



2018 Annual Report

**SEDP-Simbag sa Pag-aseño, Inc.
(A Microfinance NGO)**





Vision

A dynamic and proactive development institution of the Diocese of Legazpi committed to the total advancement of the entrepreneurial poor.

Mission

*The SEDP-Simbag sa Pag-asenso, Inc.
(A Microfinance NGO) commits to deliver financial and non-financial services with training and formation to micro-entrepreneurial families towards improved socio-economic condition, political empowerment and enhanced spiritual well-being.*

Credit Services

BUSINESS LOAN (BL)

Loanable amount is maximum of Php 300,000.00.
Intended for start-up or additional capital for an existing microenterprise of clients.

SPECIAL LOAN (SPL)

Maximum of Php 200,000.00.
An accessible and affordable financial service that is intended to cater other sectors whose nature of employment and/or economic undertakings prevents clients from attending the usual weekly center meetings.

STUDENT LOAN (SL)

Maximum of Php 15,000.00.
Intended to cover needs for the tuition and/or non-tuition fee or other school related needs of qualified beneficiary.

MICRO-AGRI LOAN

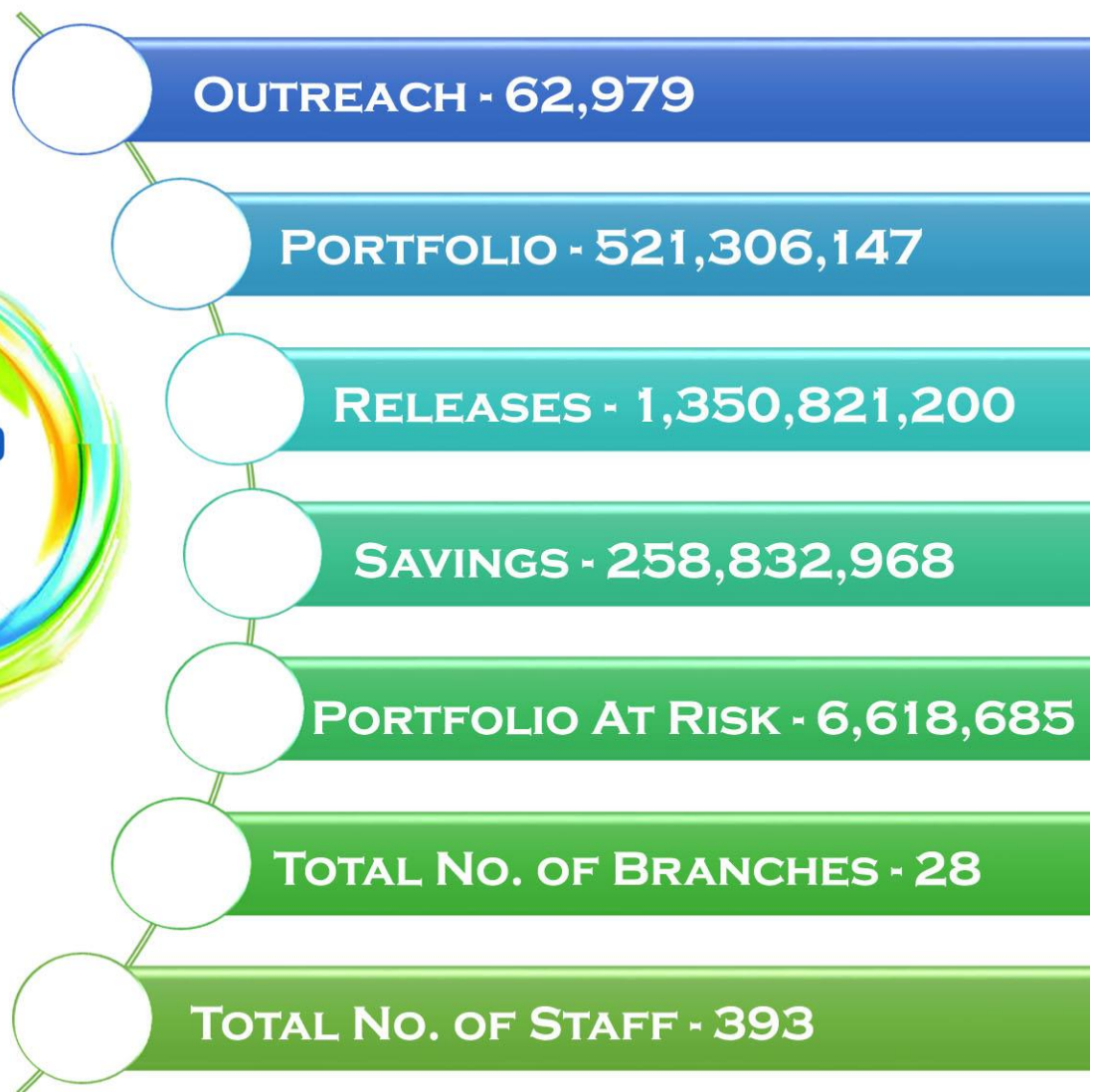
Maximum of Php 150,000.00.
Aims to cater the agricultural sector engaging at least from a mono crop system. The loan is intended to provide farmers with a working capital for agricultural activities and farm inputs.

