



KASAGANA-KA Mutual Benefit Association, Inc.
4th Regular Meeting of the Board of Trustees
via Zoom Videoconference
July 24, 2020 1:00 pm

In Attendance:

Board of Trustees:

- | | |
|-----------------------------|---------------------------|
| 1. Enriqueta V. Navarro | -President |
| 2. Alma D. Gilbaliga | -Vice President |
| 3. Lilibeth C. Molina | -Treasurer |
| 4. TeresitaD. Padel | -Board Member |
| 5. Rita T. Dela Cruz | -Board Member |
| 6. Jenifer L. Abao | -Board Member |
| 7. Philip Arnold P. Tuaño | -Independent Board Member |
| 8. Atty. Gettie C. Sandoval | -Independent Board Member |

Also Present:

Board of Advisers:

9. Chona B. Capayas
10. Isabel M. Iliw-iliw
11. Maria Anna dR. Ignacio

Board Member Emeritus

12. Leticia T. Rodriguez
13. Wenifreda F. Rodriguez

Management and Staff

- | | |
|--------------------------|------------------|
| 14. Silvida R. Antiquera | -General Manager |
| 15. Evelyn Lagmay | -Finance Manager |


External Auditors

16. Clark Joseph Babor
17. Alex Villarente

Absent

- | | |
|---------------------|-------------|
| 1. Brenda L. Lumbao | - Secretary |
|---------------------|-------------|

Attested by:


Enriqueta V. Navarro
President



ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of Proposed Agenda
- V. Reading and Approval of the minutes of the previous meeting
 - a. Special Board Meeting – May 30, 2020
 - b. Regular Board Meeting – June 12, 2020
- VI. Business Arising
- VII. Financial Report
 - a. Financial Statement for the month of April and May 2020
 - b. Investment as of July 23, 2020
 - c. 2019 Audited Financial Statements
- VIII. Operations Update
 - a. Payment of the 106 days grace period
 - b. Claims Report
 - c. Pneumonia/ CoviD19 related claims as of July 23, 2020
- IX. Appointment of Philip P. Tũaño for three-year term (2020-2023)
- X. Appointment of Jonalyn Andres, KEEPF President for three-year term (2020-2023)
- XI. Appointment of External Auditor for 2020 Financial Statement Audit
- XII. K-20 Anniversary Gift
- XIII. Program for AGM – July 29, 2020
- XIV. Other Matters
- XV. Schedule of next regular/special board meeting
- XVI. Adjournment



DISCUSSION HIGHLIGHTS

I. The meeting started at 1:18 p.m. with a prayer.

II. Quorum and Agenda

Upon determination of the presence of a quorum, Pres. Enriqueta presented the proposed agenda for the day's meeting. It was approved by the Board upon motion by BoT Teresita, duly seconded by BoT Alma.

III. Reading and Approval of the Minutes of the Meeting

The minutes of the previous Regular and Special Board meetings were provided ahead of the meeting. Pres. Enriqueta asked the Board for clarification or comments that needed discussions.

With no further questions, BoT Lilibeth moved to approve the minutes of the previous Special Board Meeting held last May 30, 2020. The motion was seconded by BoT Teresita.

Moreover, BoT Alma moved to approve the minutes of the previous Regular Board Meeting held last June 12, 2020 duly seconded by Independent Board Randy.

IV. Business Arising

GM Salve gave an update on the pending Tax Declaration and Occupancy Permit of KMBA Members' Center Building. Delightedly, she announced that the new Tax Declaration was issued on July 9, 2020. Moreover, she said that an amount of Two Hundred Forty-Three Thousand Nine Hundred Ninety-Six & 48/100 (Php243,996.48) Pesos will be payable annually for the Property Tax assessed on the Land and Building as per declared starting 2021. Furthermore, the Occupancy Permit, too, was released already, hence, KCoop, KDCI and KEEPf may now process their business address transfer and any related regulatory amendments which they may use the Occupancy Permit.

V. Financial Report

A. Financial Statements

FM Eve presented the Statement of Financial Position as of May 31, 2020. The summary of the report is provided below.

Particular	As of May 31, 2020	As of May 31, 2019	Variance	
			Amount	%
Total Assets	Php 223,333,717.88	Php 215,905,924.44	Php 7,427,793.44	3%
Total Liabilities	151,114,953.98	141,412,032.87	9,702,921.11	7%
Total Fund Balance	72,218,763.88	74,493,891.57	(2,275,127.69)	(3%)

On the other hand, the summary of the Income Statement for the month ended May 31, 2020 is as follows:

Particular	As of May 31, 2020	As of May 31, 2019	Variance Amount
Gross Revenue	Php 11,065,235.12	Php 22,763,784.28	Php (11,698,549.16)
Total Benefit Expense	10,465,393.02	16,696,805.07	(6,231,412.05)
Total Operating Expense	4,393,599.90	4,529,459.27	(135,859.37)



Particular	As of May 31, 2020	As of May 31, 2019	Variance Amount
Total Investment Revenue and Other Income	1,555,152.31	1,665,553.17	(110,400.86)
Net Surplus (Loss)	(2,238,605.49)	3,203,073.11	(5,441,678.60)

With no further questions, BoT Teresita moved to accept the financial statements of May, 2020, duly seconded by BoT Lilibeth.

