



KASAGANA-KA Mutual Benefit Association, Inc.

**Regular Meeting of the Board of Trustees
#5 Matimpiin St., Brgy. Pinayahan, Quezon City
May 31, 2019, 10:30 am**

In Attendance

Board of Trustees

- | | |
|-----------------------------|----------------------------|
| 1. Isabel M. Iliw-iliw | - President |
| 2. Brenda F. Lumbao | - Secretary |
| 3. Marissa A. Loyola | - Treasurer |
| 4. Ma. Elizabeth G. Fuentes | - Board Member |
| 5. Marlyn C. Aldave | - Board Member |
| 6. Ma. Teresa G. Bucad | - Board Member |
| 7. Anita L. Manundo | - Board Member |
| 8. Philip Arnold P. Tũaño | - Independent Board Member |
| 9. Atty. Gettie Sandoval | - Independent Board Member |

Board of Advisers

10. Leticia Rodriguez
11. Chona B. Capayas
12. Wenifreda Rodriguez

Management and Staff

- | | |
|--------------------------|-------------------|
| 13. Silvida R. Antiquera | - General Manager |
| 14. Evelyn Lagmay | - Finance Manager |

Guests

- | | |
|--------------------------|--------------------|
| 15. Clark Joseph Babor | - External Auditor |
| 16. Alex Villarente | - External Auditor |
| 17. Nikki Lou C. Roseque | - External Auditor |
| 18. Ryan John Orbillo | - External Auditor |

The following were not able to attend:

- | | |
|------------------------|-----------------|
| Maria Anna dR. Ignacio | - Board Adviser |
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ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the proposed agenda
- V. Reading and approval of the minutes of the meeting
- VI. Business arising from the previous meeting
- VII. Financial Report
 - a. Financial Statements for the month of April 2019
 - b. Investments as of May 29, 2019
- VIII. For Discussion/Approval
 - a. Opening of New Accounts
 - b. Board Emeritus Status
 - c. Allocation of Excess and Unassigned Surplus
 - d. Audit Report
 - e. Appointment of External Auditor
- IX. Next Board meeting
- X. Adjournment



DISCUSSION HIGHLIGHTS

I. The meeting started at 10:30 a.m. with a prayer.

II. Quorum and Agenda

The Secretary announced the presence of a quorum, with the attendance of all the Trustees.

Pres. Isabel presented the proposed agenda for the day's meeting. It was approved by the Board, upon motion by BoT Anita, duly seconded by BoT Marissa.

III. Reading and Approval of the Minutes of the Meeting

The Board went over every page of the minutes.

There being no necessary corrections or comments on the minutes, BoT Anita moved to approve the minutes of the previous meeting, BoT Elizabeth seconded the motion.

IV. Business Arising

SEC Amendment

According to GM Salve, KMBA Certificate on Amendments of Articles and By-Laws was already issued by SEC and was duly received by the management.

Transfer to KMBA Members' Resource Center

GM Salve informed the meeting that due to several considerations, KMBA move to transfer to KMBA Member's Resource Center by the end of June 2019.

V. Financial Report and Investments

A. Financial Statements

FM Eve presented the Statement of Financial Position as of April 30, 2019. The summary of the report is provided below.

Particular	As of Apr 30, 2019	As of Apr 30, 2018	Variance
Total Assets	P 214, 812, 510.05	P 196,441,870.35	P 18,370,639.70
Total Liabilities	P 140,392,154.91	P 124,394,146.53	P 15,998,008.38
Total Fund Balance	P 74,420,355.14	P 72,047,732.82	P 2,372,631.32



On the other hand, the summary of the income statement as of April 30, 2019 is as follows:

Particular	As of Apr 31, 2019	For the month of Apr 2019	For the month of Mar 2019	Variance
Gross Revenue	P 17.7M	P 4.3M	P 4.8M	P -474K
Total Benefit Expense	P 12.8M	P 3.4M	P 3.0M	P 317K
Total Operating Expenses	P 3.3M	P 882K	P 700K	P 182K
Total Investment Revenue and Other Income	P 1.2M	P 286K	P 463K	P -177K
Net Surplus (Loss)	P 2.9M	P 369K	P 1.5M	P -1.5M

With no further questions, BoT Teresa moved to accept the financial reports as of April 30, 2019. Ms. Elizabeth seconded the motion.

