

**NATIONAL HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

(Amounts in Philippine Peso)

**1. CORPORATE INFORMATION**

The National Housing Authority (NHA) is a government-owned and controlled corporation, duly organized and established by virtue of Presidential Decree (PD) No. 757 dated July 31, 1975, as amended by Executive Order (EO) No. 90 dated December 17, 1986. It operates under the policy and administrative supervision of the Housing and Urban Development Coordinating Council (HUDCC). It is the primary government agency in charge of providing housing assistance to the lowest 30 per cent of urban population through slum upgrading, squatter relocation, development of sites and services and construction of core housing units.

Republic Act (RA) No. 7279, otherwise known as the Urban Development and Housing Act, was enacted on March 24, 1992, mandating the NHA to provide technical and other forms of assistance to local government units.

RA No. 7835, otherwise known as the Comprehensive and Integrated Shelter Financing Act (CISFA) was approved on December 16, 1994, mandating the NHA to implement the components of the National Shelter Program: resettlement, medium-rise public and private housing, cost recoverable program and local housing.

EO No. 195 was issued on December 31, 1999, mandating the NHA to focus on socialized housing.

In 2004, Administrative Order (AO) No. 111 dated November 8, 2004, was issued by the President directing NHA as lead agency in the implementation of the Rail-related Relocation and Resettlement Program.

AO No. 9 issued on April 11, 2011, directed the NHA to lead the implementation of the Armed Forces of the Philippines/Philippine National Police (AFP/PNP) Housing Program. In March 2011, NHA Board Resolution No. 5314 was issued for the implementation of the President's Housing Project for the AFP/PNP personnel.

The National Disaster and Risk Reduction Plan from CYs 2011 to 2018 designated NHA as lead agency in the Disaster Rehabilitation and Recovery Phase particularly in the development of disaster-resilient, safe and sustainable settlements for families affected by calamities.

The registered office address of the NHA is located at Elliptical Road, Diliman, Quezon City with 30 project offices and in 9 various regions of the country. The Authority is under the Office of the President and shall exist for 50 years but maybe extended. As of December 31, 2016, the NHA has a total of 2,567 employees.

The financial statements of NHA for CY 2016 were approved for issuance per NHA Board Resolution No. 6065 dated March 1, 2017.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit through COA Resolution No. 2014-003 dated January 24, 2014.

The accounting policies have been consistently applied throughout the year presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine peso, which is also the country's functional currency.

Amounts are rounded off to the nearest peso, unless otherwise stated.

The preparation of financial statements in compliance with the adopted PPSAS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies.

COA Circular No. 2015-003 dated April 16, 2015 classified NHA as a Non-Government Business Enterprise. Pursuant to COA Circular No. 2015-010 dated December 1, 2015, NHA has adopted the Revised Chart of Accounts for government owned and controlled corporations (GOCCs). The conversion has no material impact on the balances of the accounts.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1. Basis of accounting**

The financial statements are prepared on accrual basis in accordance with the PPSAS.

The financial statements reflect the assets, liabilities, revenue/ income, and expenses of the NHA-owned funds and the CISFA which are consolidated quarterly. CISFA funds were released by the Bureau of Treasury (BTr) for the Local Housing Program and the Medium-Rise Public and Private Housing.

No sets of books are being maintained in the provincial, district and project offices. Cash Receipts Register together with copies of official receipts and deposit slips are being submitted to the NHA Accounting Department for recording. Likewise, Monthly Summary of Expenses is submitted together with copies of disbursements and supporting documents.

### **3.2. Financial instruments**

**a. Financial assets**

The NHA's financial assets include cash and cash equivalent, and loans and receivables as at December 31, 2016.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

In compliance with PPSAS No. 29, *Financial Assets: Recognition and Measurements*, receivables are recognized initially at fair value and subsequently, at amortized cost using Management's best estimate on collectability or net realizable value.

**b. Financial liabilities**

Financial liabilities are measured initially at fair value in compliance with PPSAS No. 29. Financial liabilities are recognized when, and only when, the entity becomes a party to the contractual provisions of the financial instrument. The management determines the classification of its financial liabilities at initial recognition.

Financial liabilities are derecognized from the statement of financial position when the obligations specified in the contracts are extinguished either through discharge, cancellation or expiration.

NHA's financial liabilities include accounts payables, loans payable, and amounts due to officers and employees.

**3.3. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank and time deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

**3.4. Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory are received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no

charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NHA.

### **3.5. Property, plant and equipment**

Property, plant and equipment (PPE) are initially recorded at cost and subsequently carried in the financial statements at cost less accumulated depreciation and impairment losses, in compliance with PPSAS No. 17, *Property, Plant and Equipment*. Major repairs and improvement are added to the initial cost and amortized for the remaining life of the property. Minor repairs and maintenance are charged against the proper expense accounts.

Depreciation is calculated using the straight-line method based on the estimated life of assets less the residual value equivalent to at least ten per cent of the cost of the PPE. The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

An item of PPE is derecognized upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

### **3.6. Provisions**

Provisions are recognized when the NHA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the NHA expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

The NHA does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Moreover, the NHA does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHA in the notes to the financial statements.

### **3.7. Changes in accounting policies and estimates**

The NHA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The NHA recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The NHA corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

### **3.8. Revenue recognition**

In compliance with PPSAS 9, *Revenue from Exchange Transactions*, revenue is recognized when it is probable that economic benefits or service potential associated with the transaction will flow to the entity and the revenues can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue includes sales revenue, rental income, interest income and other business income, which are recognized on the accrual basis.

### **3.9. Expense recognition**

All expenses are recorded under the accrual basis. Expenses are recognized in the statement of profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income. Hence, expenses are recognized when incurred regardless of when payments for them are made.

### **3.10. Budget information**

The annual budget is prepared on a cash basis and is published in the government website. A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

#### 4. CASH AND CASH EQUIVALENTS

The account consists of:

	2016
Cash on hand	
Collecting officers	5,964,017
Petty cash fund	551,807
Cash in bank	
Current	5,387,913,891
Savings	166,648,444
Time deposit	1,123,149,424
	<b>6,684,227,583</b>

The decrease in Cash in bank – current account was due to decrease in subsidy received from the National Government. Placements to high yield and special savings deposits were initiated in January and February 2015.

