



Republic of the Philippines
COMMISSION ON AUDIT
Cordillera Administrative Region
Km 6, La Trinidad, Benguet

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

John Hay Management Corporation
John Hay Special Economic Zone
Baguio City

Report on the Financial Statements

We have audited the accompanying financial statements of John Hay Management Corporation (a wholly-owned subsidiary of the Bases Conversion and Development Authority), which comprise the statement of financial position as at December 31, 2015, and the statement of income and expenses, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion


1. Accuracy of the balance of Accounts Payable of ₱17,786,847.75 could not be ascertained in view of their being outstanding from one to eighteen years and the presence of negative balances totaling ₱1,557,080.01, contrary to Sections 98, 111 and 112 of Presidential Decree (P.D.) No. 1445.

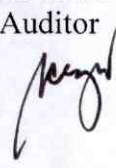
Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of John Hay Management Corporation as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

BY:


ROBERTO G. PADILLA
OIC – Supervising Auditor

March 31, 2016 



Republic of the Philippines
COMMISSION ON AUDIT
Cordillera Administrative Region
Km 6, La Trinidad, Benguet

INDEPENDENT AUDITOR'S REPORT

Ms. JAMIE ELOISE M. AGBAYANI, M.D.

President and Chief Executive Officer
John Hay Management Corporation
Camp John Hay
Baguio City

Report on the Financial Statements

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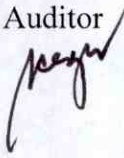
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COMMISSION ON AUDIT

BY:


ROBERTO G. PADILLA
OIC – Supervising Auditor

March 31, 2016 

JHMC


JOHN HAY MANAGEMENT CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of JOHN HAY MANAGEMENT CORPORATION is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2015**, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

The Commission on Audit, in pursuance of its mandate under Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree 1445, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.



SILVESTRE C. AFABLE JR.
Chairman of the Board



JAMIE ELOISE M. AGBAYANI, M.D.
President and CEO



RONALD B. ZAMBRANO
Finance Manager

Signed this _____ day of _____ **MAR 16 2016** _____

JOHN HAY MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of the Bases Conversion and Development Authority)

STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2015

(With Comparative Figures for the year ended December 31, 2014)

(In Philippine Peso)

	Note	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	91,184,629	76,357,175
Receivables	5	55,492,506	47,194,005
Inventories	6	7,032,708	7,075,381
Prepayments	7 & 8	6,267,009	5,907,383
Total Current Assets		159,976,851	136,533,944
Non-Current Assets			
Investments	9	132,000	132,000
Property, Plant and Equipment - Net	10	33,558,818	35,864,863
Accounts Receivable - Long Term, Net	11	5,407,946.00	7,030,583
Other Non-Current Assets	12	11,283,253	11,283,256
Total Non-Current Assets		50,382,017	54,310,702
TOTAL ASSETS		210,358,868	190,844,646
LIABILITIES AND EQUITY			
Current Liabilities			
Payable Accounts	13	32,723,696	27,149,925
Inter-agency Payables	14	4,024,115	5,926,345
Intra-agency Payables	15	22,584,866	17,461,084
Other Liability Accounts	16	1,143,194	915,201
Total Current Liabilities		60,475,870	51,452,555
Non-Current Liabilities			
Other Long-Term Liabilities	17	3,305,815	-
Other Deferred Credits	18	1,416,765	1,169,458
Deposit for Future Stock Subscriptions:	19		
Balance at Beginning of Year		263,814,079	263,814,079
Additional Equity		-	-
Balance at Year-end		263,814,079	263,814,079
TOTAL NON-CURRENT LIABILITIES		268,536,659	264,983,537
TOTAL LIABILITIES		329,012,529	316,436,092
EQUITY		(118,653,662)	(125,591,446)
TOTAL LIABILITIES AND EQUITY		210,358,868	190,844,646

See accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of the Bases Conversion and Development Authority)
STATEMENT OF INCOME AND EXPENSES
For the year ended December 31, 2015
(With Comparative Figures for the year ended December 31, 2014)
(In Philippine Peso)

	Note	2015	2014
REVENUES			
Rent Income	20	16,799,624	15,999,642
Estate Management Fee	21	52,852,562	51,882,219
General Income		-	-
Other Service Income:			
Common Usage Service Area (CUSA)	22	2,235,851	2,140,811
Other Service Income (SEZAD)	23	552,808	682,379
Miscellaneous Income	24	368,675	85,872
Gross Income		72,809,521	70,790,923
OPERATING EXPENSES			
Personal Services	25	27,392,574	26,155,288
Maintenance and Other Operating Expenses	26	31,621,781	33,300,997
Total Expenses		59,014,355	59,456,286
OPERATING INCOME		13,795,165	11,334,638
OTHER INCOME (EXPENSES)	27	1,260,925	624,660
NET PROFIT BEFORE INCOME TAX		15,056,091	11,959,298
Income Tax Expense		(4,397,489)	(4,673,921)
NET PROFIT		10,658,602	7,285,376

See accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of the Bases Conversion and Development Authority)
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015
(With Comparative Figures for the year ended December 31, 2014)
(In Philippine Peso)

	Note	2015	2014
CAPITAL STOCK - P100.00 par value			
Authorized, issued and fully paid - 1,200,000 shares	28	120,000,000	120,000,000
DEFICIT			
Balance at beginning of year			
As previously reported		(245,591,446)	(252,963,159)
Prior Years' Adjustment - PYA	29	(3,720,817)	86,336
As restated		(249,312,263)	(252,876,822)
Net Income		10,658,602	7,285,376
Correction of prior years' errors		-	-
Balance at end of year		(238,653,662)	(245,591,446)
CAPITAL DEFICIENCY		(118,653,662)	(125,591,446)

See accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of the Bases Conversion and Development Authority)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

(With Comparative Figures for the year ended December 31, 2014)

(In Philippine Peso)

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows:			
Estate Management Fee/Subsidy from BCDA (Current)		67,895,000	64,562,875
Estate Management Fee/Subsidy from BCDA (Prior Yrs.)		-	-
SBHP Administrative Fee		368,675	-
Collection of fund for Reimbursement of SBHP BIR Pen.		364,239	-
Land Related Cost Reimbursement		56,728,223	23,368,278
Maintenance Fee Fund from BCDA		-	-
Collection of Generated Income - JHMC		555,006	663,813
Collection of Generated Income - BCDA		5,847,001	5,334,109
Collection of Deferred Generated Income - BCDA		85,500	-
Collection of Rental and CUSA from City Trail		-	-
Collection of IHG Rental		18,230,830	15,999,642
Collection of IHG CUSA		2,122,566	1,862,795
Collection of Treetop Adventure Rental		1,021,250	950,000
Collection of Treetop Adventure CUSA		240,000	240,000
Collection of Purchase price of Scout Barrio Lots		3,391,039	3,131,448
Collection of Refund of Overpayment from SBHP Benef.		-	-
Collection of PEZA Rental		6,446,367	6,278,473
Collection from Sale of Terms of Reference (TOR)		300,000	-
Collection of Bidders' Documents		20,000	100,500
Collection of Bidders' Security Deposit		-	233,520
Collection of Guaranty Deposits & performance Bond		28,000	148,999
Collection of Receivables - Return of OPEX		539,564	745,547
Collection of Receivables - Disallowances		-	-
Collection of Receivable - Car Plan		715,766	-
Recovered Cost of Coffee Table Book		3,095	-
Reversal by DBP of Charges for Dormant Account		-	5,042
Cancellation of Checks		112,848	1,509,904
Interest from Bank Accounts		830,326	595,885
Total Cash Inflows		165,845,296	125,730,828
Cash Outflows:			
Payment to Suppliers/Creditors and Employees		54,458,877	(48,297,764)
Land Related Cost Expenses		54,708,636	(44,283,509)
Remittance of Pag-ibig/SSS/PHIC/BIR		7,629,421	(7,161,336)
Payment of Taxes and Duties		150,281	(1,419,958)
Payment of BAC Honoraria		43,310	(46,750)

Remittance of Income Collections from the JHSEZ	5,232,909	-
Remittance/Charges to IHG Collections	16,799,624	(15,999,642)
Remittance/Charges to Treetop Adventure Collections	1,021,250	(950,000)
Remittance/Charges to PEZA Collections	6,443,818	(6,278,281)
Remittance/Charges to Scout Barrio Collections	4,727,478	(1,848,813)
Refund of BIR Penalties to beneficiaries of SBHP	-	-
Refund of SBHP Beneficiaries Overpayment	-	-
Refund of Guaranty/Security Deposits & Performance Bond	323,069	(123,555)
Refund of Bidders' Documents/Customer Deposits	-	(33,316)
Bank Charges	-	(2,485)
Total Cash Outflows	151,538,675	(126,445,410)
Total Cash Provided(Used) by Operating Activities	14,306,621	(714,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows:		
Deposit for Future Sales Subscription	-	-
Collection from Sale of Movable Assets	156,651	-
Collection for Capital Outlay	665,000	3,318,986
Total Cash Inflows	821,651	3,318,986
Cash Outflows:		
Capital Outlay	621,589	(3,318,986)
CAPEX Projects	-	-
Capital Expenditures - 2012	-	(108,851)
Total Cash Outflows	621,589	(3,427,837)
Total Cash Provided(Used) by Investing Activities	200,062	(108,851)
CASH PROVIDED BY OPERATING, INVESTING AND FINANCING ACTIVITIES		
	14,506,683	(823,433)
Add/(Deduct): FOREX Effect	320,771	29,169
Add: Cash and Cash Equivalents at Beginning of the Year	76,357,175	77,151,438
CASH & CASH EQUIVALENTS AT END OF YEAR	91,184,629	76,357,175

See accompanying Notes to Financial Statements