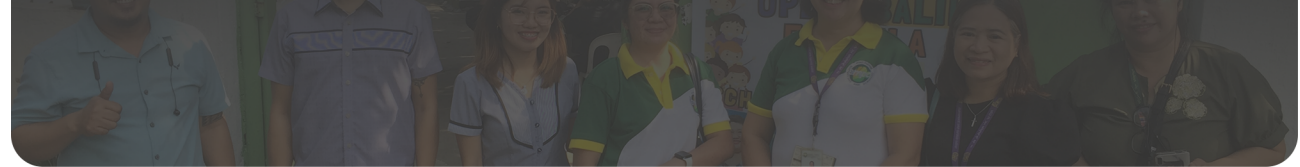
SIMPLICITY

CARD EMPC has chosen to serve the marginalized sector of society, which is characterized by deprivations in nearly all social and economic factors including food, shelter, clothing, jobs, and education. Excesses in words and deeds insult and isolate our members. Hence, CARD EMPC staff is expected to show simplicity to everyone, anytime and anywhere.

Through simplicity, it enables CARD EMPC staff to deeply and clearly understand our goals and strategies for empowering people.

OUR CORE VALUES

In fulfilling our mission of eradicating poverty in the Philippines, CARD EMPC shall be guided by the highest standards of ethical behavior and the core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship.



HUMILITY

An act of true humility is when a CARD EMPC staff considers everyone as co-equal and ignores social and economic status in favor of the noble mission of improving the lives of those who have less in life. Humility is being one with members in spirit and aware of their needs.

CARD EMPC staff are also encouraged to celebrate the accomplishments and successes of the organization at heart and not boast about them publicly.

EXCELLENCE

The success of CARD EMPC is rooted in the ability of its leaders and staff to continuously create, innovate, and challenge the existing paradigm to ultimately assist the socially and economically challenged families improve their lives. Its continuing effort to be better than its best is captured in its motto "Up to the next level."

STEWARDSHIP

One important way to achieve sustainability is effective management and judicious use of resources. Resources fuel the organization and hence must be handled with utmost care. Moreover, most of these resources are entrusted to us by members, staff, and other stakeholders. CARD EMPC should continue to uphold the highest standards of stewardship of financial, human, and institutional resources.

WW

BUSINESS MODEL & VALUE CREATION

OUR CAPITALS

Our capital allows us to widen our operations while strengthening our ability to serve our clients, employees, government, and regulators, and the general public to contribute to sustainable development.

FINANCIAL

Our assets and capital provide financial access and healthcare for our members, ensuring their well-being and security. By supporting CARD MRI staff, we motivate them to continue transforming lives, which promotes growth and sustainability within the CARD MRI community.

- **PHP 1,880,014,502** in total assets
- **PHP 1,214,258,926** in total paid-up capital

MANUFACTURED & INTELLECTUAL

We uphold quality standards and support the financial operations of CARD EMPC while ensuring accurate and efficient financial reporting, contributing to the overall transparency and reliability of our cooperative.

- **1 Office**
- **2 Systems** (EMPC System and Computer Accounting System)

HUMAN

At CARD EMPC, our dedicated staff work diligently and participate in training programs to enhance their skills and knowledge. This ensures they are well-equipped to support and uphold our mission of transforming lives and fostering growth and excellence within the cooperative.

- **22 employees**
- **PHP 496, 695.75** for training expenses.

SOCIAL & RELATIONSHIP

At CARD EMPC, we prioritize building strong relationships with our members, partners, and the community. We foster trust and collaboration to ensure the well-being of CARD MRI staff and members.

- **4 partners** (outside CARD MRI)

NATURAL

We prioritize sustainable practices to minimize our environmental impact. This includes efficient resource management, such as optimizing water and electricity use and ensuring responsible stewardship of natural resources for the benefit of our cooperative and the environment.

- **PHP 165,057.66** electricity and water consumption

THE VALUE WE CREATE



EMPLOYEES **MI H SR**

We cultivate a supportive workplace environment that empowers our employees through opportunities for creativity, learning, and professional development.

PHP 10,621,649.99 total payments and benefits to employees

INVESTORS **F**

We prioritize proper risk management and uphold transparency and equitability, fostering trust and confidence in our management practices.

GOVERNMENT AND REGULATORS **F SR**

CARD EMPC ensures adherence to government regulations in all financial and healthcare services provided to members, including CARD MRI staff. This commitment maintains transparency and reliability in our cooperative practices, ensuring high standards and compliance.

CLIENTS AND COMMUNITIES **F MI SR N**

We focused on providing essential financial access and healthcare services to our members, aiming to uplift their lives and empower them to positively impact others. This strengthens our community impact and fosters a cycle of support and empowerment within the CARD MRI community.

18,372 total number of members

HOW WE CREATE VALUE



BUSINESS OPERATION



STRATEGIES

CLIENT-CENTRIC INITIATIVES

SUSTAINABILITY STRATEGY

RESPONSIBLE FINANCIAL ACCESS AND HEALTHCARE PROVISION

Aligned with the Sustainable Development Goals (SDGs), we prioritize transparency for our members and their families. We also support educational initiatives and engage in community development programs, such as Brigada Eskwela, distributing hygiene kits to elementary schools in San Pablo City. Our commitment includes prioritizing energy management, adhering to regulatory standards, promoting environmental sustainability, and fostering a better future for our communities.

RESPONSIBLE OPERATIONS

We operate with a commitment to responsible financial access and healthcare provision for our members. Our efforts center on enhancing the well-being of all CARD EMPC members and supporting them in improving their quality of life. As our members uplift their communities, we also empower our staff, fostering a continuous cycle of growth and development within our cooperative community.



CARD MRI FOUNDER & CHAIRMAN EMERITUS

Harmonizing Heart and Minds in Shaping a Brighter Tomorrow

In the middle of the seemingly endless journey through the pandemic, the year 2023 signals the rebirth of new possibilities and opportunities for both CARD MRI and the communities we serve.

As we emerge from the darkness of the pandemic's grip and navigate uncharted territories, we are reminded of the resilience that binds us together. Despite the challenges of communication barriers with our clients and members across the Philippines, we have remained steadfast in our commitment to advocating connections and sharing stories of hope and inspiration.

Our digital channels have been vital lifelines that bridge the gap and keep our relationships with over 9 million clients and members nationwide vibrant and alive. Our efforts symbolize our unwavering dedication to never leaving anyone behind in adversity.

As we bid farewell to this unimaginable chapter of distress caused by the pandemic, we are embracing the return to physical interactions with our clients and communities. Beyond mere words, it is the genuine care and compassion that define our organization's spirit and principles that compel us to reach out and connect on a deeper level with them.

Through the revival of traditional practices like weekly center meetings and in-person visits and transactions, we are gaining invaluable insights into the needs and aspirations of those we serve. In 2023, we reinforce our back-to-basics strategy as we recognize the power of simplicity and human connection in crafting programs and strategies that can create impactful stories of success.

While modern technology plays a crucial role, we understand the importance of striking a balance between the digital realm and physical engagement.

This harmonious balance of heart and mind enables us to design programs and services tailored to fit the needs of our community.

Our programs are driven by the collective voices and experiences of our employees and clients. Each story shared fuels our commitment to delivering tailored solutions that make a positive ripple effect in the lives of the people.

In all of this, our goal is to empower our workforce, regardless of their status, background, or religion, so they can grow and progress with us. We will not allow anyone to be left behind. By providing the right benefits to support their development, we ensure they can strengthen themselves and contribute to the success of our organization as a whole.

We not only strive to fortify CARD MRI but also extend our support to the entire microfinance and microinsurance industries, promoting sustainability in helping other people. They stand as our allies in realizing our journey to eradicating poverty. We must amplify our advocacy for nation-building, for policymakers to also bolster our programs and initiatives for the Filipinos.

Our journey does not end here. We are poised to continue flourishing in the remotest corners of our nation. By lending a helping hand to fellow microfinance institutions and like-minded organizations, we accelerate our journey toward ensuring a decent life for every Filipino family.

As we look ahead to the future, we remain steadfast in our commitment to stand alongside Filipino families, empowering them to shape a brighter tomorrow. Together, we will continue to make progress, guided by the wisdom of both heart and mind, towards a more inclusive and progressive society.

Jaime Alip
Dr. Jaime Aristotle B. Alip
CARD MRI Founder & Chairman Emeritus

CARD MRI MANAGING DIRECTOR

Sustainable Future for Filipino Families

For 37 years, CARD MRI has dedicated its operations to improving the lives of Filipino families, particularly those who are socially and economically challenged. Throughout this time, we have learned key lessons on the importance of sustainability in all our efforts. We have realized that it is not enough to provide short-term support; rather, we must ensure that our programs and initiatives are sustainable and capable enough of delivering lifelong benefits to the people we serve.

To carry out sustainability in all of our programs, every aspect of our organization is carefully reviewed and analyzed. From the development of products and services to the implementation of initiatives and programs, we find solutions that provide constant success. This holistic approach ensures that our efforts continue to create positive ripple effects in our community, even as circumstances evolve.

As we have grown and expanded our reach, we have encountered various needs and challenges within the communities we serve. This dynamic environment has pushed us to adapt and innovate continuously. By embracing change, we have been able to develop more effective strategies and initiatives that meet the evolving needs of our staff, clients, and their families.

Moreover, our commitment to sustainability extends beyond the financial outlook. We recognize the interconnectedness of social, environmental, and economic factors and strive to address them comprehensively. This includes promoting financial inclusion, empowering marginalized groups, and advocating environmental stewardship through our operations and initiatives.

In 2023, we started a new chapter in our sustainability journey by documenting all of our efforts. As we begin our sustainability reporting, it also provides more transparency and accountability in what we do

as an organization. This allows our stakeholders to understand the scope and impact of our activities. This also enables us to take a look at our progress and identify rooms for improvement that help us enhance the effectiveness and efficiency of our processes.

Through this integrated annual reporting, we aim to showcase not only our financial accomplishments but also our commitment to supporting sustainable development goals. This report not only shows the tangible outcomes of our efforts but also the principles and values that guide our actions. By sharing our experiences and insights, we hope to inspire others to join us in our commitment to sustainable development.

Our sustainability strategy is driven by our recognition of the interconnectedness of global challenges and the need for collective action. By aligning our efforts with international initiatives, such as the United Nations Sustainable Development Goals (SDGs), we contribute to a broader movement for positive change.

At the same time, we remain aware of the challenges within the Philippines, which require well-fitted approaches and solutions. By collaborating with individuals, partners, institutions, and other organizations that share the same mission with us, we strengthen collective expertise and resources to maximize our impact.

In conclusion, sustainability is at the heart of everything we do at CARD MRI. It guides our decision-making processes, shapes our motivation, and drives our commitment to creating positive change. As we continue our journey, we remain steadfast in our dedication to empowering individuals, strengthening communities, and building a more sustainable future for all.

Aristeo A. Dequito
CARD MRI Managing Director

Message from the

CHAIRPERSON

Providing the Best for the Best

For us at CARD Employees Multi-Purpose Cooperative (CARD EMPC), client-centricity has been built into our institution since day one. CARD EMPC focuses on the thousands of CARD MRI employees who comprise the cooperative. As our cooperative was founded to support our members and help them enhance their finances, part of our mission is to render fast and quality service to the cooperative members.

