

MESSAGE FROM THE PRESIDENT

Following our milestone achievements in 2019, KMBA was getting ready to conquer greater heights in 2020. We had plans to expand our members' outreach and strengthen our position as a tax-exempt certified institution. We were looking to vastly improve our financial condition, insurance products and services.

The effects of the global pandemic spared no one, including our Association. Some big-ticket plans had to be deferred.

Still, as with any crisis, the pandemic also presented an opportunity - necessity - to expedite the transition to online processes.

The continuing demand for KMBA services in the midst of strict health protocols impelled us to tap remittance centers as well as electronic transfer and payment systems to timely pay members' insurance claims. Notwithstanding alternative work arrangements, we were able to adopt an enhanced claims settlement policy that is complete within eight hours from notification. We have optimized the use of KMBA KOINS to make off-site claims approval. Our efforts assisted 547 basic life insurance claimants, including 73 Covid-19/ pneumonia-related death claims.

We have not relented on our pursuit to lead the push for a better policy and legal environment for MBAs, through dialogues with the Insurance Commission. And while study tours and conferences are restricted, webinars and virtual meetings kept us in active participation with our international network.

Our year is capped off strongly with the Golden Arrow Award given by the Institute of Corporate Directors in recognition of KMBA's outstanding performance in the ASEAN Corporate Governance Scorecard. I wish to congratulate our nanay-leaders, members, and the KMBA management for this remarkable feat.

This year, with the reality of the new normal as a backdrop, we are moving with the same determination, ever faithful to our mission of responding to financial risk management needs of Filipinos, especially in these trying times.

(Insert KMBA's Anniversary theme)!



MESSAGE FROM THE GENERAL MANAGER



I extend my warmest thanks to the Board, all nanay-leaders and members, as well as to the KMBA managers and staff for your admirable dedication to the Association, especially in the past year.

In the face of grave health threats and socio-economic challenges, KMBA was at its best in terms of claims processing. The use of online facilities, off-site claims approval, and the eight-hour settlement policy became our norm. The rate with which we transitioned and the adaptability of the members, technical difficulties notwithstanding, were truly remarkable.

While processes had to adjust, our good governance practices were constant. Timely and full compliance with government regulations and reporting requirements were observed. Audit of financial reports and adoption of a risk management plan were accomplished. The Association pushed through with the annual general meeting, albeit via videoconferencing. Through this, and the various social media platforms, participation of the stakeholders in policy and decision-making processes were ensured. Members and employees were also able to stay together and stay connected, virtually.

We will take the many experiences from last year as essential inputs in designing insurance products or enhancing existing ones, and in further advancing our advocacy to provide even the most basic microinsurance products to the poorest Filipino families.

Mabuhay ang KMBA!

OUR ASSOCIATION

Mission, Vision, and Objectives

Mission and Vision

Each year, the KMBA Board of Trustees (BoT) sits to review the Association's mission and vision statements against the contemporary needs and demands of its members. The Board was unanimous in its decision to maintain the following statements:

KMBA envisions a self-reliant and self-sustaining mutual benefit association that actively and appropriately responds to financial risk management needs of poor Filipino families. Its mission is to provide microinsurance products and services for the poorest Filipino families.

In line with such vision and mission, KMBA further commits itself to:

- *Promote basic life insurance that broadens the poor's safety net;*
- *Engage in various socially-oriented activities that render some assistance to members in terms of their security needs;*
- *Develop cost-effective mechanisms for the delivery of microinsurance products to the association's targeted beneficiaries*

Objectives

The Association targeted the attainment of the following in 2020:

- *Transfer of KSO institutions in the new KMBA building*
- *Comply with all building documentations and requirements*
- *Apply for a BIR registration of the KMBA KOINS*
- *Apply for Certificate of Tax Exemption*
- *Increase in members' outreach by 20%*
- *Increase in revenue by 15%*
- *Maintain a combined OPEX of 20%*
- *Enforce an 8-hour claims settlement upon notification*
- *Establish at least 1 consortium partner*
- *Partner with other insurance providers for other insurance products*
- *Conduct 14th Annual General Meeting*
- *Participate actively in the lobbying efforts and other activities of MiMap and ICMIF*



OUR PRODUCTS

Basic Life Insurance Plan (BLIP)

This is provided to all client-beneficiaries and staff members of KDCI, as well as to client-beneficiaries of KMBA's partner microfinance institutions and community or basic sector groups. Members contribute Php 20 per week (Php 15 for the insurance premium, and Php 5 for the retirement savings fund). In 2020, KMBA adopted and enforced an eight-hour claims settlement policy.

Credit Life Insurance Plan (CLIP)

This insurance coverage is offered to KMBA's partner organizations, and allows the latter to insure its own individual borrowers or debtors for an amount equal to the loan granted, up to a maximum of Php 200,000.

Hospital Income Insurance Plan (HIIP)

This insurance plan is a hospital confinement benefit of a daily cash allowance paid for the number of days the member is unable to work due to bodily injury or sickness which requires hospital confinement.

OUR SERVICES

K-Kalinga

This is a personal accident insurance with fire assistance designed specifically for non-KMBA members, made available to KMBA's associate members and to their relatives and fellow community members who are in need of such insurance coverage. This insurance product is being provided in partnership with the Bankers Assurance Corporation (BAC).

Calamity Assistance

This is a post-emergency housing assistance adopted by KMBA for all insured members. A maximum amount of P3,000 may be given to a covered member with totally damaged house following a natural or man-made disaster (e.g., typhoon, flooding, earthquake, fire, tsunami, volcanic eruption, tsunami, lightning strikes, and terrorism).

K-Bente

This service, in partnership with an insurance provider, is a Php20-a-year policy, which provides cash benefits for natural or accidental death. KMBA extends this as a benefit to all insured members.

Kuya Jun Scholarship Program

This scholarship program for children of KMBA members began soon after KMBA's establishment. The program's name comes from the first executive director of KDCI, Severiano C. Marcelo Jr., who passed away in 2008. The program is open to high school and college students. All applicants have to pass a qualifying exam, and a background check. To keep their scholarships, high school beneficiaries should get a grade average of 82%, while college students should obtain 2.5 or its equivalent (with no failing marks and two grades of incomplete in their enrolled subjects).

ACCOMPLISHMENTS FOR 2020

Financial Performance

By year-end, assets of the Association total P238.18M. This is slightly more than the target of P236.4M for the year, and translates to a P14.62M, equivalent to 6.5%, increase from last year. On the average, KMBA has registered an 8.8% annual growth in assets since 2016.

There was a recorded P15.7M or 10.6% increase in liabilities, compared to 2019 figures. Despite this spike, the total liabilities of P164.33M is only 1.6% greater than the P161.7M forecast for the year.

On the other hand, fund balance declined by a modest P1.1M, closing at P73.85M by end of 2020. Still, KMBA has managed a 5.18% average annual growth in fund balance since 2016.

Table No. 1 Financial Highlights (2019-2020)

(in millions)

Particular	2020	2019	% Variance
Assets	P 237,971,709	P 223,582,228	6.43%
Liabilities (50% Reserves & RF)	154,305,500	148,619,604	3.82%
Fund Balance (Guaranty Fund + Unassigned Surplus + Net Surplus)	83,666,209	74,962,624	11.6%
Net Income	10,439,583	6,655,965	56.84%
Members' Contribution	32,380,151	37,145,309	(12.82%)
Premium	8,395,736	14,510,315	(42.13%)

Particular	2020	2019	% Variance
Operating Expense	11,011,863	11,331,710	(2.83%)
Liquidity Ratio	154.22%	150.43%	2.52%
Margin of insolvency	78,297,632	71,051,993	10.20%

Membership

The year closed with KMBA having 52,902 members. Considering the 9,520 legal or common-law spouses of members and their 106,912 children, KMBA extended insurance coverage to a total of 169,334 individuals, 94% of whom are women.

The effects of the pandemic was apparent in the status and growth of membership in the Association. The numbers seemed promising in the first two months of 2020, with KMBA registering about 2,500 new members. By yearend, though, the onset and effects of the pandemic limited the rise in new members to 5,666. On the other hand, 11,370 members have resigned.

Of the total members, 18,755 have lapsed accounts. It means that these members remain active loan borrowers, although they failed to settle their insurance premiums because their livelihoods have been affected by the pandemic. This is notwithstanding the implementation of a total of 166 days of grace period in premium payments, following the Bayanihan Acts as well as the directives of the Insurance Commission to help members cope with their financial difficulties. Two grace periods were put to effect, the first from March 16 to June 30 and the next from September 15-November 16.

Group	Number of policies in force	%
K-Coop	24,996	73.20
CAPS-R, Inc.	8,709	25.50
JVOFI and other groups	442	1.30
TOTAL	34,147	100

Members from K-Coop still comprise about three quarters of KMBA members. On the other hand, the associate members constitute 26.8% of members with in-force accounts.

Some 116 memberships were terminated last year upon reaching the exit age of 65 years old. A total of P732,555.24 in benefits, including 50% equity value, retirement savings fund, and interest earnings were paid to said members.

While KMBA had hoped to define its growth strategy outside of its K-Coop membership based, there was little progress in this area, if at all, due to the prevailing quarantine restrictions and accompanying health concerns. Instead, the Association made sure to stay deeply connected with its members, monitoring their claims and staying in constant communication with them through various virtual platforms.