B. Investments as of July 23, 2020

The portfolio mix as of July 23, 2020 is as follows:

Type of Investment	Current Placement
Cash in Bank	Php 16,778,410.17
Time Deposit	5,717,565.48
UITF	20,328,757.00
Government Securities	78,162,000.00
Corporate Bonds	6,000,000.00
Mutual Fund	5,000,000.00
Stocks	13,000,000.00
LTNCD	5,000,000.00
Investment Property	59,830,227.75
TOTAL INVESTMENTS	Php 209,816,960.40

FM Eve reported updates on KMBA's investment in the BPI Bayanihan Fund. As of June 30, 2020, KMBA's Php19,999,999.99 contribution had a market value of Php21,458,722.41, thus earning an unrealized gain of Php 1,458,722.42. She also reported KMBA's investment in MiMAP by its Mutual Security Fund. As of June 30, 2020, KMBA's Php 328,757.00 contribution had its fair value amounting to Php 385,517.81, thus earning Php 56,760.81.

With no further questions, BoT Alma moved to accept the investment mix as of July 23, 2020, duly seconded by BoT Lilibeth.

C. 2019 Audited Financial Statements

Board Treasurer Lilibeth introduced KMBA's External Auditor to facilitate and present the 2019 Audited Financial Statements.

External Auditor Clark Joseph Babor, of BDO Roxas-Cruz-Tagle and Co., expressed that internal and external accounting related issues were addressed which brought forth an unqualified opinion to the audit of the financial statements. Moreover, Mr. Babor assured that controls are appropriately designed and implemented to prevent any possible fraudulent acts and that KMBA complied with the reportorial requirements which are fairly presented based on PFRS as required by the Insurance Commission, Bureau of Internal Revenue and the Securities and Exchange Commission.

Furthermore, Mr. Babor reported that KMBA generated positive net cash provided by operating activities worth Php 27.4 million for the year 2019. However, it used the money for the construction of the new building, acquisition of its new equipment and investments in debt securities amounting to Php 37.4 million. There was also a



decrease in its fund balance of Php 5.8 million. That means that the Association's expenses were greater than its revenue for about Php 15.8 million. This deficit was shouldered by the balanced earned from the year of 2018. Without regard, as to whether KMBA positively earned for the year of 2019, Mr. Babor confirmed with affirmation.

Mr. Babor stated that the KMBA has enough assets that can be used to satisfy claims by the members. However, he reminded the Board that the estimates done by the actuaries were just estimates based on the conditions as of December 31, 2019, where at that time, there were no impact of the Covid-19 pandemic yet. He added that an increase of contingent liability might be provided in case substantial number of claims due to the Covid-19 occurs. He expressed the caveat of knowledge on the activities occurred in 2020 like collection of receivables and disbursement of claims which can be solicited from the management.

With no further questions, BoT Lilibeth moved to accept and approve the Audited Financial Statements for the year 2019. BoT Teresita duly seconded the motion.

VI. Operations Update

GM Salve updated the Board about KMBA's continuous operation amidst the community quarantine measures implemented by the government. She underscored the following highlights from January to June, 2020:

- *There was a 15% increase in number of claims from January to March 2020 compared to same period of 2019.*
- *There was a 37% decrease in number of claims from April to June 2020 compared to same period of 2019.*
- *Cardiovascular, respiratory and hematological Diseases remained to be the most cases of death although a substantial decrease in number was observed in gynecological, neurological and motor vehicular accidents.*
- *A big portion of deaths were found to be in the age bracket of 41 and above.*
- *Collection Rate on the members' lapsed accounts hit 41%*

Moreover, GM Salve disclosed data regarding the number of claims where causes of death were related to Pneumonia

BLIP Report Summary: ALL KCOOP Claims since March 16, 2020 to Claims Associated with Pneumonia		
Cluster	Branch/ SatO	Death Relating to Pneumonia
Central 1	Tandang Sora	1
Central 2	Bagong Silang	3
Central 2	Novaliches New	1
Central 2	Lagro	1
East 1	Marikina	1
East 2	Padilla	2
East 2	Sumulong	2
East 3	Taytay	3
East 3	Cainta	1
East 3	Binangonan	1
North 1	Norzagaray	3



BLIP Report Summary: ALL KCOOP Claims since March 16, 2020 to Claims Associated with Pneumonia		
Cluster	Branch/ SatO	Death Relating to Pneumonia
North 1	Sapang Palay	1
North 1	Tungko	1
North 2	Marilao	1
South 2	Dasmarinas	2
GRAND TOTAL		24

VII. Appointment of Philip Arnold P. Tuaño

GM Salve announced to the Board the Management's recommendation to re-appoint current Independent Board Member Randy Tuaño for another three years (2020-2023). GM Salve expressed that Sir Randy shared relevant ideas and technical skills and played important roles in the development of organizational policies. The Board unanimously voted in the affirmative and approved the nomination on the re-election of Sir Randy.