Our client-centric approaches are evident in how CARD EMPC does its duties. Our products and services are centered on assisting CARD MRI employees through credit access, health care benefits, and shareholder dividends from the cooperative. This year, our efforts to further deepen our client-centricity are best exemplified by how quickly we respond to their queries and concerns and how fast we deliver our services which we always aim to provide by around 1-3 days.

Prioritizing the cooperative members also means our products and services adapt for their benefit and convenience. We at CARD EMPC endeavor to align our products and services based on the changing needs of our cooperative members. Throughout the years, changes to our loan products and health provisions have been made to provide quality and affordable benefits to our members throughout their careers at CARD MRI. Moreover, CARD EMPC has also made great strides in enhancing our operations through digital initiatives, capacity-building opportunities, and partnerships with other institutions or organizations. This year's digitization efforts have greatly strengthened our efficiency by accelerating transaction processes.

In providing the best service, we at CARD EMPC give member feedback important consideration in our decision-making and planning. Be it through board meetings and general assemblies, we make it a point to receive inputs and provide reports to

our stakeholders. We also conduct yearly surveys which are facilitated by the CARD MRI Research Unit. From these surveys, we are able to collect concerns, comments, and suggestions from the respondents.

These inputs are all acknowledged and taken into account by CARD EMPC when we strategize new services and products or make possible changes to existing ones to make sure that they are aligned with our cooperative members. CARD EMPC is also part of the grievance mechanism of CARD MRI. If the CARD MRI Customer Relations Unit (CRU) receives feedback regarding our institution, we immediately inform the concerned unit.

Through the feedback we receive regarding our products and services, we are able to identify any improvements we can work on. It is also through the members' insights we are able to design studies for new products or adjustments for existing ones. Feedback is an essential factor in how we can improve ourselves, and thus we will always make sure to keep ourselves abreast with the voices of our members.

The year 2023 was an inspiring one. We believe that we are on the right track with our consistent efforts towards greater efficiency, and are now preparing to implement more improvements in our operations. We are very grateful that our cooperative members are always eager and open to share with us their honest thoughts regarding our work. It is through their feedback and trust, that we are able to consistently grow both as a CARD institution and as an employees cooperative.

We at CARD EMPC like to believe that when we do our jobs well, then we in turn will have a positive impact on how CARD MRI staff fulfill their responsibilities throughout the institutions. Thus, we will make sure that we at CARD EMPC always provide the best service for the best people behind CARD MRI.



Glenda A. Magpantay

Chairperson
CARD EMPC

GENERAL MANAGER

Supporting the Collective Effort

As a cooperative formed to support the whole workforce of CARD MRI, we at CARD Employees Multi-Purpose Cooperative (CARD EMPC) have a great responsibility to ensure that the services we provide to our members are able to efficiently address their needs. By assisting the CARD MRI staff through credit access, health care benefits, and shareholder dividends, CARD EMPC acts as a support system for them so that they can then focus on fulfilling their duties and responsibilities to CARD MRI and our mission of poverty eradication.

The year 2023 for us at CARD EMPC was marked with major improvements implemented in our cooperative. Significant changes were made in our operations that helped us become more efficient and financially sustainable. Now that we are closing another year in our service, we'd like to take a moment to share some of our highlights throughout 2023.

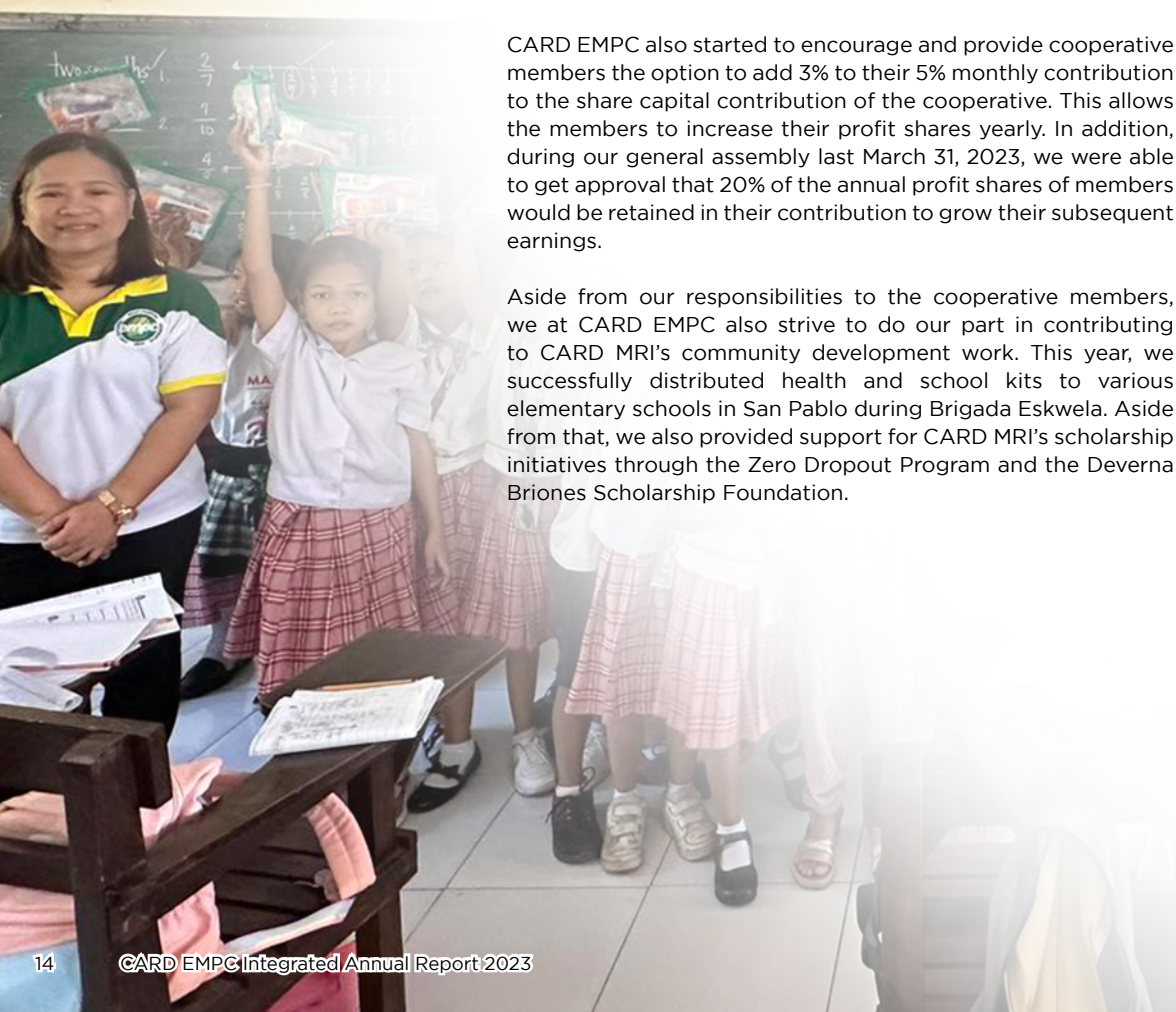
One of our major achievements this year was the integration of digital initiatives in our operations. First of which is our Computerized Accounting System which had a significant impact on our financial operations because it allowed us to close transactions daily. Before this system, there were instances when we couldn't close transactions during the cutoff. As a result, end-of-the-month transactions were also closed easily. This year, we were able to

process 27,562 loans in just 1-3 days. Processing of 5,664 medical reimbursements also hit the mark of a 100% 1-3 days turnaround time, thanks to our adjustments.

Another digital initiative of CARD EMPC was our full use of the chatbot platform for our major loan applications. During the pandemic, we saw how beneficial our Pocket Loan Program (PLP) chatbot was and thus have now also made use of this initiative for our major loans. Our Major Loan Thru Chatbot allows CARD MRI staff to apply for loans via the platform instead of the manual application. This initiative was done with the help of CARD MRI Information Technology, Inc. (CMIT) and FDS Asya, and allows our cooperative members to apply for loans up to 250,000Php through our chatbots. Moreover, chatbot platforms have helped us speed up processing and receive applications in real-time.

As CARD MRI gives utmost priority to the health and well-being of its staff, we at CARD EMPC try to ensure that cooperative members have access to quality and affordable healthcare benefits while working for CARD MRI. Thus, this year another of our major highlights would be the improvements of our health insurance. We made it a point to extend affordable health insurance and increase the coverage for all employees of CARD MRI. Significant changes were made to the room and board, doctor consultations, dental plans, as well as the member's benefit limit of their health insurance.

Aurea D. Magpantay
General Manager
CARD EMPC



To strengthen the cooperative, we at CARD EMPC also aimed to increase our cash flow. Thus, we launched the Members' Savings Program this 2023. Aside from their monthly contributions, CARD EMPC members can also opt to start a personal savings account that earns interest through this new program.

CARD EMPC also started to encourage and provide cooperative members the option to add 3% to their 5% monthly contribution to the share capital contribution of the cooperative. This allows the members to increase their profit shares yearly. In addition, during our general assembly last March 31, 2023, we were able to get approval that 20% of the annual profit shares of members would be retained in their contribution to grow their subsequent earnings.

Aside from our responsibilities to the cooperative members, we at CARD EMPC also strive to do our part in contributing to CARD MRI's community development work. This year, we successfully distributed health and school kits to various elementary schools in San Pablo during Brigada Eskwela. Aside from that, we also provided support for CARD MRI's scholarship initiatives through the Zero Dropout Program and the Deverna Briones Scholarship Foundation.

These accomplishments would have not been possible without our partnerships and linkages with like-minded organizations. As part of CARD MRI, CARD EMPC is blessed with the full support and collaboration of the institutions. All our digital initiatives are done with the guidance and support of CMIT and FDS Asya. It is through their expertise we were able to form ideas for possible enhancements in our systems.

CARD MRI's microinsurance institutions are also vital partners of ours, as CARD MRI Insurance Agency (CaMIA) is our broker with PhilCARE for our health insurance services, while CARD Mutual Benefit Associations (CARD MBA) actuary aids us through studies and assessments that help us improve our operations. CARD EMPC also maintains partnerships and memberships with external organizations. Aside from our healthcare-based partnership with Philcare, we also have a partnership with St. Luke's Medical Center for our members who undergo executive checkups. CARD EMPC is also a member of the Quezon Federation Union of Cooperatives. Our membership with them allows us to receive yearly assistance and training for the staff, management, and members of the cooperative.

For the next year, we at CARD EMPC have already lined up several plans and strategies. We will continue with our digitization efforts through the implementation of our Health System. Aside from improving our processing efficiency, the

health system will allow us to encourage more members and their dependents to enroll in Philcare. This system will also facilitate our continuous enrollment of member dependents beyond the legal age, such as children up to 30 years and parents up to 70 years old. We will also be implementing the Members Savings Program System next year which will also increase our efficiency in processing the savings of our members.

CARD EMPC is also working on setting up an additional loan product that focuses on Hospitalization and Medication, and continuous enhancements on existing loan products, such as increasing the loanable amount of our PLP. Finally, CARD EMPC will continue to contribute to CARD MRI's overall social impact through our aforementioned scholarship programs, participation in tree-planting programs, and other community development activities.

