MACTAN ISLAND MULTI-PUPOSE COOPERATIVE

AUIDTED FINANCIAL STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

MACTAN ISLAND MULTI-PURPOSE COOPERATIVE

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MACTAN ISLAND MULTI-PURPOSE COOPERATIVE
STATEMENTS OF FINANCIAL CONDITION

	Notes		As of December 31, 2013		2012
A S S E T S					
Current Assets					
Cash and cash equivalents	2, 5	P	8,737,311.35	P	6,177,506.24
Loans receivable, net	2, 6		13,999,897.08		10,052,480.05
Other receivables	2, 7		574,244.82		803,453.65
Inventories			493,706.79		607,264.20
Prepayments	8		58,272.26		58,272.26
Total current assets			23,863,432.30		17,698,976.40
Investments	9		2,407,266.77		2,306,888.84
Property and equipment, net	2, 10		3,506,955.43		2,770,767.17
Other assets	11		1,666,882.30		1,410,664.66
			7,581,104.50		6,488,320.67
TOTAL ASSETS		P	31,444,536.80	P	24,187,297.07
L I A B I L I T I E S A N D E Q U I T Y					
Current Liabilities					
Deposit liabilities	12	P	20,543,492.93	P	16,375,842.36
Interest on share capital and patronage refunds payable	2, 19		567,719.43		209,208.74
Accrued expenses and other payables	13		225,766.69		103,856.22
Total current liabilities			21,336,979.05		16,688,907.32
Other funds payable			57,697.52		146,678.72
Loans payable			916,666.67		-
TOTAL LIABILITIES			22,311,343.24		16,835,586.04
Share capital - *common, authorize 10,000,000 shares; par value P100 per share*			8,553,867.46		6,870,569.97
Statutory funds			579,326.10		481,141.06

TOTAL EQUITY		9,133,193.56		7,351,711.03
TOTAL LIABILITIES AND EQUITY	P	31,444,536.80	P	24,187,297.07

(See accompanying notes to financial statements)

MACTAN ISLAND MULTI-PURPOSE COOPERATIVE

STATEMENTS OF FINANCIAL OPERATION

	Notes		Years Ended December 31, 2013		2012
INTEREST INCOME					
Loans and accounts receivable	2	P	3,333,002.72	P	2,542,265.60
Deposit with bank and others entities			262,166.02		242,551.62
			3,595,168.74		2,784,817.22
FINANCING COSTS	2, 16		1,677,596.27		1,348,743.10
NET INTEREST INCOME			1,917,572.47		1,436,074.12
PROVISION FOR PROBABLE LOSSES AND IMPAIRMENT			100,000.00		-
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES AND IMPAIRMENT			1,817,572.47		1,436,074.12
OTHER OPERATING INCOME	2				
Gross income from sales	14		66,800.27		115,748.07
Service fee			373,916.50		243,213.44
Fines, penalties and surcharges			322,129.53		432,826.88
Membership fee			6,180.00		9,560.00
Other income	15		335,856.45		299,066.05
			2,922,455.22		2,536,488.56
OPERATING EXPENSES	2				
Personnel costs	17		919,929.67		818,855.66
Rental			305,000.00		270,000.00
Officers honorarium and allowances			262,706.30		278,483.11
Insurance and bonding			135,016.98		81,255.66
General assembly expenses			124,189.01		115,297.00
Power, light and water			121,289.61		116,244.03
Depreciation and amortization			101,533.24		69,551.81
Professional fees			76,490.00		61,410.70
Office supplies			52,880.64		69,686.06
Miscellaneous expenses	18		311,261.66		356,834.90
			2,410,297.11		2,237,618.93
NET INCOME	2, 19	P	512,158.11	P	298,869.63
(See accompanying notes to financial statements)			512,158.11		

