



KASAGANA-KA  
Mutual Benefit Association, Inc.

**KASAGANA-KA Mutual Benefit Association, Inc.  
Regular Meeting of the Board of Trustees  
#5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit, Quezon City  
July 6, 2018, 8:30 am**

**In Attendance**

Board of Trustees

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

Board of Advisers

- |                            |
|----------------------------|
| 8. Maria Anna dR. Ignacio  |
| 9. Leticia T. Rodriguez    |
| 10. Wenifreda F. Rodriguez |
| 11. Martiniana G. Mancio   |
| 12. Chona B. Capayas       |

Management and Staff

- |                          |                          |
|--------------------------|--------------------------|
| 13. Silvida R. Antiquera | - General Manager        |
| 14. Evangeline E. Pe     | - Operations Manager     |
| 15. Evelyn Lagmay        | - Finance Manager        |
| 16. Analyn Shih          | - Administrative Officer |

**Not Present**

- |                          |                     |
|--------------------------|---------------------|
| 1. Atty. Gettie Sandoval | - Independent Board |
|--------------------------|---------------------|



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Mutual Benefit Association, Inc.

## ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the proposed agenda
- V. Reading and Approval of the previous minutes
- VI. Business Arising
- VII. Financial Report
  - a. Financial Statement for the month of May 2018
  - b. Investment as of July 4, 2018
- VIII. For Discussion/Approval
  - a. K-Kalinga enhancement proposal
  - b. Restrict "other income" to support Board & Coordinators benefits
  - c. K-Coop Loan (For confirmation)
  - d. Board Secretary to sign CIC documents
  - e. Scholarship assistance to Staff
  - f. AOA Invitation
- IX. Updates
  - a. Building Construction
- X. For Information
  - a. BoT (Dual Positions in KSO)
  - b. 2017 Excess of unassigned fund balance
  - c. KJSP for 2018-2019
  - d. Upcoming training
    1. Retirement Benefit Seminar
    2. Python for Beginners
  - e. Monitoring visit (cebu) – July 18-21
- XI. Other Matters
- XII. Schedule of next board meeting
- XIII. Adjournment



KASAGANA-KA  
Mutual Benefit Association, Inc.

## DISCUSSION HIGHLIGHTS

### I. Invocation

The meeting started at 9:08 a.m. with a prayer led by Ms. Marilyn

### II. Quorum and Agenda

The Board Secretary announced the presence of a quorum with eight out of nine Trustees present. Atty. Gettie sent word that she has a prior engagement to attend to in Bangkok.

With no further additions nor objections to the proposed agenda, the Board approved the same upon motion by Ms. Anita, and seconded by Ms. Marilyn.

### III. Reading and Approval of the Minutes of the Previous Meeting

The Board went over every page of the minutes.

GM Salve pointed out two necessary corrections. First, reference to Mr. Noel Tolentino in any part of the Minutes should be as Treasury Committee member and not as Guest Adviser. Second, on page 12, the first paragraph referred to K-Bente as benefit for employees. It should have been for the members' benefits.

There being no necessary corrections or comments on the minutes, Ms. Marissa moved to approve the Minutes. The motion was seconded by Ms. Teresa.

### IV. Business Arising from the Previous Meeting

1. List of claims for the last three years have been sent to KDCI to help in its study. KDCI would like to countercheck the list of insurance claims against the list of members who avail laboratory tests.

2. It was clarified that the actuarial loss in the FS refers not to the salary adjustment per se but to the difference between the projected retirement fund and the actual retirement fund that must be provided following the increase in the salary of employees.

3. BLIP premiums for prior years which were supposed to be shouldered by KMBA as part of support to Trustees and Coordinators have already been reimbursed to the latter.

4. Information and education campaign materials to explain the refund of RF and equity value to members are already on the final layout stage and subsequent printing.

5. KMBA has secured a cloud back-up for all KMBA records at a cost of \$40/month.



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Mutual Benefit Association, Inc.

6. The approved increase in membership fee has yet to be implemented. Procedures for implementation are still being discussed with K-Coop. BoT Adviser MeAn suggested that part of the explanation for the higher membership fee is the corresponding additional two children-beneficiaries under BLIP.

She, however, voiced the concern that because of the higher membership fee in KMBA, K-Coop may find it difficult to invite new members to join the cooperative. Prospective members may find the several loan deductions to pay for K-Coop membership and processing fee, ID, as well as the higher KMBA membership fee unappealing and costly. Thus, she suggested deducting the payment for KMBA membership fee either (i) upon the second loan cycle or (ii) should the member resign after the first loan cycle, from the refund of equity value due the member.