MULTIPURPOSE LOAN (MPL)

Loanable amount is maximum of Php 20,000.00.
MPL can be availed for the following purposes: house improvement, educational needs, health emergency and additional capital.

Operations

Figures as of December 31, 2018:





Members'



Development



Services



Graduates of 2018



SEDP-Simbag, through its **Members' Development Services (MDS)** Unit, unceasingly provides value added services to its member-clients. One of which is the **formation and mainstreaming program** which aims to enhance their spiritual well-being. In year 2018, **27,747 member-clients** attended the Basic Bible Orientation (BBO), Commitment Building Ceremony (CBC), Lenten Recollection, and Facilitators' Recollection. Center Officers' Training 1 & 2 were successfully conducted in different areas of operations which aimed at equipping member-clients with knowledge and skills on their roles and responsibilities as Christian leaders and enhancing their leadership and decision-making skills.

Another value-added service extended to clients is the **Simbag Salud or Medical Mission** which benefited a total of 3,737 member/non-member clients. Services include free optical, medical and dental check-ups. Health lectures and medical consultation were also given to good performing centers as part of the Center Ko, Padaba Ako (COPA) incentive scheme program of the institution.

Also in 2018, a total of **212 students** (202 academic and 10 seminarians) received scholarship grants under the scholarship program of SEDP-Simbag. 57 scholars graduated (55 academic and 2 seminarians) on that same year. This program is complemented with various activities such as the Youth Way of the Cross, Lenten Recollection, Testimonial Rites and Recollection for graduating scholars, Peñafrancia Traslacion, Marian Youth Pilgrimage, Salakyag (Sakay, Lakbay, Layag), Personality Development Training, Advent Recollection, and Christmas gathering.

Apart from the scholarship program, SEDP-Simbag also provided **educational assistance** to 3,870 elementary and high school children of good performing clients.

Enterprise Development Services



To enhance and improve their productivity directed towards improved socio-economic condition, the **Enterprise Development Services (EDS)**, SEDP-Simbag's business development arm, successfully trained **2,108** member-clients on managing and sustaining their livelihood projects. Through the assistance of EDS, micro-entrepreneurs have increased their income, generated jobs in their communities, improved their products, and formally registered their businesses. Also, nine clients were selected for the Scaling Up Program with SanteH Foundation.

Another program of EDS is the Babuyang Walang Amoy (BWA) which have a total of 34 proponents.



7,558
SSS
enrollees



60,581
MBA
members



1,559
PCIC
enrollees

Social Protection





Customer Service Training



To better enhance the provision of services to its members-clients, the institution held a two-day in-house customer service training to its 84 staff.

