

**NATIONAL HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2019  
(Amounts in Philippine Peso)

**1. CORPORATE INFORMATION**

The National Housing Authority (NHA/Authority) is a government-owned and controlled corporation (GOCC), 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 is under the Office of the President (OP). It is the primary government agency in charge of providing housing assistance to the lowest 30 per cent of urban population through slum upgrading, informal settler relocation, development of sites and services and construction of core housing units.

Under Republic Act (RA) No. 11201, the Department of Human Settlements and Urban Development (DHSUD) Act, approved on February 14, 2019, the NHA is an attached agency and under the administrative supervision of the DHSUD. It shall continue to function as a production and financing arm in housing and shall exercise all other functions based on its existing charter and its other mandates as provided under existing laws.

RA No. 7279, the Urban Development and Housing Act, enacted on March 24, 1992, mandated the NHA to provide technical and other forms of assistance to local government units.

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

EO No. 195 issued on December 31, 1999 by the OP, mandated the NHA to focus on socialized housing.

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

AO No. 9 issued on April 11, 2011 by the OP, 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 the NHA as the 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.

In AO No. 03, Creating an Inter-Agency for the Recovery, Reconstruction and Rehabilitation of Marawi City known as Task Force Bangon Marawi, issued by the OP on June 28, 2017, the NHA as member of the Sub-Committee on Housing shall be responsible for the rehabilitation and construction of temporary or permanent shelters, and the restoration of water, electricity and other public utilities in the most affected areas.

The Governance Commission for GOCCs (GCG) in Memorandum Order (MO) No. 2016-12 approved the Restructuring Plan of NHA on August 26, 2016. The Restructuring Plan is expected to improve service delivery, particularly in the regions in terms of area coverage, production, monitoring, collection and socio-economic development.

Pursuant to GCG MO No. 2016-12, the NHA Management issued Office Order No. 4056 dated December 13, 2017 for the Adoption of the New Nomenclatures of NHA Offices. In line with this, Office Order No. 4535 dated May 23, 2018 designates/identifies and/or reassigns Heads for Regional Operations.

In 2019, as part of the Authority's transition of the regionalization/decentralization of finance functions, the Financial Services Group devolved to regional/district offices the preparation of operating budget and the processing of disbursement vouchers for corporate operating expenses.

The registered office address of the NHA is Elliptical Road, Diliman, Quezon City. NHA has 17 regional offices (including NCR North, South, East and West Sector Offices) and 43 district offices nationwide. As of December 31, 2019, the NHA has a total of 2,894 employees.

#### *Approval of Financial Statements*

The financial statements of the NHA for CY 2019 were approved for issuance per NHA Board Resolution No. 6661 dated February 28, 2020.

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

### *a. Statement of Compliance with International Public Sector Accounting Standards (IPSAS)*

The NHA financial statements have been prepared in compliance with the IPSAS applicable to public entities classified as Non-Government Business Enterprise.

### *b. Presentation of Financial Statements*

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

*c. Functional and Presentation Currency*

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.

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

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

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

#### **3.2 Consolidation**

##### **a. Consolidated fund**

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

No sets of books are being maintained in the regional and district 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.

##### **b. Investments in joint ventures**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. As a Venturer, the NHA prepares separate financial statements and recognizes its interest in a joint venture using the cost plus acquisition changes in the NHA share in the net assets of the joint venture.

NHA has no direct control over the joint venture. NHA invests its property to the joint venture and will share in the assets and revenue in accordance with the rates provided for in the Joint Venture Agreement. The distributions of share from the joint venture from a controlled entity, a joint venture or an associate are recognized in the separate financial

statements of an entity when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognized in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognized as a reduction from the carrying amount of the investment.

**c. Trusts under administration**

NHA, as implementing agency/trustee receives funds from different National Government Agencies and GOCCs (Source Agency/Trustee) for the implementation of the different projects under Memorandum of Agreement (MOA) with the said agencies. Depending on the provisions of the MOA, NHA as administrator/implementing agency shall prepare separate financial statements or a subsidiary ledger for each fund/project. However, the trust funds are not consolidated in the financial statements of NHA, instead separate sets of books are being maintained. The amounts received by NHA from the trustors (source agency) are recognized under the liability account until the fulfillment of the NHA obligations. The NHA as administrator earns administrative fee under the MOA.

**3.3 Financial instruments**

**a. Financial assets**

The NHA's financial assets include cash and cash equivalent, and loans and receivables as at December 31, 2019.

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

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.

*Receivables* are stated at face value, except for rental receivables which is net of allowance for impairment.

*Derecognition*

The NHA derecognizes a financial asset or where applicable, a part of a financial asset or part of NHA of similar financial assets when:

1. the contractual rights to the cash flows from the financial asset expired or waived; and
2. the NHA has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS No. 29; and either the entity has:
  - transferred substantially all the risks and rewards of ownership of the financial asset; or
  - neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has transferred the control of the asset.

#### *Impairment of financial assets*

The NHA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty;
2. Default or delinquency in interest or principal payments;
3. The probability that debtors will enter bankruptcy or other financial reorganization; and
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

#### **b. Financial liabilities**

Financial liabilities are measured initially at fair value in compliance with IPSAS 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.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

#### 1. Financial liabilities at fair value through surplus

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IPSAS No. 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

#### 2. Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

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.

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

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

### **3.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank and time deposits with maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. 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.

### **3.5 Inventories**

Inventories are measured at cost upon initial recognition. To the extent that inventory is 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, inventories are 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.

### **3.6 Investment property**

A property is recognized as Investment Property if it is held to earn rentals or for capital appreciation or both, if future economic benefits are probable to flow to the entity and its cost is reliably measurable. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated using the straight-line method over their estimated useful life of 20-30 years, based on the structure, size and design of the building.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

### 3.7 Property and equipment

Property and equipment (PE) are initially recorded at cost and subsequently carried in the financial statements at cost less accumulated depreciation and impairment losses, in compliance with IPSAS No. 17, *Property, Plant and Equipment*. Major repairs and improvements 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 the assets less the residual value equivalent to at least ten per cent of the cost of the PE. The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset. The following are the estimated useful life of NHA's assets:

<b>Item of PPE</b>	<b>Estimated Useful Life</b>
Land improvements	Over the useful life of the asset to which the improvement was made or the useful life of the improvement if significantly shorter
Infrastructure assets	20 to 50 years
Buildings and other structures	30 to 50 years
Machinery and equipment	5 to 15 years
Transportation equipment	5 to 15 years
Furniture, fixtures and books	2 to 15 years
Leased assets, excluding land	If there will be a transfer of title to the lessee, over the useful life of the leased asset. If there is no transfer of title to the lessee, over the shorter between the useful life of the leased asset or the lease term. The lease term would include any renewal option periods where extension of the lease is expected.
Leased assets improvements	Over the useful life of the improvement or the lease term, whichever is shorter. The lease term would include any renewal option periods where extension of the lease is expected.
Other property, plant and equipment	2 to 15 years

An item of PE 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.



### 3.8 Leases

Leases in which the NHA does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

#### a. NHA as a lessee

##### i. Finance lease

Finance leases are leases that transfer substantially all the risk and rewards incidental to ownership of the leased item to the NHA.

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The NHA also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured at the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the NHA will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

##### ii. Operating lease

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of the leased item to the NHA. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### b. NHA as a lessor

##### i. Finance lease

The NHA recognizes lease payments receivable under a finance lease as assets in the statement of financial position. The assets are

presented as receivable at an amount equal to the net investment in the lease.

The finance revenue is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

ii. Operating lease

Leases in which the NHA does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PPE are applied to these assets of NHA.

### **3.9 Provisions, contingent liabilities and contingent assets**

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 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 probable 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 financial statements.

### **3.10 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.

### **3.11 Revenue from non-exchange transactions**

The NHA recognizes assets and revenues from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

### **3.12 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.

NHA applies Installment Sales Method for dealing with the uncertainty of cash collections where the risk and rewards of the goods are not fully transferred at the time of sale. This method of revenue recognition defers gross profit until cash from the sale is received.

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

### **3.13 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.

The financial statements - Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/Equity and Statement of Cash Flows are prepared on an accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash

basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the SCBAA. In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

The reconciliation of SCBAA with SFP is presented as follows:

	<b>Actual Amounts</b>	<b>Budgeted Amounts</b>
	(In Millions)	
Net Surplus/Deficit for the period	8,731.634	8,731.634
Items included in SCBAA but not included in Statement of Financial Performance		
Services and business income	1,796.373	7,458.345
Unutilized budgeted amount	0	90,100.195
Other income	4,974.267	(18.467)
Personnel services	(53.867)	(195.358)
MOOE	(361.544)	(368.274)
Capital expenditures	(16,028.712)	(88,337.943)
Financial expenses	(1.822)	0.297
Other expenses	(32.263)	0
	(9,707.568)	8,638.795
Items included in Statement of Financial Performance but not included in SCBAA		
Gross income	(1,599.590)	(1,599.590)
Shares, grants and donations	(247.121)	(247.121)
Non-cash expenses	67.657	67.657
Discounts/rebates and losses	21.735	21.735
Financial assistance subsidy	5,160.980	5,160.980
	3,403.661	3,403.661
<b>Net fund sources/uses</b>	<b>2,427.727</b>	<b>20,774.090</b>

### 3.14 Related parties

Pursuant to PD No. 757 and EO No. 90, the NHA shall be governed by a Board of Directors which shall be composed of the Secretary of Public Works, the Director-General of the National Economic and Development Authority, the Secretary of Finance, the Secretary of Labor, the Secretary of Trade and Industry, the Executive Secretary, the General Manager of the NHA and the Chairman of HUDCC as the Chairman of the Board. The members of the Board may have their respective alternates who shall be the officials next in rank to them and whose acts shall be considered the acts of their principals with right to receive their benefits. Provided, that in the absence of the Chairman, the Board shall elect a temporary presiding officer.