For BoTs Teresa and Brenda, the cash layout of Php100, aside from the standard loan deductions is costly for members.

For most of the Trustees and the Advisers, on the other hand, insurance is one of the ways by which K-Coop is able to attract new members. Either we ask members to pay for the membership fee outright through cash or we adopt BoT Adviser MeAn's suggestion.

There was consensus that the Php100 fee is reasonable. Finding a way to make the payment less of a burden to members is what must be discussed. This will be studied further, with particular consideration on its accounting treatment and its implications on the KOINS.

## V. Updates/ Reports

### A. Financial Statements

FM Eve presented the Statement of Financial Position as of May 31, 2018. The summary of the report is provided below.

Particular	As of May 31, 2018	As of May 31, 2017	Variance	
Total Assets	198,637,969.34	175,112,645.63	23,525,323.71	13%
Total Liabilities	128,058,747.94	115,887,019.58	12,171,728.36	11%
Total Fund Balance	70,579,221.40	59,225,626.05	11,353,595.35	19%

The summary of the income statement as of May 31, 2018 is as follows:

	As of May 31, 2018	For the month of May 2018
Gross Revenue	18,613,565.68	4,559,113.03
Total Benefit Expense	15,913,552.58	3,859,881.27
Total Operating Expenses	3,710,506.29	843,145.46
Total Investment Revenue and Other Incomes	1,870,105.10	487,987.36
Net Surplus (Loss)	859,611.91	344,073.66



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Mutual Benefit Association, Inc.

FM Eve noted that net surplus in May is higher because of significantly higher members' contributions, which was up by Php1.2Million as compared to the April collections. This is true even if May also saw higher claims, compared to the previous month.

BoT Adviser MeAn asked Ms. Eve to include a row to indicate total restricted fund balance.

#### B. Investments as of July 4, 2018

The portfolio mix as of July 4, 2018 is as follows:

Type of Investment	Current Placement (in Php)
Cash in bank	21,345,982.22
Time Deposit	21,300,059.14
Government Securities	66,162,000.00
Corporate Bonds	20,500,000.00
UITF	15,000,000.00
Mutual Fund	5,000,000.00
Stocks	8,000,000.00
Loan to partners	2,000,000.00
Property	30,699,686.88
<b>TOTAL INVESTMENTS</b>	<b>190,007,728.24</b>

The amount of admitted assets has increased to Php187Million, compared to last year's Php160Million. This means that we have a higher amount of potential funds for placement.

The Board accepted the financial reports presented by FM Eve, upon motion by BoT Anita, seconded by BoT Marissa.

#### **VI. For Discussion/ Approval**

##### **A. K-Kalinga Enhancement Proposal**

Bankers Assurance submitted K-Kalinga Enhancement Proposal. Under the proposal, Bankers Assurance increased the accidental death benefit as well as KMBA's commission, with the same annual premium.

What KMBA negotiated, however, is for higher fire assistance. GM Salve pointed out that this is what KMBA would benefit most from, since the Association cannot design its own non-life insurance product. However, Bankers has thus far not acceded to our request and provided KMBA a different set of options.

The Board tasked management to further negotiate the increase of the fire assistance. KMBA is not interested in higher commission as much as we want better benefits for members.

K-Kalinga is due for renewal in December.



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Mutual Benefit Association, Inc.

**B. Restrict the use of “Other income” to support Board and coordinators benefits**

GM Salve suggested sourcing the support given to Trustees and Coordinators (or KMBA Officers) from “Other Income,” which include all commission fees from PhilHealth and Sunlife. The use of “Other Income” will be restricted and utilized solely for the support to said KMBA Officers. This way, said support to KMBA Officers will not impact on the Operational Expenses of KMBA, which is subject to a strict upper limit.

The Board is amenable to this arrangement. Thus, GM Salve’s proposal was approved upon motion by Ms. Marilyn, seconded by Ms. Beth.

***BOARD RESOLUTION NO. 27, SERIES OF 2018: TREATING “OTHER INCOME” AS A RESTRICTED FUND, TO COVER SUPPORT FOR TRUSTEES, ADVISERS, COORDINATORS***

*RESOLVED, to restrict the use of “Other Income” and be allocated for the annual support to Trustees, Advisers and Coordinators*

**C. K-Coop Loan (for confirmation)**

K-Coop obtained a Php2Million loan from KMBA, with 5% interest per annum. This loan was approved by the Board through a referendum conducted the previous week.

