



What Is This Module About?

Are you a member of a group? Perhaps you're a member of a choir, dance troupe or a *barkada*. What made you join this group? Do you share common interests with your group members? How did your group start? Who formed your group?

A cooperative is also a group of people with a common bond, working together to achieve a common goal. A cooperative strives to make the lives of each member more progressive. How do you form a cooperative? What are the necessary documents that you need to submit? Who makes up a cooperative? Who manages it? You will learn all these in this module.

There are two modules on cooperatives. Be sure you have studied the first one before you read this. The first module is entitled *What Is a Cooperative?* Discussed here are the meaning of a cooperative, the different types of cooperatives, and the benefits that the individual and community can derive from cooperatives.

Now, in this second module, you will learn how to form a cooperative, how to manage the cooperative, and how to plan its activities and keep it going. This module is divided into three lessons:

Lesson 1 – *Let's Form a Cooperative!*

Lesson 2 – *People in the Cooperative*

Lesson 3 – *Help Your Cooperative Grow*

To be able to complete this module, you should have previous knowledge in multiplying percents. To help you with this, you can read the module entitled *Learning About Percentages*.



What Will You Learn From This Module?

After studying this module, you should be able to:

- ◆ enumerate the steps in forming a cooperative;
- ◆ identify the necessary documents to be submitted;
- ◆ compute the total number of parts of the authorized share capital and the minimum amount of subscribed shares and paid-up shares;
- ◆ identify the individuals who will manage the cooperative;
- ◆ describe their duties and responsibilities; and
- ◆ enumerate the ways of making the cooperative strong and progressive.



Let's See What You Already Know

Before we begin with the module, answer the questions below. Let's see if you already have some idea about cooperatives.

Check the box before the word or phrase that correctly matches each statement below:

1. The necessary documents to be submitted when registering your cooperative to the Cooperative Development Authority are:
 - Articles of Cooperation and Bylaws
 - Economic survey
 - Treasurer's certification
 - All of the above
2. This is a legal document signed by each of the organizers and includes the name of the cooperative, its purposes, scope of business, etc.
 - Economic survey
 - Treasurer's certification
 - Articles of Cooperation
 - none of the above
3. Who makes important decisions for the cooperative?
 - General Assembly
 - Documentation Committee
 - Election Committee
 - Finance Committee
4. This is done to check the economic condition of a community.
 - Economic survey
 - Articles of Cooperation
 - Bylaws
 - Poll survey

5. The function of this committee is to collect payments of fees and contributions.
- Membership Committee
 - Finance Committee
 - Documentation Committee
 - Education and Training
6. This person submits the financial report.
- Treasurer
 - Chairman
 - Accountant
 - Bookkeeper
7. The first step in forming a cooperative is to gather people and form this group.
- Core group
 - Documentation Committee
 - Board of Directors
 - Election Committee
8. What is the reason for conducting the pre-membership seminar?
- Introduction of cooperative ideas and practices
 - Encourage people to join the cooperative
 - All of the above
 - None of the above
9. Giving your members a part in this activity is one way to stimulate their interest in the cooperative.
- Decision-making
 - Accounting
 - Board meetings
 - All of the above

10. What will be achieved with continuous education and training of the members of the cooperative?
- Proper knowledge
 - Proper skills
 - Proper values and attitudes
 - All of the above
11. The paid-up-share capital should not be less than what amount?
- ₱ 2,000
 - ₱10,000
 - ₱ 5,000
 - ₱12,000

Well, how was it? Do you think you fared well? Compare your answers with those in the *Answer Key* on pages 47–49.

If all your answers are correct, very good! This shows that you already know much about the topic. You may still study this module to review what you already know. Who knows, you might learn a few more new things as well.

If you got a low score, don't feel bad. This means that the module is for you. Through this module, you will understand important concepts that you can use in your everyday life. If you study this module carefully, you will learn the answers to all the items in the test and a lot more! Are you ready?

You may now go to the next page to begin Lesson 1.

Let's Form a Cooperative!



How do you form a cooperative? What are the things that you need to do? Where will you register your cooperative? In this lesson, you will find out the answers to these questions.

After studying this lesson, you should be able to:

- ◆ identify the steps in forming a cooperative, as well as the documents that you need to submit;
- ◆ differentiate the Articles of Cooperation from Bylaws ; and
- ◆ compute the total number of parts of the authorized share capital and the minimum pledged and paid-up shares of a cooperative.



Let's Try This

In the previous module, you were asked to observe the economic conditions in your community. What were your observations? To refresh your memory, let us once again inspect the economic conditions in your community. Try to answer the questions below. You can do this activity with the help of a friend or a co-learner.

1. What are the problems in your community?

2. Are there cooperatives in your community? What are they?

3. If there are none, do you think there is a need for one? Will having a cooperative help solve the problems in your community? Why or why not?

4. Are there enough people in your community who will patronize or regularly buy the products or services of the cooperative?

5. Can you find appropriate persons to manage the cooperative?

6. Will the cooperative still operate after several years?

Compare your answers with those in the *Answer Key* on page 49.



Let's Think About This

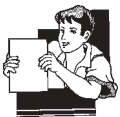
Did you have any difficulty answering the questions? Why do you think those questions were asked? Is it important that the cooperative solve the problems of the community? Do you need to carefully choose individuals who will manage the cooperative? Is it necessary that a cooperative still operate after several years? Write your answers in the blank and compare them with the answers below.

Compare your answers with this:

It is important to consider the problems in your community before forming a cooperative. A cooperative should meet the needs of its members, and should strive to make their lives more progressive.

You also need to carefully choose the individuals who will manage the cooperative. In Lesson 2, you will learn about the people who are capable of managing the cooperative.

Is it necessary that a cooperative should still operate after several years? Yes. A successful cooperative must expand and grow to be able to serve the community and its members for several years. You will learn how to make a cooperative expand and grow in Lesson 3.



Let's Learn

What are the steps in forming a cooperative? Are there any requirements that must be submitted? Here is Mr. Jun Rivera, Chairman of Bgy. Olivaro Multipurpose Cooperative, to explain these things. Read and remember the things that he will say, so that if you plan to organize a cooperative in the future, you will know what to do.

Hello, I'm Mr. Rivera! Last year, when we decided to form our cooperative, we went to the Cooperative Development Authority (CDA) to ask about the steps we needed to take in forming a cooperative.

These are the steps that they advised us to follow:

Step 1: Individuals who are interested in forming a cooperative should organize themselves into a **core group**.

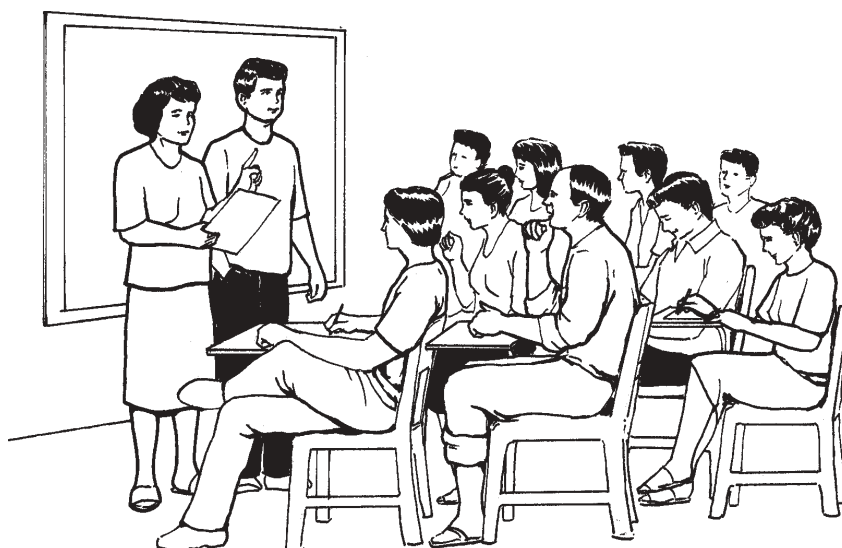
The first activity of the core group is to study the economic condition of the community.



* Note that the core group also has to answer the same questions that you were asked in the first activity of this lesson.

The result of this activity will be the basis for making an economic survey later on.

Step 2: The core group will then conduct a pre-membership seminar. In this seminar, they will share information about cooperative ideas and practices with their fellow barangay members. This is to encourage them to join the cooperative. The core group can ask a cooperative specialist from the CDA to help conduct the seminar.



Pre-membership seminar



Let's Try This

An effective way of encouraging people to attend a seminar is through the use of posters and flyers. Try this activity. Use blank sheet of paper, pencil and crayons. Make a poster announcing a pre-membership seminar of a cooperative. Make sure that your poster has all the necessary information. It should answer the 4Ws: **what**, **when**, **where** and **why**. In other words, your poster should answer these questions:

- ◆ **What** are you announcing? (cooperative seminar);
- ◆ **When?** (date and time);
- ◆ **Where?** (place or location); and
- ◆ **Why?** (purpose of the seminar).

After you have done this, show your finished poster to a member of your family or to a friend. Ask them to comment on it. You may also compare your poster with the posters of your fellow learners.

Step 3: After the seminar, conduct your first general meeting. These are what you should accomplish during the meeting:

Have a final list of your members.

Agree on the type of cooperative that you will form, as well as the name of your cooperative.

Elect the members of the Board of Directors and members of the different committees.

Step 4: The chairman, together with the Documentation Committee, will prepare the following documents needed in registering the cooperative.

4 copies of the economic survey — A statement describing the structure, purposes and economic feasibility (see *Glossary*) of the proposed cooperative.

4 copies of the Articles of Cooperation, duly notarized (with seal and signature of a notary public). — A legal document signed by each of the organizers. It states the name of the cooperative, goals and objectives, the place of operation, list of incorporators and other information.

4 copies of the Bylaws of the Cooperative. — Sets of rules adopted by a cooperative for the management and regulation of its members and its activities.

Step 5: Register your cooperative at the Cooperative Development Authority (CDA). You will pay a registration fee which shall not be less than ₱ 250.00, payable through money order. After evaluating the documents that you've submitted, the CDA will issue a certificate of registration to your cooperative.



Let's Review

Let's see if you were able to understand some important concepts in our discussion. Answer the following:

1. Who is responsible for studying the economic condition of the community?

2. What are the important documents necessary in registering a cooperative?

3. Where will you register a cooperative?

Compare your answer with those in the *Answer Key* on page 49.



Let's Try This

Visit a cooperative near you or your place of work. If you cannot find one, you may ask your family members or friends if they know of a cooperative that you could visit. Talk to the officers of this cooperative and ask them to give you information on how they formed their cooperative. It would be better if you can get a copy of their economic survey, Articles of Cooperation and Bylaws. Compare these with what you will read in the next section.



Let's Study and Analyze

Remember what an **economic survey** is? It is one of the documents required when registering a cooperative. Below is a sample economic survey. Study and analyze its parts. Answer the questions below.