Counterfeit Money Awareness Workshop

SEDP-Simbag staff participated in the “Familiarization of the New Generation Currency Notes and Coins and Counterfeit Awareness Seminar/Workshop” given by the Bangko Sentral ng Pilipinas (BSP) Legazpi and Naga Branch. The half-day seminar aimed at equipping the branch and field staff with skills in determining genuine banknotes and coins from counterfeit especially that they are dealing with money.



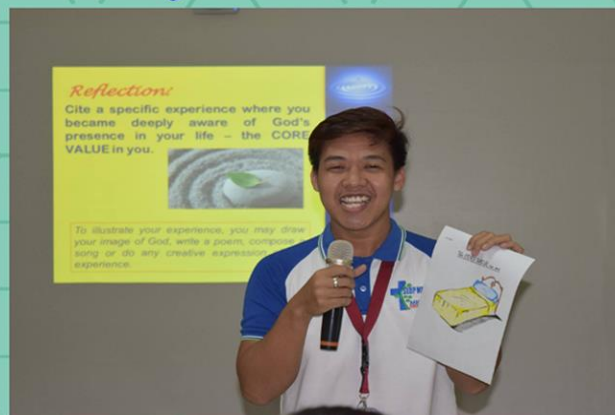
CDW II Lakbay Aral

“Travel to Learn.” Twenty one (21) Community Development Workers (CDW) II travelled north to Laguna and Manila City for their five-day Lakbay-Aral last July 24-28, 2018. Their first stop was in Ahon sa Hiras, Inc. (ASHI), a microfinance NGO, in Los Baños, Laguna to learn ASHI’s best practices on center meeting strategies, branch management, internal control, and other important functions of operations. Next, they attended the annual Microfinance Council of the Philippines, Inc. (MCPI) Conference together with other MFIs from different parts of the country. Experiencing this big event for MFIs gave them a wider view of the microfinance industry especially that this year’s conference theme discussed the changes in the nature and complexion of microfinance in the Philippines and how a client-responsive approach to delivery of services could take the Philippine microfinance sector to greater heights and respond to the needs of poor and low-income households in the country.

They also took side trips at the University of the Philippines- Los Baños, Laguna and Villa Escudero in Tiaong Quezon for their recreation.



Spiritual Formations



FINDING THE
CORE VALUE/
LIVING THE
CORE VALUE

LENTEN
RECOLLECTIONS



BASIC
ORIENTATION
SEMINAR ON
SOCIAL ACTION
WORK (BOSSAW)

SACRAMENTOLOGY



Year-end Staff Activities

Every year, all SEDP Management, Officers and staff convene for the Advent Recollection and General Assembly. This year, the Staff General Assembly was held on December 19, 2018 at the Legazpi City Convention Center. Highlights of the activity were recollection, presentation of accomplishment reports and updates, President's Hour, awarding of loyalty and minor awards to good performing staff, and Christmas raffle.



Staff General Assembly



Year-end Staff Activities



A Rock n' Roll themed party ended the year 2018, celebrating the organization's achievements and recognizing the excellent performances of staff and branches.

Staff showcased their talents during the "Battle of the Bands."

