

## **BIBLIOGRAPHY**

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## **ABSTRACT**

This study aimed to identify and document the Bahong Multi-Purpose Cooperative; to determine the growth of the cooperative in membership, total share capital, total assets, total liabilities, and net surplus; to identify the policies and problems and to give recommendations for the improvement of their operation.

The respondents of the study were the manager, secretary, staff/officer and members of the cooperative, the needed information and data, were gathered using an interview guide.

In the 18 years of operation of the Bahong Multi-Purpose Cooperative there was of membership, total share capital, total assets, total liabilities, and net surplus. The Bahong Multi-Purpose Cooperative grew in membership from 1991 to 2008 with a corresponding growth in total share capital, total assets, total liabilities, and net surplus.

There is a direct relationship between the number of members and each of the following: total share capital, total assets, total liabilities, and net surplus, strict implementation of cooperative policies, started in 2007. The respondents also identified that the problem encountered on the operation of the Bahong Multi-Purpose Cooperative are mainly lack of cash for loans and few members are saving.

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## **INTRODUCTION**

### Background of the Study

A progressive cooperative sustaining standard socio-economic condition of its members as the vision of the Bahong Multi-Purpose cooperative.

The municipality of La Trinidad in Benguet, Philippines has 16 barangays, one of which is barangay Bahong known as “The Rose Capital of the Philippines”. Bahong is also widely referred to as the "Rose Garden of the Philippines" due to the vast areas of rose and various cut flower plantations in the area. It is inhabited by both Ibaloy and people from Mt. Province including the Pangasinenses.

On September 1990, two months after the killer earthquake, the Department of Agriculture-La Trinidad and Land Bank of the Philippines-Benguet Field office, assisted farmers of Bahong in the organization of a cooperative. They conducted an orientation/seminar and pre-membership seminar-workshop. There were forty-four (44) interested individuals who organized the Bahong Multi-Purpose Cooperative (BMPC) with an initial capital of one hundred thirty three thousand five hundred ninety three pesos (Php133,593.00). All the initial members are resident of Barangay Bahong, La Trinidad, Benguet, an agriculture based community engaged in vegetable and cut flower production.

In February 6, 1991, the Cooperative Development Authority (CDA) approved the registration of the cooperative. The cooperative, with its office at Bahong Warehouse, started its operation on Credit Services and Consumer Services retailing selected basic commodities such as rice, sugar and LPG. At the same time, the Land Bank of the Philippines field staffs assisted the members to avail loans for farm inputs for vegetable



and cut flower production and hog fattening, which was approved and released the same year in the amount of two hundred eighty seven thousand two and eighty centavos (Php. 287,002.80). Likewise, the Department of Agriculture has provided funds for hog raising in the amount of seventy thousand pesos (Php. 70,000).

In one year operation, the cooperative posted a net surplus of forty thousand two hundred forty eight pesos and fifty eight centavos (Php. 40,248.58). Membership increase to sixty two (62) members with a total share capital of two hundred fifty two thousand one hundred six pesos (Php. 252,106.00) from members and savings deposits amounting to eighty two thousand four hundred thirty nine pesos and twenty five centavos (Php. 82,439.25).

After four years of operation, capitalization was increased to three hundred sixty two thousand eight hundred ninety six pesos and thirty three centavos (Php. 362,896.33) with 131 cooperative members. In 1995, a trial of cut-flower and vegetable marketing at Kalentong, Manila by the BMPC and other cooperatives was undertaken but failed due to minimal sales, thus the operation ceased and relocated in Dimasalang, Sampaloc Manila. Cut flower produced by farmers were brought to the Bahong Warehouse (coop office at the time) for recording, quality control and packing to be transported and sold in Manila by coop personnel's, there were 36 members who participated in this venture. But in 1998, members involved in these venture decreased due to individual entrepreneurship whereby members set up their own flower shops in Manila. During the General Assembly it was then agreed upon that the marketing operation of the cooperatives shall be suspended.



In line with the plan of the cooperative to venture on farm input and basic commodities, it has acquired a lot in July 1998 where the present cooperative office and cold storage was constructed.

The cooperative has assisted farmer-members having access to the government programs. At present, most farmers are now engaged in cut flower production replacing their vegetable farming. Rose cut flower is now extensively cultivated in the barangay, that the Secretary of Agriculture, Hon. William Dar 1998, after his visit to the area declared it as the rose Capital of the Philippines.

In the year 2,000, through the effort of the officers of the cooperative they were able to get assistance for the Department of Labor and Employment (DOLE). DOLE conducted training for composting and granted fund amounting to six hundred thousand pesos (Php. 600,000.00) which was used for the construction of a cold storage which is now being operated by the cooperative. The following year, the Floral Green House was constructed with funds granted by the Department of Agriculture (DA) amounting to eight hundred thousand pesos (Php. 800,000.00). The marketing service of the cooperative is now operating the post harvest facility or the cold storage and cut flower production in the Floral Green House. (Bahong Multi Purpose Cooperative Operational Manual 2008).

### Statement of the Problem

The study aim to answer the following questions:

1. Is there growth in the cooperative as to

- Number of members
- Total assets
- Total share capital
- Total liabilities



- Net surplus
2. What are the policies of cooperative that affected its growth?
  3. What are the problems encountered by the cooperative?

### Objectives of the Study

In order to answer the problems of the study the following are the objectives of the study:

1. To determine the growth of the cooperative as to
  - Number of members
  - Total liabilities
  - Total share capital
  - Net surplus
  - Total assets
2. To identify the policies of cooperative that affected its growth.
3. To identify the problems of the cooperative.

### Importance of the Study

This study was conducted to provide information on the development of cooperatives in the municipality. The information gathered could be used as input for making plans and decision to improve the operation of the cooperative.

In addition, the research would also serve as reference to the students, specifically to the BS Agribusiness, Cooperative, Management students and other research who are also interested in Cooperative Management and Development.

Finally, the result of the study could be used as a source of information for further research and other related studies. It may also provide some guide to students and researchers who are interested in conducting similar studies.





### Scope and Limitation of the Study

The study conducted focused on the operation of the Bahong Multi-purpose Cooperative (BMPC) in the Barangay Bahong La Trinidad, Benguet.

### Definition of Terms

Cooperative. A cooperative is an autonomous association of persons united voluntarily to meet their common social and cultural needs and aspirations through jointly owned and democratically controlled enterprises. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity.

Credit. It is borrowing money, usually to buy goods. Interest usually has to be paid on a loan. There may also be administration costs to pay, and interest may be charged on these too. A creditor is an individual or a company making a loan and may also be known as the lender.

Documentation. The recording in a permanent format of information derived from conservation activities.

Marketing. It is an ongoing process of planning and executing the marketing mix for products, services or ideas to create exchange between individuals and organizations. It is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Growth. It is Refers to an increase in some quantity over time. The quantity can be physical (e.g., growth in height, growth in an amount of money) or abstract (e.g., a system becoming more complex, an organism becoming more mature). It can also refer to the mode of growth, i.e. numeric models for describing how much a particular quantity grows over time.



Regression. It is a statistical measure that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y) and a series of other changing variables (known as independent variables). The two basic types of regression are linear regression and multiple regressions. Linear regression uses one independent variable to explain and/or predict the outcome of Y, while multiple regressions use two or more independent variables to predict the outcome. Regression takes a group of random variables, thought to be predicting Y, and tries to find a mathematical relationship between them. This relationship is typically in the form of a straight line (linear regression) that best approximates all the individual data points. Regression is often used to determine how many specific factors such as the price of a commodity, interest rates, particular industries or sectors influence the price movement of an asset (Dictionary 2009).



## **REVIEW OF LITERATURE**

### Beginning of BMPC

On September 1990, two months after the killer earthquake, the Department of Agriculture-La Trinidad and Land Bank of the Philippines-Benguet Field office, assisted farmers of Bahong in the organization of a cooperative. They conducted an orientation/seminar and pre-membership seminar-workshop. There were forty-four (44) interested individuals who organized the Bahong Multi-Purpose Cooperative (BMPC) with an initial capital of thirty thousand three hundred pesos (Php. 30,300). All the initial members are resident of Barangay Bahong, La Trinidad, Benguet, an agricultural based community engaged in vegetable and cut flower production such as roses.

In February 6, 1991, the Cooperative Development Authority (CDA) approved the registration of the cooperative. The cooperative, with its office at Bahong Warehouse, started its operation on Credit Services and Consumer Services retailing selected basic commodities such as rice, sugar and LPG. At the same time, Land Bank of the Philippines field staffs assisted the members to avail loans for farm inputs for vegetable and cut flower production and hog fattening, which was approved and released the same year in the amount of two hundred eighty seven thousand two and eighty centavos (Php. 287,002.80). Likewise, the Department of Agriculture has provided funds for hog raising in the amount of seventy thousand pesos (Php. 70,000).

After the years of trials, challenges and frustrations faced by the officers of the cooperative, the officers exerted more effort and learned from their experiences, they were able to manage the cooperative for almost Sixteen Years (16) which help in development and employment of the Barangay. In 2007 the cooperative has employed ten



staff that includes a full time manager. The Audited Financial Statement of the cooperative has reached a net surplus of Php. 245,286.22 and total assets of 3.7 Million pesos. (Manual Operation of Bahong Multi-Purpose Cooperative, 2008).