MACTAN ISLAND MULTI-PURPOSE COOPERATIVE

STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2013 and 2012

		STATUTORY RESERVES (2, 19)			
	SHARE CAPITAL	General Reserve Fund	Education & Training Fund	Comm. Dev't. Fund	Optional Fund	TOTAL
Balance at January 01, 2012	P 5,856,597.25	P 386,381.02	P 56,124.74	P 20,042.64	P 113,859.98	P 6,433,005.63
Add (Deduct) - Transactions during the year						
Addt'l contributions from members, net	1,013,972.72					1,013,972.72
Fund applications			(56,124.74)		(113,859.98)	(169,984.72)
Net income allocation		29,886.96	14,943.48	8,966.09	20,920.87	74,717.40
Balance at December 31, 2012	6,870,569.97	416,267.98	14,943.48	29,008.73	20,920.87	7,351,711.03
Add (Deduct) - Transactions during the year						
Addt'l contributions from members, net	1,683,297.49					1,683,297.49
Fund applications			(14,943.49)	(11,234.12)	(3,676.88)	(29,854.49)
Net income allocation		51,215.81	25,607.91	15,364.74	35,851.07	128,039.53
Balance at December 31, 2013	P 8,553,867.46	P 467,483.79	P 25,607.90	P 33,139.35	P 53,095.06	P 9,133,193.56
(See accompanying notes to financial statements)	8,553,867.46	467,483.79	25,607.90	33,139.35	53,095.06	

MACTAN ISLAND MULTI-PURPOSE
COOPERATIVE
STATEMENTS OF CASH FLOWS

	Years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	P 512,158.11	P 298,869.63
Add (deduct) - Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation/amortization	101,533.24	69,551.81
Provision for probable losses and impairment	100,000.00	-
Increase in loans receivables	(4,047,417.03)	(1,279,448.86)
Decrease (increase) in other receivables	151,202.53	(141,188.43)
Decrease (increase) in inventories	113,557.41	(43,223.46)
Increase in prepayments	-	(2,050.94)
Increase in deposit liabilities	4,167,650.57	5,117,640.60
Decrease in accrued expenses & other payables	(15,290.16)	(828,862.46)
Net cash provided by operating activities	1,083,394.67	3,191,287.89
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(100,377.93)	(1,187,716.36)
Increase in property and equipment	(837,721.50)	(327,194.32)
Increase in other assets	(233,606.10)	(775,669.96)
Net cash used in investing activities	(1,171,705.53)	(2,290,580.64)

CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in loans payable	916,666.67	(644,987.85)
Increase in share capital	1,683,297.49	1,013,972.72
Payment of interest on capital & patronage refund pay.	-	(363,269.23)
Charges against statutory funds	(29,854.49)	(169,984.72)
Net cash provided by (used in) financing activities	2,570,109.67	(164,269.08)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,481,798.81	736,438.17
CASH AND CASH EQUIVALENTS, January 01	6,255,512.54	5,519,074.37
CASH AND CASH EQUIVALENTS, December 31	P 8,737,311.35	P 6,255,512.54
(See accompanying notes to financial statements)	8,737,311.35	6,177,506.24

	2013	2012
5. CASH AND CASH EQUIVALENTS		
This account consists of:		
Cash in bank	P 4,825,664.49	P 3,796,319.13
Cash in Coop Federation	3,591,146.86	2,060,687.11
Petty cash fund	20,000.00	20,000.00
Revolving / change fund	300,500.00	300,500.00
	P 8,737,311.35	P 6,177,506.24

Cash in cooperative federation represents money deposited in the federation to which the cooperative is affiliated. Cash in bank and in cooperative federation earns interest at their respective bank deposit rates. Interest income earned from deposits with banks and other cooperative as of December 31, 2013 and 2012 amounted to P262,166.02 and P242,551.62. respectively.

Revolving fund are funds set up to cater the cash requirement of their daily instant loan releases. A reasonable amount of petty cash fund is maintained to cover small payments not covered by checks, such as transportation, small amount of office supplies and other payments as defined by management.