I. General Information

- a. Proposed Name: **Barangay Olivaro Multipurpose Cooperative**
- b. Kind of Cooperative: Multipurpose
- c. Member Group: Residents of Barangay Olivaro, Q.C.
- d. Address of the Cooperative: 124 Kundiman St., Barangay Olivaro, Q.C.
- e. Number of Original Members: Forty (40)
- f. Proposed Number of Increase Membership for the following years:
First Year : fifty (50)
Second Year : sixty (60)
Third Year : seventy (70)

1. What information is included in this part of the economic survey?

II. Objectives of the Cooperative

- a. Primary Objective: To make the lives of the members more progressive.
- b. Secondary Objective: To unite members of the cooperative.
- c. Proposed Business (The product or service to be offered by the cooperative):
 1. To run a small restaurant or cafeteria; and
 2. To sell grocery goods.

2. What are the objectives and proposed business of Bgy. Olivaro Multipurpose Cooperative?

III. Economic and Technical Conditions Regarding the Business

- a. Are there other organizations (like your cooperative) in your proposed area that offer the same products and services your cooperative will be offering? If there are, state the total number of businesses they operate.

Yes. The local tricycle drivers' association is operating one small cafeteria and one sari-sari store. The cafeteria can serve up to 10 persons only, while the sari-sari store sells grocery goods in small amounts only.

- b. How many employees are there and where will the cooperative get the people needed to run the business?

The cooperative will have 4 employees and they will come from qualified residents of the barangay.

- c. What machinery/equipment will the cooperative need to run its business?

The equipment needed to run the restaurant are tables, chairs, cookware, plates, spoons, forks, knives, and other important items.

- d. Do the officials/employees/members need special training to be able to run the business of the cooperative?

Yes. Training will be necessary to run the restaurant.

- e. Considering the present situation in your area, explain how the cooperative will succeed in running its business.

Our canteen will serve up to 20 persons a day and sell grocery goods in large amounts at reasonable prices. Aside from this, our store will be more accessible since our barangay is far from the market place.

3. What information is contained in this part of the survey?

IV. Financial Aspect

- a. Where and how will the cooperative get its capital to run a business? (State whether it is from contributions/loans/donations/funds from other organizations.)

From the contribution of each member.

- b. How much is the cooperative expected to earn during the first year of operation? ₱ 150,000 On its second year? ₱ 300,000 On its third year? ₱ 600,000

- c. How much will the cooperative need to run its business during the first year?
₱ 80,000 On its second year? ₱ 100,000 On its third year? ₱ 150,000
- d. Is the cooperative planning to invest? If yes, what investment and when?
Yes. The cooperative plans to build its own building, probably after five (5) years of operation.

4. How much is the expected target income of the cooperative for its first year of operation? Where will it invest its earnings?

V. Structure and Management

- a. Who will be assigned to manage the daily operations of the cooperative?
There will be somebody whom we will pay to manage the cooperative.
- b. How many people will compose the cooperative's Board of Directors?
Seven (7)
- c. What will be the role of the Board of Directors?
The Board of Directors will manage all the activities of the cooperative and provide the rules according to the Bylaws.
- d. Will the cooperative have an audit committee? Yes
- e. Will the cooperative have a credit committee? Yes
- f. Will the cooperative pay an accountant/bookkeeper? No
- g. What will the salary of the following personnel be?
1. Manager – ₱5,000.00 per month
 2. Cook – ₱3,000.00 per month
 3. Servers – ₱1,500.00 per month

Submitted by: Jun Rivera
Position: Chairman of the Board of Directors

5. What information is included in this part of the survey?

Compare your answers with those in the *Answer Key* on page 50.

What are the contents of the Articles of Cooperation and the Bylaws of the Cooperative? Read and remember what is in the next section. This will help you in the future, if you want to organize your own cooperative.



Let's Read

You have just read about the economic survey. Now, we will study the **Articles of Cooperation**, another document required in registering the cooperative. This is a legal document, which means that it should contain the seal and signature of a notary public. It must include the following information.

- (a) The name of the cooperative. The name must include the word “cooperative.”
Ex. Mindanao Electric Cooperative
- (b) Purposes and scope of the business.
Ex. To provide services to its members at a reasonable price.
- (c) The term of existence. A cooperative shall exist for not more than fifty (50) years.
- (d) The area of operation or the mailing address of the cooperative's main office.
Ex. 531 Tamayo St., Kamias, Quezon City
- (e) The names, nationalities and mailing addresses of its incorporators.
The incorporators include the members of the core group, board of directors, and members of different committees. They shall not be more than 15 persons.
- (f) Common bond of membership. The members of the cooperative may either be residing or working in the intended area of operation.
- (g) The list of names of the directors who shall manage the cooperative.
- (h) The amount of its share capital, as well as names and addresses of its contributors.



Let's Think About This

Another important document is the **Bylaws of the Cooperative**. Do you know what this is? What are its contents or components? Are there provisions regarding the powers and duties of the cooperative? How about with regard to membership? Are there rules on who are qualified to become members? Read on to learn the answers to these questions.

Bylaws

The Bylaws of each cooperative shall provide:

- (a) Goals and Objectives
- (b) Membership
 1. The qualifications for admission of membership, payments to be made and benefits of being a member;
 2. The rights, responsibilities and obligations of each member;
 3. The circumstances under which a member may be removed or terminated; and
 4. The conditions under which the transfer of a share or interest of the members shall be allowed.
- (c) Rules on agenda, place, manner of calling and quorum on meetings and elections
- (d) Powers and duties of the General Assembly, Board of Directors and other officers; their qualifications and disqualifications
- (e) Sources of funds
- (f) Custody and investment of net surplus (Who will handle the money earned and saved from the business activities of the cooperative, and where to invest it.)
- (g) Accounting and auditing systems
- (h) Manner of lending and borrowing of money
- (i) Distribution of net surplus
- (j) Adopting and amending bylaws
- (k) Settlement of disputes among members and officers
- (l) Other matters referring to the activities of the cooperative



Let's Try This

Compare the Articles of Cooperation with the Bylaws of the Cooperative. Study the table below.

A. Articles of Cooperation	B. Bylaws or Laws of the Cooperative
– Name of the cooperative	– Goals and Objectives
– Goals and objectives of the cooperative	– Membership
– Scope of operation/place	– Meetings and elections
– Terms of existence	– Board of Directors, General Assembly
– Name, citizenship and address of each incorporator	– Sources of Funds
– Common bond of membership	– Custody and investment of net surplus
– People managing the cooperative	– Accounting and auditing systems
– Amounts pledged	– Manner of lending and borrowing
	– Adopting and amending bylaws
	– Settlement of disputes

What are the similarities between the two documents? What are their differences?

Compare your answers with those in the *Answer Key* on page 50.



Let's Read

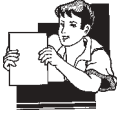
In addition to the requirements mentioned earlier, the Articles of Cooperation shall be accompanied by the following:

- ◆ Bonds of accountable officers
- ◆ Sworn statement of the elected treasurer certifying that at least 25% of the authorized share capital has been subscribed and at least 25% of the total subscription has been paid. The paid-up shares shall not be less than ₱2,000 in any case.



Let's Think About This

What is the authorized share capital? Must a cooperative have capital? Where will it come from? Try to reflect on your answers to these questions before proceeding to the next section.



Let's Learn

You need capital to run a business. For example, if you want to put up your own piggery, you will need money to buy pigs, materials for building pigpens and others. In the cooperative, capital is also needed. You need to set an amount that is sufficient to finance its business operations. The Cooperative Development Authority (CDA) will then approve this. This is called **authorized share capital**. It is divided into parts which the members will subscribe to in the form of shares. This means that each member will contribute money to come up with this capital.

How much will each member give? The amount of money that each member will give depends on the number of shares that he/she will subscribe to. To make this clearer, let us first compute the total number of parts of the authorized share capital.

Let's say that the authorized share capital is ₱500,000. You will divide this into parts. But before you can do that, you must set the price per share.

The officers and general assembly of members will determine this price or amount. The amount should be reasonable so that the members can afford it. Let's say that the price of share is set at ₱100.00 each. If we have the price per share, we can compute the total number of parts of the authorized share capital. Here is the formula:

Authorized share capital divided by price per share is equal to total parts.

$$\text{ASC/PPS} = \text{TP}$$

$$\text{₱500,000/₱100.00} = 5,000 \text{ total parts}$$

In the formula:

ASC – authorized share capital

PPS – price per share

TP – total parts (total number of parts)



Let's Solve This Problem

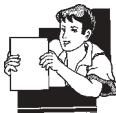
Is it clear to you how we computed the total number of parts of the authorized share capital? Answer the following problems below to check if you understood this concept:

1. The authorized share capital of Bgy. Santol Credit Cooperative is ₱1,000,000. The price per share is set at ₱250 each. What is the total number of parts of their authorized share?

2. Traders Cooperative is a marketing cooperative. Its officers and members have agreed to set the price of each share at ₱150 each. Their authorized share capital is ₱1.5 million. Compute the total number of parts of their authorized share capital.

Compare your answers with those in the *Answer Key* on page 50.

Well, how was it? Were you able to solve both problems correctly? Let us continue with our discussion of authorized share capital.



Let's Learn

After computing the total number of parts of the authorized share capital, the next thing to do is to have the members subscribe or make a pledge on the shares. The number of shares that a member will subscribe or pledge is called **pledged shares**. Suppose Mr. de Dios is a member of a cooperative and he subscribes to 200 out of the 5000 total parts. Remember that each share is priced at ₱100 each. Let us compute the total price of Mr. de Dios' pledged shares.

$$\text{SP or S} \times \text{PPS} = \text{Total Price of Shares}$$

$$200 \times \text{₱}100 = \text{₱}20,000$$

Remember that: **SP or S** – Subscribed Parts or Shares

PPS – Price Per Share

Mr. de Dios has 200 pledged shares in the cooperative. The total amount or price of this is ₱20,000. Is he required to pay this amount in whole? No. He may give any

reasonable amount and pay the remaining balance by installment. The number of pledged shares that a member will pay is called **paid-up shares**. Suppose Mr. de Dios paid ₱1,600. How do we compute for his paid-up shares? Look at the following computation:

$$AP / PPS = \text{Paid-Up Share}$$

$$₱1,600 / ₱100 = 16 \text{ Paid-Up Shares}$$

The amount paid divided by price per share is equal to paid-up share.

AP – amount paid

PPS – price per share

To better understand how to compute Mr. de Dios' shares, look at this illustration:

Name	Pledged Shares	Total Price	Amount Paid
Mr. De Dios	200	₱20,000	₱1,600



Let's Try This

Do this activity to see if you were able to understand the important points in our discussion.

Match the items in Column A with those in Column B. Draw a line to connect each pair.