### Cooperative Growth

Cooperative Housing Foundation (CHF) International is applying a variety of existing best practices and methodological tools to help cooperative stakeholders improve their performance through the Innovating, Measuring and Promoting Poverty Alleviation by Cooperatives in Transition Societies (IMPPACTS) program. Implemented in Bosnia, Mongolia, Rwanda and the Philippines, this initiative is working with cooperative organizations to develop enabling environments for the growth of cooperative businesses in each respective country. Through these activities, the CDA will be able to effectively and efficiently track performance of cooperatives and assist them in further developing their attributes and turning their weaknesses into strengths.

This paper examines the factors that affect the annual growth of cooperatives and investor owned firms (IOF) in Greek dairy industry over the period 1990–94. A comparison based on both cooperative principals and property rights theory is made between IOFs and cooperatives to study their characteristics. However an empirical work is required to explain differences, if any, in the growth of the two types of firms within the same market. The work examines the determinants of the annual growth and it tests whether significant differences between IOFs and cooperatives exist. Ordinary least squares results show that both diversification and advertising strategies are important determinants for IOF growth, while the cooperative growth depends on capital structure



and intensity and these organizations do not effectively apply competitive strategies (Oustapassidis *et al.*, 2008).

Member equity and its multiple links to the rest of the cooperative are worth examining closely, for this is an area in which co-ops still have much to learn. Practices among cooperatives vary widely, and along with examples of healthy cooperative businesses with strong and growing member equity systems, there are many instances of neglect of the role of member capital or of inconsistent and irrational organizational practices.

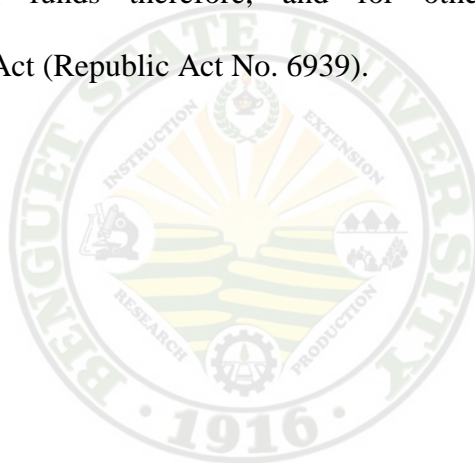
If capital is the lifeblood of a business, a co-op's member equity system may indicate whether that business is anemic or full of vitality. Yet member equity usually is less evident and less promoted than other features of the cooperative. Even where there are growing sales and a satisfied membership, there may be a serious capital problem. Frequently we find that members are owners in name only, with but a token investment in the co-op. There may be little sense of identity as owners of a business, and little attention given to whether the cooperative is building equity (Gutknecht 2008).

This article explores the issue of cooperative growth from both an empirical and theoretical perspective. Using total assets as the measure of cooperative size, we present long-term, time-series data from seven of the largest regional agricultural cooperatives in Canada and the United States. We then examine the issue of growth from a theoretical perspective, integrating the literature on investor-oriented firm growth with the literature on cooperative growth. The empirical analysis that follows from the theoretical analysis suggests it is not possible to reject Gibrat's Law for six of the seven cooperatives; that is, that a cooperative's long-term growth rate is independent of its size. The empirical results



also suggest the growth rate for the cooperatives in the sample is low, perhaps even zero. (Fulton and Fulton, 2008).

An Act creating the Cooperative Development Authority to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development, defining its powers, functions and responsibilities, rationalizing government policies and agencies with cooperative functions, supporting cooperative development, transferring the registration and regulation functions of existing government agencies on cooperatives as such and consolidating the same with the authority, appropriating funds therefore, and for other purposes (Cooperative Development Authority Act (Republic Act No. 6939).



## **METHODOLOGY**

### Locale and Time of the Study

The study was conducted in DC-104, Bahong, La Trinidad, Benguet province where the office of the Bahong Multi-Purpose Cooperative is located. It will be conducted from November 2008 to March 2009.

### Respondents of the Study

The respondents of the study were the General Manager, 5-10 members, 2-3 staff/officer and the Chairman or Vice Chairman of the cooperative.

### Data Collection

The data collection was gathered through personal interview. The secondary data were taken from the reports, By-laws and minutes of the meeting of the Board of Directors.

### Data Gathered

The data gathered were the types and number of members, maximum total share capital, total assets, paid-up share capital, their practices, programs and policies and the problems encountered by the cooperative.

### Data Analysis

The data collected were tabulated and analyzed with the use of the trends analysis. Using Microsoft excel to show the correlation between the variables in the study.



## **RESULT AND DISCUSSION**

### The First Officers of the Cooperative

The Bahong Multi Purpose Cooperative is registered with Cooperative Development Authority with Registration No. Reg. #QC-423 last Feb. 6, 1991. It was organized by 44 interested individuals' members that are bona fide resident of Barangay Bahong, La Trinidad, Benguet, an agricultural based community engaged in vegetable and cut flower production such as roses. The old organizational structure as presented by the chairman was that the Board of Directors are the higher than the other committees elected by the Assembly.

For the year under audit, the following are the officers:

a. Board of Directors:

1. Wilfred D. Padio - Chairman
2. Jeffrey D. Visaya - Vice Chairman
3. Milagrose Perez - Secretary/Member
4. Linda Chiok - BOD member
5. Jacinta Segundo - BOD member
6. Rosita G. Serrano - BOD member
7. Virginia S. Bahod - BOD member
8. Marlon S. Cayat - BOD member
9. Jose Cristino - BOD member
10. John S. Pulas - BOD member
11. Rosenda M. Taras - BOD member





## b. Credit Committee:

- |                   |             |
|-------------------|-------------|
| 1. Eduarda Garoy  | - Chairman  |
| 2. Nora Suhat     | - Secretary |
| 3. Rosita Morales | - Member    |

## c. Audit/Inventory, Supervisory Committee:

- |                    |                 |
|--------------------|-----------------|
| 1. Catherine Bahod | - Chairman      |
| 2. Belen Segundo   | - Vice Chairman |
| 3. Susana Cayat    | - Member        |

## d. Education Committee:

- |                      |                 |
|----------------------|-----------------|
| 1. Jeffrey Visaya    | - Chairman      |
| 2. Marilyn Olitoquit | - Vice Chairman |
| 3. Marceline Visaya  | - Member        |

## e. Election Committee:

- |                    |             |
|--------------------|-------------|
| 1. Eduardo Chiok   | - Chairman  |
| 2. Patrick Mendoza | - Secretary |
| 3. Evelyn Osias    | - Member    |

## f. Treasurer:

- |                   |                        |
|-------------------|------------------------|
| 1. Yolanda Laruan | - Treasurer            |
| 2. Helen Padilla  | - Bookkeeper           |
| 3. Sonia Sim      | - Assistant Bookkeeper |

## g. Unit Head:

- |                    |                     |
|--------------------|---------------------|
| 1. Jacinta Segundo | - Consumers' Unit   |
| 2. John Pulas      | - Water system Unit |



Organizational chart and structure of BMPC. The Bahong Multi Purpose Cooperative is registered with Cooperative Development Authority with Registration No. Reg. #QC-423 last Feb. 6, 1991. Their present organizational chart is composed of the General Assembly, the Board of Director, the Committee plus the Secretary and Treasurer and the Management Staff. The organizational chart of the cooperative is shown in Exhibit 1 and the organizational structure shown also in Exhibit 1 shows that the cooperative is composed of the three services the Water, Credit and Marketing Services.

The general assembly. The general assembly of the cooperative is composed of members entitled to vote duly assembled and constituting a quorum or the regular members as provided in Sec.4 of Art. II of by-laws of the cooperative, it is presented in Appendix A. The regular members are the bona fide residents of Bahong, La Trinidad, Benguet or is residing or working within the area of operation as defined and delimited in Art. III of the Article of this Cooperative. The regular members are those who paid the membership fee of (P150.00)(P50.00), and the value of at least P1,000.00 corresponding to 10 Shares. However, no member shall own more than (20%) of the paid-up share capital of the cooperative, as prescribed in Sec.2 of Art. II presented in Appendix A. The duties of members are in the by-laws of the BMPC as presented in Appendix B.

Growth in membership of the BMPC. Table 1 and figure 1 shows the growth in membership from the time it was registered to the Cooperative Development Authority (CDA) in 1991 up to 2008. The number of members had been increasing annually,



Table 1. Growth in membership of BMPC

YEAR, x	TOTAL MEMBERS, y	xy	x <sup>2</sup>	
1990	26	51,740	676	
1991	44	87,604	1,936	
1992	62	123,504	3,844	
1993	79	157,447	6,241	
1994	87	173,478	7,569	
1995	131	261,345	17,161	
1996	107	213,572	11,449	
1997	103	205,691	10,609	
1998	111	221,778	12,321	
1999	103	205,897	10,609	
2000	131	262,000	17,161	
2001	101	202,101	10,201	
2002	150	300,300	22,500	
2003	170	340,510	28,900	
2004	211	422,844	44,521	
2005	239	479,195	57,121	
2006	333	667,998	110,889	
2007	379	760,653	143,641	
2008	429	861,432	184,041	
TOTAL – 37,981	2,996	5,999,089	701,390	
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-8.215686	27.377855	-0.3001	0.768
X Variable 1	18.233230	2.529283	7.2089	2.08E-06
$\bar{x} = 1,894.26$	$\bar{y} = 157.68$		$r = 0.87441$	



