

**NATIONAL HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2021 and 2020  
*(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 Task Force 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 (BBBTF), the NHA initiated the development of a database model focused on identifying informal settler families (ISFs) 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, 2021, the NHA has a total of 1,864 regular employees and 1,639 contract of service personnel.

#### Approval of Financial Statements

The financial statements of the NHA as at and for the year ended December 31, 2021, with comparative financial statements as at and for the year ended December 31, 2020, were approved and authorized for issue by the NHA Board of Directors on May 31, 2022.

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

### **a. Statement of Compliance**

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

### **b. Presentation of Financial Statements**

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

The financial statements have been prepared on historical cost basis of accounting, except for specific items booked as Investment in joint venture and Merchandise inventory, which have been measured at fair value (See Notes 8 and 18). The Statements of Cash Flows is prepared using the direct method.

### **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.

### **d. Basis of consolidation**

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

### **e. Judgment and estimates**

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.

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

### **3.1 Adoption of new IPSAS**

a. The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended IPSAS which the Authority adopted effective for annual periods beginning on or after January 1, 2021:

- IPSAS 18 - Segment Reporting
- IPSAS 22 - Disclosure of Financial Information about the General Government Sector
- IPSAS 39 - Employee Benefits

- IPSAS 40 - Public Sector Combinations
- b. Improvements to IPSAS, 2021 are effective January 1, 2023, except for the interest rate benchmark reform amendments to IPSAS 29 which is effective January 1, 2022. Earlier application is permitted.

Unless otherwise indicated, the Authority does not expect that the future adoption of the following improvements will have a significant impact on its financial statements.

- RPG 1 - Reporting on the long-term sustainability of an entity's finances
- IPSAS 22 - Disclosure of Financial Information about the General Government Sector
- IPSAS 29 - Financial Instruments: Recognition and Measurement

### 3.2 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 as a liability for at least 12 months after reporting date. Otherwise, the account is considered non-current assets and liabilities.

### 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 of 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.

Inter-agency and Other receivables are stated at face value which are 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 determines whether it has retained control of the financial assets: If the control is not transferred or retained, the financial asset is derecognized and recognized 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 have 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).

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:

<b>Age</b>	<b>Rate of allowance (in per cent)</b>
91 to 180 days	10
181 to 365 days	20
Over 365 days	30

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

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.

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.

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 a 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.

Inventories include semi-expendable properties and equipment (PE) or tangible items with cost below the capitalization threshold of P15,000.

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:

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

### 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 an 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 a 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 SCBAA 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 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):

	<b>CY 2021</b>	
	<b>Actual amounts</b>	<b>Budgeted amounts</b>
Net surplus/deficit for the period	15,153.465	15,153.465
Items included in SCBAA but not included in SFP		
Services and business income	404.989	5,476.117
Unremitted allotment	0	36,533.288
Personnel services	(83.318)	(371.054)
MOOE	88.490	(224.214)
Capital expenditures	(23,411.172)	(66,176.494)
Reverted to trust funds	(4,229.064)	0
Dividends	(15.011)	0
	<b>(27,245.086)</b>	<b>(24,762.357)</b>
Items included in SFP but not included in SCBAA		
Share, grants and donations	(16.211)	(16.211)
Financial expenses	0	0.610
Other non-operating income	(24.482)	(24.482)
Non-cash expenses	123.046	123.046
Discounts/rebates and losses	14.623	14.623
Financial assistance subsidy	10,577.689	10,577.689
	<b>10,674.665</b>	<b>10,675.275</b>
<b>Net fund sources/(uses)</b>	<b>(1,416.956)</b>	<b>1,066.383</b>

### 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 ensures 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, or 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. Also, all officials and employees with 10 days or more vacation leave credits are required to go on vacation leave whether continuous or intermittent for a minimum of five working days annually which will be forfeited if not taken during the year. Such mandatory/forced leave may be cancelled in the exigency of service

and shall no longer be deducted from the total accumulated vacation leave. Whenever any official or employee retires, voluntarily 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 36.

### 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:

	2021	2020
Cash on hand		
Collecting officers	3,964,112	16,232,298
Petty cash	1,141,002	1,597,207
Cash in bank		
Current account	3,441,436,098	4,873,112,531
Savings account	103,258,284	75,890,168
Time deposits	17,299,115	17,222,473
	<b>3,567,098,611</b>	<b>4,984,054,677</b>

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 2021, 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 terms of 30 days to 90 days for High Yield Savings Accounts.

The decrease of P1.417 billion was mainly due to funds of P4.179 billion and P50 million reverted to restricted funds (See Note 11) and returned amount to National Government Center (NGC) funds, respectively, and significant increase in the disbursements for the implementation of housing programs and other expenditures amounting to P25.551 billion, while there were substantial receipts of cash subsidy from the National Government and collections from beneficiaries and/or other parties amounting to P25.712 billion and P2.652 billion, respectively, in CY 2021.

## 5. RECEIVABLES, NET

This is composed of the following:

	2021	2020
<b>Current:</b>		
Loans and receivables	6,695,141,526	6,546,313,087
Inter-agency receivables	7,238,058,483	4,954,196,934
Other receivables	315,873,408	51,992,470
	<b>14,249,073,417</b>	<b>11,552,502,491</b>
<b>Non-current:</b>		
Loans and receivables	71,941,288,048	69,236,273,010
Inter-agency receivables	169,567,541	202,332,375
	<b>72,110,855,589</b>	<b>69,438,605,385</b>

### 5.1 Loans and receivables

	2021	2020
<b>Current:</b>		
Accounts receivable		
Rental receivable	2,754,330,599	2,694,336,299
Installment sales receivable	1,531,739,688	1,489,728,328
Mortgage sales receivable	109,198,464	109,136,185
Interest receivable	746,265,110	678,913,431
Loans receivable (LR)–LGUs	24,210,373	22,019,205
LR–others	2,171,176,189	1,846,790,123
	<b>7,336,920,423</b>	<b>6,840,923,571</b>
Allowance for impairment	<b>(641,778,897)</b>	<b>(294,610,484)</b>
	<b>6,695,141,526</b>	<b>6,546,313,087</b>
<b>Non-current:</b>		
Accounts receivable	9,064,090,611	9,286,298,072
LR–LGUs	115,169,075	129,382,733
Interest receivables	2,393,593,706	1,409,988,186
LR–others	60,368,434,656	58,410,604,019
	<b>71,941,288,048</b>	<b>69,236,273,010</b>

Rental receivable mainly pertains to receivable from the Department of Transportation (DOTr, formerly DOTC) for the lease of the North Triangle property covered by a contract of lease executed in April 1998. In March 2007, DOTr, NHA and MRT Development Corporation (MRT Dev Co)

executed a Memorandum of Agreement (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 remittances 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 P1.051 billion was due to recognition in CY 2021 of earned interest expected to be received within one year and more than one year.

LR – 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.

LR – 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, such as commercial and industrial loans, housing material loans, small business loans and community mortgage program loans. For CISFA account, the loans were 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

For CYs 2021 and 2020, the movements in the allowance for impairment of loans and receivables are as follows:

	Rental receivables	Installment sales receivables	Total
<b>CY 2021:</b>			
Beginning balance, January 1	224,339,941	70,270,543	294,610,484
Provisions classified under:			
Current operating expenses-non-cash item	1,879,719	81,308,102	83,187,821
<i>Forward</i>			

	Rental receivables	Installment sales receivables	Total
Trust liabilities – as deduction to CISFA trust fund	338,909	3,523,227	3,862,136
Other adjustments	(5,676,916)	265,795,372	260,118,456
Ending balance, December 31	220,881,653	420,897,244	641,778,897
CY 2020:			
Beginning balance, January 1	265,500,318	0	265,500,318
Provisions classified under:			
Current operating expenses-non- cash item	1,554,259	69,327,684	70,881,943
Trust liabilities – as deduction to CISFA trust fund	0	1,431,309	1,431,309
Other adjustments	(42,714,636)	(488,450)	(43,203,086)
Ending balance, December 31	224,339,941	70,270,543	294,610,484

### 5.3 Inter-agency receivables

	2021	2020
<b>Current:</b>		
Due from LGUs	6,012,097,766	3,747,964,466
Due from NGAs	1,191,554,803	1,192,765,440
Due from GOCCs	34,405,914	13,467,028
	<b>7,238,058,483</b>	4,954,196,934
<b>Non-current:</b>		
Due from LGUs	19,534,124	158,594,776
Due from NGAs	150,033,417	43,737,599
	<b>169,567,541</b>	202,332,375

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 CY 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. The fund was used for the acquisition of land alongside the Malacañang Palace, renovation of the guesthouse, improvement of the ground parks, and re-texturing of sidewalks in the area.

