

NATIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019
(Amounts in Philippine Peso)

1. CORPORATE INFORMATION

The National Housing Authority (NHA/Authority) is a non-stock 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 of the Philippines (OP) and shall exist for fifty years but may be extended. 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, otherwise known as the Department of Human Settlements and Urban Development (DHSUD) Act, approved on February 14, 2019. The NHA is one of the attached corporations under the administrative supervision of DHSUD, which shall remain to be attached for purposes of policy and program coordination, monitoring and evaluation. It shall continue to function according to existing laws and its Charter, subject to the policy directions of the Board.

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

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

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

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

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

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 (OO) No. 4056 dated December 13, 2017 for the Adoption of the New Nomenclatures of NHA Offices. In line with this, OO 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.

In response to the Corona Virus Disease (COVID-19) pandemic, the NHA institutionalized the *Balik Probinsya, Bagong Pag-asa* (BP2) Program as pillar of balanced regional development pursuant to EO No. 114 dated May 6, 2020. A committee was created to provide technical, administrative and operational support to BP2 Council.

Aligned with EO No. 120 dated November 18, 2020 on Strengthening Rehabilitation and Recovery Efforts in Typhoon-Hit Areas Through the Creation of the Build Back Better Task Force (BBB TF), the NHA initiated the development of a database model focused on identifying informal settler families in areas susceptible to hazards for program planning.

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 45 district offices nationwide. As at December 31, 2020, the NHA has total of 1,762 regular employees and 1,431 contract of service personnel.

Approval of Financial Statements

The financial statements of the NHA as at and for the year ended December 31, 2020, with comparative financial statements as at and for the year ended December 31, 2019, were approved and authorized for issue by the NHA Board of Directors on July 27, 2021.

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

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

The NHA's financial statements have been prepared in accordance with the IPSAS applicable to public entities classified as Non-Commercial Public Sector Entities.

b. Presentation of Financial Statements

The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, basis of accounting, unless stated otherwise. The Statements 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 NHA 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.

Accrual basis means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

3.2 Basis of consolidation

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

3.3 Financial instruments

a. Financial assets

The NHA's financial assets include cash and cash equivalents, and loans and receivables.

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.

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 expire 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 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, NHA determine whether it has retained control of the financial assets: If the control is not transferred or retained, the financial asset is derecognized and recognize separately as assets any rights and obligations created or retained in the transfer. Otherwise, NHA continues to recognize the financial asset to the extent of its continuing involvement in the financial 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. increase in amount of arrears in payments or economic conditions that correlate with defaults).

b. Financial liabilities

Financial liabilities are measured initially at fair value. 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 or deficit.

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.

2. Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

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.

Derecognition

Financial liabilities are derecognized from the statement of financial position when the obligation 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 include cash on hand and in bank. The cash in bank includes 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.

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.

The cost of an item of Property and equipment (PE) is recognized as assets if it meets the capitalization threshold of P15,000. Said inventories are recognized as expense once issued, transferred, lost or disposed.

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 an 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 to 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

PE are initially recorded at cost and subsequently carried in the financial statements at cost less accumulated depreciation and impairment losses. 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 charged for each period is recognized as expense unless it is included in the cost of another asset. The following are the estimated useful lives of NHA's assets:

Item of PE	Estimated useful life
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

Item of PE	Estimated useful life
	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 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

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 statements 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 PE 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 statements 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 Classification of current and non-current assets and liabilities

The assets and liabilities are primarily classified as current when the amounts are expected to be realized, recovered or settled within 12 months after the reporting date, or in the normal operations. Also, the account is current if it has no restriction or unconditional right from being exchanged or used a liability for at least 12 months after reporting date. Otherwise, the account is considered as non-current assets and liabilities. 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 on the NHA 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 Statement of Financial Performance (SFP) is presented as follows (in millions):

	CY 2020	
	Actual amounts	Budgeted amounts
Net Surplus/Deficit for the period	13,281.795	13,281.795
Items included in SCBAA but not included in SFP		
Services and business income	0	5,704.795
Unutilized budgeted amount	0	50,665.485
Personnel services	101.941	(311.388)
MOOE	101.117	(317.333)
Capital expenditures	(16,122.352)	(71,555.182)

	CY 2020	
	Actual amounts	Budgeted amounts
Reverted to trust funds	(2,784.863)	(34.877)
Financial assistance	(500.000)	0
Dividends	(13.242)	0
Other expenses	(4.534)	0
	(19,221.933)	(15,848.500)
Items included in SFP but not included in SCBAA		
Gross income	(168.990)	0
Financial expenses	0	0.117
Other non-operating income	(34.877)	0
Non-cash expenses	115.632	115.632
Discounts/rebates and losses	15.056	15.056
Financial assistance subsidy	4,894.794	4,894.794
	4,821.615	5,025.599
Net fund sources/(uses)	(1,118.523)	2,458.894

3.14 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.

Each employee is entitled to a one day vacation and one day sick leave for every 24 days of actual service, a total of 15 days of vacation leave and 15 days of sick leave annually with pay. Vacation and sick leave shall be cumulative and any part thereof, which may not be taken within the calendar year, may be carried over to the succeeding years. Whenever any official or employee retires, voluntary resigns, or is allowed to resign or is separated from the service through no fault of his own, he/she shall be entitled to the commutation of all the accumulated vacation and/or sick leave to his credit.

3.15 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 COVID-19 pandemic on the mandate of NHA is discussed in Note 34.

3.16 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.

4. CASH AND CASH EQUIVALENTS

This consists of:

	2020	2019
Cash on hand		
Collecting officers	16,232,298	10,761,331
Petty cash	1,597,207	789,531
Cash in bank		
Current account	4,942,229,330	5,810,223,888
Savings account	262,018,791	254,864,621
Time deposits	17,222,473	281,184,097
	5,239,300,099	6,357,823,468

The NHA maintains its cash balances in Land Bank of the Philippines (LBP) and Philippine Veterans Bank (PVB). The LBP is a government depository bank authorized by law to maintain depository accounts of government funds. The PVB is authorized to accept government deposits subject to limitations prescribed by the Monetary Board of the Bangko Sentral ng Pilipinas.

For CY 2020, Cash in banks earn interest at 0.05 to 0.125 per cent per annum for current accounts and 0.55 to 1.05 per cent per annum with term of 30 days to 90 days High Yield Savings Accounts.

The decrease of P1.119 billion was mainly due to the net reversion of P2.785 billion out of cross borrowed fund of P4.985 billion from trust fund accounts from other government agencies while a substantial increase of cash subsidy from National Government amounting to P4.283 billion was received in CY 2020.

Current and savings accounts totaling to P296.144 million were garnished by PVB pursuant to Construction Industry Arbitration Commission (CIAC) Case No. 13-2014, between a contractor and 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 the contractor 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. On November 21, 2018, the NHA requested PVB to immediately unfreeze the NHA deposited funds. In response, the PVB's Litigation Department directed NHA's request to the handling Sheriff of Bulacan to

issue the necessary order to lift the garnishment. As of February 21, 2021, the NHA is waiting for the resolution of the Very Urgent Motion filed before CIAC.