### 3.15 Employee benefits

The employees of NHA are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage; Philippine Health Insurance Corporation (PHIC), which provides health insurance coverage and ensure affordable, acceptable and available health care services; and Home Development Mutual Fund (HDMF), which provides affordable shelter financing.

The NHA recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

### 3.16 Events after the reporting date

Post year-end events that provide additional information about the NHA's financial position at the end of reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material. The impact of Corona Virus (COVID-19) pandemic on the mandate of NHA is discussed in detail in Note 35.

## 4. PRIOR PERIOD ADJUSTMENTS

Prior period errors are omissions from, and misstatements in, the NHA financial statements for prior periods arising from a failure to use, or misuse of, relevant information.

Errors in the previous year are corrected by restating the opening balance of affected accounts in the current year using the Accumulated Surplus/Deficit account.

## 5. CASH AND CASH EQUIVALENTS

This consists of:

	2019	2018
Cash on hand		
Collecting officers	10,761,331	22,389,812
Petty cash	789,531	395,988
Cash in bank		
Current account	5,810,223,888	3,414,222,657
Savings account	254,864,621	214,170,446
Time deposits	281,184,097	278,917,304
	<b>6,357,823,468</b>	<b>3,930,096,207</b>

The NHA maintains its cash balances in Land Bank of the Philippines (LBP) and Philippine Veterans Bank (PVB). The LBP is the government depository bank authorized by law to maintain depository accounts of government funds. The PVB

is authorized to accept funds subject to limitations prescribed by the Monetary Board.

The increase of P2.428 billion from the CY 2018 balance was caused primarily by the subsidy fund of P3.676 billion received from the National Government. The P296.144 million of the total Current and Savings Accounts are held garnished by the PVB in view of Construction Industry Arbitration Commission (CIAC) Case No. 13-2014, Blue Star Construction and Development Corporation (BCDC) vs NHA. The Court of Appeals issued a final and executory decision reversing the final award, dismissed the complaint and denied the Petition for Review of BCDC on May 28, 2018 and on October 15, 2018, NHA filed a Very Urgent Motion to Lift/Cancel Notice of Garnishment and Release Order of Money to CIAC.

## 6. RECEIVABLES

This is composed of the following:

	2019	2018
<b>Current:</b>		
Loans and receivables	5,942,337,311	5,619,824,967
Inter-agency receivables	4,196,531,095	3,162,739,592
Other receivables	81,908,916	11,537,787
	<b>10,220,777,322</b>	<b>8,794,102,346</b>
<b>Non-current:</b>		
Loans and receivables	60,855,020,810	56,631,756,899
Inter-agency receivables	215,207,271	298,646,169
	<b>61,070,228,081</b>	<b>56,930,403,068</b>

### 6.1 Loans and Receivables include the following:

	2019	2018
<b>Current:</b>		
Accounts receivable		
Rental receivable	2,650,627,440	2,552,610,515
Receivable from installment sales	1,591,564,659	1,539,397,545
Receivable from mortgage sales	106,716,430	106,055,665
Receivable from cash sales	606,222	606,222
Interest receivable	50,637,511	48,084,832
Loans receivable - Local Government		
Units (LGUs)	17,468,154	19,258,184
Loans receivable - others	1,790,217,213	1,618,988,367
	<b>6,207,837,629</b>	<b>5,885,001,330</b>
Allowance for impairment - rental	<b>(265,500,318)</b>	<b>(265,176,363)</b>
	<b>5,942,337,311</b>	<b>5,619,824,967</b>
<b>Non-current:</b>		
Accounts receivable	9,267,621,795	9,150,213,183
Loans receivable - LGUs	155,930,888	171,702,456
Loans receivable - others	51,431,468,127	47,309,841,260
	<b>60,855,020,810</b>	<b>56,631,756,899</b>

*Rental receivable* mainly pertains to receivable from the Department of Transportation (DOTr, formerly DOTC) for the lease of the North Triangle property covered by a Contract of Lease executed in April 1998. In March 2007, DOTr, NHA and MRT Development Corporation (MRT Dev Co) executed a Memorandum of Agreement and Assignment of Agreement wherein DOTr assigned its Depot Development Rights Payment (DRP) due from MRT Dev Co and authorized the latter to remit the same to NHA. The NHA, starting July 2007, receives monthly remittance from MRT Dev Co.

*Receivable from installment sales* is covered by Conditional Contract to Sell (CCS) with terms of up to 30 years. This also recognizes capitalization of amortization and delinquency interests as a result of restructuring of accounts due to condonation.

*Receivable from mortgage sales* is the amount due as NHA share from financing partners like Home Development Mutual Fund (HDMF) and National Home Mortgage Finance Corporation (NHMFC).

*Receivable from cash sales* is covered by Deed of Sale to be collected in a year's time.

*Interests receivable* of P50.638 million pertains to accrued interest on installment sales from accounts with one year arrearages per aging report.

*Loans receivable - LGUs* represents loans granted to various LGUs who avail the Local Housing Program of NHA. The amount financed is subject to repayment of the LGUs according to terms and conditions stated in the Memorandum of Agreement.

*Allowance for impairment* of P265.500 million covers the doubtful accounts from beneficiaries' rental accounts.

The allowance for impairment is based on estimated collectability of Rental Receivable balances. Higher rate of allowance is provided for long-outstanding accounts based on the aging report as follows:

<b>Age</b>	<b>Rate of Allowance (in per cent)</b>
4 to 6 months	10
7 to 12 months	20
1 to 3 years	30
Over 3 to 5 years	40
Over 5 years	50

*Allowance for impairment* is set-up for dormant receivables on Loans Receivable-LGUs and Loans Receivable-Others.

Using variable rates depending upon the nature of receivables, the allowance for D/A (dormant accounts) is provided based on a study of the estimated collectability of the receivable balances.

<b>Non-current</b>	<b>Balance 01/01/2019</b>	<b>Additional Provision</b>	<b>Recoveries/ Write-offs/ Adjustments</b>	<b>Balance 12/31/2019</b>
Loans receivable - LGUs	59,042,189	0	4,289,321	54,752,868
Loans receivable - others	126,100,893	0	60,099	126,040,794
Other receivables	7,245,994	34,770,963	0	42,016,957
	<b>192,389,076</b>	<b>34,770,963</b>	<b>4,349,420</b>	<b>222,810,619</b>

*Loans receivable - others* represents loans granted to beneficiaries under the various housing projects of NHA as well as 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. For CISFA account, the loans are 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.

## 6.2 Inter-agency receivables

	<b>2019</b>	<b>2018</b>
<b>Current:</b>		
Due from LGUs	<b>3,065,262,631</b>	2,064,184,242
Due from NGAs	<b>1,117,070,559</b>	1,090,423,322
Due from GOCCs	<b>14,197,905</b>	8,132,028
	<b>4,196,531,095</b>	3,162,739,592
<b>Non-current:</b>		
Due from NGAs	<b>119,432,480</b>	195,127,361
Due from LGUs	<b>95,774,791</b>	103,518,808
	<b>215,207,271</b>	298,646,169

*Due from LGUs* are advances to different LGUs, 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 audited by the Auditor of the City. The advances are primarily for housing materials assistance for families affected by calamities, mobilization, construction of houses on stilts, footbridges, communal septic tanks and construction of housing units for indigenous people.

This account also represents non-interest bearing loans to LGUs covered by a Memoranda of Agreement.

*Due from NGAs* represents advances of NHA to Department of Public Works and Highways (DPWH), Department of Health (DOH) and Department of Social Welfare and Development (DSWD) which are subject to liquidation. Majority of the cash advance to DPWH is for the implementation of the Zamboanga City Roadmap to Recovery and Reconstruction Plan. The fund covers the expenses necessary for land development and civil works which



were conceptualized due to the armed conflict that caused heavy damage and burning of homes in Zamboanga on September 9, 2013.

This also includes receivables from the Department of Education (DepEd) for the construction of school buildings/facilities in the resettlement sites in Laguna, Cavite, Rizal, Bulacan, Muntinlupa and Metro Manila, relative to the North/South Rail Relocation Program.

Part also of this account are the advances made in 1983 to the Office of the President for the implementation of the Malacañang Community Environmental Renewal Project (MACERP) amounting to P19.534 million.

*Due from GOCCs* represents advances/loans to various GOCCs subject for reimbursement to NHA. *Due from Metropolitan Waterworks and Sewerage System (MWSS)* amounting to P5.630 million refers to the cost of repair and rehabilitation works of sewerage lift stations, connection of water service lines, rental for the MWSS - Zonal Improvement Project (ZIP) team and various charges. *Due from Philippine National Oil Company (PNOC)* amounting to P2.484 million pertains to cost of design and supervision on the relocation and resettlement project for the informal occupants of the PNOC Petrochemical Development Corporation Petrochemical Complex.

### 6.3 Other receivables

	<b>2019</b>	2018
Due from Non-Government Organizations/ People's Organizations (NGOs/POs)	<b>59,132,744</b>	3,994,750
Receivables-disallowances/charges	<b>682,856</b>	682,856
Due from officers and employees	<b>48,713</b>	22,027
Other receivables	<b>22,044,603</b>	6,838,154
	<b>81,908,916</b>	11,537,787

*Due from NGOs/POs* are advances made to various Electric Cooperatives. The increase of P55.138 million was due to advance payment made to Lanao del Sur Electric Cooperative, Inc. of P57.293 million for the construction of distribution lines and installation of lightning facilities for the Temporary Shelter in Marawi City.