We at CARD EMPC are tasked with supporting the people who serve as the backbone of CARD MRI. When we do our job right, then the whole CARD MRI will be able to fulfill its responsibilities to the millions of families and communities we serve throughout the country. Rest assured, that we are as eager as ever to further enhance our operations to further support CARD MRI's collective effort towards poverty eradication.



B O A R D O F



Ms. Clarita G. Mercado
Director

Ms. Gilnoria Bahia
Director

Mr. Larry Jun B. Barcoma
Director

Ms. Juliana B. De Leon
Director

Ms. Glenda A. Magpantay
Chairperson

D I R E C T O R S



Mr. Alvin M. Villamena
Vice Chairperson



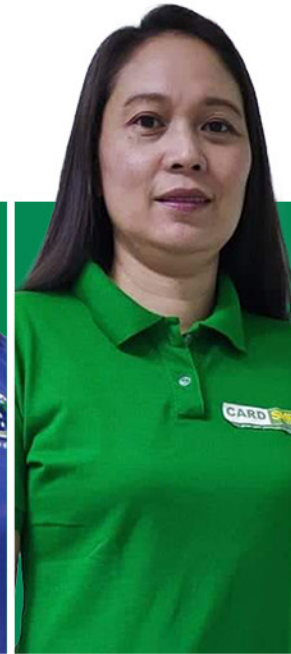
Ms. Maida B. Decano
Director



Mr. Joevill T. Tardio
Director



Ms. Ma. Joyce M. Alimagno
Director



Ms. Florence B. Castillo
Director



Mr. Oliver M. Reyes
Director

ECONOMIC

UPLIFTMENT





AT A GLANCE



PHP **1,214,258,926**
PAID-UP CAPITAL



PHP **1,880,014,502**
ASSETS


OFFICE 1


2 SYSTEMS



NET INCOME
PHP **81,812,625.00**


ACTIVE MEMBER
18,372


MEMBERS WITH LOAN
12,359

STAFF

22



Economic

At CARD EMPC, the economic aspect includes our financial activities, performance, and its impact on the economy. It conducts ethical and responsible economic activities that contribute positively to society while maintaining financial sustainability. This involves supporting local economic development, promoting transparent financial reporting, and adhering to regulatory standards. By integrating economic considerations into its operations, CARD EMPC aims to create long-term value for its stakeholders while advancing socioeconomic development.



Environmental

CARD EMPC is committed to becoming an environmental steward while empowering individuals and communities. The cooperative takes initiatives that focus on mitigating ecological risk and promoting sustainability practices within our community of staff. From energy efficiency to waste management, water conservation, and biodiversity preservation, CARD EMPC prioritizes reducing its environmental footprint and addressing climate change.



Social

Our community is the heart and soul of everything we do. Beyond providing financial services, we are deeply committed to creating a positive impact in the communities we serve. Through initiatives such as community engagement, social equity, and upholding ethical standards, CARD EMPC strives to be a responsible organization dedicated to uplifting society.



Governance

Ethical leadership is fundamental to our organization's values. The organization adheres to the highest standards of integrity, accountability, and transparency in our governance practices. As CARD EMPC promotes ethical conduct and sound decision-making, we mitigate risks and ensure the long-term sustainability of the cooperative's operations for the benefit of all stakeholders.

ECONOMIC

Financial Access and Healthcare Provision

CARD EMPC provides various loans and health products to all CARD MRI staff. A total of 18,265 CARD MRI staff are members of the cooperative, as of December 2023. These staff have access to loan products that are designed specifically to support them while they work for CARD MRI. These loans address the various needs of CARD MRI staff such as daily expenses, insurance, and housing.

Being CARD MRI's greatest asset, cooperative members are provided healthcare provisions by CARD EMPC to secure their health while they work for CARD MRI. These healthcare provisions include dental care, consultation/outpatient, hospitalization, laboratory tests, and annual physical examinations.

18,372
No. of staff member of the
cooperative

Employment

Since 2004, CARD EMPC has consistently provided employment and career opportunities to Filipinos who are passionate about development work. As of December 2023, 22 employees make up the operations of CARD EMPC, with some of them having been with CARD MRI since its early years. They are provided with fair compensation and benefits offered by CARD MRI, as well as access to the services offered by CARD EMPC.

Asset Generation

As cooperative members, CARD MRI employees are provided shareholder dividends. These earnings give them an additional source to build up their savings and acquire additional assets. These dividends can also be used by the employees to invest or start their small businesses to further generate income, or in building up their competencies through capacity-building opportunities or livelihood training they might opt to join.



22
No. of employees

6
Men

16
Women

Digital Transformation and Optimization

As CARD MRI continues to grow, CARD EMPC aims to be more efficient in our operations and transactions and thus has made sure to keep up the pace by exploring and integrating digital initiatives.



For instance, our integration of the Computerized Accounting System had a big impact on our financial operations as it allowed us to process daily transactions faster. Meanwhile, we have also continued to enhance our EMPC System which we use in recording contributions, paid-up shares, loans, monthly remittances, and basic information of cooperative members. The further use of chatbots in facilitating our loan applications is also being planned.

ENVIRONMENTAL

Environmental Policies

CARD EMPC complies with all internal memos released by CARD MRI that are focused on mitigating our impact on the environment. The institution also follows all local environmental ordinances imposed by the local government unit where our office is located and also complies with the requirements of the Department of Energy and Natural Resources (DENR) in our ongoing land development at Lucban, Quezon.



Responsible Consumption and Production

Aside from proper waste management and segregation, CARD EMPC makes a point to reduce our energy and resource consumption during our operation hours. Paper consumption, for instance, has been substantially reduced due to our digitization efforts.

SOCIAL

Career and Culture at CARD EMPC

Being a part of CARD MRI, CARD EMPC employees are inculcated with CARD MRI's core values of Competence, Family Spirit, Integrity, Stewardship, Humility, Excellence, and Simplicity (CFISHES) to hone them as competent and passionate development work professionals. Employees are also provided learning, training, and travel opportunities to broaden their competencies and perspectives. As the backbone of CARD MRI, CARD MRI employees also bear the significant responsibility of ensuring that the thousands of employees throughout the institutions are served for the whole workforce to focus on CARD MRI's collective push toward poverty eradication.



Community Involvement

CARD EMPC participates in CARD MRI's community development initiatives. This year, it provided health and hygiene kits to various elementary schools in San Pablo City, Laguna during Brigada Eskwela.

Scholarship Support

CARD EMPC also supports CARD MRI's push for access to education through its scholarship programs such as the Zero Dropout Program and the Deverna Briones Scholarship Foundation.

GOVERNANCE

Management and Directorship

CARD EMPC serves an important role in supporting CARD MRI's mission of poverty eradication in the Philippines. Thus it is also crucial that its leadership and management are aligned both with the core values of CARD MRI and its mission and vision. CARD EMPC management is composed of competent development work professionals with a long and storied career with CARD MRI. They are provided educational and capacity-building opportunities by CARD MRI to further hone their capabilities and complement the CARD MRI work ethic and values inculcated into them. The Board of Directors, on the other hand, is composed of long-serving CARD MRI employees who have fostered a meaningful career in CARD MRI and development work.

Capacity-Building Opportunities

CARD EMPC actively builds up the competencies of its employees by participating in capacity-building programs facilitated within CARD MRI or by the Quezon Federation Union of Cooperatives which offers yearly assistance and training for the staff, management, and cooperative members.



Compliance and Transparency

CARD EMPC is registered with the Cooperative Development Authority and the Bureau of Internal Revenue and complies with all the reportorial requirements of these governing bodies. Regular reports are also provided by CARD EMPC during our Board of Directors Meetings and General Assembly Meetings.

Gender Inclusivity

The 22 employees currently working for CARD EMPC are composed of 16 females and 6 males. Their ages range from 26-40 years old. CARD EMPC also complies with the Gender and Development Committee, and also encourages its members to attend gender and development training.

Members' Feedback

CARD EMPC aims to address all the varying needs and concerns of the staff working at CARD MRI. The institution makes use of annual surveys to receive feedback from the cooperative members to identify any improvements or changes it can apply to its products and services.

SUSTAINABILITY COMMITMENTS



"I will support our members' growth by improving our practices and advocating for policies that help us thrive and build a stronger cooperative, bringing economic opportunities and a better life for all our members and their families."

Ms. Glenda C. Magpantay, *Chairperson*



"As we work towards sustainability, we strive to empower our members to become highly motivated professionals, providing them with the necessary support and resources to thrive in their personal and professional lives."

Ms. Aurea D. Magpantay, *General Manager*



"I will encourage transparent communication and teamwork within our cooperative, collaborating with members to create solutions that promote our growth and resilience, ensuring everyone lives fulfilling lives."

Ms. Airene C. Quinia, *Assistant General Manager*



"I will ensure EMPC follows tax rules ethically and transparently, while also integrating sustainability into our tax strategies for environmental and financial stewardship."

Ms. Lerma C. Cosico, *Financial Manager for Taxation*

CARD EMPC contribution to



SUSTAINABLE DEVELOPMENT GOALS



GOOD HEALTH AND WELL-BEING

CARD EMPC provides healthcare and wellness programs to its members, ensuring they have access to medical support when needed. This directly contributes to improving the overall health and well-being of employees and their families.



DECENT WORK AND ECONOMIC GROWTH

As a cooperative for CARD MRI employees, CARD EMPC ensures its members enjoy decent working conditions, financial support, and the necessary benefits to promote economic growth and security within the workforce.



SUSTAINABLE CITIES AND COMMUNITIES

CARD EMPC is actively involved in community-building initiatives within the CARD MRI network. By fostering a cooperative spirit and supporting local projects, it contributes to the development of sustainable communities.



GENDER EQUALITY

The Cooperative promotes gender equality by ensuring all employees, regardless of gender, have equal access to the cooperative's services, financial products, and other benefits.



NO POVERTY

CARD EMPC provides affordable loans and financial services to its member-staff, helping them to meet their needs, manage unexpected expenses, and achieve long-term financial stability. This empowers members to lift themselves out of poverty. The Cooperative also promotes a culture of saving among its members, building financial resilience, and reducing poverty within its community of members.



SUSTAINABLE TRIAD

BALANCING PEOPLE, PLANET, & PROSPERITY

CARD EMPC has been working tirelessly to break the chains of poverty through financial, non-financial products, and community development services. We work not only for the sustainability of our cooperative but also for the people and the community we work with. CARD EMPC is and will remain committed to integrating the principles of People, Planet, and Prosperity from our strategic planning to our daily operations. As a trusted cooperative, we understand that CARD EMPC has a profound responsibility for the impact it creates on its employees, communities, and the environment. Through our integrated approach, we go the extra mile to create value for our society.

PEOPLE

We give great importance to our staff and members as they are essential to our ongoing growth and achievements. We are dedicated to enhancing our employees' development, health, and safety to cultivate a workplace culture that reflects our values. Additionally, we actively engage with rural areas and urban communities to raise awareness about climate change. Collaborating with like-minded institutions, we strive to provide access to resources for the communities we serve, working together towards common goals.