Garnished accounts in the amount of P294 million has been held by Philippine Veterans Bank in view of the Construction Industry Arbitration Commission Case No. 13-2014 entitled, “*Bluestar Construction and Development Corporation vs. NHA.*”

#### 5. RECEIVABLES

This account is composed of the following:

	2016
<i>Loans and receivables</i>	
Accounts receivable	
Receivables – cash sales	83,112,190
Rental receivables	2,412,267,806
Receivables – mortgage sales	109,086,752
Receivables – installment sales	1,398,372,146
Loans receivable	
Local Government Units (LGUs)	22,185,874
Others	1,109,115,389
Interest receivable	52,528,736
	<b>5,186,668,893</b>
<i>Inter-agency receivables</i>	
Due from	
National Government Agencies (NGAs)	909,300,785
GOCCs	8,132,028
LGUs	1,444,182,398
	<b>2,361,615,211</b>
<i>Other receivables</i>	
Receivables – disallowances/charges	682,856

	<b>2016</b>
Due from officers and employees	<b>115,602</b>
Due from Non-Government Organizations (NGOs)/Peoples' Organizations (POs)	<b>6,832,362</b>
Other receivables	<b>38,931,615</b>
	<b>46,562,435</b>
Total receivables	<b>7,594,846,539</b>
Allowance for doubtful accounts	<b>(273,736,500)</b>
	<b>7,321,110,039</b>

*Accounts receivable* represents the current portion due from beneficiaries in various housing projects. The amount of P2.103 billion pertains to Rental receivables from Department of Transportation and Communication (DOTC) for the lease of the North Triangle property covered by a Contract of Lease executed in April 1998. In March 2007, DOTC, NHA and MRT Development Corporation executed a Memorandum of Agreement and Assignment of Agreement, wherein DOTC assigned its Depot Development Rights Payment (DRP) due from MRT Development Corporation, and authorized the latter to remit the same to NHA. The Authority receives monthly remittance from MRT based on Depot DRP schedule starting July 2007.

*Loans receivable – LGUs* represent current portion of loans granted to various local government units under the local housing program of the CISFA funds.

*Loans receivable – others* represent loans granted to beneficiaries under the Northrail/Southrail Relocation Program and other loans, such as employees housing and car loans and other loans granted to beneficiaries, like commercial and industrial loan, housing material loans, small business loans and community mortgage program loans. The account also includes CISFA funds granted to various water districts, cooperatives and community associations for the implementation of socialized housing projects in urban and urbanizable areas in all congressional districts.

*Interest receivable* of P52.528 million pertains to accrued interest on Installment Sales from accounts with one year arrearages per Aging Report.

*Due from NGAs* are funds release to DPWH of P646 million for the implementation of Zamboanga City Roadmap to Recovery and Reconstruction Plan. The fund covers the expenses necessary for land development and civil works which was conceptualized due to armed conflict that caused heavy damage and burning homes in Zamboanga last September 9, 2013.

*Due from LGUs* are advances made by NHA to the different government units, which are subject to liquidation, supported by the Statement of Obligations and Disbursements, duly certified by the City Treasurer, approved by the City Mayor and verified and audited by the Auditor of the City. Thus, the increase in said account was primarily due to advances made to various local government units to cover the construction of houses on stilts, footbridges, communal septic tanks and construction of housing units for indigenous people.

*Due from NGOs/(POs)* are advances made to various Electric Cooperatives for the installation of lighting facilities.

*Other receivables* include receivable from various joint venture partners, receivable from beneficiaries for water and electric services, real estate tax, MERALCO meters and service deposits.

The allowance of P273.736 million covers the doubtful accounts from beneficiaries' rental accounts.

## 6. INVENTORIES

The account consists of the following:

	<b>2016</b>
Merchandise inventory	
Completed development for disposition/sale – land	<b>12,363,345,616</b>
Completed development for disposition/sale – building	<b>10,110,281,069</b>
Office supplies inventory	<b>9,244,616</b>
Drugs and medicines inventory	<b>109,453</b>
Other supplies and materials inventory	<b>103,521</b>
	<b>22,483,084,275</b>

*Merchandise inventory/items for sale or transfer* account represents the cost of completed projects available for disposition/sale.

The increase in inventory of P10.634 billion was due to higher housing projects completed and undergoing development particularly in Visayas regions. The projects are primarily for the victims of Typhoon Yolanda and Sendong.

## 7. ADVANCES

The account consists of the following:

	<b>2016</b>
Advances for operating expenses	<b>51,978,682</b>
Advances for payroll	<b>548,552</b>
Advances to Special Disbursing Officer	<b>1,050,608</b>
Advances to officers and employees	<b>61,832</b>
	<b>53,639,674</b>

*Advances for operating expenses* account represents the working fund of the Authority.

*Advances for payroll* account represents the payroll fund of the Authority.

*Advances to Special Disbursing Officer* represents the advances to officers and employees for other purposes.

*Advances to officers and employees* represents the amount advanced to officers and employees for travel.

## 8. PREPAYMENTS

The account consists of the following:

	<b>2016</b>
Advances to contractors	<b>3,242,105,613</b>
Prepaid insurance	<b>808,984</b>
	<b>3,242,914,597</b>

*Advances to contractors* refers to advances made to contractors representing mobilization fee equivalent to 15 per cent of the contract cost. Dormant receivables from contractors amounting to P16.571 million were reclassified to non-current assets.

## 9. LONG-TERM RECEIVABLES

This account is composed of the long-term portion of the following receivables:

	<b>2016</b>
Installment sales	
NHA – owned fund	<b>8,368,927,252</b>
CISFA fund	<b>843,689,866</b>
Loans receivable – others	
NHA – owned fund	<b>45,660,770,027</b>
CISFA fund	<b>41,248,805</b>
Loans receivable – LGUs	
NHA – owned fund	<b>86,683,900</b>
CISFA fund	<b>87,713,094</b>
Due from LGUs	<b>16,633,900</b>
Due from NGAs	<b>223,207,979</b>
	<b>55,328,874,823</b>

*Receivable from installment sales* represents the principal amount not yet due as of balance sheet date from customers arising from the sale of real estate investments.

*Loans receivable – others* represents loans granted to beneficiaries under Northrail/Southrail Relocation Program, AFP/PNP Housing Program, Emergency Housing Assistance for Calamity Victims, Housing Program for Informal Settler Families living in danger areas and other loans such as car loans, commercial and industrial loans, small business loans and housing material loans. The account also includes CISFA funds granted to various water districts, cooperatives and community associations for the implementation of socialized housing projects in urban and urbanizable areas in all congressional districts. The account consists of:

	<b>2016</b>
Subsidized project loan	<b>45,559,633,896</b>
Bridge financing	<b>86,820,073</b>

	2016
Employees assistance program	6,201,429
Housing material loan	6,665,084
Community mortgage program	896,483
Small business loans	539,755
Sanitary core	13,307
Total Main Office	45,660,770,027
CISFA fund	41,248,805
	<b>45,702,018,832</b>

*Loans receivable – LGUs* pertains to loans granted to various LGUs under the local housing program of the CISFA funds.

## 10. INVESTMENTS

This account consists of the following:

	2016
Investments in joint venture	6,209,658,515
Investments in stocks	38,890
	<b>6,209,697,405</b>

*Investments in joint venture* represent the NHA's equity on various joint venture projects as follows:

	2016
<b>Main</b>	
Urban Triangle Development Project	6,128,409,000
AFP Military Housing	13,429,078
Zamboanga Teachers Village Housing	10,213,625
Canduman Resettlement Project	5,049,934
Kadayawan Resettlement Project	4,355,582
Concepcion Resettlement Site	6,500,000
San Juan Cooperative Housing Project	6,176,579
Brgy. McKinley	12,197,970
Various Joint Venture Projects	23,353,747
	<b>6,209,658,515</b>

Urban Triangle Development Project pertains to the Joint Venture Agreement with Ayala Land Inc. on August 27, 2009 to develop part of North Triangle Property consisting of 281,829 square meters (sqm) of land into a mixed-use complex at P21,000 per sqm.