*Other receivables* represent receivables from beneficiaries for water and electric services. The account is also used as reciprocal account to record the transactions between the NHA and the National Government Center (NGC)/Pinatubo Project Management Office (PPMO). The increase of P15.206 million was mainly due to receivables from NGC of P7.893 million and PPMO of P6.577 million for remittances to Bureau of Internal Revenue (BIR) charged from NHA general fund.

## 7. INVENTORIES

This consists of the following:

	2019	2018
Merchandise inventory		
Completed development for sale - building	<b>27,701,399,968</b>	24,357,455,011
Completed development for sale - land	<b>19,215,253,901</b>	17,861,760,436
	<b>46,916,653,869</b>	42,219,215,447
Property and equipment for distribution		
Completed development for transfer - building	<b>724,889,871</b>	737,205,789
Completed development for transfer - land	<b>299,504,006</b>	299,504,006
	<b>1,024,393,877</b>	1,036,709,795
Work-in-process inventory		
Housing units	<b>5,739,958,149</b>	5,192,003,026
Resettlement projects	<b>3,726,323,858</b>	3,533,710,519
Community facilities	<b>1,167,142,168</b>	867,259,981
Slum upgrading	<b>91,353,830</b>	89,134,585
Sites and services	<b>35,560,460</b>	22,963,547
	<b>10,760,338,465</b>	9,705,071,658
Inventory held for consumption		
Office supplies	<b>9,160,375</b>	14,027,260
Other supplies and materials	<b>103,521</b>	103,521
Drugs and medicines	<b>60,171</b>	92,455
Semi-expendable information and communication technology equipment	<b>7,800</b>	0
	<b>9,331,867</b>	14,223,236
	<b>58,710,718,078</b>	52,975,220,136

*Merchandise inventory* represents developed lots, houses and buildings transferred from Work-in-Process Inventory for disposition/sale. The sale is supported by a Sales Report from the project office to reflect the cost of sales. Any adjustment or cancellation is supported by amended/cancelled Sales Report.

*Property and equipment for distribution* pertains to infrastructure/community facilities for transfer to various government agencies such as DOH, MWSS, DPWH, Department of Local Government and Community Development, LWUA, DepEd and DSWD.

*Work-in-process inventory* represents on-going projects of the NHA.

- *Housing units* pertain to Low Rise Buildings (LRB) and Medium Rise Buildings (MRB) constructed for sale upon completion.
- *Resettlement projects* involve acquisition and development of large tracts of raw land to generate serviced lots or core housing units for families displaced from danger areas such as waterways, esteros and railroad tracks and from sites intended for government infrastructure projects.

- *Community facilities* include other structures such as school buildings, multipurpose halls, livelihood centers and health centers, etc. to be transferred to LGUs and DepEd upon completion.
- *Slum upgrading* entails the acquisition and on-site improvement of occupied lands through the introduction of road or alleys and basic services such as water and power.
- *Sites and services* are raw lands acquired and developed by NHA for the purpose of turning into serviced home lots which will serve as alternative to informal settlers as well as catchment areas for in-migration and population growth (See Note 11).

## 8. OTHER CURRENT ASSETS

This consists of the following:

	2019	2018
Advances		
Advances for operating expenses	416,351,134	115,144,502
Advances to special disbursing officer	45,558,715	6,893,170
Advances to officers and employees	489,019	211,352
Advances for payroll	182,525	672,616
	<b>462,581,393</b>	122,921,640
Prepayments		
Advances to contractors	2,897,741,052	3,034,693,878
Prepaid insurance	604,229	422,058
	<b>2,898,345,281</b>	3,035,115,936
	<b>3,360,926,674</b>	3,158,037,576

*Advances for operating expenses* represent the working fund of the NHA. The increase of P301.207 million was due to unliquidated funds as at December 31, 2019.

*Advances to special disbursing officer* are for special purpose/time-bound undertakings to be liquidated within specified period. The increase of P38.666 million was due to unliquidated funds as at December 31, 2019.

*Advances to officers and employees* are amounts advanced for official travel.

*Advances for payroll* represent the payroll fund of the NHA.

*Advances to contractors* refer to advances made to contractors representing mobilization fee equivalent to 15 per cent of the contract cost.

## 9. INVESTMENTS

	2019	2018
Investments in joint venture		
Urban Triangle Development Project	<b>4,402,080,470</b>	4,765,388,309
AFP Military Housing	<b>15,205,628</b>	15,205,628
Barangay McKinley	<b>12,197,970</b>	12,197,970
Zamboanga Teachers Village Housing	<b>10,047,693</b>	10,047,693
Concepcion Resettlement Site	<b>6,500,000</b>	6,500,000
San Juan Cooperative Housing	<b>6,075,033</b>	6,075,033
Canduman Resettlement Project	<b>4,649,571</b>	5,049,934
Kadayawan Homes	<b>4,355,582</b>	4,355,582
Various joint venture projects	<b>23,305,878</b>	23,305,878
Investments in stocks	<b>38,890</b>	38,890
	<b>4,484,456,715</b>	4,848,164,917

*Investments in joint venture* represent the NHA's equity on the above various joint venture projects.

Urban Triangle Development Project pertains to the Joint Venture Agreement with Ayala Land Inc. (ALI) on August 27, 2009 to develop part of North Triangle Property consisting of 281,829 square meters (sqms.) of land into a mixed-use complex at P21,000 per sqm. In return for their respective contributions to the project, the NHA shall receive an allocation of 28.28 per cent while ALI shall receive 71.72 per cent.

## 10. INVESTMENT PROPERTY

Investment property consists of land and tenement housing projects rented out to NHA beneficiaries.

Investment Property	2019			2018		
	Land	Building	Total	Land	Building	Total
Cost						
January 1	<b>294,114,604</b>	<b>749,214,498</b>	<b>1,043,329,102</b>	297,102,056	47,806,250	344,908,306
Additions/acquisitions	<b>0</b>	<b>0</b>	<b>0</b>	(2,987,452)	701,408,248	698,420,796
	<b>294,114,604</b>	<b>749,214,498</b>	<b>1,043,329,102</b>	294,114,604	749,214,498	1,043,329,102
Accumulated depreciation						
January 1	<b>0</b>	<b>43,580,227</b>	<b>43,580,227</b>	0	38,146,649	38,146,649
Depreciation	<b>0</b>	<b>21,384,705</b>	<b>21,384,705</b>	0	5,598,887	5,598,887
Disposal/adjustments	<b>0</b>	<b>0</b>	<b>0</b>	0	(165,309)	(165,309)
	<b>0</b>	<b>64,964,932</b>	<b>64,964,932</b>	0	43,580,227	43,580,227
	<b>294,114,604</b>	<b>684,249,566</b>	<b>978,364,170</b>	294,114,604	705,634,271	999,748,875

## 11. PROPERTY AND EQUIPMENT

This is composed of the following:

	Land	Land Improve- ments	Bldgs. & Other Structures	Machinery & Equipment	Transportation Equipment	Furniture, Fixtures & Books	Other PPE	Leased Assets improve- ments	CIP- Buildings & Other Structures	TOTAL
<b>Cost</b>										
January 1, 2019	1,187,625,357	19,364,975	238,896,143	248,339,319	134,096,488	4,786,033	2,845,200	0	188,040,818	2,023,994,333
Additions/acquisitions	915,635,786	0	18,859,274	65,281,146	16,829,750	520,720	108,000	479,754	32,264,473	1,049,978,903
Disposal/adjustments	(220,844,888)	0	0	(290,618)	0	18,911	0	0	(19,018,296)	(240,134,891)
	<b>1,882,416,255</b>	<b>19,364,975</b>	<b>257,755,417</b>	<b>313,329,847</b>	<b>150,926,238</b>	<b>5,325,664</b>	<b>2,953,200</b>	<b>479,754</b>	<b>201,286,995</b>	<b>2,833,838,345</b>
<b>Accumulated depreciation</b>										
January 1, 2019	0	7,807,624	148,289,541	146,325,261	99,549,930	2,719,009	2,027,376	0	0	406,718,741
Depreciation	0	1,672,947	3,331,047	28,475,804	11,042,615	605,262	234,396	0	0	45,362,071
Disposal/adjustments	0	0	0	805,468	0	(33,076)	0	0	0	772,392
	<b>0</b>	<b>9,480,571</b>	<b>151,620,588</b>	<b>175,606,533</b>	<b>110,592,545</b>	<b>3,291,195</b>	<b>2,261,772</b>	<b>0</b>	<b>0</b>	<b>452,853,204</b>
	<b>1,882,416,255</b>	<b>9,884,404</b>	<b>106,134,829</b>	<b>137,723,314</b>	<b>40,333,693</b>	<b>2,034,469</b>	<b>691,428</b>	<b>479,754</b>	<b>201,286,995</b>	<b>2,380,985,141</b>
<b>Cost</b>										
January 1, 2018	1,255,005,661	20,889,133	239,106,686	234,641,489	121,162,637	4,085,946	2,845,200	0	138,500,927	2,016,237,679
Additions/acquisitions	8,223,523	0	1,267,860	13,678,097	12,418,900	700,087	0	0	49,960,810	86,249,277
Disposal/adjustments	(75,603,827)	(1,524,158)	(1,478,403)	19,733	514,951	0	0	0	(420,919)	(78,492,623)
	<b>1,187,625,357</b>	<b>19,364,975</b>	<b>238,896,143</b>	<b>248,339,319</b>	<b>134,096,488</b>	<b>4,786,033</b>	<b>2,845,200</b>	<b>0</b>	<b>188,040,818</b>	<b>2,023,994,333</b>
<b>Accumulated depreciation</b>										
January 1, 2018	0	5,996,896	142,489,714	124,571,595	91,602,765	2,173,462	1,674,765	0	0	368,509,197
Depreciation	0	1,672,948	5,799,827	24,210,569	7,940,404	544,928	352,611	0	0	40,521,287
Disposal/adjustments	0	137,780	0	(2,456,903)	6,761	619	0	0	0	(2,311,743)
	<b>0</b>	<b>7,807,624</b>	<b>148,289,541</b>	<b>146,325,261</b>	<b>99,549,930</b>	<b>2,719,009</b>	<b>2,027,376</b>	<b>0</b>	<b>0</b>	<b>406,718,741</b>
	<b>1,187,625,357</b>	<b>11,557,351</b>	<b>90,606,602</b>	<b>102,014,058</b>	<b>34,546,558</b>	<b>2,067,024</b>	<b>817,824</b>	<b>0</b>	<b>188,040,818</b>	<b>1,617,275,592</b>

*Land* consists of:

- *Housing and community development administrative site* represents cost of land utilized for project offices of NHA, staff building, livelihood centers.
- *Land assembly for future projects* represents cost of undeveloped lots acquired for eventual development or redevelopment and intended for future projects.

