



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**CORDILLERA ADMINISTRATIVE REGION**  
Km 6, Barangay Betag, La Trinidad, Benguet

March 2, 2022

**ALLAN R. GARCIA**  
President and Chief Executive Officer  
John Hay Management Corporation  
Loakan, Baguio City



**Dear President and CEO Garcia,**

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the John Hay Management Corporation for the year ended December 31, 2021 in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to: (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

The attached Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, which were discussed with concerned officials and staff, and the Status of Implementation of Prior Years' Audit Recommendations.

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the Corporation for the year ended December 31, 2021.

We request that the recommendations be promptly implemented and we would appreciate being informed of the actions taken thereon within sixty (60) days from receipt hereof, using the prescribed format of the attached copy of the Agency Action Plan and Status of Implementation (AAPSI).

We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of John Hay Management Corporation.

Very truly yours,

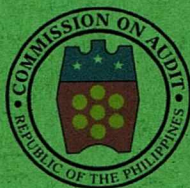
**EDEN D. TINGSON-RAFANAN**  
Regional Director

**John Hay Management Corporation**  
a member of the BCDA Group  
OPCEO-IN-2022-231

Copy furnished:

Office of the President of the Republic of the Philippines  
Office of the Vice-President of the Republic of the Philippines  
President of the Senate  
Speaker of the House of Representatives  
Chairperson, Senate Finance Committee  
Chairperson, Senate Appropriations Committee  
Secretary of the Department of Budget and Management  
Governance Commission for Government-Owned or Controlled Corporations  
Presidential Management Staff – Office of the President  
Bases Conversion Development Authority





REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

# **ANNUAL AUDIT REPORT**

**on the**

## **JOHN HAY MANAGEMENT CORPORATION**

**Loakan, Baguio City**

**For the Year Ended December 31, 2021**



John Hay Special Economic Zone  
P.O. Box 1088  
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(+6374) 444-5823  
mgmt@jhmc.com.ph  
www.jhmc.com.ph



Certificate Numbers:  
SCP000466Q  
SCUK004591E


**ANNEX A**

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the JOHN HAY MANAGEMENT CORPORATION is responsible for the preparation of the financial statements as at 31 December 2021, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The 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.

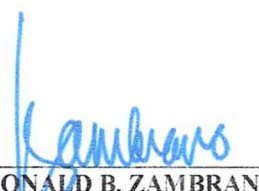
The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the JOHN HAY MANAGEMENT CORPORATION in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


  
**CEASAR G. ORACION**  
Acting Chairman of the Board

**FEB 09 2022**

Date Signed

  
**RONALD B. ZAMBRANO**  
Finance Manager

**Feb 4, 2022**  
Date Signed

  
**ALLAN R. GARCIA**  
President and CEO

**FEB 4, 2022**  
Date Signed

**JOHN HAY MANAGEMENT CORPORATION**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	Notes	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
<b>CURRENT ASSET</b>			
Cash and Cash Equivalent	5	51,022,339.38	24,565,017.70
Investments	6	56,046,243.53	110,309,307.64
Receivables	7	62,289,893.78	50,126,392.69
Inventories	8	4,719,615.58	4,847,371.06
Other Assets	12	6,112,390.69	4,956,574.86
<b>Total Current Assets</b>		<u><b>180,190,482.96</b></u>	<u><b>194,804,663.95</b></u>
<b>NON-CURRENT ASSETS</b>			
Investments	6	5,632,000.00	5,632,000.00
Receivables	7	1,134,936.18	651,473.87
Investment Property	9	14,874,217.51	15,628,937.23
Property, Plant and Equipment	10	19,943,805.56	18,733,337.61
Intangible Assets	11	34,173.75	46,553.57
Other Assets	12	6,882,130.28	6,882,130.28
<b>Total Non-Current Assets</b>		<u><b>48,501,263.28</b></u>	<u><b>47,574,432.56</b></u>
<b>TOTAL ASSETS</b>		<u><b>228,691,746.24</b></u>	<u><b>242,379,096.51</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Financial Liabilities	13	4,666,975.47	15,960,741.68
Inter-Agency Payables	14	3,088,613.91	8,606,884.60
Trust Liabilities	15	11,377,148.62	3,263,113.70
Deferred Credits/Unearned Revenue/ Income	16	1,109,209.18	1,155,093.16
Other Payables	17	95,287.93	9,982,096.12
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>20,337,235.11</b></u>	<u><b>38,967,929.26</b></u>
<b>EQUITY</b>			
Retained Earnings/(Deficit)		(152,400,477.84)	(180,402,911.72)
Stockholders' Equity	26	360,754,988.97	383,814,078.97
<b>TOTAL EQUITY</b>		<u><b>208,354,511.13</b></u>	<u><b>203,411,167.25</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>228,691,746.24</b></u>	<u><b>242,379,096.51</b></u>