Said loan approval through referendum was submitted to the Board for confirmation. BoT Marissa expressed the interest of KMBA to support K-Coop in its operations and thus moved for the confirmation of the approved loan granted to K-Coop. BoT Teresa seconded the motion.

***BOARD RESOLUTION NO. 28, SERIES OF 2018: APPROVAL OF THE LOAN TO KASAGANA-KA COOPERATIVE***

*RESOLVED, to confirm the grant of Php2Million loan to Kasagana-Ka Cooperative, with a five percent (5%) interest per annum from date of the Promissory Note until fully paid, as approved by this Board through a referendum*

**D. Board Secretary to sign CIC documents**

In compliance with legal requirements, documents and records are regularly submitted to the Credit Information Corporation (CIC), which requires an official representative to sign submissions.

Ms. Marilyn moved to appoint the Corporate Secretary, BoT Brenda, as official representative who will sign documentary submissions to the CIC. Her motion was seconded by Ms. Anita.

***BOARD RESOLUTION NO. 29, SERIES OF 2018: AUTHORIZED SIGNATORY IN CIC SUBMISSIONS***

*RESOLVED, to appoint Corporate Secretary Brenda Lumbao as authorized signatory in all documentary submissions to the Credit Information Corporation*



KASAGANA-KA  
Mutual Benefit Association, Inc.

#### **E. Scholarship assistance to staff**

In line with KMBA's commitment to support the development of the staff, the scholarship program was conceptualized to provide assistance to employees in completing certificate and diploma courses or pursuing post-graduate degrees.

BoT Adviser MeAn explained the scholarship policy across KSOs. Previously, the KSOs were able to establish a fund from the rental payments for the Don Enrique Property, which the former owner (Kuya Jun Marcelo) graciously declined to collect. With the Fund almost exhausted, the KSOs Coordinating Committee agreed to allocate for a scholarship fund for their respective employees.

The proposal is to source KMBA's scholarship program fund from the excess of unrestricted fund balance allotted for capacity building, which is estimated to be around Php1.9Million. GM Salve emphasized that the money will not be coming from the OpEx allocation.

Initially, four employees are lined-up to avail of the scholarship subsidy: Ms. Vangie, Ms. Eve, Ms. Analyn and Diobert. On BoT Adviser Letty's point that the employees should be asked to provide a counterpart for the subsidy they receive, it was clarified that the current scholarship policy indeed requires an employee counterpart. The amount, however, depends on the employee rank.

BoT Teresa sees the importance of the continuing development of the staff for the sustainability of the Association as well. She thus moved to approve the proposal to allocate funds for scholarship assistance to staff from the excess of unrestricted fund balance allotted for capacity-building. BoT Marilyn seconded the motion.

#### ***BOARD RESOLUTION NO. 30, SERIES OF 2018: ALLOCATING FUND FOR THE SCHOLARSHIP ASSISTANCE TO STAFF***

*RESOLVED, to approve the allocation of the excess of the unrestricted fund balance allotted for capacity-building, amounting to Php2 Million, to provide scholarship assistance to KMBA employees and training of Board members*

#### **F. AOA Invitation**

The Asia and Oceania Association of the ICMIF (AOA) invited KMBA employee representatives to a seminar in Hong Kong this December. AOA also informed KMBA that it was qualified to receive fifty percent (50%) subsidy for the airfare and accommodations for two (2) members of its staff and registration is free. The subsidy is substantial, with essentially an all-expense paid seminar for one attendee.

KMBA and K-Coop have a good partnership with AOA. The previous ICMIF Conference has also proven to be fruitful for Kasagana-Ka. This is also a wonderful learning opportunity for KMBA employees. BoT Marissa therefore moved to accept AOA's invitation to its seminar in Hongkong and to authorize two KMBA employee representatives to attend the same. BoT Elizabeth seconded the motion.



KASAGANA-KA  
Mutual Benefit Association, Inc.