In 2021, KMBA has set its eyes on having 60,000 members with in-force accounts. That is almost double the figures by end of 2020. It has started searching other marketing channels for expansion and improving its marketing materials. It is also looking to extend its services to more diverse group segments, including those involved in transport delivery services. Also, there were exploratory discussions with and product orientation for the IT provider of Iskaparate.com. If the partnership pushes through, women entrepreneurs who sell their products in this online marketplace may avail of KMBA insurance products.

Claims

Notwithstanding the threat of the deadly COVID-19, claims settlement was slightly down from 555 the prior year to 547 beneficiaries in 2020. This translated to P11.09Million in claims disbursements.

The top cause of death remain to be cardiovascular-related, followed by respiratory and hematological illnesses. COVID 19 or pneumonia-related death claims accounted to 13% of the total claims since the lockdown was implemented.

In terms of age-group, those belonging to the 51 years old and up bracket made up about two-thirds of all claims, while almost a quarter of claims were by members in the 35-50 years old group.

Claims processing was the single biggest challenge in service delivery last year. From the imposition of the lockdown, the restrictions in movement and face-to-face transactions forced KMBA to shift to online claims processing. At first, payouts were made via remittance centers. However, the health risk to account officers and the members whenever they line up to send and receive money, respectively, prompted KMBA to use e-wallets, such as G-Cash, and bank accounts, if available.

More and more, KMBA expanded the use of KOINS to include claims validation and approval.

In the process, KMBA was able to reduce claims settlement processing from 24 hours to within eight (8) hours from notification. It has also discovered that upon submission of complete documents, the claimant may receive claims payment in three (3) hours, barring technical difficulties. KMBA will study this further, leading to the institutionalization of this policy.

Period	Number of Claims	Amount of Claims Disbursement
2006-2020	4,347	P 67.108 Million
2020	547	P 11.087 Million

Products and Services

BLIP

As KMBA continues to find ways to extend life insurance coverage to more and more individuals, it is also seeking to improve the benefits received by existing members. In particular, it would like to arrest the rise in the number of resigning members, and give appropriate assistance to those whose accounts are about to lapse.

CLIP

KMBA insured 80,992 loans in 2020, about 60,000 loans less than last year's coverage. This number included all loan products offered by K-Coop, save K-Kalusugan and K-Benepisyo, as well as all loan products of CAPS-R.

The significant reduction in loans insured resulted in dramatic drop in CLIP premium collected. KMBA raked in P7,266,485 last year, lower by a third compared to prior year's collections. There were 202 CLIP claims. Disbursements reached P2.35 Million, or 32% of total premium collections for the year.

Particular	2020	2019
Number of loans covered by CLIP	80,992	140,082
Premium collected	P 7,266,485	P 10,814,713
Number of claims	202	266
Amount of claims	P 2, 350,083	P 3,155,000
Claims ratio	32%	29%

KMBA is one of the participating MBAs in the Life Catastrophe Excess of Loss Reinsurance Treaty (CatXol) provided by the National Reinsurance Corporation of the Philippines (NATRE). This reinsurance coverage is for life and credit life insurance of all active members. However, loans in an aggregate amount exceeding Php 200,000 is being reinsured with the First Life Financial Company, Inc.

Hospital Income Insurance Plan

This insurance coverage was originally intended to be mandatory for K-Coop loan borrowers beginning their second loan cycle. Only the member can avail of the product and pay P250 premium for a full-year coverage. The plan offers every member P200 in loss-of-income benefit for every day of hospitalization, for a maximum of 30 days in a year. It is renewable every year.

Pending its full implementation, and with limitations due to the pandemic, there were 4,515 HIIP enrolled members last year, which was only about 30% of total enrolments in 2019. KMBA was able to collect P1.13 Million in premiums and paying out 48 claimants for P89,200 in claims.

This year, KMBA looks forward to the sharp rise in HIIP enrolment, with coverage for all K-Coop second cycle loan borrowers. Coverage for CAPS-R members will also be encouraged.

K-Kalinga

With annual premium still at P50 per unit, K-Kalinga generated total sales of P 366,900, equivalent to 7,338 policies sold.

A policy holder may avail of up to five (5) units and stand to receive benefits of P 30,000 for accidental death and P 10,000 for fire assistance for each unit. Based on this, 17 policy-holders claimed fire assistance benefits amounting to P170,000 in sum.

In 2021, KMBA will endeavor to sell 15,000 units, while working with the insurance provider to improve claims settlement process.

K-Bente

Members continued to enjoy life insurance coverage for free through K-Bente, in partnership with First Life Financial, Inc. as the underwriter. Qualified members stood to receive Php5,000 in death benefits, which they may claim within the 10-day claims period.

In time for the renewal of policy, KMBA, during its annual general meeting held in July 2020, decided to give out K-Bente policy coverage as anniversary gift to each and every active and loyal member, free of charge for one year. Given budgetary limitations, only 1 policy per member was provided, as compared to two policies in the previous year.

There were 52,820 enrolled members, well within the desire of First Life to keep enrolment to a minimum of 50,000 units. At P20 policy premium per year, collections amounted to Php 1,056,400.

First Life has paid out P155,000 in total claims, and has been able to complete claims process within 10 days. Still, it has agreed to speed it up further to about one week turn-around time.

KMBA hopes to maintain the viability of the K-Bente policy, strengthen good relations with its partner. In 2021, KMBA would like to be able to once again grant free K-Bente coverage to every member for free, while working to increase sales of policy units to members' children and associate members.

Calamity Assistance

The Association sets aside the sum of P500,000 annually to finance calamity assistance projects. It exceeded said allocation in 2020, spending P708,950 in total, in response to a series of calamities the members and the general public faced last year.

In January, the Taal Volcano eruption disrupted the lives and businesses of people living around the Taal Lake. Volcanic ash fall even reached Metro Manila, causing haze for days. KMBA shared P25,000 to aid those affected.

Then, the Association spent P22,950 in pandemic-related response. The Board has resolved to allot P150,000 to support expenses for swab-testing of employees, should it be necessary.

As the pandemic raged on, typhoons and fire have also affected Filipinos in various parts of the country. KMBA acted by donating P490,000 as assistance to typhoon victims and P171,000 to families affected by fire accidents.

Kuya Jun Scholarship Program

KJSP served 115 qualified children of members, 80 of them in high school, while 35 are pursuing tertiary education. All of them are in continuing status. Hence, they were able to meet the standards set by the Association in order to maintain their scholarship.

The program grants every college student beneficiary a P5,000 stipend per semester; every high school student, P 3,000 for the year. In all, P415,000 in educational assistance were given out last year.

Networks

KMBA leadership enjoys the trust of the community of microinsurance MBAs. This is shown in part by its role as resource speaker in learning sessions and fora organized by MiMAP. Moreover, General Manager Silvida R. Antiquera was re-elected as President of the MiMAP Board of Trustees, with a term of up to March 2021. As President, KMBA presides over Board meetings and facilitates the committees on governance and investment.

MiMAP has been active in its initiatives to exchange the Insurance Commission in the formulation and review of policies essential to the growth and sound governance of MBAs. Among these are the extension of the grace period during the pandemic, tax-exempt status of MBAs, possible utilization of the equity value, and adopting a self-regulatory policy environment, among others.

Also, MiMAP takes part in the Board meetings of the Rimansi Mutual Solutions Insurance Agency, Inc. (RMSI), as represented by MiMAP President. Its participation in the Rimansi Board grants it access to a wide array of non-life insurance products that may be offered to MBA members.

To promote the financial growth and protection of MBAs, KMBA remains an active participant in the following network-initiated investment pool and activities:

- a. BPI Bayanihan Balanced Fund (UITF), an investment approved by the Bangko Sentral ng Pilipinas; KMBA's P20M investment is considered an admitted asset by the Insurance Commission;
- b. Mutual Security Fund, managed by Union Bank, where every MBA member contributes every year until the pool reaches the amount of P 5M set by the network. KMBA has contributed P 408,496,000.00 since 2015;
- c. Life Catastrophe Excess of Loss Reinsurance Treaty (CatXol), provided by the National Reinsurance Corporation of the Philippines (NATRE), to reinsure KMBA members' LIFE and Credit Life insurance policies.

With realizations of the grave financial risks brought about by the pandemic, KMBA will seek tie-ups with insurance providers for the development of an insurance product tailored to address business interruptions in times such as lockdowns.

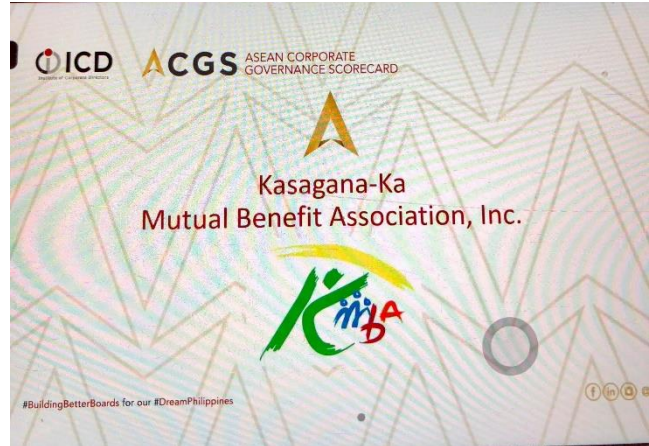
In previous years, the Association has been sending representatives to study visits and international conferences organized by our regional and international networks. This year, though global movement is restricted, ICMIF and its regional network Asia Oceania Organization pushed through with webinars and dialogues to help keep MBAs abreast of developments in the industry.