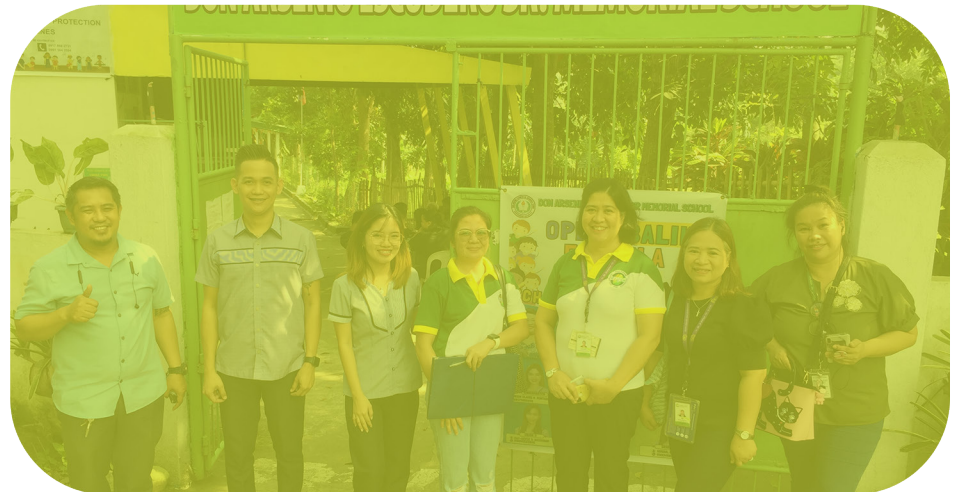


PLANET

At CARD Employees Multi-purpose Cooperative (CARD EMPC), we are committed to promoting sustainable practices that align with our mission to improve the lives of our members while protecting the environment. The cooperative implements water and power conservation measures through cost-cutting methods, and waste reduction strategies, and plans to engage in environmentally friendly initiatives. These efforts contribute to mitigating environmental impacts and promoting sustainability within the cooperative and the communities it serves.

PROSPERITY

By focusing on responsible business operations and sustainability efforts, CARD EMPC plays a significant role in promoting economic growth by assisting its members in strengthening their wellness and capacities, helping them manage financial risks, and achieving their personal goals.





AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors
CARD Employees Multi-Purpose Cooperative

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD Employees Multi-Purpose Cooperative (the "Cooperative"), which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of operations, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial condition of the Cooperative as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework (PFRF) for Cooperatives as prescribed by Memorandum Circular No. 2015-06 of the Cooperative Development Authority (CDA).

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Cooperative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and 34-2020

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 34-2020 in Note 23 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 the management of CARD Employees Multi-Purpose Cooperative. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

CDA Partner Accreditation No. 1878, February 12, 2024, valid until February 11, 2029

CDA Firm Accreditation No. 0054-AF, March 14, 2024, valid until March 13, 2029

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

March 20, 2024

CARD Employees Multi-Purpose Cooperative
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱83,130,504	₱91,472,007
Loans and receivables (Note 5)	1,255,880,161	1,103,866,726
Other current assets (Note 10)	122,737	166,925
Total Current Assets	1,339,133,402	1,195,505,658
Non-current Assets		
Financial assets at cost (Note 6)	171,707,530	156,198,150
Investments in associates (Note 7)	226,402,300	225,882,300
Investment properties (Note 8)	20,955,168	20,876,416
Property and equipment (Note 9)	3,754,337	1,141,331
Retirement asset (Note 16)	4,469,438	4,357,500
Other non-current assets (Note 10)	113,592,327	53,039,733
Total Non-current Assets	540,881,100	461,495,430
TOTAL ASSETS	₱1,880,014,502	₱1,657,001,088
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	₱153,199,252	₱86,687,023
Accrued expenses (Note 12)	6,803,090	92,097,822
Loans payable (Note 13)	128,681,539	84,869,455
Other current liabilities (Note 14)	76,796,778	62,290,883
Total Current Liabilities	365,480,659	325,945,183
Non-current Liabilities		
Loans payable (Note 13)	165,856,967	75,000,000
Other non-current liabilities (Note 14)	5,605,935	5,436,430
Total Non-current Liabilities	171,462,902	80,436,430
Total Liabilities	536,943,561	406,381,613
Members' Equity		
Common shares (Note 15)	1,158,421,797	1,071,910,465
Preferred shares (Note 15)	25,314,683	25,138,508
Statutory funds (Note 15)	159,334,461	153,570,502
Total Members' Equity	1,343,070,941	1,250,619,475
TOTAL LIABILITIES AND MEMBERS' EQUITY	₱1,880,014,502	₱1,657,001,088

See accompanying Notes to Financial Statements.

CARD Employees Multi-Purpose Cooperative
STATEMENTS OF OPERATIONS

	Years Ended December 31	
	2023	2022
REVENUE		
Dividend income (Notes 6 and 7)	₱145,096,797	₱67,023,168
Interest income (Notes 4, 5 and 10)	94,131,079	74,084,866
Other income (Note 17)	27,966,175	21,208,008
	267,194,051	162,316,042
OPERATING EXPENSES		
Interest expense (Notes 13 and 14)	16,201,600	8,256,051
Administrative expenses (Note 18)	169,631,526	91,112,439
	185,833,126	99,368,490
NET SURPLUS BEFORE OTHER ITEMS	81,360,925	62,947,552
OTHER ITEMS		
Optional fund subsidy	451,700	—
NET SURPLUS (FOR ALLOCATION)	₱81,812,625	₱62,947,552
ALLOCATION		
General reserve fund (Note 15)	₱8,181,262	₱6,294,755
Community development fund (Note 15)	2,454,379	1,888,427
Cooperative education & training fund		
Local (Note 15)	818,126	629,476
Due to Union/Federation (Notes 14 and 15)	818,126	629,476
Optional fund (Note 15)	5,726,884	4,406,329
Total statutory fund	17,998,777	13,848,463
Share in undivided net surplus (Note 14)		
Interest on share capital	44,669,694	34,369,362
Patronage refund	19,144,154	14,729,727
	63,813,848	49,099,089
TOTAL	₱81,812,625	₱62,947,552

There are no other comprehensive income items.

See accompanying Notes to Financial Statements.

CARD Employees Multi-Purpose Cooperative
STATEMENTS OF CHANGES IN EQUITY

	Common Shares (Note 15)	Preferred Shares (Note 15)	Statutory Funds (Note 15)	Undivided Net Surplus	Total
Balance at January 1, 2023	₱1,071,910,465	₱25,138,508	₱153,570,502	₱–	₱1,250,619,475
Contribution of members	177,592,515	36,800	–	–	177,629,315
Refund of share capital	(90,903,608)	(38,200)	–	–	(90,941,808)
Reclassification of share capital	(177,575)	177,575	–	–	–
Total comprehensive income for the year	–	–	–	81,812,625	81,812,625
	1,158,421,797	25,314,683	153,570,502	81,812,625	1,419,119,607
Appropriation on distribution from undivided net surplus (Notes 14 and 15)	–	–	17,998,777	(81,812,625)	(63,813,848)
Due to union/federation (Note 14)	–	–	(818,126)	–	(818,126)
Utilization of funds (Note 15)	–	–	(11,416,692)	–	(11,416,692)
Balance at December 31, 2023	₱1,158,421,797	₱25,314,683	₱159,334,461	₱–	₱1,343,070,941
Balance at January 1, 2022	₱1,043,916,343	₱19,506,317	₱143,025,628	₱–	₱1,206,448,288
Contribution of members	140,639,718	674,500	–	–	141,314,218
Refund of share capital	(107,603,405)	(84,500)	–	–	(107,687,905)
Transfers to preferred shares from common shares	(5,042,191)	5,042,191	–	–	–
Total comprehensive income for the year	–	–	–	62,947,552	62,947,552
	1,071,910,465	25,138,508	143,025,628	62,947,552	1,303,022,153
Appropriation on distribution from undivided net surplus (Notes 14 and 15)	–	–	13,848,463	(62,947,552)	(49,099,089)
Due to union/federation (Note 14)	–	–	(629,476)	–	(629,476)
Utilization of funds (Note 15)	–	–	(2,674,113)	–	(2,674,113)
Balance at December 31, 2022	₱1,071,910,465	₱25,138,508	₱153,570,502	₱–	₱1,250,619,475

See accompanying Notes to Financial Statements.

CARD Employees Multi-Purpose Cooperative
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus	₱81,812,625	₱62,947,552
Adjustments for:		
Dividend income (Notes 6, 7 and 17)	(145,096,797)	(67,023,168)
Interest income from credit operations (Note 5)	(92,176,275)	(72,781,785)
Interest expense (Note 13)	16,201,600	8,256,051
Interest income (Note 17)	(1,954,804)	(1,303,081)
Depreciation and amortization (Notes 8, 9, 10 and 18)	643,551	227,946
Remeasurement loss (gain) on retirement plan (Note 16)	(86,028)	342,408
Provision (reversal of provision) for credit and impairment losses (Notes 5 and 18)	55,557	(17,915,803)
Retirement expense (Note 16)	43,767	153,008
Net surplus before changes in working capital	(140,556,804)	(87,096,872)
Increase in amounts of:		
Loans and receivables	(152,068,992)	(74,925,484)
Other current assets	44,188	(6,051)
Increase (decrease) in amounts of:		
Accounts and other payables	66,512,229	34,958,274
Accrued expenses	(85,294,732)	90,833,331
Other current liabilities	(44,859,054)	(145,307,953)
Net cash used in operations	(356,223,165)	(181,544,755)
Contribution to the retirement fund (Note 16)	(69,677)	(74,234)
Interest income received	94,131,079	74,084,866
Interest expense paid	(16,141,555)	(8,256,051)
Net cash used in operating activities	(278,303,318)	(115,790,174)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Notes 6 and 7)	145,096,797	67,023,168
Placement of fund deposits (Note 10)	(80,595,995)	(9,685,242)
Withdrawal of fund deposits (Note 10)	20,043,401	18,682,689
Settlement of subscription payable (Note 14)	(5,157,565)	(51,595)
Acquisition of:		
Financial assets at cost (Note 6)	(15,509,380)	(6,993,200)
Property and equipment (Note 9)	(3,206,677)	(289,500)
Investment in associate	(520,000)	(280,000)
Investment properties (Note 8)	(105,000)	—
Computer software and licenses (Note 18)	(23,632)	(20,144)
Net cash provided by investing activities	60,021,949	68,386,176

(Forward)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Notes 13 and 21)	₱350,000,000	₱80,000,000
Settlements of loans payable (Notes 13 and 21)	(215,330,949)	(79,089,204)
Contribution of members	177,629,315	141,314,218
Refund of share capital	(90,941,808)	(107,687,905)
Utilization of statutory funds (Note 15)	(11,416,692)	(2,674,113)
Net cash provided by financing activities	209,939,866	31,862,996
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,341,503)	(15,541,002)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,472,007	107,013,009
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱83,130,504	₱91,472,007

See accompanying Notes to Financial Statements.

