



University of the Philippines Open University Alumni Foundation Inc

May 19, 2024

Dear Members of the UPOU Alumni Foundation Inc:

We trust this message finds you well.

On behalf of the current elected officers of the UPOU Alumni Foundation Incorporation, we extend our warm greetings to you.

We are issuing this statement to inform the entire organization body about the status of the foundation, which we believe is crucial for maintaining transparency and ensuring informed decision-making.

Background Overview:

1. Upon assuming our roles in January of this year, we embarked on a comprehensive assessment of the foundation's status, addressing both current concerns and lingering issues.
2. While we, the current elected officers, endeavored to obtain formal documentation during the turnover process, we were met with a lack of comprehensive written reports. Instead, much of the information was conveyed verbally during online meetings, leaving us with incomplete records.
3. As we navigated through our responsibilities, we uncovered several urgent and pressing concerns within the organizational framework, dating back to the foundation's incorporation.
4. This led us to a consensus for a need to write a status report to provide transparency to the whole community as well as shed light on concerns that members of the community have.

Status Report:

To provide clarity and transparency to all members, we present the following report on the current status of the organization:

1. **Financial Accessibility:** Regrettably, we discovered that the original incorporators and signatories retain exclusive access to the organization's bank account. Additionally, due to previous administrations' failure to submit required documents to both the Securities and Exchange Commission (SEC) and the bank, we have been informed of a pending freeze order issued by the Bangko Sentral ng Pilipinas (BSP) on the account.

2. **Compliance Requirements:** The submission of General Information Sheets (GIS) and Financial Statements (FS) to both the bank and SEC annually is essential to maintain the organization's registration and license. However, previous administrations failed to adhere to these requirements, resulting in the lack of a board resolution for the new set of officers to access funds.

3. **Historical Compliance:** While some past administrations submitted GIS and Financial Statements sporadically, consistent compliance was lacking. The last GIS submission occurred in 2010, and the last Financial Statement filing was in 2007. This is based on the record that can be accessed through SEC database.

4. **SEC Show Cause Order:** In 2016, the SEC issued a Show Cause Order due to non-compliance issues. Unfortunately, this matter was not addressed, and subsequent administrations failed to file the required documents.

5. **Legal Implications:** Consultation with a corporate lawyer revealed the possibility that the corporation may already be defunct due to prolonged non-compliance. While further verification is necessary, prolonged non-compliance typically leads to corporate dissolution after five years.

6. **Local Licensing:** The status of local city licensing has yet to be assessed thoroughly. Initial documents suggest potential non-compliance in this area as well, which requires further investigation.

7. **Penalties and Charges:** Non-compliance may incur penalties and charges, although the exact amount is currently unknown. We intend to liaise with the SEC's Compliance, Monitoring and Audit Division to ascertain the corporation's status and any associated penalties.

8. **Impact on Operations:** The current situation severely limits our ability to undertake new projects and programs, as access to funding is unavailable. Consequently, the issuance of ID cards has been delayed until the situation is resolved.

9. The primary reason for the multitude of issues and challenges stems from the absence of a structured system within the foundation. While we understand that there may be questions regarding why previous administrations was not able to address these problems, we believe that one of the main issues lies in the geographical locations of each elected officer. As you know, our organization has a worldwide reach, making it impractical for offshore-based officers to consistently update or file documents. Additionally, the varying time zones of individuals involved pose challenges in scheduling meetings and coordinating efforts effectively. Furthermore, the required tasks, such as fulfilling legal requirements, obtaining licenses, drafting board resolutions, and preparing financial statements, involve technical knowledge beyond common understanding. These tasks often necessitate professional assistance from corporate lawyers and accountants. In conclusion, addressing these root causes will require implementing a more streamlined and accessible system for document management, as well as ensuring that officers have the necessary support and resources to fulfill their responsibilities effectively.

Despite the challenges currently facing our foundation, the current elected officers recognize the crucial role that the organization plays in our community. Therefore, after thorough deliberation, we propose the following directions for the organization to undertake:

1. Accessing Funds: We are currently in discussions with the bank to delay the implementation of the freeze order until we can secure representation from at least two original incorporators. One original incorporator has been successfully contacted, but we still require one more representative. Emails have been sent to invite the appearance of the additional original incorporator.
2. Submission of GIS and FS Requirement: While accessing the bank account requires submission of the GIS and FS requirements to the SEC and the bank, the process may not meet the deadline for the freeze order. However, we are exploring this option and will pursue it if feasible.
3. SEC Registration: Consultation with a corporate lawyer has provided the following suggestions:
 - Checking the registration status with the SEC, with the possibility of filing an appeal if revoked, subject to compliance with past requirements and penalties.
 - Alternatively, allowing the current registration to lapse and initiating a new registration process.

4. Establishment of Systems Before Registration: Before registering anew, the current officers propose the implementation of the following systems:

- Involvement of professionals such as corporate lawyers and accountants to ensure compliance with legal requirements.
- Clarity on roles and responsibilities of officers, including discussions on turnovers and elections.
- Definition of a membership system with clear benefits and streamlined application procedures.
- Withholding membership applications until a proper system is established.
- Addressing pending membership IDs and database inconsistencies.
- Exploring the possibility of digital IDs.
- Establishment of mandates, mission, and vision.
- Creation of departments responsible for specific functions within the organization. This includes functions not limited to projects/programs, data management, membership issuance, nominations and elections, legal compliance, etc.

5. Registration Process: Once these systems are in place, registration with the SEC and establishment of the new corporate entity will proceed. Proper documentation will be provided to guide the next administration and ensure legal compliance.

The current elected officers are dedicated to overcoming these challenges and ensuring the foundation's continued operation. We value your understanding, cooperation, and support in this endeavor.

Should you have any questions, concerns, suggestions, or wish to participate in our efforts, please do not hesitate to contact us at upouafi@upou.edu.ph

Sincerely,

Elected Officers 2024-2026
UPOU Alumni Foundation Incorporation