*Buildings and other structures* are used for administrative purposes such as office buildings, multipurpose halls, recreational centers and the like.

Fully depreciated property and equipment such as office equipment, information technology equipment, motor vehicles and other property and equipment acquired in 1997-2014 with an aggregate residual value of P37.100 million that remains in service or in use are still reported unless disposed or destroyed.

*Leased assets improvements-building* pertains to refurbishment of leased office space in Baguio City by CAR I Regional Office.

## 12. OTHER NON-CURRENT ASSETS

	2019	2018
Loans and receivables		
Loans receivable - LGUs	<b>54,752,868</b>	57,963,711
Allowance for impairment - LGUs	<b>(54,752,868)</b>	(59,042,189)
Accounts receivable-mortgage sales	<b>42,440,486</b>	42,808,688
Loans receivable - others	<b>126,040,794</b>	126,100,893
Allowance for impairment - others	<b>(126,040,794)</b>	(126,100,893)
	<b>42,440,486</b>	41,730,210

(forward)

	2019	2018
Inter-agency receivables		
Due from LGUs	27,842,701	27,842,701
Due from GOCCs	17,164,812	17,252,212
Due from NGAs	167,944	167,944
	<b>45,175,457</b>	45,262,857
Other receivables		
Other receivables	42,016,957	41,794,538
Allowance for impairment-other receivables	<b>(42,016,957)</b>	(7,245,994)
	<b>0</b>	34,548,544
Other assets		
Restricted fund	2,711,958,774	7,150,943,276
Foreclosed property/assets	58,402,333	61,395,783
Guaranty deposits	10,724,618	50,026,709
Advances to contractors	16,571,321	16,571,321
Prepaid rent	1,751,672	467,865
Other assets	678,198,929	678,198,929
	<b>3,477,607,647</b>	7,957,603,883
	<b>3,565,223,590</b>	8,079,145,494

*Loans receivable* - LGUs are loans extended by the NHA for the following programs/projects which are non-moving for more than five years:

Pambansang Bagong Nayon	6,566,232
Zonal Improvement Project (ZIP)	6,270,950
Joint venture project	5,007,574
Slum upgrading	692,187
Regional cities development	103,974
Various housing, improvement of water system, survey and drainage works	36,111,951
	<b>54,752,868</b>

*Loans receivable* also includes bridge financing to joint venture partners which are non-moving for five years or more.

*Due from LGUs/GOCCs/NGAs* represents advances made to different government units wherein audited Statements of Disbursements have not yet been submitted to record the liquidation.

*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.

*Restricted fund* represents fund for special purpose which cannot be used in the operation of the Agency. The account consists of Deposit for Expropriation, Deposit Held-in-Trust and Deposit Held-in-Escrow. The decrease of P4.439 billion is mainly due to the use of trust funds to cover the cash requirements of Armed Forces of the Philippines/Philippine National Police (AFP/PNP) Housing and various Resettlement Programs for Informal Settler Families (ISFs).

*Foreclosed property/assets* pertain to the following properties which are foreclosed/acquired by the NHA.

	<b>2019</b>	2018
NHA-SSS Apartment/Dorm Leila Cristobal Property	<b>17,142,510</b>	17,142,510
NHA-SSS Apartment/Dorm Andrew and Ester Nocon	<b>14,694,406</b>	14,694,406
NHA-SSS Apartment/Dorm Enrique Mabasa Property	<b>13,658,005</b>	13,658,005
NHA-SSS Apartment/Dorm Mary Christine Yu Property	<b>6,670,315</b>	6,670,315
NHA-SSS Apartment/Dorm Jose Morales Property	<b>2,954,358</b>	2,954,358
A. Basa Property - Quezon City	<b>1,055,825</b>	1,055,825
Northern Hills Subdivision	<b>1,036,760</b>	1,036,760
Baguio City Dormitory	<b>0</b>	2,938,278
Others	<b>1,190,154</b>	1,245,326
	<b>58,402,333</b>	61,395,783

*Guaranty deposits* are deposits made to NHMFC 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. The decrease of P39.302 million was mainly due to partial refund of P11.534 million guarantee deposit from NHMFC and P20.122 million power installation on various projects from Meralco.

*Advances to contractors* represent the 15 per cent advance payment for mobilization not yet recouped due to termination/suspension or rescission of contract.

*Other assets* include investment in joint venture with Trustek Conclad Aus-Phil., Inc. of P35 million. After the joint venture was terminated, the custody to idle machinery and equipment were transferred to NHA. The equipment had been offered for bids but there were no takers. The NHA is looking for other means to dispose the assets.

The account also includes terminated project of P618.708 million due to geographical location issues, and projects under court litigation of P24.340 million due to encumbrances and legal claims attached to the land titles.

### 13. FINANCIAL LIABILITIES

	<b>2019</b>	2018
Accounts payable	<b>103,693,940</b>	326,978,041
Due to officers and employees	<b>109,631,954</b>	101,667,220
Tax refunds payable	<b>0</b>	959,661
	<b>213,325,894</b>	429,604,922

The decrease in *Accounts Payable* is mainly due to payment to Contractors for the implementation of the different housing programs while the increase in *Due to Officers and Employees* is due to the accrual of Productivity Enhancement Incentive.

#### 14. INTER-AGENCY PAYABLES

	2019	2018
Due to Treasurer of the Philippines	2,056,479,251	2,056,479,226
Due to subsidiaries/joint venture/associates/ affiliates	120,626,202	115,499,115
Due to LGUs	67,734,464	67,734,464
Due to government corporations	50,124,693	49,752,092
Due to BIR	38,061,364	19,375,694
Due to GSIS	9,513,200	13,270,831
Due to Pag-IBIG	1,311,810	1,476,103
Due to Philhealth	840,299	1,357,146
	<b>2,344,691,283</b>	<b>2,324,944,671</b>

*Due to Treasurer of the Philippines* are trust funds released by DBM through the BTr for the Medium-Rise Public and Private Housing and Local Housing Program as mandated in the CISFA of 1994.

The account also includes P9.096 million land cost of Dumagok Resettlement Project, which the NHA shall reimburse the national government the value of the land after the final payment of the areas reserved for socialized housing purposes by the qualified beneficiaries.

The P95.278 million loan to Urban III, Loan Agreement #1821 was reclassified from Loans Payable to Due to Treasurer of the Philippines account in 2017. This is to be assumed by MWSS for water systems funded by the World Bank under the ZIP, subject to issuance of a negative Advice of Allotment by the BTr.

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

*Due to LGUs* consists of:

- Due to provincial government of Pangasinan of P2.698 million representing the share of the province in the housing project for 257 beneficiaries. NHA shall remit 30 per cent to the province upon receipt of take-out mortgage loan from HDMF.
- Due to provincial government of Rizal of P67.734 million representing the share of the province in the housing project for ISFs living in danger areas displaced by typhoon Ondoy. NHA will remit 27 per cent of its collection from the beneficiaries to the province.

*Due to government corporations* pertains to miscellaneous fees paid by beneficiaries to be deducted from the loan proceeds of NHMFC mortgage take-out.

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



## 15. TRUST LIABILITIES

	2019	2018
Trust liabilities		
NGAs	8,934,248,525	8,891,864,057
GOCCs	548,948,717	483,202,408
Others	1,935,650,141	1,929,620,289
Guaranty/security deposits payable	4,689,034,597	4,204,552,243
	<b>16,107,881,980</b>	<b>15,509,238,997</b>

*Trust liabilities* consist of funds entrusted to NHA for special purpose and collection from beneficiaries housing projects covered by Trust Agreement. This account registered an increase in CY 2019 due to trust funds received from DPWH, DOTr and Primelux Holdings Development, Inc.

*Guaranty/security deposits payable* refers to the amount deducted from the progress billing of contractors/developers to guarantee performance for the contract.

## 16. DEFERRED CREDITS / UNEARNED INCOME

	2019	2018
Deferred income from installment sales	4,141,431,520	4,071,715,010
Depository liabilities	545,289,114	604,218,059
Deferred profit - uncollected claims	14,788,141	14,788,141
	<b>4,701,508,775</b>	<b>4,690,721,210</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* represent buyers' deposit on lots and titles and rental deposit from beneficiaries of various NHA projects.

*Deferred profit - uncollected claims* represent amount due to G & M Realty Construction and Development Corporation, a joint venture partner in 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 1, 1999.