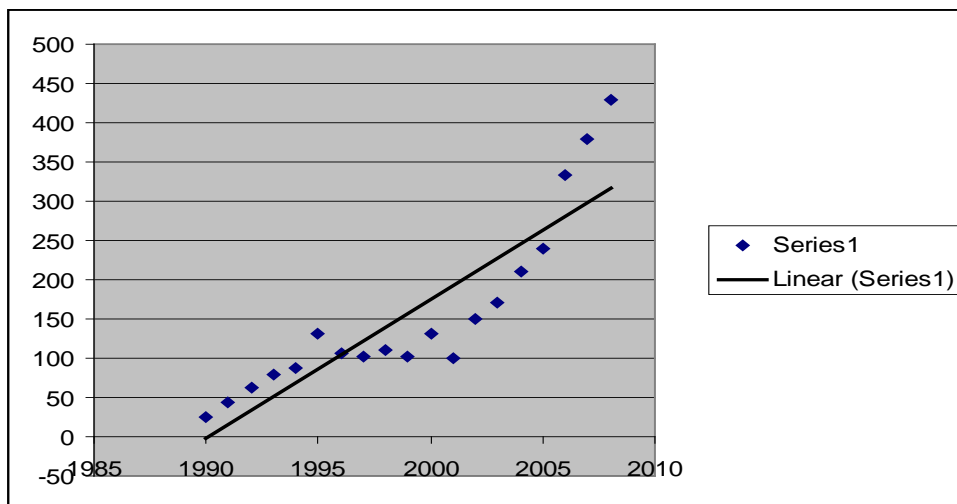


Figure 1. Graph of total members

although at varying rates of increase. The growth from birth until present is increasing, it was only in 1997, 1999 and in 2001 that decrease was experienced. This was due to withdrawals of some members who set up their own flower shops. In 1990 there were only 26 farmers that only talked about organizing the cooperative a cooperative in their Barangay until the Department of Agriculture-La Trinidad and Land Bank of the Philippines-Benguet Field office assisted them in the organization of a cooperative. They conducted an orientation/seminar and pre-membership seminar-workshop. So in 1991 the cooperative was in birth for 44 interested individual members to organize the BMPC. From 2002 until 2008 there was a continued increase of the members from 1991-44 members to 2008-429 members.

The regression analysis showed that there is a positive linear correlation in number of members where the correlation coefficient,  $r$ , equals 0.87441 which is interpreted as high relationship that from 1990 onwards there was continued increase in membership in the cooperative.



The board of directors. The old Board of Directors of BMPC consisted of (11) BOD, that is Chairman, Vice Chairman, Secretary and (8) BOD members, but now at present the Board of Directors are only (5) a Chairman-Wilfred Padio, Vice Chairman-Lufton Safucay, member-Philip Banda-ay, Crisanto Bastian, Esther Mahinay. The BOD should be a member of least one year in cooperative, they are willing to commit themselves for the growth of the cooperative and they are dedicated in the interest of the cooperative. The power, duties and responsibilities of the BOD is presented in Appendix C.

The committees. There are four standing committee of the cooperative, The Audit and Inventory committee, the Credit committee, the Election committee, and the Education and Training committee. These different committees assist the BOD in the planning and implementing of the development programs of the cooperative. They are member of the cooperative for at least one year in the cooperative. Each committee is composed of three (3) members, it like the BOD, they have Chairman, Vice Chairman and a member. Each committee had its own schedule of regular meeting. From Audit committee Chairman-Yolanda Laruan, Vice Chairman-James Carbonel, member-Jantor Morales; Credit committee Chairman-Regina Carbonel, Vice Chairman-Daria Bugatan, member-Jose Cristino; Education and Training committee Chairman-Lufton Safucay, Vice Chairman-Lourdes Garoy, member-Jacinta Segundo; Election committee Chairman-Denver Daniel, Vice Chairman- Jackson Enciong, member-Maura Garoy. The duties and responsibilities of each committee are shown in Appendix D.

The management staff. The management staff of the cooperative is composed of eight six (6) employee headed by the General Manager, Mr. Wally Bayawa. The other



employees included are the Cashier, Accountant or Bookkeeper, Posting Clerk, Pump Operator, and the Plumber/Meter Reader. They were to maintain an efficient service with the cooperative.

### Financial Growth of the Cooperative

This present the growth in paid-up Share Capital, total Assets, total Liabilities, and total Net Surplus from the start of its operation up to 2008.

Total share capital. Table 2 and Figure 2 shows the growth of Bahong Multi-Purpose Cooperative in terms of share capital. It can be seen from the table that from 44 members in 1991, it grew to 429 members in 2008. Correspondingly, there is a growth in total share capital from P133, 593.00 in 1991 to P1,350,735.44 in 2008. It is observed that from 1991 to 1995, there was an increase in membership alongside an increase in total share capital. In 1996, however, the membership decreased but still the total share increased because the cooperative increased the subscribed share capital, according to the cooperative manager. In 2002 and 2003 where membership increased, yet total share capital decreased, the members were required to pay only the minimum subscribed share capital and some did not pay the subscribe share capital. The highest total share capital is Php1,350,735.44 obtained in 2008 corresponding to the highest total membership.

The regression analysis showed that there is a positive linear correlation between number of members and total share capital where the correlation coefficient,  $r$ , equals 0.783 which is interpreted as high relationship. As membership increases, it is expected that total share capital increases, too. The membership and total share capital are related by the regression equation  $y = 204,126.577 + 1,816.108x$ . This means that the total share capital increases on the average by 1,816.108 for every additional member. This finding



Table 2. Growth in total membership and total share capital of BMPC

YEAR	TOTAL MEMBERS, x	TOTAL SHARE CAPITAL (IN PESOS), y	Xy	x <sup>2</sup>
1991	44	133,593.00	5,878,092.00	1,936
1992	62	252,106.00	15,630,572.00	3,844
1993	79	332,914.66	26,300,258.14	6,241
1994	87	362,896.33	31,571,980.71	7,569
1995	131	404,016.52	52,926,164.12	17,161
1996	107	519,548.93	55,591,735.51	11,449
1997	103	435,023.31	44,807,400.93	10,609
1998	111	677,816.72	75,237,655.92	12,321
1999	103	526,478.38	54,227,273.14	10,609
2000	131	535,110.04	70,099,415.24	17,161
2001	101	478,990.41	48,378,031.41	10,201
2002	150	422,870.77	63,430,615.50	22,500
2003	170	365,652.74	62,160,965.80	28,900
2004	211	444,830.07	93,859,144.77	44,521
2005	239	482,925.87	115,419,282.90	57,121
2006	333	543,586.91	181,014,441.00	110,889
2007	379	799,022.82	302,829,648.80	143,641
2008	429	1,350,735.44	579,465,503.80	184,041
TOTAL	2,970	9,068,118.92	1,878,828,182.00	700,714
	Coefficients	Standard Error	t Stat	P-value
Intercept	204126.577	71087.440	2.871486	0.01107702
X Variable 1	1816.108	360.295	5.040608	0.00012059
$\bar{x} = 165$		$\bar{y} = 503,784.38$		$r = 0.783$



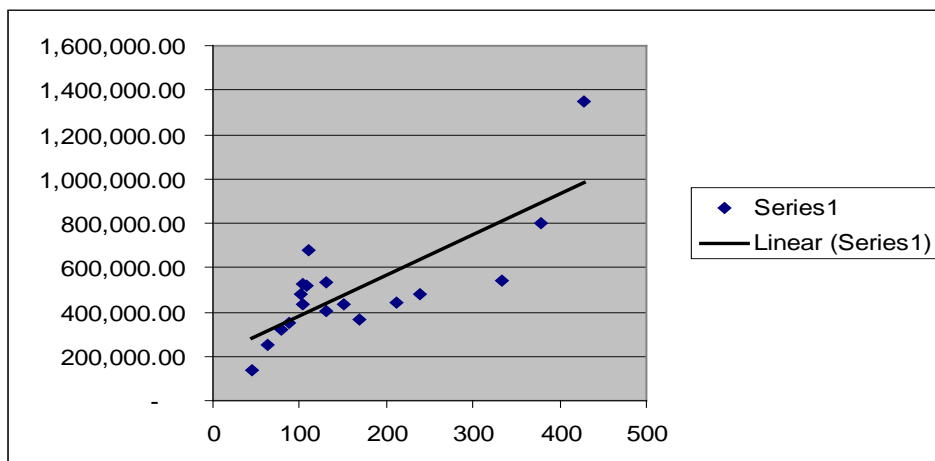


Figure 2. Graph of total members and share capital

agrees with that of growth share capital wherein he said that coop member's equity indicate whether that business is increased in full of vitality.

Total assets. Table 3 and Figure 3 shows the growth of Bahong Multi-Purpose Cooperative in terms of total assets. It can be seen from the table that there is a growth in total assets from P520,673.66 of 44 members in 1991 to P7,034,928.66 of 429 members in 2008. From the year 1991 to 2008 there is a positive relationship between x and y, as total members increased so does total assets.

The regression analysis showed that there is a positive linear correlation between number of members and total assets where the correlation coefficient,  $r$ , equals 0.838 which is interpreted as high relationship. As membership increases, it is expected that total share capital increases, too. The membership and total assets are related by the regression equation  $y = -17,060.50 + 11,090.86x$ . This indicates that for every additional member of the cooperative, there is a corresponding average increase of 11,090.86 pesos in total assets.





