

**[CDA MEMORANDUM CIRCULAR NO. 2008-03,
February 14, 2008]**

**AMENDED GUIDELINES GOVERNING THE ISSUANCE OF
CERTIFICATE OF GOOD STANDING (CGS)**

Pursuant to Board Resolution No. 41 dated February 14, 2008 the Authority hereby promulgates the following guidelines to govern the issuance of Certificate of Good Standing to cooperatives:

SECTION 1. Title - This Circular shall be known as the **"Amended Guidelines Governing the Issuance of Certificate of Good Standing."**

SECTION 2. Policy and Objective - Pursuant to the State policy of providing incentives to registered cooperatives under Republic Act No. 6938, also known as the Cooperative Code of the Philippines and other laws and issuances of the Government, the Authority aims to:

- a. Set the requirements as allowed under the Cooperative Code of the Philippines and the Charter of the Cooperative Development Authority (RA 6939); and
- b. Establish the administrative responsibilities of the concerned office/unit within the Authority to ensure the proper implementation of this Circular.
- c. Establish standards for the availment of incentives and privileges accorded to cooperatives by other institutions.

SECTION 3. Definition of Terms - For purposes of this Memorandum Circular, the following terms shall mean as;

- a. *Authority* - refers to the Cooperative Development Authority;
- b. *Certificate of Good Standing (CGS)* - is a certificate issued by the Authority to the operating cooperatives to avail incentives and privileges and for complying with the mandatory requirements as provided in RA 6938.
- c. *Operating Cooperative* - refers to cooperative that has performed business whether operating on net surplus or net loss and cooperative operation including those that have not commenced business and cooperative operation within two (2) years from the date of registration.
- d. *Non-Operating Cooperative* - refers to a cooperative that has not performed business and, cooperative operation for at least two (2) consecutive years and determined by actual inspection conducted on the cooperative;
- e. *Business Operation* - refers to the economic undertaking of providing product and

services to members in accord with the cooperatives registered objectives.

f. Cooperative Operation - refers to the membership, institutional and governance undertaking of the cooperatives.

g. Preceding Fiscal Year-shall refer to the fiscal year immediately preceding the submission of statutory reports;

h. Statutory Reports - shall refer to the Cooperative Annual Performance Report (CAPR) and Audited Financial Statements required under Article 54 of RA6939.

i. Accountable Officers - shall refer to persons directly responsible for handling funds, securities and properties of the cooperative such as, but not limited to the Chairman, Manager, Treasurer, Cashier and such other persons as may be authorized by the cooperative to act as custodian of funds, merchandise, inventories, securities and other assets of the cooperative.

SECTION 4. Purposes of Issuing CGS -

a. **Regular** Purpose - When the application for CGS is for the purpose of complying to mandatory requirements as required by RA 6938 and availing incentives and privileges under Revenue Regulations No. 20-2001.

b. **Special** Purpose - When the application for CGS is for the purpose of availing the incentives for other legitimate purposes, such as but not limited to, application for financial assistance from other financial institutions, importation of machineries, equipment, and spare parts, or rice importation program whether the cooperative is a primary, secondary or tertiary or from electric cooperatives, cooperative banks and cooperative insurance societies.

SECTION 5. Cooperatives which may be issued - A CGS may only be issued to **operating cooperative** whether or not such cooperative has actual business operations for the preceding fiscal year: Provided, That the absence of business operations of such cooperative has not lasted for two (2) consecutive years, at the time of filing for a CGS.

SECTION 6. Cooperatives which cannot be issued a CGS -

1. cooperative that failed to submit all basic statutory reportorial requirements to the Authority shall be denied with the issuance of a CGS pursuant to the provisions of Section 5, Rule 2 of the Implementing Rules and Regulations of the Cooperative Code of the Philippines which provides that:

"Section 5. Effect of Failure to File the Annual Report (a) - The failure of any cooperative to file the Annual Report shall be a ground for the revocation of the authority of the cooperative to operate as such and/or the cancellation of its certificate of registration. **No certificate of whatever kind, nature or purpose shall be issued by the Authority to a cooperative which has not filed its annual report."**

2. A cooperative that has not carried on business for two (2) consecutive years shall not be issued a CGS considering that such cooperative is already subject to the

provisions of Article 69, RA 6938 which provides that:

"Article 69. Dissolution by Failure to Organize and Operate - If a cooperative has not commenced business and operation within two (2) years after the date shown on its certificate of registration or **has not carried on business for two (2) consecutive years, the Authority shall send a formal inquiry to the said cooperative as to the status of its operation. Failure of the cooperative as to the status of its operation. Failure of the cooperative to promptly provide justifiable cause for its failure to operate shall warrant the Authority to strike off its name from the register and, for all intents and purposes, the cooperative shall be deemed dissolved."**

In consideration of the foregoing limitations under this Section, no CGS with retroactive effectivity shall be issued to a cooperative.

SECTION 7. Requirements - The following requirements shall be complied with by the requesting cooperative before the CGS is issued by the Authority:

7-1 CGS for Regular Purpose

- a. Application Letter duly signed by the Cooperative Chairman or any authorized representative of the requesting cooperative stating therein the reasons for such request;
- b. Complete Statutory Reports for the preceding fiscal year;
- c. Copy of the updated bond of accountable officers/employees of the Cooperative;
- d. Minutes of the Annual General Assembly Meeting for the preceding fiscal year including the results of the election of the Board of Directors and the Committee Members, or in the case of newly registered cooperative, minutes of the special general assembly held within ninety (90) days after the date of registration;
- e. Certification by the Chairman or the Secretary of Actual Specific Business Undertaken during the preceding fiscal year (*for cooperatives with business operations*) and that the requesting cooperative is compliant with the Standard Chart of Accounts appropriate to its type;
- f. Certification from the Legal Officer of the CDA Extension Office or the Legal Division of the CDA Central Office, as the case may be, that the cooperative has no pending case;
- g. Certification Fee

"The newly-registered cooperative shall be exempt from the compliance with requirements (b), (d), and (e) above, if it secures the CGS within ninety (90) days from the date of its registration with the Authority. HOWEVER, if it applies for CGS after ninety (90) days but not to exceed one year from the date of its registration with the Authority, the said