

**KABUHAYAN SA GANAP NA KASARINLAN
CREDIT AND SAVINGS COOPERATIVE
(KASAGANA- KA OR K-COOP)**

**No. 5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit,
Commonwealth, Quezon City-II, MM**

**AUDITED FINANCIAL STATEMENTS
*December 31, 2018 and 2017***

MARTHA P. MANCINI
Chairperson

ANNE B. PARELA
Treasurer

MARIE ANNE R. GAYNADO
General Manager

Amounts in Philippine Pesos


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2018. Management is likewise responsible for all information and representations contained in the financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the yearended December 31, 2018 and the accompanying Annual Income Tax Return are in accordance with the books and records of **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)**, complete and correct in all material respects. Management likewise affirms that:

- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


MARTINIANA G. MANCIO
Chairperson


JAIME E. VARELA
Treasurer


MARIA ANNA D.R. IGNACIO
General Manager

Signed on April 2, 2019.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)** is responsible for all information and representations contained in the financial statements for the year ended December 31, 2018. The financial statements have been prepared in conformity with Philippine Financial Reporting Framework for Cooperatives in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the members of the cooperative.

Ma. Elma Ilagan-Ame, the independent auditor appointed by the board of Directors for the years 2018 and 2017, has examined the financial statements of the cooperative in accordance with the Philippines Standards on Auditing and the Standard Audit Systems for Cooperatives and has expressed her opinion on the fairness of presentation upon completion of such examination, in her report to the members of the cooperative.


MARTINIANA G. MANCIO
Chairperson


JAIME E. VARELA
Treasurer


MARIA ANNA D.R. IGNACIO
General Manager

Signed on April 2, 2019.



COMPILATION REPORT

**TO THE GENERAL ASSEMBLY
THRU THE BOARD OF DIRECTORS
KABUHAYAN SA GANAP NG KASARINLAN CREDIT AND SAVINGS COOPERATIVE
(Kasagana-Ka or K-Coop)
No. 5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit,
Commonwealth, Quezon City-II, MM**

We have compiled the accompanying financial statements of **KABUHAYAN SA GANAP NG KASARINLAN CREDIT AND SAVINGS COOPERATIVE** based on information you have provided. These financial statements comprise the statement of financial condition of **KABUHAYAN SA GANAP NG KASARINLAN CREDIT AND SAVINGS COOPERATIVE** as at December 31, 2018, the statement of operations, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

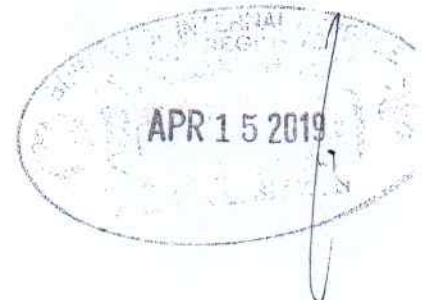
We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Framework for Cooperatives. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with Philippine Financial Reporting Framework for Cooperatives.


JOHN RICK R. GATDULA
CPA No. 151155
TIN No. 257-302-631-000
PTR No. 1613639, January 3, 2019 Trece Martires City, Cavite
BOA No. 6692 (valid until March 10, 2020)
BIR Accreditation No. 09-007245-001-2018 (March 22, 2018 to December 18, 2021)

02 April 2019



STATEMENT OF REPRESENTATION

TO THE COOPERATIVE DEVELOPMENT AUTHORITY:

In connection with my examination of the financial statements of the **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)** covering the period ended December 31, 2018 that are herewith submitted to the Cooperative Development Authority, I hereby represent the following:

