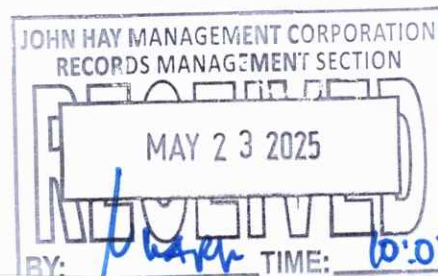




REPUBLIC OF THE PHILIPPINES
Commission on Audit
CORDILLERA ADMINISTRATIVE REGION
Km 6, Barangay Betag, La Trinidad, Benguet

May 23, 2025

THE BOARD OF DIRECTORS
John Hay Management Corporation
Loakan, Baguio City



John Hay Management Corporation
a member of the BCDA Group
OPCEO-IN-2025-678

Dear Members of the Board,

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of John Hay Management Corporation (JHMC) for the year ended December 31, 2024, 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. Financial transactions and events were either inappropriately recognized or not recognized in the books, resulting in the overstatement of assets and equity by ₱1.002 million and ₱3.834 million, respectively, and understatement of liabilities by ₱2.832 million.

We recommended that the Finance Department effect the appropriate adjustments of accounts in the books for a faithful representation of financial information and fair presentation of account balances in the financial statements; and that all transactions will be classified in accordance with COA Circular No. 2020-002.

2. Unpaid Common Usage Service Area (CUSA) fees accumulated to ₱1.380 million as of December 31, 2024 because certain terms and conditions embodied in the existing Contract of Lease (CL) were not enforced.

We recommended and Management agreed to enforce the terms and condition of the leased agreement to avoid accumulations of receivables in the books and further deterioration of the leased property improvement.

3. The JHMC was not able to conduct physical count of the Construction Inventory as required under Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume 1, thus the Report on Physical Count of Inventories (RCPI) was not prepared and the validity and accuracy of the inventory account balance amounting to ₱3.394 million was not established.

We recommended and the General Services Department (GSD) agreed to conduct periodic physical count of the Construction Inventory and reconcile with the Accounting Records; and prepare the Report on Physical Count of Inventories.

We also recommended and Management agreed to identify an area where to store these materials. The identified area must be protected from weather and human elements to prevent further deterioration and from theft or pilferage.

4. Payments for the accommodations of the members of the Board of Directors (BODs) to attend regular board and committee meetings totaling ₱459,058.68 were made through reimbursement by the BODs instead of direct payment to the suppliers because these were not included in the CY 2024 Annual Procurement Plan (APP) contrary to Executive Order (EO) No. 24 dated February 10, 2011, thus depriving the government of the advantages of competitive procurement as well as the withholding of tax.

We recommended and Management agreed that the Bids and Award Committee (BAC) requires the Office of the Board Secretary to include the accommodation of the members of the BODs who will attend regular and committee meetings in the Project Procurement Management Plan (PPMP) of the unit and to be consolidated in the APP, thus ensuring that the accommodations during the regular board meetings will undergo the procurement process to avail of the competitive price.

We also recommended and Management agreed to strictly comply with the provisions of Section 12 of EO 24, s. 2011 dated February 10, 2011 and to discontinue the practice of reimbursing BOD expenses unless justified by exigency of service. Also, refraining from such practice of reimbursement will help the government collect the taxes due from the hotel establishments. Moreover, Management must exercise prudence in the disbursement of its limited financial resources by formulating a policy that sets a reasonable limit with regard to the amount of meals to be reimbursed.

The audit observations and recommendations were discussed with JHMC officials concerned in an exit conference held on April 24, 2025. 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
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

JOHN HAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF FINANCIAL POSITION
GENERAL FUND
AS AT DECEMBER 31, 2024

	Note	2024	2023
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	59,523,274.79	61,341,591.42
Investments	6	41,539,922.65	40,829,206.31
Receivables	7	71,565,475.14	62,540,707.03
Inventories	8	4,658,120.42	4,484,198.01
Other Current Assets	12	2,375,208.64	2,023,286.43
Total Current Assets		179,662,001.64	171,218,989.20
NON-CURRENT ASSETS			
Investments	6	5,632,000.00	5,632,000.00
Receivables	7	4,635,430.25	4,427,470.37
Investment Property	9	754,468.03	754,468.03
Property, Plant and Equipment	10	29,282,120.52	24,594,669.71
Intangible Assets	11	304,732.14	424,851.17
Total Non-Current Assets		40,608,750.94	35,833,459.28
TOTAL ASSETS		220,270,752.58	207,052,448.48
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Financial Liabilities	13	5,880,484.85	8,566,167.30
Inter Agency Payables	14	6,773,406.77	2,592,040.79
Trust Liabilities	15	2,984,531.83	3,029,246.50
Deferred Credits/Uneamed Income	16	118,221.60	292,684.48
Provisions	17	3,926,763.52	4,036,775.50
Other Payables	18	90,597.59	101,487.93
Total Current Liabilities		19,774,006.16	18,618,402.50
TOTAL LIABILITIES		19,774,006.16	18,618,402.50
EQUITY			
Retained Earnings/(Deficit)		(76,744,708.10)	(127,175,483.30)
Stockholders' Equity		277,241,454.52	315,609,529.28
TOTAL EQUITY		200,496,746.42	188,434,045.98
TOTAL LIABILITIES AND EQUITY		220,270,752.58	207,052,448.48

See Accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
INCOME			
Service and Business Income	19	127,173,388.58	108,513,978.90
Share, Donations and Grants	20	102,321.43	-
Gains	21	346,732.91	-
Other Non-Operating Income	22	63,331.19	173,595.27
TOTAL INCOME		127,685,774.11	108,687,574.17
LESS: Current Operating Expenses			
Personnel Services	23	63,405,789.33	61,856,159.46
Maintenance and Other Operating Expenses	24	36,691,449.84	33,793,450.89
Financial Expenses	25	1,888.00	155.00
Non-Cash Expenses	26	3,885,649.74	3,013,365.64
TOTAL CURRENT OPERATING EXPENSES		103,984,776.91	98,663,130.99
Profit/(Loss) Before Tax		23,700,997.20	10,024,443.18
Income Tax Expense/(Benefits)		5,981,995.94	2,970,924.83
Profit/(Loss) after Tax		17,719,001.26	7,053,518.35
Assistance and Subsidy		-	-
Other Comprehensive Income/(Loss) for the Period		-	-
COMPREHENSIVE INCOME/(LOSS)		17,719,001.26	7,053,518.35

See Accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	N o t e	Retained Earnings/ (Deficit)	Share Capital	Share Premium	TOTAL
BALANCE AT JANUARY 1, 2023		<u>(154,438,577.41)</u>	<u>353,115,800.00</u>	<u>73.91</u>	<u>198,677,296.50</u>
CHANGES IN EQUITY FOR 2023					
Add/(Deduct):					
Comprehensive Income for the Year		7,053,518.35	-	-	7,053,518.35
Dividends		(3,923,559.67)	-	-	(3,923,559.67)
Other Adjustments		<u>24,133,135.43</u>	<u>(37,506,300.00)</u>	<u>(44.63)</u>	<u>(13,373,209.20)</u>
BALANCE AT DECEMBER 31, 2023		<u>(127,175,483.30)</u>	<u>315,609,500.00</u>	<u>29.28</u>	<u>188,434,045.98</u>
CHANGES IN EQUITY FOR 2024					
Add/(Deduct)					
Comprehensive Income for the Year		17,719,001.26	-	-	17,719,001.26
Dividends	4	(7,326,319.61)	-	-	(7,326,319.61)
Other Adjustments	4	<u>40,038,093.55</u>	<u>(38,368,100.00)</u>	<u>25.24</u>	<u>1,670,018.79</u>
BALANCE AT DECEMBER 31, 2024		<u>(76,744,708.10)</u>	<u>277,241,400.00</u>	<u>54.52</u>	<u>200,496,746.42</u>

See Accompanying Notes to Financial Statements

JOHN HAY MANAGEMENT CORPORATION
CONDENSED STATEMENT OF CASH FLOWS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income/Revenues	197,001,731.62	167,239,030.66
Collection of Income/Revenue	131,521,520.86	112,425,944.29
Collection of Receivables	65,480,210.76	54,813,086.37
Trust Receipts	649,456.42	368,559.63
Other Receipts	783,697.13	756,402.18
Total Cash Inflows	198,434,885.17	168,363,992.47
Adjustments	69,399.00	31,111,597.67
Adjusted Cash Inflows	198,504,284.17	199,475,590.14
Cash Outflows		
Payment of Expenses	82,015,801.59	75,360,580.94
Purchase of Inventories	3,626,364.27	2,581,617.06
Grant of Cash Advances	1,620,290.00	2,385,680.00
Prepayments	2,605,406.74	59,682.85
Refund of deposits	-	149,305.53
Payment of Accounts Payable	3,724,471.59	7,204,493.77
Remittance of Personnel Benefit Contributions		
Mandatory Deductions	23,694,666.91	23,948,163.16
Other Disbursements	69,686,438.11	59,077,387.14
Total Cash Outflows	186,973,439.21	170,766,910.45
Adjustments	-	-
Adjusted Cash Outflows	186,973,439.21	170,766,910.45
Net Cash Provided by (Used in) Operating Activities	11,530,844.96	28,708,679.69
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from Sale/Disposal of Property, Plant and Equipment	-	-
Total Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment and Equipment	5,958,841.98	1,213,438.71
Purchase of Intangible Assets	64,000.00	89,285.71
Total Cash Outflows	6,022,841.98	1,302,724.42
Adjustments: Additional Investment to Fund Placements	-	-
Net Cash Provided by (Used in) Investing Activities	(6,022,841.98)	(1,302,724.42)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash Inflows		
Total Cash Inflows	-	-
Cash Outflows		
Payment of Cash Dividends	7,326,319.61	3,923,559.67
Total Cash Outflows	7,326,319.61	3,923,559.67
Net Cash Provided by (Used in) Financing Activities	(7,326,319.61)	(3,923,559.67)
Increase (Decrease) in Cash and Cash Equivalents	(1,818,316.63)	23,482,395.60
Cash and Cash Equivalents, January 1	61,341,591.42	37,859,195.82
Cash and Cash Equivalents, December 31	59,523,274.79	61,341,591.42