

BIBLIOGRAPHY

DIZON, LAUREL REY C. APRIL 2007. Profile of Primary Cooperatives in Dilasag, Aurora. Benguet State University, La Trinidad, Benguet.

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ABSTRACT

This study was conducted to describe the profile of primary cooperatives, to determine the financial status of these primary cooperatives, to determine the policies and programs of the cooperatives.

The respondents of the study were the manger of different Primary cooperatives, however, in the absence of the manager, the staff or any officer who know the information about their cooperative served as the respondents.

There were 8 primary cooperatives in Dilasag, Aurora however during the conduct of this study, there were only five cooperatives currently operating, the 3 was bankrupt.

Most of the cooperatives were operating in barangay and municipal level. Most of them offer credit services. Most of the coop have 3 member in each of their committees and 5 members of Board of Directors. The main sources of funds of cooperatives are from share capital of their members.

All the cooperatives studied secured business permit and have a vision statement, mission statement, goal statement and written development plan. Most cooperative registered with BIR and applied for tax exemption.

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INTRODUCTION

Rationale

A true cooperative by its nature assures the opportunity for its entire member to achieve economic abundance and human dignity. Cooperative promotes the principle of equitable distribution of wealth. From an economic viewpoint, human dignity means that any person, corporation or government shall exploit no one. Instead, there shall be decent opportunity for every family to gain what it needed by its productive labor.

Experiences in developing and developed nations had proven that one of the effective strategies to attain economic growth and equitable distribution of income and wealth is through the cooperatives.

Aurora is one of the youngest provinces in the country. It is experiencing the growing pains of development but already manifesting its potential as a fast developing province. For starters, Aurora is a blessed with bountiful natural resources, it lies serene with its over verdant forest, extensive virgin shorelines, fertile agricultural lands and rainfall evenly distributed the whole year round (NSO, Baguio, 1990).

Aurora is composed of eight (8) municipalities namely: Dingalan, San Luis, Maria Aurora, Baler which is the provincial capital, Dipaculao, Dinalunagn, Casiguran and lastly Dilasag my hometown. Dilasag is composed of ten (10) barangays namely: Manggithahan, Esperansa, Ura, Lawang, Demaseset, Diniog, Diagyan, Dibulo, Maligaya, and lastly the center of trade and industry my beloved barangay Masagana.

At present there are five (5) existing cooperatives in Dilasag, Aurora namely; Maligaya Farmers Development Cooperative Inc. (MFDC, Inc.), Diniog Women's MPC



(DWMPC), PANGKASAMA MPC, ESMARBEMCO MPC, Dilasag Senior Citizen MPC. Knowing all these we now see the profile of these different cooperatives in Dilasag, Aurora and this is the purpose of my study.

Statement of the Problem

The study was conducted to assess the situation of the cooperatives in Dilasag, Aurora province. Specifically this study would find answers to the following questions:

1. What are the organizational profiles of primary cooperatives in Dilasag, Aurora Province?
2. What are the profile of officers and staff?
3. What are the sources and uses of funds of the cooperative??
4. What are the internal control policy implemented by the different cooperatives?
5. What is the financial status of the cooperatives?
6. What are the program and training conducted by the primary cooperative to their members, personnel and staff?
7. What are the requirements complied by different cooperative to CDA, DOLE, BIR and Local government?

Objectives of the Study

The objectives of this study were :

1. Determine the organizational profile of primary cooperatives in Dalisag, Aurora Province.



2. Determine the profile of officers and staffs.
3. Identify the sources and uses of funds of the cooperatives.
4. Find out the policies of the primary cooperatives concerning their internal control.
5. Find out the financial status of the primary cooperatives.
6. Find out the requirements complied by the cooperative to DOLE, BIR and Local Government.
7. Find out the programs and trainings conducted by the primary cooperatives to the members, personnel and staff.

Importance of the Study

This study will be conducted to provide necessary data that will lead to the improvement of cooperatives in the study area based on the findings, recommendations will be suggested to CDA to implement the suggested findings.

Scope and Limitation of the Study

The study will be covering five cooperatives in the different barangays of Dilasag, Aurora.



REVIEW OF LITERATURE

Cooperative Definition

Estes (1998), defined cooperatives as voluntary organizations set up to protect and generate economic benefits for their members, cooperatives are formed when a task cannot be done on an individual level, such as obtaining credit. Cooperatives distribute profit to members. They are often run on a one vote per person.

Management of Cooperative

Gragasin (1973), mentioned that the management of a cooperative endeavor follows the same line of services not only to the members but also to the public who become patrons of their goods and services. The management of a cooperative association is said to be good when it develops confidence among its members. Such confidence is established because those who run the affairs of the association and those who help them render the services to the members are expected to receive from them.

Membership

Members of a cooperative may be either natural or juridical persons depending on the kind of cooperative. In the primary cooperative only a natural person who is a citizen of the Philippines is eligible to membership while in a tertiary or secondary cooperative, members may be either cooperative or non-profit organization with juridical personality (Aquino, 1991).



Furthermore, Onagan (1973), claimed that a coop is a dynamic form of a business enterprise that embodies the philosophy of cooperation. He site that through voluntary assets of the people to form themselves into group for the promotion of their common goods by mutual action, democratic control and sharing of economic benefits on the basis of patronage members.

Sources of funds of Cooperatives

Cooperatives can be avail of internal sources and external sources of funds.

1. Internal sources – the primary sources of funds for the coop is the general membership through several programs
 - A. Capital Build-up (CBU)- members may schedule payments of share capital of fixed deposits to continuously increase their paid-up share in the cooperative.
 - B. Savings Mobilization- Members with idle money can deposit them in the coop through savings or time deposit so that others who are in need can borrow them for productive purposes.
 - C. Revolving Fund-Deferred payments of dividends may be approved by the General Assembly to allow the coop to use it for a given period.
2. External Sources of Funds
 - A. Loan – Borrowing may be valid of as a source of funds should be done only when additional fund is urgently needed that cannot be generated by internal sources.