5. RECEIVABLES

This is composed of the following:

	2020	2019
Current:		
Loans and receivables	6,546,313,087	5,942,337,311
Inter-agency receivables	4,954,196,934	4,196,531,095
Other receivables	51,992,470	81,908,916
	11,552,502,491	10,220,777,322
Non-current:		
Loans and receivables	69,236,273,010	60,855,020,810
Inter-agency receivables	202,332,375	215,207,271
	69,438,605,385	61,070,228,081

5.1 Loans and receivables

	2020	2019
Current:		
Accounts receivable		
Rental receivable	2,694,336,299	2,650,627,440
Installment sales receivable	1,489,728,328	1,592,170,881
Mortgage sales receivable	109,136,185	106,716,430
Interest receivable	678,913,431	50,637,511
Loans receivable – Local Government Units (LGUs)	22,019,205	17,468,154
Loans receivable – others	1,846,790,123	1,790,217,213
	6,840,923,571	6,207,837,629
Allowance for impairment – rental	(224,339,941)	(265,500,318)
Allowance for impairment – installment	(70,270,543)	0
	6,546,313,087	5,942,337,311
Non-current:		
Accounts receivable	9,286,298,072	9,267,621,795
Loans receivable – LGUs	129,382,733	155,930,888
Interest receivables	1,409,988,186	0
Loans receivable – others	58,410,604,019	51,431,468,127
	69,236,273,010	60,855,020,810

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 (MOA) and Assignment of Agreement wherein DOTr assigned its Depot Development Rights Payment (DDRP) 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. The account also includes sales covered by Deed of Sale to be collected in a year's time which were previously recorded under Receivable from cash sales amounting to P76,004 as at December 31, 2020.

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

Interest receivable pertains to accrued interest on installment sales which are classified as current for accounts with one-year arrearages and non-current with over one-year arrearages per aging report. The total increase of P2.038 billion was due to recognition in CY 2020 of earned interest expected to be received within one year and more than one year.

Loans receivable – LGUs represents loans granted to various LGUs that availed the Local Housing Program of NHA. The amount financed is subject to repayment of the LGUs according to terms and conditions stated in the MOA.

Loans receivable – others represent 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.

5.2 Allowance for Impairment Loss

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

Age	Rate of allowance (in per cent)
4 to 6 months	10
7 to 12 months	20
1 to 3 years	30

Allowance for impairment covers the doubtful accounts from beneficiaries' rental accounts and installment sales that are already due and demandable.

5.3 Inter-agency receivables

	2020	2019
Current:		
Due from LGUs	3,747,964,466	3,065,262,631
Due from NGAs	1,192,765,440	1,117,070,559
Due from GOCCs	13,467,028	14,197,905
	4,954,196,934	4,196,531,095
Non-current:		
Due from LGUs	158,594,776	95,774,791
Due from NGAs	43,737,599	119,432,480
	202,332,375	215,207,271

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 which shall be paid in 72 months or six years and covered by a MOA.

Due from NGAs represents advances to the 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 of the Philippines 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 the cost of design and supervision on

the relocation and resettlement project for the informal occupants of the PNOC Petrochemical Development Corporation Petrochemical Complex.

5.4 Other receivables

	2020	2019
Due from Non-Government Organizations/ People's Organizations (NGOs/POs)	34,597,410	59,132,744
Receivables-disallowances/charges	682,856	682,856
Due from officers and employees	88,032	48,713
Other receivables	16,624,172	22,044,603
	51,992,470	81,908,916

Due from NGOs/POs are advances made to various Electric Cooperatives. The decrease of P24.535 million was mainly due to collection from the advance payment made to Lanao del Sur Electric Cooperative, Inc. by P25 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 utilities installed in various housing projects. 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 decrease of P5.420 million was mainly due to reduction of receivables from NGC of P1.612 million and PPMO of P3.813 million for remittances to the Bureau of Internal Revenue (BIR) charged to NHA General Fund.

6. INVENTORIES

This consists of the following:

	2020	2019
Merchandise inventory		
Completed development for sale – land	6,953,362,940	19,215,253,901
Completed development for sale – building	3,362,421,151	27,701,399,968
Properties held for rent	711,575,406	0
	11,027,359,497	46,916,653,869
Property for distribution		
Completed development for transfer – building	3,348,774,943	724,889,871
Completed development for transfer – land	1,521,777,419	299,504,006
	4,870,552,362	1,024,393,877
Work-in-process inventory		
Housing units	6,037,096,538	5,739,958,149
Resettlement projects	39,260,522,828	3,726,323,858
Community facilities	1,904,674,323	1,167,142,168
Slum upgrading	95,192,779	91,353,830
Sites and services	39,010,869	35,560,460
	47,336,497,337	10,760,338,465

	2020	2019
Inventory held for consumption		
Office supplies	8,500,239	9,160,375
Other supplies and materials	103,521	103,521
Drugs and medicines	28,297	60,171
Semi-expendable information and communication technology equipment	0	7,800
	8,632,057	9,331,867
	63,243,041,253	58,710,718,078

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. The decrease of P35.889 billion was due to reclassification of status of Yolanda projects to Property for distribution on competed projects awarded to beneficiaries as grant of P4.720 billion and Work-in-process account on the ongoing resettlement projects with amount of P34.955 billion while others are mainly an increase to the account caused by the completion of housing projects in CY 2020.

Property for distribution pertains to infrastructure/community facilities for transfer to various government agencies particularly to the concerned Local Government Units and DepEd and those completed housing projects to be awarded to the beneficiaries as grant or donation.

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 affected by calamities and those 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).

The increase in the Work-in-process inventory of P36.576 billion was due mainly to the reclassification of the status of completed Yolanda housing projects under Merchandise Inventory – completed development for sale – land and building accounts to ongoing projects.

7. OTHER CURRENT ASSETS

This consists of the following:

	2020	2019
Advances		
Advances for operating expenses	697,704,076	416,351,134
Advances to special disbursing officer	33,376,532	45,558,715
Advances to officers and employees	10,020	489,019
Advances for payroll	5,575	182,525
	731,096,203	462,581,393
Prepayments		
Advances to contractors	3,351,632,251	2,897,741,052
Prepaid insurance	717,816	604,229
	3,352,350,067	2,898,345,281
	4,083,446,270	3,360,926,674

Advances for operating expenses represent the working fund granted to the accountable officers of Regional Offices. The increase of P281.353 million was due to increase in the revolving funds to cover the Maintenance and Other Operating Expenses and cash requirements for the implementation of projects.

Advances to special disbursing officer are for special purpose/time-bound undertakings to be liquidated within a specified period. The decrease of P12.182 million was due to the reduction of the GAD and celebration activities caused by COVID-19 pandemic situation.

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

Advances for payroll represent advances made on November 30, 2020 for hazard pay of contract of service personnel who were physically reporting for work during the COVID-19 pandemic covering the period from March 17 to May 31, 2020.

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

8. INVESTMENTS

	2020	2019
Investments in joint venture		
Urban Triangle Development Project	4,319,145,202	4,402,080,470
AFP Military Housing	15,205,628	15,205,628
Barangay McKinley	12,197,970	12,197,970

	2020	2019
Zamboanga Teachers Village Housing	10,047,693	10,047,693
Concepcion Resettlement Site	6,500,000	6,500,000
San Juan Cooperative Housing	6,075,033	6,075,033
Canduman Resettlement Project	4,649,571	4,649,571
Kadayawan Homes	4,355,582	4,355,582
Various joint venture projects	23,267,795	23,305,878
Investments in stocks	38,890	38,890
	4,401,483,364	4,484,456,715

Investments in joint venture represent NHA's equity on 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 (sqm.) 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.

