



**REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT  
Corporate Government Sector  
Cluster 1 – Banking and Credit**

**INDEPENDENT AUDITOR'S REPORT**

**The Board of Trustees**

LANDBANK Countryside Development Foundation, Inc.  
26<sup>th</sup> Floor, LANDBANK Plaza  
1598 M. H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila 1004

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of **LANDBANK Countryside Development Foundation, Inc. (LCDFI)**, a non-stock, non-profit organization, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of financial performance, statements of changes in net assets/equity, statements of cash flows for the years then ended, and statement of comparison of budget and actual amount for the year ended December 31, 2020, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LCDFI as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Public Sector Accounting Standards (PPSASs).

*Basis for Opinion*

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the LCDFI in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PPSASs, 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.

In preparing the financial statements, management is responsible for assessing the LCDFI's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the LCDFI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the LCDFI's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 LCDFI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under the Revenue Regulations 15-2010 in Note 23 and Revised Securities Regulation Code Rule 68 in Note 26 to the 2020 financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the Securities and Exchange Commission, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## COMMISSION ON AUDIT



**ROCHIE J. FELICES**  
Supervising Auditor

March 1, 2021



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

The Management of LANDBANK Countryside Development Foundation, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year(s) ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the financial statements, Management is responsible for assessing LANDBANK Countryside Development Foundation, Inc.'s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the LANDBANK Countryside Development Foundation, Inc. or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing LANDBANK Countryside Development Foundation, Inc. financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

The Commission on Audit has audited the financial statements of the LANDBANK Countryside Development Foundation, Inc. in accordance with International Standards of Supreme Audit Institutions, and its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon the completion of such audit.

**CONSUELO N. PADILLA**  
Chairperson of the Board

**CELESTINO R. SALINAS**  
President and Chief Executive Officer

**ANNALENE M. BAUTISTA**  
Corporate Treasurer

Signed this 10<sup>th</sup> day of February 2021.



**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at DECEMBER 31, 2020 and 2019**  
(In Philippine Peso)

	Note	2020	2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	7,417,266	8,798,279
Receivables	5	30,600,478	5,171,741
Inventories	6	63,175	6,200
Other Current Assets	7	18,167	131,229
<b>Total Current Assets</b>		<b>38,099,086</b>	<b>14,107,449</b>
<b>Non-Current Assets</b>			
Financial Assets - Held-to-maturity	8	49,449,961	79,139,454
Receivables	5	534,161	511,202
Property and Equipment, net	9	648,946	490,747
<b>Total Non-Current Assets</b>		<b>50,633,068</b>	<b>80,141,403</b>
<b>Total Assets</b>		<b>88,732,154</b>	<b>94,248,852</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,833,082	2,221,767
Inter-Agency Payables	11	230,891	156,678
Other Payables	12	1,816	0
<b>Total Current Liabilities</b>		<b>2,065,789</b>	<b>2,378,445</b>
<b>Non-Current Liabilities</b>			
Payables	10	0	430,500
<b>Total Non-Current Liabilities</b>		<b>0</b>	<b>430,500</b>
<b>Total Liabilities</b>		<b>2,065,789</b>	<b>2,808,945</b>
<b>Net Assets</b>		<b>86,666,365</b>	<b>91,439,907</b>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus/(Deficit)	13	46,623,057	51,546,754
Retained Earnings	14	40,043,308	39,893,153
<b>Total Net Assets/ Equity</b>	20	<b>86,666,365</b>	<b>91,439,907</b>

The Notes on pages 10 to 33 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
**For the years ended DECEMBER 31, 2020 AND 2019**  
(In Philippine Peso)

	Note	2020	2019
<b>REVENUE</b>			
Grants and Donations	15	25,314,359	25,389,946
Business Income	16	1,525,916	2,700,300
<b>Total Revenue</b>		<b>26,840,275</b>	<b>28,090,246</b>
<b>EXPENSES</b>			
Personnel Services	17	16,377,134	12,573,328
Maintenance and Other Operating Expenses	18	16,346,401	22,562,952
Non-Cash Expenses		160,628	148,820
Financial Expenses		0	100
<b>Total Expenses</b>		<b>32,884,163</b>	<b>35,285,200</b>
<b>Net Deficit for the Period</b>		<b>(6,043,888)</b>	<b>(7,194,954)</b>