A

Paid-up shares

Pledged shares

Authorized share capital

B

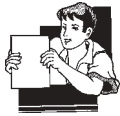
Amount approved by the CDA and set by the cooperative to finance its business activities

The number of subscribed shares paid by the member

The number of shares that a member subscribes to

Compare your answers with those in the *Answer Key* on page 51.

Let's continue our discussion on authorized share capital.



Let's Learn

Go back to page 16 and review the *Let's Read* activity. Note that the treasurer's certification indicates that 25% of the authorized share capital must be subscribed and at least 25% of the total subscription must be paid. This is stated in the Cooperative Code of the Philippines or Republic Act No. 6938.

Suppose that the authorized share capital is ₱500,000. The price per share is ₱100 and its total number of parts is 5,000. What is 25% of 5,000 parts? Let us compute.

$$5,000 \times .25 = 1,250 \text{ parts}$$

1,250 shares multiplied by ₱100 (price per share) is equal to ₱125,000.

If the cooperative's authorized share capital has 5,000 parts, its members must subscribe to a minimum of 1,250 shares. This share is equivalent to ₱125,000 if the price per share is ₱100.

Now, of the minimum 1,250 shares or ₱125,000, at least 25% must be paid. Suppose all the members of the cooperative have subscribed to a total of 1,250 shares or ₱125,000, what is 25% of this amount? Let's compute this:

$$₱125,000 \times .25 = ₱31,250 \text{ or}$$

$$1250 \times .25 = 312.5 \text{ shares}$$

(The minimum amount of the paid-up shares is ₱31,250, if the authorized share capital is ₱500,000).

To understand this better, study the table below:

Members	Pledges shares	Total amount	P
1. ×	62.5	₱ 6,250	
2. ×	62.5	6,250	
3. ×	62.5	6,250	
4. ×	62.5	6,250	
5. ×	62.5	6,250	
6. ×	62.5	6,250	
7. ×	62.5	6,250	
8. ×	62.5	6,250	
9. ×	62.5	6,250	
10. ×	62.5	6,250	
11. ×	62.5	6,250	
12. ×	62.5	6,250	
13. ×	62.5	6,250	
14. ×	62.5	6,250	
15. ×	62.5	6,250	

=

16.	×	62.5	6,250		
17.	×	62.5	6,250		
18.	×	62.5	6,250		
19.	×	62.5	6,250		
20.	×	62.5	6,250		
		<u>1,250</u>	<u>₱25,000</u>	<u>312.5</u>	<u>₱31,250</u>

In the table above, there are 20 members of the cooperative who subscribed to 62.5 shares each. The price per share being ₱100, each member subscribed to ₱6,250 worth of shares. The total pledged shares is ₱125,000 which is 25% of the ₱500,000 authorized share capital. Each member was not able to pay the whole amount of his/her pledged shares, but the total amount of the paid shares is equal to 312.5 shares or ₱31,250. This is 25% of the total pledged shares of ₱125,000.



Let's Solve This Problem

Solve the following problem to see if you understood some important points in our discussion.

The authorized share capital of the Kabayan Cooperative is ₱2,000,000. Each share is sold at ₱250. What is the total number of parts of their authorized share capital? What should be the minimum amount of their total pledged shares?

Compare your answers with those in the *Answer Key* on page 51.



Let's See What You Have Learned

How well do you understand and remember what you have read in this lesson? Answer the following questions.

- A. Number the sentences below so that they follow the correct order or steps in forming a cooperative.

_____ Register your cooperative with the CDA.

_____ Conduct a pre-membership seminar

_____ Conduct your first general meeting

_____ Form your core group

_____ Make your economic survey

_____ Receive a certificate of registration from the CDA

B. List down the documents needed in registering a cooperative.

C. Solve this problem.

1. The authorized share capital of the Bgy. Pagkakaisa Cooperative is ₱800,000. Each share is sold at ₱200. What is the total number of parts of their authorized share capital? What should be the minimum amount of their total pledged shares? Of their paid-up shares?

Compare your answers with those in the *Answer Key* on pages 51–52.

Well, how was it? Did you get all the answers correct? If you did, then that's very good! You are now ready to go to Lesson 2. If you made some mistakes, review the parts of the lesson which you didn't understand.



Let's Remember

Here is a summary to help you remember the important points discussed in this lesson.

- 1) If you are interested in forming a cooperative, here are the steps that you should follow:
 - ◆ Form a core group and conduct an economic survey in your community;
 - ◆ Conduct a pre-membership seminar to encourage people to join your cooperative;
 - ◆ Hold your first general meeting to elect the different officers and members of the committees;
 - ◆ Prepare the documents needed in registering your cooperative; and
 - ◆ Register your cooperative at the Cooperative Development Authority (CDA) and pay the registration fee of at least ₱250.
- 2) The documents that you will submit are the following:
 - ◆ 4 copies of the economic survey of your community;
 - ◆ 4 copies of the Articles of Cooperation, with the bonds of accountable officers and treasurer's affidavit; and
 - ◆ 4 copies of the Bylaws of the Cooperative.

People in the Cooperative

You have learned in the previous lesson how a cooperative is formed. Let us now discuss the people who make up the cooperative.

In this lesson, you will find out about the people and the different groups that make the cooperative work. After studying this lesson, you should be able to:

- ◆ name the committees that form the cooperative and their functions; and
- ◆ enumerate the officers of the cooperative, as well as their duties and responsibilities.



Let's Try This

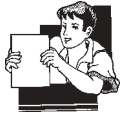
Are you a member of a group or organization in your community or place of work? If you are, write down the different positions and committees in your group. If you are not, what are the different positions and committees in a group that you are familiar with? Write your answers below.

Compare your answers with those in the *Answer Key* on page 52.



Let's Think About This

Just like any group or organization, a cooperative has different officers and committees. How important are the different officers and committees of a cooperative? What do you think will happen if there are no officers and committees? Reflect on your answers to these questions before proceeding to the next section.



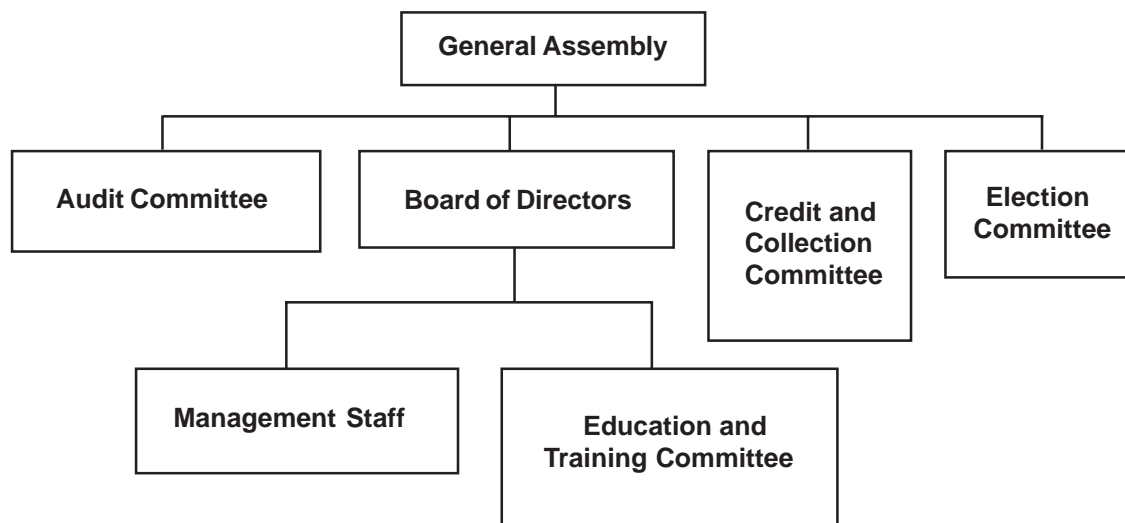
Let's Learn

The cooperative needs capable and competent persons to manage it. The officers and members of the different committees will plan, organize, direct, control and address problems of the cooperative. Without their leadership, there will be no “cooperation” and each member will go on his own way. The success of the cooperative depends on these individuals and the efficient performance of their jobs. So, they should not be just ordinary individuals. They should be individuals with honesty, integrity, competence and willingness to serve the cooperative. The success of the cooperative also depends on each member of the cooperative contributing his time and effort.



Let's Study and Analyze

Study the organizational chart below.

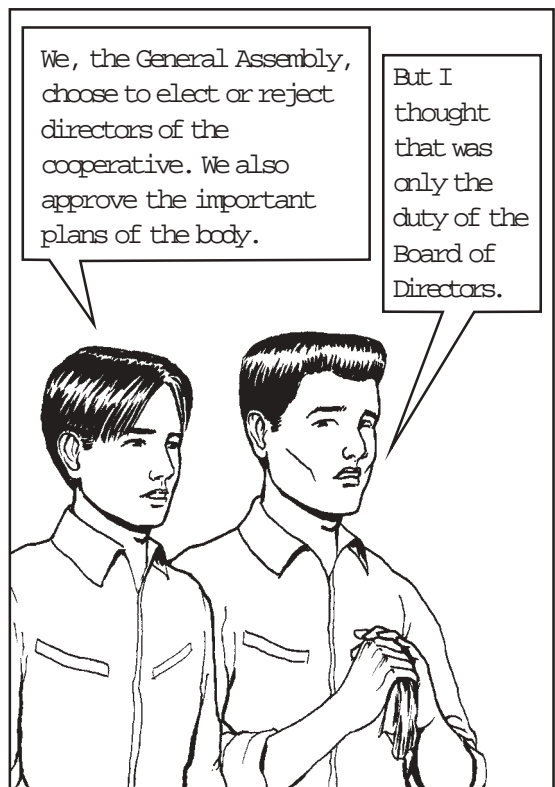
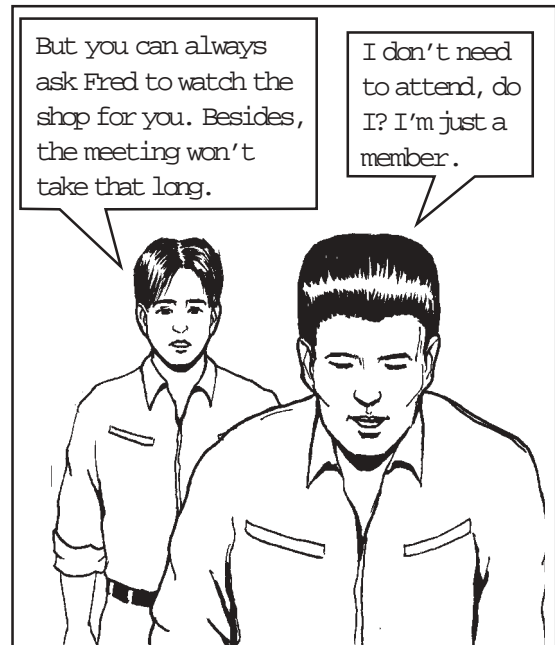


This is the organizational structure of a cooperative. Note the groups that form the cooperative. They have different functions and obligations. What are these functions and obligations? The individual members of these groups also have duties and responsibilities. What are their duties and responsibilities? Read on to learn the answers to these questions.