9. INVESTMENT PROPERTY, NET

Investment property consists of land and tenement housing projects rented out to beneficiaries as follows:

Particulars	2020			2019		
	Land	Building	Total	Land	Building	Total
Cost						
January 1	294,114,604	749,214,498	1,043,329,102	294,114,604	749,214,498	1,043,329,102
Disposal/adjustments	(1,084,743)	(710,490,663)	(711,575,406)	0	0	0
	293,029,861	38,723,835	331,753,696	294,114,604	749,214,498	1,043,329,102
Accumulated depreciation						
January 1	0	64,964,932	64,964,932	0	43,580,227	43,580,227
Depreciation	0	336,947	336,947	0	21,384,705	21,384,705
Disposal/adjustments	0	(35,118,273)	(35,118,273)	0	0	0
	0	30,183,606	30,183,606	0	64,964,932	64,964,932
	293,029,861	8,540,229	301,570,090	294,114,604	684,249,566	978,364,170

The decrease in gross amount of P711.575 million was due to reclassification to Merchandise inventory – property held for rent account in CY 2020 (see Note 6).

10. PROPERTY AND EQUIPMENT, NET

This is composed of the following:

	Land	Land improvements	Bldgs. & other structures	Machinery & equipment	Transportation equipment	Furniture, fixtures & books	Other PE	Leased assets improvements	CIP-buildings & Other Structures	Total
Cost										
January 1, 2020	1,882,416,255	19,364,975	257,755,417	313,329,847	150,926,238	5,325,664	2,953,200	479,754	201,286,995	2,833,838,345
Additions/acquisitions	91,461,820	0	11,182,575	8,443,009	0	4,840,030	0	497,387	75,214,298	191,639,119
Disposal/adjustments	(569,043,680)	0	0	1,481,730	0	212,938	0	0	12,345,627	(555,003,385)
	1,404,834,395	19,364,975	268,937,992	323,254,586	150,926,238	10,378,632	2,953,200	977,141	288,846,920	2,470,474,079

	Land	Land improvements	Bldgs. & other structures	Machinery & equipment	Transportation equipment	Furniture, fixtures & books	Other PE	Leased assets improvements	CIP-buildings & Other Structures	Total
Accumulated depreciation										
January 1, 2020	0	9,480,571	151,620,588	175,606,533	110,592,545	3,291,195	2,261,772	0	0	452,853,204
Depreciation	0	1,672,948	3,705,612	29,382,055	8,655,519	771,501	193,176	32,582	0	44,413,393
Disposal/adjustments	0	0	0	0	0	0	0	0	0	0
	0	11,153,519	155,326,200	204,988,588	119,248,064	4,062,696	2,454,948	32,582	0	497,266,597
	1,404,834,395	8,211,456	113,611,792	118,265,998	31,678,174	6,315,936	498,252	944,559	288,846,920	1,973,207,482
Cost										
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, restated	668,580,701	0	0	65,281,146	16,829,750	520,720	108,000	479,754	32,264,473	784,064,544
Disposal/adjustments, Restated (Note 35.1)	26,210,197	0	18,859,274	(290,618)	0	18,911	0	0	(19,018,296)	25,779,468
	1,882,416,255	19,364,975	257,755,417	313,329,847	150,926,238	5,325,664	2,953,200	479,754	201,286,995	2,833,838,345
Accumulated depreciation										
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
	0	9,480,571	151,620,588	175,606,533	110,592,545	3,291,195	2,261,772	0	0	452,853,204
	1,882,416,255	9,884,404	106,134,829	137,723,314	40,333,693	2,034,469	691,428	479,754	201,286,995	2,380,985,141

Land consists of:

- Housing and community development administrative site representing cost of land utilized for project offices of NHA, staff building, livelihood centers, and
- Land assembly for future projects representing 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 CYs 1997 to 2015 that remain in use are still reported unless disposed or destroyed with an aggregate residual value of P46.282 million and P37.100 million as at December 31, 2020 and 2019, respectively.

Leased assets improvements-building pertains to refurbishment of leased office space in Baguio City.

11. OTHER NON-CURRENT ASSETS, NET

This account consists of:

	2020	2019
Loans and receivables		
Loans receivable – others	125,404,955	126,040,794
Allowance for impairment – others	(125,404,955)	(126,040,794)
Loans receivable – LGUs	54,187,775	54,752,868
Allowance for impairment – LGUs	(54,187,775)	(54,752,868)
Accounts receivable-mortgage sales	42,440,486	42,440,486
	42,440,486	42,440,486

	2020	2019
Inter-agency receivables		
Due from LGUs	27,842,701	27,842,701
Due from GOCCs	17,164,812	17,164,812
Due from NGAs	167,944	167,944
	45,175,457	45,175,457
Other receivables		
Other receivables	41,995,205	42,016,957
Allowance for impairment-other receivables	(41,995,205)	(42,016,957)
	0	0
Other assets		
Restricted fund	4,782,207,594	2,711,958,774
Foreclosed property/assets	58,402,333	58,402,333
Advances to contractors	16,571,321	16,571,321
Guaranty deposits	10,752,452	10,724,618
Prepaid rent	1,692,640	1,751,672
Other assets	678,198,929	678,198,929
	5,547,825,269	3,477,607,647
	5,635,441,212	3,565,223,590

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

	2020	2019
Pambansang Bagong Nayon	6,566,232	6,566,232
Zonal Improvement Project (ZIP)	6,270,950	6,270,950
Joint venture project	5,007,574	5,007,574
Slum upgrading	692,187	692,187
Regional cities development	103,974	103,974
Various housing, improvement of water system, survey and drainage works	35,546,858	36,111,951
	54,187,775	54,752,868

Loans receivable - others also includes bridge financing to joint venture partners which are non-moving for five years or more amounting to P102.086 million.

Due from LGUs/GOCCs/NGAs represents advances made to various 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 utilities, 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 net increase of P2.070 billion is attributed from the reverted funds that were borrowed from trust funds to cover cash requirements of various resettlement programs amounting to P8.343

billion, additional borrowings of P5.311 billion, newly downloaded funds from DOTr and DENR amounting to P1.113 billion, collections from beneficiaries of P0.126 billion and utilizations of the trust funds of P2.201 billion for CY 2020.

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

	2020	2019
Apartments/Dorms bought back by NHA from SSS	55,119,594	55,119,594
A. Basa Property - Quezon City	1,055,825	1,055,825
Northern Hills Subdivision	1,036,760	1,036,760
Others	1,190,154	1,190,154
	58,402,333	58,402,333

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 utilities service connections.

Advances to contractors represent the 15 per cent advance payment for mobilization not yet recouped due to termination/suspension or rescission of contracts that are non-moving for five years or more.

Other assets include investment in joint venture with a certain private company amounting to P35 million. After the joint venture was terminated in CY 2005, the custody of 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 said assets.

The account also includes cost of land under 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.