Table 3. Growth in total membership and total assets (pesos) of BMPC

YEAR	TOTAL MEMBERS, x	TOTAL ASSETS (IN PESOS), y	xy	x <sup>2</sup>
1991	44	520,673.66	22,909,641.04	1,936
1992	62	986,025.04	61,133,552.48	3,844
1993	79	978,360.59	77,290,486.61	6,241
1994	87	1,101,918.87	95,866,941.69	7,569
1995	131	1,383,847.39	181,284,008.09	17,161
1996	107	1,358,132.52	145,320,179.64	11,449
1997	103	1,428,177.25	147,102,256.75	10,609
1998	111	1,607,429.20	178,424,641.20	12,321
1999	103	1,172,938.24	120,812,638.72	10,609
2000	131	1,105,167.86	144,776,989.66	17,161
2001	101	1,683,360.06	170,019,366.06	10,201
2002	150	1,819,669.62	272,950,443.00	22,500
2003	170	1,749,931.50	297,488,355.00	28,900
2004	211	1,264,852.21	266,883,816.31	44,521
2005	239	1,384,586.61	330,916,199.79	57,121
2006	333	2,267,644.69	755,125,681.77	110,889
2007	379	3,785,125.91	1,434,562,719.89	143,641
2008	429	7,034,928.66	3,017,984,395.14	184,041
TOTAL	2,970	32,632,769.88	96,919,326,543.60	700,714
	Coefficients	Standard Error	t Stat	P-value
Intercept	-17060.50	356504.500	-0.047850	0.962424
X Variable 1	11090.86	1806.887	6.138106	1.43E-05
$\bar{x} = 165$		$\bar{y} = 1,812,931.66$		r = 0.838



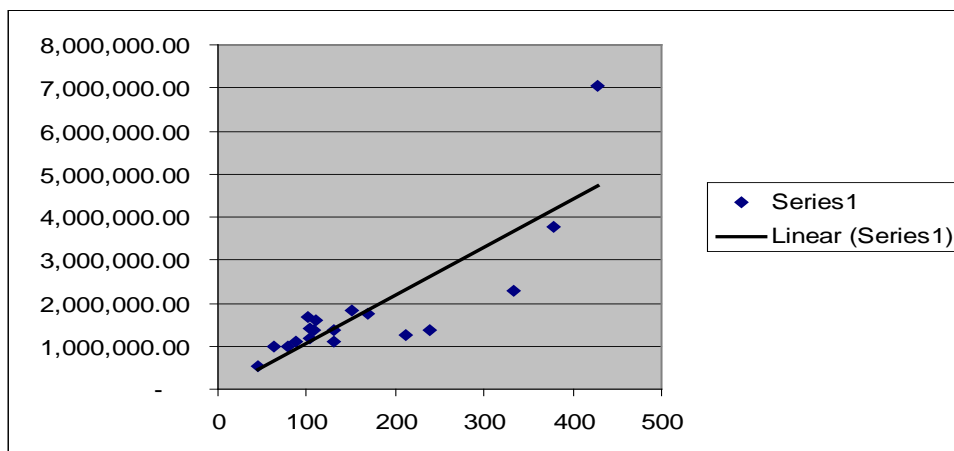


Figure 3. Graph of total members and total assets

Total liabilities. Table 4 and Figure 4 shows the growth of Bahong Multi-Purpose Cooperative in terms of total liabilities. It can be seen from the table that there is a growth in total assets from P369,442.07 in 1991 to P3,575,268.85 in 2008. The total liabilities consisted of savings deposits of members and external borrowing of the cooperative were it can base through the increased and decreased of liability. The liability of members shall be limited and no members shall liable for any indebtedness of the cooperative beyond his subscribe shares.

The regression analysis showed that there is a positive linear correlation between number of members and total liabilities where the correlation coefficient,  $r$ , equals 0.703 which is interpreted as moderate or substantial relationship. As membership increases, it is expected that total liabilities increases, too. The membership and total liabilities are related by the regression equation  $y = -159,570 + 4,908.12x$ . This indicates that for every additional member of the cooperative, there is a corresponding average increase of 4,908.12 pesos in total liabilities.



Table 4. Growth in total membership and total liabilities of BMPC

YEAR	TOTAL MEMBERS, x	TOTAL LIABILITIES (IN PESOS), y	xy	x <sup>2</sup>
1991	44	369,442.07	16,255,451.08	1,936
1992	62	637,862.13	39,547,452.06	3,844
1993	79	457,578.63	36,148,711.77	6,241
1994	87	411,592.40	35,808,538.80	7,569
1995	131	742,381.18	97,251,934.58	17,161
1996	107	457,319.83	48,933,221.81	11,449
1997	103	346,477.23	35,687,154.69	10,609
1998	111	334,009.51	37,075,055.61	12,321
1999	103	467,957.19	48,199,590.57	10,609
2000	131	411,424.54	53,896,614.74	17,161
2002	150	186,789.47	28,018,420.50	22,500
2003	170	123,789.47	21,044,209.90	28,900
2004	211	425,593.94	89,800,321.34	44,521
2005	239	601,916.04	143,857,933.56	57,121
2006	333	511,198.07	170,228,957.31	110,889
2007	379	1,308,096.21	495,768,463.59	143,641
2008	429	3,575,268.85	1,533,790,336.65	184,041
<b>TOTAL</b>	<b>2,869</b>	<b>11,368,696.76</b>	<b>2,931,312,368.56</b>	<b>690,513</b>
	Coefficients	Standard Error	t Stat	P-value
Intercept	-159,570.00	258151.700	-0.61813	0.545764
X Variable 1	4,908.12	1280.895	3.83178	0.001634
$\bar{x} = 168.76$		$\bar{y} = 631,594.264$		$r = 0.703$



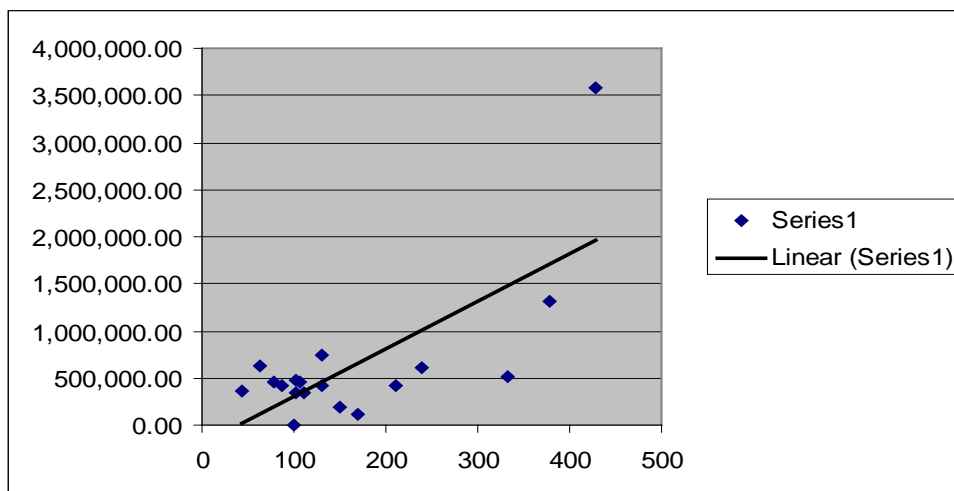


Figure 4. Graph of total members and total liabilities

Total net surplus. Table 5 and Figure 5 shows the growth of Bahong Multi-Purpose Cooperative in terms of net surplus. It can be seen from the table that there is a growth in net surplus from P17,698.59 in 1991 to P3572,228.55 in 2008. The net surplus is the excess payment from members so if the members increased there are many excess of their payments go to net surplus.

The regression analysis showed that there is a positive linear correlation between number of members and net surplus where the correlation coefficient,  $r$ , equals 0.569 which is interpreted as moderate or substantial relationship. As membership increases, it is expected that total net surplus increases, too. The membership and total net surplus are related by the regression equation  $y = -14,087.60 + 756.98x$ . This indicates that for every additional member of the cooperative, there is a corresponding average increase of 756.98 pesos in net surplus.



Table 5. Growth in total membership and net surplus of BMPC

YEAR	TOTAL MEMBERS, x	NET SURPLUS (IN PESOS), y	xy	x <sup>2</sup>
1991	44	17,698.59	778,737.96	1,936
1992	62	40,248.58	2,495,411.96	3,844
1993	79	71,344.73	5,636,233.67	6,241
1994	87	67,931.66	5,910,054.42	7,569
1995	131	79,608.00	10,428,648.00	17,161
1996	107	129,972.71	13,907,079.97	11,449
1997	103	188,312.53	19,396,190.59	10,609
1998	111	225,931.46	25,078,392.06	12,321
1999	103	78,018.16	8,035,870.48	10,609
2000	131	181,989.17	23,840,581.27	17,161
2002	150	-98,779.91	-14,816,986.50	22,500
2003	170	-95,659.68	-16,262,145.60	28,900
2004	211	63,090.30	13,312,053.30	44,521
2005	239	94,339.40	22,547,116.60	57,121
2006	333	70,712.34	23,547,209.22	110,889
2007	379	245,286.22	92,963,477.38	143,641
2008	429	572,228.55	245,486,047.95	184,041
TOTAL	2,869	1,932,272.81	482,283,972.73	690,513
	Coefficients	Standard Error	t Stat	P-value
Intercept	-14087.600	56950.370	-0.24737	0.807978
X Variable 1	756.976	282.576	2.67884	0.017172
$\bar{x} = 168.76$		$\bar{y} = 107,348.49$		$r = 0.569$