## 17. OTHER PAYABLES

This is composed of the following:

	2019	2018
<b>Current:</b>		
Dividends payable	13,241,523	32,262,771
Other payables	541,442,595	171,155,855
	<b>554,684,118</b>	<b>203,418,626</b>

(forward)

	2019	2018
<b>Non-current:</b>		
Other payables	<b>213,187,939</b>	526,993,928
	<b>213,187,939</b>	526,993,928

Pursuant to RA No. 7656, the NHA annually declares and remits dividends of at least 50 per cent of Net Earnings, directly to the National Government in the name of the Treasurer of the Philippines on or before May 15 of each year.

*Other payables* consist of amounts received from prospective buyers, tenants, awardees and contractors to guarantee performance of awarded contracts. This also includes P316.282 million reclassification from provisions and contingent liabilities account.

## 18. GOVERNMENT EQUITY

	2019	2018
Accumulated surplus	<b>113,798,796,807</b>	105,014,737,057
Government equity	<b>2,893,406,770</b>	2,893,406,770
Contributed capital	<b>3,494,306,718</b>	3,494,306,718
	<b>120,186,510,295</b>	111,402,450,545

*Accumulated surplus* contains the cumulative results of operations of the NHA and subsidy fund received from the National Government.

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.

*Contributed Capital* mostly consists of properties acquired by NHA thru Republic Acts, Executive Orders or Presidential Proclamations. The NHA in coordination with other government agencies was designated to develop, convert into housing units and administer the disposition of the properties to bonafide occupants. Its detailed composition is as follows:

	2019	2018
Joint venture project/asset pool		
Vitas Reclamation Project	<b>1,520,185,412</b>	1,520,185,412
Smokey Mountain Development and Reclamation Project (SMDRP)	<b>758,110,161</b>	758,110,161
	<b>2,278,295,573</b>	2,278,295,573
Thru Presidential Decree/Proclamation (PD/PP)		
Tala Development Project Phase 4 SMDRP (MRB-10B)	<b>277,863,640</b>	277,863,640
Three lots from the Municipality of Pasig, Cainta and Taytay	<b>65,862,720</b>	65,862,720
Land cost of Tala 3 MRH	<b>56,423,891</b>	56,423,891
Land cost of Tala 2 MRH, Caloocan City	<b>52,171,600</b>	52,171,600
Tala Development Project Phase 5	<b>52,000,000</b>	52,000,000
	<b>50,235,000</b>	50,235,000

(forward)

	<b>2019</b>	2018
Tala Development Project Phase 2	<b>45,781,000</b>	45,781,000
Liang Housing Project, Surigao del Sur	<b>37,820,160</b>	37,820,160
Land cost of Tala 1 MRH	<b>26,209,000</b>	26,209,000
Caingin Housing Project, Iloilo	<b>26,034,720</b>	26,034,720
DAR BPI Compound (Cresencia Village), Baguio City	<b>21,600,000</b>	21,600,000
Bagong Silang Project, Phase XI, Package 10	<b>21,461,165</b>	21,461,165
Barangay Valencia Project, Quezon City	<b>18,510,000</b>	18,510,000
Lualhati housing project-Baguio City	<b>17,425,060</b>	17,425,060
Tala Estate, Caloocan City	<b>15,460,016</b>	15,460,016
Bagong Silang Project, Phase XI, Package 9	<b>14,533,506</b>	14,533,506
Lot located in Barangay Katipunan, Q.C.	<b>14,513,760</b>	14,513,760
Camp Gregg PNP Housing Project	<b>8,793,823</b>	8,793,823
Land cost-Maria Orosa and Jorge Bacobo Housing Project	<b>108,200</b>	108,200
	<b>822,807,261</b>	822,807,261
From other government agency (thru PD/PP)		
Philippine Centennial Village Project, Taguig - from BCDA	<b>242,724,323</b>	242,724,323
Monteraza Subdivision, Benguet from PMS	<b>117,618,100</b>	117,618,100
Lot from DPWH at Sta. Ana Manila	<b>17,753,151</b>	17,753,151
Lot from DSWD at Sta. Ana Manila	<b>10,826,000</b>	10,826,000
Housing for 1 <sup>st</sup> Dist. of Agusan del Norte - from DPWH	<b>3,263,360</b>	3,263,360
Polo Transmitting Community Development Cooperative-from DOTC	<b>193,450</b>	193,450
	<b>392,378,384</b>	392,378,384
Donation		
Three motor vehicles	<b>800,500</b>	800,500
One computer unit	<b>25,000</b>	25,000
	<b>825,500</b>	825,500
	<b>3,494,306,718</b>	3,494,306,718

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 valuation of lot.

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

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

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

The amount of P37.820 million represents Lianga Housing Project located at Barangay 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 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 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 Bureau of Plant Industry 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 P18.510 million is a parcel of land located in Barangay Valencia, Quezon City which was declared under PP No. 543, as a socialized housing site for disposition in favor of bonafide occupants.

The 8,981.99 sqm. at P1,940/sqm. land in Barangay Lualhati, Baguio was acquired thru PP No. 262 dated September 23, 2002, amending PP No. 396 dated March 31, 1989.

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

Projects in Bagong Silang, Phase XI, Package 10; Tala 2; Bagong Silang, Phase XI, Package 9; Tala 3; and Tala Development Project Phases 5 and 2 in Caloocan City amounting to P21.461 million, P52 million, P14.534 million, P52.172 million, P50.235 million and P45.781 million, respectively, are under PP No. 843.

The land located at Barangay Katipunan Quezon City was conveyed per Deed of Re-conveyance and the Board approved the conversion of its land use from slaughterhouse site to residential lot for proper distribution and award to its occupants under Board Resolution No. 4477 dated January 2002.

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

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

The Presidential Management Staff donated the Monterraza property covering an area of 88,474 sqm. more or less and 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 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 10,826 sqm. lot located in Sta. Ana, Manila from DSWD identified as Lots 6 and 11, Block 22 located at Sta. Ana, Manila covered by TCT No. 234394 and

234399, respectively, at P1,000 per sqm., are for Bo. Puso Homeowners Association.

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

The three motor vehicles are donated by the Japan International Cooperation Agency (JICA) and the KINHILL PTY. LTD and the computer is donated by Meiy Construction.

## 19. REVALUATION SURPLUS

This account consists of the following:

	2019	2018
Government Center, North Triangle	6,127,219,012	6,127,219,012
East Triangle, Quezon City	562,891,643	0
Pinaglabanan, San Juan LRB	99,388,800	99,388,800
Manggahan Floodway Residential Building Project (MMDA Depot)	18,213,500	18,213,500
	<b>6,807,712,955</b>	<b>6,244,821,312</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.

In 2019, appraisal surplus of P562.891 million was recorded for the 15,215 sqms. lot sold to NKTi at East Triangle, Quezon City. The appraised value per sqm. is P37,000.

## 20. SUBSIDY INCOME FROM THE NATIONAL GOVERNMENT

As at December 31, 2019, the total allotment for the various projects amounted to P165.298 billion. Details are as follows:

Projects	Amount Advice of Allotment	Cash Received		Total Utilization		Balance of Cash	Balance of Allotment
		2019	2018 and prior	2019	2018 and prior		
<b>Disbursement Acceleration Program (DAP)</b>							
1 Housing Project for Families Living Along in Danger Areas in Metro Manila	8,710,162,000	0	7,115,366,000	27,094,549	9,106,597,973	(2,018,326,522)	1,594,796,000
2 Housing for BFP / BJMP	408,964,000	0	408,964,000	0	368,164,639	40,799,361	0
3 North Triangle Relocation Project	163,298,000	0	106,325,000	69,711,284	148,201,045	(111,587,329)	56,973,000
4 Iloilo Resettlement Project	100,000,000	0	100,000,000	0	165,791,930	(65,791,930)	0
	<b>9,382,424,000</b>	<b>0</b>	<b>7,730,655,000</b>	<b>96,805,833</b>	<b>9,788,755,587</b>	<b>(2,154,906,420)</b>	<b>1,651,769,000</b>
<b>Regular Appropriation</b>							
1 Permanent Housing Project for Typhoon Yolanda	26,324,121,000	2,318,978,134	4,502,239,000	3,725,582,154	8,832,979,650	(5,737,344,670)	19,502,903,866
2 Housing Program for ISFs Living in Danger Areas in Metro Manila	23,465,603,347	0	16,562,070,000	1,316,202,370	17,375,805,772	(2,129,938,142)	6,903,533,347
3 Resettlement Program	18,843,675,955	0	14,256,526,955	786,475,411	13,406,037,234	64,014,310	4,587,149,000
4 ISF's Affected by the Supreme Court's Mandamus to clear off Manila Bay (forward)	8,701,916,955	6,111,237,000	0	3,092,722,901	0	3,018,514,099	2,590,679,955