Other Accomplishments

Notwithstanding quarantine restrictions, KMBA did not let up on its commitment to uphold, and even strengthen, good governance principles in its operations. Pursuant to such commitment, the Board of Trustees has approved KMBA's Accounting and Investment Manual and the Risk Management, while the Operations Manual and Risk Management Manual are subject to updating.

An up-to-date compliance calendar guides KMBA’s preparation and submissions of all government regulatory requirements. Among these are registrations and/or periodic submissions to the Credit Information Corporation (CIC), Anti-Money Laundering Council (AMLC), Bureau of Internal Revenue (BIR), Securities and Exchange Commission (SEC), Department of Labor and Employment (DOLE), IC, and the local government unit.

These efforts have been rewarded with another recognition from the Institute of Corporate Directors. KMBA is one of only two MBAs which received the ASEAN Corporate Governance Scorecard Golden Arrow Awards for its outstanding assessment under the governance scorecard.



KMBA’s remarkable leadership also extends to the management of its five-storey mixed use building, an important investment of the Association. Although final turn-over of the building was delayed due to the lockdown, KMBA managed to timely secure locational clearance, occupancy permit, and tax declaration of real property from the Quezon City LGU. Coordination with Rodsy Construction continues for minor repairs and paint jobs, which are part of the one-year guaranty contract with the contractor.

Rental contracts with KCoop and KDCI have been in effect since October 2020. Aside from these two lessees, KMBA will look to generate more revenues from space rentals in the building. In preparation for this, the Association’s BIR certificate of registration will be updated from being a non-VAT to a VAT-registered entity.

In terms of security, the building is manned by 24-hour shift security personnel. Full-time maintenance and housekeeping personnel will also be hired.

These successes now serve as stepping stones for better things to come for KMBA.

PART TWO. CORPORATE GOVERNANCE AND MANAGEMENT



Board of Trustees

The Board of Trustees sets the tone in upholding the principles of sound corporate governance by responsibly governing, controlling, and managing the affairs, funds, and property of the Association.

Aptly themed, “Kaagapay Tungo sa New Normal,” the 14th Annual General Meeting of the Association was held on July 29, 2020 via videoconferencing. Pursuant to its very own By-Laws, the incumbent Trustees, who were elected in 2019 shall remain in office until 2022. Thus, no regular elections for Board posts were held in last year’s general meeting.

Below are the members of the Board of Trustees of KMBA and their respective terms of office:

Trustee	Particular
 <p data-bbox="115 604 431 674">Enriqueta V. Navarro President</p>	<p data-bbox="431 212 1559 254">Age: 64</p> <p data-bbox="431 258 1559 369">Qualification: Bachelor of Science in Civil Engineering (undergraduate) at FEATI University Manila batch 1977, has served as Coordinator for 3 years and KCOOP Center Chief Officer for 8 years.</p> <p data-bbox="431 373 1559 405">Business: Sari-sari store, Baking pastries and frozen goods</p> <p data-bbox="431 409 1559 441">Current Directorship: Board of Trustee</p> <p data-bbox="431 445 1559 476">Term of Office: 3 years (2019-2022)</p> <p data-bbox="431 480 1559 512">Type of directorship: Non-executive</p> <p data-bbox="431 516 1559 548">Other current Corporate Directorship: None</p> <p data-bbox="431 552 1559 583">Other Corporate Leadership: Treasury Committee Chairperson</p> <p data-bbox="431 642 1559 674">Trainings and Seminars Attended:</p> <ul data-bbox="483 678 1559 1413" style="list-style-type: none"> ▪ Governance and AMA Workshop, June 5-7, 2019 ▪ Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel ▪ Needs Assessment for Assessment for Member Education under Citi Project and Planning Workshop for Financial Literacy in partnership with Sparkassenstiftung fur international Kooperation), January 20-21, 2020 at KMBA Members Center Building ▪ National Microinsurance Forum, January 30, 2020 at PICC ▪ Investing in the Time of COVID 19, April 17, 2020 (webinar) ▪ E-Learning Platform 101, June 29, 2020 (webinar) ▪ Briefer on ARISE Philippines Act and National Unemployment Insurance Program, July 6, 2020 (webinar) ▪ Online Roadshow-Progreso Bonds, July 23, 2020 (webinar) ▪ Learning Session on Social Media 101, July 27, 2020 (webinar) ▪ Webinar on Progreso Bonds RTB 24, July 30, 2020 ▪ Briefer on Train Package 4, PIFITA August 7, 2020 ▪ Enhancing Mi-MBA's Performance Management System, September 7, 2020 ▪ Center Meeting and Social Distancing (Learning Session) September 21, 2020 ▪ Financial Management, October 28, 2020 ▪ Investros Briefing on Premyo Bonds 2, November 12, 2020
 <p data-bbox="115 1822 431 1892">Alma D. Gilbaliga Vice President</p>	<p data-bbox="431 1430 1559 1472">Age: 54</p> <p data-bbox="431 1476 1559 1545">Qualification: Graduate of Secondary School at Sergio Osmeña High School batch 1983. Has served as KMBA Coordinator for 3 years and KCOOP Center Chief officer for 10 years</p> <p data-bbox="431 1549 1559 1581">Business: Buy and Sell</p> <p data-bbox="431 1585 1559 1617">Current directorship: Board of Trustee</p> <p data-bbox="431 1621 1559 1652">Term of Office: 3 years (2019-2022)</p> <p data-bbox="431 1656 1559 1688">Type of directorship: Non-executive</p> <p data-bbox="431 1692 1559 1724">Other current Corporate Directorship: None</p> <p data-bbox="431 1728 1559 1759">Other Corporate Leadership: Risk Committee member</p>

	<p>Trainings and Seminars Attended:</p> <ul style="list-style-type: none"> ▪ Governance and AMA Workshop, June 5-7, 2019 ▪ Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel ▪ National Microinsurance Forum, January 30, 2020 at PICC ▪ Investing in the Time of COVID 19, April 17, 2020 (webinar) ▪ E-Learning Platform 101, June 29, 2020 (webinar) ▪ Briefer on ARISE Philippines Act and National Unemployment Insurance Program, July 6, 2020 (webinar) ▪ Online Roadshow-Progresso Bonds, July 23, 2020 (webinar) ▪ Learning Session on Social Media 101, July 27, 2020 (webinar) ▪ Webinar on Progreso Bonds RTB 24, July 30, 2020 ▪ Briefer on Train Package 4, PIFITA August 7, 2020 ▪ Enhancing Mi-MBA’s Performance Management System, September 7, 2020 ▪ Center Meeting and Social Distancing (Learning Session) September 21, 2020
 <p>Jonalyn T. Andres Secretary</p>	<p>Age: 34 Qualification: Graduate of BS Nursing at Our Lady of Fatima University, Valenzuela batch 2008. Presently, Cluster Manager at KCOOP Current directorship: Board of Trustee Term of Office: 3 years (2020-2023) Type of Directorship: Non-executive Other current Corporate Directorship: President of Kasagana-ka Employee-Employer Provident Fund Association Inc. (KEEPF) Other Corporate Leadership: Product Development & Innovation Committee Chairperson</p> <p>Trainings and Seminars Attended:</p> <ul style="list-style-type: none"> ▪ Web Grid Training – Feb. 4-5, 11-12, 19-20, 2020 ▪ Rebuilding and Resiliency Training – April 6-8, 2020 ▪ Cohesion in Leadership – June 7, 2020 ▪ Stress Management and Resiliency Program – July 7-8, 2020 ▪ Quantum Geographic Information System Training – September 26, 2020 ▪ Thriving in the new normal. Managing stress and anxiety at work – October 1, 2020 ▪ Business Continuity Plan – October 27, 2020 ▪ Distress Debtors, their options in the midst of the Pandemic – October 27, 2020
 <p>Ma. Lilibeth C. Molina Treasurer</p>	<p>Age: 51 Qualification: Graduate of Secondary School at Western Leyte College. Has served as KMBA Coordinator for 2 years and KCOOP Center Chief officer for 7 years Business: Maker of Customized Wood Furnitures Current directorship: Board of Trustee Term of Office: 3 years (2019-2022) Type of directorship: Non-executive Other current Corporate Directorship: None Other Corporate Leadership: Treasury Committee member</p>

Trainings and Seminars Attended:

- Governance and AMA Workshop, June 5-7, 2019
- Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel
- National Microinsurance Forum, January 30, 2020 at PICC
- Investing in the Time of COVID 19, April 17, 2020 (webinar)
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Jenifer L. Abao
Board Member

Age: 48

Qualification: Graduate of Computer Secretarial at Cora Doloroso Career Center batch 1992 and Pharmacist at Pharma Roosevelt College 2009. Has served as KMBA Coordinator for 3 years and KCOOP Center Chief officer for 7 years

Business: Owner of small burger stand, Carinderia and selling of animal feeds

Current directorship: Board of Trustee

Term of Office: 3 years (2019-2022)

Type of directorship: Non-executive

Other current Corporate Directorship: None

Other Corporate Leadership: Risk Committee Chairperson

Trainings and Seminars Attended:

- Governance and AMA Workshop, June 5-7, 2019
- Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel
- National Microinsurance Forum, January 30, 2020 at PICC
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- Investros Briefing on Premyo Bonds 2, November 12, 2020



Rita T. Dela Cruz
Member

Age: 53

Qualification: Graduate of Secondary School at Agusan Del Sur School of Arts and Trade batch 1984. Has served as KMBA Coordinator for 6 years and KCOOP Center Chief officer for 16 years

Business: Buy and Sell, owner of small Burger stand

Current directorship: Board of Trustee

Term of Office: 2 years (2019-2021)

Type of directorship: Non-executive

Other current Corporate Directorship: None

Other Corporate Leadership: Risk Committee member

Trainings and Seminars Attended:

- Governance and AMA Workshop, October 9-11, 2019
- Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel
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- Online Roadshow-Progreso Bonds, July 23, 2020 (webinar)
- Learning Session on Social Media 101, July 27, 2020 (webinar)
- Webinar on Progreso Bonds RTB 24, July 30, 2020
- Briefer on Train Package 4, PIFITA August 7, 2020
- Enhancing Mi-MBA's Performance Management System, September 7, 2020
- Center Meeting and Social Distancing (Learning Session) September 21, 2020
- Financial Management, October 28, 2020
- Investros Briefing on Premyo Bonds 2, November 12, 2020



Teresita D. Padel
Member

Age: 45

Qualification: Graduate of Secondary School at Sumulong Memorial High School batch 1992. Has served as KMBA Coordinator for 4 years and KCOOP Center Chief officer for 11 years

Business: Sari-sari store and E-loading system

Current directorship: Board of Trustee

Term of Office: 3 years (2019-2022)

Type of directorship: Non-executive

Other current Corporate Directorship: None

Other Corporate Leadership: Nomination & Election Committee member

Trainings and Seminars Attended:

- Governance and AMA Workshop, October 9-11, 2019
- Leadership Training Workshop, January 26-27, 2020 at Bayview Park Hotel
- National Microinsurance Forum, January 30, 2020 at PICC
- Investing in the Time of COVID 19, April 17, 2020 (webinar)
- E-Learning Platform 101, June 29, 2020 (webinar)

	<ul style="list-style-type: none"> ▪ Briefer on ARISE Philippines Act and National Unemployment Insurance Program, July 6, 2020 (webinar) ▪ Online Roadshow-Progreso Bonds, July 23, 2020 (webinar) ▪ Learning Session on Social Media 101, July 27, 2020 (webinar) ▪ Webinar on Progreso Bonds RTB 24, July 30, 2020 ▪ Briefer on Train Package 4, PIFITA August 7, 2020 ▪ Enhancing Mi-MBA’s Performance Management System, September 7, 2020 ▪ Center Meeting and Social Distancing (Learning Session) September 21, 2020 ▪ Financial Management, October 28, 2020 ▪ Investros Briefing on Premyo Bonds 2, November 12, 2020
 <p>Philip Arnold P. Tuaño Independent Member</p>	<p>Age: 52 Qualification: Ph. D., Economics, University of the Philippines, 2015, MA Economics, University of the Philippines 2001, MA Development of Economics, University of Sussex, 1996, AB Major in Economics, Ateneo De Manila University 1989 Term of Office: 3 years (2020-2023) re-elected 3 years (2017-2020) Current Directorship: Board of Trustee Type of Directorship: Non-executive Other Current Corporate Directorship: None Other Corporate Leadership: Audit Committee Chairperson, Nomination & Election Committee Chairperson</p> <ul style="list-style-type: none"> ▪ Briefer on ARISE Philippines Act and National Unemployment Insurance Program, July 6, 2020 (webinar) ▪ Webinar on Progreso Bonds RTB 24, July 30, 2020 ▪ Enhancing Mi-MBA’s Performance Management System, September 7, 2020 ▪ Financial Management, October 28, 2020
 <p>Atty. Maria Cleofe Gettie C. Sandoval Independent Member</p>	<p>Age: 57 Qualification: Juris Doctor, Ateneo De Manila University Law School Makati, 1991, BA major in Economics, Ateneo De Manila University Quezon City 1985 Term of Office: 3 years (2018-2021) Current Directorship: Board of Trustee Other Current Corporate Directorship: None Other Corporate Leadership: Audit Committee Member, Nomination and Election Committee Member</p> <ul style="list-style-type: none"> ▪ Briefer on ARISE Philippines Act and National Unemployment Insurance Program, July 6, 2020 (webinar) ▪ Webinar on Progreso Bonds RTB 24, July 30, 2020 ▪ Enhancing Mi-MBA’s Performance Management System, September 7, 2020 ▪ Financial Management, October 28, 2020

Continuing Education and Leadership Development of the BoT

Apart from IC-mandated trainings and leadership seminars, the Board also gained valuable learnings and insights about wide-ranging topics. Most of the seminars were administered virtually, among the consequences of the new normal.

To deepen their engagement and appreciation of operations, which will support policy-making, Trustees, in 2021, will receive training on the fundamentals of the insurance business, understanding financial statements and performance indicators, and tailored leadership seminars.

Board Meetings

The KMBA Board of Trustees convened in seven (7) regular meetings and Annual General Meeting last year. Of these, five (5) meetings were held via videoconferencing, in compliance with quarantine restriction.

NAME	DESIGNATION	ANNUAL MEETING	REGULAR MEETING	%
Enriqueta V. Navarro	President	✓	7	100
Alma D. Gilbaliga	Vice-President	✓	7	100
Ma. Lilibeth C. Molina	Treasurer	✓	7	100
Jenifer L. Abao	Member	✓	7	100
Rita T. Dela Cruz	Member	✓	7	100
Teresita D. Padel	Member	✓	7	100
Philip Arnold P. Tuaño	Independent Member	✓	7	100
Ma. Cleofe Gettie C. Sandoval	Independent Member	✓	7	100
Brenda F. Lumbao (June 2017 to July 2020)	Secretary		3	75
Jonalyn T. Andres (July 2020 up to present)	Secretary	✓	4	100

Board Committees

Since members of Board committees serve a one-year term, elections for committee positions were held in the 14th Annual General Meeting. Aside from the term of office, the composition of the committee, qualifications and selection are all set in the Association's Corporate Governance Manual.

Below are the Board committee's composition, and their members' participation in committee meetings in 2020.

Audit Committee

Pursuant to the Government Manual, independent Trustees make up the Audit Committee. Directly accountable to the General Assembly, the Audit Committee continuously monitors the adequacy and effectiveness of the KMBA's management control system, and has the power to audit the performance of its operations.

The Audit Committee met in five (5) meetings last year to discuss and decide on the following matters:

1. Results of the compliance, financial, and operational audits
2. Review of possible related party transactions;
3. Presentation and short listing of potential audit firm and compiler;
4. Selection of audit firm and compiler for 2021 financial statements;
5. Initial findings of the external auditor;
6. Exit meeting and presentation of audited financial reports.

Through these meetings, the Committee performs its role of providing internal audit service to the Association, in coordination with the Internal Audit of the Service of the KSO, prior to the independent review of the external auditor.

Committee Member	Designation	Meetings Attended	% to total meetings
Philip Arnold P. Tuaño	Chairperson	5	100
Atty. Maria Cleofe Gettie C. Sandoval	Member	5	100

Treasury Committee

The Treasury Committee's main task is to review, advise, and recommend approval, decision, or action on financial matters. Acting on its mission, the committee held a total of Three (3) meetings last year, with the following agenda:

1. Review of the financial statements of the Association;
2. MiMAP pooled investments managed by BPI Bayanihan Balanced Fund;
3. Monitor shares in the Mutual Guarantee Fund managed by Union Bank;
4. Investment in Premyo Bonds

Committee Member	Designation	Meetings Attended	% to total meetings
Enriqueta V. Navarro	Chairperson	4	100
Lilibeth C. Molina	Member	4	100

Product Development and Innovation Committee

This Committee has been busy in enhancing claims settlement processes this year in the process of transition to an effective online system. And, given the emerging needs of KMBA members, as highlighted by this pandemic, KMBA through this Committee, is in search of insurance products tailored to address similar financial risks. It also subjects to periodic review KMBA's partnership agreements with other insurance providers, including the set of benefits accorded by the products they offer to the members.

Last year, this Committee convened Three (3) times to tackle the following concerns:

1. K-Bente Group Policy Renewal
2. K-Kalinga Policy Renewal
3. Eight-Hour Claims Settlement Policy and its further reduction to three hours

Committee Member	Designation	Meetings Attended	% to total meetings
Teresita D. Padel	Chairperson	3	100
Marilyn C. Perez	Member	3	100
Josanie C. Lagnason	Member	2	80
Meneliza Clete	Member	2	80

Election and Nomination Committee

With the conduct of the elections via electronically, the Committee provided leadership and supervised the transparent conduct, manner, and procedure of elections of Committee members in 2020, including canvassing and certifying election results, proclaiming the winning candidates. To prepare it for its all-important role, the Committee held Three (3) meetings last year.

Committee Member	Designation	Meetings Attended	% to total meetings
Philip Arnold P. Tuaño	Chairperson	3	100
Atty. Maria Cleofe Gettie C. Sandoval	Member	2	80
Teresita D. Padel	Member	3	100
Nelly S. Vengano	Member	3	100

Ethics Committee

The Ethics Committee actively disseminates, promotes, and implements the approved Code of Ethics and Conduct of the Association, which must be observed by members, officers and employees alike. The Committee likewise conducts initial investigation and/or inquiry upon receipt of complaints of non-compliance with the Code, and other illegal or corrupt practices. The Committee submits its recommendation to the Board for appropriate sanctions.