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 dormant accounts is provided based on a study of the estimated collectability of the receivable balances. For CY 2020, a total amount of P1.223 million was recovered reducing the Allowance for impairment loss and corresponding receivable accounts. Details are as follows:

Non-current	Balance 12/31/2019	Additional provision	Recoveries/ write-offs/ adjustments	Balance 12/31/2020
Loans receivable –LGUs	54,752,868	0	565,093	54,187,775
Loans receivable –others	126,040,794	0	635,839	125,404,955
Other receivables	42,016,957	0	21,752	41,995,205
	222,810,619	0	1,222,684	221,587,935

12. FINANCIAL LIABILITIES

This account consists of:

	2020	2019
Accounts payable	88,297,801	103,693,940
Due to officers and employees	184,251,054	109,631,954
	272,548,855	213,325,894

The Due to Officers and Employees account represents unclaimed benefits, tax refunds, and accrual of salaries and wages from various NHA Regional Offices. As of December 31, 2020, the earned leave credits of officers and employees assigned in Main Office and Regional/District Offices that are not recognized in the books amounted to P127.662 million and P313.007 million, respectively.

The decrease in Accounts payable is mainly due to payment to contractors for the implementation of the various housing programs while the increase in Due to officers and employees of P74.619 million is mainly due to the accrual of *GADtimpala* incentive to NHA employees in CY 2020.

13. INTER-AGENCY PAYABLES

This account consists of:

	2020	2019
Current:		
Due to BIR	74,780,764	38,061,364
Due to GSIS	4,987,456	9,513,200
Due to Pag-IBIG	890,577	1,311,810
Due to PhilHealth	174,209	840,299
	80,833,006	49,726,673
Non-current:		
Due to Treasurer of the Philippines	2,056,478,564	2,056,479,251
Due to subsidiaries/joint venture/associates affiliates	120,626,202	120,626,202
Due to LGUs	67,734,464	67,734,464
Due to government corporations	49,980,990	50,124,693
	2,294,820,220	2,294,964,610
	2,375,653,226	2,344,691,283

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

Due to Treasurer of the Philippines pertains to 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 for the value of

the land after the final payment of the areas reserved for socialized housing purposes by the qualified beneficiaries.

The Urban III, Loan Agreement No. 1821 amounting to P95.278 million, was reclassified from Loans Payable to Due to Treasurer of the Philippines account in CY 2017. This is to be assumed by MWSS for water systems funded by the World Bank under the Zone Improvement Program, 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 amounting to P65.036 million representing the 27 per cent share of the province in the housing project of collections from the ISFs living in danger areas displaced by Typhoon *Ondoy*.

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

14. TRUST LIABILITIES

This account consists of:

	2020	2019
Trust liabilities		
NGAs	7,672,407,068	8,934,248,525
GOCCs	576,399,056	548,948,717
Others	1,970,061,748	1,935,650,141
Guaranty/security deposits payable	5,475,544,113	4,689,034,597
	15,694,411,985	16,107,881,980

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 a private company.

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

15. DEFERRED CREDITS/UNEARNED INCOME

This account consists of:

	2020	2019
Deferred income from installment sales	4,134,796,460	4,141,431,520
Deposit liabilities	573,626,579	545,289,114
Uncollected claims	14,788,141	14,788,141
Other unearned revenue	10,322	0
	4,723,221,502	4,701,508,775

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

Deposit liabilities represent buyers' deposit on lots and titles and rental deposit from beneficiaries of various NHA projects.

Uncollected claims represent amount due to 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.

16. OTHER PAYABLES

This is composed of the following:

	2020	2019
Current:		
Dividends payable	15,011,130	13,241,523
Other payables	626,530,598	541,442,595
	641,541,728	554,684,118
Non-current:		
Other payables	189,102,220	213,187,939
	189,102,220	213,187,939

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 reclassification from provisions and contingent liabilities account amounting to P316.282 million intended for properties expropriated in General Mariano Alvarez, Region 4 and Lapasan, Cagayan De Oro, Region X amounting to P40 million and P276.282 million, respectively.

17. GOVERNMENT EQUITY

This is composed of the following:

	2020	2019
Accumulated surplus	128,500,696,508	113,798,796,807
Government equity	2,893,406,770	2,893,406,770
Contributed capital	3,494,386,953	3,494,306,718
	134,888,490,231	120,186,510,295

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

The NHA is a non-stock GOCC with authorized capitalization of P500 million under PD No. 757 dated July 31, 1975 and subsequently increased to P5 billion pursuant to 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 National Government paid and subscribed a total amount of P2.893 billion through subsidy from CYs 1976 to 2000, leaving a balance of P2.107 billion unsubscribed capital.

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:

	2020	2019
Joint venture project/asset pool		
Vitas Reclamation Project	1,520,185,412	1,520,185,412
Smokey Mountain Development and Reclamation Project (SMDRP)	758,110,161	758,110,161
	2,278,295,573	2,278,295,573
Thru Presidential Decree/Proclamation (PD/PP)		
Tala Development Project Phase 4 SMDRP (MRB-10B)	277,863,640	277,863,640
Three lots from the Municipality of Pasig, Cainta and Taytay	56,504,126	56,423,891
Land cost of Tala 3 Medium Rise Housing (MRH)	52,171,600	52,171,600
Land cost of Tala 2 MRH, Caloocan City	52,000,000	52,000,000
Tala Development Project Phase 5	50,235,000	50,235,000
Tala Development Project Phase 2	45,781,000	45,781,000
Lianga Housing Project, Surigao del Sur	37,820,160	37,820,160
Land cost of Tala 1 MRH	26,209,000	26,209,000
Caingin Housing Project, Iloilo	26,034,720	26,034,720
DAR BPI Compound (Cresencia Village), Baguio City	21,600,000	21,600,000
Bagong Silang Project, Phase XI, Package 10	21,461,165	21,461,165
Barangay Valencia Project, Quezon City	18,510,000	18,510,000
Lualhati housing project-Baguio City	17,425,060	17,425,060
Tala Estate, Caloocan City	15,460,016	15,460,016
Bagong Silang Project, Phase XI, Package 9	14,533,506	14,533,506
Lot located in Barangay Katipunan, Q.C.	14,513,760	14,513,760

	2020	2019
Camp Gregg PNP Housing Project	8,793,823	8,793,823
Land cost-Maria Orosa and Jorge Bocobo Housing Project	108,200	108,200
	822,887,496	822,807,261
From other government agency (thru PD/PP)		
Philippine Centennial Village Project, Taguig - from BCDA	242,724,323	242,724,323
Monterraza Subdivision, Benguet from PMS	117,618,100	117,618,100
Lot from DPWH at Sta. Ana, Manila	17,753,151	17,753,151
Lot from DSWD at Sta. Ana, Manila	10,826,000	10,826,000
Housing for 1 st Dist. of Agusan del Norte - from DPWH	3,263,360	3,263,360
Polo Transmitting Community Development Cooperative-from DOTC	193,450	193,450
	392,378,384	392,378,384
Donation		
Three motor vehicles	800,500	800,500
One computer unit	25,000	25,000
	825,500	825,500
	3,494,386,953	3,494,306,718

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

The Smokey Mountain certificate amounting to 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 lot area of 14,520 sqm. costing P65.863 million is intended for the construction of the nine five-storey low rise building for SMDRP.

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

The Lianga Housing Project located at Barangay Diatagon, Lianga, Surigao del Sur amounting to P37.820 million, represents lot area of 27.396 sqm. under PP No. 403 for disposition in accordance with the provisions of RA No. 7279.

The partial land cost of Tala I MRH, 26,209 sqm. at P1,000 per sqm. amounting to P26.209 million was reserved for various government uses and housing and urban development 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.