Due from GOCCs represents advances/loans to various GOCCs subject for reimbursement to NHA, including Due from Metropolitan Waterworks and Sewerage System (MWSS) amounting to P5.630 million which 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. It also includes Due from Philippine National Oil Company (PNOC) amounting to P2.484 million which pertains to the cost of design and supervision of the relocation and resettlement project for the informal occupants of the PNOC Petrochemical Development Corporation Petrochemical Complex.

#### 5.4 Other receivables

	<b>2021</b>	2020
Due from Non-Government Organizations/ People's Organizations (NGOs/POs)	<b>287,522,749</b>	34,597,410
Receivables-disallowances/charges	<b>682,856</b>	682,856
Due from officers and employees	<b>38,153</b>	88,032
Other receivables	<b>27,629,650</b>	16,624,172
	<b>315,873,408</b>	51,992,470

Due from NGOs/POs are advances made to various electric cooperatives. The increase of P252.925 million represents the payment to an electric cooperative for the first tranche of P255.230 million out of the three tranches with total budget of P425.383 million intended for the rehabilitation of distribution line in the most affected areas of Marawi City and other affected localities, less the full liquidation of advances to another electric cooperative amounting to P2.304 million for the installation of power facilities extension lines, DX transformers and electrical services in Camp Gregg PNP Housing Project Zone VI, Bayambang, Pangasinan and Maniboc Sites and Services Phase 2, Brgy. Maniboc, Lingayen Pangasinan.

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 increase of P11.005 million was mainly due to recognition of management/trusteeship fees from NGC and PPMO.

## 6. INVENTORIES

This consists of the following:

	2021	2020
Merchandise inventory		
Completed development for sale – land	<b>6,597,391,706</b>	6,953,362,940
Completed development for sale – building	<b>3,195,783,940</b>	3,362,421,151
Properties held for rent	<b>711,575,406</b>	711,575,406
	<b>10,504,751,052</b>	11,027,359,497
Property for distribution		
Completed development for transfer – building	<b>2,560,154,703</b>	3,348,774,943
Completed development for transfer – land	<b>1,174,816,905</b>	1,521,777,419
	<b>3,734,971,608</b>	4,870,552,362
Work-in-process inventory		
Housing units	<b>7,911,459,081</b>	6,037,096,538
Resettlement projects	<b>41,999,976,392</b>	39,260,522,828
Community facilities	<b>3,715,052,073</b>	1,904,674,323
Slum upgrading	<b>95,687,279</b>	95,192,779
Sites and services	<b>30,823,904</b>	39,010,869
	<b>53,752,998,729</b>	47,336,497,337
Inventory held for consumption		
Office supplies	<b>12,113,688</b>	8,500,239
Other supplies and materials	<b>427,004</b>	103,521
Medical, dental and laboratory supplies	<b>2,875</b>	0
Drugs and medicines	<b>256,674</b>	28,297
	<b>12,800,241</b>	8,632,057
Semi-expendable property and equipment:		
Machineries and equipment	<b>5,446,640</b>	0
Furniture, fixtures and books	<b>5,513,262</b>	0
	<b>10,959,902</b>	0
	<b>68,016,481,532</b>	63,243,041,253

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 P522.608 million was mainly due to the increase in sale of house and lots to the intended beneficiaries.

Property for distribution pertains to infrastructure/community facilities for transfer to various government agencies particularly to the concerned Local Government Units and DepEd, and 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 roads 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.

The increase of P6.417 billion was mainly due to implementation of new housing projects, resettlement sites and community facilities. This includes projects adopting the Community Based Initiative Approach wherein Work-in-process inventory (previously recognized as Loan receivable-others) is recognized upon payment to Contractor/Developer based on NHA Memorandum Circular (MC) No. 2021-027 dated August 2, 2021.

The Semi-expendable machineries and equipment as well furniture, fixtures and books represent the donated property from Philippine Sports Commission with fair value lower than P15,000 and not yet issued as at year-end.

## 7. OTHER CURRENT ASSETS

This consists of the following:

	<b>2021</b>	2020
Advances		
Advances for operating expenses	<b>1,105,804,670</b>	697,704,076
Advances to special disbursing officer	<b>176,163,019</b>	33,376,532
Advances to officers and employees	<b>90,900</b>	10,020
Advances for payroll	<b>190,079</b>	5,575
	<b>1,282,248,668</b>	731,096,203

	2021	2020
Prepayments		
Advances to contractors	<b>3,393,727,363</b>	3,351,632,251
Prepaid insurance	<b>1,126,039</b>	717,816
	<b>3,394,853,402</b>	3,352,350,067
	<b>4,677,102,070</b>	4,083,446,270

Advances for operating expenses represent the working fund granted to the accountable officers of Regional Offices. The increase of P408.101 million was due to increase in the revolving funds to cover the Maintenance and Other Operating Expenses and cash requirements for the implementation of 77 new projects under various housing projects particularly in Regions II, VII, IX and XI.

Advances to special disbursing officer are for special purpose/time-bound undertakings to be liquidated within a specified period. The net increase of P142.786 million was due to the cash advances for Emergency Housing Assistance Program for families affected by typhoons Ursula and Ulysses that hit the country in CY 2019 and 2020, respectively. The LGUs' request for financial assistance was only granted in CY 2021.

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

Advances for payroll represent wages of contract of services personnel, granted in December 2021, who are assigned at *Balik Probinsya Bagong Pag-asa* Program, NLEX-SLEX connector, and Bonifacio East Development projects.

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

## 8. INVESTMENTS

	2021	2020
Investments in joint venture		
Urban Triangle Development Project	<b>4,314,939,680</b>	4,319,145,202
AFP Military Housing	<b>10,047,693</b>	15,205,628
Barangay McKinley	<b>15,205,628</b>	12,197,970
Zamboanga Teachers Village Housing	<b>4,649,571</b>	10,047,693
Concepcion Resettlement Site	<b>4,355,582</b>	6,500,000
San Juan Cooperative Housing	<b>6,500,000</b>	6,075,033
Canduman Resettlement Project	<b>6,075,033</b>	4,649,571
Kadayawan Homes	<b>12,197,970</b>	4,355,582
Various joint venture projects	<b>23,046,579</b>	23,267,795
	<b>4,397,017,736</b>	4,401,444,474
Investments in stocks	<b>38,890</b>	38,890
	<b>4,397,056,626</b>	4,401,483,364

Investments in joint venture represent NHA's equity in various joint venture projects.

Urban Triangle Development Project pertains to the Joint Venture Agreement with the land developer 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 a share allocation of 28.28 per cent while the land developer shall receive 71.72 per cent of the developed lots and profits or losses from residential pump-priming projects.

## 9. INVESTMENT PROPERTY, NET

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

Particulars	2021			2020		
	Land	Building	Total	Land	Building	Total
<b>Cost</b>						
January 1	293,029,861	38,723,835	331,753,696	294,114,604	749,214,498	1,043,329,102
Disposal/adjustments	5,684	0	5,684	(1,084,743)	(710,490,663)	(711,575,406)
	<b>293,035,545</b>	<b>38,723,835</b>	<b>331,759,380</b>	293,029,861	38,723,835	331,753,696
<b>Accumulated depreciation</b>						
January 1	0	30,183,606	30,183,606	0	64,964,932	64,964,932
Depreciation	0	336,947	336,947	0	336,947	336,947
Disposal/adjustments	0	0	0	0	(35,118,273)	(35,118,273)
	<b>0</b>	<b>30,520,553</b>	<b>30,520,553</b>	0	30,183,606	30,183,606
	<b>293,035,545</b>	<b>8,203,282</b>	<b>301,238,827</b>	293,029,861	8,540,229	301,570,090

The decrease of net amount of P331,263 was mainly due to the recognition of depreciation of P336,947 and adjustment on the remaining unsold lot property in the East Triangle, Quezon City.