B. Investments as of May 29, 2019

The portfolio mix as of April 30, 2019 is as follows:

Type of Investment	Current Placement (in Php)
Cash in bank	P 27.1 M
Time Deposit	P 5.7 M
Government Securities	P 73.1M
Corporate Bonds	P 13.5M
UITF	P 23M
Mutual Fund	P 5M
Stocks	P 8M
Property	P 51.8M
TOTAL INVESTMENTS	P 207.4M

FM Eve explained that the placement required for Petron is at the rate of 7.1. Since the association is at 6.9 to 7.25 rate range, GM Salve assured that the placement was rightfully invested.

VI. For Discussion/ Approval

A. Opening of New Accounts

BoT Marilyn moved to approve the opening of new bank account with Unionbank located at Kamias, Quezon City for the purpose of online banking convenience of KMBA Employees' payroll. BoT Teresa seconded the motion.



BOARD RESOLUTION NO. 2019-19: APPROVING THE OPENING OF NEW PAYROLL ACCOUNT WITH UNION BANK AT KAMIAS BRANCH, QUEZON CITY

RESOLVED, to approve the account opening with Union Bank to be used as the primary account for KMBA Employees' Payroll.

RESOLVED FURTHER, to approve that the account shall be opened at the Union Bank Kamias Branch, Quezon City.

FM Eve informed the Board that KMBA have four (4) existing accounts with Metro Bank at Commonwealth, Quezon City namely the Basic Life, Optional Fund, Savings and Current accounts. Since KMBA will transfer to its new office located at V. Luna, Quezon City, FM Eve raised that it will be convenient to transfer and open accounts at the Metro Bank branch near the new building.

BoT Anita moved to approve the transfer and opening of savings and current accounts at the Metro Bank Branch located at V. Luna, Quezon City. BoT Marissa seconded the motion.

BOARD RESOLUTION NO. 2019-20: APPROVING THE TRANSFER AND OPENING OF SAVINGS AND CURRENT ACCOUNT WITH METROBANK AT V.LUNA BRANCH, QUEZON CITY

RESOLVED, to approve the transfer and account opening for both Savings and Current Accounts with Metro Bank to be used for the Basic Life, Optional Fund and Mutual Benefit Fund of KMBA.

B. Board Emeritus Status

Upon evaluation, management determined that current Board Adviser Wenifreda Rodriguez shall be properly delegated as Board Member Emeritus. BoT Elizabeth thus moved to approve to correct and change the status of Mrs. Wenifreda Rodriguez from Board Adviser to Board Member Emeritus. BoT Marilyn seconded the motion.

BOARD RESOLUTION NO. 2019-21: APPROVAL TO CORRECT AND CHANGE THE STATUS OF MS. WENIFREDA RODRIGUEZ FROM ADVISER EMERITUS TO BOARD MEMBER EMERITUS.

RESOLVED, to approve the correction of status of Ms. Wenifreda Rodriguez as Board Adviser and change said status into Board Member Emeritus.

For having the same evaluation with the status of Ms. Leticia Rodriguez, BoT Marilyn moved to approve to correct and change the status of Ms. Leticia Rodriguez from Board Adviser to Board Member Emeritus. BoT Teresa seconded the motion.

BOARD RESOLUTION NO. 2019-22: APPROVAL TO CORRECT AND CHANGE THE STATUS OF MS. LETICIA RODRIGUEZ FROM BOARD ADVISER TO BOARD MEMBER EMERITUS.



RESOLVED, to approve the correction of status of Mrs. Leticia Rodriguez as Board Adviser and change said status into Board Member Emeritus.