The parcel of land with 2,683 sqm. located in Barangay Valencia, Quezon City amounting to P18.510 million 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 per 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 land cost of P8.794 million for the 40,431 sqm. situated in Bayambang, Pangasinan was reserved for 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 s.2002 as amended by EO No. 216 series of 2003 and EO No. 465, series of 2005.

The Presidential Management Staff donated the Monteraza 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 PP 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 at P1,000 per sqm., are for *Barrio Puso* Homeowners Association.

A parcel of land turned-over by the DPWH thru Deed of Transfer to the NHA is for disposition primarily to barangays under First District of Agusan del Norte.

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

The three motor vehicles were donated by the Japan International Cooperation Agency (JICA) and one computer unit was donated by a private company.

18. REVALUATION SURPLUS

This account consists of the following:

	2020	2019
Government Center, North Triangle	6,127,219,012	6,127,219,012
East Triangle, Quezon City – NKTl	838,806,587	562,891,643
<i>Pinaglabanan</i> , San Juan LRB	99,388,800	99,388,800
<i>Manggahan</i> floodway residential building project (MMDA Depot)	18,213,500	18,213,500
	7,083,627,899	6,807,712,955

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., which is booked under Investment in joint venture account (see Note 8).

The revaluation of land for *Pinaglabanan*, San Juan LRB and *Manggahan* floodway project were booked under Merchandise inventory account.

In 2019, appraisal surplus of P562.891 million was recorded for the 15,215 sqm. lot sold to NKTl at East Triangle, Quezon City valued at P37,000 per sqm.

The revaluation of land property was mostly determined based on the appraised value provided by the accredited private appraiser company.

19. SUBSIDY FROM NATIONAL GOVERNMENT

Total Notice of Cash Allocation (NCA) amounting to P122.929 billion out of the total allotment of P173.894 billion was received leaving a balance of P50.965 billion as at December 31, 2020. Details are as follows:

Projects	Amount advice of allotment	Cash received		Total utilization		Balance of cash	Balance of allotment
		2020	2019 and prior	2020	2019 and prior		
Disbursement Acceleration Program							
Housing Project for Families Living Along in Danger Areas in Metro Manila	8,710,162,000	0	7,115,366,000	22,910,923	9,133,692,522	(2,041,237,445)	1,594,796,000
	408,964,000	0	408,964,000	1,988,750	368,164,639	38,810,611	0
Housing for BFP / BJMP North Triangle Relocation Project	163,298,000	0	106,325,000	0	217,912,329	(111,587,329)	56,973,000
	100,000,000	0	100,000,000	0	165,791,930	(65,791,930)	0
Iloilo Resettlement Project			100,000,000				
	9,382,424,000	0	7,730,655,000	24,899,673	9,885,561,420	(2,179,806,093)	1,651,769,000
Regular Appropriation							
Permanent Housing Project for Typhoon Yolanda Housing Program for ISFs Living in Danger Areas in Metro Manila	26,324,121,000	9,558,614,000	6,821,217,134	2,325,119,185	12,558,561,804	1,496,150,145	9,944,289,866
	23,465,603,347	0	16,562,070,000	426,772,807	18,692,008,142	(2,556,710,949)	6,903,533,347

Projects	Amount advice of allotment	Cash received		Total utilization		Balance of cash	Balance of allotment
		2020	2019 and prior	2020	2019 and prior		
Resettlement Program ISF's Affected by the Supreme Court's Mandamus to clear off Manila Bay	18,843,675,955	0	14,256,526,955	585,673,911	14,192,512,645	(521,659,601)	4,587,149,000
AFP/PNP/BFP/BJMP/BuCor Housing Program	9,978,874,955	0	6,111,237,000	3,640,530,302	3,092,722,901	(622,016,203)	3,867,637,955
Emergency Housing Assistance for Calamity Victims	10,742,290,000	4,834,964,000	1,132,830,000	2,293,909,652	4,053,330,397	(379,446,049)	4,774,496,000
Community Facilities for Existing Relocation Sites	1,386,279,000	0	1,259,425,000	2,018,141	1,558,183,676	(300,776,817)	126,854,000
Zamboanga Conflict Housing Project	536,087,000	0	19,733,352	24,563,917	134,112,103	(138,942,668)	516,353,648
Settlements Upgrading Program	347,319,000	0	309,189,000	32,188,506	196,291,053	80,709,441	38,130,000
Marawi Transitional Housing Project	252,845,000	0	142,834,000	11,662,384	128,216,640	2,954,976	110,011,000
Relocation Assistance Regional Resettlement Program- Socialized Housing	218,537,125	20,042,105	179,203,876	13,494,568	165,321,336	20,430,077	19,291,144
ISFs Affected by Infrastructure Projects	152,438,000	0	0	0	0	0	152,438,000
Site Acquisition, Development and Shelter Construction, Tiwi, Albay	20,067,000	0	0	0	0	0	20,067,000
	54,000,000	0	0	0	0	0	54,000,000
	350,000,000	0	0	0	0	0	350,000,000
	92,672,137,382	14,413,620,105	46,794,266,317	9,355,933,373	54,771,260,697	(2,919,307,648)	31,464,250,960
Other Releases							
AFP and PNP Housing Project	13,190,580,000	0	13,190,580,000	594,248,002	12,052,017,437	544,314,561	0
Permanent Housing Project for Typhoon Yolanda	40,340,978,000	0	27,777,068,000	3,016,533,936	27,496,121,061	(2,735,586,997)	12,563,910,000
Typhoon Pablo Housing Project	4,084,600,000	0	3,745,101,000	0	3,889,139,250	(144,038,250)	339,499,000
Zamboanga Conflict Housing Project	2,593,735,775	0	2,566,000,000	20,267,085	2,487,759,992	57,972,923	27,735,775
Reconstruction and Rehabilitation Program Fund	1,500,000,000	403,488,000	827,199,000	7,178,423	1,298,604,828	(75,096,251)	269,313,000
	63,040,000	0	63,040,000	0	60,424,000	2,616,000	0
Irosin Resettlement Project Construction of 50 hsg units- Cateel, Davao Oriental	5,000,000	0	5,000,000	0	5,000,000	0	0
NDRRMF - Repair and rehab of existing resettlement site for families affected by Typhoon Nina in 2016	699,986,898	0	25,966,000	98,403,549	9,665,817	(82,103,366)	674,020,898
Rehabilitation of the Most Affected Area (MAA) in Marawi	2,355,500,000	268,348,180	2,063,116,820	677,024,839	1,999,863,950	(345,423,789)	24,035,000
Emergency Housing Assistance Program	1,153,204,356	399,642,000	0	85,961,200	0	313,680,800	753,562,356
Site Development and Core Housing for the families affected by Typhoon Usman	1,351,706,461	0	0	0	0	0	1,351,706,461
Road Infrastructure Project with Underground Facilities in the Most Affected Area in Marawi City	2,303,115,711	2,303,115,711	0	843,971,938	0	1,459,143,773	0
Housing Programs for Families Affected by Marawi Conflict	1,910,900,000	352,359,000	0	483,075,141	0	(130,716,141)	1,558,541,000
North Triangle Relocation Project	286,702,000	0	0	0	0	0	286,702,000
	71,839,049,201	3,726,952,891	50,263,070,820	5,826,664,113	49,298,596,335	(1,135,236,737)	17,849,025,490
Grand Total	173,893,610,583	18,140,572,996	104,787,992,137	15,207,497,159	113,955,418,452	(6,234,350,478)	50,965,045,450

The subsidy received for CY 2019 amounted to P13.857 million which was included in the cash received totaling P104.788 million for CY 2019 and prior years.