## 11. PROPERTY, PLANT AND EQUIPMENT

This account is composed of the following:

	Land	Land Improvements	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture, Fixture and Books	Other PPE	Construction in Progress	Total
<b>Cost</b>									
January 1, 2016	2,665,107,577	16,516,786	711,808,582	193,033,163	127,784,703	27,330,571	2,198,000	7,697,491,343	11,441,270,724
Additions/Adjustments	155,645,589	467,646	263,993,274	37,101,594	-	3,436,234	308,800	1,195,243,243	1,656,196,380
Disposal/Adjustments	(318,131,294)	-	(245,604,303)	(15,176,170)	1,510,517	(27,068,710)	-	-	(604,469,960)
December 31, 2016	2,502,621,872	16,984,432	730,197,553	214,958,587	129,295,220	3,698,094	2,506,800	8,892,734,586	12,492,997,144
<b>Accumulated depreciation</b>									
January 1, 2016	-	3,246,005	182,471,068	97,169,202	79,880,772	17,495,821	810,735	-	381,073,603
Depreciation	-	898,991	2,971,555	18,663,258	11,005,399	1,850,625	409,536	-	35,799,364
Disposal/Adjustments	-	-	-	(15,130,846)	(756,153)	(17,610,866)	-	-	(33,497,865)
December 31, 2016	-	4,144,996	185,442,623	100,701,614	90,130,018	1,735,580	1,219,911	-	383,374,742
<b>Net book value,</b>									
December 31, 2016	2,502,621,872	12,839,436	544,754,930	114,256,973	39,165,202	1,962,514	1,286,889	8,892,734,586	12,109,622,402

## 11.1. Land

This account is composed of the following:

	2016
Completed development for transfer	308,780,194
Housing and community development administrative site	51,772,157
Properties held for rent	297,102,056
Land assembly for future projects	1,201,918,895
Terminated projects	632,692,034
Project under court litigation	10,356,536
	<b>2,502,621,872</b>

*Completed development for transfer* pertains to the cost of infrastructure/ community facilities for transfer to various government agencies such as Department of Health (DOH), Manila Water Sewerage System (MWSS), Department of Public Works and Highways (DPWH), Department of Local Government and Community Development, Local Water and Utilities Authority, Department of Education (DepEd) and Department of Social Work and Development (DSWD).

*Housing and community development administrative site* represent cost of the site utilized as project offices.

*Properties held for rent* includes land and tenement housing projects rented out to NHA beneficiaries.

*Land assembly for future projects* includes cost of undeveloped lots acquired for future development and amount deposited with the Philippine National Bank for the land expropriation.

## 11.2. Buildings and Other Structures

This account consists of the following:

	2016
Office buildings	253,535,423
Completed development for transfer	414,264,673
Properties held for rent	62,397,458
	<b>730,197,554</b>

*Completed development for transfer – other structures* such as health center, multi-purpose and school not subject to depreciation is subject to the submission of Deed of Transfer and Acceptance and Deed of Donation and Acceptance from LGUs and DepEd.

### 11.3. Construction in Progress

This account pertains to the cost of on-going projects of the Authority, as follows:

	<b>2016</b>
Sites and services	<b>49,807,101</b>
Slum upgrading	<b>45,328,887</b>
Housing units	<b>4,756,770,695</b>
Resettlement project	<b>4,016,001,793</b>
Buildings and other structures	<b>24,826,110</b>
	<b>8,892,734,586</b>

### 12. OTHER NON-CURRENT ASSETS

This account consists of the following:

	<b>2016</b>
Restricted fund/cash	
Deposit held-in-trust	<b>1,275,657,218</b>
Deposit for expropriation	<b>44,336,674</b>
Deposit held-in-escrow	<b>131,505,701</b>
Time deposit held in trust	<b>2,253,247,182</b>
Loans receivable	<b>188,732,049</b>
Receivables – mortgage sales	<b>52,503,948</b>
Guaranty deposits	<b>86,348,674</b>
Foreclosed property/assets	<b>61,445,836</b>
Due from LGUs	<b>27,946,481</b>
Other assets	<b>35,335,619</b>
Due from GOCCs	<b>17,252,212</b>
Advances to contractors	<b>16,571,321</b>
Other receivables	<b>7,245,994</b>
Due from NGAs	<b>167,944</b>
Rental deposits	<b>572,865</b>
	<b>4,198,869,718</b>
Allowance for doubtful accounts	<b>(188,732,049)</b>
	<b>4,010,137,669</b>

*Restricted fund/cash* represents fund for Special Purpose which cannot be used in the operation of the Agency. Collections from various projects covered by Trust Agreements with GOCCs such as Public Estate Authority (PEA) Pabahay, Air Transportation Office (ATO), Civil Aviation Authority, Bases Conversion and Development Authority (BCDA),

Philippine Ports Authority (PPA), and Philippine National Red Cross contributed to the increase of P2.609 billion.

The amount of P100 million under Restricted Fund was set-up for the Directors and officers liability insurance fund. The self-insurance fund was set up in CY 2016.

The increase in Restricted Fund was mainly due to short term placement of P2.149 billion to DBP and LBP. The deposits were from the proceeds of sale of Vertis North to Sureste Properties. It is placed under a separate trust fund for socialized housing programs pursuant to EO No. 620-A dated September 11, 2007.

*Deposit held-in-trust* is collection from housing projects turned-over by other government agencies for administration of NHA, wherein such collection to the funding agency are to be remitted to the BTr as the case maybe.

*Deposits for expropriation* are deposits for land expropriation cases filed in court.

*Deposit held-in-escrow* pertains to deposits intended for joint venture projects.

*Loans receivable* includes bridge financing to Joint Venture partners which are non-moving for five years or more.

*Receivables – mortgage sales* pertain to receivables from mortgage sales which are dormant from 1994 to 2016.

*Guaranty deposits* include deposits made to National Home Mortgage Finance Corporation for mortgage take-out loans of various NHA beneficiaries without individual lot titles. These also include deposits to MERALCO, MWSS, various water districts, etc. made for various NHA housing projects and offices for electric and water service connections.

*Due from NGAs/LGUs/GOCCs* represent receivables and advances made to different government units wherein Audited Statement of Disbursements is not yet submitted to record the liquidation.

*Other Assets* includes investment in the joint venture with Trustek Conclad Aus-Phil., Inc. and unserviceable office equipment/Furniture and Fixtures/IT equipment, etc. The joint venture was terminated and the machineries and equipment which are idle are in the custody of the NHA. The equipment had been offered for bids but there were no takers. They are now looking for other means to dispose the assets that were appraised.

*Advances to contractors* represent the 15 per cent advance payment for mobilization not yet recouped due to termination/suspension or rescission of contract. The P16.571 million are dormant accounts reclassified from Prepayments.

*Other receivables* represent receivables from various joint venture partners, receivables from beneficiaries for water and electric services, MERALCO meters and service deposits. It also includes receivables from employees no longer with NHA and/or collecting officers who were separated from NHA with outstanding balances.