## 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
<b>Cost</b>										
January 1, 2021	1,404,834,395	19,364,975	268,937,992	323,254,585	150,926,238	10,378,632	2,953,200	977,141	288,846,920	2,470,474,078
Additions/acquisitions	12,138,977	18,394,354	33,259,567	63,314,229	1,101,000	9,547,843	4,080,000	0	229,652,234	371,488,204
Disposal/adjustments	(2,757,941)	0	157,114,312	29,996	(6,330,123)	0	0	0	(156,482,784)	(8,426,540)
	<b>1,414,215,431</b>	<b>37,759,329</b>	<b>459,311,871</b>	<b>386,598,810</b>	<b>145,697,115</b>	<b>19,926,475</b>	<b>7,033,200</b>	<b>977,141</b>	<b>362,016,370</b>	<b>2,833,535,742</b>
<b>Accumulated depreciation</b>										
January 1, 2021	0	11,153,519	155,326,200	204,988,587	119,248,064	4,062,696	2,454,948	32,582	0	497,266,596
Depreciation	0	1,623,449	3,879,587	26,404,719	5,384,394	2,062,809	122,040	43,971	0	39,520,969
Disposal/adjustments	0	0	0	0	(6,047,614)	0	0	0	0	(6,047,614)
	<b>0</b>	<b>12,776,968</b>	<b>159,205,787</b>	<b>231,393,306</b>	<b>118,584,844</b>	<b>6,125,505</b>	<b>2,576,988</b>	<b>76,553</b>	<b>0</b>	<b>530,739,951</b>
	<b>1,414,215,431</b>	<b>24,982,361</b>	<b>300,106,084</b>	<b>155,205,504</b>	<b>27,112,271</b>	<b>13,800,970</b>	<b>4,456,212</b>	<b>900,588</b>	<b>362,016,370</b>	<b>2,302,795,791</b>
<b>Cost</b>										
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	8,443,008	0	4,840,030	0	497,387	75,214,298	191,639,118
Disposal/adjustments	(569,043,680)	0	0	1,481,730	0	212,938	0	0	12,345,627	(555,003,385)
	<b>1,404,834,395</b>	<b>19,364,975</b>	<b>268,937,992</b>	<b>323,254,585</b>	<b>150,926,238</b>	<b>10,378,632</b>	<b>2,953,200</b>	<b>977,141</b>	<b>288,846,920</b>	<b>2,470,474,078</b>
<b>Accumulated depreciation</b>										
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	29,382,054	8,655,519	771,501	193,176	32,582	0	44,413,392
Disposal/adjustments	0	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>11,153,519</b>	<b>155,326,200</b>	<b>204,988,587</b>	<b>119,248,064</b>	<b>4,062,696</b>	<b>2,454,948</b>	<b>32,582</b>	<b>0</b>	<b>497,266,596</b>
	<b>1,404,834,395</b>	<b>8,211,456</b>	<b>113,611,792</b>	<b>118,265,998</b>	<b>31,678,174</b>	<b>6,315,936</b>	<b>498,252</b>	<b>944,559</b>	<b>288,846,920</b>	<b>1,973,207,482</b>

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 1987 to 2016 that remain in use are still reported unless disposed or destroyed with an aggregate residual value of P50.384 million as at December 31, 2021.

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

#### 11. OTHER NON-CURRENT ASSETS, NET

This account consists of:

	2021	2020
Loans and receivables		
LR – others	121,323,922	125,404,955
LR – LGUs	47,909,366	54,187,775
Mortgage sales receivables	42,440,486	42,440,486
	<b>211,673,774</b>	222,033,216
Inter-agency receivables		
Due from LGUs	27,700,232	27,842,701
Due from GOCCs	17,148,472	17,164,812
Due from NGAs	167,944	167,944
	<b>45,016,648</b>	45,175,457
Other receivables	<b>34,816,256</b>	41,995,205
Other assets		
Restricted fund	6,725,942,698	5,037,453,016
Foreclosed property/assets	58,402,333	58,402,333
Advances to contractors	16,571,321	16,571,321
Guaranty deposits	10,261,903	10,752,452
Prepaid rent	1,692,640	1,692,640
Other assets	678,198,930	678,198,929
	<b>7,491,069,825</b>	5,803,070,691
	<b>7,782,576,503</b>	6,112,274,569
Allowance for impairment	<b>(204,049,544)</b>	(221,587,935)
	<b>7,578,526,959</b>	5,890,686,634

LR – others include bridge financing to joint venture partners which are non-moving for five years or more amounting to P89.324 million.

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

	<b>2021</b>	2020
<i>Pambansang Bagong Nayon</i>	<b>6,566,232</b>	6,566,232
Zonal Improvement Project (ZIP)	<b>6,270,950</b>	6,270,950
Joint venture project	<b>5,007,574</b>	5,007,574
Slum upgrading	<b>692,187</b>	692,187
Regional cities development	<b>103,974</b>	103,974
Various housing, improvement of water system, survey and drainage works	<b>29,268,449</b>	35,546,858
	<b>47,909,366</b>	54,187,775

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 P1.688 billion is mainly attributed to the reverted funds of P4.179 billion (See Note 4) that were borrowed from trust funds to cover cash requirements of various resettlement programs, new funds from other government agencies of P412.510 million (See Note 14), liquidation and/or disbursements of P3.126 billion, entrusted collections from beneficiaries of P202.661 million and earned interest of P21.222 million. The account also includes current and savings accounts totaling P284.733 million that 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 October 16, 2016, and on November 8, 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. On September 27, 2021, the Legal Department sent a letter to CIAC requesting the status of the filed Very Urgent Motion but to no avail. On May 16, 2022, the NHA Legal Department informed the Head of PVB Diliman Branch that a Motion for Early Resolution was filed before the Supreme Court on December 9, 2021.

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

	<b>2021</b>	2020
Apartments/Dorms bought back by NHA from SSS	<b>55,119,594</b>	55,119,594
A. Basa Property – Quezon City	<b>1,055,825</b>	1,055,825
Northern Hills Subdivision	<b>1,036,760</b>	1,036,760
Others	<b>1,190,154</b>	1,190,154
	<b>58,402,333</b>	58,402,333

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.

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 utility service connections.

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 was 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 the 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 LR – LGUs, LR – others and Other receivables. 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 2021, a total amount of P17.538 million was recovered reducing the Allowance for impairment loss and corresponding receivable accounts, as follows:

<b>Non-current</b>	<b>Balance 12/31/2020</b>	<b>Additional provision</b>	<b>Recoveries/ adjustments</b>	<b>Balance 12/31/2021</b>
LR –LGUs	54,187,775	0	6,278,409	47,909,366
LR –others	125,404,955	0	4,081,033	121,323,922
Other receivables	41,995,205	0	7,178,950	34,816,255
	<b>221,587,935</b>	<b>0</b>	<b>17,538,392</b>	<b>204,049,543</b>

## 12. FINANCIAL LIABILITIES

This account consists of:

	<b>2021</b>	2020
Accounts payable	<b>182,862,239</b>	88,297,801
Due to officers and employees	<b>106,477,765</b>	184,251,054
	<b>289,340,004</b>	272,548,855

The increase in Accounts payable is mainly due to accrual of various expenses incurred and reversal of unclaimed checks as at year-end 2021 while the decrease in Due to officers and employees pertains to the payment of prior years'



tax refunds, *GADtimpala* incentive and other bonuses of NHA officers and employees in CY 2021.

Due to officers and employees account represents unclaimed benefits, tax refunds, and accrual of salaries and wages from various NHA Regional Offices. As at December 31, 2021, the earned leave credits of officers and employees that are not recognized in the books are as follows:

	2021	2020
Main office	140,851,351	127,662,845
Sector, regional and district offices	302,557,611	313,006,885
	<b>443,408,962</b>	440,669,730

### 13. INTER-AGENCY PAYABLES

This account consists of:

	2021	2020
<b>Current:</b>		
Due to BIR	30,841,954	74,780,764
Due to GSIS	1,696,514	4,987,456
Due to Pag-IBIG	985,871	890,577
Due to PhilHealth	638,321	174,209
	<b>34,162,660</b>	80,833,006
<b>Non-current:</b>		
Due to Treasurer of the Philippines	2,056,478,564	2,056,478,564
Due to subsidiaries/joint venture/associates affiliates	120,626,202	120,626,202
Due to NGAs	13,090,374	0
Due to LGUs	67,734,464	67,734,464
Due to government corporations	49,972,461	49,980,990
	<b>2,307,902,065</b>	2,294,820,220
	<b>2,342,064,725</b>	2,375,653,226

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 NGAs represents payable to Department of Environment and Natural Resources (DENR) for the land cost of 602<sup>nd</sup> Brigade housing project intended for active and retired military personnel situated at Brgy. Poblacion and Nasapian, Carmen, Cotabato under Presidential Proclamation (PP) No. 2012, series of 2010.