Out of the total original P10 billion allotment for the Housing Project for Families Living along Danger Areas in Metro Manila, the amount of P1.290 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 originally amounted to P450 million. However, the amount of P286.702 million was cancelled by DBM and subsequently provided a supplemental appropriation of same amount 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.

20. BUSINESS AND SERVICE INCOME

This account consists of the following:

	2020	2019
Business income		
Management fees	462,854,240	408,644,984
Sales revenue	214,861,727	381,750,436
Rent/lease income	350,562,341	362,387,854
Fines and penalties-business income	95,632,510	187,717,093
Interest income	6,448,659	10,978,115
Share in the profit/revenue of joint venture	2,702,862	0
Other business income	860,377,678	189,739,381
	1,993,440,017	1,541,217,863
Service income		
Processing fees	24,201,088	51,554,113
Clearance and certification fees	3,994,226	5,801,067
Permit fees	86,596	404,699
Fines and penalties-service income	155,146	0
Other service income	255,121	611,874
	28,692,177	58,371,753
	2,022,132,194	1,599,589,616

Rent/lease income is generated from the following properties:

Projects	2020	2019
Investment properties includes:		
Government Center (DOTr)	308,266,936	299,288,288
Vitas Reclamation	11,962,996	13,964,502
CIED-Petron Corp.	6,771,366	6,448,920
BLC Taguig	2,458,782	296,364
Philippine Centennial	2,109,485	3,724,220
CIED – Tokwing-Metro Stonerich Corp.	1,328,806	0
Disiplina Village Project – Bignay	1,209,831	0
Disiplina Village Project – Ugong	814,315	0
Bagong Silang	308,654	753,767
National Bilibid Prison - Southville 3	185,707	447,627
BLC Pag-asa	126,445	399,100
Macabalan - Kadiwa (Land Bank Rental)	123,436	407,147

Projects	2020	2019
Dagat-Dagatan Dev. Project	85,863	293,121
Tatalon Estate	30,000	60,000
Juan Luna (SESE)	0	19,068
CIED-DDBS Advertising Unlimited Inc.	0	4,211,730
CIED-True North Enterprises	0	600,000
Vitas Housing Project	0	32,450
Maharlika Village Project	0	28,911
BLC – Rawis	0	21,155
	335,782,622	330,996,370
Residential lot/building includes:		
Disiplina Village Project – Bignay	4,473,395	0
Dagat-Dagatan Dev. Project	3,884,651	1,729,880
Kasiglahan Village I	3,326,552	7,603,450
Maysilo Estate	957,857	352,531
Vitas Reclamation	503,990	0
Disiplina Village Project –MMSP	260,601	0
National Bilibid Prison - Southville 3	183,725	0
TBC II Balintawak	177,079	15,358,280
Sr. San Roque	156,933	0
Tangos	143,702	38,750
BLC-Pag-asa	135,777	2,121,443
Disiplina Village Project –NSCRP	86,726	0
Bagong Barrio	77,480	284,041
Juan Luna (SESE)	75,977	9,419
Tatalon Estate	75,000	0
Bagong Barrio – OB Montessori	64,036	131,479
B. Rodriguez	51,177	141,192
Towerville project	41,150	77,905
Macabalan - Kadiwa (Land Bank Rental)	29,463	0
LTAP - San Pedro Tunasan HOA (SPETHAI)	29,371	10,261
Kalikasan Hills	11,551	0
Bagong Lipunan Condominium	7,964	0
Vitas Housing Project	6,411	5,450
Bata	5,234	0
Henson	3,671	0
Lim Bautista	2,594	366
Disiplina Village Project – Ugong	1,812	0
BLC Taguig	1,640	65,389
Lim Sioco	1,462	0
Maharlika Village Project	889	25,549
Tizon	887	424
Sandico	417	0
LTAP – San Pedro San Pablo HOA	300	0
Bagong Silang – residential	225	350
Tondo Foreshore	20	0
Kasiglahan 3	0	1,326,301
Kasiglahan 4	0	434,970
Kasiglahan 5	0	1,230,408
Philippine Centennial	0	246,154
Tatalon Urban Bliss	0	141,622
Lipa Estate	0	31,587
Northville 2-B	0	8,400
Pecson	0	7,724
BLC – Rawis	0	5,214
TBC-MIA	0	2,163

Projects	2020	2019
Mabalacat	0	781
	14,779,719	31,391,483
Total	350,562,341	362,387,853

21. SHARES, GRANTS AND DONATIONS

This account consists of Donations in kind which 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 a private company totaling to P66,300 in CY 2019. No income for grants and donations was recognized in CY 2020.

22. PERSONNEL SERVICES

This account consists of the following:

	2020	2019
Salaries and wages	717,531,752	640,821,521
Other compensation		
Year-end bonus	60,028,163	55,039,733
Personnel economic relief allowance	39,834,578	35,514,354
Clothing/uniform allowance	10,122,000	8,987,227
Representation allowance	9,809,414	9,458,090
Cash gift	8,724,988	7,617,500
Transportation allowance	5,549,705	4,677,579
Hazard pay	3,536,914	132,554
Overtime and night pay	2,576,733	5,681,433
Productivity incentive allowance	680,213	35,614
Honoraria	666,950	1,499,577
Subsistence allowance	17,600	63,550
Laundry allowance	2,400	3,000
Longevity pay	0	114,411
Other bonuses and allowances	169,780,024	166,176,605
	311,329,682	295,001,227
Personnel benefit contributions		
Retirement and life insurance premiums	83,567,238	69,630,091
PhilHealth contributions	9,978,555	6,857,524
Pag-IBIG contributions	2,038,800	1,605,600
Employees compensation insurance premiums	1,956,000	1,629,700
	97,540,593	79,722,915
Other personnel benefits		
Terminal leave benefits	52,809,619	32,284,809
Retirement gratuity	9,359,166	4,897,811
Other personnel benefits	16,417,707	14,367,025
	78,586,492	51,549,645
	1,204,988,519	1,067,095,308

Other bonuses and allowances mainly consist of meal allowance, rice allowance, Productivity Enhancement Incentive, mid-year financial assistance and loyalty bonus. This also includes *GADtimpala* Bronze Award, as conferred by the Philippine Commission on Women on August 14, 2019. Also, a one-time Service Recognition Incentive (SRI) was granted to NHA employees in accordance with AO No. 19 dated December 2, 2019 issued by the OP authorizing the grant of a one-time SRI to all government employees for CY 2019 and DBM Budget Circular No. 2019-6 dated December 9, 2019 prescribing the guidelines on the grant and funding of the SRI.

23. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2020	2019
Traveling expenses		
Local	18,443,198	38,023,423
Foreign	387,681	951,368
	18,830,879	38,974,791
Training and scholarship expenses		
Training	2,652,434	16,034,392
	2,652,434	16,034,392
Supplies and materials expenses		
Office supplies	22,558,782	27,810,503
Fuel, oil and lubricants	11,078,095	12,402,829
Semi-expendable furniture, fixtures and books	6,461,016	5,181,343
Semi-expendable machinery and equipment	1,736,583	6,524,543
Medical, dental and laboratory supplies	1,105,072	2,653
Accountable forms	860,350	1,355,760
Drugs and medicines	8,152	43,304
Other supplies and materials	1,371,544	1,229,846
	45,179,594	54,550,781
Utility expenses		
Electricity	24,654,781	32,784,872
Water	9,983,632	9,193,580
	34,638,413	41,978,452
Communication expenses		
Telephone	5,979,423	6,050,266
Internet subscription	3,013,666	1,686,578
Postage and courier services	1,735,213	1,944,664
Cable, satellite, telegraph and radio	28,760	44,050
	10,757,062	9,725,558
Survey, research, exploration and development		
Survey expenses	491,860	394,098
	491,860	394,098
Demolition/relocation and desilting/drilling/ dredging expenses		
Demolition and relocation expenses	149,246	85,013
	149,246	85,013

	2020	2019
Confidential, intelligence and extraordinary		
Extraordinary and miscellaneous expenses	64,420	116,500
	64,420	116,500
Professional services		
Auditing	31,632,034	40,871,733
Consultancy	9,431,113	9,365,986
Legal	152,249	145,057
Other professional	284,997,629	206,405,370
	326,213,025	256,788,146
General services		
Security services	103,308,003	98,020,022
Janitorial services	12,769,966	18,539,146
	116,077,969	116,559,168
Repairs and maintenance		
Buildings and other structures	15,390,414	8,225,597
Transportation equipment	6,129,010	5,794,369
Leased asset improvement	943,000	0
Machinery and equipment	865,749	2,306,342
Furniture and fixtures	25,988	100,479
Semi-expendable machinery and equipment	48,240	1,520
Semi-expendable furniture and fixtures	7,927	908
Land improvements	0	8,203,429
	23,410,328	24,632,644
Taxes, insurance premiums and other fees		
Taxes, duties and licenses	14,723,211	1,420,611
Insurance expenses	6,502,548	12,529,142
Fidelity bond premiums	6,431,054	6,185,574
	27,656,813	20,135,327
Other maintenance and operating expenses		
Rent/lease	29,636,484	17,403,835
Representation	2,985,880	6,994,012
Printing and publication	2,821,769	3,126,958
Donations	560,000	245,971
Advertising, promotional and marketing	194,574	263,000
Subscription	181,096	248,340
Transportation and delivery	147,118	6,503,298
Membership dues and contributions to		
Organizations	89,826	230,820
Documentary stamp	1,320	520
Other maintenance and operating expenses	42,459,318	57,931,567
	79,077,385	92,948,321
	685,199,428	672,923,191

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 (2021)	Payable within the next two to three years (2022-2023)
Region 7 – Cebu District	2,493,120	4,986,240
Region 1 – Baguio	2,287,520	4,575,040
Region 9 – Regional Office and Pagadian	1,612,800	3,225,600
NCR South Sector	1,536,600	3,073,200
Region 12 – Regional Office	1,342,311	2,684,621
Region 7 – Regional Office	986,496	1,972,992
Region 12 - General Santos/Koronadal	944,491	1,888,983
Region 11 – Regional Office	936,835	1,873,670
Region 6 – Iloilo	927,401	1,854,802
Region 7 – Bohol District	843,915	1,687,829
Region 9 – Zamboanga District	864,864	1,729,728
Region 11 – District 2	810,465	1,620,931
Region 13 – Regional Office	720,000	1,440,000
Region 3 - Regional Office	700,800	1,401,600
Region 7 – Negros District	660,000	1,320,000
Region 13 – Butuan	600,000	1,200,000
NCR West Sector	494,448	988,896
Region 10 - Cagayan De Oro	360,000	720,000
Region 3 - Bulacan District Office	342,000	684,000
Region 6 – Bacolod	268,800	537,600
Region 5 – Masbate District Office	144,000	288,000
	19,876,866	39,753,732

24. FINANCIAL ASSISTANCE

This account consists of the following:

	2020	2019
Financial assistance/subsidy-others	4,888,800,387	5,151,992,499
Financial assistance	5,994,000	8,987,721
	4,894,794,387	5,160,980,220

Financial assistance/subsidy-others refers to expenses allotted for the implementation of various projects/programs of NHA for families affected by calamities, regular resettlement and relocation of informal settlers which are chargeable to the subsidies received from the National Government.

The Financial assistance pertains to procured personal kits for the *Balik Probinsya, Bagong Pag-asa* Program availed.

25. FINANCIAL EXPENSES

This account consists of the following:

	2020	2019
Bank charges	96,689	134,456
Other financial charges	20,200	162,260
	116,889	296,716

26. NON-CASH EXPENSES

This account consists of the following:

	2020	2019
Depreciation:		
Machinery and equipment	29,382,054	28,475,804
Transportation equipment	8,655,519	11,042,615
Buildings and other structures	3,705,612	3,331,046
Land improvements	1,672,948	1,672,948
Furniture, fixtures and books	771,501	605,262
Investment property	336,947	21,384,705
Leased assets improvement	32,582	0
Other property, plant and equipment	193,176	234,396
	44,750,339	66,746,776
Impairment loss		
Loans and receivables	70,881,943	910,340
	115,632,282	67,657,116

27. NON-OPERATING INCOME, NET

This account consists of the following:

	2020	2019
Non-operating income		
Miscellaneous income	33,062,184	15,719,647
Proceeds from insurance/indemnities	1,702,620	2,491,434
Gain on sale of PE (including unserviceable)	112,067	255,677
	34,876,871	18,466,758
Non-operating losses		
Loss on sale of assets	(110,510)	(436,860)
	34,766,361	18,029,898

28. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

The reconciliation of net cash flows from operating activities to Surplus is presented as follows:

	2020	2019
Surplus for the year	13,281,794,870	8,731,634,378
Non-cash items:		
Depreciation expense	44,750,339	66,746,776
Impairment loss	70,881,943	910,340
Discounts and rebates	14,945,176	21,297,800
Income from grants and donation in kind	0	(247,113,585)
Increase in assets due to revaluation	275,995,179	562,891,643
(Increase) Decrease in Receivables, net	(7,845,635,084)	(5,517,405,340)
(Increase) Decrease in Inventories	(3,819,764,264)	(5,523,341,054)
(Increase) Decrease in Other assets	(2,784,325,580)	4,044,836,504
(Increase) Decrease in Investment in joint ventures, net	82,973,351	363,708,202
Loss on sale of assets	110,510	436,860
Gain on sale of PE	(112,067)	(255,677)
Increase (Decrease) in Financial liabilities	64,423,873	(215,537,509)
Increase (Decrease) in Inter-agency payables	30,961,943	19,746,612
Increase (Decrease) in Trust liabilities	(413,469,995)	598,642,983
Increase (Decrease) in Deferred credits/ unearned income	21,712,727	10,787,565
Increase (Decrease) in Other payable	60,293,950	49,854,021
Net cash flows from operating activities	(914, 463,129)	2,967,840,519

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 NHA'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 on 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

	2020	2019
Assets	1,088,416,301	1,079,995,652
Liabilities	1,185,729,432	1,159,866,352
Net Assets/Equity	(97,313,131)	(79,870,700)

II. Comparative Results of Operations

	2020	2019
Revenue	5,578,245	39,325,418
Expenses	(25,314,393)	(99,222,056)
Other non-operating income/(expenses), net	1,138,641	2,681,893
Net income/(loss)	(18,597,507)	(57,214,745)

The decrease of P73.908 million in expenses pertains to the reduction of 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 was 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

	2020	2019
Assets	2,683,528,279	2,685,175,511
Liabilities	116,058,935	117,414,781
Net Assets/Equity	2,567,469,344	2,567,760,730

II. Comparative Results of Operation

	2020	2019
Revenue	925,765	1,223,736
Expenses	(1,834,159)	(6,613,374)
Other non-operating income/(expenses), net	39,293	3,353
Net Loss	(869,101)	(5,386,285)

30. Financial Risk Management

30.1 Credit risk

Credit risk refers to risk that borrowers 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. Its maximum exposure is equivalent to the carrying amount of financial assets. The amount of loan availed by beneficiaries has a maximum of 30 years term based on their affordability level vis-à-vis approved monthly rental or amortization payments as basis for award of housing units. Also, for housing projects adopting Community Based Initiative Approach, the NHA encourages the beneficiaries to pay by providing a loanable amount equivalent to the cost of the developed lots and completed housing units net of P35,000 discount.