B. Donation – The coop may request solicit assistance from either government or non-government agency. This is a good source because towards cooperative, which prevail among some members. Despite this unhealthy state of things, various groups and cooperative leaders were interested and involved in community development.

Compliance with other Laws

The Coop Code of the Philippines Article 119, emphasized that the labor code and all the labor laws shall apply to all cooperatives and executive orders applicable to cooperatives duly registered under this code.

Definition of Terms

Profile. Pertains to all information and data that are gathered from the cooperatives in the place of study and these could be described in their operations.

Articles of Cooperation. The articles of cooperation registered under the Cooperative Code of the Philippines and includes a registered amendment thereof.

Pre-Membership Education Seminar (PMES) – it is trainings where the members are undergoing before they become members of the cooperative.

Policy. Refer to the directives issued from higher authority and provide a continuous framework for the conduct of individuals in a business.

Committee Shall refer to any body entrusted with specific functions and responsibilities under the by-laws.



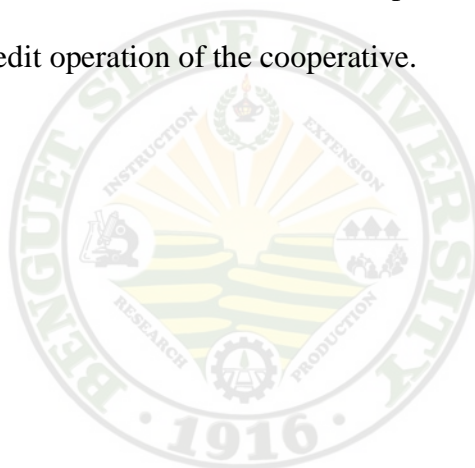
Board of Directors. Shall mean that body entrusted with the management of the affairs of cooperatives under its articles of cooperation and by-laws.

By Laws. Means the by laws registered under R.A. No. 6938 or the cooperative code of the Philippines.

CDA. Cooperative Development Authority. Means the government agency in charge of registration and regulation of cooperatives. It is created under R.A. NO. 6939.

Regular members. Members of the cooperative that have the right to vote and avail on all credit operation of cooperative.

Associate members. Those members of the cooperative that have no right to vote and cannot avail of all credit operation of the cooperative.



METHODOLOGY

Locale and Time of the Study

The research was conducted in the municipality of Dilasag, specifically in the barangays namely: Diniog, Maligaya, Masagana, and Mangitahan from December to February 2007. Figure 1 shows the location of study.



Figure 1. Map of Aurora, Province



Respondents of the Study

The respondents of the study were the five managers of the five cooperatives namely: Maligaya Farmers Development Cooperative, Diniog Womens MPC, Dilasag Teachers Credit Cooperative Inc., Dilasag Senior Citizen MPC, and PANGKASAMA MPC.

Data Collection

A survey questionnaire was used to gather data and information regarding the study.

Data Gathered

The data gathered in the study were to determine the organizational profile of primary cooperatives in Dilasag, Aurora Province, profile of officers and primary staffs. Identify the sources and uses of funds of cooperatives. Find out the policies of the primary cooperatives concerning their internal control, the financial status, the requirements complied by the cooperative to DOLE, BIR and Local Government, the program and trainings conducted by the primary cooperative to the members , personnel and staff.

Data Analysis

The collected data will be tabulated, analyzed using descriptive analysis such as frequency counts, mean and percentages.



RESULTS AND DISCUSSION

Organizational Profile of the Cooperatives

This section presents the profile of the cooperatives in terms of the following: status: status of operation, date organized, area of operation, services offered, composition of members, number of members, board of directors, committee members, employees and financial status.

Table 1 shows that the 5 primary cooperatives studied are still in operation as of December, 2005. The oldest cooperative based on the date it was organized was the PANGKASAMA MPC and Maligaya Farmers Development Cooperative. Inc. which were organized in January 7, 1991 and May 29, 1991 respectively. These two cooperative have been operating for 15 years. The youngest cooperative was ISMARBEMCO, MPC, which has been operating for only 2 years.

The table also presents the 5 cooperatives as to their area of operation. PANGKASAMA MPC is operating on a province with wide membership. Most of the members of this cooperative came from Casiguran, Aurora and the rest are from Dinalugan and Dilasag, Aurora. The Dilasag Senior Citizen MPC and ISMARBEMCO, MPC, are on a municipal level while the Maligaya Farmers Development Coop., Inc. and DWMPC are on the barangay level.



Table 1. Organizational profile of the cooperatives studied

NAME OF COOPERATIVE	STATUS	DATE ORGANIZED	NO. OF YRS IN OPERATION	AREA OF OPERATION
Dilasag Senior Citizen, MPC	Operational	May 18, 2000	6	Municipal
Maligaya Farmers Dev't Coop., Inc.	Operational	May 29, 1991	15	Barangay
ISMARBEMCO MPC	Operational	Jan. 4, 2004	2	Municipal
PANGKASAMA MPC	Operational	Jan. 7, 1991	15	Province
Diniog Women's MPC (DWMPC)	Operational	Feb. 2, 2003	3	Barangay

Services offered by the cooperative. Table 2 presents the services offered by the 5 cooperatives. Dilasag Senior Citizen MPC is the only cooperative offering consumer services. Based on the finding, credit is the common services in demand because of the advantage they get from the cooperative compared to the banks that give them high interest rate. This is shown by the four cooperatives engaged in credit cooperative.

Membership composition. Table 3 shows that most of the members of the cooperatives are farmers and government employees. However, Diniog Women's MPC is composed of government employees and housewives.