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:

	2021	2020
Trust liabilities		
NGAs	4,413,721,759	7,672,407,068
GOCCs	593,565,581	576,399,056
Others	1,165,866,225	1,970,061,748
Guaranty/security deposits payable	5,987,428,673	5,475,544,113
	<b>12,160,582,238</b>	<b>15,694,411,985</b>

Trust liabilities consist of funds entrusted to NHA for special purposes and collections from beneficiaries of housing projects covered by Trust Agreement. The decrease of P4.046 billion was mainly due to liquidation and/or disbursement of P4.924 billion in the implementation of the projects or intended purpose of the trust funds, while there were new funds of P421.328 million from other government agencies, the amount of P412.510 million of which was restricted (See Note 11), and a total entrusted CISFA funds and collections from beneficiaries including interest of P457.407 million.

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

## 15. OTHER PAYABLES

This is composed of the following:

	2021	2020
<b>Current:</b>		
Dividends payable	5,700,642	15,011,130
Other payables	480,542,487	626,530,598
	<b>486,243,129</b>	<b>641,541,728</b>
<b>Non-current:</b>		
Other payables	196,304,025	189,102,220
	<b>196,304,025</b>	<b>189,102,220</b>

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 contributions, loans, and health insurance premiums withheld from the employees' salary for remittance to the Provident Fund Association, Inc., Consolidated Union of Employees (CUE), Employees Multi-purpose Cooperative and Health Maintenance Organizations (HMOs), accruals of wages of contract of service personnel, additional costs of pre-sold/completed projects or costs incurred to complete various projects and payable to Philippine Guarantee Corporation (formerly Home Guaranty Corporation) for the property located at Rodriguez, Rizal utilized as relocation site. This also includes reciprocal account to record of borrowed funds by the NHA with NGC and PPMO.

## 16. DEFERRED CREDITS/UNEARNED INCOME

This account consists of:

	2021	2020
Deferred income from installment sales	4,079,397,937	4,134,796,460
Deposit liabilities	579,344,805	573,626,579
Uncollected claims	14,788,141	14,788,141
Other unearned revenue	0	10,322
	<b>4,673,530,883</b>	<b>4,723,221,502</b>

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' deposits on lots and titles and rental deposits 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.

## 17. GOVERNMENT EQUITY

This is composed of the following:

	<b>2021</b>	2020
Accumulated surplus	<b>144,419,549,384</b>	128,500,696,508
Government equity	<b>2,893,406,770</b>	2,893,406,770
Contributed capital	<b>3,494,386,953</b>	3,494,386,953
	<b>150,807,343,107</b>	134,888,490,231

Accumulated surplus pertains to the cumulative results of operations of the NHA and subsidy funds 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:

	<b>2021</b>	2020
Joint venture project/asset pool Vitas Reclamation Project	<b>1,520,185,412</b>	1,520,185,412
Smokey Mountain Development and Reclamation Project (SMDRP)	<b>758,110,161</b>	758,110,161
	<b>2,278,295,573</b>	2,278,295,573
Thru Presidential Decree/Proclamation (PD/PP)		
Tala Development Project Phase 4	<b>277,863,640</b>	277,863,640
SMDRP (MRB-10B)	<b>65,862,720</b>	65,862,720
Three lots from the Pasig, Cainta and Taytay	<b>56,504,126</b>	56,504,126
Land cost of Tala 3 Medium Rise Housing (MRH)	<b>52,171,600</b>	52,171,600
Land cost of Tala 2 MRH, Caloocan City	<b>52,000,000</b>	52,000,000
Tala Development Project Phase 5	<b>50,235,000</b>	50,235,000
Tala Development Project Phase 2	<b>45,781,000</b>	45,781,000
<i>Forward</i>		
Lianga Housing Project, Surigao del Sur	<b>37,820,160</b>	37,820,160
Land cost of Tala 1 MRH	<b>26,209,000</b>	26,209,000
Caingin Housing Project, Iloilo	<b>26,034,720</b>	26,034,720
DAR BPI Compound (Cresencia Village), Baguio City	<b>21,600,000</b>	21,600,000
Bagong Silang Project, Phase XI, Package 10	<b>21,461,165</b>	21,461,165
Barangay Valencia Project, Quezon City	<b>18,510,000</b>	18,510,000
Lualhati housing project-Baguio City	<b>17,425,060</b>	17,425,060

	<b>2021</b>	2020
Tala Estate, Caloocan City	<b>15,460,016</b>	15,460,016
Bagong Silang Project, Phase XI, Package 9	<b>14,533,506</b>	14,533,506
Lot located in Barangay Katipunan, Q.C.	<b>14,513,760</b>	14,513,760
Camp Gregg PNP Housing Project	<b>8,793,823</b>	8,793,823
Land cost-Maria Orosa and Jorge Bocobo Housing Project	<b>108,200</b>	108,200
	<b>822,887,496</b>	822,887,496
From other government agency (thru PD/PP)		
Philippine Centennial Village Project, Taguig from BCDA	<b>242,724,323</b>	242,724,323
Monterraza Subdivision, Benguet from PMS	<b>117,618,100</b>	117,618,100
Lot from DPWH at Sta. Ana, Manila	<b>17,753,151</b>	17,753,151
Lot from DSWD at Sta. Ana, Manila	<b>10,826,000</b>	10,826,000
Housing for 1 <sup>st</sup> Dist. of Agusan del Norte from DPWH	<b>3,263,360</b>	3,263,360
Polo Transmitting Community Development Cooperative from DOTC	<b>193,450</b>	193,450
	<b>392,378,384</b>	392,378,384
Donation		
Three motor vehicles	<b>800,500</b>	800,500
One computer unit	<b>25,000</b>	25,000
	<b>825,500</b>	825,500
	<b>3,494,386,953</b>	3,494,386,953

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 with CY 2003 zonal valuation of lot at P6,000 per sqm, reduced by total development costs amounting to P1.684 million consisting of appraisal fees, design and supervision fees.

The Smokey Mountain certificate amounting to P1.403 billion is a non-interest-bearing participation certificate issued by the Asset Pool for the conveyance of the Smokey Mountain site and the 79 hectares of Manila Bay Foreshore property. The value was reduced to P758 million with the application of loss on sale of housing units in CY 2015.

The Tala Development Project Phase 4 located in Caloocan City amounting to P277.864 million represents a total area of 408,623 sqm at P600 per sqm based market value on April 15, 2010, reserved for various government uses and housing and urban development under PP No. 843, as amended by RA No. 7999.

The lot area of 14,520 sqm costing P65.863 million is intended for the construction of the nine five-storey low rise buildings 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 Department of Agrarian Reform (DAR) Bureau of Plant Industry (BPI) 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 Monterraza property covering an area of 88,474 sqm. more or less and authorized NHA to administer and sell the subject lots to bonafide settlers, as well as acquire and develop alternative sites, all for socialized housing as approved by the President on July 7, 1997.

The 20,315 sqm. lot located in Sta. Ana, Manila, was transferred by DPWH to NHA under 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:

	2021	2020
Government Center, North Triangle	6,127,219,011	6,127,219,012
East Triangle, Quezon City – NKTI	0	838,806,587
<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
	<b>6,244,821,311</b>	7,083,627,899

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 are booked under Inventories - Merchandise inventory account.

The revaluation of the lot in East Triangle, Quezon City, which was sold in CYs 2013 and 2016 and fully paid in CY 2020 was subsequently derecognized in the books.