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 obligations associated with its financial liabilities. The NHA manages liquidity risk by maintaining adequate cash in bank and cash allocation to be received from national government to meet its currently maturing obligations. Using the one fund concept and analyzing the amount of cash provided or used in the operations, they manage the risk to fund the following current liabilities:

	2020	2019
Financial liabilities	272,548,855	213,325,894
Inter-agency payables	80,833,006	49,726,673
Other payables	641,541,728	554,684,118
	994,923,589	817,736,685

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 DISCLOSURES

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

31.1 Pursuant to PD No. 757 and EO No. 90 s.1986, the NHA is governed by the Board of Directors, which as at December 31, 2020, composed of the following members:

Position	Name	Position in other agency
Chairman	Eduardo D. Del Rosario	Chairperson, DHSUD
Member	Salvador C. Medialdea	Executive Secretary, OP
Member	Karl Kendrick T. Chua	Acting Secretary, National Economic and Development Authority
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 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.

31.3 Key Management Personnel's 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 are as follows:

	2020	2019
Salaries	7,516,029	7,958,717
Other allowances and benefits	2,114,587	2,786,139
	9,630,616	10,744,856

Meanwhile, the total remuneration received by the members of the Board of Directors for CYs 2020 and 2019 are P291,976 and P344,514, respectively.

32. COMPLIANCE WITH TAX LAWS

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

	2020	2019
Taxes paid		
VAT and other percentage tax	96,877,296	148,737,788
On compensation	70,542,231	70,513,040
Expanded	55,441,307	87,901,968
Taxes withheld		
On compensation	42,148,520	10,146,184
Expanded	21,911,582	15,648,344
VAT and other percentage tax	10,720,662	12,266,572
	297,641,598	345,213,896

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.

As of December 31, 2020, the NHA has no Preliminary or Final Assessment Notice except for Notice of Discrepancy for CY 2017 transactions relative to the Value-Added Tax and Expanded Withholding Tax without the required Certificate of Tax Exemption for every paid socialized housing project. Management is currently complying with the requirements of BIR.

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. CONTINUING RESPONSE TO COVID-19 PANDEMIC

With the new normal settings of life, the NHA continues to provide adequate and affordable housing to low-income families despite uncertainties brought by the COVID-19 pandemic crisis.

The summary of utilization of NHA Covid-19 Funds is as follows:

Particulars	Obligation	Disbursements	Balance
BP2 Program	38,851,176	32,312,798	6,538,378
Swab test	2,500,000	717,968	1,782,032
Hazard pay	4,549,050	4,549,050	0
Related expenditures	9,314,882	3,805,037	5,509,845
	55,215,108	41,384,853	13,830,255

The COVID-19 related expenditures pertain to supplies and materials chargeable to corporate funds.

35. RECLASSIFICATION

Reclassification on the presentation of the prior year's accounts and/or transaction activities are as follows:

35.1 Statement of Financial Position

The following Inter-agency payable accounts were reclassified to non-current liabilities because settlement period takes more than a year:

- Due to Treasurer of the Philippines
- Due to subsidiaries/joint venture/associates/affiliates

- Due to LGUs
- Due to government corporations

Also, the presented acquisition of land amounting to P247.055 million was reclassified as an adjustment to property and equipment – Land intended for the Marawi projects and North Triangle relocation projects. Further, the reported acquisition of P18.859 million under Building and Other Structures

was reclassified as an adjustment to property and equipment to match or off-set with the presented adjustment under Construction in Progress – Building and Structures.

35.2 Statement in Changes in Equity

The following prior years' adjustments in CY 2019 were reclassified to conform with disclosures and obtaining amounts presented in Note 28:

From		To	
Amortization interest	98,921,423	Collections of prior years' interest income	97,957,145
Accrued rental and interest receivables	(46,950,562)	Accrued rental and interest receivables	(40,335,356)
Restructuring of matured accounts	37,428,134	Restructuring of matured accounts	37,428,134
Impairment loss on dormant accounts receivable	(33,580,040)	Impairment loss on dormant accounts receivable	(31,998,274)
Various adjustments on administration fees	9,847,940	Adjustments on prior years' personal services and MOOE	3,437,328
		Adjustment in Property and equipment	(822,082)
	65,666,895		65,666,895

35.3 Statement of Cash Flows for the year ended December 31, 2019

The following cash flow activities for CY 2019 were reclassified to be comparable with CY 2020 figures and consistent with the disclosures in the other Notes herein:

Particulars	From	To	Amount
<i>Cash outflows from operating activities:</i>			
To correct presentation of payment of taxes, duties and licenses and consistent with the finance expenses presented in SCBAA and Note 25 to FS on financial expenses	Payment of taxes, duties and licenses	MOOE – Taxes, Duties and Licenses	1,822,127
		Financial expenses	296,716
<i>Cash outflows from operating and investing activities:</i>			
To correct the presentation of the acquisition of the land property which was recorded under Property and equipment – Land and consistent with	Operating activities – disbursements for: Various resettlement programs Acquisition of raw land Rehabilitation of most affected areas in	Investing activities – Purchase of property and equipment	146,045,261
			44,992,008
			39,070,230

Particulars	From	To	Amount
disclosure on the fund utilization under Note 21 to FS on subsidy income.	Marawi City AFP/PNP housing Northrail/Southrail/North Triangle Relocation Projects Other housing program		31,014,486 3,382,230 123,625,496
To reclassify the presentation of collections on sale of unserviceable property.	Operating activities – Collections from awardees/beneficiaries /entities	Investing activities – Collections on sale of unserviceable property	255,677

36. OTHER MATTERS

Contingent liabilities:

- 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 under CA-GR CV No. 99324

The compromise agreement amounting to P1.122 billion entered by NHA with a contractor 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.

37. STATUS OF LAWSUITS

The Authority is a party to 526 cases pending resolution that may materially affect its financial position. Among these cases, 315 are under NCR Courts, 51 cases are under the Courts of Appeals and 37 cases under the Supreme Court. Details of the nature of cases are as follows:

Nature of the case	Quantity	Percentage to total
Land registration	291	55
Expropriation	15	3
Others*	220	42
	526	100

*includes 24 cases with incomplete details

Land registration cases include those pending before the administrative agencies where NHA is a party, or an employee therein. Other cases include those pending before the Supreme Court, Courts of Appeals and cases of various nature (e.g. damages, ejection, criminal cases, etc.; may also involve cases against NHA employee/s).