

**[CDA MEMORANDUM CIRCULAR NO. 2004-01,
January 12, 2004]**

**REVISED GUIDELINES FOR THE ISSUANCE OF THE CERTIFICATE
OF GOOD STANDING (CGS) AND MANDATORY ISSUANCE OF
CERTIFICATE OF OPERATION (CO)**

SECTION 1. LEGAL BASIS

REPUBLIC ACT 6938

"Article 54 Annual Report. (1) Every cooperative shall draw up an annual report of its affairs as of the end of every fiscal year, and publish the same furnishing copies to all its members of record. A copy thereof shall be filed with the Cooperative Development Authority within sixty (60) days from the end of every fiscal year. The form and contents of the annual report shall be prescribed by the rules of the Authority. Failure to file the required annual report shall be a ground for revocation of authority of the cooperative to operate as such. The fiscal year of every cooperative shall be the calendar year except as may be otherwise provided in the by-laws. (2) x x x.

REPUBLIC ACT 6939

Section 3 Powers, Functions and Responsibilities. (a) x x x (f) Require all cooperatives, their federations and unions to submit their annual financial statements, duly audited by a certified public accountant, and general information sheets; (g) x x x"

SECTION 2. OBJECTIVE - These Revised Guidelines are hereby promulgated (1) to implement strictly the compliance of the submission of Statutory Requirements and (2) to prescribe penalty thereof in case of default.

SECTION 3. DEFINITION OF TERMS

A. *CERTIFICATE OF GOOD STANDING (CGS)* - is a Certificate issued to requesting cooperative which has complied with the requirements prescribed in Section 4(A) hereof.

B. *CERTIFICATE OF OPERATION (CO)* - is a Certificate issued to cooperative which has complied with the requirements prescribed in Section 4(B) hereof.

In order to easily distinguish the above definitions, the following must be considered:

The CGS is issued:

- a. Upon request by the cooperative
- b. In connection with its application for importations or contractual transactions with government or non-government agencies

The CO is:

- a. Mandatory to all Registered/Confirmed Primary, Secondary and Tertiary cooperative
- b. As proof that a cooperative is compliant with the Administrative and Statutory requirements

SECTION 4. REQUIREMENTS

A. No Certificate of Good Standing shall be issued to any duly Registered/Confirmed Primary, Secondary and Tertiary cooperative unless it has submitted to the Authority the following:

1. Application letter signed by the Chairman or duly authorized representative of the cooperative stating the reason/s thereon;
2. Annual Report (AR) of the preceding year together with the Audited Financial Statement (AFS) provided that it has not incurred NET LOSS;
3. Copy of the updated Bond of accountable officers/employees of the cooperative;
4. Minutes of the latest General Assembly Meeting and the result of election of the Board of Directors;
5. Certification under oath by the Chairman or Board Secretary that applicant is compliant with CDA MC No. 02-04, S-2002 prescribing for Standard Chart of Accounts for Credit and other types of cooperatives with Credit Services;