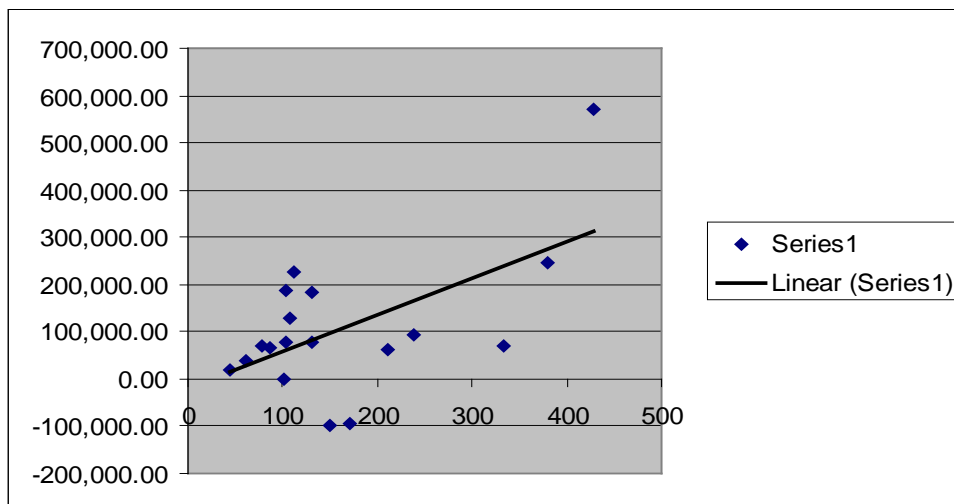


Figure 5. Graph of total members and net surplus

### Capital Structure

#### A. Sources of Funds

1. Membership's share capital contribution;
2. Revolving capital build up which consists of the different payment of patronage refund or interest on share capital;
3. Loans and borrowings including deposits;
4. Subsidies, grants, legacies, aids or donations and such other assistance from any local or foreign institution;
5. The tensions from the proceeds of services or goods procured by members; and
6. Other sources of funds as may authorized by law.

#### B. Sources of Income

The following are the sources of income of the cooperative:

1. Interest on loans, service fee, filling fee, fines and other fees;
2. Sales, connection fee, surcharges from water service;



3. Income from production;
4. Rental income;
5. Income from investment or banks; and
6. Other generating income as approved by the board or general assembly;

### Financial Trends

This section presents the financial picture of the cooperative from 1991 to 2008. Table 6 shows the different computed financial ratios of the cooperative for the Fourteen (14) years. The financial analysis done included: debt ratio, equity ratio, return on investment (ROI), net surplus ratio, and current ratio.

Capital structure. The capital structure shows the debt ratio and equity ratio that if we compare, it can be observed from table 6 that when the debt ratio is increasing, the equity ratio was decreasing and vice versa that when the equity ratio also increased the debt ratio was decreasing but in 1994 only 3.46% difference. In 2001 it is 100% because of the same amount of member's equity and total assets and in 2006 there is a difference by only 1.43%.

Profitability ratio. The profitability ratio has the return on investment (ROI) and net surplus ratio presented in table 6. The return on investment presents the rate of return on the members share capital. The result shows that it increased in three years, decreased in two years, decreased for one year, increased for two years, decreased for one year, and it increased again in 2000 for higher rate of 34% but it does not have rate in 2001 and experience negative in 2002 to 2003. From that negative in two years it became positive for five years and as we observed that it has two years increased in one year decreased. The net surplus shows the proportion of net surplus to the total revenue. This was the



Table 6. Computed financial ratios of the cooperative

YEAR	DEBT RATIO	EQUITY RATIO	ROI	NET SURPLUS RATIO	CURRENT RATIO
1991	70.95%	29.05%	11.70%	5.31%	1.38
1992	64.69%	30.44%	13.41%	19.35%	1.36
1993	51.73%	39.96%	20.18%	30.58%	1.72
1994	43.15%	46.61%	15.28%	27.85%	2.09
1995	53.65%	37.20%	15.46%	28.80%	1.73
1996	33.67%	50.81%	18.84%	16.92%	2.38
1997	24.26%	55.58%	23.72%	17.87%	3.37
1998	20.78%	56.22%	25.00%	35.48%	3.93
1999	39.90%	44.89%	14.82%	19.65%	1.93
2000	35.95%	46.76%	34.00%	39.56%	2.14
2001	-	100%	-	-	-
2002	35.57%	64.43%	-29.19%	-20.06%	0.92
2003	27.18%	72.82%	-28.84%	-13.30%	1.19
2004	118.61%	98.48%	17.85%	7.89%	0.22
2005	28.40%	33.30%	13.37%	8.21%	1.58
2006	22.54%	23.97%	13.00%	4.89%	1.42
2007	34.59%	65.41%	9.91%	15.35%	1.79
2008	53.24%	46.76%	18.22%	25.26%	1.27





same to ROI that it has a negative rate in 2002 to 2003 and no record in 2001. for 1991 to 2000 has a ratio of 5.31% to 39.56% before it go to 2001 to 2003 that has no amount and negative but in 2005 to 2008 the ratio is 7.89% up to 25.26%. This means that in the past years before 2001 they can defray expenses used of the total revenue but in 2001 to 2003 they cannot used their total revenue to defray expenses and in 2004 to 2008 slowly increased the net surplus that they may used their revenue to defray expenses again for they have 15.38% in 2007 and 25.26% in 2008.

Liquidity ratio. The liquidity ratio has only current ratio that presents the ability of the cooperative to meet short term financial obligations. The computed ratios from 1991 to 2008 were greater than one except the 2001 that they have no records and 2002 and 2004 for they have a lower than one for total current asst lower than the total current liability.

#### Policies that Affects the Growth of the Cooperative

The credit policy adopted by the cooperative was based on the general policies that were provided by the CDA. Amendments were rarely done on the policies. Collection on past due loans specially the Agricultural Production Loan which was finance by Land Bank was pose a problem. It caused the credit service to freeze its operation. Some members resigned and withdraw their share capital. Not until 2006 when the cooperative hired a full time manager that extensive changes on policies and articles and bylaws was done and implemented. This resulted in the sharp changes in the financial statements.



On the water service, the water rates are constantly increasing. The member-consumers are getting numerous. The area of water operation is also getting wider. In fact, it is the water service that kept the cooperative survived when the credit service postponed its operation. To this date, the cooperative has about 380 connections compared to the initial connections of only less than 100.

The consumer service, where the cooperative sell basic needs like rice, LPG, sugar etc. was once also active. But for two times, the coop was rob. The operation has ceased until now.

The following are the secretary identified the recent policies that contribute to the increase in number of members and continue to attract more nonmembers:

1. Resuming of the credit services (loans, savings deposits). Some ex-members who withdrew their membership during the non-operation of credit service are returning as members.

2. Additional and improvement of loan services

The cooperative has accepted new terms and mode of payment such as weekly or monthly through the newly added loan service, the salary loan and commercial loan.

The phenomenal emergency loan was also a great success surpassing the expectations of the management. A member can enter the office and in less than 15 minutes, the emergency loan is already released.

The loan ceiling (the maximum amount a member can apply for loan) also increased attracting members to increase their share capital to increase their loans.

3. Additional service like selling greenhouse/farming paraphernalia

4. Simple and undemanding requirements to avail services



Services of the coop does not require bulky of papers. Water service connection doesn't require any certifications or clearance. Loan services are convenient as possible or not too demanding a lot of papers so as not to disturb the work of the members which are mostly farmers.

5. The cooperative offers higher interest rates on savings and time deposits and competitive interest rates on loan services.

The officers and staff of the cooperative, since its birth in 1991, had been relying on loose compilation of policies and from the issuance of government regulation bodies in the management of the cooperative. As the cooperative grows, the policies followed, suit to keep pace with the growth together with the system and procedures. Sometimes confusion and indecision transpire when practice being applied by the cooperative has no backing of concrete policies and guidelines.

#### Problems Face by the Cooperative as the Cooperative Management Identified

1. The cooperative do not have sufficient cash for loans. Few members are saving. Loan applicants (especially big loans) queue and wait for a week or two to have enough cash to be released.

2. About 25% water consumers are still associate members. And many of them are not interested or willing to contribute in the share capital of the cooperative. Some are disoriented with share capital.

3. When the cooperative conducts seminar (membership, education purposes, etc.) few are attending.



4. Some water consumers (members and associate) don't support other services of the cooperative such as savings. Their old practice, they believed that membership is separate according to services so share capital are book separately. They assume that a member of the water service is not a member of the credit service or the other way. That idea still persists to some members. So they persist they can withdraw their membership and share capital in credit service but maintain their water service connection.

5. No records in 2001 for not functioning of the operating machine.



## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### Summary

The Bahong Multi-Purpose Cooperative was organized by 44 interested individuals' members that are bona fide resident of Barangay Bahong, La Trinidad, Benguet, an agricultural based community engaged in vegetable and cut flower production such as roses. The objectives of the cooperative were to provide credit service, marketing service and domestic water service to the members; to engage in the supply of production inputs to members and market their products; to engage in transportation, communication, labor, market management.

The study was conducted primarily to assess the growth of the cooperative in terms of its membership, paid-up share capital, total assets, total liabilities, and total net surplus; to find out any change and improvement in their policies; and to identify the problems of the cooperative and come up with solution or recommendations for the improvement of BMPC.

The manager, secretary and some officers served as the source of primary information while secondary information was taken from the records and reports filed at the cooperative office. This study was conducted from December 2008 to February 2009 at the cooperative office in Bahong, La Trinidad, Benguet.