The Committee conducts semestral assessments of adherence to the ethical conduct. Last year, the committee held Three (3) meetings with the following agenda.

1. Review of Board Assessment Tools
2. Conduct of Board Assessment
3. Review of Organization Code of Ethics
4. Review of Anti-Fraud and Anti-Corruption Policy
5. Result of Board Assessment

Committee Member	Designation	Meetings Attended	% to total meetings
Wenifreda F. Rodriguez	Chairperson	3	100
Leticia T. Rodriguez	Member	3	100
Chona B. Capayas	Member	3	100
Isabel M. Iliw-ilw	Member	3	100

Risk Committee

The Committee regularly reviews KMBA’s risk management framework. From its studies, the Committee advises the Board on risks inherent in KMBA’s transactions and business plans, and monitors management’s responsiveness to the Committee’s inputs and recommendations.

The Risk Committee was actively in coordination with the KSO Risk Management Committee. In 2020, they came up with a Risk Management Plan, while the Manual preparation is ongoing.

Committee Member	Designation	Meetings Attended	% to total meetings
Jenifer L. Abao	Chairperson	5	100
Rita T. dela Cruz	Member	4	80
Alma D. Gilbaliga	Member	5	100
Celesty S. Fabila	Member	4	80

BOARD OF ADVISERS

The Association puts a premium on the experience and knowledge of its former Board Presidents and heads of its sister organizations. Thus, they were formally organized into the KMBA Board of Advisers, providing timely and relevant advice on financial and programmatic matters up for deliberation by the Board.

Members of the advisory group were always invited to sit and take part in discussions in every regular and special meeting of the Board.

Remuneration Policy for the Board and the General Manager

The Trustees, Board Committee members, Coordinators, and Advisers do not receive any compensation for their services, save for actual reimbursements of the monitoring and transportation expenses incurred in the performance of their duties and responsibilities.

Last year, the quarantine restrictions on movement and travel were evident with lesser expenses in terms of monitoring and transportation of KMBA officers and coordinators. Reimbursements took the form of assistance to ensure sufficient cellular data for the duration of virtual meetings and webinars.

A total of Php 253,700.00 was released for transportation and communication expenses for attending their regular meetings and webinars.

Trustee	No. of Meetings Attended	Amount Reimbursed (in PhP)
Enriqueta V. Navarro	12	21,600.00
Alma D. Gilbaliga	12	21,600.00
Ma. Lilibeth C. Molina	12	21,600.00
Jenifer L. Abao	12	21,600.00
Rita T. Dela Cruz	12	21,600.00
Teresita D. Padel	12	21,600.00
Philip Arnold P. Tuaño	12	19,000.00
Ma. Cleofe Gettie C. Sandoval	12	19,000.00
Jonalyn T. Andres	4	1,500.00
Wenifreda F. Rodriguez	11	19,800.00
Leticia T. Rodriguez	12	21,600.00
Chona B. Capayas	12	21,600.00
Isabel M. Iliw-iliw	12	21,600.00

The KASAGANA-KA Synergizing Organizations (KSO)-wide Human Resource (HR) Committee oversees the compensation and benefits policy across all KSOs, including the KMBA employees and General Manager . One Trustee from KMBA sits as member in said HR Committee.

The HR Committee submits its recommendations to the KMBA Board of Trustees for consideration and appropriate action. Should the HR Committee recommendations include the compensation of the General Manager, the Trustees convenes in an executive session, without the General Manager, to deliberate and decide on the matter.

The General Manager receives a monthly compensation equivalent to One Hundred Twelve Thousand Four Hundred Forty Pesos (Php 112,440.00) based on the recommendations made by the HR Committee and duly approved by the Board of Trustees of KMBA.

Performance Appraisals of the Board, Committee Members, and the General Manager

Performance self-assessment is done twice a year. Trustees and Committees rate themselves and the Board or Committee as a body, based on a set of parameters that evaluates their level of participation, as well as the ability of the body to deliver on its mandate.

Results of the assessment informs the concerned body and management on areas that require more attention in order to maintain sound corporate governance, both at the Board and Committee levels.

In assessing the General Manager's performance, on the other hand, the Board meets in an executive session at the end of each semester. The GM's performance is rated against a set of quantitative and qualitative criteria. The results of the evaluation becomes the basis for the grant of performance bonus of the General Manager. The same process of performance evaluation and grant of performance bonus apply for all KMBA employees.

OTHER CORPORATE GOVERNANCE UPDATES

Independent Trustees

The By-Laws as well as the Governance Manual of the KMBA refers to an independent Trustee as a person who has no business, relationship, or other position with KMBA or its partner organizations which could, or could reasonably be perceived to, materially interfere with the exercise of her independent judgment in carrying out responsibilities as a member of the Board.

Two independent members have joined the nine-person Board of Trustees - Mr. Philip Arnold P. Tuaño and Atty. Maria Cleofe Gettie C. Sandoval. Their professional background in the fields of economics and law, respectively, have proven invaluable in the decision-making process of the Board. Moreover, as independent Trustees, they play key roles in the Audit and Risk Management Committees.

Internal and Independent Audits

The KSO has an Internal Audit Service, which caters to the internal audit requirements of the different organizations, including KMBA. The Service works in coordination with the KMBA Audit Committee for the review of internal audit processes as part of an internal audit plan. The internal auditor reports directly to the Board of Trustees, regarding her/his independent and objective evaluation of the Association's financial and operational business activities, including its corporate governance and/or operational efficiency.

To ensure an unbiased and objective review of these processes, the Audit Committee is composed of independent Trustees. Nonetheless, the review of an independent external auditor is still necessary, pursuant to government regulations and KMBA's own governance rules, unbiased, professional opinion on the truthfulness of KMBA's financial statements and assesses the systems in place to protect the Association from various financial risks.

The external auditor selection process begins with vetting by the Audit Committee, which then submits its recommendations to the Board. The Board-approved selection is submitted to the KMBA members during the annual general meeting for the membership's ultimate determination.

For the independent audit of the 2020 Financial Statements, the general membership approved the engagement of the audit firm of Roxas Cruz Tagle and Co. Total fees incurred for the firm's auditing services amounted to Php 228,413.00, exclusive of Value Added Taxes (VAT) and other out-of-pocket expenses.

The terms of reference for the procurement of the services of an external auditor is clear as to its requirement to audit the financial statements of the Association as of December 31, 2020. As such, the external auditor was not asked to perform any non-audit service. Nevertheless, in order to prevent any conflict of interest from arising, KMBA upholds a policy of full disclosure should the external auditor be, in the future, engaged in providing non-audit services, whether for a fee or not.

MANAGEMENT OF KEY RISKS

There is a constant effort to uphold, if not strengthen, KMBA's risk management policy and undertake periodic assessment of the various risks that the Association faces in all areas of operations and administration, approximate their probability, and determine ways to minimize, if not completely avoid their negative effects. Last year, the Risk Management Committee came up with a risk management plan, which was approved by the Board. Work on the risk management manual adoption is underway.

Liquidity Risk

This refers to the risk that the Association will not be able to meet its financial obligations as they fall due, basically from lack of funding to finance its growth and capital expenditures.

The Board and management work closely to manage the Association's liquidity profile by ensuring that adequate funding is available at all times to meet commitments as these arise, without incurring unnecessary costs, and to be able to access funding when needed.

Credit Risk

This involves the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In the case of KMBA, its receivable balances are carefully monitored on an ongoing basis to ensure that its exposure to impairment is not significant.

Member credit risk is managed by analyzing the credit risk for each new member before standard payment and appropriate delivery terms and conditions are offered. Outstanding receivables are regularly monitored. The credit quality of the Association's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without any credit losses.

Credit risk from balances with banks is managed by ensuring that deposit arrangements are with reputable and financially sound counter-parties.

The credit quality of the Association's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counter-parties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counter-parties include banks, related parties and members who pay on or before the due date. KMBA's bases in grading its financial assets are as follows:

High grade. These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy the obligation and the security on the receivables are readily enforceable).

Standard. These are receivables where collection is probable due to the reputation and the financial ability of the counterparty to pay, but which have been outstanding for a certain period of time.

Substandard. Receivables that can be collected provided KMBA makes persistent effort to collect them.

Compliance Risk

This arises from violations or non-conformity with laws, rules and regulations, circulars, and prescribed practices of the Insurance Commission, and other regulatory bodies, that may expose KMBA to fines and penalties.

In managing these risks, no less than the General Manager performs the vital role of the Compliance Officer. KMBA prepares an annual compliance calendar that guides it on reportorial requirements and the deadlines set for each. Regular communications with the network also help in keeping the Association abreast with developments in the industry regulatory landscape.

Financial Performance Indicators

KMBA has been consistently compliant with financial policies and administrative regulations implemented by the Insurance Commission. Specifically, it strictly adheres to the following policies:

- Administrative costs shall not exceed 20% of the Association's total gross revenue; and
- High ratio in the Risk-Based Capital (RBC) framework

Non-financial Performance Indicators

KMBA was successful in transitioning to an online claims processing, with claims paid out within eight hours from notification. This is a very significant reduction in processing time, and it could not have happened at a more opportune time. The shift to online claims processing speaks of management's dedication to timely deliver services to its members, without compromising anyone's health.