**BOARD RESOLUTION NO. 31, SERIES OF 2018: ACCEPTANCE OF THE AOA INVITATION**

*RESOLVED, to accept the invitation of the Asia and Oceania Association of the ICMIF (AOA) to its 2018 Seminar in Hong Kong this December;*

*RESOLVED FURTHER, to authorize the attendance of two KMBA employee representatives to said seminar, subject to the fifty percent (50%) subsidy granted by the AOA*

BoT Adviser MeAn also expressed interest to send two K-Coop employees to the AOA Seminar, subject to the approval of the Board. Group discussions among Kasagana-Ka attendees and a common experience shared among them will make enhance their learning process.

**VII. Updates**

**A. Building Construction**

According to OM Vangie, who is also a member of the Building Construction Committee, Rody has completed 8% of the plan, ahead of the original schedule by 2%. The contractor forwarded a billing statement equivalent to only 6% of the work done, because of the ongoing curing period which is still subject to tests. This is roughly Php2.1Million pesos, to be paid the following week.

Architect Yusingco and his structural engineer frequent the site to check the adherence to agreed specifications. Representatives of the contractor also work consistently to ensure safety of the neighbors and minimize disturbance caused by the ongoing construction.

The application for a building permit is almost complete. With the order of payment ready, KMBA expects to pay the amount on Monday. Three to five days later, the building permit should be released.

**VIII. For Information**

**A. BoT (Dual Positions in KSO)**

To avoid any conflict of interest or the appearance thereof, and in order to allow the Officers to focus on their leadership responsibility within one KSO entity, the Coordinating Committee of the KSOs propose that a member acting as Trustee/Director/Adviser/Coordinator in one KSO entity should no longer be qualified to be elected or appointed as such in another KSO entity. The same policy has been approved and adopted by the K-Coop Board.

As such, BoT Adviser Ana, who now serves as the Chair of the K-Coop Board, will no longer serve KMBA in an advisory capacity. Nevertheless, after her chairmanship, should there be a vacancy in the five-member KMBA Board of Advisers, Ms. Ana Mancio, as former KMBA President, is welcome to return.





KASAGANA-KA  
Mutual Benefit Association, Inc.

**B. 2017 Excess of unassigned fund balance**

According to the IC, KMBA may now recognize the 2017 excess of unassigned fund balance as a restricted fund for members' benefits. The amount is roughly Php11.5Million.

There was also an excess of unassigned fund balance of Php12Million from prior years, which IC has already approved to be used for members' benefits up to 2019. Therefore, the Php11.5Million will be allocated for members' benefits starting 2020.

**C. KJSP for 2018-2019**

KMBA has awarded scholarship assistance to 101 grantees, both old and new. The total number is distributed in all 30 SatOs.

Some applicants are asking if the Program would consider supporting students who wish to pursue technical-vocational courses under TESDA. BoT Adviser MeAn also suggested increasing the number of scholarship beneficiaries, especially given the windfall revenue in 2017 because of the unassigned fund balance. These matters will be tackled in the next batch of scholarship grants next year, subject to fund availability.

**D. Upcoming training**

Finance Managers from the KSO entities attended a retirement benefit seminar last July 5, 2018.

Our MIS Consultant recommended account officers to undergo basic programming training to lend support to the MIS Officer. Hence, Sir Richard and Sir Ian, together with MIS Officer Aljon, are set to attend Python For Beginners.

**E. Monitoring Visit (Cebu) on July 18-21**

During the visit, a meeting will be set with the management committee of our consortium partner to discuss policy changes. Then, FM Eve and MIS Officer Aljon will conduct a training on KOINS for all bookkeepers.

**F. Next Board Meeting**

The next Board meeting is set on August 30, 2018.

**XI. Adjournment:**

There being no other matters to discuss, the meeting was adjourned at 11:55 am following a motion by Ms. Anita and seconded by Ms. Teresa.

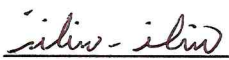


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Mutual Benefit Association, Inc.

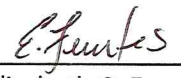
Prepared by:

  
Brenda F. Lumbao  
Board Secretary

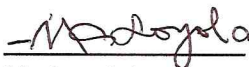
Attested by:


  
Isabel M. Iliw-iliw  
President


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Marilyn C. Aldave  
Member

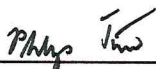
  
Elizabeth G. Fuentes  
Member

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Maria Cleofe Gettie C. Sandoval  
Independent Board

  
Marissa A. Loyola  
Treasurer

  
Ma. Teresa G. Bucad  
Member

  
Anita L. Manundo  
Member

  
Philip Arnold P. Tuaño  
Independent Board