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) of P148.641 billion out of the total allotment of P181.062 billion was received from CYs 2010 to 2021 leaving a balance of P32.421 billion. Details are as follows:

Projects	Amount advice of allotment	Cash received		Total utilization		Balance of cash	Balance of allotment
		2021	2020 and prior	2021	2020 and prior		
<b>Disbursement Acceleration Program (DAP)</b>							
Housing Project for Families							
Living Along in Danger							
Areas in Metro Manila	8,710,162,000	0	7,115,366,000	9,284,162	9,127,927,419	(2,021,845,581)	1,594,796,000
Housing for BFP / BJMP	408,964,000	0	408,964,000	865,566	370,153,389	37,945,045	0

Projects	Amount advice of allotment	Cash received		Total utilization		Balance of cash	Balance of allotment
		2021	2020 and prior	2021	2020 and prior		
North Triangle Relocation Project	163,298,000	0	106,325,000	0	106,325,000	0	56,973,000
Iloilo Resettlement Project	100,000,000	0	100,000,000	0	100,000,000	0	0
	<b>9,382,424,000</b>	<b>0</b>	<b>7,730,655,000</b>	<b>10,149,728</b>	<b>9,704,405,808</b>	<b>(1,983,900,536)</b>	<b>1,651,769,000</b>
<b>Regular Appropriation</b>							
Permanent Housing Project for Typhoon Yolanda	26,324,121,000	991,909,000	16,379,831,134	4,271,723,651	14,883,680,989	(1,783,664,506)	8,952,380,866
Housing Program for ISFs Living in Danger Areas in Metro Manila	23,465,603,347	4,623,559,000	16,562,070,000	1,202,205,912	19,146,163,575	837,259,513	2,279,974,347
Resettlement Program ISFs Affected by the Supreme Court's Mandamus to clear off Manila Bay	18,843,675,955	1,355,533,000	14,256,526,955	1,759,371,146	14,779,479,956	(926,791,147)	3,231,616,000
AFP/PNP/BFP/BJMP/BuCor Housing Program	10,978,874,955	2,425,848,000	6,111,237,000	2,663,925,678	6,733,253,203	(860,093,881)	2,441,789,955
Emergency Housing Assistance for Calamity Victims	10,742,290,000	1,875,071,000	5,967,794,000	2,668,177,266	6,347,240,049	(1,172,552,315)	2,899,425,000
Community Facilities for Existing Relocation Sites	2,386,279,000	522,470,000	1,259,425,000	549,675,000	1,560,201,817	(327,981,817)	604,384,000
Zamboanga Conflict Housing Project	536,087,000	429,400,000	19,733,352	53,222,652	158,676,020	237,234,680	86,953,648
Settlements Upgrading Program	347,319,000	0	309,189,000	48,308,436	228,479,559	32,401,005	38,130,000
Marawi Transitional Housing Project	252,845,000	71,399,000	142,834,000	5,824,534	139,879,024	68,529,442	38,612,000
Relocation Assistance Regional Resettlement Program- Socialized Housing	218,537,125	0	199,245,981	0	178,815,904	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
Cagayan de Oro City ISF Housing Project in Brgy. San Simon, Cagayan de Oro City	54,000,000	54,000,000	0	0	0	54,000,000	0
Housing Assistance Program for Indigenous Peoples	350,000,000	0	0	0	0	0	350,000,000
Resettlement Program for ISFs affected by DOTR Infrastructure Projects	5,000,000	0	0	0	0	0	5,000,000
Construction of four units 5-Storey Low-Rise Residential Buildings in Region 6 for the Resettlement of ISFs	10,000,000	0	0	0	0	0	10,000,000
Resettlement Project in Talisay, Batangas for families affected by the Taal Eruption (Phase 2)	500,000,000	0	0	0	0	0	500,000,000
Resettlement Project in Brgy, Mauraro, Guinobatan, Albay for families affected by the Mayon Volcano Eruption (Phase 2)	200,000,000	0	0	0	0	0	200,000,000
Resettlement Program for Families Affected by Construction of Bukidnon Airport	259,436,800	0	0	0	0	0	259,436,800
	305,300,000	0	0	0	0	0	305,300,000
	41,000,000	0	0	0	0	0	41,000,000
	<b>95,992,874,182</b>	<b>12,349,189,000</b>	<b>61,207,886,422</b>	<b>13,222,434,275</b>	<b>64,155,870,096</b>	<b>(3,821,228,949)</b>	<b>22,435,798,760</b>
<b>Other Releases</b>							
AFP and PNP Housing Project	13,190,580,000	0	13,190,580,000	144,843,549	12,646,265,439	399,471,012	0
Permanent Housing Project for Typhoon Yolanda	40,340,978,000	6,071,280,000	27,777,068,000	3,424,611,838	30,512,654,997	(88,918,835)	6,492,630,000
Typhoon Pablo Housing Project	4,084,600,000	0	3,745,101,000	2,184,750	3,889,139,250	(146,223,000)	339,499,000
Zamboanga Conflict Housing Project	2,593,735,775	0	2,566,000,000	83,997,525	2,508,027,077	(26,024,602)	27,735,775
Reconstruction and Rehabilitation Program Fund	1,500,000,000	0	1,230,687,000	112,777,936	1,305,783,251	(187,874,187)	269,313,000
Irosin Resettlement Project	63,040,000	0	63,040,000	0	60,424,000	2,616,000	0
Construction of 50 housing units- Cateel, Davao Oriental	5,000,000	0	5,000,000	0	5,000,000	0	0



Projects	Amount advice of allotment	Cash received		Total utilization		Balance of cash	Balance of allotment
		2021	2020 and prior	2021	2020 and prior		
NDDRMF - Repair and rehabilitation of existing resettlement site for families affected by Typhoon Nina in 2016	699,986,898	0	25,966,000	87,256,716	108,069,366	(169,360,082)	674,020,898
Rehabilitation of the Most Affected Area (MAA) in Marawi	2,355,500,000	0	2,331,465,000	0	2,676,888,789	(345,423,789)	24,035,000
Emergency Housing Assistance Program	1,153,204,356	569,765,000	399,642,000	396,703,990	85,961,200	486,741,810	183,797,356
Site Development and Core Housing for the families affected by Typhoon Usman	1,351,706,461	1,050,204,000	0	619,769,918	0	430,434,082	301,502,461
Housing Programs for Families Affected by Marawi Conflict	1,910,900,000	1,554,520,000	352,359,000	433,078,089	483,075,141	990,725,770	4,021,000
Road Infrastructure Project with Underground Facilities in the MAA in Marawi City	2,303,115,711	0	2,303,115,711	1,158,535,253	843,971,938	300,608,520	0
Marawi Road Infrastructure with Underground Facilities and Construction of 2000 Permanent Shelter	2,195,743,807	2,195,743,807	0	707,557,241	0	1,488,186,566	0
Construction of Permanent Housing Units for the localities affected by the series of earthquake in FY 2019 in the Provinces of Davao del Sur and Cotabato	1,651,887,000	1,651,887,000	0	504,861,522	0	1,147,025,478	0
North Triangle Relocation Project	286,702,000	269,507,000	0	0	111,587,329	157,919,671	17,195,000
	<b>75,686,680,008</b>	<b>13,362,906,807</b>	<b>53,990,023,711</b>	<b>7,676,178,327</b>	<b>55,236,847,777</b>	<b>4,439,904,414</b>	<b>8,333,749,490</b>
<b>Total</b>	<b>181,061,978,190</b>	<b>25,712,095,807</b>	<b>122,928,565,133</b>	<b>20,908,762,330</b>	<b>129,097,123,681</b>	<b>(1,365,225,071)</b>	<b>32,421,317,250</b>

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.

The fund utilization for CY 2020 and prior years was reduced by P65.792 million due to identified CYs 2013 and 2014 disbursements of land development and construction of housing units that were charged in the allotment for Iloilo Resettlement Project under Disbursement Acceleration Program and Resettlement Program under regular appropriations. The said reduction is part of the decrease of P206.05 million in the DAP's fund utilization for CY 2020 and prior years and the remaining P143.623 million was due to reclassification of charges against the regular appropriation of housing project for ISFs living in danger areas in Metro

Manila amounting to P28.676 million and other releases for North Triangle Relocation Project of P111.587 million (See Note 30).

## 20. BUSINESS AND SERVICE INCOME

This account consists of the following:

	2021	2020
Business income		
Management fees	402,204,281	462,854,240
Sales revenue	285,251,923	214,861,727
Rent/lease income	453,961,815	350,562,341
Fines and penalties-business income	121,173,182	95,632,510
Interest income	10,422,579	6,448,659
Share in the profit/revenue of joint venture	0	2,702,862
Other business income	927,441,805	860,377,678
	<b>2,200,455,585</b>	1,993,440,017
Service income		
Processing fees	40,483,928	24,201,088
Clearance and certification fees	5,240,127	3,994,226
Permit fees	59,165	86,596
Fines and penalties-service income	0	155,146
Other service income	296,349	255,121
	<b>46,079,569</b>	28,692,177
	<b>2,246,535,154</b>	2,022,132,194

Rent/lease income is generated from the following properties:

Projects	2021	2020
Investment properties:		
Government Center (DOTr)	233,512,184	308,266,936
Ayala Land Inc.- Vertis North, Quezon City	168,259,533	0
Vitas Reclamation	22,687,192	11,962,996
Bagong Lipunan Condominium	6,401,465	0
Bagong Silang	1,931,155	308,654
Tatalon Estate – Tamasdeco market	1,163,280	0
Petron Corporation, Quezon City	1,128,561	6,771,366
Ayala Land Inc. - Avida Vita, Quezon City	1,018,734	0
Kasiglahan 5	760,186	0
Kasiglahan 3	611,200	0
Sr. San Roque	510,874	0
BLC Pag-asa	489,070	126,445
Philippine Centennial	310,021	2,109,485
National Bilibid Prison - Southville 3	279,178	185,707
Kasiglahan 4	148,600	0
Tatalon Estate	100,855	30,000
Macabalan - Kadiwa (Land Bank Rental)	146,497	123,436
BLC Taguig	0	2,458,782
CIED – Tokwing-Metro Stonerich Corp.	0	1,328,806
Disiplina Village Project – Bignay	0	1,209,831
Disiplina Village Project – Ugong	0	814,315
Dagat-Dagatan Dev. Project	0	85,863
	<b>439,458,585</b>	335,782,622

<b>Projects</b>	<b>2021</b>	<b>2020</b>
Residential lot/building:		
Disiplina Village Project – Bignay	<b>6,393,533</b>	4,473,395
Disiplina Village Project – Bignay (NLEX)	<b>3,017,346</b>	0
Disiplina Village Project –MMSP	<b>1,635,669</b>	260,601
Disiplina Village Project – Ugong	<b>1,439,790</b>	1,812
Disiplina Village Project –NSCRP	<b>1,377,420</b>	86,726
B. Rodriguez	<b>252,574</b>	51,177
Towerville project	<b>138,301</b>	41,150
Bagong Barrio	<b>90,500</b>	77,480
Tangos	<b>68,220</b>	143,702
TBC II Balintawak	<b>61,804</b>	177,079
Vitas Housing Project	<b>26,700</b>	6,411
Lim Bautista	<b>1,075</b>	2,594
Sandico	<b>275</b>	417
Mabalacat	<b>23</b>	0
Dagat-Dagatan Dev. Project	<b>0</b>	3,884,651
Kasiglahan Village I	<b>0</b>	3,326,552
Maysilo Estate	<b>0</b>	957,857
Vitas Reclamation	<b>0</b>	503,990
National Billibid Prison - Southville 3	<b>0</b>	183,725
Sr. San Roque	<b>0</b>	156,933
BLC-Pag-asa	<b>0</b>	135,777
Juan Luna (SESE)	<b>0</b>	75,977
Tatalon Estate	<b>0</b>	75,000
Bagong Barrio – OB Montessori	<b>0</b>	64,036
Macabalan - Kadiwa (Land Bank Rental)	<b>0</b>	29,463
LTAP - San Pedro Tunasan HOA (SPETHAI)	<b>0</b>	29,371
Kalikasan Hills	<b>0</b>	11,551
Bagong Lipunan Condominium	<b>0</b>	7,964
Bata	<b>0</b>	5,234
Henson	<b>0</b>	3,671
BLC Taguig	<b>0</b>	1,640
Lim Sioco	<b>0</b>	1,462
Maharlika Village Project	<b>0</b>	889
Tizon	<b>0</b>	887
LTAP – San Pedro San Pablo HOA	<b>0</b>	300
Bagong silang – residential	<b>0</b>	225
Tondo Foreshore	<b>0</b>	20
	<b>14,503,230</b>	14,779,719
<b>Total</b>	<b>453,961,815</b>	350,562,341

## 21. SHARES, GRANTS AND DONATIONS

Donations in kind amounting to P16.211 million in CY 2021, which consists of communication equipment and various semi-expendable furniture and equipment from Philippine Sports Commission totaling P15.110 million and one unit of Toyota Hiace Cargo ambulance vehicle from a private entity amounting to P1.101 million. No income from grants and donations was recognized in CY 2020.

## 22. PERSONNEL SERVICES

This account consists of the following:

	2021	2020
Salaries and wages	799,264,698	717,531,752
Other compensation		
Year-end bonus	67,840,071	60,028,163
Personnel economic relief allowance	43,771,588	39,834,578
Hazard pay	17,855,306	3,536,914
Clothing/uniform allowance	11,175,000	10,122,000
Representation allowance	10,661,212	9,809,414
Cash gift	9,153,000	8,724,988
Transportation allowance	6,438,943	5,549,705
Overtime and night pay	2,065,743	2,576,733
Honoraria	1,846,975	666,950
Subsistence allowance	18,150	17,600
Productivity incentive allowance	11,816	680,213
Laundry allowance	2,475	2,400
Other bonuses and allowances	121,232,923	169,780,024
	<b>292,073,202</b>	<b>311,329,682</b>
Personnel benefit contributions		
Retirement and life insurance premiums	95,371,343	83,567,238
PhilHealth contributions	10,915,158	9,978,555
Pag-IBIG contributions	2,181,900	2,038,800
Employees compensation insurance premiums	2,167,700	1,956,000
	<b>110,636,101</b>	<b>97,540,593</b>
Other personnel benefits		
Terminal leave benefits	88,359,789	52,809,619
Retirement gratuity	0	9,359,166
Other personnel benefits	25,192,489	16,417,707
	<b>113,552,278</b>	<b>78,586,492</b>
	<b>1,315,526,279</b>	<b>1,204,988,519</b>

Other bonuses and allowances mainly consist of meal allowance, rice allowance, Productivity Enhancement Incentive, mid-year financial assistance and other bonuses.

## 23. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2021	2020
Traveling expenses		
Local	13,252,040	18,443,198
Foreign	255,189	387,681
	<b>13,507,229</b>	<b>18,830,879</b>
Training and scholarship expenses		
Training	1,058,773	2,652,434
	<b>1,058,773</b>	<b>2,652,434</b>
Supplies and materials expenses		
Office supplies	31,608,598	22,558,782
Fuel, oil and lubricants	15,336,118	11,078,095
Semi-expendable machinery and equipment	10,645,514	1,736,583
Semi-expendable furniture, fixtures and books	8,699,737	6,461,016

	2021	2020
Medical, dental and laboratory supplies	1,352,156	1,105,072
Accountable forms	1,237,500	860,350
Drugs and medicines	26,811	8,152
Other supplies and materials	1,858,079	1,371,544
	<b>70,764,513</b>	45,179,594
Utility expenses		
Electricity	31,623,457	24,654,781
Water	9,854,502	9,983,632
	<b>41,477,959</b>	34,638,413
Communication expenses		
Telephone	6,033,332	5,979,423
Internet subscription	3,726,692	3,013,666
Postage and courier services	1,800,936	1,735,213
Cable, satellite, telegraph and radio	51,761	28,760
	<b>11,612,721</b>	10,757,062
Survey, research, exploration and development		
Survey expenses	1,823,210	491,860
	<b>1,823,210</b>	491,860
Demolition/relocation and desilting/drilling/dredging expenses		
Demolition and relocation expenses	0	149,246
	<b>0</b>	149,246
Confidential, intelligence and extraordinary		
Extraordinary and miscellaneous expenses	108,033	64,420
	<b>108,033</b>	64,420
Professional services		
Auditing	31,711,292	31,632,034
Consultancy	16,799,702	9,431,113
Legal	144,819	152,249
Other professional	372,599,425	284,997,629
	<b>421,255,238</b>	326,213,025
General services		
Security services	65,159,638	103,308,003
Janitorial services	19,019,682	12,769,966
	<b>84,179,320</b>	116,077,969
Repairs and maintenance		
Buildings and other structures	28,200,641	15,390,414
Transportation equipment	9,071,138	6,129,010
Machinery and equipment	3,140,078	865,749
Land improvements	526,751	0
Leased asset improvement	332,494	943,000
Semi-expendable machinery and equipment	203,441	48,240
Furniture and fixtures	114,091	25,988
Semi-expendable furniture and fixtures	31,059	7,927
	<b>41,619,693</b>	23,410,328
Taxes, insurance premiums and other fees		
Fidelity bond premiums	8,335,581	6,431,054
Insurance expenses	7,317,234	6,502,548

	2021	2020
Taxes, duties and licenses	1,106,516	14,723,211
	<b>16,759,331</b>	27,656,813
Other maintenance and operating expenses		
Rent/lease	49,812,247	29,636,484
Printing and publication	5,792,051	2,821,769
Representation	3,070,717	2,985,880
Transportation and delivery	1,077,093	147,118
Advertising, promotional and marketing	658,903	194,574
Subscription	267,570	181,096
Documentary stamp	27,597	1,320
Membership dues and contributions to Organizations	9,200	89,826
Donations	0	560,000
Other maintenance and operating expenses	49,483,847	42,459,318
	<b>110,199,225</b>	79,077,385
	<b>814,365,245</b>	685,199,428