1. That said financial statements herewith attached are prepared and presented in conformity with the Philippine Financial Reporting Framework for Cooperatives;
2. That in the conduct of my audit, I adhered to the Philippine Standards on Auditing and the Standard Audit System for Cooperatives (SASC) as required by the Cooperative Development Authority;
3. That I am qualified as provided for in Section 8 of the Code of Professional Ethics for Certified Public Accountants and Article 81 of R.A. No. 9520 (Cooperative Code of the Philippines);
4. That I am fully aware of my responsibility as an independent auditor for the audit report issued and attached to the financial statements and the sanctions to be bestowed on me for my misrepresentations that I may have willingly or unwillingly committed;
5. That I nor any member of my immediate family do not have any direct or indirect financial interest with the cooperative;
6. That I am not an employee nor an officer of a secondary cooperative or tertiary cooperative of which this cooperative is a member;
7. That I am not an employee of the Cooperative Development Authority nor have I engaged an employee of the CDA in the course of audit;
8. That I make representation in my individual capacity;
9. That I am a member of the Cavite Chapter of the PICPA.

It is however, understood that my accountability is based on matter within the normal coverage of an audit conducted in accordance with Philippine Standards on Auditing and the Standard Audit Systems for Cooperatives.

MA. Elma L. Ame

MA. ELMA L. ILAGAN-AME

CPA No. 79047

TIN No. 134-550-503-000

PTR No. CAV1751044, January 4, 2019, Trece Martires City, Cavite

BOA Reg. No. 0195 (Valid until December 31, 2019)

SEC Accreditation No. 0448-AR-3 (Group C) (May 1, 2016 to May 1, 2019)

BIR Accreditation No. 09-002142-001-2017 (November 28, 2017 to November 27, 2020)

CDA Accreditation No. 0001 (November 18, 2016 to November 17, 2019)

03 April 2019



STATEMENT REQUIRED BY SECTION 8-A, REVENUE REG. NO. V-20

**THE GENERAL ASSEMBLY AND THE BOARD OF DIRECTORS
KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE
(Kasagana-Ka or K-Coop)
No. 5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit,
Commonwealth, Quezon City-II, MM**

In compliance with Section 8-A, Revenue Regulation V-20, I am stating the following:

1. That the taxes paid or accrued by the above taxpayer for the year ended December 31, 2018 are shown in the schedule of taxes and licenses attached to the income tax return.
2. That I am not related by consanguinity or affinity to the Management and Members of the Board of Directors;
3. That I, as the Principal/ Managing Director of M. I. Ame Accounting Office, or my staff, have no financial interest to the Cooperative or any family relationships with its management.

Ma. Elma L. Ame

MA. ELMA L. ILAGAN-AME

CPA No. 79047

TIN No. 134-550-503-000

PTR No. CAV1751044 , January 4, 2019, TreceMartires City, Cavite

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03 April 2019



INDEPENDENT AUDITOR'S REPORT

**TO THE GENERAL ASSEMBLY
THRU THE BOARD OF DIRECTORS
KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE
(Kasagana-Ka or K-Coop)
No. 5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit,
Commonwealth, Quezon City-II, MM**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)**, which comprise the statements of financial condition as at December 31, 2018 and 2017, 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 position of **KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE (Kasagana-Ka or K-Coop)** as at December 31, 2018 and 2017, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework for Cooperatives.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs) and the Standard Audit System for Cooperatives (SASC). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Cooperative in accordance with the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

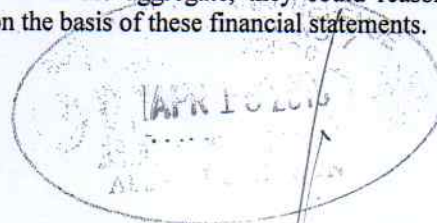
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Philippine Financial Reporting Framework for Cooperatives, and for such internal control as management determines is necessary to enable the preparation of financial statements that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

In preparing the financial statements, management is responsible for assessing the 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.