Staff Christmas Party

The Board of Trustees



Most Rev. Joel Z. Baylon
Chairman

Rev. Msgr. Crispin C. Bernarte Jr.
Vice Chairman/Governance Committee Chair

Mr. Joseph B. Lim, CPA
Trustee/Audit Committee Chair

Rev. Fr. Rex Paul B. Arjona
Secretary/Training & Formation Committee Chair

Atty. Milagros G. Quijano
Trustee

Rev. Fr. Jonnathan L. Calleja
Treasurer

Dr. Nora L. Licup
Trustee/Human Resource Committee Chair

Rev. Fr. Paulo B. Barandon
Trustee

Ms. Marlene Catalina P. Rodriguez
Trustee

Ms. Joyce B. Besana, CPA
Trustee/Finance & Risk Management Committee Chair

Ms. Mary Ann D. Boneo
Trustee/Member-Client



MEETING HELD

DATE

Governance Committee Meeting	February 22, 2018
Board of Trustees Meeting	March 9, 2018
Joint Audit and Finance Committee Meeting	March 27, 2018
Human Resources Committee Meeting	April 11, 2018
Joint Governance and Formation Committee Meeting	June 4, 2018
Board of Trustees Meeting	June 13, 2018
Joint Audit and Finance Committee Meeting	August 20, 2018
Joint Governance, Audit and Finance Committee Meeting	November 6, 2018
Audit Committee Meeting	November 19, 2018
Board of Trustees Meeting	November 20, 2018
Joint Audit and Finance Committee Meeting	December 11, 2018



Summary of Board Ratification



BOT MEETING HELD LAST MARCH 9, 2018

Resolution No. 01

Resolved, that the agenda of the SEDP-Simbag's Board of Trustees meeting on 9 March 2018 be, as it is hereby approved.

Resolution No. 02

Resolved, that the minutes of the Board of Trustees Meeting held on 06 November 2017, be as it is hereby approved.

Resolution No. 03

Resolved, that the decision to make effective communication to the clergy during vicarial meetings about SEDP-Simbag's programs for the poor and its support to the diocese and parishes as approved by the Governance Committee be, as it is hereby ratified.

Resolution No. 04

Resolved, that the composition of the Board Committees for the year 2018 to 2020 as endorsed by the Governance Committee be, as it is hereby approved.

Resolution No. 05

Resolved, to submit the Performance Self-rated Assessment Report Card to the Microfinance NGO Regulatory Council be, as it is hereby approved.

Summary of Board Ratification

BOT MEETING HELD LAST JUNE 13, 2018

Resolution No. 06

Resolved, that the agenda of the SEDP Board of Trustees meeting on 13 June 2018 be, as it is hereby approved.

Resolution No. 07

Resolved, that the minutes of the Board of Trustees Meeting held on 09 March 2018, be as it is hereby approved.

Resolution No. 08

Resolved, that the replacement of Fr. Jonnathan L. Calleja by Fr. Paulo B. Barandon as member of the Audit Committee be, as it is hereby approved.

Resolution No. 09

Resolved, that Management's proposal on staff salary adjustment with effectivity on January 2018 as approved by the Human Resources Committee be, as it is hereby ratified.

Resolution No. 10

Resolved, that KPMG R.G. Manabat's complete and final Audited Financial Statements and Notes to Financial Statements for the year ending December 31, 2017 as endorsed by the Joint Audit and Finance Committee be, as it is hereby ratified.

Resolution No. 11

Resolved, that the corrected Financial Projection for the year 2018 as endorsed by the Joint Audit and Finance Committee be, as it is hereby ratified.

Resolution No. 12

Resolved, that Fr. Levie Euprepes C. Quitasol as Vice-Chair of the Training and Formation Committee approved by the Joint Governance and Formation Committee be, as it is hereby ratified.

Resolution No. 13

Resolved, that the Training and Formation Committee Charter approved by the Joint Governance and Formation Committee be, as it is hereby ratified.

Resolution No. 14

Resolved, that the proposal for an SEDP Office in Libon Parish with final terms and conditions as approved by the Joint Governance and Formation Committee be, as it is hereby ratified.

Resolution No. 15

Resolved, that the Risk Management Technical Assistance for SEDP -Simbag sa Pag-asenso, Inc. (A Microfinance NGO) be, as it is hereby approved.

Summary of Board Ratification

BOT MEETING HELD LAST NOVEMBER 20, 2018

Resolution No. 16

Resolved, that the agenda of the SEDP Board of Trustees meeting on 20 November 2018 be, as it is hereby approved.

Resolution No. 17

Resolved, that the minutes of the Board of Trustees Meeting held on 13 June 2018 be, as it is hereby approved.