*Due from NGOs and POs* pertains to advances for installation of power supplies for three electric cooperatives which remain outstanding to date.

*Rental Deposits* are advances made for the use of spaces for Project Offices.

*Allowance for doubtful accounts* pertains to the set-up of allowance for doubtful accounts from loans granted that had been outstanding for more than five years as follows:

	<b>2016</b>
Loans receivables – LGUs	60,605,941
Loans receivables – others	128,126,108
	<b>188,732,049</b>

### **13. FINANCIAL LIABILITIES**

This account includes the following:

	<b>2016</b>
Accounts payable	<b>134,307,628</b>
Loans payable – domestic, net	<b>95,278,406</b>
Due to officers and employees	<b>61,653,210</b>
Tax refunds payable	<b>137,351</b>
	<b>291,376,595</b>

*Loans payable – domestic* includes Urban III, LA#1821, a loan to be assumed by MWSS for water systems funded by the World Bank under the Zonal Improvement Projects, subject to issuance of a negative Advice of Allotment by the BTr. The account is net of overpayment to BTr of P1.723 million.

The decrease of P241 million was due to overpayment to the National Government for GOP portion Urban III and Urban III – LA# 2067 loans in March 2016.

### **14. INTER-AGENCY PAYABLES**

This account consists of the following:

	<b>2016</b>
Due to BTr (CISFA Funds)	<b>2,472,977,947</b>
Due to subsidiaries/joint venture/associates/affiliates	<b>1,367,083,378</b>
Due to LGUs	<b>113,488,676</b>
Due to government corporations (GCs)	<b>50,254,043</b>
Due to Bureau of Internal Revenue (BIR)	<b>30,241,223</b>
Due to Government Service Insurance System (GSIS)	<b>1,850,694</b>
Due to Pag-IBIG	<b>580,083</b>
Due to Philhealth	<b>366,696</b>

<b>2016</b>
<b>4,036,842,740</b>

*Due to BTr* are trust funds released by DBM through the BTr for Medium-Rise Public and Private Housing and Local Housing Program as mandated in the CISFA of 1994. It also includes P9.096 million land cost of Dumagok Resettlement Project, which the NHA shall reimburse to the National Government the value of land after the final payment of the areas reserved for socialized housing purposes by the qualified beneficiaries.

*Due to subsidiaries/joint venture/associates/affiliates* mainly represent NHA and developers' share from sales under mortgage take-out scheme in joint venture projects.

*Due to GCs* includes collections from various housing projects covered by Trust Agreements such as PEA Pabahay, ATO Civil Aeronautics Administration, Pasig River Rehabilitation Commission (Kasiglahan 1 to 5 Project), and BCDA (Philippine Centennial Village).

*Due to LGUs* pertains to collections from various Zonal Improvement Project projects for remittance to LGUs based on Metro Manila Commission Memorandum which was for adjustment in the books to be treated as payment of the beneficiaries.

*Due to BIR, GSIS, Pag-IBIG and Philhealth* represent personal/corporate contribution/loan repayment, and withholding taxes for remittance to said agencies.

## 15. TRUST LIABILITIES

This account consists of the following:

	<b>2016</b>
Trust liabilities	
NGAs	1,587,659,251
GCs	463,057,920
Others	386,927,743
Guaranty/Security deposits payable	4,059,026,292
	<b>6,496,671,206</b>

*Guaranty/Security deposits payable* refers to the amount deducted from the progress billing of contractors/developers, to guarantee performance which is refundable upon completion of the project.

*Trust liabilities to NGAs and GCs* represent collection from various housing projects and funds entrusted to NHA covered by Trust Agreements. The breakdown are as follows:

	<b>2016</b>
<i>National Government Agencies</i>	
DOTC	
DZR Airport Redevelopment	143,183,908
Laguindingan Airport Resettlement Project	5,299,835
DPWH	

Zamboanga Water District	95,221,390
Harbor Link Project	396,536,204
Tondo, R-10 Widening Project	666,392,386
Philippine Constabulary	2,000,000
Presidential Management Staff (PMS)	
Mamasapano Maguindanao	1,920,402
PSF – Tangos	1,102,348
Typhoon Pablo	30,000
Pasig River Rehabilitation Commission	2,091,601
DILG – Oplan Likas Program	273,881,177
	<b>1,587,659,251</b>
<hr/>	
<i>Government Corporations</i>	
PPA	34,816,807
PEA	35,440,247
Philippine Charity Sweepstakes Office	20,044,513
BCDA – Jusmag	18,600,000
Aurora Pacific Economic Zone and Freeport Authority	7,400,000
HUDCC – San Miguel, Bulacan	1,000,000
SLEX – Alabang Sto. Tomas Development Inc.	231,620
HUDCC – Boni Housing Information Technology	533,375
Authority of the Freeport Area of Bataan	37,823
Manila International Airport Authority	(162,550)
Collections	345,116,085
	<b>463,057,920</b>

## 16. OTHER PAYABLES

This is composed of the following:

	2016
<i>Current</i>	
Miscellaneous liability	6,004,240
Contractors	9,862,284
Pinatubo Project Management Office (PPMO)	255,839
National Government Center (NGC)	86,735
Dividends payable	163,670,320
Other payables	122,341,813
	<b>302,221,231</b>
<hr/>	
<i>Non-current</i>	
Contingent liability additional cost of pre-sold/completed projects	<b>196,331,835</b>

*Contingent liability for additional cost of pre-sold/completed projects*, classified as non-current, includes additional cost to be incurred to complete various projects.

*Miscellaneous liabilities/Due to Contractors* consist of amounts received from prospective buyers, tenants, awardees and contractors to guarantee performance of awarded contracts.

## 17. DEFERRED CREDITS

This account consists of the following:

	2016
Deferred income from installment sales	4,570,437,738
Depository liabilities-beneficiaries	607,693,804
Deferred profit – uncollected claims	14,788,141
	<b>5,192,919,683</b>

*Deferred income from installment sales* is the difference between the selling price and cost of sales of lots, houses and lots or units sold.

*Depository liabilities – beneficiaries* represents beneficiaries/buyers' deposit on lots and titles and rental deposit from beneficiaries of various NHA projects.

*Deferred profit – uncollected claims* represents amount due from G and M Realty Construction and Development Corporation, a joint venture partner, out of over-expenditure in the project development of the Consuelo Heights Housing Projects in Tuguegarao, Cagayan per Court Decision under Civil Case No. Q 95-24669 dated February 2, 1998 and writ of execution dated March 01, 1999.

## 18. GOVERNMENT EQUITY

	2016
Accumulated surplus (Deficit)	88,311,204,071
Government equity	2,893,406,770
Contributed capital	3,495,726,524
	<b>94,700,337,365</b>

The authorized capitalization of the Authority is P5 billion per PD No. 1924 dated May 6, 1984, to provide NHA the long-term capability to undertake the comprehensive national housing program for marginal and low income families. The amount of P2.893 billion has been issued by the National Government leaving an unissued capitalization of P2.107 billion.