C. Allocation of Excess and Unassigned Surplus

GM Salve informed the Board that, this year, Insurance Commission declared that KMBA has 11.56Million excess and unassigned surplus from the year 2017. The management recommends to allocate said funds for KMBA's Expenses for the year 2020-2021, which shall be approved by both the Board and the Insurance Commission.

The Board went over the presentation of the proposed allocation of excess and unassigned surplus for each item for approval.

With no further questions, BoT Anita moved to accept the Allocation of Excess and Unassigned Surplus. BoT Marilyn seconded the motion.

BOARD RESOLUTION NO. 2019-23: APPROVING THE ALLOCATION OF THE 2017 EXCESS AND UNASSIGNED SURPLUS TO KMBA EXPENSES FOR THE YEAR 2020-2021.

RESOLVED, to approve the allocation of the excess and unassigned surplus in the amount of Php 11.56Million from the year 2017, as duly confirmed and approved by the Insurance Commission, to the expenses of KMBA for the year 2020-2021.

D. Audit Report

Facilitated by External Auditor Clark Joseph Babor, in general, the audit found that KMBA has adequate controls in preventing and identifying fraudulent activities. Mr. Babor also affirmed that KMBA's 2018 Financial Statement is accurate, balance and is compliant with the rules and regulations of Insurance Commission, Securities and Exchange Commission and Bureau of Internal Revenue.

KMBA generated positive cash flows from operations worth 12.4Million for the year 2018 as conferred by Mr. Babor. However, it used the money for the construction of the new building. Accordingly, the construction of KMBA Building cost a total amount of 26.2Million, which means that the association's expense is greater than its revenue for about 22.9Million. This deficit was shouldered by the balance earned from the year 2017. Without regard, as to whether KMBA positively earned for the year 2018, Mr. Babor confirmed with affirmation.

One item which the association shall take note of, that since the building is a property investment, it is preordained to be rented or leased. The rental payment, whether of monetary value, product or services shall be recorded in accordance to its value. Further, Mr. Babor reminded the Board and the Management that the rental income of the building is taxable, thus there must be an accounting structure that will recognize its revenue, all in accordance to the rules and regulations of governing government agencies. Sir Randy asked Mr. Babor if there is any other financial concern which KMBA shall take note of, to which the latter answered for the meantime, is the rental income of the KMBA Building.



In summary, Mr. Babor ensured that as of December 2018, the association is properly funded and all its liabilities from its members are sufficiently covered and protected by its assets.

With no further questions, BoT Anita moved to accept the Audit Report. BoT Marissa seconded the motion.

E. Appointment of External Auditor

The Board appreciated the quality of reports and initiatives of the Roxas Cruz Tagle and Co. Audit Firm to explain the details of the KMBA financial and audit reports in a way that the Trustees can understand. GM Salve commend its performance for its timely submission of reports and its prompt and willingness to answer queries and concern. That being, the management proposed to appoint again the Roxas Cruz Tagle and Co. Audit Firm as KMBA External Auditor for the year 2019.

BoT Marissa moved to approve the appointment of the Roxas Cruz Tagle and Co. Audit Firm as the External Auditor of KMBA. BoT Marilyn seconded the motion.


VIII. Upcoming Schedule

The next Board Meeting is set for announcement, in consideration for the newly elected Board of Trustees of the association.


IX. Adjournment


There being no other matters to discuss, the meeting ended at 12:11 in the afternoon, to which BoT Anita moved to approves and seconded by BoT Elizabeth.

Prepared by:


Brenda F. Lumbao
Board Secretary

Attested by:


Isabel M. Iliw-iliw
President


Marissa A. Loyola
Treasurer



M. Aldave
Marilyn C. Aldave
Member

T. Bucad
Ma. Teresa G. Bucad
Member

E. Fuentes
Elizabeth G. Fuentes
Member

A. Manundo
Anita L. Manundo
Member

Atty. Maria Cleofe Gettie C. Sandoval
Independent Board

Philip Arnold P. Tuaño
Independent Board