Projects	Amount Advice of Allotment	Cash Received		Total Utilization		Balance of Cash	Balance of Allotment
		2019	2018 and prior	2019	2018 and prior		
5 AFP/PNP/BFP/BJMP/BuCor Housing Program	9,742,290,000	0	1,132,830,000	1,516,018,159	2,537,312,238	(2,920,500,397)	8,609,460,000
6 Emergency Housing Assistance for Calamity Victims	1,386,279,000	0	1,259,425,000	76,637,665	1,481,546,011	(298,758,676)	126,854,000
7 Community Facilities for Existing Relocation Sites	536,087,000	0	19,733,352	129,388,214	4,723,889	(114,378,751)	516,353,648
8 "Zamboanga Conflict" Housing Project	347,319,000	0	309,189,000	1,379,229	194,911,824	112,897,947	38,130,000
9 Settlements Upgrading Program	252,845,000	0	142,834,000	0	128,216,640	14,617,360	110,011,000
10 Marawi Transitional Housing Project	218,537,125	103,332,876	75,871,000	25,483,988	139,837,348	13,882,540	39,333,249
11 Relocation Assistance	152,438,000	0	0	0	0	0	152,438,000
12 Regional Resettlement Program- Socialized Housing	20,067,000	0	0	0	0	0	20,067,000
13 ISFs Affected by Infrastructure Projects	54,000,000	0	0	0	0	0	54,000,000
14 Site Acquisition, Development and Shelter Construction, Tiwi, Albay	350,000,000	0	0	0	0	0	350,000,000
	<b>90,395,179,382</b>	<b>8,533,548,010</b>	<b>38,260,718,307</b>	<b>10,669,890,091</b>	<b>44,101,370,606</b>	<b>(7,976,994,380)</b>	<b>43,600,913,065</b>
<b>Other Releases</b>							
1 AFP and PNP Housing Project	13,190,580,000	0	13,190,580,000	310,196,397	11,741,821,040	1,138,562,563	0
2 Permanent Housing Project for Typhoon Yolanda	40,340,978,000	3,234,513,000	24,542,555,000	2,656,806,501	24,839,314,560	280,946,939	12,563,910,000
3 Typhoon Pablo Housing Project	4,084,600,000	0	3,745,101,000	162,351,619	3,726,787,631	(144,038,250)	339,499,000
4 "Zamboanga Conflict" Housing Project	2,593,735,775	0	2,566,000,000	23,679,700	2,464,080,292	78,240,008	27,735,775
5 Reconstruction and Rehabilitation Program Fund	1,500,000,000	0	827,199,000	236,433,057	1,062,171,771	(471,405,828)	672,801,000
6 Irosin Resettlement Project	63,040,000	0	63,040,000	0	60,424,000	2,616,000	0
7 Construction of 50 hsg units- Cateel, Davao Oriental	5,000,000	0	5,000,000	0	5,000,000	0	0
8 NDDRMF - Repair and rehab of existing resettlement site for families affected by Typhoon Nina in 2016	699,986,898	25,966,000	0	9,665,817	0	16,300,183	674,020,898
9 Rehabilitation of the Most Affected Area (MAA) in Marawi	2,355,500,000	2,063,116,820	0	1,999,863,950	0	63,252,870	292,383,180
10 Emergency Housing Assistance Program	400,000,000	0	0	0	0	0	400,000,000
11 North Triangle Relocation Project	286,702,000	0	0	0	0	0	286,702,000
	<b>65,520,122,673</b>	<b>5,323,595,820</b>	<b>44,939,475,000</b>	<b>5,398,997,041</b>	<b>43,899,599,294</b>	<b>964,474,485</b>	<b>15,257,051,853</b>
	<b>165,297,726,055</b>	<b>13,857,143,830</b>	<b>90,930,848,307</b>	<b>16,165,692,965</b>	<b>97,789,725,487</b>	<b>(9,167,426,315)</b>	<b>60,509,733,918</b>

The amount of P8.710 billion was only the reported allotment for the Housing Project for Families Living along Danger Areas in Metro Manila out of the total P10 billion allotment since the remaining amount of P1.595 billion could no longer be released by the BTr due to the Supreme Court declaration that the fund intended for DAP was considered as unconstitutional.

The DAP fund of P408.964 million for the Bureau of Fire Protection (BFP)/Bureau of Jail Management and Penology (BJMP) represents the amount of allotment at net of P91.036 million that was remitted to the BTr on November 11, 2015.

The allotment for the North Triangle Relocation Project was originally amounted to P450 million, P286.702 million of which was cancelled by DBM and subsequently provided a supplemental appropriation for FY 2014 which was reclassified under Other Releases.

Allotment amounting to P100 million was fully obligated for the Iloilo Resettlement Project as at June 30, 2014.

The charges presented in 2018 and prior years' fund utilizations for Marawi transitional housing projects amounting to P26.871 million was reclassified to Community Facilities for Existing Relocation Sites.

## 21. SERVICE AND BUSINESS INCOME

	2019	2018
Service income		
Processing fees	51,554,113	42,930,790
Clearance and certification fees	5,801,067	4,223,472
Permit fees	404,699	161,433
Fines and penalties-service income	0	66,692
Other service income	611,874	414,923
	<b>58,371,753</b>	<b>47,797,310</b>
Business income		
Management fees	408,644,984	309,997,100
Sales revenue	381,750,436	307,805,772
Rent/lease income	362,387,854	338,052,205
Fines and penalties-business income	187,717,093	173,645,410
Interest income	10,978,115	42,233,725
Share in the profit/revenue of joint venture	0	653,397
Other business income	189,739,381	196,298,317
	<b>1,541,217,863</b>	<b>1,368,685,926</b>
	<b>1,599,589,616</b>	<b>1,416,483,236</b>

Rental/lease income generated from Investment Properties includes:

Project	2019	2018
Government Center (DOTr)	299,288,288	290,571,152
BLC - Rawis	21,155	3,600
Juan Luna	0	9,894
Juan Luna (SESE)	19,068	19,784
Vitas Reclamation	13,964,502	11,971,379
Vitas Housing Project	32,450	2,721,352
Bagong Silang	753,767	695,827
Dagat-Dagatan Dev. Project	293,121	0
Maysilo Estate	0	89,543
Tangos	0	47,837
BLC Pag-asa	399,100	107,579
TBC II Balintawak	0	24,373
Tatalon Estate	60,000	15,000
Tatalon Urban Bliss	0	688,771
BLC Taguig	296,364	300,567
Maharlika Village Project	28,911	14,268
National Bilibid Prison - Southville 3	447,627	359,528
Philippine Centennial	3,724,220	0
TBC-MIA	0	3,262
Sr. San Roque	0	96,490
Macabalan - Kadiwa (Land Bank Rental)	407,147	362,652
CIED-DDBS Advertising Unlimited Inc.	4,211,730	13,629,348
CIED-Petron Corp.	6,448,920	0
(forward)		

<b>Project</b>	<b>2019</b>	<b>2018</b>
Anak Bayan	0	249
BLC - Rawis	5,214	0
Juan Luna (SESE)	9,419	68,823
Tondo Foreshore	0	60
Vitas Reclamation	0	1,118,995
Vitas Housing Project	5,450	43,468
B. Rodriguez	141,192	164,389
Bagong Barrio	284,041	482,359
Bagong Barrio - OB Montessori	131,479	129,023
Bagong Silang-Residential	350	164,220
Dagat-Dagatan Dev. Project - Residential	1,729,880	1,720,010
Kapitbahayan	0	840
Maysilo Estate	352,531	570,709
Northville 2-B	8,400	0
Tangos	38,750	1,689,115
BLC Pag-asa	2,121,443	85,587
TBC II Balintawak	15,358,280	57,662
Tatalon Estate	0	224,656
Tatalon Urban Bliss	141,622	312,797
BLC Taguig	65,389	3,865,909
Maharlika Village Project	25,549	168,616
National Bilibid Prison - Southville 3	0	581,261
Philippine Centennial	246,154	716,084
TBC-MIA	2,163	1,236
Mabalacat	781	539
Pecson	7,724	10,065
Lim Sioco	0	708
San Angelo	0	710
Yuson	0	625
San Felipe	0	1,013
Gut Morales	0	2,044
Lim Bautista	366	0
Tizon	424	0
Muzon (Pabahay 2000)	0	899
Towerville Project	77,905	515,375
Kasiglahan Village I	7,603,450	2,376,758
Kasiglahan 3	1,326,301	364,879
Kasiglahan 4	434,970	143,109
Kasiglahan 5	1,230,408	382,689
Lipa Estate	31,587	0
LTAP - San Pedro Tunasan HOA (SPETHAI)	10,261	585
Kasadyahan (Balabag Hsg.)	0	2,100
Bata	0	9,117
Sr. San Roque	0	126,994
Macabalan - Kadiwa (Land Bank Rental)	0	124,576
Macabalan Puntod	0	91,146
CIED-True North Enterprises	600,000	0
	<b>362,387,853</b>	<b>338,052,205</b>



## 22. SHARES, GRANTS AND DONATIONS

	2019	2018
Income from grants and donations in kind	247,121,385	514,951
Income from grants and donations in cash	0	200,000,000
	<b>247,121,385</b>	<b>200,514,951</b>

*Donations in kind* consists of 5.8 hectares raw land in Philippine Centennial Village amounting to P34.898 million and 35.4 hectares in Lupang Katuparan, Taguig City amounting to P212.157 million, both from Bases Conversion and Development Authority; and laptop computer, copying machine and fax machine from Cauayan United Enterprises & Construction Builders totaling P66,300.

## 23. PERSONNEL SERVICES

	2019	2018
Salaries and wages		
Salaries and wages - regular	640,821,521	527,827,534
	<b>640,821,521</b>	<b>527,827,534</b>
Other compensation		
Year-end bonus	55,039,733	44,770,692
Personnel economic relief allowance	35,514,354	32,375,963
Representation allowance	9,458,090	7,619,101
Clothing/uniform allowance	8,987,227	8,206,710
Cash gift	7,617,500	6,840,250
Overtime and night pay	5,681,433	4,544,232
Transportation allowance	4,677,579	3,457,993
Honoraria	1,499,577	1,679,482
Hazard pay	132,554	128,584
Longevity pay	114,411	0
Subsistence allowance	63,550	21,750
Productivity incentive allowance	35,614	35,614
Laundry allowance	3,000	2,966
Other bonuses and allowances	166,176,605	143,636,852
	<b>295,001,227</b>	<b>253,320,189</b>
Personnel benefit contributions		
Retirement and life insurance premiums	69,630,091	67,520,483
PhilHealth contributions	6,857,524	6,311,194
Employees compensation insurance premiums	1,629,700	1,602,100
Pag-IBIG contributions	1,605,600	1,593,500
	<b>79,722,915</b>	<b>77,027,277</b>
Other personnel benefits		
Terminal leave benefits	32,284,809	34,238,515
Retirement gratuity	4,897,811	12,152,003
Other personnel benefits	14,367,025	12,357,630
	<b>51,549,645</b>	<b>58,748,148</b>
	<b>1,067,095,308</b>	<b>916,923,148</b>

Other bonuses and allowances mainly consist of meal allowance, rice allowance, Productivity Enhancement Incentive, mid-year financial assistance and loyalty bonus. This also include, one-time Service Recognition Incentive pursuant to AO No. 19 dated December 2, 2019 issued by the OP and DBM Circular No. 2019-6

dated December 9, 2019, and Special Organizational Achievement Incentive awarded to NHA employees pursuant to Other Monetary and Non-Monetary incentives approved by the Civil Service Commission.