The result of the study is the cooperative experience up and down/ increased and decreased situation/circumstances in their assets, share capital, liabilities and net surplus but they stand firm and they press on toward their goal even in 2001 was not operated well but they established it until present that they progress as we view in the year 2005 to 2008 that they attained million. It showed that there was growth in membership, paid-up



share capital, total assets, total liabilities, and total net surplus. Even though the assets and share capital fluctuating in 14 years but in 4 to 5 years their will be a growth change. There were some years that it increases and there were also years that it decreases specially in the center of the year from 1991 to 2008.

There had been increment in membership every year. The share capital and the total asset had been continuously also. There were some years that the increments were high and there were some years that increment was low in both the share capital and total asset. Total share capital had been increasing from a mere 133 thousand and it almost multiply to 1.4M in 2008. Out of the current value of assets 46.76% and 53.2% represents members' equity and total liabilities of the cooperative, respectively. From their current assets is indicating that the business is liquid that it can capable to covering the current liabilities for the current ratio is greater than one, except in 2001 to 2004 that it decreased but it increased in 2005 to 2006. As to profitability ratios indicated that for the current year (1991), the cooperative net surplus was above the ideal rate which indicates that the business is profitable.

As to the policies of the cooperative there was not much change and improvements. The problems of the cooperative were the lack of records for 2001 because of not functioning of machine or the machine that operates the water is destroyed.



## Conclusions

Based on the results and findings, the following conclusions were formulated:

1. The success of a cooperative is seen in its membership, share capital, assets and profitability. The BMPC grew in membership from 1991 to 2008 with a corresponding growth in total share capital, total assets, total liabilities, and net surplus.
2. There is a direct relationship between the number of members and each of the following: share capital, total assets, total liabilities, and net surplus.
3. The financial performance of BMPC, based on profitability ratios, indicates that the net surplus is above the ideal rate; this indicates that the cooperative is profitable.
4. Change in policies of the cooperative in 2007 and were strictly followed and implemented that were increase in their membership.
5. BMPC faces some problems just like any other institution. According to the BMPC management, there is lack of sufficient funds for loans since very few members are saving and consequently, loan applicants queue and wait for a week or two. Many members are not willing to contribute to the share capital; very few are attending seminars conducted by the cooperative.

## Recommendations

The following are recommended:

1. More capital, better financial service to the members. Better service results to better way of life for the members; the members should be educated on how to borrow and manage their finances wisely.



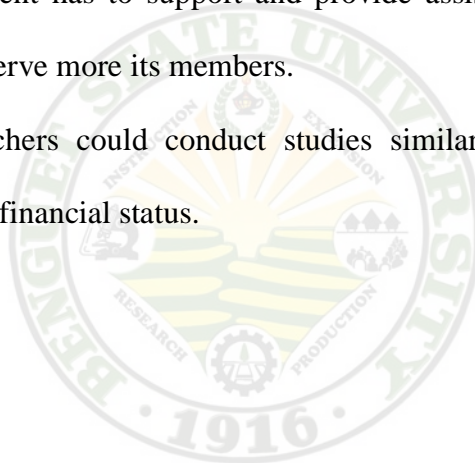
2. The cooperative should have sufficient cash for loans for the members. The BODs and the manager should plan ways and strategies to attract members to attend the seminars and non-members to become members.

3. The cooperative should come up with a capital build-up program so that members will add to their paid-up capital.

4. There has to be attractive scheme to encourage members to contribute in the share capital; they have to feel a sense of ownership since a cooperative is owned by the members.

5. The government has to support and provide assistance to cooperatives like BMPC so that they can serve more its members.

6. Future researchers could conduct studies similar to this in order to help cooperatives assess their financial status.



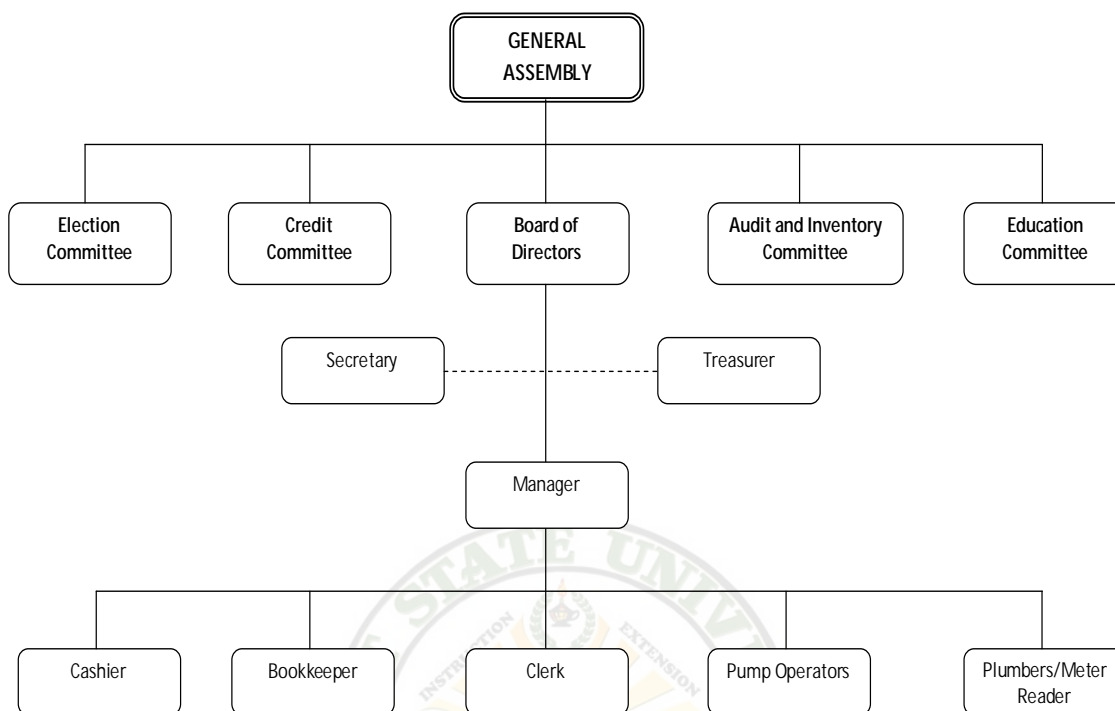


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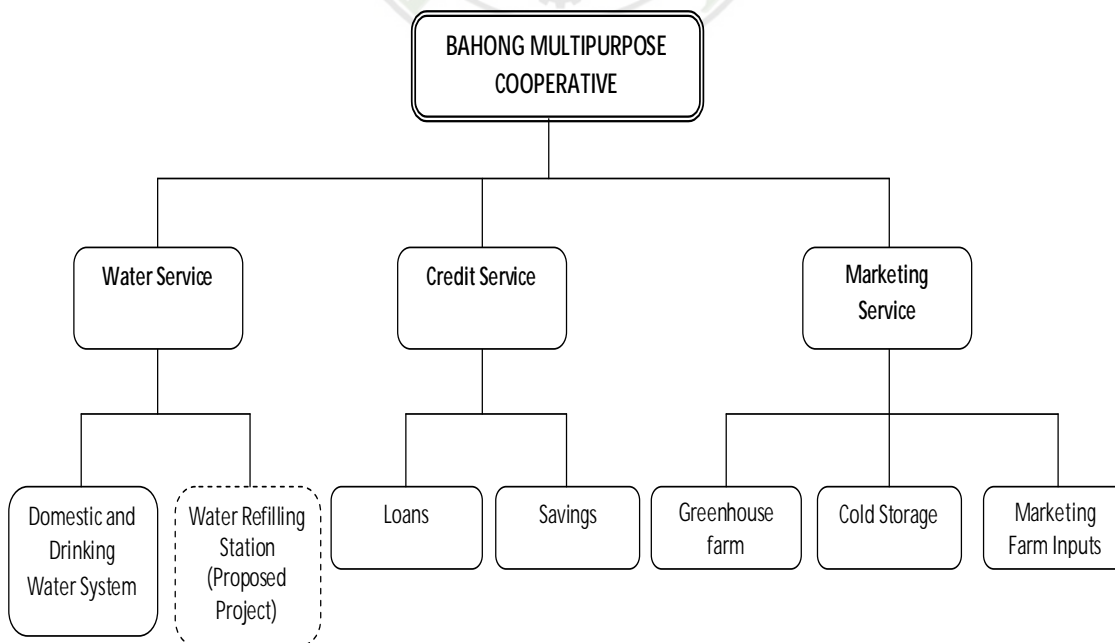
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**EXHIBIT 1**  
COOPERATIVE ORGANIZATIONAL CHART



ORGANIZATIONAL STRUCTURE OF THE COOPERATIVE



## APPENDIX A

## By-Laws of the Bahong Multi-Purpose Cooperative, Inc.

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, citizens and resident of the Philippines, representing a majority of the members of the BAHONG MULTI-PURPOSE COOPERATIVE, INC a primary agricultural multi-purpose cooperative here in after referred o as cooperative, do hereby adopt the following code of by-laws.

## ARTICLE I

## OBJECTIVES AND PURPOSES

Section 1. Objectives and purposes- The Objectives and purposes of this cooperative are those set forth in its Article of cooperation and those generally granted to cooperative under R.A. 6938, and the rulers and regulations there under.