Table 2. Services offered by the primary cooperatives in Dilasag, Aurora

NAME OF COOPERATIVE	SERVICES OFFERED
Dilasag Senior Citizen, MPC	Consumer
Maligaya Farmers Dev't Coop., Inc. (MFDC, Inc)	Credit
ISMARBEMCO MPC	Credit
PANGKASAMA MPC	Credit
Diniog Women's MPC (DWMPC)	Credit

Table 3. Composition of members of the 5 cooperatives studied

NAME OF COOPERATIVE	MEMBERSHIP COMPOSITION
Dilasag Senior Citizen, MPC	Farmers
Maligaya Farmers Dev't Coop., Inc.	Farmers
ISMARBEMCO MPC	Farmers, Government employees
PANGKASAMA MPC	Farmers, government employees and businessmen
Diniog Women's MPC (DWMPC)	Government employees and housewives

Number of members. Table 4 presents that most of the cooperative increase their membership except for ISMARBEMCO MPC . It shows that the PANGKASAMA MPC had the highest number of members as of December 31, 2005 and the lowest is DWMPC.



Table 4. Number of membership of the 5 cooperatives studied

NAME OF COOPERATIVE	INITIAL AS OF DECEMBER 2005					
	Regular		Associate		Regular	
	M	F	M	F	M	F
Dilasag Senior Citizen, MPC	9	20	15	30	24	50
Maligaya Farmers Dev't Coop., Inc.	24	6	9	6	23	12
ISMARBEMCO MPC	110	100	-	-	110	100
PANGKASAMA MPC	268	546	459	2,560	727	3,106
Diniog Women's MPC (DWMPC)	-	32	-	-	-	37

Number of board of directors. Table 5 shows the number of Board of Directors (BOD) of different cooperatives. Based on the findings the highest number of BOD is in the PANGKASAMA MPC which composed of 7 and the lowest is MFDC, Inc which composes only 3 BOD. This findings also indicates that the number of male and female BOD's are almost the same.

Number of committee members. Table 6 presents the number of committee members in each cooperative. It shows that the MFDC, Inc has no credit committee, election, education and training. They had only audit committee. Most of the committee members are female.



Table 5. Number of Board of Directors of the 5 cooperatives studied

NAME OF COOPERATIVE	NUMBER OF BOD		
	MALE	FEMALE	TOTAL
Dilasag Senior Citizen, MPC	5	-	5
Maligaya Farmers Dev't Coop., Inc.	-	3	3
ISMARBEMCO MPC	4	1	5
PANGKASAMA MPC	3	4	7
Diniog Women's MPC (DWMPC)	-	5	5

Table 6. Number of committee members per cooperative

NAME OF COOPERATIVE	AUDIT			CRECOM			ELECTION			EDCOM		
	M	F	T	M	F	T	M	F	T	M	F	T
Dilasag Senior Citizen, MPC	2	1	3	3	-	3	3	-	3	3	-	3
Maligaya Farmers Dev't Coop., Inc.	-	3	3	-	-	-	-	-	-	-	-	-
ISMARBEMCO MPC	1	2	3	2	1	3	1	2	3	1	2	3
PANGKASAMA MPC	-	3	3	1	2	3	-	3	3	-	3	3
Diniog Women's MPC (DWMPC)	-	3	3	-	3	3	-	3	3	-	3	3
TOTAL	3	12	15	6	6	12	4	8	12	7	5	12

Tenure status of employees. Table 7 shows that the DSCMPC and MFDC, Inc. had a volunteer employee. ISMARBEMCO MPC, PANGKASAMA, AND DWMPC



had a full time employee. The manager, secretary and treasurer are giving their service voluntarily.

Table 7. Number and tenure status of employees of the cooperatives studied

NAME OF COOPERATIVE	TENURE STATUS OF EMPLOYEES					
	FULL TIME		PART TIME		VOLUNTEER	
	M	F	M	F	M	F
Dilasag Senior Citizen, MPC	-	-	-	-	1	-
Maligaya Farmers Dev't Coop., Inc.	-	-	-	-	2	-
ISMARBEMCO MPC	-	2	-	-	-	-
PANGKASAMA MPC	4	3	-	-	-	-
Diniog Women's MPC (DWMPC)	-	2	-	-	-	-
TOTAL	4	7	-	-	3	-

Profile of Officers

Table 8 presents the profile of officers of different cooperative in Dilasag, Aurora characterized by age, sex and educational attainment.

Age. Based on the findings the highest age bracket of the officers is 31 to 40 years old (28.57%). The lowest age bracket is 51 – 60 years old with one respondents.

Sex. The table shows that there were more female officers than male. Out of the 70 officers there were 39 female (55.72%) and 31 male (44.28%).



Educational attainment. It was found that 51.44% of the officers were college graduate followed by 44.28% high school graduate. There were also 4.28% who have reached college level. Based on this findings, there were no elementary level, elementary graduate and high school level among the officers. Results implies that the officers were educated and have attended formal college education.

Table 8. Profile of the officers of the 5 cooperative studied

CHARACTERISTIC	FREQUENCY	PERCENTAGE
Age (years)		
20-30	16	22.86
31-40	20	28.57
41-50	18	25.71
51-60	1	1.43
61 and above	15	21.43
TOTAL	70	100
Sex		
Male	31	44.28
Female	39	55.72
TOTAL	70	100
Educational Attainment		
High school graduate	31	44.28
College level	3	4.28
College graduate	36	51.44
TOTAL	70	100



Profile of Cooperative Employees

Table 9 presents the profile of employees of different cooperatives in Dilasag, Aurora, characterized by age, sex and educational attainment.

Age. The table shows that majority (63.64%) of the employees were at the age bracket of 20 to 30 years old. The other employees were 31 – 40 years (18.18%) and 41-50 years (18.18%).

Sex. There were more (63.64%) female employees than male.