Let's Read

Read this conversation between two members of the Bgy. Olivaro Multipurpose Cooperative. It happens at the vulcanizing shop where Mang Omar works.





Let's Review

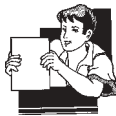
Based on what you have read, answer the questions below.

- 1) What group approves the projects of the cooperative?

- 2) What is the other duty of this group as mentioned in the conversation?

Compare your answers with those in the *Answer Key* on page 52.

Who comprises the General Assembly? What are the rights and duties of the members? Read on to learn the answers to these questions.



Let's Learn

The General Assembly is composed of members in good standing. A member in good standing is one who:

- a. has paid the membership fee and at least one share of stock;
- b. pays his/her dues on time;
- c. abides with the cooperative's rules, regulations and bylaws;
- d. performs his obligations, duties and tasks;
- f. attends the required seminars and/or training activities; and
- g. patronizes the cooperative, and actively participates in elections and decision-making.

The rights and duties of a member are to:

- a. participate in decision-making during assemblies and/or meetings;
- b. vote on all matters brought to the attention of the assembly;
- c. seek any elective position, if qualified;
- d. receive interest on capital and patronage refund;
- e. inspect and examine the books, accounts, minutes of meetings and other records; and
- f. exercise all the rights and privileges granted to members.



Let's Review

Answer the following to see how well you understood what you have just read.

- A. Fill in the blanks with the correct words.

The General _____ is composed of all the members in _____ standing. They elect the members of the _____ of Directors who implements the plans of the cooperative. They have the right and duty to inspect and examine the books, _____ and _____ of meetings.

- B. What do you think will happen if a member fails to comply with his duties?

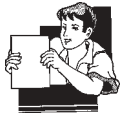
Compare your answers with those in the *Answer Key* on pages 52–53.



Let's Think About This

In the activity on page 23, you were asked to list down the different positions and committees in a group in which you are a member or that you are aware of. Were you able to list all of them?

Well, what about in a cooperative? Do you know the different officers and committees that form a cooperative? If you do, that's good! If not, read on to find out who the officers of a cooperative are. Compare the officers and committees that you know with those in the next discussion. Are the officers the same?



Let's Learn

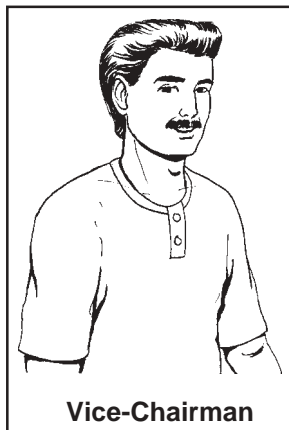
The members of a cooperative elect the members of the Board of Directors at their annual general assembly. All the directors serve for a term of two years.

There shall be an odd number of Board members, from 5 to 15. They shall supervise and control the affairs of the cooperative. They shall also prescribe policies consistent with the bylaws and resolutions by the general assembly.

The members of the Board shall conduct a meeting within 10 days after their election to elect among themselves a chairman and vice-chairman.

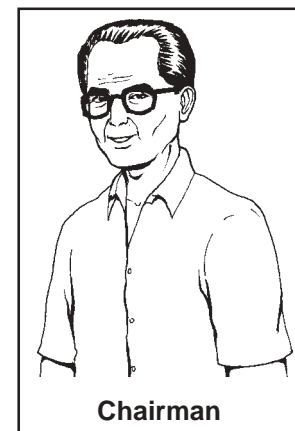


The **Chairman** heads all the meetings of the cooperative. He/She sees to it that all the rules, policies and procedures are followed.

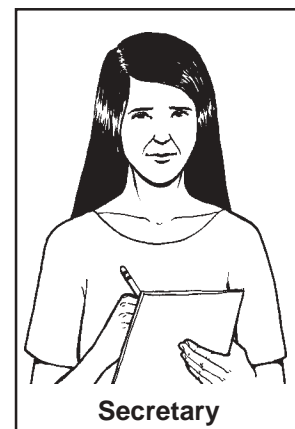


The **Vice-Chairman** performs the duties of the Chairman, when the latter is absent. He/She also acts as Chairman of the Education and Training Committee.

The Board of Directors will also appoint the secretary and treasurer. They are not considered members of the Board.



The **Secretary** keeps the complete list of members and the records of all meetings of the Board of Directors and the General Assembly. He/She also prepares the notice and minutes of the meetings, and performs the duties of the treasurer in the latter's absence.

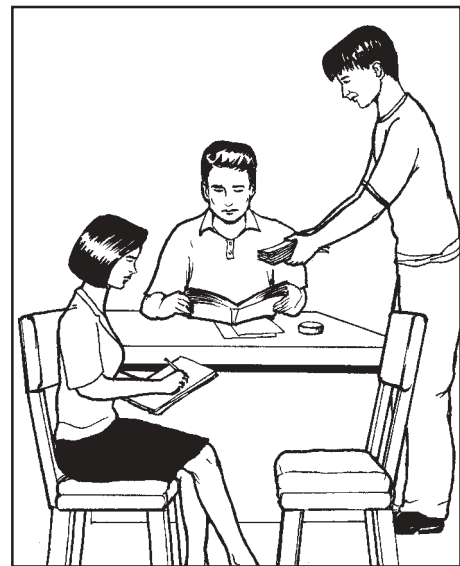




The **Treasurer** takes custody of all the money, securities and papers of the cooperative. He/She keeps a complete record of its cash transactions. He/She pays, all money transactions based on the recommendation of the manager or the Board, and certifies the correctness of the cash position of the cooperative in all financial statements and reports submitted to the Board of Directors.

The Board shall also appoint the members of the management staff.

The **Management Staff** will implement the policies of the Board and the General Assembly in order to attain the objectives of the cooperative. They are composed of the following:



The **General Manager** heads the day-to-day activities of the cooperative. He/She may hire, supervise and dismiss employees, subject to the approval of the Board.

The **Accountant** controls the accounting system of the cooperative. He/She submits a monthly financial report to the Board of Directors and presents an annual financial report to the General Assembly.

The **Bookkeeper** prepares the following:

- ◆ balance sheet;
- ◆ income statement; and
- ◆ other financial reports for the officers and the General Assembly.

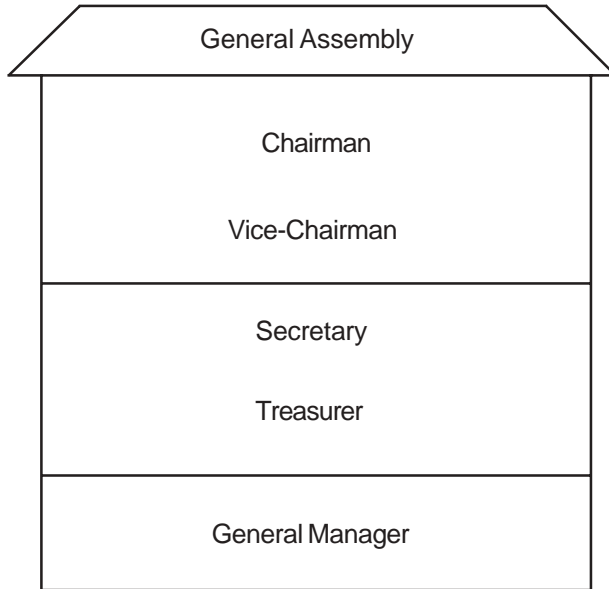
The Bookkeeper also assists the General Manager.



Let's Try This

Let's see if you were able to understand the important points in our discussion. Match the items in Column A with those in Column B. Draw a line to connect each pair.

A



B

Heads the management team which handles the day-to-day activities of the cooperative.

Pays all money transactions on the recommendation of the manager.

Elects the members of the Board of Directors.

Conducts all meetings of the cooperative.

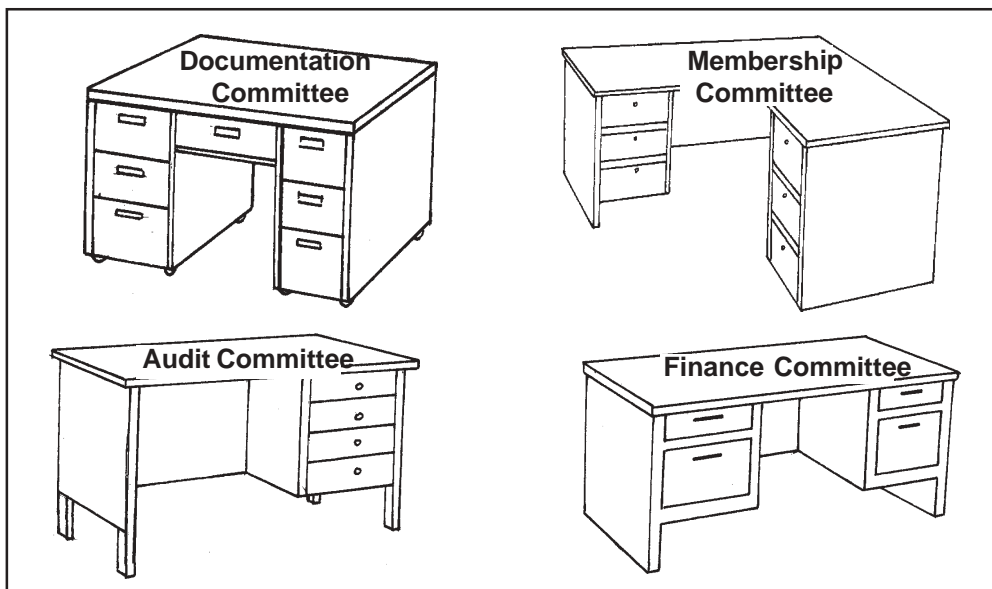
Chairman of the Education and Training Committee.