6. LOANS RECEIVABLE, net

Details and status of this account at December 31, follows:

Provident	P 3,617,502.64	P 3,214,761.17
Productive	3,955,912.24	2,340,240.74

Special	2,971,142.66	1,870,618.87
Litigations	1,661,413.23	1,714,481.53
Express / Instant	661,919.77	734,041.16
Restructured	663,402.31	218,176.70
Others	837,239.20	228,794.85
	14,368,532.05	10,321,115.02
Less - Allowance for probable losses	368,634.97	268,634.97
Net realizable value	P 13,999,897.08	P 10,052,480.05

Loans receivables are loans extended by cooperative to its members which could either be utilized for productive or provident purposes to finance a business, educational, medical and other purposes. These loans are secured with the member's share capital, time deposits, real estate and chattel mortgages as specified by the cooperative's policy.

Interest rates charge on each loan may vary depending on the risk assumed by cooperative associated with the members fixed deposits. Generally, interest on the loans ranges from 1.5% to 3% per month.

These loans are repayable over a maximum of two years, except for emergency and express loans which terms ranges from one month to six months.

As at December 31, the status of the loan receivables account follows:

	2013	2012
Current	P 13,092,246.77	P 9,374,885.51
Portfolio at Risk:		
1 - 3 months	294,398.49	199,309.36
3 - 6 months	165,520.64	405,309.96
6 - 12 months	605,606.85	267,271.77
over 12 months	210,759.30	74,338.42
	P 14,368,532.05	P 10,321,115.02

7. OTHER RECEIVABLES

This account is composed of the following:

Accounts receivable - trade	P	355,154.35	P	728,286.18
Other receivables		247,440.47		103,517.47
		602,594.82		831,803.65
Less - Allowance for probable loss		28,350.00		28,350.00
	P	574,244.82	P	803,453.65

Other receivables includes the unreconciled variance in revolving fund and cash on hand amounting to
P97,865.47.

	2013	2012
8. PREPAYMENTS		
This account consists of:		
Unused office supplies	P 50,872.26	P 50,872.26
Prepaid rent	7,400.00	7,400.00
	P 58,272.26	P 58,272.26

9. INVESTMENTS

These account represents ordinary shares in various Cooperative-related organizations which ownership is below 20% and are not quoted on any market, hence accounted for at cost, subject to impairment.

10. PROPERTY AND EQUIPMENT, net

This comprises the following:

(a.) 2012

	Balances	Transactions during the year		Balances
	Jan.01, 2012	Addition	Disposals	Dec.31, 2012
Land and improvements	P 2,277,000.00	P 231,633.32	P	P 2,508,633.32
Furniture and office equip.	889,368.50	95,560.00		984,928.50
Leashold improvement	41,214.70	1.00	12,143.00	29,072.70
	3,207,583.20	327,194.32	12,143.00	3,522,634.52
Accumulated depreciation	694,458.54	69,551.81	12,143.00	751,867.35

Net book value	P 2,513,124.66	P 257,642.51	P -	P 2,770,767.17

(a.) 2013

	Balances Jan.01, 2013	Transactions during the year Addition	Disposals	Balances Dec.31, 2013
Land & improvements	P 2,508,633.32	P -	P -	P 2,508,633.32
Building	-	620,093.50	-	620,093.50
Furniture & office equip.	984,928.50	217,628.00	47,898.00	1,154,658.50
Leashold improvement	29,072.70	-	1.00	29,071.70
	3,522,634.52	837,721.50	47,899.00	4,312,457.02
Accum. depreciation	751,867.35	101,533.24	47,899.00	805,501.59
Net book value	P 2,770,767.17	P 736,188.26	P -	P 3,506,955.43

The carrying value of these property and equipment at December 31, 2013 and 2012 is equal to the net book value.