*Accumulated surplus (Deficit)* consists of cumulative results of operations of the Authority including prior period adjustments and utilization of subsidy fund received from the National Government for various resettlement projects, Informal Settler Families Living in Danger Areas in Metro Manila, calamity assistance for families affected by Typhoon/Earthquake, Zamboanga conflict, AFP/PNP housing program, and Bureau of Fire/ Bureau of Jail Management and Penology (BFP/BJMP) housing program.

*Contributed capital* account mostly consists of properties acquire by the Authority thru RAs, EOs or Presidential Proclamations (PPs). The Authority in coordination with other government agencies was designated to develop, convert into housing units and administer the disposition of the properties to bona fide occupants. Details follow:

2016	Status
------	--------

	2016	Status
<b>Joint Venture Project/Asset Pool</b>		
Vitas Reclamation Project	1,520,185,412	On-going sale
Smokey Mountain Development and Reclamation Project (SMDRP)	758,110,161	On-going sale
	<b>2,278,295,573</b>	
<b>Thru PD/PP</b>		
Three lots from the Municipalities of Pasig, Cainta and Taytay	57,843,697	On-going sale
Lualhati Housing Project, Baguio City	17,425,061	On-going sale
DAR BPI Compound (Cresencia Village, Baguio City)	21,600,000	Sold out
Lot located in Brgy. Katipunan, Quezon City	14,513,760	On-going sale
Land Cost of Tala I, MRH	26,209,000	On-going sale
Land cost – Maria Orosa and Jorge Bocobo Housing Project	108,200	On-going sale
Lianga Housing Project, Surigao del Sur	37,820,160	On-going sale
Caingin Housing Project, Iloilo City	26,034,720	On-going sale
Tala Estate, Caloocan City	15,460,016	On-going sale
Bagong Silang Project, Phase XI	21,461,165	On-going sale
Land cost of Tala 2, MRH, Caloocan City	52,000,000	On-going sale
Bagong Silang Proj. Phase XI, Package 9	14,533,506	On-going sale
Land cost of SMDRP	65,862,720	On-going sale
Land cost of Tala III MRH	52,171,600	On-going construction
Brgy. Valencia Project, Quezon City	18,510,000	On-going sale
Tala Development Project Phase 5	50,235,000	On-going sale
Tala Development Project Phase 2	45,781,000	On-going sale
Tala Development Project Phase 4	277,863,640	On-going sale
Camp Gregg PNP Housing Project	8,793,823	On-going sale
	<b>824,227,068</b>	
<b>From Other Government Agency (Thru PD/PP)</b>		
Monterraza Subd., Benguet from PMS	117,618,100	On-going sale
Lot from DPWH, Sta. Ana, Manila	17,753,150	On-going sale
Lot in Sta. Ana, Manila from DSWD	10,826,000	On-going sale
Polo Transmitting Community Development Cooperative	193,450	On-going sale
Philippine Centennial Village Project, Taguig	242,724,323	On-going sale
Housing for 1 <sup>st</sup> District of Agusan del Norte	3,263,360	On-going sale
	<b>392,378,383</b>	
<b>Donation</b>		
Three motor vehicles	800,500	
One computer unit	25,000	
	<b>825,500</b>	
	<b>3,495,726,524</b>	

The amount of P1.520 billion represents the NHA's share in the Vitas Reclamation Project. The value of the lot is computed based on the total lot area of 253,645 sqm multiplied by P6,000, the existing zonal value of the lot.

The Smokey Mountain certificate of P1.403 billion represents the value of non-interest bearing participation certificates issued by the Asset Pool due to the conveyance of the Smokey Mountain site and the 79 hectare Manila Bay Foreshore property. The value was reduced to P758 million with the application of loss on sale of housing units.

The three lots from Pasig, Cainta and Taytay with an area of 171.03 hectares more or less were transferred to NHA during the last quarter of 1999. These lots are intended for socialized housing under PP No. 458 dated August 29, 1994.

The BPI Compound, Cresencia Village in Baguio City is intended for socialized housing under PP No. 360 and MOA dated August 05, 1999, OCT No. P-3045 and Special Patent No. 3659.

The land located at Brgy. Katipunan, Quezon City was conveyed per Deed of Reconveyance under Board Resolution No. 4477 dated January 2002 which approved the conversion of its land use from slaughter house site to residential lot for proper distribution and award to its occupants.

The amount of P26.209 million represents partial land cost of Tala I MRH, 26,209 sqm at P1,000 per sqm under PP No. 843 as amended by RA No. 7999 and PP No. 366.

The amount of P37.820 million represents Lianga Housing project located at Bgy. Diatagon, Lianga, Surigao del Sur under PP No. 403 with an area of 27.3958 hectares for disposition in accordance with the provisions of RA No. 7279.

The Caingin Housing Project which has an area of 54,239 sqm situated in the City of Iloilo, Island of Panay under PP No. 419 is for utilization in relation to socialized housing, urban development, resettlement and slum improvement.

The 808 hectare Tala Estate in Caloocan City was transferred to NHA thru PP No. 843 for various government uses as well as for housing and urban development.

The amount of P21.461 million represents project in Bagong Silang, Phase XI, Package 10 under PP No. 843.

The amount of P52 million represents 20,000 sqm land cost in Caloocan City for Tala 2 under PP No. 843.

The amount of P14.534 million represents project in Bagong Silang, Phase XI, Package 9 under PP No. 843.

The P65.863 million represents the cost of 14,520 sqm lot for the construction of the (9) five-storey low rise building for the SMDRP.

The P52.172 million represents the 20,066 sqm land cost in Caloocan City for Tala 3 under PP No. 843.

The Monterraza property donated by the PMS covering an area of 88,474 sqm more or less. The transfer authorized NHA to administer and sell the subject lots to bonafide settlers, as well as acquire and develop alternative sites, all for socialized housing as approved by the President on July 7, 1997.

The 10,826 sqm lot located in Sta. Ana, Manila from DSWD identified as lots 6 and 11, Block 22, covered by TCT No. 234394 at P1,000 per sqm. for Bo. Puso Homeowners Association.

The 20,315 sqm. lot located in Sta. Ana, Manila, was transferred by DPWH to NHA under Proclamation No. 848 dated January 14, 1992 as relocation site of the squatters, flood victims and other indigents of Greater Manila area.

The 3,869 sqm at P50 per sqm land in Karuhatan, Valenzuela, for proper disposition to members of Polo Transmitting Community Development Cooperative, Inc.

The Philippine Centennial Village Project in Taguig City was turned-over by HUDCC to NHA pursuant to EO No. 70/465 as amended.

The parcel of land turned-over by the DPWH thru Deed of Transfer to the NHA for disposition primarily to barangays under 1<sup>st</sup> District of Agusan del Norte.

The motor vehicles were donated by the Japan International Cooperation Agency and the Kinhill Pty. Ltd. while the computer unit was donated by Meiy Construction.

The amount of P8.794 million represents the land cost of Camp Gregg PNP Ville Housing Project under PP No. 262.

## 19. REVALUATION SURPLUS

This account consists of the following:

	<b>2016</b>
Government Center, North Triangle	<b>6,127,219,012</b>
Pinaglabanan, San Juan LRB	<b>99,388,800</b>
	<b>6,226,607,812</b>

The amount of P6.127 billion represents the appraised value of the lot located at the Government Center, North Triangle, a joint venture project with Ayala Land, Inc.