Educational attainment. Based on the findings, majority (81.82%) were college graduate and 18.18% had reached college level.

Table 9. Profile of the employees of the cooperatives studied

CHARACTERISTIC	FREQUENCY	PERCENTAGE
Age		
20-30	7	63.64
31-40	2	18.18
41-50	2	18.18
TOTAL	11	100
Sex		
Male	4	36.36
Female	7	63.64
TOTAL	11	100
Educational Attainment		
College level	2	18.18
College graduate	9	81.82
TOTAL	11	100



Financial Profile of the Cooperatives

This section presents the total assets, total liabilities, total paid-up share capital, net surplus, total reserves and total equities of the cooperatives studied.

Table 10 presents the total asserts of the 5 cooperatives. PANGKASAMA MPC had the highest total asset which reached Php 37,551,272.88 at the end of 2005. It increased by 9.02% from 2004. MFDC Inc had the lowest total assets which had reached Php 90,000 at the end of 2005. It decreases by -1.21% from 2004.

Table 10. Total assets of the 5 cooperatives studied ending 2004 –2005 (in pesos)

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	117,861.69	126,315.65	7.17
Maligaya Farmers Dev't Coop., Inc	91,100.00	90,000.00	-1.21
ISMARBEMCO MPC	-	448,716.75	-
PANGKASAMA MPC	34,443,806.25	37,551,272.88	9.02
Diniog Women's (DWMPC) MPC	112,000.00	105,700.00	-5.63

Table 11 presents the total liabilities of the 5 cooperatives studied. Based on the findings 2 of the cooperatives had increased their liabilities, these are ; DSCMPC at 9.73% and PANGKASAMA MPC at 9.62%, the increase of liabilities was due to credit loan from bank which was used for their operation, specifically in lending. There was also decrease of liabilities of 2 cooperatives namely: DWMPC at -40% and MFDC, Inc.



at -33.33%. The decrease was due to the additional payments of their credit accounts in the banks.

Table 11. Total liabilities of the 5 cooperatives studied ending 2004-2005 (in pesos)

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	70,420.00	77,416.87	9.93
Maligaya Farmers Dev't Coop., Inc	20,000	15,000.00	-33.33
ISMARBEMCO MPC	-	365,461.26	-
PANGKASAMA MPC	27,115,204.32	29,722,736.56	9.62
Diniog Women's MPC (DWMPC)	35,000.00	25,000.00	-40.00

Total paid-up share capital. Table 12 shows that MFDC, Inc. had the higher percent change of 34.77% on the end of 2005. PANGKASAMA MPC had the highest paid-up share capital which is Php 4,983,678.48 at a percent change of 6.36%. DWMPC had the lowest paid-up share capital with a percent change of 3.22%. DSCMPC had the lowest paid-up share capital at 22,322.36 at the end of 2004 and 2005. There was no change in their paid-up share capital due to lack of new members because they were all senior citizen already.

Total reserve funds. Table 13 shows that all the 5 cooperatives studied allocate from their net surplus for reserve funds. It shows that most of the cooperative had a lower increase in their reserve fund. Based on the findings MFDC, Inc. had a decrease in their reserve fund at -36.00%. DWMPC had the highest increase in their reserve fund at



11.33%, followed by PANGKASAMA MPC at 7.63%. The lowest percent change is DSCMPC at 5.80%.

Table 12. Total paid-up share capital of the 5 cooperatives studied

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	22,322.36	22,322.36	0
Maligaya Farmers Dev't Coop., Inc	37,100.00	50,000.00	34.77
ISMARBEMCO MPC	-	71,816.89	-
PANGKASAMA MPC	4,685,377.14	4,983,678.18	6.36
Diniog Women's MPC (DWMPC)	62,000.00	64,000.00	3.22

Table 13. Total reserve fund of the 5 cooperatives studied

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	25,119.33	26,576.42	5.80
Maligaya Farmers Dev't Coop., Inc	34,000.00	25,000.00	-36.00
ISMARBEMCO MPC	-	11,438.60	-
PANGKASAMA MPC	2,643,224.79	2,844,858.14	7.63
Diniog Women's MPC (DWMPC)	15,000.00	16,700.00	11.33

Net surplus of the cooperatives studied. Net surplus of the 5 cooperatives ending 2004-2005 is presented in table 14. Based on the findings MFDC had the highest



percent change at 80.06% followed by DSCMPC at 46.27%. Table shows that PANGKASAMA MPC had negative percent change at -18.12%. PANGKASAMA MPC had a negative change because their operational expenses was higher than their net surplus.

Table 14. Net surplus of the 5 cooperatives ending 2004 – 2005

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	10,995.55	16,082.92	46.27
Maligaya Farmers Dev't Coop., Inc	5,664.75	10,200.00	80.06
ISMARBEMCO MPC	-	12,071.16	-
PANGKASAMA MPC	1,569,388.22	1,285,024.41	-18.12
Diniog Women's (DWMPC) MPC	15,000.50	16,500.50	10.00

Total equity of the cooperatives studied. Table 15 shows that the total equity of 5 cooperatives for 2004 and 2005. All of the cooperatives had increased their equity. PANGKASAMA MPC had the highest equity at Php. 7,828,536.32 at 6.82 percent change. DSCMPC had the lowest equity which reached Php 48,898.75 at 3.07% change. The increase in equity of the four cooperatives was due to additional income derived from their operation, additional equipments acquired and business expansion like land and branches.



Table 15. Total equity of the 5 cooperatives studied ending 2004-2005

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	47,441.69	48,898.78	3.07
Maligaya Farmers Dev't Coop., Inc	71,100.00	75,000.00	5.48
ISMARBEMCO MPC	-	83,255.49	-
PANGKASAMA MPC	7,328,601.93	7,828,536.32	6.82
Diniog Women's MPC (DWMPC)	77,000.00	80,700.00	4.81

Financial Analysis

This section presents some of the indicators that would show the performance of the cooperatives during the year for which the ratios were computed.