CARD Employees Multi-Purpose Cooperative

NOTES TO FINANCIAL STATEMENTS

1. General Information

CARD Employees Multi-Purpose Cooperative (the Cooperative), with registration number 9520-4008972, was registered with the Cooperative Development Authority (CDA) on May 11, 2004 with the following purposes:

- a. to encourage thrift and savings mobilization among the members;
- b. to generate funds and extend credit to the members for productive and provident purposes;
- c. to administer the retirement funds of Center for Agriculture and Rural Development –Mutually Reinforcing Institutions (CARD-MRI) employees;
- d. to administer or manage the health insurance of the members;
- e. to provide goods and services and other requirements to the members;
- f. to promote and advance the economic, social and educational status of the members;
- g. to coordinate and facilitate the activities of the Cooperative;
- h. to advocate for the cause of the Cooperative movement;
- i. to ensure the viability of the Cooperative through the utilization of new technologies;
- j. to advocate for the cause of the Cooperative movement;
- k. to invest in shares of stock, bonds, time deposits, land or such other projects as the Board of Directors may determine to be advisable or proper in order to improve the earning base of the Cooperative thereby making more benefits available to its members; and
- l. to undertake any and all other activities for the effective and efficient implementation of the provisions of the Cooperative Code.

The Cooperative was issued with new Certificate of Registration under Article 144 of Republic Act (RA) No. 9520, otherwise known as the *Philippine Cooperative Code of 2008*, on March 4, 2010. The operation of the Cooperative is funded through the share capital and loan availment of members. The Cooperative operates within the areas where the institutions under CARD-MRI operate.

Net surplus during the year is allocated and distributed to the members of the Cooperative after setting aside the amounts for statutory reserves. Reserve requirements are further discussed in Note 15.

As set forth in Article 61 of RA No. 6938, *An Act to Ordain a Cooperative Code of the Philippines*, 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 government taxes or fees imposed under the Internal Revenue Laws and other tax laws. The Cooperative was granted a certificate of tax exemption on August 16, 2022, which shall be valid for five years until August 16, 2027, unless sooner revoked by the Bureau of Internal Revenue (BIR) for violation of any provision of the Joint Revenue Regulations, the terms and conditions indicated in the certificate or upon withdrawal of the Certificate of Registration by the CDA.

As a Cooperative transacting with its members only, the Cooperative is entitled to the following tax exemptions and incentives provided for under Article 60 of RA No. 9520, as implemented by Section 7 of the Joint Rules and Regulations implementing Article 60, 61 and 144 of RA No. 9520:

1. Exemption from income tax on income from CDA-registered operations;
2. Exemption from value-added tax on CDA-registered sales or transactions;
3. Exemption from other percentage tax;

4. Exemption from donor's tax on donations to duly accredited charitable, 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); and
8. Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20.00% final tax on interest on deposits and 7.50% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

The Cooperative's registered office address is at M.L. Quezon Street, City Subdivision, San Pablo City, Laguna, Philippines.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis.

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

Statement of Compliance

On September 16, 2015, the CDA issued Memorandum Circular No. 2015-06 also known as the Philippine Financial Reporting Framework (PFRF) for Cooperatives which specifically provides for treatment of certain accounts which are unique only to Cooperatives and such peculiarities are in accord with universally accepted cooperative principles. The revised Framework was adopted by the Cooperative on January 1, 2016, the effective date of PFRF for Cooperatives.

Where PFRF for Cooperatives do not specifically address accounting for a certain transaction, events or conditions, the Cooperative considers the requirements and guidance in Philippine Financial Reporting Standards (PFRSs) or PFRS for Small and Medium Enterprises (PFRS for SMEs).

The financial statements of the Cooperative have been prepared in accordance with PFRF for Cooperatives as prescribed by the CDA.

Accounts peculiar to Cooperatives

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

- Interest on share capital and patronage
- Due to union/federation
- Statutory funds
- 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.

For cooperatives transacting business with both members and non-members with accumulated reserves and undivided net savings of not more than ten million pesos (P10.00 million), they shall be exempt from all national, city, provincial, municipal or barangay taxes of whatever name and nature. Should a cooperative exceed the limit set forth, it shall be imposed taxes and fees based on the provisions as indicated in Article 61 of the Cooperative Code; consequently, it will adopt the accounting standards for income taxes as stated in PAS 12, *Income Taxes*.

In 2023 and 2022, the Cooperative only transacted business with its members.

- Presentation of withdrawable common and preferred shares as equity.

Presentation of Financial Statements

The Cooperative presents its statement of financial position broadly in order of liquidity.

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of operations unless required or permitted by any accounting standard or interpretation and as specifically disclosed in the accounting policies of the Cooperative.

Current versus Non-Current Classification

The Cooperative presents assets and liabilities in statement of financial position based on current and non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Cooperative classifies all other liabilities as non-current.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements

and that are subject to insignificant risk of change in value. Checks and other cash items are composed of undeposited checks.

Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Purchases or sales of financial assets that require delivery of the assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Generally, settlement date is the date on which the transaction is settled by delivery of the assets that are subject of the agreement. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Cooperative, and (b) the recognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the Cooperative. Loans and receivables are recognized when cash is received by the Cooperative or advanced to the borrowers.

Initial recognition of financial instruments

The Cooperative shall recognize a financial asset or a financial liability only when the cooperative becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognized initially; a cooperative shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the Cooperative shall measure the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement

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

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

Derecognition of Financial Instruments

Financial asset

The Cooperative shall derecognize a financial asset only when:

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

(c) the Cooperative, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the cooperative shall:

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

The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and de-recognized in accordance with this paragraph shall be recognized in profit or loss in the period of the transfer.

If a transfer does not result in derecognition because the cooperative has retained significant risks and rewards of ownership of the transferred asset, the Cooperative shall continue to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Cooperative shall recognize any income on the transferred asset and any expense incurred on the financial liability.

If a transferor provides non-cash collateral (such as debt or equity instruments) to the transferee, the accounting for the collateral by the transferor and the transferee depends on whether the transferee has the right to sell or re-pledge the collateral and on whether the transferor has defaulted. The transferor and transferee shall account for the collateral as follows:

- (a) If the transferee has the right by contract or custom to sell or re-pledge the collateral, the transferor shall reclassify that asset in its statement of financial condition (e.g. as a loaned asset, pledged equity instruments or repurchase receivable) separately from other assets.
- (b) If the transferee sells collateral pledged to it, it shall recognize the proceeds from the sale and a liability measured at fair value for its obligation to return the collateral.
- (c) If the transferor defaults under the terms of the contract and is no longer entitled to redeem the collateral, it shall de-recognize the collateral, and the transferee shall recognize the collateral as its asset initially measured at fair value or, if it has already sold the collateral, de-recognize its obligation to return the collateral.
- (d) Except as provided in (c), the transferor shall continue to carry the collateral as its asset, and the transferee shall not recognize the collateral as an asset.

Financial liability

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

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

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

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Cooperative intends to either settle on a net basis or to realize the asset and the liability simultaneously. This is not generally the case with master-netting agreements and the related assets and liabilities are presented gross in the statement of financial condition.

Income and expense are not offset in the statement of operations unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Cooperative.

As at December 31, 2023 and 2022, no financial assets and liabilities were offset.

Impairment of Financial Assets

The Cooperative assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets 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 (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

Loans to members not paid in installment due date are considered as portfolio-at-risk (PAR). The CDA prescribes loss rates to be applied to PAR on the basis of the following:

Past due for 360 days and above	100.00%
Past due 30 days but less than 360 days	35.00%

Financial assets at cost

In case of unquoted equity investments classified as 'Financial assets at cost', the amount of the impairment is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Investments in Associates

Associates pertain to all entities over which the Cooperative has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Cooperative's investments in associate is accounted for using the cost method of accounting per guidelines set by the CDA. In the absence of published price quotation, the Cooperative measures investment in associate at cost less any accumulated impairment losses recognized. An impairment loss occurs when the carrying amount of the investment in associate exceeds its recoverable amount

and is recognized in the statement of operations. Dividends received and other distributions from the associate is recognized as 'Dividend income' in the statement of operations.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at cost less any impairment in value. The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs to bring the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. All other repair and maintenance expenses are charged to current operation as incurred.

Depreciation commences once the assets are available for use. It is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets.

The EULs of the depreciable assets are as follows:

Land improvements	3 years
Building	10 years
Building improvements	3 years
Furniture, fixtures, and equipment	3-5 years

The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectation.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of operations in the year the asset is derecognized.

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized under 'Provision for credit and impairment losses' in 'Administrative expenses' in the statement of operations.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited against statement of operations.

Investment Properties

Investment properties refers to cost of properties or a portion thereof that generate income or capital appreciation or both, not used in production of goods, supply or services, nor for administrative purposes or sale in the ordinary course of business are measured initially at cost.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of operations in the period of retirement or disposal. Expenditures incurred after the investment property has been put into operations, such as repairs and maintenance costs, are charged against income in the year in which the costs are incurred.

Transfers are made to investment property when, and only when, there is a change in use or purpose, evidenced by cessation of owner-occupation or of construction or development, or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Computerization Cost

Computerization cost pertains to the software purchased by the Cooperative recognized at cost.

Computerization cost is amortized over three (3) years and assessed for impairment whenever there is an indication that the software may be impaired. The amortization period and method for software with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on computerization cost is recognized as 'Depreciation and amortization' in 'Administrative expenses' in the statement of operations.

Impairment of Non-financial Assets

The Cooperative assesses the impairment of its property and equipment, investment properties, investments in associates, and computerization cost, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Cooperative considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the assets; and
- significant negative industry or economic trends.

The Cooperative recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual asset or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of the individual asset, a cooperative shall estimate the recoverable amount of the cash-generating unit to which the asset belongs.

It is not always necessary to determine both an asset's fair value less costs to sell and its value-in-use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

If there is no reason to believe that an asset's value-in-use materially exceeds its fair value less costs to sell, the asset's fair value less costs to sell may be used as its recoverable amount. This will often be the case for an asset that is held for disposal.

Reversal of impairment

The Cooperative assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the Cooperative shall determine whether all or part of the prior impairment loss should be reversed. The procedure for making that determination will depend on whether the prior impairment loss on the asset was based on the recoverable amount of that individual asset, or the recoverable amount of the cash-generating unit to which the asset belongs.

Equity

Share capital

Share capital refers to the unit of capital stated in common or preferred share issued by the Cooperative, subscribed and paid by its members. This is measured at par for all shares issued.

Minimum share capital subscription

A member shall subscribe at least three thousand pesos (₱3,000.00) and pay for the value under the terms and conditions prescribed in the Membership and Subscription Agreement.

Deposit for share capital subscription

Deposit for share capital subscription represents payments made on subscription of shares which cannot be directly credited to 'Common shares' or 'Preferred shares' pending application for increase in authorized capital shares with CDA. Deposit for share capital subscription is classified under equity per guidelines set by the CDA.

Statutory funds

Statutory funds are mandatory funds set up in accordance with Article 86 of RA No. 9520, which include general reserve fund, cooperative education and training fund, community development fund and optional fund.

General reserve fund

10.00% shall be set aside for the reserve fund. The reserve fund shall be used for the stability of the Cooperative and to meet net losses in its operations. The general assembly may decrease the amount allocated to the reserve fund when it has already exceeded the authorized share capital. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.

Cooperative education and training fund

1.00% shall be set aside for Cooperative Education and Training Fund (CETF). The fund shall provide for the training, development and similar other activities geared towards the growth of the Cooperative. Half of the amounts allocated to the education and training fund annually under this subsection may be remitted to a union or federation chosen by the Cooperative of which it is a member.