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 Other Legal and Regulatory Requirements

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses, taxable revenue and deductible expenses in the related notes to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Those supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, those supplementary information are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MA. ELMA L. ILAGAN-AME

MA. ELMA L. ILAGAN-AME

CPA No. 79047

TIN No. 134-550-503-000

PTR No. CAV1751044 , January 4, 2019, Trece Martires City, Cavite

BOA Reg. No. 0195 (Valid until December 31, 2019)

SEC Accreditation No. 0448-AR-3 (Group C) (May 1, 2016 to May 1, 2019)

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03 April 2019



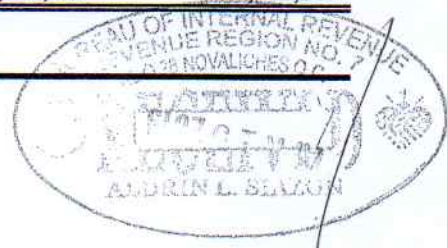
STATEMENTS OF FINANCIAL CONDITION
As of December 31, 2018 and 2017

(Amounts in Philippine Pesos)

	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	47,534,170	30,649,872
Loans and Receivables	6	326,317,737	248,608,183
Other Current Assets	7	2,362,662	1,297,268
Total Current Assets		376,214,569	280,555,323
Non-current Assets			
Property, Plant and Equipment (net)	8	4,998,235	3,270,490
Intangible asset - net	9	18,517	46,333
Total Non-Current Assets		5,016,752	3,316,823
TOTAL ASSETS		381,231,321	283,872,146
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Deposit Liabilities	10	126,583,288	100,027,187
Accrued expenses		5,099,434	3,168,375
Accounts payable - non trade	11	-	5,820,217
Interest on Share Capital Payable	22	4,482,164	3,142,883
Patronage Refund Payable	22	8,388,672	5,836,782
Due to Unions/Federations	22	1,556,030	641,405
Loans Payable - current	21	29,562,119	-
Other Current Liabilities	12	39,373,119	28,519,889
Total Current Liabilities		215,044,826	147,156,736
Non-Current Liabilities			
Retirement fund payable	20	6,040,050	3,750,744
Accounts payable - non trade	13	99,823,426	113,469,051
Loans Payable - non-current	21	17,338,203	-
Total Non-Current Liabilities		123,201,678	117,219,795
TOTAL LIABILITIES		338,246,505	264,376,531
EQUITY			
Share Capital	14	3,927,100	2,500,000
Deposits on Share Capital Subscriptions	14	884,402	960,500
		4,811,502	3,460,500
Statutory Funds			
Reserve Fund	15	31,120,601	12,828,092
Cooperative Education and Training Fund	15	1,126,541	641,405
Community Development Fund	15	1,569,288	769,686
Optional Fund	15	4,356,884	1,795,933
Total Statutory Funds		38,173,314	16,035,115
TOTAL EQUITY		42,984,816	19,495,615
TOTAL LIABILITIES AND EQUITY		381,231,321	283,872,146

See Accompanying Notes to Financial Statements.

APR 15 2019



KABUHAYAN SA GANAP NA KASARINLAN CREDIT AND SAVINGS COOPERATIVE
No. 5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit, Commonwealth, Quezon City-II, MN

STATEMENTS OF OPERATIONS

For the years ended December 31, 2018 and 2017

(Amounts in Philippine Pesos)

	Notes	2018	2017
REVENUES FROM CREDIT OPERATIONS			
Interest Income	16	146,783,130	122,027,490
Service Fees		28,692,028	20,379,559
Total Revenues from Credit Operations		175,475,158	142,407,049
OTHER INCOME	17	5,146,000	1,820,801
DIRECT COST			
COST OF SERVICES	18	113,702,744	97,861,495
FINANCING COST			
Interest Expense on Loans Payable		639,821	-
Interest Expense on Member's Savings	10	5,804,037	4,884,359
TOTAL DIRECT COST		120,146,602	102,745,854
ADMINISTRATIVE COST	19	23,889,538	20,649,602
TOTAL DIRECT AND ADMINISTRATIVE COST		144,036,140	123,395,456
NET SURPLUS FROM OPERATIONS		36,585,018	20,832,394
NET SURPLUS		36,585,018	20,832,394
DISTRIBUTED AS FOLLOWS:			
Reserve Fund		18,292,509	10,416,197
Optional Fund		2,560,951	1,458,268
Cooperative Education and Training Fund		914,625	520,810
Due to Unions/ Federations		914,625	520,810
Community Development Fund		1,097,551	624,972
Interest on Share Capital		4,481,665	2,551,968
Patronage Refund		8,323,092	4,739,370
NET SURPLUS AS DISTRIBUTED		36,585,018	20,832,394

See Accompanying Notes to Financial Statements.