Resolution No. 18

Resolved, that the timeline for annual budgeting i.e., cut-off period is at September 30, submission of initial proposal for Joint Committee's approval by November, and revisions to the plan to accommodate October-December quarter in January of the following year as approved by the Joint Audit and Finance Committee be, as it is hereby ratified.

Resolution No. 19

Resolved, that MNRC's PESO calculation being the basis for the computation of Loan Loss Provision as approved by the Joint Audit and Finance Committee be, as it is hereby ratified.

Resolution No. 20

Resolved, that Management's 1st Semester Performance Report as endorsed by the Joint Audit and Finance Committee be, as it is hereby accepted.

Resolution No. 21

Resolved, that the amendments to the SEDP-Simbag's Articles of Incorporation and By-Laws in accordance with the proposed template of Microfinance NGO Regulatory Council as endorsed by the Joint Governance, Audit and Finance Committee be, as it is hereby approved.

Resolution No. 22

Resolved, that the list of Automatic, Regular, and Auxiliary Members to be invited in the Annual General Assembly with the Social Action Center, Inc. on November 26, 2018 as endorsed by the Joint Governance, Audit and Finance Committee be, as it is hereby approved.

Resolution No. 23

Resolved, that the proposed inflationary support to staff amounting to P2,000.00 per month per staff to be distributed effective October to November 2018 and first quarter of 2019 as approved by the Joint Governance, Audit and Finance Committee be, as it is hereby ratified.

Resolution No. 24

Resolved, that BDO Roxas, Cruz, Tagle & Co. as the external auditor of SEDP-Simbag's financial statements for the year ending December 31, 2018 as endorsed by the Audit Committee be, as it is hereby approved.

Resolution No. 25

Resolved, that Management's proposal to write off 183 delinquent loan accounts as of September 30, 2018 with outstanding principal loan balance amounting to P688,972.22 as endorsed by the Audit Committee be, as it is hereby ratified.



From left-right: Ms. Mary Ann D. Boneo, Dr. Nora L. Licup, Atty. Milagros G. Quijano, Ms. Marlene Catalina P. Rodriguez during the Corporate Governance and Board Committees Orientation Workshop last July 25, 2018

Newly-elected SEDP Board of Trustees attended the Corporate Governance and Board Committees Orientation Workshop on July 25, 2018 at the Century Park Hotel, Malate, Manila. The workshop aimed at enabling the Board and top management of microfinance institutions to effectively meet the demands of their important role in helping their institutions achieve their overall objectives. The one-day event was conducted by the Microfinance Council of the Philippines, Inc. (MCPI) with support from Appui au Developpement Autonome (ADA).

Joint SAC & SEDP General Assembly



The Annual Joint Social Action Center and SEDP-Simbag sa Pag-asenso, Inc. (A Microfinance NGO) General Assembly was held on November 26, 2018 with a theme “Beloved, Gifted and Empowered: Women, Families, and the Young” at the SEDP Social Hall, The Chancery, Cathedral Compound, Albay District, Legazpi City. Both SAC and SEDP regular, automatic and auxiliary members, partners, and employees attended the assembly.



Newly-elected Board of Trustees, Management, Officers, and Community Development Workers II attended the 2018 Microfinance Council of the Philippines, Inc. (MCPI) Annual Conference last July 26-27, 2018 at the Century Park Hotel, Malate, Manila with the theme “Going Back to Basics.” The conference discussed the changes in the nature and complexion of microfinance in the Philippines and how a client-responsive approach to delivery of services could take the Philippine microfinance sector to greater heights and respond to the needs of the poor and low-income households in the country.

PESO Analysis

Indicators	Highest Possible # of Points	Points for SEDP
I. Portfolio Quality	40	35
II. Efficiency	20	20
III. Sustainability	25	25
IV. Outreach	15	15
TOTAL SCORE	100	<u>95</u>

2018 Audited Balance Sheet

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)
(FORMERLY SEDP-SIMBAG SA PAG-ASENSO, INC.)