The Notes on pages 10 to 33 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS/EQUITY**  
**For the years ended DECEMBER 31, 2020 AND 2019**  
(In Philippine Peso)

	<b>Accumulated Surplus/ (Deficit)</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>(Notes 13&amp;21)</b>	<b>(Notes 14&amp;21)</b>	
<b>BALANCE AT JANUARY 1, 2019</b>	59,091,124	39,666,881	98,758,005
Add/(Deduct):			
Net Deficit for the Year	(7,194,954)		(7,194,954)
Appropriation of Retained Earnings	(241,877)	241,877	0
Other Adjustments	(107,539)	(15,605)	(123,144)
<b>BALANCE AT DECEMBER 31, 2019</b>	51,546,754	39,893,153	91,439,907
Add/(Deduct):			
Net Deficit for the Year	(6,043,888)		(6,043,888)
Appropriation of Retained Earnings	(150,155)	150,155	0
Other Adjustments	1,270,346	0	1,270,346
<b>BALANCE AT DECEMBER 31, 2020</b>	46,623,057	40,043,308	86,666,365

The Notes on pages 10 to 33 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended **DECEMBER 31, 2020 AND 2019**  
(In Philippine Peso)

	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Cash receipts from donors		4,926,534	33,854,124
Cash receipts from advances of employees		625,428	2,190,734
Cash receipts from Government Corporations		0	41,600
Cash Receipts from Suppliers		0	11,916
Income from trainings		245,397	163,211
<b>Total Cash Inflows</b>		<b>5,797,359</b>	<b>36,261,585</b>
<b>Cash Outflows</b>			
Cash payment to Government, suppliers and employees		(38,021,280)	(36,966,851)
<b>Total Cash Outflows</b>		<b>(38,021,280)</b>	<b>(36,966,851)</b>
<b>Net Cash used in Operating Activities</b>		<b>(32,223,921)</b>	<b>(705,266)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from matured investments		32,065,633	9,876,626
Interest Received		1,051,419	1,368,464
<b>Total Cash Inflows</b>		<b>33,117,052</b>	<b>11,245,090</b>
<b>Cash Outflows</b>			
Placements in investments		(1,999,205)	(22,997,676)
Purchases of Property and Equipment		(274,939)	(65,690)
<b>Total Cash Outflows</b>		<b>(2,274,144)</b>	<b>(23,063,366)</b>
<b>Net Cash provided by/(used in) Investing Activities</b>		<b>30,842,908</b>	<b>(11,818,276)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>(1,381,013)</b>	<b>(12,523,542)</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>4</b>	<b>8,798,279</b>	<b>21,321,821</b>
<b>Cash and cash Equivalents, December 31</b>	<b>4</b>	<b>7,417,266</b>	<b>8,798,279</b>

The Notes on pages 10 to 33 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**  
For the year ended December 31, 2020

	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
<b>RECEIPTS</b>					
Donation		100,000,000	50,000,000	0	50,000,000
Interest Income		1,500,000	1,500,000	1,051,418	448,582
Other Income		0	24,365	24,365	0
		<b>101,500,000</b>	<b>51,524,365</b>	<b>1,075,783</b>	<b>50,448,582</b>
<b>PAYMENTS</b>					
Personnel Services		17,176,174	18,747,013	16,347,598	2,399,415
Maintenance and Operating Expenses		98,270,339	46,813,441	15,379,783	31,433,658
Financial Expense		2,000	2,000	0	2,000
		<b>115,448,513</b>	<b>65,562,454</b>	<b>31,727,381</b>	<b>33,835,073</b>
<b>NET RECEIPTS/(PAYMENTS)</b>	<b>22</b>	<b>(13,948,513)</b>	<b>(14,038,089)</b>	<b>(30,651,598)</b>	<b>16,613,509</b>

The Notes on pages 10 to 33 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2020  
(Amounts in Philippine Peso unless otherwise stated)

**1. GENERAL INFORMATION**

LCDFI formerly Land Bank of the Philippines (LANDBANK) Educational Foundation, Inc. is a non-stock, non-profit foundation that was incorporated in 1983 under the provisions of the Corporation Code. The amended Articles of Incorporation was registered with the Securities and Exchange Commission on January 5, 1993 under Registration No. 110790, embodying Land Bank of the Philippines' commitment to spur development in the countryside particularly among its priority sectors such as the small farmers and fisherfolks, agrarian reform beneficiaries (ARBs), Countryside Financial Institutions, small and medium enterprises and Overseas Filipino Workers (OFWs).