STATEMENTS OF CHANGES IN EQUITY
 For the years ended December 31, 2018 and 2017

(Amounts in Philippine Pesos)

	Notes	2018	2017
SHARE CAPITAL			
Balance at beginning of year		2,500,000	300,000
Add: Receipts from Collection of Subscriptions		1,427,100	2,200,000
Total		3,927,100	2,500,000
Less: Adjustments			
Balance at end of year	14	3,927,100	2,500,000
DEPOSITS ON SHARE CAPITAL SUBSCRIPTION	14	884,402	960,500
STATUTORY FUNDS			
Reserve Fund			
Balance at beginning of year		12,828,092	2,411,895
Add: Allocation from Net Surplus		18,292,509	10,416,197
Total		31,120,601	12,828,092
Adjustments			
Balance at end of year	15	31,120,601	12,828,092
Cooperative Education and Training Fund			
Balance at beginning of year		641,405	120,595
Add: Allocation from Net Surplus		914,625	520,810
Total		1,556,030	641,405
Less: Expenditures/adjustments		(429,489)	-
Balance at end of year	15	1,126,541	641,405
Community Development Fund			
Balance at beginning of year		769,686	144,714
Add: Allocation from Net Surplus		1,097,551	624,972
Total		1,867,236	769,686
Less: Expenditures		(297,948)	-
Balance at end of year	15	1,569,288	769,686
Optional Fund			
Balance at beginning of year		1,795,933	337,665
Add: Allocation from Net Surplus		2,560,951	1,458,268
Total		4,356,884	1,795,933
Adjustments			
Balance at end of year	15	4,356,884	1,795,933
TOTAL STATUTORY FUNDS		38,173,314	16,035,115
TOTAL EQUITY		42,984,816	19,495,615

See Accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts in Philippine Pesos)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus		36,585,018	20,832,394
Adjustments to reconcile net surplus to net cash provided by operating activities			
Depreciation		1,866,137	1,339,888
Amortization of Intangibles		41,817	28,500
Provision for probable losses on loans		4,576,947	476,280
<i>Operating Income before Working Capital Changes</i>		43,069,919	22,677,061
Changes in Assets and Liabilities			
Decrease (Increase) in:			
Loans and Receivables		(82,286,501)	(40,563,125)
Other Current Assets		(1,065,395)	(472,004)
Intangibles		(14,000)	(12,000)
Increase (Decrease) in:			
Accrued expenses		1,931,060	1,290,946
Due to Unions/Federations		-	-
Interest on Share Capital Payable		(3,142,384)	-
Patronage Refund Payable		(5,771,201)	-
Retirement payable		2,289,306	3,101,307
Other Current Liabilities		10,853,230	15,739,449
Net cash generated from operations		(34,135,966)	1,761,634
Net cash provided by (used in) operating activities		(34,135,966)	1,761,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of Property and Equipment		(3,593,882)	(1,698,460)
Net cash provided by (used in) investing activities		(3,593,882)	(1,698,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Deposit Liabilities		26,556,102	15,372,463
Increase (Decrease) in Program Subsidy Payable		(19,465,842)	(9,179,783)
Increase (Decrease) in Loans Payable		46,900,322	
Movements in Statutory Funds		(727,438)	
Net Changes in Share Capital		1,427,100	2,200,000
Net Changes in Deposits on Share Capital Subscriptions		(76,098)	(1,746,375)
Net cash provided by (used in) financing activities		54,614,146	6,646,304
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,884,297	6,709,478
ADD: CASH AND CASH EQUIVALENTS, JANUARY 1		30,649,872	23,940,394
CASH AND CASH EQUIVALENTS, DECEMBER 31		47,534,169	30,649,872

See Accompanying Notes to Financial Statements.