## 20. SUBSIDY INCOME FROM THE NATIONAL GOVERNMENT

As of December 31, 2016, the total allotment for the various projects – relocation/resettlement, AFP/PNP housing and for calamity projects amounted to P112.758 billion, including the amount of P10.763 billion sourced from the Unprogrammed Fund, FY 2011 General Appropriations Act, RA No. 10147.

Projects	Source of Fund	Amount Advice of Allotment	Cash Received		Total Utilization		Balance of Cash	Balance of Allotment	
			2016	2015 and prior	2016	2015 and prior			
<b>Disbursement Acceleration Program</b>									
1	Housing Project for Families Living along Danger Areas in Metro Manila	Unprogrammed Fund, FY 2011 GAA, RA No. 10147	10,000,000,000	-	7,115,366,000	1,488,133,869	7,283,377,101	(1,656,144,970)	-
2	Housing for BFP/BJMP	Unprogrammed Fund, FY 2011 GAA, RA No. 10147	500,000,000	-	408,964,000	37,440,000	346,312,088	25,211,912	91,036,000
3	North Triangle Relocation Project	Unprogrammed Fund, FY 2011 GAA, RA No. 10147	163,298,000	-	106,325,000	-	189,170,868	(82,845,868)	56,973,000
		Supplemental, FY 2014 GAA, RA No. 10633	286,702,000	-	-	-	-	-	286,702,000
4	Iloilo Resettlement Project	Unprogrammed Fund, FY 2011 GAA, RA No. 10147	100,000,000	-	100,000,000	67,663,891	98,128,039	(65,791,930)	-
<b>Sub-total</b>			<b>11,050,000,000</b>	<b>-</b>	<b>7,730,655,000</b>	<b>1,593,237,760</b>	<b>7,916,988,096</b>	<b>(1,779,570,856)</b>	<b>434,711,000</b>

Projects	Source of Fund	Amount Advice of Allotment	Cash Received		Total Utilization		Balance of Cash	Balance of Allotment	
			2016	2015 and prior	2016	2015 and prior			
<b>Regular Appropriation</b>									
1	Resettlement Program	FY 2016 GAA, RA No. 10717	367,940,000	49,324,000	-	36,487,836	-	12,836,164	318,616,000
		FY 2015 GAA, RA No. 10651	577,220,000	-	-	124,949,413	51,359,896	(176,309,309)	577,220,000
		FY 2014 GAA, RA No. 10633	200,000,000	28,008,000	100,000,000	35,184,068	69,082,147	23,741,785	71,992,000
		FY 2013 GAA, RA No. 10352	4,882,200,000	-	3,336,258,000	1,086,544,536	1,787,508,091	462,205,373	1,545,942,000
		FY 2012 GAA, RA No. 10155	5,503,180,000	-	5,100,517,000	1,158,762,832	2,662,317,921	1,279,436,248	402,663,000
3	Resettlement Upgrading Program	FY 2013 GAA, RA No. 10352	127,845,000	-	42,834,000	34,302,459	10,374,525	(1,842,984)	85,011,000
4	Emergency Housing Assistance for Calamity Victims	FY 2013 GAA, RA No. 10352	620,980,000	-	550,662,000	181,199,213	470,446,047	(100,983,260)	70,318,000
		FY 2014 GAA, RA No. 10633	100,000,000	32,254,000	48,928,000	18,899,351	53,381,796	8,900,853	18,818,000
		FY 2015 GAA, RA No. 10651	736,480,000	480,630,000	61,880,000	371,768,873	69,329,197	101,411,930	193,970,000
5	AFP/PNP/BFP /BJMP/ BuCor Housing Program	FY 2013 GAA, RA No. 10352	1,621,740,000	232,581,000	-	220,031,597	442,009,114	(429,459,711)	1,389,159,000
		FY 2014 GAA, RA No. 10633	5,458,000,000	900,249,000	-	587,014,968	407,249,251	(94,015,220)	4,557,751,000
		FY 2015 GAA, RA No. 10651	100,000,000	-	-	-	-	-	100,000,000
6	Housing Program for Informal Families (IFs) living along danger areas in Metro Manila	FY 2013 GAA, RA No. 10352	10,108,725,000	885,511,000	6,995,974,000	1,605,874,718	6,257,212,529	18,397,752	2,227,240,000
		FY 2014 GAA, RA No. 10633	5,493,770,000	882,299,000	2,929,794,000	704,283,931	2,872,819,963	234,989,106	1,681,677,000
		FY 2015 GAA, RA NO. 10651	3,586,300,000	1,328,924,000	-	813,597,630	585,981,741	(70,655,371)	2,257,376,000
		FY 2016 GAA, RA NO. 10717	2,576,640,000	86,698,000	-	489,216,750	-	(402,518,750)	2,489,942,000
7	Housing Program for IFs living along danger areas in Bacoor, Cavite	FY 2015 GAA, RA No. 10651	50,000,000	-	-	-	-	-	50,000,000
8	Housing Assistance Program for Calamity Victims - Typhoon Yolanda	FY 2016 GAA, RA No. 10717	9,787,177,422	298,107,000	-	624,938,210	-	(326,831,210)	9,489,070,422
<b>Sub-total</b>			<b>51,898,197,422</b>	<b>5,204,585,000</b>	<b>19,166,847,000</b>	<b>8,093,056,386</b>	<b>15,739,072,218</b>	<b>539,303,395</b>	<b>27,526,765,422</b>
<b>Other Releases</b>									
1	AFP and PNP Housing Project, Phase 2	Unprogrammed Fund, FY 2012 GAA, RA No. 10155	4,514,480,000	-	4,514,480,000	534,763,900	6,489,069,988	1,490,646,112	-
		FY 2013 GAA, RA No. 10352	4,000,000,000	1,045,004,000	2,954,996,000				
2	Housing Project Typhoon "Pablo"	Unprogrammed Fund, FY 2013 GAA, RA No. 10352	4,084,600,000	-	3,408,933,000	364,602,692	3,116,650,814	(72,320,506)	675,667,000
3	Housing Project Zamboanga Conflict	Unprogrammed Fund, FY 2013 GAA, RA No. 10352	2,566,000,000	-	2,566,000,000	1,362,846,868	1,789,246,381	(586,093,249)	-
4	Permanent housing Typhoon "Yolanda"	Unprogrammed Fund, FY 2013 GAA, RA No. 10352	2,200,000,000	-	2,200,000,000	384,608,398	914,483,937	900,907,665	-
		Unprogrammed Fund, FY 2014 GAA, RA No. 10633	18,999,978,000	4,181,129,000	3,824,147,000	6,162,514,475	3,999,669,726	(2,156,908,201)	10,994,702,000
		Unprogrammed Fund, FY 2015 GAA, RA No. 10651	11,669,040,000	1,260,791,000	2,128,040,000	2,843,300,473	29,687,468	515,843,059	8,280,209,000
5	Reconstruction and Rehabilitation Program Fund	Unprogrammed Fund, FY 2014 GAA, RA No. 10633	1,500,000,000	348,595,000	-	320,783,364	332,195,489	(304,383,853)	1,151,405,000
6	Housing Assistance Program for	Unprogrammed FY 2016 GAA, RA No. 10717	276,138,000	-	-	-	-	-	276,138,000