The registered office of the Foundation is located in 26<sup>th</sup> floor LANDBANK Plaza, M.H. Del Pilar cor Dr. J. Quintos Sts., Malate, Manila.

The financial statements of LANDBANK Countryside Development Foundation, Inc. (LCDFI) were authorized for issue by the Board of Trustees February 10, 2021 and were signed on February 10, 2021 by the LCDFI Chairperson of the Board of Trustees, President and Chief Executive Officer and Corporate Treasurer as shown in the Statement of Management Responsibility for Financial Statements.

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

The financial statements have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSASs) prescribed for adoption by the Commission on Audit through COA Resolution No. 2014-003 dated January 24, 2014.

The accounting policies have been consistently applied throughout the year presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statements of Cash Flows are prepared using the direct method.

The financial statements are presented in Peso (P) which is also the country's functional currency.

Amounts are rounded off to the nearest peso, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Basis of Accounting**

The financial statements are prepared on an accrual basis in accordance with the PPSASs.

## **3.2. Financial Instruments**

### **a. Initial Recognition**

The LCDFI recognizes a financial asset or a financial liability in its statements of financial position when, and only when, the LCDFI becomes a party to the contractual provisions of the instrument.

### **b. Initial measurement**

The financial asset or financial liability is recognized initially at its fair value. The initial measurement of the financial asset or financial liability, except for those not at fair value through surplus or deficit, includes transaction cost that are directly attributable to the acquisition or issue of the financial asset and financial liability,

### **c. Financial Assets**

#### **i. Classification of financial assets**

Financial assets within the scope of PPSAS 29- Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficits, held-to-maturity investments and receivables. The entity determines the classification of its financial assets at initial recognition.

LCDFI's financial assets include: cash and cash equivalents, quoted and unquoted financial instruments.

#### **ii. Subsequent measurement**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the LCDFI has the positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are 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 integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### **iii. Derecognition**

The LCDFI derecognizes a financial asset or, where applicable, a part of financial asset of LCDFI of similar assets when:

1. The contractual rights to the cash flows from the financial asset expire or are waived; and
2. The LCDFI has transferred its contractual rights to receive the cash flows of the financial assets; or retained 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 PPSAS 29-Financial Instruments: Recognition and Measurement; and either the LCDFI has:

- transferred substantially all the risks and rewards of ownership of financial asset;
- retained substantially all the risks and rewards of ownership of the financial assets; or
- neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but transferred the control of the financial asset

#### **iv. Impairment of financial assets**

The LCDFI 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 has 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 assets 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
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

For financial assets carried at amortized cost, the LCDFI first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the LCDFI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assessed the impairment for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the LCDFI. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

**d. Financial Liabilities**

**i. Classification of financial liabilities**

Financial Liabilities within the scope of PPSAS 29- Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through surplus or deficit, or financial liabilities at amortized cost, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

The LCDFI's financial liabilities include the accounts payable, inter-agency payable and other payables.

**ii. Subsequent measurement**

After initial recognition, the LCDFI measures its financial liabilities at amortized cost using the effective interest method, except for:

1. Financial liabilities at fair value through surplus or deficit;
2. Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
3. Financial guarantee contracts; and
4. Commitments to provide a loan at a below-market interest rate.

**iii. Derecognition**

A Financial liability is derecognized when, and only when, the obligation specified in the contract is discharged, waived, cancelled or expires.

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 the recognition of new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

**e. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle a net basis or to realize the assets and settle the liabilities simultaneously.

**f. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

**3.3. Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash in bank and cash on hand.

**3.4. Inventories**

Inventory is measured at cost upon initial recognition.

Inventories are recognized as an expense when consumed in the ordinary course of operations.

**3.5. Property, Plant and Equipment**

**a. Recognition**

An item is recognized as property, plant and equipment (PPE) if it meets the characteristics and recognition criteria as PPE.

The characteristics of PPE are as follows:

- i. Tangible items;
- ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- iii. Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. the cost or fair value of the item can be measured reliably; and
- iii. the cost is at least P15,000.00

## **b. Measurement at recognition**

An item recognized as property, plant and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following:

- i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- ii. Expenditures that is directly attributable to the acquisition of the items; and

Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for a purpose other than to produce inventories during that period.