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

Other maintenance and operating expenses – rent/lease comprise mainly of rent/lease of office spaces of regional/district offices and staff houses. The estimated rent/lease expenses for the next three years are as follows:

Office space and staff house	Payable within the next year (2022)	Payable within the next two to three years (2023-2024)
NCR South Sector	1,536,600	3,073,200
NCR West Sector	494,448	988,896
Region 1 (Baguio)	2,401,896	4,803,792
Region 3 (Regional Office)	700,800	1,401,600
Region 3 (Bulacan District Office)	342,000	684,000
Region 5 (Masbate District Office)	144,000	288,000
Region 6 (Bacolod District Office)	268,800	537,600
Region 6 (Iloilo District Office)	927,401	1,854,802
Region 7 (Regional Office)	986,496	1,972,992
Region 7 (Cebu District)	2,493,120	4,986,240
Region 7 (Bohol District)	843,915	1,687,829
Region 7 (Negros District)	660,000	1,320,000
Region 9 (Regional Office and Pagadian)	1,612,800	3,225,600
Region 9 (Zamboanga District Office)	864,864	1,729,728
Region 11 (Davao)	8,732,035	17,464,070
Region 11 (Compostella Valley-District II)	846,720	1,693,440
Region 12 (Regional Office)	1,401,075	2,802,150
Region 12 (General Santos/Koronadal/ South Cotabato/Sarangani District Office)	944,491	1,888,983
Region 13 (Regional Office)	720,000	1,440,000
Region 13 (Butuan District Office)	600,000	1,200,000
Region 13 (Surigao Office)	806,400	1,612,800
	<b>28,327,861</b>	<b>56,655,722</b>

## 24. FINANCIAL ASSISTANCE

This account consists of the following:

	<b>2021</b>	2020
Financial assistance/subsidy–others	<b>10,570,031,747</b>	4,888,800,387
Financial assistance	<b>7,656,863</b>	5,994,000
	<b>10,577,688,610</b>	4,894,794,387

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.

For CY 2021, the Financial assistance consists of expenses of P6.812 million for the tagging and census operation to clear the waterways of informal settler families occupying *Lupang Arenda*, P826,863 for the implementation of the *Balik Probinsya, Bagong Pag-asa* (BP2) Program avalees, and P18,000 worth of cash donations to Women Auxillary Excellent Service, Inc. in the AFP and two charitable institutions. For CY 2020, the financial assistance of P5.994 million pertains to the procured personal kits for the BP2 Program avalees.

## 25. FINANCIAL EXPENSES

This account consists of the following:

	<b>2021</b>	2020
Bank charges	<b>143,964</b>	96,689
Other financial charges	<b>466,037</b>	20,200
	<b>610,001</b>	116,889

## 26. NON-CASH EXPENSES

This account consists of the following:

	<b>2021</b>	2020
Depreciation:		
Machinery and equipment	<b>26,404,719</b>	29,382,054
Transportation equipment	<b>5,384,394</b>	8,655,519
Buildings and other structures	<b>3,879,587</b>	3,705,612
Land improvements	<b>1,623,449</b>	1,672,948
Furniture, fixtures and books	<b>2,062,809</b>	771,501
Investment property	<b>336,947</b>	336,947
Leased assets improvement	<b>43,971</b>	32,582
Other property, plant and equipment	<b>122,040</b>	193,176
	<b>39,857,916</b>	44,750,339
Impairment loss		
Loans and receivables	<b>83,187,821</b>	70,881,943
	<b>123,045,737</b>	115,632,282

## 27. NON-OPERATING INCOME, NET

This account consists of the following:

	2021	2020
Non-operating income		
Proceeds from insurance/indemnities	2,267,256	1,702,620
Gain on sale of PE (including unserviceable)	2,103,569	112,067
Miscellaneous income	20,111,286	33,062,184
	<b>24,482,111</b>	34,876,871
Non-operating losses		
Loss on sale of assets	(338,466)	(110,510)
	<b>24,143,645</b>	34,766,361

Miscellaneous income consists mainly of collections from beneficiaries of electric and water services supply, assessment and occupancy fees, excess payments of the outstanding housing loan obligations and payment for the purchased *Alkansyang Pabahay* items.

## 28. DISCOUNTS AND REBATES

The discounts and rebates represent incentives granted to beneficiaries of housing projects with equivalent amount of 50 per cent of one month amortization credited to the outstanding principal balance of the accounts for paying a cumulative period of six months after restructuring the accounts. The same incentive is granted every six months thereafter provided the account remains updated every month within a cumulative six-month period. Also, a 20 per cent rebate on the outstanding principal balance is granted for beneficiaries who made full settlement of their restructured account prior to the maturity date.

## 29. 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:

	2021	2020
Surplus for the year	15,153,465,344	13,281,794,870
Non-cash items:		
Depreciation expense	39,857,916	44,750,339
Impairment loss	83,187,821	70,881,943
Discounts and rebates	14,284,700	14,945,176
Share, grants and donation	(16,211,310)	0
Increase (Decrease) in assets due to revaluation	(838,806,588)	275,995,179
Increase in Receivables, net	(5,464,280,599)	(7,845,635,084)
Increase in Inventories	(3,935,671,315)	(3,819,764,264)
Increase Other assets	(2,289,149,432)	(2,784,325,580)
Decrease in Investment in joint ventures, net	4,426,738	82,973,351
Loss on sale of assets	338,466	110,510
Gain on sale of PE	(2,103,569)	(112,067)
Increase in Financial liabilities	15,876,958	64,423,873



	2021	2020
Increase (Decrease) in Inter-agency payables	(49,391,753)	30,961,943
Decrease in Trust liabilities	(3,539,379,115)	(413,469,995)
Increase (Decrease) in Deferred credits/unearned income	(49,690,619)	21,712,727
Increase (Decrease) in Other payable	(138,786,306)	60,293,950
<b>Net cash flows used in operating activities</b>	<b>(1,012,032,663)</b>	<b>(914,463,129)</b>

### 30. RECLASSIFICATIONS

Below are the reclassification of prior year's accounts and/or presentation of transaction activities that affect the Financial Statements:

#### 30.1 Statement of Financial Position and Statement of Cash Flows

The garnished funds amounting to P284.733 million was reclassified to Restricted funds account excluding the P9.533 million that was garnished under the NGC Cash in bank – Current account (See Note 11). The presentation of Cash and cash equivalent at beginning of CY 2020 in the Statement of Cash Flows was also affected by the reclassification which decreased the account balance by P255.245 million.

From		To	
Cash in bank –		Other non-current assets	
Current accounts	69,116,799	Restricted funds	255,245,422
Saving accounts	186,128,623		

#### 30.2 Statement of Cash Flows

The Remittance to other agencies under Trust Agreement of P4.534 million for CY 2020 was reclassified to Cash borrowed from (reverted to) trust funds considering that the collections from sale of lots which is the subject of Trust Agreement was deposited in the Cash in bank – savings account instead of directly deposited to Restricted funds. Such remittance was actually a fund transferred to Restricted funds, thus, reclassification of presentation was made as follows:

From		To	
Remittance to other agencies under Trust Agreement	4,534,344	Cash borrowed from (reverted to) trust funds	4,534,344

#### 30.3 Subsidy from National Government

Presentation of charges against allotment under Fund utilizations for CY 2020 and prior years was reclassified as follows:

Housing program	From	To	Amount
North Triangle Relocation Project	DAP	Other releases for same project	111,587,329
Housing Program for ISF living in danger areas within Metro Manila	DAP	Regular appropriation for same program	27,382,676

Housing program	From	To	Amount
	DAP	Regular appropriation for Resettlement Program	1,293,400
Total (See Note 19)			140,263,405

Also, the reduction of P65.792 million on the total fund utilization for CY 2020 and prior years was due to identified CYs 2013 and 2014 disbursements of land development and construction of housing units that were charged in the allotment for both Iloilo resettlement project under DAP and Resettlement Program under Regular appropriations. The fund utilization for CY 2020 and prior years was reduced by said amount in Iloilo resettlement project under DAP (See Note 19).