Community development fund

3.00% shall be set aside for Community Development Fund. The fund shall provide for the projects and activities that will benefit the community where the Cooperative operates.

Optional fund

7.00% shall be set aside for Optional Fund for land and building fund, and such other developmental purposes as may be identified by the Cooperative as approved by the general assembly.

Share Capital Transactions

The Cooperative accumulates share capital from contribution of members and share of the shareholders from the undivided net surplus. The shares are redeemable upon termination of membership of the member.

Refund of paid-up share capital

A member whose membership is terminated shall be entitled to a refund of his/her share capital contribution and all other interests in the Cooperative less outstanding loan obligations and other financial accountabilities. However, such refund shall not be made if upon payment, the value of the assets of the Cooperative would be less than the aggregate amount of its debts and liabilities exclusive of his/her share capital contribution. In which case, the terminated member shall continue to be entitled to the interest of his/her share capital contributions, patronage refund and the use of the services of the Cooperative until such time that all his/her interests in the Cooperative shall have been duly paid. Upon the acceptance of his/her withdrawal or approval of his/her termination, however, he/she loses his/her right to attend, participate and vote in any meeting of the Board of Directors (BOD) or the general assembly.

Members' shares are classified as equity if the Cooperative has an unconditional right to refuse redemption of the members' shares.

Interest in share capital and patronage

Interest on share capital and patronage are recognized as liability and pertains to interest on share capital and for patronage refund due to members of the Cooperatives, which are determined based on distributable earnings at each end of the reporting date.

Due to union/federation

An amount set aside for the education and training fund recognized as liability, which is 50.00% of the amount allocated for the CETF.

Income and Expenses

Income and expenses in the statement of operations are recognized in the books using the modified accrual basis of accounting.

Revenue 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 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.

Interest income

Interest income is recognized when earned and collected.

Dividend income

Dividend is recognized when received.

Membership and administrative fee

Membership and administrative fees pertain to membership fees and income from handling the health fund of CARD-MRI employees which are collected and recognized upon receipt of cash.

Miscellaneous income

Miscellaneous income consists of income that does not come from the main operations of the Cooperative and does not fall to any of the income accounts and is recognized when earned.

Costs and Expenses

Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Cooperative. Costs and expenses are recognized when incurred.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires 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. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised, or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

As a lessee

Leases in which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognized by the Cooperative as an expense under 'Rentals' in 'Administrative expenses' in the statement of operations on a straight-line basis over the lease term.

As a lessor

Leases in which the Cooperative does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognized as income under 'Other income' in the statement of operations on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue under 'Other income' in the statement of operations in the period in which they are earned.

Retirement Benefits

The Cooperative is covered by a funded, non-contributory defined benefit retirement plan.

The Cooperative's retirement cost is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of operations.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of operations in the period in which they arise.

Provisions

Provisions are recognized when the Cooperative has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Cooperative expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of operations.

Contingent Liabilities and Contingent Assets

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

Events After the Reporting Date

Post-year-end events that provide additional information about the Cooperative's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material in the notes to the financial statements.

4. Management's Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRF for Cooperatives requires the Cooperative to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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 the circumstances.

As at December 31, 2023 and 2022, there are no significant accounting judgment made by management in respect to the preparation of the Cooperative's financial statements.

Estimates

a. Estimation of allowance for credit losses

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

The carrying value of loans and receivables and the related allowance for credit losses are disclosed in Note 5.

b. Retirement and other employee benefits

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

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific

The details of assumptions used in the actuarial valuation and the carrying value of the net retirement asset are disclosed in Note 16.

5. Cash and Cash Equivalents

The composition of this account follows:

	2023	2022
Petty cash fund	₱5,000	₱5,000
Cash in banks (Note 19)	83,125,504	91,467,007
	₱83,130,504	₱91,472,007

Cash in banks consist of:

	2023	2022
Savings deposit	₱45,134,867	₱57,589,452
Demand deposit	37,990,637	33,877,555
	₱83,125,504	₱91,467,007

Demand and savings deposits bear annual interest rates ranging from 0.50% to 1.50% and from 0.10% to 1.50% in 2023 and 2022, respectively.

Interest income earned from cash in banks amounted to ₱0.34 million and ₱0.61 million in 2023 and 2022, respectively.

6. Loans and Receivables

This account consists of:

	2023	2022
Loans receivable	₱1,264,423,678	₱1,116,283,294
Other receivables (Note 19)	136,874	202,810
	1,264,560,552	1,116,486,104
Less: Allowance for credit losses	8,680,391	12,619,378
	₱1,255,880,161	₱1,103,866,726

Loans receivable pertain to loans offered to members of the Cooperative that earn effective interest ranging from 1.67% to 9.50% and from 1.67% to 4.35% in 2023 and 2022, respectively.

Other receivables pertain to non-interest-bearing receivables from members extended by the Cooperative to provide medical assistance to members.

As at December 31, 2023 and 2022, all of the Cooperative's loans are unsecured.

Loans receivables include past due accounts for more than one year and loans to resigned members amounting to ₱6.01 million and ₱5.93 million as at December 31, 2023 and 2022, respectively. These loans are fully provided with allowance.

Changes in the allowance for credit losses on loans receivable as at December 31, 2023 and 2022 follow:

	2023	2022
Balance at beginning of year	₱12,619,378	₱31,543,297
Provision (reversal of provision) for credit losses (Note 18)	55,557	(17,915,803)
Write-off	(3,994,544)	(1,008,116)
Balance at end of year	₱8,680,391	₱12,619,378
Individually impaired	₱6,014,312	₱5,928,795
Collectively impaired	2,666,079	6,690,583
	₱8,680,391	₱12,619,378
Gross amounts of loans individually determined to be impaired, before deducting any individually assessed impairment losses	₱6,014,312	₱5,928,795

Interest income earned from loans receivable recognized in statements of operations amounted to ₱92.18 million and ₱72.78 million in 2023 and 2022, respectively.

7. Financial Assets at Cost

This account consists of:

	2023		2022	
	% of ownership	Amount	% of ownership	Amount
CARD Bank, Inc. (CARD Bank)	5.37%	₱69,137,000	5.37%	₱62,109,000
CARD MRI Property Management, Inc. (CMPMI)	6.47%	42,922,600	8.68%	34,515,900
CARD MRI IT, Inc. (CMIT)	7.63%	19,800,000	7.63%	19,800,000
CARD MRI Rizal Bank, Inc. (RBI)	2.29%	17,248,950	2.29%	17,248,950
CARD Leasing & Finance Corp. (CLFC)	13.00%	11,111,750	13.00%	11,111,750
CARD MRI Holdings, Inc. (CMHI)	4.63%	6,250,000	4.63%	6,250,000
CARD - MRI Insurance Agency (CAMIA)	5.23%	2,614,000	5.23%	2,614,000
BotiCARD, Inc. (BotiCARD)	3.56%	1,775,000	3.56%	1,775,000
CARD MRI Astro Laboratories Inc. (CMALI)	4.00%	809,550	4.00%	773,550
CARD MRI Hijos Tours, Inc. (CMHTI)	2.10%	26,250	—	—
Quezon Federation & Union of Cooperative	0.01%	12,430	—	—
		₱171,707,530		₱156,198,150

Financial assets at cost are carried at cost less any impairment in value, due to absence of a reliable basis for fair value. The Cooperative intends to hold these investments for the long term.

Dividend income from financial assets at cost in 2023 and 2022 amounted to ₱74.24 million and ₱57.18 million, respectively.

8. Investments in Associates

As at December 31, 2023 and 2022, the Cooperative owns 3,936,530 shares, equivalent to 26.24%, in CARD SME Bank, Inc., A Thrift Bank (CARD SME), which offers working capital financing to businesses engaged in agricultural services, industry and housing, and provides diversified financial and allied services for its chosen market and constituents especially for small and medium enterprises, microfinance and individuals.

As at December 31, 2023 and 2022, the Cooperative owns 12,640 shares and 4,000 shares, respectively, equivalent to 40.00%, in CARD Masikhay Consultancy Services Inc. (CARD Masikhay), a management consultancy company that is primarily responsible for the overall financial wellness and sustainability of CARD-MRI and its institutions. It is responsible for helping the Finance & Accounting staff in preparing and analyzing financial information and managing the tax and regulatory compliance of their respective institutions. It also provides accounting and regulatory services to CARD-MRI clients, especially micro, small and medium enterprises (MSMEs).

The cost of investments in associates as at December 31, 2023 and 2022 amounted to ₱226.40 million and ₱225.88 million, respectively. Stock dividends received from CARD SME since the inception of the investment are equivalent to 1,680,507 shares as at December 31, 2023 and 2022. In 2023, the Cooperative received stock dividends from CARD Masikhay equivalent to 4,640 shares.

CARD SME's principal place of business is located at 120 M. Paulino Street cor. Burgos Street, San Pablo City, Laguna. CARD Masikhay's principal place of business is located at 10/F 8 Rockwell Hidalgo cor. Plaza Drive, Rockwell Center, Makati City.

The Cooperative earned dividend income from its investments in associates amounting to ₱70.86 million and ₱9.84 million in 2023 and 2022, respectively.

9. Investment Properties

The composition of and movements in this account follow:

	2023		
	Land	Land Improvement	Total
Cost			
Balance at beginning of year	₱20,876,416	₱673,047	₱21,549,463
Additions	—	105,000	105,000
Balance at end of year	20,876,416	778,047	21,654,463
Accumulated Depreciation			
Balance at beginning of year	—	673,047	673,047
Depreciation (Note 18)	—	26,248	26,248
Balance at end of year	—	699,295	699,295
Net Book Value at End of Year	₱20,876,416	₱78,752	₱20,955,168

	2022		
	Land	Land Improvement	Total
Cost			
Balance at beginning and end of year	₱20,876,416	₱673,047	₱21,549,463
Accumulated Depreciation			
Balance at beginning and end of year	—	673,047	673,047
Net Book Value at End of Year	₱20,876,416	₱—	₱20,876,416

The Cooperative's investment property is mainly composed of tracts of land located in Lucban, Quezon and Bay, Laguna.

The investment properties were appraised in 2023 as shown below.

Location	Area (in sq. m.)	Acquisition Cost	Appraised Value	Excess of Appraised Value over Acquisition Cost
Lucban, Quezon	39,552	₱4,018,797	₱6,558,125	₱2,539,328
Bay, Laguna	10,400	4,560,317	9,360,000	4,799,683
Bay, Laguna	9,195	11,307,368	16,826,850	5,519,482
Bay, Laguna	805	989,934	1,046,500	56,566
		₱20,876,416	₱33,791,475	₱12,915,059

10. Property and Equipment

The composition of and movements in this account follow:

	2023			
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Total
Cost				
Balance at beginning of year	₱770,869	₱1,353,643	₱984,058	₱3,108,570
Additions	–	1,790,672	1,416,005	3,206,677
Balance at end of year	770,869	3,144,315	2,400,063	6,315,247
Accumulated Depreciation				
Balance at beginning of year	–	1,353,341	613,898	1,967,239
Depreciation (Note 18)	–	238,743	354,928	593,671
Balance at end of year	–	1,592,084	968,826	2,560,910
Net Book Value at End of Year	₱770,869	₱1,552,231	₱1,431,237	₱3,754,337

	2022			
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Total
Cost				
Balance at beginning of year	₱770,869	₱1,353,643	₱694,558	₱2,819,070
Additions	–	–	289,500	289,500
Balance at end of year	770,869	1,353,643	984,058	3,108,570
Accumulated Depreciation				
Balance at beginning of year	–	1,232,906	526,531	1,759,437
Depreciation (Note 18)	–	120,435	87,367	207,802
Balance at end of year	–	1,353,341	613,898	1,967,239
Net Book Value at End of Year	₱770,869	₱302	₱370,160	₱1,141,331

The total cost of fully depreciated assets still in use in 2023 and 2022 amounted to ₱0.94 million and ₱0.72 million, respectively.