## 24. MAINTENANCE AND OTHER OPERATING EXPENSES

	2019	2018
Traveling expenses		
Local	38,023,423	24,602,492
Foreign	951,368	1,216,878
	<b>38,974,791</b>	25,819,370
Training and scholarship expenses		
Training	16,034,392	11,732,762
Scholarship grants	0	24,660
	<b>16,034,392</b>	11,757,422
Supplies and materials expenses		
Office supplies	27,810,503	21,622,943
Fuel, oil and lubricants	12,402,829	10,914,021
Semi-expendable machinery and equipment	6,524,543	1,011,448
Semi-expendable furniture, fixtures and books	5,181,343	5,699,346
Accountable forms	1,355,760	894,000
Drugs and medicines	43,304	45,556
Medical, dental and laboratory supplies	2,653	2,051
Other supplies and materials	1,229,846	3,301,097
	<b>54,550,781</b>	43,490,462
Utility expenses		
Electricity	32,784,872	31,901,011
Water	9,193,580	11,123,584
	<b>41,978,452</b>	43,024,595
Communication expenses		
Telephone	6,050,266	6,563,255
Postage and courier services	1,944,664	1,431,667
Internet subscription	1,686,578	2,346,031
Cable, satellite, telegraph and radio	44,050	33,068
	<b>9,725,558</b>	10,374,021
Survey, research, exploration and development		
Survey expenses	394,098	1,188,560
	<b>394,098</b>	1,188,560
Demolition/relocation and desilting/drilling/ dredging expenses		
Demolition and relocation expenses	85,013	44,311
	<b>85,013</b>	44,311
Confidential, intelligence and extraordinary		
Extraordinary and miscellaneous expenses	116,500	110,410
	<b>116,500</b>	110,410
Professional services		
Auditing	40,871,733	32,116,746
Consultancy	9,365,986	7,142,363
Legal	145,057	284,141
Other professional	206,405,370	166,619,286
	<b>256,788,146</b>	206,162,536

(Forward)

	2019	2018
General services		
Security services	98,020,022	93,749,816
Janitorial services	18,539,146	15,588,221
	<b>116,559,168</b>	109,338,037
Repairs and maintenance		
Buildings and other structures	8,225,597	9,222,428
Land improvements	8,203,429	1,533,590
Transportation equipment	5,794,369	5,847,441
Machinery and equipment	2,306,342	1,304,785
Furniture and fixtures	100,479	111,975
Semi-expendable machinery and equipment	1,520	14,180
Semi-expendable furniture and fixtures	908	64,035
	<b>24,632,644</b>	18,098,434
Taxes, insurance premiums and other fees		
Insurance expenses	12,529,142	14,859,250
Fidelity bond premiums	6,185,574	2,545,354
Taxes, duties and licenses	1,420,611	9,033,743
	<b>20,135,327</b>	26,438,347
Other Maintenance and Operating Expenses		
Rent/lease	17,403,835	7,917,366
Representation	6,994,012	5,469,777
Transportation and delivery	6,503,298	177,972
Printing and publication	3,126,958	4,577,218
Advertising, promotional and marketing	263,000	1,123,969
Subscription	248,340	279,724
Donations	245,971	1,895,000
Membership dues and contributions to organizations	230,820	23,530
Documentary stamp	520	195
Other maintenance and operating expenses	57,931,567	63,354,451
	<b>92,948,321</b>	84,819,202
	<b>672,923,191</b>	580,665,707

*Other professional services* represent the salaries of contract service personnel.

*Other maintenance and operating expenses - rent/lease* comprises mainly of rent/lease of office spaces of regional/district offices and staff houses. Estimated rent/lease expenses for the next three years are as follows:

Office Space and Staff House	Payable within the next year (2020)	Payable within the next two to three years (2021-2022)
Region 7 – Cebu District	2,493,120	4,986,240
Region 9 – Pagadian and Zamboanga	2,399,040	4,798,080
Region I - Baguio	2,082,782	4,165,564
Region 11 - Davao	1,620,945	3,241,890
NCR South Sector	1,257,167	2,514,334
Region 13 - Butuan	1,256,400	2,512,800
Region 12 - General Santos/Koronadal	997,766	1,995,532
Region 7 – Regional Office	986,496	1,972,992
Region 6 - Iloilo	900,009	1,800,018

(forward)

<b>Office Space and Staff House</b>	<b>Payable within the next year (2020)</b>	<b>Payable within the next two to three years (2021-2022)</b>
Region 6 - Bacolod	575,227	1,150,454
NCR West Sector	456,480	912,960
Region 3A (Bulacan District Office)	288,000	576,000
Region 10 - Cagayan De Oro	283,920	567,840
Region 5 - Bicol	144,000	288,000
	<b>15,741,352</b>	<b>31,482,704</b>

## 25. FINANCIAL ASSISTANCE

	<b>2019</b>	<b>2018</b>
Financial assistance	<b>8,987,721</b>	2,000,000
Financial assistance/subsidy-others	<b>5,151,992,499</b>	1,651,377,839
	<b>5,160,980,220</b>	1,653,377,839

Financial Assistance/Subsidy-Others refers to expenses chargeable to Subsidies received from National Government, allotted for the implementation of various projects/programs of NHA for families affected by calamities, regular resettlement and relocation of informal settlers.

The Financial Assistance pertains to expenses for the development of Imelda Off-site water system for NHA-Andam Mouswag Housing Project located in the Municipality of Villanueva, Misamis Oriental; construction of one unit Day Care Center in Pili Resettlement Project, Sitio San Isidro Labrador, Barangay Del Rosario, Pili, Camarines Sur; and Housing Materials Assistance for 1,072 families affected by typhoon Ruby in the Municipality of Jipapad, Eastern Samar.

## 26. FINANCIAL EXPENSES

	<b>2019</b>	<b>2018</b>
Bank charges	<b>134,456</b>	83,166
Other financial charges	<b>162,260</b>	0
	<b>296,716</b>	83,166

## 27. NON-CASH EXPENSES

	<b>2019</b>	<b>2018</b>
Depreciation:		
Investment property	<b>21,384,705</b>	5,598,887
Machinery and equipment	<b>28,475,804</b>	24,210,569
Transportation equipment	<b>11,042,615</b>	7,940,404
Buildings and other structures	<b>3,331,046</b>	5,799,827
Land improvements	<b>1,672,948</b>	1,672,948
Furniture, fixtures and books	<b>605,262</b>	544,928
Other property, plant and equipment	<b>234,396</b>	352,611
	<b>66,746,776</b>	46,120,174
Impairment loss		
Loans and receivables	<b>910,340</b>	958,924
	<b>67,657,116</b>	47,079,098

## 28. NON-OPERATING INCOME/LOSSES

	2019	2018
Non-operating income		
Miscellaneous income	15,719,647	19,495,534
Proceeds from insurance/indemnities	2,491,434	2,014,551
Gain on sale of PPE (including unserviceable)	255,677	545,752
	<b>18,466,758</b>	22,055,837
Non-operating losses		
Loss on sale of assets	(436,860)	(247,028)
	<b>18,029,898</b>	21,808,809

## 29. SEPARATE SET OF BOOKS

### 29.1 National Government Center (NGC)

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. On April 6, 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:

#### I. Comparative Financial Position

	2019	2018	Increase (Decrease)
Assets	1,079,995,652	1,069,992,746	10,002,906
Liabilities	1,159,866,352	1,094,224,181	65,642,171
Net Assets/Equity	<b>(79,870,700)</b>	(24,231,435)	55,639,265

## II. Comparative Results of Operation

	<b>2019</b>	2018	Increase (Decrease)
Revenue	<b>39,325,418</b>	31,369,863	7,955,555
Expenses	<b>(99,222,056)</b>	(28,041,607)	(71,180,449)
Other non-operating income(expenses), net	<b>2,681,893</b>	2,432,816	249,077
Net income (Loss)	<b>(57,214,745)</b>	5,761,072	62,975,817

The increase of P71.180 million in expense pertains to administration fees paid to NHA as administrator of the Fund.

### 29.2 Pinatubo Project Management Office (PPMO)

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 NHA.

NHA established a Trust Fund for the Mt. Pinatubo and maintains 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 at 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.

The financial position and the results of operations of the trust for Mt. Pinatubo Lowland Communities are as follows:

#### I. Comparative Financial Position

	<b>2019</b>	2018	Increase (Decrease)
Assets	<b>2,685,175,511</b>	2,683,011,391	2,164,120
Liabilities	<b>117,414,781</b>	109,981,238	7,433,543
Net Assets/Equity	<b>2,567,760,730</b>	2,573,030,153	(5,269,423)

#### II. Comparative Results of Operation

	<b>2019</b>	2018	Increase (Decrease)
Revenue	<b>1,223,736</b>	1,443,276	(219,540)
Expenses	<b>(6,613,374)</b>	(5,427,386)	(1,185,988)
Other non-operating income(expenses), net	<b>3,353</b>	(74,037)	77,390
Net Loss	<b>(5,386,285)</b>	(4,058,147)	1,328,138

## 30. FINANCIAL RISK MANAGEMENT

### 30.1 Credit risk

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

The NHA, 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 NHA also engages in livelihood programs to help the beneficiaries meet their daily needs.