## ARTICLE II

## MEMBERSHIP

That membership of this cooperative shall be open to all person who are of legal age, with capacity to contact or heads of the families and are residing or farming within the area of operation as defined in Article III of the Article of Cooperation thereof.

The prospective members should:

1. Pledge to undertake the responsibilities of members;
2. complete the prescribe pre-membership cooperative education program; and



3. Use or anticipate to use the services of the cooperative in the purchase of production inputs, supplies, tools, equipments, consumer goods, marketing of their produce, processing, and saving and loaning services, etc.

#### Section 2. Application for Membership.

- a. The application for membership shall be in writing on a form provided for the purpose and shall be presented to the Board of Director for action.

The application shall be accompanied by membership fee of One Hundred Fifty Pesos (P150.00) which amount shall be returned in case of rejection.

- b. The applicant shall subscribe for at least 80 shares with a total value of Eight Thousand Pesos (P8,000.00) of which at least One Thousand Pesos (1,000.00) corresponding to 10 shares shall be paid upon submission of the application for membership. The membership and subscription agreement shall provide the term of payment on the unpaid subscription.

However, no members shall own or hold more than twenty per centum (20%) of the share capital of the cooperative.

- c. Appeal- An applicant rejected by the Board of Directors, may appeal to the next general assembly by giving notice to the secretary of the cooperative thirty (30) days before the said General Assembly, whose decision on the matter shall be final.

#### Section 3. Duties of a member – Every member shall have the following duties:

- a. Pay the installment on capital stock subscription as it falls due and to participate on the capital build-up of the cooperative;



- b. Patronize regularly its business;
- c. Adopt improved production technique and practice;
- d. Participate in its parliamentary affairs;
- e. Attend the membership meeting, regular or special;
- f. Obey the rules and regulations provided by R.A. 6938, these by-laws, the decisions of the general assembly and the Board of Directors, and policies and decisions that may be promulgated by the Cooperative Development Authority (CDA); and
- g. Promote the aims and purposes of the cooperative, the success of its business, the welfare of its members and the cooperative movement as a whole.

Section 4. A right of a Member- Every member who is entitled to vote has the following rights:

- a. Participate in the deliberation during membership meeting;
- b. Vote on all matters brought before such meetings;
- c. Seek any elective position, subject to the provision of section 12, Article III of these by-laws;
- d. Avail himself of the services of the cooperative without any discrimination whatever upon compliance with the conditions and requirements thereof; and
- e. Inspect and examine the books of accounts, the minute's books, the share register, and other records of the cooperative during office hours and to exercise other rights and privileges of membership.

A member is entitled to vote when:



- a. Has paid the required membership fee of one hundred fifty (P150.00) (fifty Pesos P50.00) and the value of at least 10 SHARES (Five (5) share) as prescribed in Section 2 of this Article;
- b. Is not delinquent in the payment of his capital contribution and accounts;
- c. Has not violated any provision of these by-laws, rules and regulation, circular/ memoranda and other instruments required of him to execute as provided in these by-laws or as prescribe by the Board of Directors;
- d. Has attended and completed the prescribed cooperative seminars;
- e. Patronizes regularly the business of the cooperative and participates in its parliamentary affairs; and
- f. Complies with all obligations, duties and undertakings of membership.

Section 5. Liability of members – the liability of members shall be limited. No member shall be liable for any indebtedness of the cooperative beyond his subscribed shares.

Section 6. Termination of membership – membership in the cooperative may be terminated either by withdrawal or expulsion.

Section 7. Withdrawal – Any member desiring to terminate his membership by withdrawal shall submit a written application to the Board of Directors. However, no member shall be allowed to withdraw or terminate his membership during any period in which he has any pending obligation with the cooperative.

Section 8. Expulsion – A member may be terminated by a vote of majority of all the members of the Board of Director for any of the following causes;



- a. When a member has not patronized the services of the cooperative for unreasonable period of time as may be fixed by the Board of Directors;
- b. When a member has continuously failed to comply with his obligations;
- c. When a member has acted in violation of the by-laws and the rules of the cooperative; and
- d. For any act or omission injurious or prejudicial to the interest or the welfare of the cooperative.

A member whose membership the Board of Directors may wish to terminate shall be informed of such intended action in writing and shall be given an opportunity to be heard before the said Board makes its decision. The decision of the Board shall be in writing and shall be communicated in person or by registered mail to the member and shall be appealed within thirty (30) days after the decision is promulgated, to the General Assembly whose decision therein, whether in a general or special session, shall be final. Pending a decision by the General Assembly, the membership remains in force.

Section 9. Appraisal and Payment of Members' Interest Upon Termination of Membership. Upon termination of the membership of a member, the Board of Directors shall determine the book value of the member's share capital, in no case to exceed the par value, as established at the year-end audited financial statement nearest to the date of termination and shall fix the amount thereof in money to be paid subject to the availability of funds. Within one year after such termination, or at the option of an expelled or withdrawing member or the heir or his legal representative, he may, in lieu of cash, be issue a revolving fund certificate or other evidence of indebtedness; provided



however, that payment of said equity in cash shall not be made of an account of such payment the value of the cooperative's assets would be less than the aggregate of its debts and liabilities exclusive of capital stock subscribed, or will diminish the reserved under existing laws.

### ARTICLE III GOVERNMENT

Section 1. Membership Control – Subject to the provisions of R.A. 6938, and regulations issued there under, final authority in the management and administration of the affairs of the cooperative is vested in the General Assembly.

Section 2. The General Assembly – The General Assembly of the cooperative shall be composed of members entitled to vote duly assembled and constituting a quorum.

Section 3. Power and Limitations of the General Assembly – The General assembly has the power:

- a. To elect and remove directors, officers and committee members for cause;
- b. To hear and pass upon the reports of the Board of Directors, Officers and committees;
- c. To take final decisions regarding any drastic change in financial policies, subject to legal restrictions;
- d. To determine the amendment/s in the articles of cooperation and/or by-laws;
- e. To exercise final authority on all matters vitally affecting the cooperative;
- f. To approve developmental plans of the cooperative;
- g. To exercise all powers expressly provided by law and by-laws.





Section 4. Annual General Assembly – The General Assembly shall be held on every 4th week of February at the principal office of the cooperative or at any place within the area of operation and at such time as the Board of Directors may designate.

## ARTICLE OF COOPERATION

### 1. Art. II - Objectives and Purposes

- Ü To provide credit service, marketing service and domestic water service to the members.
- Ü To engage in the supply of production inputs to members and market their products.
- Ü To engage in transportation, communication, labor, market management.

### 2. Art. VII – Board of Directors

That the number of directors of this cooperative shall be Five

### 4. Art VIII – Capitalization

That the authorized share capital of the cooperative is Seven Million and said capital is divided into 70,000 shares with a par value of one hundred pesos (100.00).

### 5. Art. IX – Subscribed and Paid-up Capital

That the authorized share capital, which has been actually subscribed, is One Million Seven Hundred Fifty Thousand Pesos (P1,750,000.00) and the amount paid on such subscription is Five Hundred Forty Three Thousand Five Hundred Eight Six Pesos and 91/100 (P543,586.91).



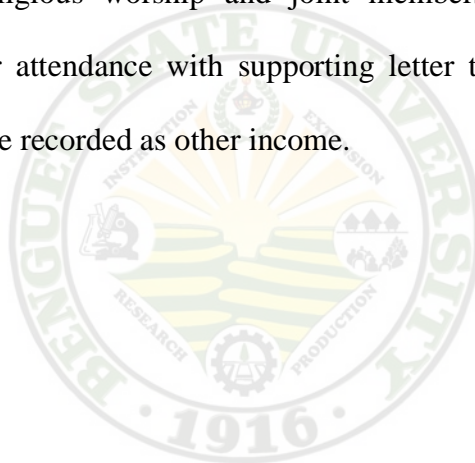
## APPENDIX B

## Duties and Responsibilities of General Assembly

1. To draw up or amend the cooperative's Articles and By-laws and policies;
2. To provide capital for the cooperative by paying his subscribe capital and participate in coop capital build-up programs;
3. To approve affiliations to union, federation, cooperative banks, Apex and consolidation or membership with other cooperatives;
4. To approve investments of cooperative fund/money;
5. To approve investment equity contributions federations, unions and other federation;
6. To elect among themselves those who will serve as members of the Board of Directors and committee members;
7. To approve the dissolution or merger of the cooperative;
8. To approve the acquisition of land/building vehicle and other fixed assets of the coop;
9. To approve long and short-term plans of business expansion, proposed budget and other coop plans;
10. To approve annual reports;
11. Maintain the cooperative by:
  - a. Continuing his or her support during temporary adverse condition such as price wars, etc.;
  - b. Giving constructive suggestions and criticisms to the board of directors and the general assembly rather than airing elsewhere;



- c. Serving conscientiously on the Board of Directors or committees when elected or called to do so;
  - d. Paying obligations on time;
  - e. Monitoring co-makers; and
  - f. Checking records of the cooperative.
12. To regularly attend and participate in the general or special assembly meetings of the cooperative. Failure to attend shall be fined Php 100.00 except to the following reasons: sickness, old age, bereavement, maternal birth, scheduled office works, religious worship and joint members that any of them shall represent in their attendance with supporting letter to the office for reference. Collection shall be recorded as other income.