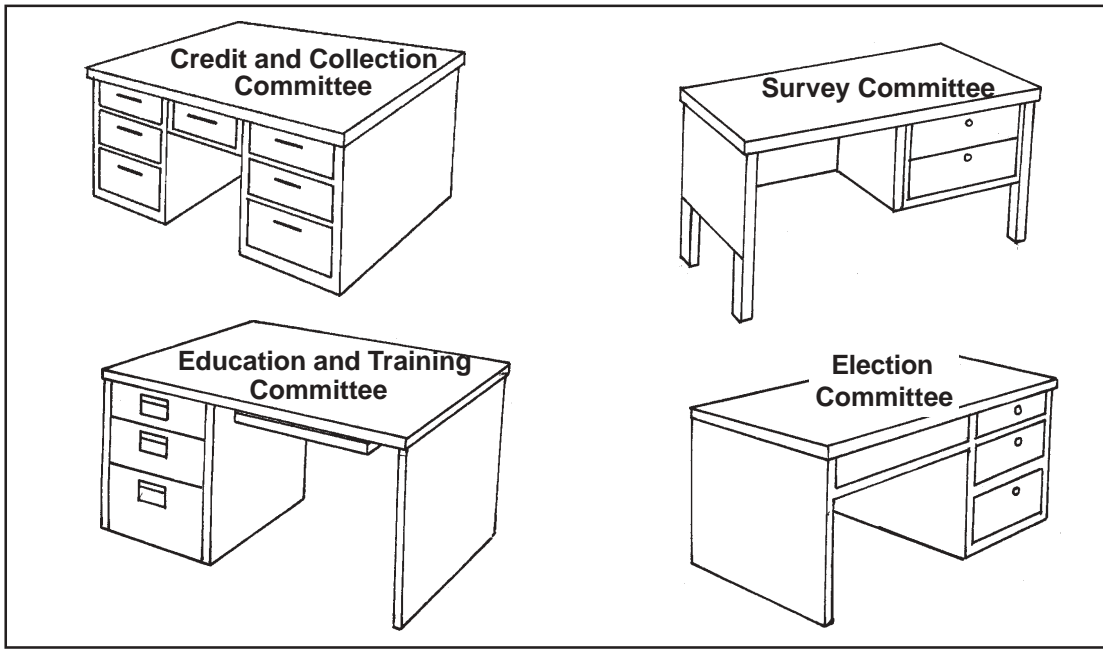
Records all meetings of the Board and the General Assembly.

Compare your answers with those in the *Answer Key* on page 53.



Let's Study and Analyze





1. Look at the pictures. What are the different committees in the cooperative?

2. In the previous lesson, you learned that a committee is in charge of preparing the documents needed to register the cooperative. What committee is this?

3. What are the other committees? What are the functions of each committee?

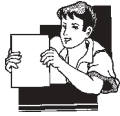
Write your answers in the spaces provided before comparing them with the answers below.

Compare your answers with these:

The different committees in the cooperative that were indicated in the picture are the following: documentation, audit, credit and collection, election, membership, finance, survey and education and training committees.

In Lesson 1, the Documentation Committee was mentioned as the committee in charge of the preparation of documents needed in registering the cooperative.


To learn the answer to number 3, read the next section.



Let's Learn

To help the Board and the different officers in managing the cooperative, we have different committees. Here is Mr. Edilberto Mangoc, a cooperative specialist from the Cooperative Development Authority, to explain the different committees in the cooperative.

Hi! I'm Edilberto Mangoc. These are the different committees that you can form in your cooperative.



Credit and Collection Committee


It approves or disapproves loan applications and bank withdrawals and collects loan payments.

Audit Committee

It installs an adequate and effective accounting system; conducts internal audit; makes an inventory of assets and properties of the cooperative; and serves as financial consultant of the Board.

Election Committee

It supervises the conduct of all elections and prepares guidelines for the nomination and election of directors and committee members.

An illustration showing a man with glasses sitting at a desk with a calculator, representing the Audit Committee. To his right, two women are standing around a ballot box, representing the Election Committee.

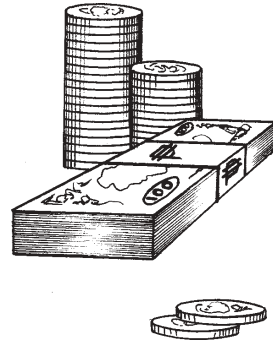
Membership Committee

It promotes cooperative ideas and practices, and campaigns for membership.



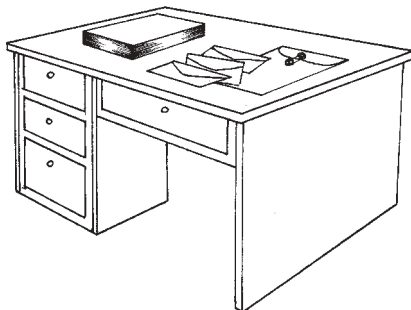
Finance Committee

It raises funds, collects payments of fees, contributions and takes charge of other financial matters.



Documentation Committee

It prepares all the required documents, such as Bylaws and Articles of Cooperation, and other requirements for the registration of the cooperative.



Survey Committee

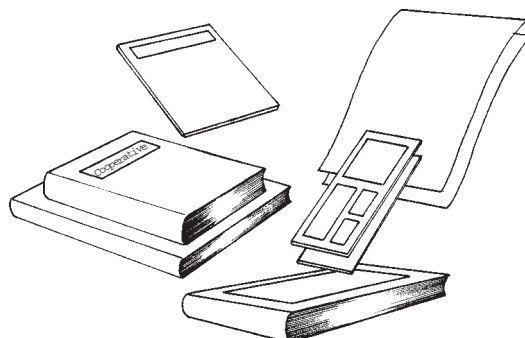
It gathers data and other relevant information for the cooperative. Its survey confirms, adds and updates the data gathered by the core group.



Education and Training Committee

The members of this committee may come from the Board or the general membership. The vice-chairman automatically becomes the Chairman of this committee.

It plans and implements education and training programs for the members, officers, employees and prospective members of the cooperative.





Let's Review

How well do you understand and remember what you have just studied? Complete the statements below. Write your answers in the spaces provided.

1. The audit committee installs an adequate and effective _____ system.
2. The _____ committee decides on loan applications.
3. The committee that gathers data and other information for the cooperative is the _____ Committee.
4. The _____ Committee prepares guidelines for the nomination and election of directors.
5. The Finance Committee raises _____.

Compare your answers with those in the *Answer Key* on page 53.

You are now done with Lesson 2. Answer the questions below to test whether you remember the important points discussed in this lesson.



Let's See What You Have Learned

- A. Fill in the blanks. Choose your answers from the box to complete the statement below.

Bookkeeper	Board of Directors	Membership Committee
Education and Training	General Assembly	Finance

- 1) The _____ supervises the affairs of the cooperative.
 - 2) All the individual members of the cooperative form the _____.
 - 3) Aside from generating funds, the _____ Committee collects payments of fees and contributions.
 - 4) The _____ encourages people to become members of the cooperative.
 - 5) The income statement and balance sheet is prepared by the _____.
- B. List down five committees of usually found in a the cooperative.

- C. 1) What is the importance of the different officers of a cooperative?

- 2) If you were to head a committee in a cooperative, which one would you choose? Why?

Compare your answers with those in the *Answer Key* on pages 53–54.

Before proceeding to the next lesson, read the lesson summary below to help you remember the important points which were discussed earlier.



Let's Remember

- 1) The cooperative needs honest, competent and willing persons to manage its affairs. These individuals shall occupy the following positions:
 - ◆ Chairman;
 - ◆ Vice-Chairman;
 - ◆ Secretary;
 - ◆ Treasurer;
 - ◆ Auditor;
 - ◆ Manager;
 - ◆ Accountant; and
 - ◆ Bookkeeper.
- 2) Different committees help in managing the cooperative. These include the following:
 - ◆ credit and collection;
 - ◆ audit;
 - ◆ election;
 - ◆ membership;
 - ◆ finance;
 - ◆ documentation;
 - ◆ survey; and
 - ◆ education and training.
- 3) The success of the cooperative also depends on its members. These members form the General Assembly, which approves the projects of the cooperative and elects the Board of Directors.

Help Your Cooperative Grow

In the previous lesson, you learned about the persons and groups that make up a cooperative. These persons and groups are important, so that the cooperative will work. A good cooperative must work, not just for a short period of time, but for a long time. How can you make a cooperative work? How can you make it grow?

After studying this lesson, you should be able to:

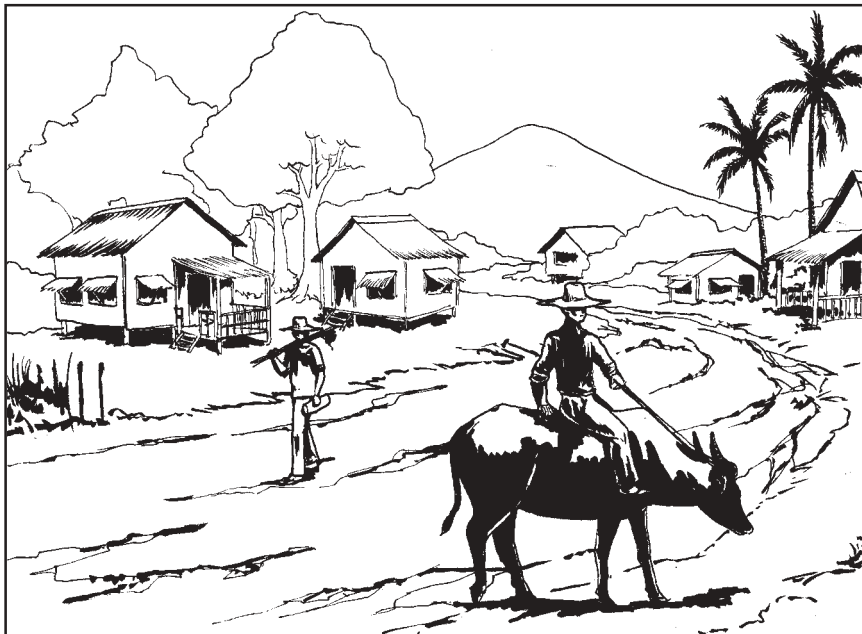
- ◆ enumerate the ways of making your cooperative grow; and
- ◆ discuss the essential parts of a good program and how you can use it to make your cooperative succeed.



Let's Study and Analyze

Study and evaluate the story of the Lamac Multipurpose Cooperative.

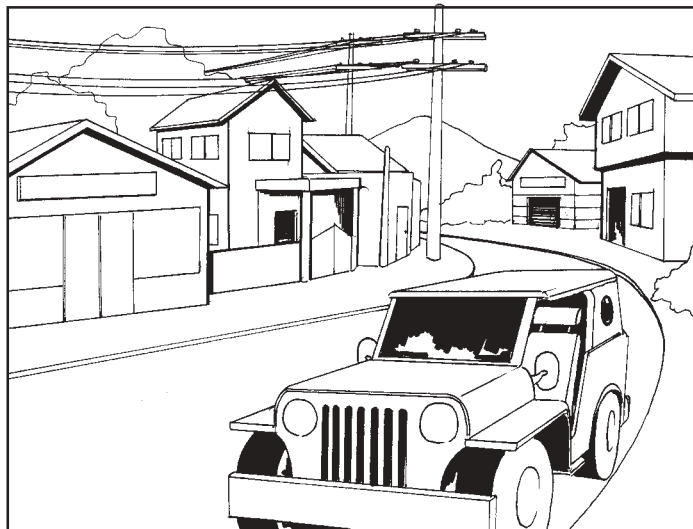
Lamac is a poor village in Pinamungajan, Cebu. In the past, this barangay had no roads, electricity, transportation and water system. The people living here were very poor.