Projects	Source of Fund	Amount Advice of Allotment	Cash Received		Total Utilization		Balance of Cash	Balance of Allotment
			2016	2015 and prior	2016	2015 and prior		
Victims of Typhoon Nona in Pola Mindoro								
<b>Sub-total</b>		<b>49,810,236,000</b>	<b>6,835,519,000</b>	<b>21,596,596,000</b>	<b>11,973,420,169</b>	<b>16,671,003,803</b>	<b>(212,308,973)</b>	<b>21,378,121,000</b>
<b>Grand Total</b>		<b>112,758,433,422</b>	<b>12,040,104,000</b>	<b>48,494,098,000</b>	<b>21,659,714,316</b>	<b>40,327,064,118</b>	<b>(1,452,576,433)</b>	<b>49,339,597,422</b>

**Notes:**

- (1) Housing Project for Families Living along Danger Areas in Metro Manila : Out of the P10B allotment, only P8,710,160,000 was obligated as of June 30, 2014, thus leaving a balance of allotment amounting to (P8,710,160,000 - P7,115,366,000) P1,594,794,000.
- (2) Housing for BFP/BJMP: The balance of allotment amounting to P91,036,000.00 was remitted to BTr on November 11, 2015.
- (3) North Triangle Relocation Project: out of the P450,000,000.00 allotment, only P163,298,000.00 was obligated as of June 30, 2014, thus leaving a balance of P286,702,000 which was released as a supplemental appropriation.
- (4) Iloilo Resettlement Project: P100,000,000 allotment was fully obligated as of June 30, 2014.

## 21. SERVICE AND BUSINESS INCOME

	<b>2016</b>
<b>Service income</b>	
Processing fees	32,255,234
Clearance and certification fees	3,825,228
Other service income	89,965
Permit fees	89,020
Fines and penalties – service income	48,805
	<b>36,308,252</b>
<b>Business income</b>	
Sales revenue	843,590,870
Rent/Lease income	325,055,534
Management fees	116,313,657
Fines and penalties – business income	95,728,337
Interest income	50,881,791
Other business income	172,327,820
	<b>1,603,898,009</b>
	<b>1,640,206,261</b>

## 22. PERSONAL SERVICES

	<b>2016</b>
<b>Salaries and wages</b>	
Salaries and wages – regular	362,308,777
	<b>362,308,777</b>
<b>Other compensation</b>	
Year-end bonus	30,161,493
Personnel economic relief allowance	25,935,396
Representation allowance	8,203,255
Clothing/Uniform allowance	5,475,000
Cash gift	5,275,000
Transportation allowance	4,236,157
Honoraria	559,338
Overtime and night pay	465,968

Hazard pay	52,282
Productivity incentive allowance	36,468
Subsistence allowance	11,350
Laundry allowance	1,548
Other bonuses and allowances	130,144,874
	<b>210,558,129</b>
<b>Personnel benefit contributions</b>	
Retirement and life insurance premiums	42,840,399
PhilHealth contributions	3,994,551
Employees compensation insurance premiums	1,270,250
Pag-IBIG contributions	1,268,800
	<b>49,374,000</b>
<b>Other personnel benefits</b>	
Terminal leave benefits	25,953,486
Other personnel benefits	14,848,758
Retirement gratuity	4,667,524
	<b>45,469,768</b>
	<b>667,710,674</b>

### 23. MAINTENANCE AND OTHER OPERATING EXPENSES

	<b>2016</b>
<b>Travelling expenses</b>	
Local	16,852,301
Foreign	333,229
	<b>17,185,530</b>
<b>Training and scholarship expenses</b>	
Training expenses	3,955,799
	<b>3,955,799</b>
<b>Supplies and materials expenses</b>	
Office supplies expenses	19,709,745
Fuel, oil and lubricants expenses	6,714,863
Semi-expendable furniture, fixtures and books expenses	3,015,615
Accountable forms expenses	1,830,885
Semi-expendable machinery and equipment expenses	1,438,705
Drugs and medicines expenses	72,126
Medical, dental and laboratory supplies expense	41,060
Other supplies and materials expenses	1,003,589
	<b>33,826,588</b>
<b>Utility expenses</b>	
Electricity expenses	25,936,444
Water expenses	9,957,874
	<b>35,894,318</b>
<b>Communication expenses</b>	
Telephone expenses	6,030,119
Internet subscription expenses	1,541,867

	<b>2016</b>
Postage and courier services	1,211,583
Cable, satellite, telegraph and radio expenses	29,352
	<b>8,812,921</b>
<b>Survey, research, exploration and development expenses</b>	
Survey expenses	515,550
	<b>515,550</b>
<b>Demolition/Relocation and desilting/drilling/dredging expenses</b>	
Demolition and relocation expenses	13,434
	<b>13,434</b>
<b>Confidential, intelligence and extraordinary expenses</b>	
Extraordinary and miscellaneous expenses	132,830
	<b>132,830</b>
<b>Professional services</b>	
Other professional services	180,151,978
Auditing services	28,214,638
Consultancy services	1,321,347
Legal services	342,673
	<b>210,030,636</b>
<b>General services</b>	
Security services	79,936,255
Janitorial services	15,182,811
	<b>95,119,066</b>
<b>Repairs and Maintenance</b>	
Land improvements	12,719,864
Transportation equipment	5,031,781
Buildings and other structures	3,610,698
Machinery and equipment	1,440,007
Furniture and fixtures	96,736
Semi-expendable machinery and equipment	14,747
Other property, plant and equipment	98,093
	<b>23,011,926</b>
<b>Taxes, insurance premiums and other fees</b>	
Insurance expenses	14,055,394
Taxes, duties and licenses	11,033,291
Fidelity bond premiums	1,526,545
	<b>26,615,230</b>
<b>Other MOOE</b>	
Rent/Lease expenses	7,010,579
Representation expenses	4,491,005
Printing and publication expenses	2,299,547
Transportation and delivery expenses	1,797,382
Subscription expenses	277,326
Advertising, promotional and marketing expenses	478,921
Membership dues and contributions to organizations	45,600
Donations	45,000

	<b>2016</b>
Documentary stamp expenses	240
Other maintenance and operating expenses	32,336,534
	<b>48,782,134</b>
	<b>503,895,962</b>

## **24. FINANCIAL EXPENSES**

	<b>2016</b>
Bank charges	67,051
Other financial charges	94,768
	<b>161,819</b>

## **25. NON-CASH EXPENSES**

	<b>2016</b>
<b>Depreciation</b>	
Machinery and equipment	18,660,186
Transportation equipment	10,247,474
Buildings and other structures	2,971,555
Furniture and fixtures	1,848,862
Land improvements	898,991
Other property, plant and equipment	409,536
	<b>35,036,604</b>
<b>Impairment loss</b>	
Loans and receivables	100,399,691
	<b>100,399,691</b>
<b>Losses</b>	
Loss on sale of assets	6,993,123
Loss of assets	12,572
	<b>7,005,695</b>
	<b>142,441,990</b>

## **26. OTHER NON-OPERATING INCOME**

	<b>2016</b>
Sale of unserviceable property	91,255
Proceeds from insurance/indemnities	1,454,479
Miscellaneous income	21,599,421
	<b>23,145,155</b>

## **27. SEPARATE SET OF BOOKS**

### **27.1 National Government Center**

On March 29, 2005, the Home Guaranty Corporation (HGC) transferred to the NHA the operation and management of the NGC Housing Project, by virtue of RA No. 9207, otherwise known as the NGC Housing and Land Utilization Act of 2003. Under this Act, the NHA was made the trustee of the NGC Housing Project (East and West) excluding those where the HGC has acquired proprietary interest.