By now, the annual recognition KMBA receives for its outstanding performance in the ASEAN Corporate Governance Scorecard has become a concrete evidence of its efforts to abide by good governance principles in all areas of its operations. Consistency has been the key. Yet, KMBA understands that there is plenty of room for improvement. ACGS recommendations are taken seriously into consideration in reviewing the Manual and enforcing compliance thereto.

Policy on Dividends

KMBA does not declare dividends for distribution to its members.

Nevertheless, the amended Insurance Code of the Philippines, implemented by Circular Letter No. 2015-46 dated 8 September 2015, allows mutual benefit associations like KMBA to transfer the excess of its free and unassigned surplus to the members' benefits fund for distribution to members, whether in cash or in kind, and after having been duly verified by the Insurance Commission.

As one form of member's benefit, KMBA provides one year life insurance coverage to all members, free of charge under its K-Bente initiative.

Related-Party Transactions

Related party may be individual or corporate entities. It includes: (a) Members of KMBA's Board of Trustees, sister organizations KDCI and K-Coop, as well as partner organization; (b) KMBA's General Manager and key officers, including anyone who directly reports to the Board of Trustees; and (c) any person whose judgment or decisions could be influenced in making financial or operating decisions, as a consequence of an arrangement or relationship between or involving themselves and any person mentioned above.

The Audit Committee, which is comprised entirely of independent trustees, shall be responsible for the review and approval of any material related-party transactions of conflict of interest issues involving members of the Board and the Management Team to ensure that these are conducted or resolved in the best interest of KMBA and its members. As directed by the Board, the Committee may also be required to review pending transactions between KMBA and its partner organizations.

In 2020, the Audit Committee found no material interests or dealings with any Trustee or key officers of the KMBA management. Nonetheless, the Association continues to engage in the ordinary course of business and at arm's length with sister organization Kabuhayan sa Ganap na Kasarinlan Credit and Savings Cooperative (K-Coop), a cooperative duly organized and registered with the Cooperative Development Authority.

Related Party Transactions between KMBA and its related party/ies were conducted in the normal course of its business and within the association's arms length. Below is the summary of the business transaction with related party in 2020.

Name of Related Party	Relationship	Nature of Related Party Transaction	Amount of Related Party Transaction
Kabuhayan sa Ganap na Kasarinlan Credit & Savings Cooperative (KCOOP)	KCOOP Partner	Funds assigned for Members Benefits (Fund Balance Account)	Unremitted Contribution, Dues and Fees (Php 7,112, 411)
			Unremitted Premiums (Php 2,319,090)

Members of the K-Coop, who are primarily urban poor women, are the main target market of the microinsurance program of KMBA. The Association effectively taps the infrastructure of the K-Coop to reach approximately three quarters of all KMBA members, help promote its insurance products, and collect premium payments and other membership fees.

By yearend, KMBA reports P7,112,411 in unremitted contribution dues and fees, as well as P2,319,090 in unremitted premiums, from K-Coop.

Trustees and committee members shall, upon election, accomplish a Declaration of Material Interests, so that any related-party transactions will be conducted in an arm's length basis. To further strengthen transparency and protect the interest of KMBA in all cases of related-party transactions, the Association is set to adopt a policy requiring incumbent Trustees to submit a written notification to the Board before they accept a directorship position in any other company.

SUSTAINABILITY REPORTING

Beyond the bottom line or mere adherence to good governance practices, it is staying true to its mission that inspires KMBA to look past financial matters and try to help Filipino families improve their lives through its products and services.

As a mutual benefit association committed to giving assistance to the poorest Filipino families in times of social security needs, KMBA has always been conscious of its contributions to society. It has always been careful in adopting programs and policies, studying how these affect its stakeholders, the environment, and general public.

In years past, the Association has made public, through its website, Annual Reports, and statutory submissions, its various policies, such as on procurement, anti-corruption, employee management, and environment-friendly practices.

In 2019, the Securities and Exchange Commission (SEC) issued sustainability reporting guidelines for publicly-listed companies, to enable the latter to “measure and monitor their contributions towards achieving universal target of sustainability,” as well as in supporting national policies and programs.

According to the SEC, sustainability reporting (also known as EESG or economic, environmental, social and governance reporting) “is an organization’s practice of reporting publicly on its significant economic, environment and/or social impacts, in accordance with globally accepted standards. Such disclosures enable organizations to measure, understand, and communicate their EESG performance and then set goals and manage change more effectively.”

Although the set of SEC guidelines is intended for publicly-listed companies, KMBA will endeavor to follow it as a guide, especially since it builds on four of the globally accepted frameworks on sustainability reporting. These are the (i) Global Reporting Initiative’s (GRI) Sustainability Reporting Standards, (ii) the International Integrated Reporting Council’s Integrated Reporting Framework, (iii) the Sustainability Accounting Standard’s Board’s Sustainability Accounting Standards, and (iv) the recommendations of the Task Force on Climate-related Financial Disclosure.

KMBA understands that these reporting standards cover a lot of areas. While much work is yet to be done, the Association will work little by little towards full compliance with these frameworks. It is hoped that its sustainability report will aid the Association in assessing how its overarching mission impacts national and universal sustainability objectives.

For 2020, this portion on the EESG report will discuss KMBA policies as to Economic Impact, in terms of direct economic value generated and distributed as well as procurement practices; Environmental Impact, in terms of use of resource management and adoption of an environment-friendly value chain; Social Impact, in terms of employee management, respect of creditor's rights, and members' welfare.

A. ECONOMIC

Direct Economic Value generated and Distributed

The Association generated Php 41,328,110.00 in revenue for the entire year.

On the other hand, operating expenses, which includes administrative expenses, reached P11,011,863.00. The total amount of P4,693,069.00 was spent for employee wages and benefits. Taxes remitted to the government amounted to P819,335.00. This includes tax on rent income and tax withheld on employees' compensation.

As discussed above, the Association continues to invest in the youth through the Kuya Jun Scholarship Program, for which P415,000 in stipend was disbursed for the year. Calamity assistance for victims of volcanic eruption, pandemic, typhoon, and fire, received P708,950 in financial aid. Moreover, members enjoyed another year of life insurance coverage for free under the K-Bente initiative.

Procurement Policy

The Association adopts a bidding process to ensure that engagements with suppliers and contractors are impartial, transparent, and to the best interest of KMBA. The Board sets a minimum for contract amounts to be covered by the Association's bidding processes. A minimum of three (3) suppliers shall submit their respective proposals and profiles for each bidding process. An ad hoc bids and awards committee may be formed to lead the bidding and selection process. All decisions and selections shall be approved by the Board.

In purchasing office supplies and equipment and in contracting for services, at least three price quotations are secured from different suppliers and service providers. In making a choice, consideration is given not only to the cost, but also to quality and value for money.

The Policy also prohibits transactions involving solicitation, and directly or indirectly accepting gifts, commission and other forms of payment from members, suppliers and other parties in exchange for favorable treatment.

Anti-corruption Policy

KMBA strictly enforces a no-gift policy so as not compromise the integrity of its operations, improperly influence decision-making, avoid conflicts of interest, or any perception thereof as a result of giving and

receiving gifts. This policy is upheld in all dealings with any member of the private or public sector. The Association understands that good governance is founded on full respect for the law as well as its own internal rules and regulations.

As such, KMBA deals with its trustees, employees, suppliers, partners, government agencies and other parties at arm's length and with full transparency, in observance of established policies and in recognition of either party's integrity.

Violators will be dealt with severely, after an investigation, and always in accordance with established mechanisms on due process.

Protecting the Whistle-blower

All stakeholders are encouraged to voice their concerns or complaints about illegal and/or unethical practices involving any KMBA member, employee, or officer. KMBA maintains a policy to protect the identity of the whistle-blower, maintain confidentiality of the disclosure, validate the claims and reports, and prevent any form of retaliation by the complained parties.

Reports of violations and complaints shall be validated in order to avoid malicious, unfounded reports, designed to vex or harass a person, mislead, disrupt KMBA operations, or for personal gain. Such malicious reports shall not be allowed to harm KMBA or any of its members, officers, or employees, and shall be dealt with appropriately.

Handling of complaints

Complaints are received by the Ethics Committee, which then conducts initial investigation and/or inquiry for non-compliance with or violation of the Code of Ethics and Conduct, and other illegal or corrupt practices. The Committee then submits its investigation report and recommendations to the Board, for appropriate action.

For complaints against KMBA employees related to its value chain, the President of the Association has been authorized to receive complaints. Submission of complaints may be in confidence or anonymous. Below is the KMBA President's contact information:

President: Enriqueta V. Navarro
Landline: 8990-7915
Mobile No.: 09192983870
Email Address: valdez06beth@gmail.com

B. ENVIRONMENT

Environment-friendly Value Chain

The Association strives to perform regular assessments of its policies, procedures, processes and systems involving not only its officers, members, and employees, but also its suppliers, partners, and contractors, to ensure that these are environment-friendly and promote environmental sustainability.

KMBA declares that its business operations do not negatively affect the environment, and that it commits to do its part in promoting environmentally-sound business practices.