The people wanted to improve their lives and their community, so they decided to form a cooperative to help bring progress to their village.



Their seed capital, which was only ₱3,500.00, was used in putting up a store.



Through unity, faith and hard work, the members of this cooperative were able to make their lives better and contribute to their community's progress. Today, the cooperative has its own office, bakery, pharmacy, and rice and corn mill. It was awarded as one of the three most outstanding cooperatives by the Land Bank of the Philippines in 1995.

1. How were the people of Lamac able to rise from poverty?

2. What are the factors that contributed to their cooperative's success?

Compare your answers with those in the *Answer Key* on page 54.

Through determination and hard work, the people of Lamac were able to make their cooperative grow. What are the other factors that can help make a cooperative grow? Read on to learn the answer to this question.



Let's Read

A cooperative has to be dynamic (energetic or forceful) in order to meet the changing needs and problems of its members and the community. It has to expand its business operations to serve the needs of its members. Let's look at the situation of Bgy. Pasencia Multipurpose Cooperative, which is operating a canteen at present.

At a general assembly meeting in Bgy. Pasencia Multipurpose Cooperative:

Mrs. Reyes: Mr. Chairman, I would like to make a suggestion to the Board.

Chairman: Please, go on!

Mrs. Reyes: We all know that times are harder now. The prices of goods are very high and so is the cost of sending our children to school. With my husband's income as a mechanic, I can no longer make ends meet. So I am hoping that the Board can come up with livelihood projects that will help housewives like me earn extra money.

Mrs. Guzman: I agree with Mrs. Reyes. Perhaps our cooperative can venture into other business activities to help its members.

Mrs. Reyes: Yes. We could use some parts of our income from our canteen to purchase sewing machines. I know how to make dresses and doormats. I am also willing to teach other housewives in our cooperative, if they are interested.



Let's Think About This

Based on the dialogue above, what is the present business activity of the Bgy. Pasencia Multipurpose Cooperative? What business project or activity are the members suggesting? Do you think that venturing into another business activity will help the members of the cooperative? Why or why not? Write your answer in the spaces provided. Afterwards, compare it with the sample answer on the next page.

The cooperative is now operating a canteen. The members suggested that, in addition to its canteen business, the cooperative buy sewing machines so they can start a new project: making dresses and doormats.

I think that venturing into this business will help the members of the cooperative earn extra money.

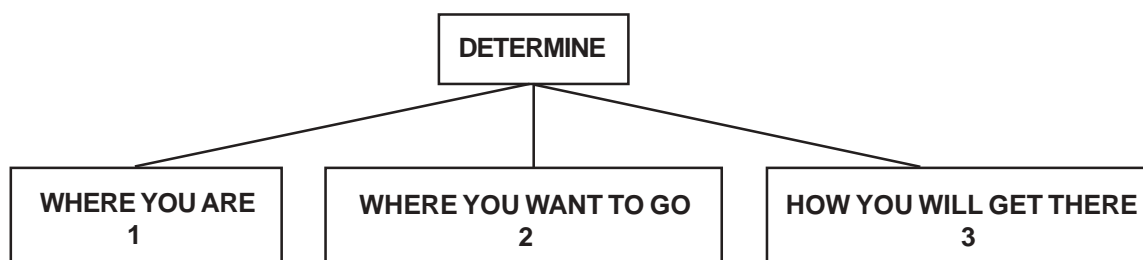
A dynamic organization means active leadership. The leaders of the cooperative should plan, organize and use the resources of the cooperative. They should come up with good programs for the cooperative. What is a good program? Let's find out in the next section.



Let's Learn

A good program should be well-planned and systematic. To plan a good program, follow this three-step process:

How To Make A Good Program



Let's take the situation of the Bgy. Pasencia Multipurpose Cooperative. Suppose you are a member of its Board of Directors. These steps in making a good program can guide you in developing programs for the cooperative. Here is an explanation of how the steps above can guide you in planning programs.

1. Determine where you are.

The members of your cooperative, who are housewives, want to help their husbands by earning extra income. The target of the cooperative is to come up with a livelihood project for them.

2. Determine where you want to go.

The members suggested buying sewing machines so they can make dresses, doormats and other items that the cooperative can sell. This project will help your members earn extra income. It is one way of making the lives of your members more progressive. This is the goal or objective you want to achieve.

3. Determine how you will get there.

Where will you get the money to finance this project? You can use the income of your present business operation to invest in this new project. You can also come up

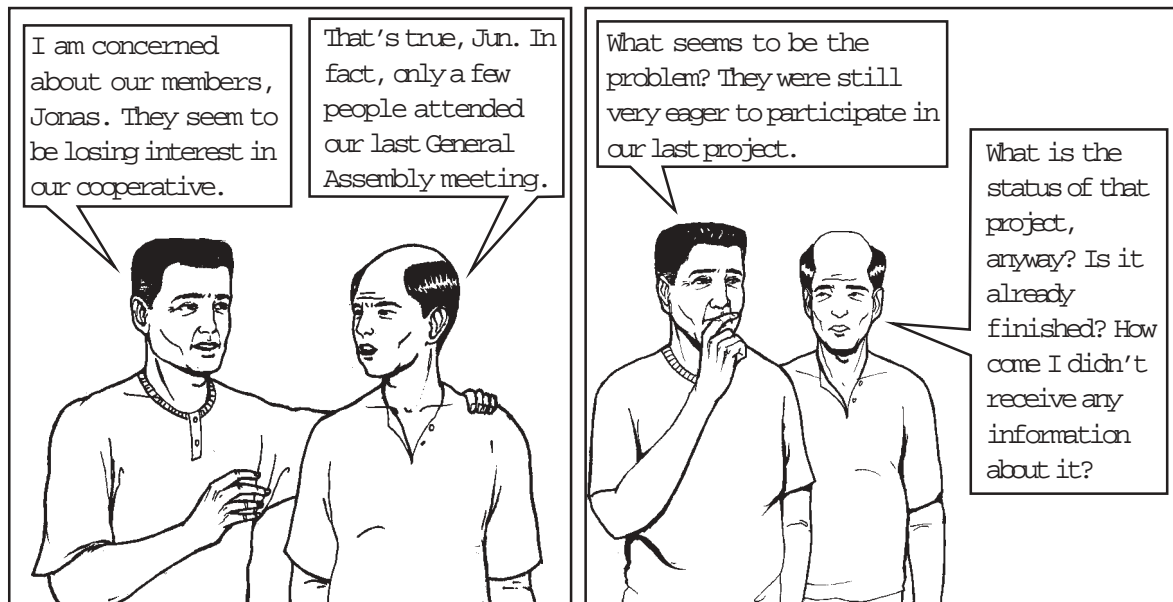
with other fund-raising activities. Use the money that you will collect from these fund-raising activities to buy the needed sewing machines. You will also need to talk to possible buyers of your finished products.

A good program should be well-planned and systematic. Most importantly, it should be implemented and managed. As a good leader, you must follow up all the projects of your cooperative. This is to ensure that the plans are being followed. You can also actively involve the participation of your members by updating them on the current status of each project. In this way, you will be able to maintain their interest.



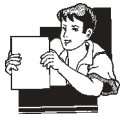
Let's Read

Participation of the members in the projects of a cooperative is very important. What happens if you don't allow your members to participate? Here is a situation in Bgy. Olivaro Multipurpose Cooperative. Let's read it.



Let's Think About This

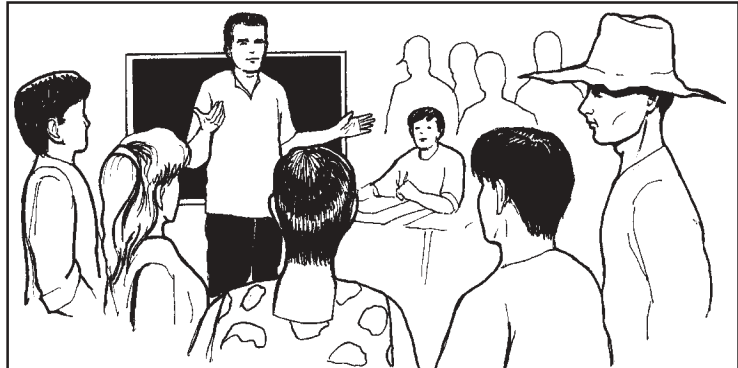
What happens when the members of the cooperative lose interest? Are there measures that you can apply to regain their interest? What are these measures? What do you think is the importance of the participation of the members of a cooperative? Try to reflect on your answers to these questions. Then proceed to read the next section.



Let's Learn

The Importance of Participation

Participation motivates the members of a cooperative or group to contribute their ideas and experiences. They are encouraged to share their talents, resourcefulness and creativity towards achieving the goal of the cooperative.



Give your members a part in decision-making and other activities. When members of a group feel that they are part of the organization, they would naturally want their organization to succeed. To them, the programs and projects of the organization will become their own. When they talk of the cooperative, they will say “we,” and not “they.” The members will develop a “sense of ownership” that will encourage them to be concerned for the success and welfare of the cooperative.

What if the cooperative loses the interest of its members? How do you regain their interest?

Once the cooperative loses the attention and interest of its members, additional work is needed to regain their interest.

Here are some ways that will help the leaders of a cooperative regain the interest of their members .

- ◆ Open the line of communication between the officers and the members. You have to know what the problems and concerns of your members are. They should be able to reach you at all times.
- ◆ Make sure that members receive important and timely information about the activities of the cooperative.
- ◆ Let the members know about the status of the different projects or activities of the cooperative.
- ◆ Enforce the law. Dismiss or penalize members who do not follow the bylaws or rules of the cooperative.



Let's Talk About This

Here are more activities that will help make a cooperative grow. Read and remember them. They will guide you when you plan to form a cooperative in the future. You may also discuss this with your family, friends and relatives.

Campaign for new members.

Convince and encourage people in your community to join your cooperative. Let your education and training committee devise a program of education, training and promotional activities to help your cooperative increase the number of its members.

At the same time, the Membership Committee will work hand-in-hand with the Education and Training Committee in promoting cooperative ideas and practices, and campaigning for new members.

Educate and train your members.

Education is important! The success of your cooperative depends mostly on its people. The nature and quality of their values, attitudes and knowledge will determine the future of your cooperative. It is for this reason that you should develop the members and officers of your cooperative. The best way to do this is through **training and education**. Through this, you can impart appropriate knowledge, skills, attitudes and values to the members of your cooperative.



Let's Think About This

What are some of the proper knowledge and skills that you must impart to your members and officers? What values and attitudes should you impart to them? Think about these before proceeding. Then, read on to learn the answer to these questions.