## **c. Subsequent Measurement**

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the LCDFI recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

## **d. Depreciation**

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense.

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15<sup>th</sup> of the month. However, if the PPE is available for use after the 15<sup>th</sup> of the month, depreciation is for the succeeding month.

The straight-line method of depreciation is adopted.

The LCDFI uses the life span of PPE prescribed by COA in determining the specific estimated useful life (EUL) for each asset based on its experience, details below:

<b>Classification</b>	<b>EUL</b>
1. Office Equipment	
* IT- Equipment, Furniture and Fixtures	5
* Furniture and Fixtures	10
2. Leasehold Improvements	
* Land	10
* Building	
- Wood	10
- Mixed	20
- Concrete	30
3. Transportation Equipment	
* Motor Vehicles	7

The LCDFI uses a residual value equivalent to at least ten per cent (10%) of the cost of the PPE.

**e. Impairment**

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

**f. Derecognition**

The LCDFI derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on 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.

**3.6. Budget Information**

The annual budget is approved on a cash basis and is published in the government website.

In preparing the Statement of Comparison of Budget and Actual Amounts (SCBAA) the following were observed:

- a. In cases where there is no estimated revenue reflected on the approved budget, the actual collections shall be considered as the estimated revenue (Final).
- b. Only those collections pertaining to current year's revenue/income shall be considered.
- c. Only disbursements pertaining to current year's utilizations shall be considered.

### **3.7. Related Parties**

The LCDFI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the LCDFI, or vice versa.

### **3.8. Employee Benefits**

The employees of LCDFI are members of the Social Security System (SSS), which provides life and retirement insurance coverage.

The LCDFI recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense capitalized, and as a liability after deducting the amount paid.

### **3.9. Measurement Uncertainty**

The preparation of financial statements in conformity with PPSAS requires management to make estimates and assumptions that affect the reporting amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, and rates of amortization.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

### **3.10. Changes in Accounting Policies and Estimates**

The LCDFI 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 LCDFI recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The LCDFI corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

### **3.11. Revenue from Non-exchange Transactions**

- a. Recognition and measurement of assets from non-exchange transactions

An inflow of resources from non-exchange transaction, other than services in-kind that meets the definition of an asset are recognized as asset if the following criteria are met:

- i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as the date of acquisition.

b. Recognition of revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As LCDFI satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

c. Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

d. Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

e. Gifts and donations

The LCDFI recognizes the assets and revenue 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, which is reduced and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

The LCDFI recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

g. Services in-kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

h. Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the LCDFI and can be measured reliably.

### 3.12. Revenue from Exchange Transactions

Revenue is measured at the fair value of the consideration received or receivable.

The LCDFI recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

## 4. CASH AND CASH EQUIVALENTS

This comprises the following:

	2020	2019
Cash in bank- Local Currency	7,397,266	8,788,279
Petty cash fund	20,000	10,000
	<b>7,417,266</b>	<b>8,798,279</b>

## 5. RECEIVABLES

This comprises the following:

	2020			2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Account Receivables	5,000	0	5,000	221,032	0	221,032
Inter-Agency Receivables	29,832,047	0	29,832,047	4,926,534	0	4,926,534
Other Receivables	763,431	534,161	1,297,592	24,175	511,202	535,377
<b>Total</b>	<b>30,600,478</b>	<b>534,161</b>	<b>31,134,639</b>	<b>5,171,741</b>	<b>511,202</b>	<b>5,682,943</b>

### Inter-Agency Receivables

	2020	2019
<b>Current</b>		
Due from Parent Corporation	25,309,359	4,926,534
Due from NGA	4,522,688	0
<b>Total</b>	<b>29,832,047</b>	<b>4,926,534</b>

### Other Receivables

	2020			2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Receivables-Disallowances/Charges	0	457,250	457,250	0	457,250	457,250
Due from Officers and Employees	24,824	48,145	72,969	1,215	48,145	49,360
Other Receivables	738,607	28,766	767,373	22,960	5,807	28,767
<b>Total</b>	<b>763,431</b>	<b>534,161</b>	<b>1,297,592</b>	<b>24,175</b>	<b>511,202</b>	<b>535,377</b>