The measures included in the analysis were debt to asset ratio, return on equity and equity to asset ratio.

Table 16 presents the debt to asset ratios of the cooperative. A value of less than 0.50 shows that the cooperative had a lesser percentage of assets financed by the debt and so the cooperative is financially sound. From the table, it shows that MFDC, Inc has loss debt at 0.17% followed by DWMPC at 0.24%. Based on the findings, three of the cooperative s namely DSCMPC , ISMARBEMCO MPC and PANGKASAMA MPC had financed their operation through debt from other credit cooperative or bank.



Table 16. Debt to asset ratio of the cooperatives studied from 2004 to 2005

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	0.59	0.61	3.38
Maligaya Farmers Dev't Coop., Inc	0.22	0.17	-22.73
ISMARBEMCO MPC	-	0.81	-
PANGKASAMA MPC	0.78	0.79	1.28
Diniog Women's MPC (DWMPC)	0.31	0.24	-22.58

Return on equity. Table 17 presents the return on equity of different cooperatives. The return on equity shows the amount earned per peso of members equity. The higher the value of the ratio, the higher is the return to member's equity. Table 17 shows that only DSCMPC had the highest return on equity at 32.89%. The four cooperative reflects a low rate of return on member's investment in the cooperative. However, this may also reflect that members are paying less cost of borrowing from the cooperative since the income of the cooperative comes from the members themselves.

Table 17. Return on equity of the 5 cooperatives studied ending 2004-2005

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	23.17	32.89	41.95
Maligaya Farmers Dev't Coop., Inc	7.96	13.6	70.85
ISMARBEMCO MPC	-	14.49	-
PANGKASAMA MPC	21.41	16.41	-23.35
Diniog Women's MPC (DWMPC)	19.48	20.44	4.93



Equity ratio. Equity ratio presents the proportion of total assets financed by members. The higher the value of the ratio, the stronger would be the financial standing of the cooperatives. Table 18 shows that MFDC, Inc. had the highest equity ratio at 0.83%, followed by Diniog Womens MPC at 0.76%, ISMARBEMCO MPC had the lowest equity ratio at 0.18%. This shows that the members financed a lower proportion of the total assets.

Table 18. Equity ratio of the cooperatives from 2004 to 2005

NAME OF COOPERATIVE	2004	2005	PERCENT CHANGE
Dilasag Senior Citizen, MPC	0.40	0.38	-5.00
Maligaya Farmers Dev't Coop., Inc	0.78	0.83	6.41
ISMARBEMCO MPC	-	0.18	-
PANGKASAMA MPC	0.21	0.20	-4.76
Diniog Women's MPC (DWMPC)	0.68	0.76	11.76

Policies and Program of the Cooperatives

Table 19 shows that all the cooperatives in Dilasag, Aurora sourced their funds from the share capital of the members and membership fee. This practice is good in order to develop the principle of self-help among the members of the cooperative. There were 2 or 40% that sourced out funds thru deposit of members, loan and revolving fund. Based on the findings there is 3 or 60% sourced out fund thru subsidies, grants and donations.



Table 19. Distribution of the 5 cooperatives according to source of fund

SOURCE OF FUND	FREQUENCY	PERCENTAGE (%)
Share capital	5	100
Deposit of members	2	40
Loan	2	40
Fees	5	100
Subsidies, grants, donations	3	60
Revolving capital	2	40

Uses of fund. Table 20 shows that only 60% used their funds for loans and 40% used their fund for education and trainings of the members, officers, and staffs, 40% are allocated in others which are ricemill and warehouse project of MFDC, Inc. and business expansion of PANGKASAMA MPC. Based on the findings there was only one cooperative that funded community development which is good because it is the principles of cooperative, and zero on donations to other organizations.

Table 20. Uses of funds by the 5 cooperatives studied

USES OF FUND	FREQUENCY	PERCENTAGE (%)
Loanable fund	3	60
Education and trainings	2	40
Community development	1	20
Donations to other organizations	0	-
Others	2	40



Frequency on the conduct of PMES. All the 5 cooperatives studied conducts Pre-membership seminar (PMES) to members especially new incoming members. On the frequency of conduct ISMARBEMCO MPC and PANGKASAMA MPC conduct PMES every month (Table 21). Based on the findings DSCMPC conduct PMES quarterly and semi-annually, for DWMPC, MFDC, Inc. conduct PMES occasionally.

This finding indicates that all of the cooperative conduct PMES which is an important requirement for the prospective members.

Table 21. Frequency on the conduct of PMES by the 5 cooperatives studied

NAME OF COOPERATIVE	FREQUENCY
Dilasag Senior Citizen, MPC	Quarterly
Maligaya Farmers Dev't Coop., Inc	Occasional
ISMARBEMCO MPC	Monthly
PANGKASAMA MPC	Monthly
Diniog Women's MPC (DWMPC)	Semi-annual

Officers conducting the PMES. Almost all the cooperative have education and training committee which is functional. However, one cooperative (MFDC, Inc.) do not have education committee . It was the manager who had conducted the PMES.



Table 22. Officers conducting the PMES

NAME OF COOPERATIVE	OFFICER
Dilasag Senior Citizen, MPC	Education committee, manager
Maligaya Farmers Dev't Coop., Inc	Manager
ISMARBEMCO MPC	Education committee member
PANGKASAMA MPC	Education committee member
Diniog Women's MPC (DWMPC)	Education committee member

Trainings conducted by the cooperative to their personnel and staff. Table 23 shows that 3 of the cooperatives had conducted bookkeeping workshop only; these are the DSCMPC, ISMARBEMCO MPC and DWMPC. MFDC, Inc. and PANGKASAMA MPC had conducted bookkeeping workshop, savings deposit operating procedure and financial management.