Let's Read

The knowledge and skills that you must impart to your members and officers are the following:

- ◆ The knowledge of cooperative principles and methods;
- ◆ The purpose and goals of your cooperative;
- ◆ The philosophy of the cooperative movement; and
- ◆ Operating policies and procedures of your cooperative.

The values and attitudes that you should impart to them include the following:

- ◆ Loyalty and cooperation;
- ◆ Honesty and integrity;

- ◆ Thrift and self-reliance; and
- ◆ Good community leadership.

Real progress and development can only exist if there is growth and development among the people.



Let's See What You Have Learned

Were you able to understand the important points in our discussion? To see if you did, answer the following questions:

1. What are the important steps in making a good program?

2. What is a dynamic leader?

3. What is the importance of the participation of members in a cooperative?

Compare your answers with those in the *Answer Key* on page 54.



Let's Remember

There are measures and activities that you can adopt to make your cooperative grow. They include the following:

- ◆ Come up with projects that will address the changing needs of your members;
- ◆ Apply the steps in making a good program and implement these programs;
- ◆ Give your members opportunities for participating in decision-making and other activities;
- ◆ Campaign for new members; and
- ◆ Educate and train your members and officers to develop skills, knowledge, attitudes and values that will help your cooperative grow.

Congratulations! You have finished studying this module. To help you remember the important points discussed in this module, read the summary on the next page.



Let's Sum Up

In this module, you learned how to form a cooperative. You also learned to differentiate between the Articles of Cooperation and the Bylaws of the Cooperative. You even learned how to compute the total number of parts of the authorized share capital.

Now that you are through with the module, you should understand that the success of the cooperative depends on the people who will manage it. They should be men and women of integrity and honesty who are willing to serve the cooperative.

It is important that a cooperative exists not just for a short period of time, but for a long time. It should be dynamic or active to be able to meet the changing needs of its members. Most important of all, it must achieve growth and development among its members. Real progress can only exist when there is growth and development among the members of a cooperative.



What Have You Learned?

Answer the test below as best as you can. In Part B of this test, you may need extra paper to solve the problems.

- A. Encircle the letter of your chosen answer.
1. Which are found in the Articles of Cooperation?
 - a. Positions and responsibilities of the officers
 - b. Goals and objectives of the cooperative
 - c. Names of the incorporators and their addresses
 - d. Both b and c
 2. Which of the following is not included in the document to be submitted for registration of a cooperative?
 - a. Bylaws or Laws of the Cooperative
 - b. Articles of Cooperation
 - c. Economic survey
 - d. Business permit
 3. Which of the following is **not** a procedure in forming a cooperative?
 - a. Creation of a core group
 - b. Conducting a pre-membership seminar
 - c. Payment of taxes
 - d. Submission of important documents to the Cooperative Development Authority
 4. Which of the following are the ways of making your cooperative progressive and successful?
 - a. Educating and training of members of the cooperative
 - b. Planning, implementing and managing good programs
 - c. Planning and implementing projects that will serve the needs of your members
 - d. All of the above
 5. Which of the following is **not** a group in the cooperative?
 - a. General Assembly
 - b. Grand Jury

- c. Board of Directors
 - d. Election Committee
- 6.) Which of the following is the function of the Board of Directors?
- a. Supervise and control the affairs of the cooperative
 - b. Prescribe policies consistent with the Bylaws
 - c. Takes into custody all money, securities and papers of the cooperatives.
 - d. Both a and b

B. Solve the following problems. Show your computations. (2 pts. each)

- 1.) Jose wants to subscribe to 20 parts or shares of the cooperative. Each share is equivalent to ₱100. What is the total amount of his subscribed or pledged shares? If he wants to pay ₱600 of his total subscribed shares, what is the total number of his paid-up shares?

- 2.) The Bgy. Magkaisa Multipurpose Cooperative has an authorized share capital of ₱600,000. Each share is priced at ₱200. What is the members' minimum amount of total pledged shares? How about the minimum amount of their paid-up shares?

Compare your answers with those in the *Answer Key* on pages 54–56. If you scored:

- 10 Excellent! You have learned a lot from this module. You can now move on to the next module.
- 7–9 Very good! Just review the parts of the test that you did not get right.
- 4–6 Go back to the parts of the module that you did not understand.
- 0–3 You should carefully study the entire module again.



Answer Key

A. Let's See What You Already Know (pages 2–4)

1. The correct answer is **all of the above**. When registering your cooperative, you need to submit the articles of cooperation together with the treasurer's notification, Bylaws of the Cooperative and economic survey.
2. The correct answer is **Articles of Cooperation**. It is a legal document (notarized, with seal and signature) that states the name of the organizers, name of the cooperative, its purposes, etc.
 - ◆ Economic survey is incorrect. Economic survey is a statement resulting from a study that aims to find out about the economic condition of a community. It is not a legal document, so, it does not have the seal and signature of a notary public.
 - ◆ Treasurer's notification or certification is also incorrect because this is a document attached to the Articles of Cooperation. It states the amount of pledged shares and paid-up share of the cooperative.
3. The correct answer is **General Assembly**. The members of the cooperative form this assembly. They make important decisions such as electing the officers, approving rules and deciding on issues before they can be implemented by the board.
 - ◆ The Documentation, Election or Finance committee, are incorrect. The Documentation Committee prepares the documents needed for the cooperatives registration. The Election Committee supervises all the activities during election. The Finance Committee, on the other hand, generates funds for the cooperative.
4. The correct answer is **economic survey**. An economic survey is a statement describing the economic condition of a community.

The Articles of Cooperation, Bylaws or poll survey, are incorrect. The Articles of Cooperation states important information about the cooperative to be registered. The Bylaws are the laws of the cooperative which the officers will apply in managing the cooperative. A poll survey is a question or sets of questions regarding an issue that aims to get the opinion of the people.
5. The correct answer is **Finance Committee**. One of the functions of this committee is to collect the membership fees and other contributions.

Membership Committee, Documentation Committee or Education and Training, are incorrect. Here are the explanations why these are not correct answers:

- The Membership Committee campaigns for members by promoting cooperative ideas and practices.
 - The Documentation Committee prepares the necessary documents needed in registering the cooperative.
 - The Education and Training Committee plans and implements education and training programs for the members of the cooperative.
6. The correct answer is **accountant**. This officer submits the financial report to the Board of Directors.
- ◆ Treasurer, chairman or bookkeeper, are incorrect. The treasurer's duty is for safekeeping and recording of cash transactions. The role of the chairman is to preside during elections and make sure that all rules and regulations are being followed. The bookkeeper prepares the financial report that the accountant will submit
7. The correct answer is **core group**. This group is composed of people interested in forming a cooperative. They also start the activities of the cooperative.
- ◆ Documentation Committee, Election Committee or Board of Directors, are incorrect. The members of the Board of Directors and the different committees are elected during the first general assembly meeting.
8. The correct answer is **all of the above**. The reason for conducting a pre-membership seminar is to introduce cooperative ideas and practices. By sharing these ideas, you can also convince people to join your cooperative.
9. The correct answer is **decision-making**. When you let your members take part in this important task, they will feel that they are very much part of the cooperative. Because of this, they will have more interest in the activities of the cooperative.
- ◆ Accounting or board meetings, are incorrect. Accounting is a job that requires special skills and knowledge. Not all of your members understand what the accounting process is all about, so it will not be good to have them participate in this job. Board meetings are for the board of directors only. It is during board meetings that they discuss important issues about the cooperative.

10. The correct answer is **all of the above**. With continuous education and training, the officers of the cooperative can impart proper knowledge, skills, attitudes and values to their members.
11. The correct answer is ₱2,000. Under the Cooperative Code of the Philippines, the total of paid-up shares should not be less than this particular amount .

B. Lesson 1

Let's Try This (page 6)

Here are sample answers:

1. The problems in our community are poverty, lack of available jobs, rotting garbage on street corners and lack of sufficient drinking water.
2. There are no cooperatives in our barangay.
3. I think there is a need to organize the people in our community. This will help solve the problems such as lack of available jobs, poverty and others.
4. There will be enough people in my community who will patronize the products or services of a cooperative.
5. I think there are people who are competent enough and are willing to manage a cooperative.
6. If the people work together and the leaders perform their duties, it is very possible that the cooperative will still be operating after several years.

You might have different answers. You can discuss your answers with your Instructional Manager for additional feedback.

Let's Review (page 10)

Your answers should be similar to these:

1. The core group will study the economic condition of their community.
2. The important documents necessary in registering the cooperative are the Articles of Cooperation, Bylaws of the Cooperative and economic survey.
3. You will register a cooperative at the Cooperative Development Authority.

Let's Study and Analyze (pages 11–14)

Your answers should be similar to these:

1. General Information contains the proposed name and the type of cooperative, the members group, the address of the cooperative, the number of original members, and the proposed increase in membership for the first three years.
2. The objectives of the Bgy. Olivaro Multipurpose Cooperative are to make the lives of the its members more progressive and to unite the members of the cooperative. It proposes to run a small restaurant and sell grocery goods.
3. This part contains the economic condition of the proposed area of operation and the equipment and skills needed in running the business.
4. The target income for the first year of operation is ₱150,000. It plans to invest its earnings in the construction of its own building.
5. This part lists the people who will manage the cooperative, as well as the salary of each.

Let's Try This (page 16)

Compare your answer with this:

- 1) The similarities between the two documents are: both documents contain the goals and objectives of the cooperative; they both contain information referring to the members of the cooperative.

They are different from each other because the Articles of Cooperation is a legal document stating basic information about the cooperative for the purpose of registering it at the Cooperative Development Authority (CDA). While the Bylaws are rules and regulations adopted to ensure good management of the affairs of the cooperative and its members.

Let's Solve This Problem (page 18)

Here are the correct answers:

1. $ASC/PPS = TP$

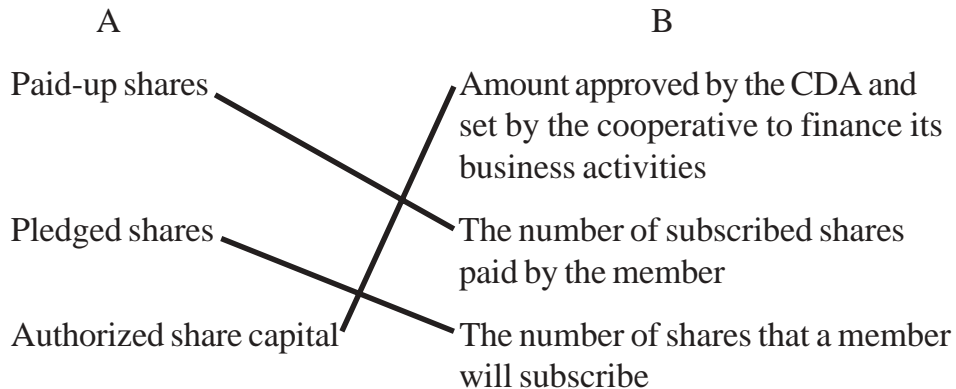
$$₱1,000,000/₱250 = 4,000 \text{ total number of parts}$$

2. $ASC/PPS = TP$

$$₱1,500,000/₱150 = 10,000 \text{ total number of parts}$$

Let's Try This (page 19)

Compare your answers with these:



Let's Solve This Problem (page 21)

1. $ASC/PPS= TP$

$$₱2,000,000/₱250 = 8000 \text{ total parts}$$

Then, compute the minimum of the cooperative's total pledged shares:

$$8,000 \text{ parts} \times .25 (25 \%) = 2,000 \text{ parts}$$

$$2,000 \times ₱250 \text{ (price per share)} = ₱500,000$$

* The members of the cooperative must subscribe to at least 2,000 shares out of the total 8,000 parts or ₱500,000 worth of shares.