BoT Rita moved to approve the appointment of Mr. Philip Arnold P. Tuaño "Sir Randy" as KMBA Independent Board Member for the years 2020-2022. BoT Lilibeth duly seconded the motion.

**BOARD RESOLUTION NO. 2020-27:
APPOINTMENT OF PHILIP ARNOLD P. TUAÑO AS KMBA INDEPENDENT BOARD
MEMBER**

***RESOLVED**, to approve the appointment of Mr. Philip Arnold P. Tuaño as KMBA Independent Board Member for the term 2020-2023.*

VIII. Appointment of Jonalyn Andres

GM Salve said that in KMBA's By-laws, it acknowledges Kasagana-Ka Employee-Employer Provident Fund, Inc. (KEEPF) to be represented in the Board of Trustees of KMBA. Reciprocally, KEEPF designates one of the duties and responsibilities of its President to be the representative to the KMBA Board of Trustees. Pursuant to KEEPF's designation resolved under its Board Resolution No. 7 s. 2020, GM Salve recommended to the Board the designation of KEEPF President, Jonalyn Andres as KMBA Board Member.

BoT Alma moved to accept and approve the appointment of KEEPF President Jonalyn Andres as KMBA Board Member for the years 2020-2023. BoT Teresita duly seconded the motion.

**BOARD RESOLUTION NO. 2020-28:
APPOINTMENT OF JONALYN ANDRES AS KEEPF REPRESENTATIVE TO KMBA
BOARD OF TRUSTEES**

***RESOLVED**, to approve the appointment of KEEPF President Jonalyn Andres as KMBA Board Member for the term 2020-2023.*

IX. Appointment of External Auditor for 2020 Financial Statement Audit

GM Salve expressed the management's desire, after careful and reasonable assessment, to re-appoint BDO Roxas-Cruz-Tagle and Co. as the External Auditor of KMBA's 2020 Financial Statement Audit. The 2019 audit displayed satisfactory performance to KMBA including its Accounting and Finance unit headed by FM Eve.

The Board found the recommendation sound and necessary. BoT Alma moved to approve the appointment of BDO Roxas-Cruz-Tagle and Co. as the External Auditor of KMBA's 2020 Financial Statement Audit. The motion was duly seconded by BoT Lilibeth.



**BOARD RESOLUTION NO. 2020-29:
APPOINTMENT OF BDO ROXAS-CRUZ-TAGLE AND CO. AS THE EXTERNAL AUDITOR
FOR KMBA'S 2020 FINANCIAL STATEMENT AUDIT**

RESOLVED, to appoint BDO Roxas-Cruz-Tagle and Co. as the External Auditor of KMBA's 2020 Financial Statement Audit.

X. K-20 Anniversary Gift

GM Salve presented to the Board the free and unassigned surplus determined by the Insurance Commission. She stressed that said amount may form part as source of dividends to members, in a stock corporation parlance. She explained that, due to KMBA's non-stock nature, said amount is allocated to various members' benefit approved by the Commission: KMBA's free insurance policies for members, equity value enhancement, calamity assistance and scholarship programs.

GM Salve, in that juncture, announced the renewal of the members' one policy per member or the K-20 as KMBA's Anniversary Gift. The private insurer are yet to be finalized and still under negotiation with better terms and agreements.

BoT Teresita moved to accept the renewal of one policy per member or the K-20 as KMBA's Anniversary Gift to its members. BoT Lilibeth duly seconded the motion.

**BOARD RESOLUTION NO. 2020-30:
APPROVAL OF K-20 ANNIVERSARY GIFT**

RESOLVED, to approve the K-20 Anniversary Gift of KMBA to its members.

XI. Program for AGM – July 29, 2020

GM Salve shared to the Board the courses and activities that will be held for the 14th Anniversary and AGM of KMBA. A learning session about the impact of CoviD-19 to the Philippine economy, investments, and the poor sector will be discussed by Ms. Pia Bernadette Tayag of Bangko Sentral ng Pilipinas in the morning and in the afternoon, the Board will conduct its Annual General Meeting. Both will be held via Zoom and will be streamed simultaneously in Facebook Live.

XII. Upcoming Schedules

- A. **Annual General Meeting.** July 29, 2020 via Zoom Videoconference
- B. **5th Regular Board Meeting.** September 11, 2020 via Zoom Videoconference (1:00 pm)


IX. Adjournment

There being no other matters discussed, the meeting ended at 3:30 p.m.

Prepared by:


Brenda F. Lumbao
Board Secretary

Attested by:


Enriqueta V. Navarro
President