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018 (WITH COMPARATIVE FIGURES AS AT DECEMBER 31, 2017)

	Note	2018	2017
ASSETS			
Current Assets			
Cash	5	P57,114,349	P52,806,638
Financial assets at fair value through profit or loss (FVPL)	6	37,289,798	40,900,566
Loans and other receivables	7	527,623,622	456,045,207
Prepayments	8	2,235,623	2,743,600
Total Current Assets		624,263,392	552,496,011
Non-current Assets			
Property and equipment	9	23,556,315	25,418,140
Deferred tax assets	16	544,666	-
Retirement asset	17	3,218,323	4,657,827
Other non-current assets	10	3,803,847	8,313,279
Total Non-current Assets		31,123,151	38,389,246
Total Assets		P655,386,543	P590,885,257
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts and other payables	11	P28,328,243	P24,932,034
Short-term borrowings	13	84,384,007	81,550,000
Members' fund payable	12	259,293,546	250,311,093
Income tax payable	16	1,060,607	3,275,066
Total Current Liabilities		373,066,403	360,068,193
Non-current Liabilities			
Long-term borrowings	13	32,153,375	23,505,209
Deferred tax liability	16	-	65,024
Total Non-current Liabilities		32,153,375	23,570,233
Total Liabilities		405,219,778	383,638,426
Fund Balance			
General fund		175,890,397	131,973,124
Restricted fund	20	69,197,776	69,197,776
Remeasurement of retirement benefits	17	5,078,592	6,075,931
Total Fund Balance		250,166,765	207,246,831
Total Liabilities and Fund Balance		P655,386,543	P590,885,257

See Notes to the Financial Statements.

2018 Audited Income Statement

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)
(FORMERLY SEDP-SIMBAG SA PAG-ASENSO, INC.)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

	Notes	2018	2017
INTEREST FROM:			
Loans receivable	14	P206,280,993	P166,100,364
Banks and investments	5,6,15	1,097,144	1,037,922
		207,378,137	167,138,286
INTEREST EXPENSE	12, 13	(14,135,998)	(6,851,474)
NET INTEREST INCOME		193,242,139	160,286,812
PROVISION FOR CREDIT LOSSES	7	(1,331,882)	(785,884)
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES		191,910,257	159,500,928
Fines, penalties and surcharges	14	101,568	103,270
Other income	15	1,859,569	1,287,806
		193,871,394	160,892,004
EXPENSES			
Salaries and wages		62,620,876	53,789,305
Staff benefits		34,884,926	23,918,601
Travel and transportation		10,759,959	9,459,508
SSS, PHIC and HDMF contributions		6,421,860	5,574,040
Training and seminars		5,834,774	5,588,042
Depreciation and amortization		3,217,138	3,166,730
Upkeep and maintenance	19	2,821,895	2,516,201
Subsidies to diocesan partners		2,572,503	2,596,606
Communications and mailing		2,498,435	1,824,789
Trainee allowance		2,374,027	3,313,463
Meetings and conferences		1,961,579	1,702,678
Power, light and water		1,879,565	1,819,873
Printing and documentation		1,721,562	1,958,095
Office supplies		1,279,918	1,091,311
Professional fees		1,039,696	1,049,328
Gasoline, fuel and oil		650,043	561,379
Provision for retirement	17	442,165	535,181
Repairs and maintenance		392,808	378,678
Consultants' fees		371,205	45,792
Miscellaneous		2,615,134	3,105,694
		146,360,068	123,995,294
PROVISION FOR INCOME TAX	16	(3,594,053)	(3,339,810)
EXCESS OF REVENUES OVER EXPENSES		43,917,273	33,556,900
OTHER COMPREHENSIVE INCOME			
Remeasurement loss of retirement benefits	17	(997,339)	(1,985,833)
TOTAL COMPREHENSIVE INCOME		P42,919,934	P31,571,067

See Notes to the Financial Statements.





SED P-Simbag sa Pag-asenso, Inc.

(A Microfinance NGO)



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