Simple, but impactful sustainable practices have been adopted by KMBA for years. This include judicious energy consumption, car pooling, and recycling of office supplies and materials. The use of electronic means of reporting to the Board, the membership, and all stakeholders have been tapped by KMBA for years to reduce paper consumption. In 2020, meetings and training through videoconferencing were the norm. Where appropriate, a policy on virtual meetings may be adopted to further reduce carbon footprints.

C. SOCIAL

Programs for Members' Welfare

Aside from looking after members' health, programs for members' welfare have been discussed in the previous sections of this Annual Report. These include educational assistance under the Kuya Jun Scholarship Program; aid for members affected by calamities; K-Bente insurance coverage for members and dependents fully paid by the KMBA; and capacity-building and leadership programs for officers and coordinators.

The Association provides avenues for members to participate in policy determination and decision-making through their KMBA Coordinators' periodic meeting. KMBA reports to the general membership through Roadshows and the annual general meeting.

Since policies, manuals, minutes of meetings, and other pertinent reports are available online, members and any concerned party may contact the Board or the management for any and all concerns affecting not only them personally, but the Association in general.

Members' and Employees' Health and Safety

The health and safety of members and employees alike were the primary considerations that led to KMBA's shift to online claims processing.

The Board also allotted P150,000 to finance swab tests for employees, should these be necessary to protect the health of employees who had to physically go to work.

Throughout the pandemic, KMBA, together with the KSO, were in constant communication with employees and members, as a form of support group, information dissemination mechanism, and service delivery approach.

Part of KMBA's health benefits for employees is the annual physical examination (APE) and affordable flu vaccines. Last year, 9 employees took the APE, and availed of the flu vaccine. In addition, all 10 employees are covered by company-initiated health insurance through Valuecare. In partnership with KDCI, laboratory and eye care services are available to all members and employees.

Employee Management

The very able management team of KMBA is led by its General Manager, Silvida Reyes Antiquera who provides general directions, supervision, management and administrative control on all the operating units, subject to such limitations as may be set forth by the Board of Trustees or the General Assembly. The General Manager handles the day-to-day operations of KMBA, together with the Operations

Manager, Finance Manager, Executive Assistant, and Account Managers.

By end of 2020, KMBA has two managers and seven employees. Of them, four are female while five are male.

The basic salary is reviewed periodically by the Human Resources Committee to ensure that it is at par with market rates. Aside from the statutory benefits, employees are entitled to the following benefits: Communication and Rice Allowance.

Training and Development for Employees

The Board, with the assistance of the Management Team, adopts an annual training and development plan for its employees. Apart from the Plan, the employees may submit a written request to undertake specific courses or training sessions, which are aligned with the KMBA's capacity development requirements.

Last year, employees gained new and additional insights from the following training activities:

Date	Training Course/Seminar
January 20-21	Needs Assessment for Member Education and Planning Workshop for Financial Literacy
January 26-27	Leadership Training Workshop
January 30	National Microinsurance Forum
February 19	Tax and Accounting Reconciliation
April 17	Investing in the Time of Covid 19
May 13	Annual Statement Workshop
May 22	Webinar on Safety Protocols
May 26	Online submission Portal of IC Actuarial Division
	Meaningful use and accomplishment of ACGS
June 10	Webinar on Pandemics, Protection and Emerging Markets
June 22	Webinar on COVID 19: How the mutual/cooperative sector responding
June 24	Webinar on labor Law
June 29	E-Learning Platform 101
July 6	Briefer on ARISE Philippines Act and National Unemployment Insurance Program
July 23	Online Roadshow-Progreso Bonds

July 27	Learning Session on Social Media Marketing 101
July 30	Webinar on Progreso Bonds
August 7	Briefer on Train Package 4; PIFITA
August 8	Tax Exemption of Entities under Sec 30 of the Tax Code: Trends and Developments
August 10	Briefer on Revised Code of Corporate Governance for IC Regulated Company and ACGR
August 17	Improving Mi-MBA Competencies: Technological
August 25	Learning Session-Training of Trainers
August 26	Improving Mi-MBA Competencies: Personal-Promoting Well-Being
September 3-4	Basic Microinsurance Training
September 7	Enhancing Mi-MBAs Performance Management System
September 21	Learning Session-Center Meeting and Social Distancing: Paano maitatawid
October 28	Financial Management for Mi-MBAs
November 12	Investors Briefing on Premyo Bonds 2

Diobert Calanza has successfully completed his master's degree in Business Administration at the National College of Business Administration. While plans for CPA review classes and enrollment to short courses on accounting certificate for Evelyn Lagmay (Finance Manager) and Analyn Shih, respectively, were deferred, they enrolled in several webinars to update their knowledge and skills on specific work-related topics.

KMBA will take advantage of a number of courses online, some of them for free, that are suitable to the training and development plan of the employees.

Rewards Policy

Employees' performance are assessed twice a year. Performance-based incentives are handed out based on the results of the evaluation and upon approval by the Board.

Creditors' Rights

Members, who are among the Association's creditors, have the right to inspect association books and records, including minutes of Board meetings and performance reports, and shall be furnished with annual reports and financial statements, without costs or restrictions. KMBA believes that creditors' interests are well-served if they are constantly in-the-know of the financial condition of the Association and the policies that may impact on its performance and operations.

Also, KMBA works with the the Risk Management Committee to identify credit risk, both probable and

existing, so that proper measures may be undertaken to reduce, if not eliminate, such risks. Reports by the Audit Committee and the independent external audit are also reviewed with the view to protecting the assets of the Association, and therefore its ability to honor its obligations with its creditors.

D. GOVERNANCE MANUAL AND CODE OF ETHICS

Periodic review of the relevance of the Governance Manual and compliance thereto is being undertaken to ensure faithfulness to industry-standard corporate governance principles. The General Manager, as the Board-designated Compliance Officer, leads the monitoring and evaluation process to track compliance of Trustees, management team, and employees with the KMBA Corporate Governance Manual. For this purpose, the General Manager taps other members of the management team to facilitate the effective and efficient performance of said tasks.

Aligned with the values of good corporate governance is the Association's Code of Conduct and Ethics. Included in the Code are standards of conduct and basic principles for ensuring the proper discharge of one's duties and responsibilities, such as not using one's position to make profit or to acquire benefit or advantage; avoiding situations that compromise one's impartiality; maintaining professional integrity; and enhancing skills and understanding of the Association's operations and related activities. The Code must be observed and complied with by all trustees, officers, and employees in dealing with members and other stakeholders within and outside KMBA.

Copies of both the Governance Manual and the Code of Conduct and Ethics are readily available at the KMBA website. This is in keeping with the principle of transparency. It likewise allows any interested or aggrieved party to determine any violation thereof by KMBA officers and employees. KMBA encourages any party who may have knowledge of such violations to report them in good faith to management or to the Board. The Association treats with importance such reports, with the goal of properly addressing them, imposing sanctions where necessary, and avoid their ill effects on corporate affairs and business operations.

Quarterly Evaluation and Planning

It has been the policy of the KMBA to meet a month after each quarter to consider its accomplishments vis-a-vis its targets. Adjustments in plans and implementation strategies are discussed, all with the objective of serving as many members as possible, while maintaining the financial strength of the Association.

Board Policy Review

The annual review of the Association's vision and mission statements, and its corporate goals (VMGs) is done to check whether these statements are reflective of the objectives and current needs of the membership. In 2020, the Board agreed that the VMGs still hold true. Likewise, KMBA's products, programs, and services are in alignment with these VMGs.

Commitment to Good Governance

KMBA is pleased to report its faithful adherence to the Code of Corporate Governance and its very own Governance Manual, as closely monitored by the General Manager as Compliance Officer.

Throughout this annual report, KMBA has underscored its efforts to respect the rule of law, observe

transparency, exact accountability where needed, put in place control mechanisms, encourage stakeholders participation, and uphold integrity in all its operations. These efforts are present not only at the highest policy-making body, but in all levels and in every transaction with any stakeholder.

The conscious adherence to good governance is made with deep appreciation of its central role in keeping the Association strong and viable all these years and for many more years to come.

PART THREE. AUDITED FINANCIAL REPORT

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C N 2 0 0 6 1 0 1 5 3

COMPANY NAME

K A S A G A N A - K A M U T U A L B E N E F I T
A S S O C I A T I O N , I N C .
(A N o n - s t o c k , N o t - f o r - p r o f i t
C o r p o r a t i o n)

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

5 M A T I M P I I N S T R E E T
B R G Y . P I N Y A H A N
Q U E Z O N C I T Y

Form Type	Department requiring the report	Secondary License Type, if Applicable
A A F S	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
kasaganaka.mba@gmail.com	990-7915	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
N/A	MAY 31	DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
EVELYN ABAN	evelyn.aban27@gmail.com	990-7915	N/A

CONTACT PERSON'S ADDRESS

2/F Kasagana-Ka Member's Center, Matimpiin Street, Brgy. Pinyahan, Quezon City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.