10. Other Assets

This account consists of:

	2023	2022
Current		
Prepaid expenses	₱122,737	₱140,675
Prepaid subscriptions	–	26,250
	122,737	166,925
Non-current		
Funds and deposits	113,592,327	53,039,733
	₱113,715,064	₱53,206,658

Prepaid subscriptions pertain to advance payments made by the Cooperative for the subscription of shares of affiliates.

Funds and deposits pertain to restricted amounts set aside as reserves for statutory funds. These are funds placed as time deposits with banks that bear interest ranging from 4.00% to 5.20% and from 1.50% to 4.00% in 2023 and 2022, respectively. Interest income earned from these deposits amounted to ₱1.62 million and ₱0.69 million in 2023 and 2022, respectively (Note 17).

11. Accounts and Other Payables

This account consists of:

	2023	2022
Health premium fund payable	₱143,169,091	₱79,989,480
Emergency fund payable	6,835,285	4,711,663
Accounts payable (Note 19)	3,054,714	1,847,844
Withholding tax payable	66,622	86,736
Others	73,540	51,300
	₱153,199,252	₱86,687,023

Health premium and emergency fund payables pertain to the amount set aside by the Cooperative to serve as expected payment for the hospitalization, medical and calamity expenses of the members.

Accounts payable consists of unpaid insurance claims and the Cooperative's share in expenses paid for by affiliates such as meetings and seminars.

Other payables consist of unpaid regulatory contributions.

12. Accrued Expenses

This account consists of:

	2023	2022
Professional fees	₱1,130,360	₱1,065,680
Accrued benefits	606,745	90,734,400
Employee benefits	409,297	286,694
Others	4,656,688	11,048
	₱6,803,090	₱92,097,822

In December 2022, the Cooperative announced that it would be distributing additional benefits to members to provide maximum economic benefits as an aid for overall economic development. Accrued benefits of ₱90.73 million were recognized for distribution in February 2023.

Others pertain to insurance expense, utilities expense, transportation expense, communication expense and general support services.

13. Loans Payable

This account consists of:

	2023	2022
Loans payable – current	₱128,681,539	₱84,869,455
Loans payable – non-current	165,856,967	75,000,000
	₱294,538,506	₱159,869,455

Movements in the account are as follows:

	2023	2022
Beginning	₱159,869,455	₱158,958,659
Availments	350,000,000	80,000,000
Repayments	(215,330,949)	(79,089,204)
	₱294,538,506	₱159,869,455

Loans payable include the following:

- (a) loans from Land Bank of the Philippines (LBP) that bear interest ranging from 5.85% to 6.50%, amounting to ₱6.21 million and ₱19.87 million as at December 31, 2023 and 2022, respectively;
- (b) loans from CARD SME that bear interest ranging from 6.88% to 7.00% and of 4.25% amounting to ₱133.33 million and ₱60.00 million as at December 31, 2023 and 2022, respectively; and
- (c) loans from CARD MRI Multi-Employer Retirement Plan (MERP) that bear interest ranging from 5.50% to 6.00% and of 6.00% amounting to ₱155.00 million and ₱80.00 million as at December 31, 2023 and 2022, respectively.

Interest payments are payable on a quarterly basis.

Loans payable to LBP are collateralized by a Deed of Assignment of the Cooperative's loan receivables. The carrying value of loans receivable held as collateral amounted to ₱7.30 million and ₱27.32 million as at December 31, 2023 and 2022, respectively. Principal payments are payable on a quarterly basis up to April 24, 2024.

Interest expense recognized from these loans amounted to ₱16.14 million and ₱8.26 million in 2023 and 2022, respectively.

14. Other Liabilities

This account consists of the following:

	2023	2022
Current		
Interest on share and patronage refund	₱66,280,844	₱50,979,957
Due to Union/Federation	818,126	629,476
Others	9,697,808	10,681,450
	76,796,778	62,290,883
Non-current		
Savings deposit	5,605,935	278,865
Subscriptions payable	–	5,157,565
	5,605,935	5,436,430
	₱82,402,713	₱67,727,313

Interest on share and patronage refund pertains to amounts payable to the members of Cooperative as a return for their capital contribution and may be claimed depending on the net surplus for the year. The amount declared as interest is based on the net surplus that the Cooperative earned during the previous year. Each member will receive an interest equal to the proportion of their individual patronage. The distribution made for the year (from the previous year's appropriation on distribution from undivided net surplus) is done in two dividend forms: cash dividend and share dividend on a 50:50 basis.

The movements in the account follow:

	2023	2022
Balance at beginning of year	₱50,979,957	₱153,564,336
Share in undivided net surplus	63,813,848	49,099,089
Cash distribution	(48,512,961)	(151,683,468)
Balance at end of year	₱66,280,844	₱50,979,957

Due to Union/Federation pertains to accumulated amounts set aside to be remitted to the union or federation where the Cooperative is a member. This corresponds to 50.00% of the total annual allocation for Cooperative Education & Training Fund (CETF).

The movements in the account follow:

	2023	2022
Balance at the beginning of year	₱629,476	₱1,903,336
Share in CETF (Note 15)	818,126	629,476
Payment to union/federation	(629,476)	(1,903,336)
Balance at end of year	₱818,126	₱629,476

Member's savings deposit is part of the cooperative savings mobilization program. The Cooperative launched the Member's Savings Program (MSP) effective November 15, 2022 to encourage all members to have additional savings in preparation for future expenses. The savings deposit has a tenor of three (3) years and earns interest ranging from 3.00% to 4.20% and of 2.50% in 2023 and 2022, respectively. Interest expense recognized from savings deposit amounted to ₱60,046 and ₱314 in 2023 and 2022, respectively.

Others mainly consist of the amounts due to the resigned member's paid-up capital.

15. Members' Equity

Share Capital

As at December 31, 2023 and 2022, the Cooperative's capital shares consist of:

	Shares	
	2023	2022
Common shares - ₱100 par value, 12,500,000 authorized shares		
Issued and outstanding	11,584,218	10,719,104
Preferred shares - ₱100 par value, 300,000 authorized shares		
Issued and outstanding	253,146	251,385

The movements in common and preferred shares follow:

	2023		2022	
	Common	Preferred	Common	Preferred
Issued and outstanding at beginning of year	10,719,104	251,385	10,439,163	195,063
Issued	1,775,925	368	1,406,397	6,745
Reclassification	(1,775)	1,775	(50,422)	50,422
Redeemed	(909,036)	(382)	(1,076,034)	(845)
Issued and outstanding at end of year	11,584,218	253,146	10,719,104	251,385

The Cooperative's preferred shares have no voting rights and may be owned or subscribed by members of the Cooperative.

Deposit for Share Capital Subscription

The Cooperative did not receive any deposits for share capital subscription in 2023 and 2022.

Deposit for share capital subscription is classified under equity in accordance with the Standard Chart of Accounts prescribed by the CDA per Memorandum Circular No. 2016-06.

Capital Management

The contributions from members recognized as common shares and preferred shares represent the capital considered by the Cooperative.

The Cooperative's risk management function has developed and implemented certain minimum stress and scenario tests to identify the risks to which the Cooperative is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Cooperative's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

Regulatory Requirements

The operation of the Cooperative is also subject to the regulatory requirements of the CDA. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

Statutory Funds

The Cooperative provides the minimum mandatory reserve requirements set forth in Chapter 10, Section 87 of RA No. 6938 entitled "*An Act to Ordain a Cooperative Code of the Philippines*", which include the 10.00% general reserves fund, 3.00% community development fund, 2.00% CETF and 7.00% optional fund.

The movements in the account follow:

	2023				
	General reserve fund	Community development fund	Cooperative education and training fund	Optional fund	Total
Balance at beginning of year	₱107,745,083	₱13,083,333	₱7,321,353	₱25,420,733	₱153,570,502
Appropriation from undivided net surplus	8,181,262	2,454,379	1,636,252	5,726,884	17,998,777
Due to union/federation (Note 14)	—	—	(818,126)	—	(818,126)
Utilization of funds	—	(10,275,103)	(494,816)	(646,773)	(11,416,692)
Balance at end of year	₱115,926,345	₱5,262,609	₱7,644,663	₱30,500,844	₱159,334,461

	2022				
	General reserve fund	Community development fund	Cooperative education and training fund	Optional fund	Total
Balance at beginning of year	₱101,450,328	₱12,690,802	₱7,043,214	₱21,841,284	₱143,025,628
Appropriation from undivided net surplus	6,294,755	1,888,427	1,258,952	4,406,329	13,848,463
Due to union/federation (Note 14)	—	—	(629,476)	—	(629,476)
Utilization of funds	—	(1,495,896)	(351,337)	(826,880)	(2,674,113)
Balance at end of year	₱107,745,083	₱13,083,333	₱7,321,353	₱25,420,733	₱153,570,502

16. Retirement Benefits

The CARD MRI Group maintains a funded and formal non-contributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP is valued using the projected unit cost method and is financed solely by the Cooperative and its related parties.

MERP and Hybrid Plan comply with the requirements of RA No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

Hybrid Plan provides a retirement benefit equal to 100.00% of the member's employer accumulated value (the Cooperative's contributions of 8.00% plan salary to Fund A plus credited earnings) and 100.00% of the Member's Employee accumulated value (member's own contributions up to 10.00% of plan salary to Fund B plus credited earnings), if any, provided that in no case shall 100.00% of the Employee Accumulated Value in Fund A be less than 100.00% of plan salary for every year of credited service.