## APPENDIX C

### Power, Duties and Responsibilities of the Board of Directors

- a. To sign all contracts and agreement, which the coop may enter into that is allowed by the general assembly;
- b. To approve the interest rate of savings, loans, and other charges;
- c. To review the annual plan budget;
- d. Exercise the general supervision on the overall affairs of the coop;
- e. To appoint a person to fill up vacant position of officer incase of vacancy;
- f. To appoint manager;
- g. To approved withdrawal of membership;
- h. Adopt bold and aggressive policies that can withstand the riggers of public scrutiny and a policy of transparency for the welfare of the general membership;
- i. Coordinate with committees and management to effect harmonious business operation; and
- j. To respect the powers of the manager as duly defined in the Articles of Cooperation and By-laws of the Cooperative.

### Specific Duties and Responsibilities of the Board of Directors

- a. Punctuality and religiously attend meetings of the board and general assembly, and actively participate in deliberations;
- b. Vote on issues and matters brought forth in the board meeting taking into consideration the best interest of the cooperative above the self interest;



- c. Elect or cause the appointment of competent, honest, respectable, dedicated and responsible, chairman, secretary, treasurer, general manager and other officers of the cooperative as per by-laws.
- d. Attend activities and affairs of the cooperative that may be scheduled where his presence is needed;
- e. Familiarized himself or herself with the general assembly operation, business and services of the cooperative, including its financial operations;
- f. Promote and advertise the cooperative and its business and services;
- g. Further improve his or her knowledge on cooperative and management by attending trainings or seminar , workshops and conferences;
- h. Divest himself or herself of business similar or in connection with the cooperative;
- i. Avoid interfering with the day-to-day and routine operations and management of the cooperative;
- j. Act with dignity and in manner befitting a representative of cooperative at all times and worthy of respect; and
- k. Protect and defend the good name and reputation of the cooperative taking time to explain circumstances and on-going in the cooperative's operations with care.



## APPENDIX D

## Duties and Responsibilities of Audit and Inventory Committee

- a. Undertakes periodic internal audit of the books of account and other records and documents of the cooperative;
- b. Serves as financial consultant of the Board of Directors;
- c. Conducts periodic inventory of fixed assets and other properties of the cooperative;
- d. Renders periodic reports to the Board of Directors;
- e. Maintains a complete record of its audit or examination and inventory;
- f. Undertakes periodic performance audit of officers, staffs and personnel of cooperative based on acceptable standards;
- g. Calls for a special general assembly to consider urgent matters needing the attention and action of the general assembly;
- h. Assists and coordinates with the external auditor during external audits and examinations;
- i. Undertakes periodic monitoring of projects being undertaken by cooperative;
- j. Makes reports on audit findings with evaluation and recommendation to the Board of Directors or General Assembly;
- k. Recommends policies for consideration and adoption by the Board of Directors;
- l. Familiarizes itself with the policies of the cooperative and essentials of the accounting and recording systems being used by the cooperative; and



- m. To conduct, examine and verify the financial affairs of the cooperative such as:
- (a) Internal inventory of the assets and pipeline of the cooperative;
  - (b) Cash on hand and cash in bank deposits, securities and properties periodically;
  - (c) Members individual ledgers;
  - (d) Borrowers application; and
  - (e) Budget as prepared by the manager.

#### Duties and Responsibilities of Credit Committee

- a. Screens, evaluates and acts on loan applications and recommends approval or disapproval as the case may be;
- b. Supervises all loans to members;
- c. Monitors the use of loan proceeds and see to it that it is being used for the purpose applied for as approved;
- d. Assists in the collection of loan repayments;
- e. Recommends loan and savings policies for consideration and approval by the Board of Directors;
- f. Renders reports to the Board of Directors and General Assembly on the loaning operations of the cooperative;
- g. Conducts regular committee meetings and keep minutes of such meetings;
- h. Familiarizes itself with the cooperative's policies on loans and savings and credit procedures;



- i. Keeps an update record of all actions taken by the committee on loan application; and
- j. In the absence of one credit committee, the majority members of at least two have the power of approve or disapprove loan proposal.

#### Education And Training Committee - no duties

#### Duties and Responsibilities of Election Committee

- a. Promulgate rules, regulations and procedures in the conduct of elections of directors, committee members and other elective officials of the cooperative in accordance with policies;
- b. Pass upon the qualifications of candidates for elective positions;
- c. Supervise the conduct of elections;
- d. Proclaim the winning candidates;
- e. Decide on matters pertaining to election and questions of qualifications of candidates in accordance with policies of the cooperative;
- f. Decide election protest after due process;
- g. Recommend policies on election and qualification of candidates for consideration and approval by the board;
- h. Supervise the voting for the removal of elected officers and all other matters needing their intervention;
- i. Conduct regular committee meetings and keep minutes of such meetings and other proceedings; and
- j. Conduct Credit Investigation and Background Investigation (CIBI) in screening of candidates;





## APPENDIX E

## Officers and their Duties and Responsibilities

## 1. Board Chairman

## Duties and Responsibilities

- a. To sign all contracts and agreements which the cooperative may enter into;
- b. To sign pertinent transactions involving the manager (refer to CASA)
- c. To approve or disapprove the loan of the manager;
- d. To assist the manager in all transaction;
- e. Presides over all meetings of the cooperative and the Board of Directors;
- f. Performs all acts and duties actually performed by the presiding officers;
- g. Performs such other duties as the board may prescribe; and
- h. To prepare agenda of the meeting with the manager.

## 2. Vice Chairman

## Duties and Responsibilities

In the absence, disability or incapacity of the chairman, the vice chairman shall perform the duties and responsibilities of the chairman. Provided, however, that in case of death, resignation, removal or permanent incapacity of the chairman, the board of directors may decide to elect his successor. The vice chairman of the board shall serve as ex-officio chairman of education committee.



### 3. Secretary

#### Duties and Responsibilities

- a. Keeps and maintains a complete registry all members and records or minutes of all meetings of the board of directors and general assembly;
- b. Gives notice to all meetings;
- c. Keeps and maintains the share and transfer book and serve as the custodian of the corporate seal of the cooperative;
- d. Turn over to his access are all the books and records and other properties belonging to the cooperative in his possession upon the expiration or termination of his term of office;
- e. Performs the duties of the treasurer are incase of the latter's absence or inability to perform his duties; and
- f. Performs other duties as the board of directors may prescribe.

### 4. Management staff

The management and staff of the cooperative are as follows:

- a. General manager
- b. Loan officer
- c. Accountant or bookkeeper
- d. Cashier
- e. Posting clerk
- f. Collectors
- g. Plumbers
- h. Pump operators



## APPENDIX F

## Changes in the Policies Practices and Programs

## Old Loan and Saving Policies of Cooperative:

1. Amount of loan is x2 of the paid share capital.
2. Ceiling of loan is P 4,000.00.
3. Interest of loan is 1% a month.
4. Service Fee is P10.00.
5. Filing Fee is P8.00.
6. Fines are 2%.
7. Emergency loan is P500.00.
8. Grace period is 14 days.
9. Period of loan is 6 months.
10. Saving interest is 6% quarterly.
11. She/he must be a member of the Bahong MPC.
12. A member must be at least 15 years of age and have an independent source of income.
13. Must have paid at least 10 shares or half of the prescribed fixed deposits and/or have paid his/her full share capital.
14. A member must attend the Pre-Membership Education Seminar.
15. Must have a good attendance of meeting whether regular or special.
16. Must have a co-maker and a signature of spouse or guardian.
17. Must have no record of Staffa.
18. A member must be a good payer.



19. A member should completely sign an application form.
20. Loans should be released upon the approval of the Credit Committee and the Chairman.
21. Saving deposit may also be made after completion of the Share Capital.
22. Saving interest is compounded quarterly provided the deposit is made on the 5<sup>th</sup> day of the month.
23. Saving minimum amount to have an interest is P20.00.
24. Saving should only be withdrawn after one (1) month on or before 3:00PM.
25. A member should always present his/her passbook upon having loan or saving.



## APPENDIX G

## Formula Used For the Computation of Financial Ratios

Capital Structure

$$1. \text{ Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Asset}} \times 100$$

$$2. \text{ Equity Ratio} = \frac{\text{Member's Equity}}{\text{Total Asset}} \times 100$$

Profitability Ratio

$$1. \text{ Return on Investment (ROI)} = \frac{\text{Net Surplus}}{\text{Total Equity}} \times 100$$

$$2. \text{ Net Surplus Ratio} = \frac{\text{Net Surplus}}{\text{Total Revenue}} \times 100$$

Liquidity Ratio

$$1. \text{ Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

$$r = \frac{n\bar{a}_{xy} - \bar{a}_x\bar{a}_y}{\sqrt{(n\bar{a}_x^2 - (\bar{a}_x)^2)(n\bar{a}_y^2 - (\bar{a}_y)^2)}}$$

Where n = the number of observations

x = year, membership

y = dependent variable, say, net assets



## APPENDIX H

## Interview Guide

1. What was the purpose of the cooperative?
2. Did all the members attend the Pre-Membership Education Seminars?
3. Who conducts the PMES? How regular is the conduct of PMES?
4. Who were the first members of the Board of Director and Officers of the Cooperative?
5. How was the operation started?
6. How do you get membership?
7. How much was the total share capital?
8. How much was total assets?
9. How much was the total liabilities?
10. How much was the total net surplus?
11. What factors affect the increase/decrease in your share capital?
12. Did you amend your By-laws? How many times?
13. Where there changes in your policies?
14. What old policies were changed and  
What are the new ones?
15. Do you stick to your policies in your operation or were there cases that you disregard your policies to suit the situation?
16. What are the problems you encountered in your cooperative?