Eve Aban <evelyn.aban27@gmail.com>

Fwd: Tax Return Receipt Confirmation

1 message

KASAGANA-KA MBA <kasaganaka.mba@gmail.com>
To: Evelyn Aban <evelyn.aban27@gmail.com>

Wed, Apr 14, 2021 at 12:12 PM

Analyn A. Shih
Kasagana-Ka Mutual Benefit Ass'n. Inc.
799-5518

----- Forwarded message -----
From: <ebirforms-noreply@bir.gov.ph>
Date: Wed, Apr 14, 2021 at 9:56 AM
Subject: Tax Return Receipt Confirmation
To: <kasaganaka.mba@gmail.com>

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 246220351000-1702MXv2018C-1220.xml

Date received by BIR: 14 April 2021

Time received by BIR: 09:39 AM

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH PAYMENT

Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

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DISCLAIMER
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INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
Kasagana-Ka Mutual Benefit Association, Inc.
(A Non-stock, Not-for-profit Corporation)
Rm. 504 F&L Building, Brgy. Holy Spirit
Commonwealth Avenue, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kasagana-Ka Mutual Benefit Association, Inc. (A Non-stock, Not-for-profit Corporation) (the "Association"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or have no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Association's financial preparation process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit is conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 26 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.

Clark Joseph Babor

Clark Joseph C. Babor

Partner

CPA Certificate No. 0119212

Tax Identification No. 248-709-974-000

SEC Accreditation No. 1809-A, Group B, issued on March 31, 2020,
effective until March 31, 2023

BIR Accreditation No. 08-001682-014-2019, issued on September 27, 2019,
effective until September 26, 2022

IC Accreditation No. SP-2019-001-0, issued on January 31, 2019,
effective until January 30, 2022

PTR No. 8531376, issued on January 5, 2021, Makati City

April 1, 2021

Makati City



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-stock, Not-for-profit Corporation)

RECEIVED SUBJECT TO REVIEW OF
FORMS AND CONTENTS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	P29,659,995	P23,755,512
Receivables	6	10,356,768	4,307,661
Short-term investment	7	-	5,000,000
Other current assets		835,102	617,438
Total Current Assets		40,851,865	33,680,611
Noncurrent Assets			
Financial assets at FVOCI	8	41,788,619	40,018,363
Investments in debt securities	9	84,178,366	84,178,366
Investment properties, net	10	64,829,954	58,951,874
Property and equipment, net	11	4,919,027	5,469,783
Intangible assets, net	12	995,381	954,473
Other noncurrent assets		408,497	328,758
Total Noncurrent Assets		197,119,844	189,901,617
		P237,971,709	P223,582,228
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Trade and other payables	13	P3,973,345	P1,314,838
Income tax payable	22	3,481	-
Liability on individual equity value	14	9,821,379	10,536,399
Aggregate reserve for trust liability	14	10,376,690	8,628,054
Basic contingent benefit reserve	14	482,661	424,540
Optional benefit reserve	14	1,616,205	2,215,061
Claims payable on basic contingent benefit	15	1,146,509	580,382
Total Current Liabilities		27,420,270	23,699,274
Noncurrent Liabilities			
Liability on individual equity value	14	75,684,912	78,676,528
Aggregate reserve for trust liability	14	49,592,247	44,194,879
Retirement benefit obligation, net	18	1,608,071	2,048,923
Total Noncurrent Liabilities		126,885,230	124,920,330
Total Liabilities		154,305,500	148,619,604
Fund balance			
Restricted balance	16	53,486,054	42,232,120
Unrestricted balance	16	26,989,093	32,288,557
Accumulated remeasurement loss on retirement benefit obligation	18	(597,557)	(1,576,416)
Unrealized gain on financial assets at FVOCI		3,788,619	2,018,363
Total fund balance		83,666,209	74,962,624
		P237,971,709	P223,582,228

See Notes to the Financial Statements.



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-stock, Not-for-profit Corporation)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Note	2020	2019
Revenue	19	₱41,328,110	₱53,599,744
Benefit expenses			
Allocation for liability on individual equity		(6,331,683)	(5,234,806)
Benefit/claims expenses - BLIP		(11,091,073)	(10,408,508)
Benefit/claims expenses - Equity value		(9,860,117)	(13,337,848)
Benefit/claims expenses - CLIP		(2,328,730)	(3,155,000)
Benefit/claims expenses - HIIP		(91,000)	(49,600)
Collection fees		(4,761,754)	(6,865,802)
Other expenses for members		(10,540)	(26,230)
Increase/decrease in aggregate reserve for trust liability		(2,944,797)	(515,936)
Increase/decrease in reserve for basic contingent fund		(322,821)	(42,784)
Increase/decrease in liability on individual equity		10,061,915	(97,187)
Increase/decrease in reserve for optional benefit		273,931	(1,103,845)
		(27,406,669)	(40,837,546)
Revenue before operating expense		13,921,441	12,762,198
Operating expenses	20	(11,011,863)	(11,331,710)
Income from operations		2,909,578	1,430,488
Interest income	5,8,9	3,972,237	4,068,706
Dividend income	8	812,134	789,532
Income before tax		7,693,949	6,288,726
Income tax expense		(3,481)	-
Net income		7,690,468	6,288,726
Other comprehensive income			
<i>Item that will be reclassified to profit or loss:</i>			
Unrealized gain on financial assets at FVOCI	8	1,770,256	2,017,634
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on retirement benefit obligation	18	978,859	(1,650,395)
		2,749,115	367,239
Total comprehensive income		₱10,439,583	₱6,655,965

See Notes to the Financial Statements.



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-stock, Not-for-profit Corporation)

STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Fund balance (Note 16)		Accumulated remeasurement gain (loss) on retirement benefit obligation (Note 18)	Unrealized gain on financial assets at FVOCI (Note 8)	Total
	Restricted	Unrestricted			
As at December 31, 2019	P42,232,120	P32,288,557	(P1,576,416)	P2,018,363	P74,962,624
Decrease in fund balance	(1,735,998)	—	—	—	(1,735,998)
Reclassification	12,989,932	(12,989,932)	—	—	—
Net income	—	7,690,468	—	—	7,690,468
Other comprehensive income	—	—	978,859	1,770,256	2,749,115
As at December 31, 2020	P53,486,054	P26,989,093	(P597,557)	P3,788,619	P83,666,209
As at December 31, 2018	P45,435,874	P28,582,612	P73,979	P729	P74,093,194
Decrease in fund balance	(5,786,535)	—	—	—	(5,786,535)
Reclassification	2,582,781	(2,582,781)	—	—	—
Net income	—	6,288,726	—	—	6,288,726
Other comprehensive income	—	—	(1,650,395)	2,017,634	367,239
As at December 31, 2019	P42,232,120	P32,288,557	(P1,576,416)	P2,018,363	P74,962,624

See Notes to the Financial Statements.



KASAGANA-KA MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-stock, Not-for-profit Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		₱7,693,949	₱6,288,726
Adjustments for:			
Increase in liability on individual equity value		(10,061,915)	97,187
Interest income	5,8,9	(3,972,237)	(4,068,706)
Increase in aggregate reserve for trust liability		2,944,797	515,936
Depreciation of property and equipment	11,20	1,056,184	677,893
Dividend income	8	(812,134)	(789,532)
Retirement benefit cost	18,20	538,007	199,197
Depreciation of investment property	10, 20	491,270	—
Increase in reserve for basic contingent fund		322,821	42,784
Increase (decrease) in reserve for optional benefit		(273,931)	1,103,845
Amortization	12,20	159,092	133,176
Operating income (loss) before working capital changes		(1,914,097)	4,200,506
Decrease (increase) in:			
Receivables		(6,053,926)	7,252,011
Other current assets		(217,664)	(69,632)
Increase (decrease) in:			
Trade and other payables		2,658,507	616,124
Liability on individual equity value		6,355,279	6,041,835
Aggregate reserve for trust liability		4,201,207	3,109,873
Basic contingent benefit reserve		(264,700)	9,231
Optional benefit reserve		(324,925)	—
Claims payable on basic contingent benefit		566,127	77,883
Net cash flows provided by operating activities		5,005,808	22,289,182
Interest income received		3,977,056	4,282,160
Dividend income received	8	812,134	789,532
Net cash provided by operating activities		9,792,998	27,360,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	10	(6,369,350)	(14,889,598)
Maturity of short-term investment		5,000,000	1,051,351
Acquisition of property and equipment	11	(505,428)	(4,915,000)
Acquisition of intangible asset	12	(200,000)	—
Increase in other noncurrent assets		(79,739)	(81,891)
Acquisition of financial assets at FVOCI	8	—	(20,000,000)
Proceeds from sale of investment in debt securities		—	2,500,000
Net cash used in investing activities		(2,154,517)	(37,386,489)

forward



	<i>Note</i>	2020	2019
CASH FLOWS FROM FINANCING ACTIVITY			
Decrease in fund balance		(P1,735,998)	(P5,786,535)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5,904,483	(15,812,150)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1		23,755,512	39,567,662
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31	5	P29,659,995	P23,755,512

See Notes to the Financial Statements.





STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Kasagana Ka Mutual Benefit Association, Inc.** is responsible for the preparation and fair presentation the financial statement including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Association's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Roxas Cruz Tagle and Co., the independent auditor appointed by the Board of Trustees, has audited the financial statements of the Association in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ENRIQUETA V. NAVARRO
President

SILVIDA R. ANTIQUERA
General Manager

LILIBETH C. MOLINA
Treasurer

Signed this ____ day of _____, 2021

Rm 504 F&L Building Commonwealth Ave., Holy Spirit Quezon City
Telefax: (63) 990-7915
Email: kasaganaka.mba@gmail.com

For Complete details on the Audited Financial Statement of **KASAGANA-KA MUTUAL BENEFIT ASSOCIATION**, you may log on to www.kmba.org.ph: Corporate Governance_Audited Financial Statement