Let's See What You Have Learned (pages 21–22)

- A. 5 Register your cooperative with the CDA.
3 Conduct a pre-membership seminar
4 Conduct your first general meeting
1 Form your core group
2 Make your economic survey
6 Receive a certificate of registration issued by the CDA
- B. 1. Articles of cooperation with bonds of accountable officers and treasurer's notification
2. Bylaws
3. Economic survey

C. $ASC/PPS = TP$

$$₱800,000/₱200 = 4,000 \text{ parts}$$

Then, compute the minimum amount of the cooperative's total pledged share:

$$4,000 \text{ parts} \times .25 (25\%) = 1,000 \text{ minimum pledged shares}$$

$$1,000 \times ₱200 \text{ (price per share)} = ₱200,000$$

*The members of the cooperative must subscribe to at least 1,000 shares, out of the total 4,000 parts, or ₱200,000 worth of shares.

After that, compute the minimum amount of their paid up shares:

$$1,000 \times .25 = 250 \text{ shares}$$

$$250 \times ₱200 \text{ (price per share)} = ₱50,000$$

Of the cooperative's minimum pledged shares of 1,000 or ₱200,000 worth of shares, at least 250 shares or ₱50,000 worth of shares must be paid.

C. Lesson 2

Let's Try This (page 23)

Each learner is expected to give different answers. Here is a sample answer:

- ◆ I am not a member of any group in our community. But my sister is a member of a youth club in our barangay. These are the positions or officers that they have in their club: president, vice president, secretary, treasurer, P.R.O, sergeant-at-arms and muse.

Let's Review (page 26)

Compare your answers with this:

- 1) The General Assembly approves the projects of the cooperative.
- 2) Aside from approving the projects it also elects the board of directors.

Let's Review (page 27)

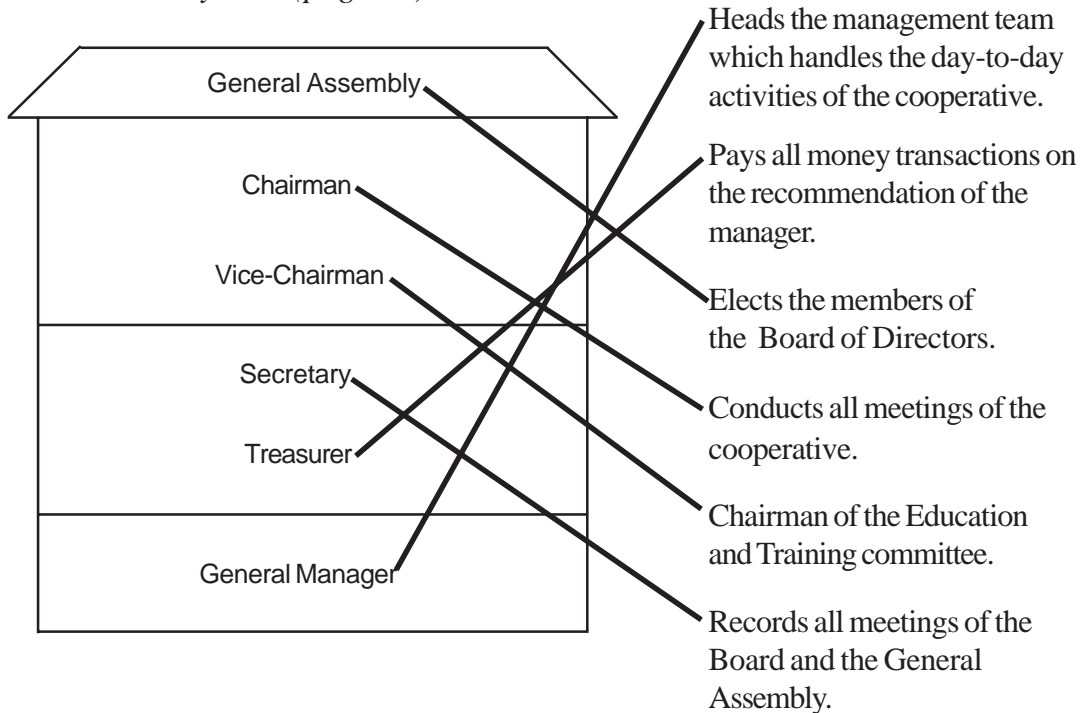
A. The General Assembly is composed of all the members in good standing. They elect the members of the Board of Directors who implements the plans of the cooperative. They have the right and duty to inspect and examine the books, accounts and minutes of meetings.

B. Compare your answer with this:

Members who violate the rules or fail to comply with his duties and obligations are either suspended or expelled depending upon the nature

and degree of their violation. These disciplinary measures are done in accordance with the rules regarding membership as stated in the Bylaws of the Cooperative.

Let's Try This (page 30)



Let's Review (page 34)

These are the correct answers:

1. accounting
2. credit and collection
3. Survey
4. Election
5. funds

Let's See What You Have Learned (pages 34–35)

Yours answers must be similar to these:

- A. 1. Board of Directors
2. General Assembly
3. Finance
4. Membership Committee
5. bookkeeper

- B. Any five of the following are correct: documentation, credit and collection, finance, membership, education and training, survey, audit and election committees.
- C. 1. The different cooperative officers manage the affairs of the cooperative and regulate the activities of the members to ensure cooperation.
2. Here is a possible answer:
I would like to head the Education and Training Committee. For me, the role of this committee is important in achieving growth and development among the members of the cooperative.

You can discuss your answer with your Instructional Manager or Facilitator for additional feedback.

D. Lesson 3

Let's Study and Analyze (pages 36–37)

Your answers should be similar to these:

1. The people of Lamac were able to rise from poverty due to their determination. They formed a cooperative and this helped them achieve their goals.
2. Through unity, determination and hardwork they were able to make their cooperative successful.

Let's See What You Have Learned (page 43)

Your answers should be similar to these:

1. The important steps in making a good program are:
 - ◆ determine where you are;
 - ◆ determine where you want to go; and
 - ◆ determine how you will get there.
2. A dynamic leader plans, organizes and uses the resources of the cooperative efficiently and effectively. He/She formulates good programs for the cooperative.
3. Participation motivates the members to participate in the activities of the cooperative. They also feel responsible for the cooperative. Naturally, they will want the cooperative to succeed.

E. What Have You Learned? (pages 45–46)

- A. 1. The correct answer is letter **d** (both b and c). The Articles of Cooperation states the names of the incorporators and their addresses, and the goals and objectives of the cooperative.
- ◆ Letter a is incorrect. The positions and responsibilities of the officers of the cooperative are stated in the Bylaws.

2. The correct answer is **d**. The business permit is not a required document for the registration of the cooperative.
 - ◆ The necessary documents to be submitted to the CDA when registering your cooperative are: economic survey, Articles of Cooperation and Bylaws.
 3. The correct answer is letter **c**. Payment of taxes is not required by the CDA and it is not a procedure in forming a cooperative. Cooperatives are exempted from paying taxes.
 - ◆ Creation of a core group, economic survey of the community and submission of important documents to the CDA are some of the necessary steps in forming a cooperative.
 4. The correct answer is letter **d** (all of the above). These are the activities that will help your cooperative grow: educating and training of members; planning, implementing and managing good programs; and planning and implementing projects that will serve the needs of your members.
 5. The correct answer is letter **b**. The Grand Jury is not a part of the groups in the cooperative. It is a group of people involved in hearing and trying cases.
 - ◆ The General Assembly, Board of Directors and Election Committee are groups in the cooperative.
 6. The correct answer is letter **d** (both a and b). The function of the Board of Directors is to supervise and control the affairs of the cooperative and prescribe policies consistent with the Bylaws.
- B. 1. Price of share – ₱100.00
 number of parts – 20
 $SP \text{ or } S \times PPS = \text{Total price of shares}$
 $20 \times ₱ 100 = \mathbf{₱2000}$ —total amount of Jose’s subscribed or pledged shares
 ₱2,000—total amount of subscribed shares; Jose will pay ₱600.
 $AP/PPS = \text{Paid-up share}$
 $\mathbf{₱600/₱100 = 6}$ (Jose has six paid-up shares)
2. $ASC/PPS = TP$
 $P600,000/P200 = 3,000$ parts

Then, compute the minimum amount of the cooperative's total pledged share:

$$3,000 \text{ parts} \times .25 \text{ (25\%)} = \mathbf{750 \text{ minimum pledged shares}}$$

$$750 \times \text{P}200 \text{ (price per share)} = \text{P}150,000$$

The members of the cooperative must subscribe to at least 750 shares or P150,000 worth of shares out of the total 3,000 parts.

After that, compute the minimum amount of their paid-up shares:

$$750 \times .25 = \mathbf{187.5—\text{minimum paid up shares}}$$

$$187.5 \times \text{P}200 \text{ (price per share)} = \text{P}37,500$$

Of the cooperative's minimum pledged shares of 750 or P150,000 worth of shares, at least 187.5 shares or P37,500 worth of shares must be paid.



Glossary

Articles of Cooperation A legal document signed by the organizers stating the name, goals and objectives, place of operation of the cooperative and others

Authorized share capital The amount approved by the CDA and set by the leaders and members of the cooperative to finance its business activities

Bylaws of the Cooperative The rules adopted by a cooperative for the management and regulation of its members and its activities

Dynamic Having a lot of ideas and enthusiasm; energetic and forceful; active

Economic feasibility The practicality or workability of a cooperative with regards to the economic situation in a community

Economic survey A statement describing the structure, purposes and economic feasibility of the proposed cooperative

Paid-up shares The number of subscribed shares paid by a member

Pledged shares The number of shares that a member will subscribe

Thrift The careful use of money, especially by avoiding waste



References

Fajardo, F.R. and F. P. Abella. *Cooperatives. 4th ed.* Manila. Rex Bookstore, Inc., 1999.

Cooperative Development Authority. 2000.

<http://www.cda.gov.ph>. February 27, 2001, date accessed.