*The notes on pages 13 to 18 and 24 form part of these statements.*



**JOHN HAY MANAGEMENT CORPORATION**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Notes	<u>2021</u>	<u>2020</u>
<b>REVENUE/INCOME</b>			
Service and Business Income	18	95,274,040.95	103,539,105.07
Gains	19	278,201.88	0.00
Other Non-Operating Income	20	476,809.10	1,795.41
<b>Total Income</b>		<u><b>96,329,051.93</b></u>	<u><b>103,540,900.48</b></u>
<b>LESS: Current Operating Expenses</b>			
Personnel Services	21	53,658,453.27	51,710,028.79
Maintenance and Other Operating Expenses	22	22,650,243.83	25,775,561.84
Financial Expenses	23	0.00	56,405.71
Non-Cash Expenses	24	4,199,365.62	5,433,046.86
<b>Total Current Operating Expenses</b>		<u><b>80,508,062.72</b></u>	<u><b>82,975,043.20</b></u>
<b>NET INCOME/(LOSS) before tax</b>		<b>15,820,989.21</b>	<b>20,565,857.28</b>
<b>LESS: Income Tax Expense/(Benefit)</b>		<u>5,069,471.74</u>	<u>8,310,406.02</u>
<b>PROFIT/(LOSS) AFTER TAX</b>		10,751,517.47	12,255,451.26
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		0.00	0.00
<b>COMPREHENSIVE INCOME/(LOSS)</b>		<u><b>10,751,517.47</b></u>	<u><b>12,255,451.26</b></u>

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*The notes on pages 18 to 21 form part of these statements.*

**JOHN HAY MANAGEMENT CORPORATION**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Notes	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Collection of Income/Revenue		91,001,586.38	98,644,383.17
Collections of Receivables		644,046.97	106,086.48
Receipt of Inter-Agency Fund Transfer		127,093,703.67	48,368,321.96
Trust Receipts		45,682.38	158,707.00
Other Receipts		401,190.13	536,937.19
<b>Total Cash Inflows</b>		<b>219,186,209.53</b>	<b>147,814,435.80</b>
Adjustments		55,809,611.60	18,103,032.52
<b>Adjusted Cash Inflows</b>		<b>274,995,821.13</b>	<b>165,917,468.32</b>
<b>Cash Outflows</b>			
Payment of Expenses		63,690,349.21	70,943,234.15
Payment of Inventories		1,722,535.04	558,237.94
Grant of Cash Advances		1,290,635.00	1,890,084.06
Prepayments		39,449.89	3,824,699.99
Refund of Deposits		34,800.00	71,715.43
Payment of Accounts Payable		10,120,337.35	8,589,159.51
Remittance of Personnel Benefit			
Contributions & Mandatory Dedn's		27,302,265.52	18,981,655.60
Release of Inter-Agency fund Transfers		114,321,493.04	52,483,808.54
Other Disbursements		108,524.06	36,895.00
<b>Total Cash Outflows</b>		<b>218,630,389.11</b>	<b>157,379,490.22</b>
Adjustments		0.00	43,113,113.52
<b>Adjusted Cash Outflows</b>		<b>218,630,389.11</b>	<b>200,492,603.74</b>
<b>Net Cash Provided by (Used in) Operating Expenses</b>	<b>25.1</b>	<b>56,365,432.02</b>	<b>(34,575,135.42)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale/Disposal of			
Property, Plant and Equipment		274,000.00	0.00
Collection of COB for Capital Outlay		1,500,000.00	1,695,000.00
<b>Total Cash Inflows</b>		<b>1,774,000.00</b>	<b>1,695,000.00</b>
<b>Cash Outflows</b>			
Purchase/Construction of Property, Plant and Equipment		4,993,595.34	806,365.50
Purchase of Intangible Assets		0.00	0.00
<b>Total Cash Outflows</b>		<b>4,993,595.34</b>	<b>806,365.50</b>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>25.2</b>	<b>(3,219,595.34)</b>	<b>888,634.50</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Cash Inflows</b>		<b>0.00</b>	<b>0.00</b>
<b>Cash Outflows</b>			
Payment of cash dividends		26,688,515.00	22,498,290.30
<b>Total Cash Outflows</b>		<b>26,688,515.00</b>	<b>22,498,290.30</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>25.3</b>	<b>(26,688,515.00)</b>	<b>(22,498,290.30)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		<b>26,457,321.68</b>	<b>(56,184,791.22)</b>
<b>Effects of Exchange Rate Changes on Cash and Cash</b>			
<b>Equivalents</b>	<b>25.4</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and Cash Equivalents, January 1, 2020</b>		<b>24,565,017.70</b>	<b>80,749,808.92</b>
<b>Cash and Cash Equivalents, December 31, 2021</b>		<b>51,022,339.38</b>	<b>24,565,017.70</b>

*The notes on pages 21 to 24 form part of these statements*

**JOHN HAY MANAGEMENT CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Notes	Retained Earnings/ (Deficit)	Share Capital	Share Prem	Total
BALANCE AT 01 JANUARY, 2020		(159,276,361.99)	383,814,000.00	78.97	224,537,716.98
CHANGES IN EQUITY FOR 2020					
Add/(Deduct):					
Comprehensive Income for the year		12,255,451.26			12,255,451.26
Dividends		(32,330,098.43)			(32,330,098.43)
Other Adjustments		(1,051,902.56)			(1,051,902.56)
BALANCE AT 31 DECEMBER, 2020		(180,402,911.72)	383,814,000.00	78.97	203,411,167.25
CHANGES IN EQUITY FOR 2021					
Add/(Deduct):					
Issuance of Share Capital		0.00			0.00
Comprehensive Income for the year		10,751,517.47			10,751,517.47
Dividends		(16,856,706.87)			(16,856,706.87)
Other Adjustments		34,107,623.28	(23,059,100.00)	10.00	11,048,533.28
BALANCE AT 31 DECEMBER, 2021		(152,400,477.84)	360,754,900.00	88.97	208,854,511.13

*The notes on pages 13 and 21 to 24 form part of these statements.*