Table 23. Trainings conducted by cooperatives to their management staff

TITLE OF TRAINING CONDUCTED	COOPERATIVE STUDIED				
	DSCMPC	MFDC, Inc.	ISMARBEMCO	PANGKASAMA	DWMPC
Bookkeeping workshop	X	X	X		X
Savings deposit operating procedure		X		X	
Financial Management		X		X	



Trainings attended by officers, employees and members of the cooperatives studied. Result of the study shows that members and officers and staff of ISMARBEMCO MPC, PANGKASAMA MPC and DWMPC had attended all the trainings specified in table 24. DSCMPC had attended only vision, mission and goal formulation. MFDC, Inc. attended two trainings which are credit management for cooperatives and Strategic planning workshop seminar.

Table 24. Trainings attended by officers, employees and members

TITLE OF TRAININGS CONDUCTED	COOPERATIVE STUDIED				
	DSCMPC	MFDC, Inc.	ISMARBEMCO	PANGKASAMA	DWMPC
Vision, mission and goals formulation only	X		X	X	X
Credit management for cooperatives		X	X	X	X
Strategic Planning workshop seminar		X	X		
Standard auditing for cooperatives			X	X	X
Audit procedures and internal control			X	X	X
Adoption and implementation of the standard chart of account			X	X	X
Asset management and strategic planning workshop-seminar			X	X	X



Use of official receipts. Table 25 shows that majority of the cooperatives used official receipts in receiving cash. Based on the findings MFDC, Inc. did not use official receipts, the cooperative only used improvised receipts

Table. 25. Cooperative that used official receipts

NAME OF COOPERATIVE	USE OFFICIAL RECEIPTS
Dilasag Senior Citizen, MPC	Yes
Maligaya Farmers Dev't Coop., Inc	No
ISMARBEMCO MPC	Yes
PANGKASAMA MPC	Yes
Diniog Women's MPC (DWMPC)	Yes

Books/records used by the cooperative. Table of 26 shows that all the cooperatives used necessary books in keeping their transactions recorded. These records are based on their services offered.

Table. 26. Books/records used by the cooperatives studied

TITLE OF TRAININGS CONDUCTED	COOPERATIVES				
	DSCMPC	MFDC,	ISMARBEMCO	PANGKASAMA	DWMPC
Cash disbursement book		X	X	X	X
Cash receipt book		X	X	X	X
Patronage refund ledger		X	X		X
General journal			X	X	X
Purchase journal			X		X
Individual deposit and ledger			X	X	X
General ledger				X	



Bookkeeper. All the cooperative studied have a bookkeeper. The cooperative indicated that they keep their records in order to check and subject to adjustment if necessary.

Cash collection and cash disbursement. For DSCMPC, the manager of the cooperative is responsible in disbursing cash and is also the one who collects cash, while in the other 4 cooperatives studied the treasurer is the cash collectors and disburse cash except for the ISMARBEMCO where both the manager and the treasurer are responsible in disbursing cash (Table 27).

Table 27. Responsible in disbursing cash and cash collectors of the 5 cooperatives

NAME OF COOPERATIVE	CASH COLLECTOR	CASH DISBURSEMENT
Dilasag Senior Citizen, MPC	Manager	Manager
Maligaya Farmers Dev't Coop., Inc	Treasurer	Treasurer
ISMARBEMCO MPC	Treasurer	Manager, treasurer
PANGKASAMA MPC	Treasurer	Treasurer
Diniog Women's MPC (DWMPC)	Treasurer	Treasurer

Cash deposit outlet. Table 28 shows that four of the cooperatives deposit their cash collection in banks. DSCMPC deposit their cash collection to other credit cooperative.



Table 28. Cash deposit outlet of the 5 cooperatives studied

NAME OF COOPERATIVE	CASH DEPOSITS
Dilasag Senior Citizen, MPC	Other cooperatives
Maligaya Farmers Dev't Coop., Inc	Banks
ISMARBEMCO MPC	Banks
PANGKASAMA MPC	Banks
Diniog Women's MPC (DWMPC)	Banks

Audit and inventory committee. Table 29 shows that 4 of the cooperatives have audit committees that are functioning. The audit and inventory committee of DSCMPC does not function due to lack of knowledge in auditing that is why they hired a certified public accountant (CPA) to audit their records.

Table 29. Audit and inventory committee of different cooperatives.

NAME OF COOPERATIVE	AUDIT COMMITTEE
Dilasag Senior Citizen, MPC	No
Maligaya Farmers Dev't Coop., Inc	Yes
ISMARBEMCO MPC	Yes
PANGKASAMA MPC	Yes
Diniog Women's MPC (DWMPC)	Yes



Methods of auditing books and accounts. Table 30 shows that three (3) of the cooperative namely: ISMARBEMCO MPC, PANGKASAMA MPC and DWMPC do the auditing quarterly in order to look into the fairness of transactions better. Based on the table, DSCMPC AND MFDC, Inc. took their auditing yearly.

Table 30. Method of auditing books and accounts by the 5 cooperatives studied

NAME OF COOPERATIVE	FREQUENCY
Dilasag Senior Citizen, MPC	Annually
Maligaya Farmers Dev't Coop., Inc	Annually
ISMARBEMCO MPC	Quarterly
PANGKASAMA MPC	Quarterly
Diniog Women's MPC (DWMPC)	Quarterly

Administrative Compliance

Table 31 shows that all the cooperatives had submitted their annual report, audited financial statements to the Cooperative Development authority (CDA) and are holding a general assembly meetings.