	2013	2012
11. OTHER ASSETS		
This account consists of:		
Real and other properties	P 872,626.84	P 729,360.84
Computerization costs	315,200.00	311,200.00
Coop Centrum	190,028.50	190,028.50
Deferred charges	266,415.42	161,323.80
Other assets	22,611.54	18,751.52
	P 1,666,882.30	P 1,410,664.66

Other assets in Coop Centrum represent placement with this coop federation, which is engaged in trading of goods, whose operation was closed last February 29, 2012. Total placement with this federation amounted to P190,028.50. No allowance set up for impairment loss pending the final liquidation of the entity.

Real and other properties represents assets acquired in settlement of the accounts and is valued at the balance of the loan and related charges billed out by the cooperative to its delinquent borrowers. Assessment of the property at its market value and recognizing its gain or loss of the transactions will be made once the legal right of redemption of the defaulting borrower expires.

		2013	2012
12.	DEPOSIT LIABILITIES		
	Details of this account follows:		
	Time deposits	P 16,669,638.50	P 12,801,917.40
	Savings deposits	3,873,834.43	3,573,924.96
		P 20,543,472.93	P 16,375,842.36

Savings deposits are withdrawal upon demand and are subject to annual interest rates of 4% to 6% depending on the amount of savings deposits placements while time deposits are withdrawable upon maturity whose terms ranges from six months to one year. These deposits carries interest rates ranges from 2.5% to 11% per annum.

Interest expense related to deposit liabilities amounted to P1,662,012.93 and P1,267,076.40 for the periods ended December 31, 2013 and 2012 respectively.

		2013	2012
13.	ACCRUED EXPENSES AND OTHER		

PAYABLES

This account consisted of:

Due to apex organization	P 25,607.90	P 14,943.48
Other payables	200,158.79	88,912.74
	P 225,766.69	P 103,856.22

		2013		2012
14.	GROSS INCOME FROM SALES			
	At December 31, gross income from sales is computed as follows:			
	Sales	P 2,271,593.14	P	2,602,178.73
	Less - Cost of sales			
	Merchandise inventory, beginning	607,264.20		564,040.74
	Purchases (net)	2,091,235.46		2,529,654.12
	Total goods available for sale	2,698,499.66		3,093,694.86
	Less - Merchandise inventory, end	493,706.79		607,264.20
	Cost of sale	2,204,792.87		2,486,430.66
	Gross income from sales	P 66,800.27	P	115,748.07
15.	OTHER INCOME			
	This account consists of:			
	Annual dues	P 23,400.00	P	39,177.61
	Miscellaneous Income	312,456.45		259,888.44
		P 335,856.45	P	299,066.05

16. FINANCING COSTS

This account is broken down as follows:

Interest expense on deposits	P 1,662,012.93	P 1,267,076.40
Interest on borrowed funds	15,583.34	81,666.70
	P 1,677,596.27	P 1,348,743.10

		2013	2012
17.	PERSONNEL COSTS		
	The details of this account at December 31, follows:		
	Salaries and wages	P 659,921.25	P 617,967.92
	Employee benefits	136,146.07	81,312.04
	SSS/Philhealth/Pag-ibig contribution	63,364.55	51,427.20
	13th month pay	53,997.80	57,496.50
	Retirement benefits	6,500.00	10,652.00
		P 919,929.67	P 818,855.66

18. MISCELLANEOUS EXPENSES

Details of this account follows:

Communication	P 80,164.50	P 54,025.20
Transportation and travel	42,195.30	35,426.50
Trainings/seminars	40,383.04	23,473.50
Repairs and maintenance	20,758.10	33,718.72
Advertising and promotion	19,362.75	15,249.00

Members' benefit expenses	18,635.50	42,983.34
Social services expense	17,184.98	22,829.60
Taxes and licenses	16,205.38	18,219.04
Representation	16,073.42	24,367.50
Meetings and conferences	15,767.36	16,917.85
Litigation expenses	4,500.00	65,509.00
Miscellaneous expenses	20,031.33	4,115.65
	P 311,261.66	P 356,834.90

