



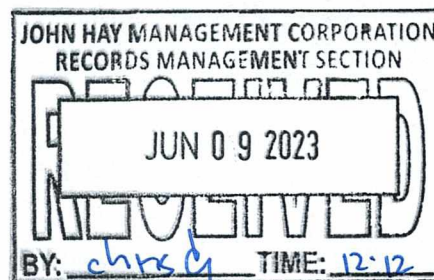
REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
CORDILLERA ADMINISTRATIVE REGION

Km 6, Barangay Betag, La Trinidad, Benguet

June 8, 2023

ALLAN R. GARCIA

President and Chief Executive Officer
John Hay Management Corporation
Loakan Road, Baguio City



John Hay Management Corporation
a member of the BCD A Group
OPCEO-IN-2023-747

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 (JHMC) for the year ended December 31, 2022, pursuant to 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 attached Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, 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 JHMC.

The following are the significant observations and recommendations:

1. Bookkeeping lapses in the recognition of transactions and events resulted in the net overstatement of assets and equity, both by the amount of P12.502 million.

We recommended and Management agreed that the Finance Department effect the appropriate adjustments in the books of accounts, for a faithful representation of financial information and fair presentation of account balances in the financial statements.

2. Agency operating procedures relative to collection transactions totaling P6.7 million, were not compliant with rules and regulations on maintenance of records, handling of funds, use of authorized accountable forms, proper designation, and bonding of accountable officers.

We recommended and Management agreed that only designated and bonded collecting officials shall perform collecting functions. We further recommended and Management agreed that each AO maintain a cashbook or CRR; directly deposit collections to the authorized depository account of JHMC; and issue the authorized Form 51-C in acknowledgement of the receipt of payments by clients of the agency.

3. The agency complied with the provision of at least 5 per cent of its total budget for Gender and Development programs and activities. However, two of the funded activities were partially completed as compared to the 100 per cent completion of activities in the previous year. Accordingly, the target outcomes of the uncompleted activities were not achieved.

We recommended and Management agreed that all GAD activities funded in the GAD Plan and Budget be fully implemented within the year, to realize the objectives embodied therein.

4. Enforcement of COA Orders of Execution of decisions on disallowances/charge have not been actively pursued, as evidenced by the lack of documented Management action thereon and the low rate of settlement at 19 per cent or P2.131 million of the total P11.148 million disallowances/charge.

We recommended and Management agreed that the COEs be continuously enforced, pursuant to the policies on the settlement of disallowances.

The audit observations and recommendations were discussed with concerned officials of JHMC in an exit conference held on May 9, 2023. Management's comments were incorporated in the report, where appropriate.

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.

COMMISSION ON AUDIT

By:


RENATO O. ROSALES
OIC-Regional Director

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 and Development Authority



Republic Of The Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

**JOHN JAY MANAGEMENT
CORPORATION
Baguio City**

For the Year Ended December 31, 2022

**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 2022, 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.

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RUFINO G. HAY JR.
Acting Chairman of the Board

FEB 10 2023
Date Signed


RONALD B. ZAMBRANO
Finance Manager

FEB 10 2023
Date Signed


ALLAN R. GARCIA
President and CEO

FEB 10 2023
Date Signed

JOHN JAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF FINANCIAL POSITION
GENERAL FUND
AS AT DECEMBER 31, 2022
(In Philippine Peso)

	Notes	2022	2021 As Restated
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	37,859,195.82	51,022,339.38
Investments	6	71,501,356.83	56,046,243.53
Receivables	7	58,133,256.58	62,289,893.78
Inventories	8	4,519,383.71	4,719,615.58
Other Current Assets	12	3,996,303.87	6,112,390.69
Total Current Assets		176,009,496.81	180,190,482.96
NON-CURRENT ASSETS			
Investments	6	5,632,000.00	5,632,000.00
Receivables	7	931,606.54	1,134,936.18
Investments Property	9	14,152,437.39	14,874,217.51
Property, Plant and Equipment	10	22,881,265.39	18,363,472.21
Intangible Assets	11	-	11,391.24
Other Non-Current Assets	12	-	3,992,349.12
Total Non-Current Assets		43,597,309.32	44,008,366.26
TOTAL ASSETS		219,606,806.13	224,198,849.22
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Financial Liabilities	13	7,985,511.14	4,666,975.47
Inter Agency Payables	14	2,447,395.49	3,088,613.91
Trust Liabilities	15	4,527,653.05	11,377,148.62
Deferred Credits/Unearned Revenue/Income	16	1,601,150.38	1,109,209.18
Provisions	17	4,272,511.64	-
Other Payables	18	95,287.93	95,287.93
Total Current Liabilities		20,929,509.63	20,337,235.11
TOTAL LIABILITIES		20,929,509.63	20,337,235.11
EQUITY			
Retained Earnings		(154,438,577.41)	(156,893,374.86)
Stockholders' Equity	27	353,115,873.91	360,754,988.97
TOTAL EQUITY		198,677,296.50	203,861,614.11
TOTAL LIABILITIES AND EQUITY		219,606,806.13	224,198,849.22

The notes on pages 16 to 23 form part of these statements.