The amounts of retirement asset recognized in the statements of financial position follow:

	2023	2022
Fair value of plan assets	₱14,966,155	₱14,686,214
Present value of retirement obligation	(8,638,399)	(6,993,572)
Effects of asset ceiling	(1,858,318)	(3,335,142)
Net retirement asset	₱4,469,438	₱4,357,500

The movements in the fair value of plan assets follow:

	2023	2022
Balance at beginning of year	₱14,686,214	₱13,929,337
Present value of obligation (PVO) transfer	20,549	(37,983)
Interest income	1,051,817	698,768
Contributions paid by employer	69,677	74,234
Return on plan assets	(862,102)	21,858
Balance at end of year	₱14,966,155	₱14,686,214

The movements in the PVO follow:

	2023	2022
Balance at beginning of year	₱6,993,572	₱7,128,179
PVO transfer	20,549	(37,983)
Actuarial gain (loss)	766,823	(847,074)
Current service cost	358,114	393,328
Interest cost	499,341	357,122
Balance at end of year	₱8,638,399	₱6,993,572

The composition of retirement expense in 2023 and 2022 as reported under 'Salaries, wages and other benefits' in "Administrative expense" in statements of operations follow:

	2023	2022
Interest income on plan assets	(₱1,051,817)	(₱698,768)
Current service cost	358,114	393,328
Interest expense on retirement obligation	499,341	357,122
Interest on the effect of the asset ceiling	238,129	101,326
	₱43,767	₱153,008

Components of remeasurement gains (losses) follow:

	2023	2022
Changes in the asset ceiling	₱1,714,953	(₱1,211,340)
Actuarial gains (losses) due to changes:		
Financial assumptions	(615,325)	1,299,478
Experience	(128,540)	(469,135)
Demographic assumptions	(22,958)	16,731
Return on plan assets	(862,102)	21,858
	₱86,028	(₱342,408)

Total retirement expense related to the Hybrid Plan amounted to ₱69,677 and ₱55,152 in 2023 and 2022, respectively.

The latest actuarial valuation report covers reporting period as at December 31, 2023.

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and reductions in future contributions. The fair values of plan assets as at the end of the reporting period are as follows:

	2023	2022
Government securities	₱10,168,006	₱10,082,086
Cash and cash equivalents	1,760,020	2,407,070
Loans receivable	2,229,957	1,232,173
Other bonds	642,048	763,683
Other assets	166,124	201,202
Fair value of plan assets	₱14,966,155	₱14,686,214

All plan assets do not have quoted prices in an active market except for government securities. Cash and cash equivalents are deposited in reputable financial institutions and related parties and are deemed to be standard grade. Mutual fund, loans and other assets are unrated.

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Cooperative's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The cost of defined retirement plan as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2023	2022
Discount rates		
January 1	7.14%	5.01%
December 31	6.08%	7.14%
Future salary increases	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	2023		2022	
	+1.00%	-1.00%	+1.00%	-1.00%
Discount rates	(₱582,659)	₱664,511	(₱498,565)	₱565,200
Salary rates	665,047	(593,579)	571,685	(512,695)

The Cooperative plans to contribute ₱100,000.00 to the defined benefit retirement plan in 2024.

The average duration of the defined benefit obligation at the end of the reporting period is 7.2 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than 1 year	₱638,164	₱472,584
More than 1 year to 5 years	5,197,039	3,092,508
More than 5 years to 10 years	3,867,895	4,605,392
More than 10 years to 15 years	5,300,197	6,315,947
More than 15 years to 20 years	3,314,635	2,782,704
More than 20 years to 25 years	4,020,772	1,744,180

17. Other Income

This account consists of:

	2023	2022
Membership and administrative fee	₱26,390,053	₱18,371,886
Miscellaneous income (Notes 10 and 20)	1,576,122	2,836,122
	₱27,966,175	₱21,208,008

18. Administrative Expenses

This account consists of the following:

	2023	2022
Member's benefits (Note 12)	₱146,000,000	₱90,734,400
Salaries, wages, and other benefits (Notes 16 and 19)	10,535,622	8,576,352
General support services	7,432,181	4,236,199
Travel and transportation	1,230,639	1,374,996
Professional and consultancy fees	1,152,760	1,111,280
Depreciation and amortization (Notes 8, 9 and 10)	643,551	227,946
Office supplies	591,448	366,298
Meetings and conferences	517,467	335,858
Taxes, fees and charges	499,263	605,834
Insurance	218,320	284,892
Power, light and water	165,058	108,874
Rentals (Note 20)	103,491	162,190
Communication	83,902	90,739
Provision (reversal of provision) for credit and impairment losses (Note 5)	55,557	(17,915,803)
Miscellaneous	402,267	812,384
	₱169,631,526	₱91,112,439

In 2023 and 2022, the Cooperative acquired a 1-year licensed software amounting to ₱23,632 and ₱20,144, respectively. The said amounts are fully amortized during the corresponding year and amortization expense are recognized in 'Depreciation and amortization' account.

Miscellaneous expenses include bank charges, litigation expense, repair and maintenance, license software and others.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Cooperative's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- post-employment benefit plans for the benefit of the Cooperative's employees, and
- entities under common significant influence (CARD-MRI entities).

The Cooperative has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

Remunerations of Directors and other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Cooperative, directly or indirectly. The Cooperative considers the members of the board of directors and senior management to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The compensation of key management personnel included under 'Salaries, wages and other benefits' (Note 18) follows:

	2023	2022
Short-term employee benefits	₱2,189,760	₱1,631,580
Post-employment benefits	4,572,004	3,664,596
	₱6,761,764	₱5,296,176

Other Related Party Transactions

Transactions between the Cooperative and its key management personnel meet the definition of related party transactions. Transactions between the Cooperative and its affiliates within the CARD-MRI, also qualify as related party transactions.

Cash and cash equivalents, loans and other receivable and trade and other payables

The table below shows the cash and cash equivalents, accounts receivable and accounts payable held by the Cooperative for key management personnel, associates and affiliates as at December 31, 2023 and 2022:

Category	December 31, 2023		Nature, Terms and Conditions
	Amount / Volume	Outstanding Balance	
Associate:			
Cash and cash equivalents (Note 4)		₱31,690,514	This pertains to savings and time deposit accounts with CARD SME with annual interest rates ranging from 0.50% to 5.20%.
Deposits	₱378,959,225		
Withdrawals	358,182,114		
Interest income	424,584		This pertains to interest earned from savings and time deposits with CARD SME.
Receivable from associate (Note 5)			– This pertains to CARD SME's share of expenses still payable to the Cooperative included in "Other current receivables".
Billings	356		
Collections	356		
Payable to affiliates (Note 11)			– This pertains to the Cooperative's share of expenses still payable to CARD SME and CARD Masikhay included in "Other accounts payable".
Billings	67,200,396		
Payments	67,200,396		
Other related parties:			
Cash and cash equivalents (Note 4)		39,584,967	This pertains to the savings, checking and time deposit accounts maintained with CARD Bank with annual interest rates of 1.50% to 4.55%.
Deposits	1,346,371,004		
Withdrawals	1,353,555,937		
Interest income	1,519,298		This pertains to interest earned from savings and time deposits with CARD Bank.
Payable to affiliates (Note 11)		1,311,258	This pertains to the Cooperative's share of expenses still payable to CARD Mutual Benefit Association, Inc. (MBA) included in "Other accounts payable".
Billings	303,734,566		
Payments	303,527,954		
Receivable from affiliates (Note 5)			– This pertains to CARD MBA's share of expenses still payable to the Cooperative which are unimpaired, due and demandable, and receivables for common shares issued for the employees of an associate included in "Other current receivables".
Billings	3,544,066		
Collections	3,551,166		

Category	December 31, 2022		Nature, Terms and Conditions
	Amount / Volume	Outstanding Balance	
Associate:			
Cash and cash equivalents (Note 4)		₱10,913,403	This pertains to savings and time deposit accounts with CARD SME with annual interest rates ranging from 0.50%.
Deposits	₱156,151,174		
Withdrawals	180,417,326		
Interest income	98,244		This pertains to interest earned from savings and time deposits with CARD SME.
Receivable from associate (Note 5)		—	This pertains to CARD SME's share of expenses still payable to the Cooperative included in "Other current receivables".
Billings	330		
Collections	330		
Other related parties:			
Cash and cash equivalents (Note 4)		46,769,900	This pertains to the savings, checking and time deposit accounts maintained with CARD Bank with annual interest rates of 1.50%.
Deposits	814,981,717		
Withdrawals	822,265,557		
Interest income	1,188,434		This pertains to interest earned from savings and time deposits with CARD Bank.
Payable to affiliates (Note 11)		1,104,646	This pertains to the Cooperative's share of expenses still payable to CARD MBA included in "Other accounts payable".
Billings	14,432,812		
Payments	14,613,617		
Receivable from affiliates (Note 5)		7,100	This pertains to CARD MBA's share of expenses still payable to the Cooperative which are unimpaired, due and demandable, and receivables for common shares issued for the employees of an associate included in "Other current receivables".
Billings	1,063,331		
Collections	2,289,060		

Investments related transactions with related parties are disclosed in Notes 6 and 7.

20. Lease Contracts

As a lessor

Operating lease income recognized in 2023 and 2022 under 'Other income' amounted to ₱31,833 and ₱7,200, respectively (Note 17).

As a lessee

The Cooperative leases its computer units from CLFC. The lease commenced in 2021, with a lease term of twenty-four (24) months for computers. Leased items shall be surrendered to the lessor after the termination of the lease agreement.

The future aggregate minimum lease payments under operating leases follow:

	2023	2022
Within one year	₱24,400	₱45,828

Operating lease expense recognized in 2023 and 2022 under 'Rentals' in 'Administrative expenses' amounted to ₱0.10 million and ₱0.16 million, respectively (Note 18).

21. Notes to Statements of Cash Flows

The table below provides for the changes in liabilities arising from financing activities:

	January 1, 2023	Additions	Settlements	Other adjustments	December 31, 2023
Loans payable	₱159,869,455	₱350,000,000	(₱215,330,949)	₱—	₱294,538,506

	January 1, 2022	Additions	Settlements	Other adjustments	December 31, 2022
Loans payable	₱158,958,659	₱80,000,000	(₱79,089,204)	₱—	₱159,869,455

22. Approval for the Release of Financial Statements

The accompanying financial statements were approved and authorized for issue by the BOD on March 20, 2024.

23. Supplementary Information Required under Revenue Regulations (RR) 15-2010 and 34-2020

Revenue Regulations 15-2010

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002. The Regulations provide that starting 2010 the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year. The Cooperative also reported and/or paid the following types of taxes for the year:

Taxes and Licenses

Taxes and licenses of the Cooperative consist of:

Documentary stamp tax	₱218,027
Government licenses	4,914
Local taxes	276,322
	₱499,263

Withholding Taxes

Details of total remittances of withholding taxes and withholding taxes payable are as follows:

	Total remittances	Balance
Withholding taxes on compensation and benefits	₱315,183	₱52,065
Expanded withholding taxes	239,484	14,557
	₱554,667	₱66,622

Tax Assessment and Cases

On July 26, 2021, the Cooperative received a letter of authority from the BIR to examine the books of accounts and other accounting records for all revenue taxes including documentary stamp tax and other taxes for the taxable period January 1, 2020 to December 31, 2020. Documents were submitted on August 31, 2021. On January 18, 2024, the BIR rendered final assessment following the inspection of the Cooperative's accounting books and records, and the Cooperative paid the tax assessment on the same day.

Revenue Regulations 34-2020

On December 18, 2020, the BIR issued RR 34-2020 to streamline the guidelines and procedures for the submission of BIR Form No. 1709 (RPT Form), transfer pricing documentation and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the Regulations provides the list of taxpayers that are required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under the Regulations as it does not meet any criteria of taxpayers that are required to file and submit RPT Form as prescribed in Section 2 of the Regulations.



APPENDICES

Office

San Pablo City, Laguna

Partners

Cooperative Development Authority (CDA)

Quezon Federation and Union of Cooperative (QFUC)

CITY COOP

LANDBANK





CARD EMPC Head Office

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