	2013	2012
19. NET INCOME ALLOCATION		
This income is allocated as follows:		
Reserve fund	P 51,215.81	P 29,886.96
Education & training fund		
Local	25,607.91	14,943.48
National	25,607.91	14,943.48
Optional fund	35,851.07	20,920.87
Community development fund	15,364.74	8,966.09
Interest on share capital and patronage refund payable	358,510.68	209,208.75
	P 512,158.12	P 298,869.63

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

In addition to the required supplementary information under RR No. 15-2010, on December 9, 2011, the Bureau of Internal Revenue (BIR) issued RR No. 19-2011 which prescribes the new annual income tax forms that will be used for filing effective taxable year 2011. Specifically, companies are required to disclosed certain tax information in their respective notes to financial statements. This supplemental information is presented as follows:

TAXES AND LICENSES

The details of taxes and licenses account for the year ended December 31, is broken down as follows:

Business permit and licenses	P 12,905.38	P 14,820.04
Others	3,300.00	3,399.00
	P 16,205.38	P 18,219.04

WITHHOLDING TAXES

The details of total withholding tax on compensation and expanded for the year ended December 31, 2013 and 2012 are shown below:

	2013	2012
COMPENSATION		
Beginning Balance	P 3,591.64	P 2,227.25
Withholding Tax due for the year	31,838.57	27,090.49
Remittance during the year	29,069.20	25,726.10
Ending Balance	P 6,361.01	P 3,591.64
EXPANDED		
Beginning Balance	P 1,007.00	P 1,007.00
Withholding Tax due for the year	12,084.00	12,084.00
Remittance for the year	12,084.00	12,084.00
Ending Balance	P 1,007.00	P 1,007.00

The balance of withholding taxes as of December 31, 2013 & 2012 is presented as part of other
payables under accrued expenses and other payables in the statements of financial position.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the cooperative for the year ended December 31, 2013 were authorized

for issue by the Board of Directors on March 14, 2014.

MACTAN ISLAND MULTI-PURPOSE COOPERATIVE
STATEMENTS OF FINANCIAL CONDITION

	As of December 31,	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	P 8,737,311.35	P 6,177,506.24
Loans receivable, net	13,999,897.08	10,052,480.05
Other receivables	574,244.82	803,453.65
Inventories	493,706.79	607,264.20
Prepayments	58,272.26	58,272.26
	23,863,432.30	17,698,976.40
Non-Current Assets		
Investments	2,407,266.77	2,306,888.84
Property and equipment, net	3,506,955.43	2,770,767.17
Other assets	1,666,882.30	1,410,664.66
	7,581,104.50	6,488,320.67
TOTAL ASSETS	P 31,444,536.80	P 24,187,297.07
LIABILITIES AND EQUITY		
Current Liabilities		
Savings and other deposits	P 20,543,492.93	P 16,375,842.36
Interest on share capital and patronage refunds payable	567,719.43	209,208.74
Accrued expenses and other payables	225,766.69	103,856.22
	21,336,979.05	16,688,907.32
Other funds payable	57,697.52	146,678.72
Loans payable	916,666.67	-

		22,311,343.24		16,835,586.04
Equity				
Share capital - *common, authorize 10,000,000*				
shares; par value P100 per share		8,553,867.46		6,870,569.97
Statutory funds		579,326.10		481,141.06
		9,133,193.56		7,351,711.03
TOTAL LIABILITIES AND EQUITY	P	31,444,536.80	P	24,187,297.07
		0.00		0.00

Net income	512,158.11	
Depreciation	101,533.24	
Provision	100,000.00	
Loans receivable, net		4,047,417.03
Other receivables	229,208.83	
Inventories	113,557.41	
Investments		100,377.93
Property and equipment, net		837,721.50
Other assets		256,217.64
Savings and other deposits	4,167,650.57	
Interest on share capital and patronage refunds payable		
Accrued expenses and other payables	96,302.57	
Other funds payable		88,981.20
Loans payable	916,666.67	
Share capital - *common, authorize 10,000,000*		
shares; par value P100 per share	1,683,297.49	
Statutory funds		29,854.49
	5,360,569.78	7,920,374.89