JOHN JAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
GENERAL FUND
FOR THE MONTH ENDED DECEMBER 31, 2022
(In Philippines Peso)

	Notes	2022	2021
INCOME			
Service and Business Income	19	105,892,319.92	95,274,040.95
Gains	20	1,217,722.21	578,201.88
Other Non-Operating Income	21	35,900.11	476,809.10
TOTAL INCOME		107,145,942.24	96,329,051.93
LESS: Current Operating Expenses			
Personnel Services	22	62,986,578.03	53,658,453.27
Maintenance and Other Operating Expenses	23	33,161,577.52	22,650,243.83
Financial Expenses	24	30,600.00	-
Non-Cash Expenses	25	3,887,903.21	4,199,365.62
TOTAL CURRENT OPERATING EXPENSES		100,066,658.76	80,508,062.72
NET INCOME/ (LOSS) Before Tax		7,079,283.48	15,820,989.21
Income Tax Expense/(Benefits)		2,452,922.59	5,069,471.74
OTHER COMPREHENSIVE INCOME/(LOSS)		-	-
COMPREHENSIVE INCOME/(LOSS)		4,626,360.89	10,751,517.47

The notes on pages 23 to 27 form part of these statements.

JOHN HAY MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

In Philippines Peso

	Notes	Retained Earnings/ (Deficit)	Share Capital	Share Pre- mium	TOTAL
BALANCE AT JANUARY 1, 2021		<u>(180,402,911.72)</u>	<u>383,814,000.00</u>	<u>78.97</u>	<u>203,411,167.25</u>
CHANGES IN EQUITY FOR 2021					
Add/(Deduct):					
Comprehensive Income for the Year		10,751,517.47			10,751,517.47
Dividend Paid		(16,856,706.87)			(16,856,706.87)
Other Adjustments		<u>34,107,623.28</u>	<u>(23,059,100.00)</u>	<u>10.00</u>	<u>11,048,533.28</u>
BALANCE AT DECEMBER 31, 2021		<u>(152,400,477.84)</u>	<u>360,754,900.00</u>	<u>88.97</u>	<u>208,354,511.13</u>
Add/(Deduct):					
Change in Accounting Policy	4	<u>(4,492,897.02)</u>			<u>(4,492,897.02)</u>
RESTATED BALANCE AT					
DECEMBER 31, 2021		<u>(156,893,374.86)</u>	<u>360,754,900.00</u>	<u>88.97</u>	<u>203,861,614.11</u>
CHANGES IN EQUITY FOR 2022					
Add/(Deduct):					
Comprehensive Income for the Year		4,626,360.89			4,626,360.89
Dividends Paid	4	(8,093,087.50)			(8,093,087.50)
Other Adjustments	4	<u>5,921,524.06</u>	<u>(7,639,100.00)</u>	<u>(15.06)</u>	<u>(1,717,591.00)</u>
BALANCE AT DECEMBER 31, 2022		<u>(154,438,577.41)</u>	<u>353,115,800.00</u>	<u>73.91</u>	<u>198,677,296.50</u>

The notes on pages 15-16 form part of these statements.

JOHN JAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF CASH FLOWS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
In Philippines Peso

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Cash Inflows			
Collection of Income/Revenues		99,957,265.72	92,501,586.38
Collection of Accounts Receivable		1,648,282.96	644,046.97
Receipt of Inter-Agency Fund Transfers		64,612,198.17	127,093,703.67
Trust Receipts		983,609.40	45,682.38
Other Receipts		548,258.23	401,190.13
Total Cash Inflows		167,749,614.48	220,686,209.53
Adjustments		172,946.34	55,809,611.60
Adjusted Cash Inflows		167,922,560.82	276,495,821.13
Cash Outflows			
Payment of Expenses		77,585,606.22	63,690,349.21
Payment of Accounts Payable		3,422,143.52	10,120,337.35
Payment of Inventories		5,025,598.35	1,722,535.04
Grant of Cash Advances		1,440,860.00	1,290,635.00
Prepayments		230,827.08	39,449.89
Refund of Deposits		19,125.00	34,800.00
Remittance of Personnel Benefit Contributions		23,336,640.26	27,302,265.52
Release of Inter-Agency Fund Transfers		47,523,584.91	114,321,493.04
Other Disbursements		179,692.26	108,524.06
Total Cash Outflows		158,764,077.60	218,630,389.11
Net Cash Provided by (Used in) Operating Activities	26.1	9,158,483.22	57,865,432.02
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceed from Sale/Disposal of Property, Plant and Equipment		462,000.00	274,000.00
Total Cash Inflows		462,000.00	274,000.00
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment		390,539.28	4,993,595.34
Total Cash Outflows		390,539.28	4,993,595.34
Adjustments: Additional Investment to Fund Placements		14,300,000.00	-
Adjusted Cash Outflowflows		14,690,539.28	4,993,595.34
Net Cash Provided by (Used in) Investing Activities		(14,228,539.28)	(4,719,595.34)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash Inflows		-	-
Cash Outflows			
Payment of cash dividends		8,093,087.50	26,688,515.00
Net Cash Provided by (Used in) Financing Activities		(8,093,087.50)	(26,688,515.00)
Increase (Decrease) in Cash and Cash Equivalents		(13,163,143.56)	26,457,321.68
Cash and Cash Equivalents, January 1, 2022		51,022,339.38	24,565,017.70
Cash and Cash Equivalents, December 31, 2022		37,859,195.82	51,022,339.38

The notes on pages 27 to 31 form part of these statements.