### 30.2 Liquidity risk

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

### 30.3 Interest rate risk

Interest rate risk (IRR) is the exposure to adverse movements in interest rates. In managing the IRR, the NHA 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 NHA.

Moreover, interest rate exists in the trade receivables/interest-bearing assets due to the change in the asset's 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 NHA.

## 31. RELATED PARTY DISCLOSURE

31.1 As at December 31, 2019, the composition of the NHA Board of Directors is as follows:

Position	Name	Position from Other Agency
Chairman	Eduardo D. Del Rosario	Chairperson, HUDCC
Member	Salvador C. Medialdea	Executive Secretary, OP
Member	Ernesto M. Pernia	Secretary, NEDA
Member	Mark A. Villar	Secretary, DPWH
Member	Carlos G. Dominguez III	Secretary, Department of Finance
Member	Silvestre H. Bello III	Secretary, Department of Labor and Employment
Member	Ramon M. Lopez	Secretary, Department of Trade and Industry
Member	Marcelino P. Escalada Jr.	General Manager, NHA

### 31.2 Key Management Personnel Remuneration and Compensation

The key management personnel of the NHA are the General Manager, Assistant General Manager and the Group Managers of the Management Services Group, Financial Services Group and Housing Support Services Group. The remuneration of key management personnel during the year is as follows:

	2019	2018
Salaries	<b>7,958,717</b>	8,023,568
Other allowances and benefits	<b>2,786,139</b>	2,505,299
	<b>10,744,856</b>	10,528,867

Meanwhile, the total remuneration received by the members of the Board of Directors during the years 2019 and 2018 are P344,514 and P232,007, respectively.

### 32. COMPLIANCE WITH TAX LAWS

In compliance with the requirements set forth by the Bureau of Internal Revenue (BIR) Revenue Regulation (RR) Nos. 15-2010 and 19-2011, the following are the taxes and withholding taxes paid and accrued by NHA:

	2019	2018
Taxes paid		
VAT and other percentage tax	<b>148,737,788</b>	44,680,610
Expanded	<b>87,901,968</b>	21,654,200
On compensation	<b>70,513,040</b>	28,297,556
Taxes withheld		
Expanded	<b>15,648,344</b>	4,331,277
VAT and other percentage tax	<b>12,266,572</b>	11,250,853
On compensation	<b>10,146,184</b>	2,846,208
	<b>345,213,896</b>	<b>113,060,704</b>

The NHA, being the primary government agency in charge of providing housing for the underprivileged and homeless, is exempted from the payment of all fees and charges of any kind, whether local or national, such as income and real property taxes. All documents or contracts executed by and in favor of the NHA shall also be exempted from the payment of documentary stamp tax 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 RR No. 9-93.

### 33. MANDATORY SALARY DEDUCTIONS

The NHA has complied with the Government Service Insurance System (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.

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

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.

### **34. OTHER MATTERS**

Contingent liability:

- Claims of Home Guaranty Corporation (HGC)

The NHA contingent liability of P4.119 billion to HGC relative to the terminated Smokey Mountain Asset Pool Agreement is not yet recognized in the books pending the results of the evaluation, reconciliation, coordination/mediation and compromise with the parties concerned.

- Compromise Agreement of NHA with RII-Builders, Inc.

The compromise agreement amounting to P1.122 billion entered by NHA with R-II Builders, Inc. to amicably settle the litigation under CA-GR CV No. 99324 dated February 7, 2018 was approved by the Court of Appeals per Decision promulgated on May 30, 2019. Pending submission of the claim for settlement to the proper authorities pursuant to Section 20(1), Chapter IV, Subtitle B, Title I, Book V of EO No. 292, the amount of P1.122 billion is not yet recognized in the books.

### **35. EVENTS AFTER THE REPORTING PERIOD**

#### ***Impact of Coronavirus or COVID-19 pandemic***

Since December 31, 2019, the events around the COVID-19 pandemic have developed rapidly. The infection has not only become a public health crisis but also affected the global economy. Significant economic impact has already occurred primarily due to reduced productivity, loss of life and business closures.

Though the spread of the virus is likely to continue disrupting economic activity and major developments are occurring daily, it may be challenging for the Authority to determine yet the implications of this event to the recognition and measurement of assets and liabilities in the financial statements.

#### ***Impact on the NHA's mandates***

The prolonged Enhanced Community Quarantine (ECQ) has resulted to project delays, work suspensions and revenue loss to the agency. Sixty-one per cent or

98 projects (34,528 housing units) for bidding has been delayed while 75 per cent or 318 on-going projects (47,055 housing units) has been suspended due to restricted mobility of workers and unavailability of materials.

This resulted to a revision and reduction of the agency's 2020 production targets. Production starts have been reduced from P54.295 billion funding requirement, equivalent to 56,942 housing units, to P45.085 billion, equivalent to 51,543 housing units. Likewise, production completions have also decreased from P39.296 billion, equivalent to 99,510 housing units, to P24.291 billion, equivalent to 68,095 housing units.

Recent loan payment moratoriums will inevitably affect Key Result Areas accomplishments with an increase of 20 per cent in number of delinquent accounts. A projection of only P1.25 billion collection for 2020 is 44 per cent less than the target collection of P2.82 billion for 2020 and 46 per cent less than the actual collection of P2.74 billion in 2019.

### ***Response to Government Issuances***

- A. COA-DBM Joint Circular No. 1 s. 2020 dated March 19, 2020 and CSC Announcements dated March 16 and 17, 2020

The Management issued the following guidelines for employees/personnel:

- NHA MC No. 2020-026, Mach 25, 2020 on *Interim Guidelines on the Alternative Work Arrangements for the duration of the State of Calamity and Enhanced Community Quarantine due to COVID-19*
- NHA MC No. 2020-024 on *Guidelines on the Prevention and Management of COVID-19 while under the State of Public Health Emergency from March 16 to April 14, 2020*
- NHA MC No. 2020-029 on *Proposed Guidelines on the Grant of COVID-19 Hazard Pay*
- NHA MC Nos. 2020-031 and 2020-032 on *Updated/Supplemental Guidelines on the Imposition of the ECQ and GCQ due to COVID-19*

- B. GCG Memorandum Order No. 2020-04 dated April 13, 2020 on Contribution of the GOCC Sector to the Bayanihan to Heal as One Act (RA No. 11469)

The Management regularly submits an accounting of cash and funds including Unutilized Subsidies to DOF. Likewise, a total of P500 million was remitted to Bureau of Treasury in April 2020.

- C. DBM Circular No. 580 dated April 22, 2020 on *Adoption of Economy Measures in the Government due to the Emergency Health Situation*

The Management initiated an assessment of programs/activities/projects and certain adjustments/revisions were made in the projected deliverables.

Submitted to DBM documents/reports to be used as bases on the discontinuance of unobligated balances and identification of unreleased appropriations.

Original GAA		DBM Recommended Level		NHA's Reprogrammed Allocation	
No. of Units	Amount (Million)	Discontinued P/A/Ps	Revised GAA	No. of Units	Amount (Million)
(b)	(c)	(d)	(e=c-d)	(f)	(g)
<b>21,809</b>	<b>4,562.410</b>	<b>1,285.452</b>	<b>3,276.958</b>	<b>19,159</b>	<b>3,276.958</b>

D. Republic Act No. 11469, Bayanihan to Heal as One Act

In support to the government's nationwide campaign for the promotion and protection of interests of the Filipinos under RA No. 11469, NHA issued the following:

1. NHA MC No. 2020-025 on *Guidelines for the Grant of Automatic Moratorium on Housing Loan Amortization or Lease Payments of Residential Account Holders in NHA Projects due to the COVID-19 State of Public Health Emergency*
  - Automatic moratorium to all existing residential account holders including individuals or Community Associations
  - Suspension of amortization from March 16 to June 15, 2020
  - Delinquency or additional interest charges shall not be imposed on suspended amortization due
  - The term/repayment extended for three months
2. NHA MC No. 2020-030 on *Guidelines on the Waiver of Delinquency Interest on Commercial, Industrial, and Institutional (CII) Accounts*
  - Waiver of delinquency interest on CII accounts in the regions arising from sale, straight lease and lease with option to purchase, due on March 16 to June 15, 2020
  - NHA shall continue to accept payments tendered by its CII awardees/lessees in the form of cash or cash equivalents
  - Reversal of delinquency interest charges from March 16 to June 15, 2020 upon resumption of regular office operations, reflected in the Statement of Accounts
3. NHA Memorandum dated April 13, 2020 granting moratorium to NHA personnel from payment of loan amortizations

4. NHA MC No. 2020-033 on *Construction Safety Guidelines for the Implementation of NHA's Infrastructure Projects during the COVID-19 Public Health Crisis*. Highlights of which are the following:
- All infra projects implemented by NHA is subject to guidelines, preventive measures and protocols compliant to the Inter-Agency Task Force for the Management of Infectious Diseases Resolutions
  - Workforce to be consisted of persons from 21 to 59 years of age, without pre-existing conditions, did not come into contact with someone with COVID-19
  - Issuance of Construction Quarantine Pass
  - Assignment of Safety Officer and constitution of a Health and Safety Committee
  - Provision of welfare facilities/quarters, amenities and initial private transport
  - Before deployment on site, the contractor must provide medical checkup for workers before starting work
  - Strict compliance to health and safety protocols such as physical distancing and wearing of protective gears
  - Penalties for erring contractors, sub-contractors and suppliers for violations.