The table also shows the compliance of the 5 cooperatives to BIR requirements. Based on the finding 2 of the cooperatives namely; MFDC, Inc. and ISMARBEMCO MPC does not register their books of accounts and do not apply for the tax exemption. Based on the findings DSCMPC, PANGKASAM MPC AND DWMPC are the cooperatives who comply with the BIR requirements



Table 31. Compliance of cooperatives to CDA, BIR, and other government requirements

PARTICULAR	COMPLIANCE	
	YES	NO
A. CDA requirements		
Submitting of annual report	5	0
Submitting of audited financial statement	5	0
Holding of General Assembly meetings	5	0
B. BIR requirements		
Registration as non- EVAT	5	0
Registration of books of account every year	4	1
Application of tax exemptions	4	1
C. Other government requirements		
Securing of business permit from the mayor's office	5	0
Deducting and remitting SSS contributions to SSS	1	4
Deducting and remitting Pag-ibig contribution to Pag-ibig	1	4
Deducting and remitting Philhealth Contributions to PHILHEALTH	1	4
Provision of retirement plan	0	5
Remittance of CETF to APEX Org.	0	5



Vision, Mission and Goal Statement

Table 32 shows the distribution of the 5 cooperatives as to whether the coop. Have a written vision, mission and goal statement. The findings shows that all of the cooperatives have written vision, mission and goal statement. This findings implies that all the cooperatives have formulated their vision, mission and goals so that the coop have a guide in their operation.

Table 32. Distribution of the 5 cooperatives as to the availability of written vision, mission and goal statement

PARTICULARS	FREQUENCY	PERCENTAGE (%)
Available vision, mission and goal statement	5	100
No written vision, mission and goal statement	0	0
TOTAL	5	100

Availability of Written Development Plan

Table 33 shows that all of the cooperatives have available written development plan. A written development plan is important in the efficient operation of an organization because the plan serves as a guide in the accomplishment of the goal and objectives of the organization. This findings indicates that all of the cooperatives recognized the importance of having a development plan.



Table 33. Distribution of the 5 cooperatives as to availability of a written development plan

PARTICULARS	FREQUENCY	PERCENTAGE
Availability of written development plan	5	100
No written development plan	0	0
TOTAL	5	100



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

This study was conducted to determine and describe the profile of the primary cooperatives in Dilasag, Aurora. This includes their organizational profile, profile of employees and officers, financial status, policies and programs.

Based on the list provided by the CDA, there were 8 primary cooperatives listed as operating as of December 2005. However, during the conduct of this study, only 5 cooperatives are currently operating and 3 had stopped.

Most of the cooperatives are operating in barangay and municipality level, there was only one operating in a provincial level. Majority of the cooperatives offered credit services and only one cooperative offered consumer service. Most of the cooperative were composed of farmers and government employees.

The study shows that most of the cooperative have 5 members in their Board of Directors. As to number of committee member, majority of the cooperative have 3 members. It was also found that majority of the officers and employees were female.

As to their financial status, there is one cooperative that had reached millions on total assets. However, this millionaire cooperative had also large amount of liabilities. On the total paid-up share capital, most of the cooperative had increased and also on their reserve fund. Most cooperatives had increased on their net surplus. Majority of the cooperatives had increased on their total equity. Majority of the cooperative had high debt equity ratio. Most of the cooperatives have low return or equity.



The cooperative sourced out their funds from the share capital and membership fee of the members. Most of the cooperative used their funds for loaning since most of them offer credit services.

As to the compliance to government requirements, it was found out that the 5 cooperatives had comply with the CDA requirement as to submitting of annual report, submitting of audited financial statement and holding of general assembly meeting. As compliance to the BIR requirements, majority of the cooperatives comply with the BIR requirements but there is one cooperative that did not register their book of accounts and did not apply for tax exemption. As to other government requirements, all of the cooperatives had secured their business permit from the mayor's office. Majority of the cooperatives have not been remitting SSS, PAG-IBIG and PHILHEALTH contributions. All of the cooperatives did not have a provision of retirement plan and they did not remit to CETF to APEX organization.

All of the cooperative had been conducting PMES, most of them conducted it monthly. Most of the cooperatives provide trainings to their personnel/staff such as bookkeeping workshop, and savings deposit operating procedure. All of the cooperative studied have a bookkeeper. Majority of the cooperative have a treasurer to disburse and collect cash. Most of the cooperative have an auditor to audit their financial statements. All of the cooperative studied have a vision, mission and goal statement and a written development plan.



Conclusions

Based on the findings, the following conclusion were derived:

1. One of the cooperatives in Dilasag, Aurora that is offering credit services is millionaire.
2. Most of the cooperatives have a high debt to asset ratio.
3. Most of the cooperatives have problem on the lack of cooperative education of members, officers and employees.
4. Most of the members of the cooperatives are farmers and government employees.
5. The education committee and the manager conduct PMES.
6. All of the cooperatives' main source of funds were from the share capital and membership fee.
7. The cooperatives used trainings and seminar for leaders, members and staff.

Recommendations

1. The Cooperative Development Authority should strictly monitor and supervise the operation of each cooperative and provide technical assistance to ailing cooperatives so that they will not go bankrupt.
2. The cooperatives must formulate strategies to attract more people to become members. If the number of members increases, then the financial assets of the cooperative will also increase.
3. The CDA, individual cooperatives and their Apex organization have to help each other to give regular education and training to all members of the cooperatives.



4. The cooperative should send their officers, members and staff to cooperative trainings and seminars to gain more knowledge.



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Appendix A

Letter to the Respondents

Republic of the Philippines
BENGUET STATE UNIVERSITY
College of Agriculture
Department of Agricultural Economics and Agribusiness Management

December 2006

The Manager

Aurora, Province

Sir/Madam:

I am a fourth year student taking up Bachelor of Science in Agribusiness, major in Cooperative Management at Benguet State University. To fulfill my study, I am required to conduct this research titled “ Profile of Primary Cooperative in Dilasag, Aurora Province”.

In this connection, may I therefore ask your time, your honesty and sincerity in giving the needed information about your cooperative.