The transactions of the NGC Housing Project are off-books transactions and a separate set of books are being maintained for this trust fund and, therefore, not included in the Agency's financial statements.

Prior to its transfer to NHA, the NGC Housing Project came into existence by virtue of Proclamation No. 137 dated August 11, 1987, thereby segregating lands covering more or less 150 hectares from the NGC situated at West of Commonwealth Avenue, Quezon City to be utilized as socialized housing for the beneficiaries living thereat. In April 1998, Proclamation No. 1169 was issued excluding additional portion of land in the east side (approximately 238 hectares) and declaring the same for development and disposition into a mixed use for government complexes, buildings and offices, socialized housing and other purposes.

The financial position of NGC and the results of its operations are as follows:

	2016	2015	Increase (Decrease)
<b>Financial position</b>			
Assets	<b>885,534,872</b>	827,675,848	57,859,024
Liabilities	<b>958,552,124</b>	904,997,072	53,555,052
Equity	<b>(73,017,252)</b>	(77,321,224)	4,303,972
<b>Results of operations</b>			
Revenue from general income	<b>26,863,553</b>	101,828,174	(74,964,621)
Operating expenses	<b>22,484,859</b>	18,895,192	3,589,667
Gain (Loss) from operations	<b>4,378,694</b>	82,932,982	(78,554,288)
Other income	<b>1,462,344</b>	904,624	557,720
Net income (loss)	<b>5,841,038</b>	83,837,606	(77,996,568)

## 27.2 Pinatubo Project Management Office

EO No. 552 dated August 1, 2006, mandates the HUDCC to transfer the administration and management of the Mt. Pinatubo Lowland Communities and all other functions performed by the PPMO to the NHA.

The NHA shall establish a Trust Fund for the Mt. Pinatubo and maintain a separate set of books independent from the books and records of the NHA.

The HUDCC turned-over 14 lowland resettlement sites, various assets, liabilities and capital as of July 31, 2006. Recording of assets and liabilities were taken up in the books. Collection and disbursements were reclassified from NHA books to Mt. Pinatubo books.

As of December 31, 2016, PPMO total assets amounted to P2,665,392,826 and from its operations, it has a net loss of P1,393,797.

	2016	2015	Increase (Decrease)
<b>Financial position</b>			
Assets	<b>2,665,392,826</b>	2,642,758,956	22,633,870
Liabilities	<b>88,542,463</b>	64,627,097	23,915,366
Equity	<b>2,576,850,363</b>	2,578,131,859	(1,281,496)
<b>Results of operations</b>			
Revenue from general income	<b>720,436</b>	1,292,590	(572,154)
Operating expenses	<b>2,150,628</b>	1,211,365	939,263
Gain (Loss) from operations	<b>(1,430,192)</b>	81,225	(1,511,417)
Interest income	<b>36,395</b>	29,749	6,646
Net income (loss)	<b>(1,393,797)</b>	110,974	(1,504,771)

## 28. FINANCIAL RISK MANAGEMENT

The Authority has significant exposure to the following risk:

### 28.1 Credit risk

Credit risk refers that one will default by failing to make the required payments. The risk of financial loss due to inability or unwillingness to settle one's obligation in accordance with the agreed terms. Since the Authority is providing housing assistance to informal settler families and low salaried government employees, the exposure to credit risk is of great magnitude.

The Authority, in managing its credit risk, makes regular review of policies regarding loan restructuring and lowering of interest. Past due accounts are being monitored and evaluated closely. The Authority also engages in livelihood programs to help the beneficiaries meet their daily needs.

### 28.2 Liquidity risk

Liquidity risk refers to the possibility that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Authority manages liquidity risk by maintaining adequate reserves to meet its currently maturing obligations.

### 28.3 Interest rate risk

Interest rate risk (IRR) is the exposure to adverse movements in interest rates. In managing the IRR, the Authority invests in financial institutions with a fixed interest rate

agreement either for 30 days or 90 days. Any variation in the interest rate will not have a material impact on the net profit of the Authority.

Moreover, interest rate exists in the trade receivables/interest bearing assets due to the change in the assets value resulting from the variability of interest rates. The financial expenses being charged in the cost of assets vary depending on the payment of principal and interest on the borrowings by the Authority.

## 29. PENDING CASES IN COURT

As of December 31, 2016, no provision for liability was recognized or taken up in the books for cases in court because the amount cannot be measured reliably, pending court decision (Annex A).

## 30. SUPPLEMENTARY INFORMATION REQUIRED UNDER BIR REVENUE REGULATION NOS. 15-2010 AND 19-2011

In compliance to the above regulations, the following are the taxes and withholding taxes paid and accrued by NHA in CY 2016:

	<b>Amount</b>
<b>Taxes paid in 2016</b>	
On compensation	71,159,838
Expanded	76,789,125
VAT and other percentage tax	29,968,492
	<b>177,917,455</b>
<b>Taxes withheld (to be paid in 2017)</b>	
On compensation	3,595,400
Expanded	12,937,156
VAT and other percentage tax	6,759,564
	<b>23,292,120</b>
	<b>201,209,575</b>

The NHA, being the primary government agency in charge of providing housing for the underprivileged and homeless, shall be exempted from the payment of all fees and charges of any kind, whether local or national, such as income and real taxes. All documents or contracts executed by and in favor of the NHA shall also be exempted from the payment of documentary stamp and registration fees, including fees required

for the issuance of transfer certificates of titles per Section 19 of RA No. 7279, otherwise known as the Urban Development and Housing Act of 1992, Providing Tax Incentives to GOCCs and LGUs as well as Private Mortgage Program, amending for the purpose pertinent provisions of Sections 2.4 and 5 of Revenue Regulations No. 9-93.

## **31. MANDATORY SALARY DEDUCTIONS**

### **31.1 GSIS**

NHA has complied with the GSIS regulations on the proper deductions of GSIS premiums from the salaries of employees and the timely remittances thereof to the GSIS in accordance with RA No. 8291.

### **31.2 Pag-IBIG**

The statutory deductions withheld from the salaries of employees were remitted to the Home Development Mutual Fund or Pag-IBIG as required under the PD No. 1752.

### **31.3 PhilHealth**

Management remitted the Philhealth personal and corporate share contributions on a monthly basis as required under Section 20 (b) Title III, Rule III of the Revised Implementing Rules and Regulations of RA No. 9241.