### 31. SEPARATE SET OF BOOKS

#### 31.1 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

	2021	2020
Assets	1,161,585,810	1,088,416,301
Liabilities	1,224,098,289	1,185,729,432
Net assets/Equity	<b>(62,512,479)</b>	(97,313,131)

#### II. Comparative Results of Operations

	<b>2021</b>	2020
Revenue	<b>44,281,570</b>	5,578,245
Expenses	<b>(36,857,233)</b>	(25,314,393)
Other non-operating income, net	<b>548,130</b>	1,138,641
Net income/(loss)	<b>7,972,467</b>	(18,597,507)

### 31.2 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 PPMO are as follows:

#### I. Comparative Financial Position

	<b>2021</b>	2020
Assets	<b>2,692,504,552</b>	2,683,528,279
Liabilities	<b>117,360,908</b>	116,058,935
Net assets/Equity	<b>2,575,143,644</b>	2,567,469,344

#### II. Comparative Results of Operation

	<b>2021</b>	2020
Revenue	<b>5,446,930</b>	925,765
Expenses	<b>(3,609,004)</b>	(1,834,159)
Other non-operating income/(expenses), net	<b>(126,997)</b>	39,293
Net income/(loss)	<b>1,710,929</b>	(869,101)

## 32. Financial Risk Management

### 32.1 Credit risk

Credit risk refers to the 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 ISFs 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 for resettlement projects and old AFP/PNP housing projects and P100,000 discount for uniformed personnel availing Government Employee Housing Program.

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.

During the COVID-19 pandemic, the Authority issued the following MC on the moratorium on amortization:

- MC No. 2020-025 dated March 20, 2020 – Guidelines on the grant of automatic moratorium on housing loan amortization or lease payments of residential account holders in NHA projects effective March 16, 2020 to June 30, 2020.
- MC No. 2020-030 dated April 27, 2020 – Guidelines on the waiver of delinquency interest on commercial, industrial, and institutional accounts within the spirit of Republic Act No. 11469 approved on March 24, 2020 (*Bayanihan To Heal As One Act*) and PP No. 929 dated March 16, 2020.
- MC No. 2020-055 dated October 9, 2020 – Guidelines for the implementation of the provision of Republic Act No. 11494 for existing residential, commercial, industrial, and institutional accounts. The MC provides for grant of automatic moratorium for the period November 1, 2020 to December 31, 2020.
- MC No. 2021-048 dated November 10, 2021 – Updated Guidelines on Reduction Rate of Amortization Interest for Accounts/Loans Covering NHA Socialized Horizontal and Vertical Housing Projects.

## **32.2 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, NHA manages the risk to fund the following current liabilities:

	2021	2020
Financial liabilities	289,340,004	272,548,855
Inter-agency payables	34,162,660	80,833,006
Other payables	486,243,129	641,541,728
	<b>809,745,793</b>	994,923,589

### 32.3 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.

### 33. 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.

33.1 Pursuant to PD No. 757 and EO No. 90, s.1986, the NHA is governed by Board of Directors, which as at December 31, 2021, composed of the following members:

<b>Position</b>	<b>Name</b>	<b>Position in other agency</b>
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 (NEDA)
Member	Roger A. Mercado	Acting Secretary, DPWH
Member	Carlos G. Dominguez III	Secretary, Department of Finance (DOF)
Member	Silvestre H. Bello III	Secretary, Department of Labor and Employment (DOLE)
Member	Ramon M. Lopez	Secretary, Department of Trade and Industry (DTI)
Member	Marcelino P. Escalada, Jr.	General Manager, NHA

33.2 The respective alternates of the members of the Board, 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 are as follows:

<b>Position</b>	<b>Name</b>	<b>Position in other agency</b>
Alternate	Ryan Alvin R. Acosta	Deputy Executive Secretary, OP
Primary alternate	Rosemarie G. Edillon	Undersecretary, NEDA
Secondary alternate	Carlos Bernardo O. Abad Santos	Assistant Secretary, NEDA
Secondary alternate	Myrna B. Asuncion	OIC Director IV, NEDA
Alternate	Abdulfatak A. Pandapatan	Project Manager IV, DPWH
Primary alternate	Ireneo V. Vizmonte	Undersecretary, DTI
Secondary alternate	Noel Patrick S. Prudente	Assistant Secretary, DTI
Alternate	Benjo Santos M. Benavidez	Undersecretary, DOLE
Primary alternate	Grace Karen G. Singson	Undersecretary, DOF
Secondary alternate	Soledad Emilia D. Cruz	Assistant Secretary, DOF
Secondary alternate	Joanna P. Castillo	Director IV, DOF

### 33.3 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:

	<b>2021</b>	<b>2020</b>
Salaries	<b>7,603,716</b>	7,516,029
Other allowances and benefits	<b>2,590,811</b>	2,114,587
	<b>10,194,527</b>	9,630,616

Meanwhile, the total remuneration received by the members of the Board of Directors for CYs 2021 and 2020 are P267,239 and P291,976, respectively.

## 34. COMPLIANCE WITH TAX LAWS

In compliance with the requirements set forth by the BIR Revenue Regulation (RR) No. 15-2010 the following are the taxes and withholding taxes paid and accrued by NHA:

	<b>2021</b>	<b>2020</b>
Taxes paid		
VAT and other percentage tax	<b>250,737,932</b>	96,877,296
On compensation	<b>101,813,648</b>	70,542,231
Expanded	<b>87,893,496</b>	55,441,307

	2021	2020
Taxes withheld		
On compensation	225,763,598	42,148,520
Expanded	90,809,640	21,911,582
VAT and other percentage tax	79,934,470	10,720,662
	<b>836,952,784</b>	297,641,598

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 at December 31, 2021, the NHA has no Preliminary or Final Assessment Notice except for Notice of Discrepancy for CY 2017 transactions relative to the non-withholding of Value-Added Tax and Expanded Withholding Tax for socialized housing projects without the Certificate of Tax Exemption (CTE) and deficiency in withholding various payments to suppliers. Total tax deficiency of P111.635 million, including interest and penalty, was reduced to P24.659 million. Of the total final assessment of P24.659 million, P10.198 million was covered by CTE, P6.482 million was remitted on December 22, 2021, and the remaining P7.979 million representing interest has a pending NHA request for the abatement or cancellation of tax liabilities.

### **35. 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.

### **36. CONTINUING RESPONSE TO COVID-19 PANDEMIC**

The NHA continues its commitment 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:

<b>Particulars</b>	<b>Obligation</b>	<b>Disbursements</b>	<b>Balance</b>
CY 2021			
BP2 Program	<b>110,187,168</b>	<b>97,766,670</b>	<b>12,420,498</b>
Swab test	<b>2,172,915</b>	<b>1,395,605</b>	<b>777,310</b>
Hazard pay	<b>27,401,805</b>	<b>23,262,405</b>	<b>4,139,400</b>
Related expenditures	<b>16,008,893</b>	<b>14,440,461</b>	<b>1,568,432</b>
	<b>155,770,781</b>	<b>136,865,141</b>	<b>18,905,640</b>
CY 2020			
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.

### **37. OTHER MATTERS**

#### Contingent liabilities

- Claims of Home Guaranty Corporation (HGC)

The NHA's 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.

#### Others

- Status of NHA's share from the proceeds on the sale of military camps by Bases Conversion and Development Authority (BCDA)

Pursuant to RA No. 7227, known as "Bases Conversion and Development Act of 1992", as amended by RA No. 7917 and Administrative Order No. 236, prescribing the rules and regulations on the collection, remittance and utilization of sales proceeds, the NHA, NHMFC, and Philippine Guarantee Corporation



(formerly HGC) have shares equivalent to 12 per cent of the net proceeds on the sale of military camps by BCDA.

On March 15, 2022, the DHSUD called for a meeting to discuss the allocation of the said 12 per cent among the concerned agencies and directed to prepare a proposal on how the funds should be allocated and spent. For the period May 1993 to December 2021, the concerned agencies have a total share of P2.775 billion or 12 per cent from the disposition proceeds. Of which, BCDA remitted the amount of P1.970 billion to the BTr and the remaining P805.663 million was applied to the equivalent value of properties transferred to NHA.

### **38. STATUS OF LAWSUITS**

The Authority is a party to 676 cases pending resolution that may materially affect its financial position. Among these cases, 471 are under NCR Courts, 52 cases are under the Courts of Appeals and 37 cases are under the Supreme Court. The details of the nature of cases are as follows:

<b>Nature of the cases</b>	<b>Quantity</b>	<b>Percentage to total</b>
Land registration	301	45
Expropriation	142	21
Others*	233	34
	676	100

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).

Management considers the above cases to have no probability of outflow of resources embodying economic benefits or service potential that will be required to settle the obligation, and no reliable estimate can be made of the amount of the obligation, as they are incapable of pecuniary estimation.