Thank you very much! God bless us all.

Respectfully yours,

LAUREL REY C. DIZON

Noted:

LUKE E. CUANGHEY
Thesis Adviser



Appendix B

PROFILE OF PRIMARY COOPERATIVES IN DILASAG, AURORA
SURVEY QUESTIONNAIRE

I. General Information

Name of the cooperative _____

Address _____

II. Organizational Profile

a. Date organized _____

b. Area of operation

- _____ a. barangay
 _____ b. municipality
 _____ c. provincial
 _____ d. national

c. Services offered

- _____ a. credit
 _____ b. consumer
 _____ c. producer
 _____ d. marketing
 _____ e. services
 _____ f. multi-purpose

d. Composition of members

1. Occupation of members

- No. of farmers _____
 No. of government employees _____
 No. of private employee _____
 No. of businessmen (self- employed) _____
 Others, please specify _____

2. Gender

- no. of male _____
 no. of female _____

3. Regular members

- no. of male _____
 no. female _____

4. Associate members

- no. of male _____
 no. of female _____

e. number of members as of 2000 _____

2001 _____

2002 _____

2003 _____



2004 _____
 2005 _____

III. PROFILE OF OFFICERS

Details	Sex	Age	Educational attainment
DIRECTORS			
1. Chairman			
2. Vice Chairman			
3. Members			
COMMITTEES			
a. Audit			
Chairman			
Secretary			
Members			
b. Credit			
Chairman			
Secretary			
Members			
c. Election			
Chairman			
Secretary			
Members			
d. Education and Training			
Chairman			
Secretary			
Members			
e. Others (specify)			

IV. FINANCIAL STATUS

a. What are the internal sources of your funds? (2000-2005)

_____ Share capital
 _____ Revolving capital
 _____ Membership fees
 _____ member's deposits
 _____ Others, (specify)

b. What are your external sources of funds (2000-2005)

_____ loans and borrowings
 _____ subsidies, donators and grants
 _____ others, specify



- c. where do you use your funds and how many percent do you allocate to each use?

_____ loanable fund
 _____ education and training of members, officers and staff
 _____ community development
 _____ donations to other organizations and members
 _____ Others (specify) _____

- d. What is the total assets, liabilities and paid-up capital of the cooperative?

Year	Total assets	Total liabilities	Total paid-up share
2000			
2001			
2002			
2003			
2004			
2005			

*Please attach a copy of your audited financial statement for the year 2000-2005.

V. REQUIREMENTS

- a. Are you submitting your annual report to the Cooperative Development Authority regularly?
 _____ Yes _____ No
 If no, why? _____
- b. Do you submit audited financial statements using standard cooperative accounting?
 _____ Yes _____ No
 If no, why? _____
- c. Do you have mission, vision and goals?
 _____ Yes _____ No
 If no, why? _____
- d. Do you have a written development plan?
 _____ Yes _____ No
 If no, why? _____
- e. Did you register your coop with the Bureau of Internal Revenue as non-evat?
 _____ Yes _____ No
 If no, why? _____
- f. Do you register your books of accounts every January at the BIR?
 _____ Yes _____ No
- g. Did you apply for tax exemption from BIR?
 _____ Yes _____ No
- h. Do you have regular employees?
 _____ Yes _____ No
- i. Do you withhold taxes of your employees?
 _____ Yes _____ No
- j. Do you provide funds for the benefits of your employees?



- _____ Yes _____ No
 k. Do you get business permit from the mayor's office every start of the year?
 _____ Yes _____ No

If no, why? _____

V. POLICIES

As to internal control measures

1. Do you use official receipts when receiving cash and disbursement voucher when spending cash?
 _____ Yes _____ No
2. If no, what do you use then? _____
3. What books or records are you using?
 _____ cash disbursement book
 _____ cash receipt book
 _____ general journal
 _____ purchase journal
 _____ Individual deposit and ledger
 _____ Patronage refund ledger
 _____ Others, specify _____
4. Do you have a bookkeeper?
 _____ Yes _____ No
5. If no, who records the transaction? _____
6. Who keep the cash collection?
 _____ Manager
 _____ Treasurer
 _____ Chairman
 _____ Others, specify _____
7. Who is responsible in disbursing cash?
 _____ Manager
 _____ Treasurer
 _____ Chairman
 _____ Others, specify _____
8. Where do you deposits your cash collection?
 _____ Bank
 _____ Other cooperative
 _____ Do not deposit
9. Are your audit and inventory committee functioning?
10. If yes, how often do you they audit?
 _____ monthly
 _____ Quarterly
 _____ Semi-annually
 _____ annually
 _____ Others, specify _____
11. Who do the auditing?
 _____ audit committee
 _____ CPA
 _____ Others (specify) _____



12.If no, why?

- _____ No time to serve the cooperative
 _____ Lack of skill in doing their function
 _____ The coop cannot give them per diem or allowance
 _____ Others (specify) _____

V. PROGRAMS

1, Do you conduct regular PMES to your prospective members?

_____ Yes _____ No

2. If yes, how often?

- _____ Monthly
 _____ Quarterly
 _____ Semi-annually
 _____ annually
 _____ others (specify)

3. Who conducts the PMES?

- _____ Education Committee
 _____ Manager
 _____ Officers

4. What are the trainings conducted by the cooperative to the personnel staff?

- _____ Bookkeeping workshop
 _____ Savings deposits operating procedure
 _____ Financial management

5. Trainings attended by the officers, employees and members

- _____ Credit management for cooperatives
 _____ Vision, mission and goals formulation
 _____ Standard auditing
 _____ Adoption and implementation of the standard chart of account
 _____ Asset management
 _____ Strategic planning-workshop seminar

6. Who conducted these training?

- _____ Education Committee
 _____ Manager
 _____ Officers
 _____ Others, specify _____