## Aging/Analysis of Receivables

As at December 31, 2020

Accounts	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Due from Parent Corporation	25,309,359	25,309,359			
Due from NGA	4,522,688	4,522,688			
Receivables- Disallowances/Charges	457,250	0			457,250
Account Receivables	5,000	5,000			
Due from Officers and Employees	72,969	24,824			48,145
Other Receivables	767,373	738,607			28,766
<b>Total</b>	<b>31,134,639</b>	<b>30,600,478</b>	<b>0</b>	<b>0</b>	<b>534,161</b>

## 6. INVENTORIES

This comprises the following:

	2020	2019
Semi- Expendables	44,000	0
Office Supplies	10,575	0
Accountable Forms	8,600	6,200
	<b>63,175</b>	<b>6,200</b>

## 7. OTHER CURRENT ASSETS

This comprises the following:

	2020	2019
Advances to Officers and Employees	0	72,500
Deposit to DBM-PS	18,167	58,729
	<b>18,167</b>	<b>131,229</b>

## 8. FINANCIAL ASSETS- HELD TO MATURITY (FA-HTM)

This comprises the following:

	2020	2019
HTM	49,424,237	79,057,023
Interest Receivable	25,724	82,431
	<b>49,449,961</b>	<b>79,139,454</b>

Breakdown of the HTM

	2020	2019
HTM- Investment in Trust	24,808,800	40,813,682
HTM- Investment in Treasury Bills-Local		36,087,089
HTM- Investment in Bonds- Local	24,641,161	2,238,683
	<b>49,449,961</b>	<b>79,139,454</b>

Reconciliation of carrying amounts of FA-HTM:

Particulars	Amount
<b>Beginning Balance as at January 1, 2020</b>	79,139,454
Additional investment	1,999,205
Collection of matured investment	(32,065,633)
Premium on Investment	351,211
Interest Receivable	25,724
<b>Balance as at December 31, 2020</b>	<b>49,449,961</b>
Particulars	Amount
<b>Beginning Balance as at January 1, 2019</b>	65,050,959
Additional investment	22,997,676
Collection of matured investment	(9,876,626)
Amortization of discount on the acquisition of investment	885,014
Interest Receivable	82,431
<b>Balance as at December 31, 2019</b>	<b>79,139,454</b>

## 9. PROPERTY AND EQUIPMENT

Reconciliation of carrying amounts:

### As at December 31, 2020

Particulars	Office Equipment	Vehicle	Info & Communication Technology	Total
<b>Carrying Amount, January 1, 2020</b>	<b>89,867</b>	<b>88,220</b>	<b>312,660</b>	<b>490,747</b>
Additions/Acquisitions	31,490	0	243,449	274,939
	<b>121,357</b>	<b>88,220</b>	<b>556,109</b>	<b>765,686</b>
Depreciation	(41,914)	0	(74,826)	(116,740)
<b>Carrying Amount, December 31, 2020</b>	<b>79,443</b>	<b>88,220</b>	<b>481,283</b>	<b>648,946</b>
<b>Gross Cost</b>	<b>349,285</b>	<b>882,200</b>	<b>1,269,777</b>	<b>2,501,262</b>
Accumulated Depreciation	(269,842)	(793,980)	(788,494)	(1,852,316)
<b>Carrying Amount, December 31, 2020</b>	<b>79,443</b>	<b>88,220</b>	<b>481,283</b>	<b>648,946</b>

### As at December 31, 2019

Particulars	Office Equipment	Vehicle	Info & Communication Technology	Total
<b>Carrying Amount, January 1, 2019</b>	<b>129,419</b>	<b>88,220</b>	<b>356,237</b>	<b>573,876</b>
Additions/Acquisitions	0	0	65,690	65,690
	<b>129,419</b>	<b>88,220</b>	<b>421,927</b>	<b>639,566</b>
Depreciation	(39,552)	0	(109,267)	(148,819)
<b>Carrying Amount, December 31, 2019</b>	<b>89,867</b>	<b>88,220</b>	<b>312,660</b>	<b>490,747</b>
<b>Gross Cost</b>	<b>317,795</b>	<b>882,200</b>	<b>982,440</b>	<b>2,182,435</b>
Accumulated Depreciation	(227,928)	(793,980)	(669,780)	(1,691,688)
<b>Carrying Amount, December 31, 2019</b>	<b>89,867</b>	<b>88,220</b>	<b>312,660</b>	<b>490,747</b>

## 10. PAYABLES

This comprises the following accounts:

	2020			2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Payable	1,760,636	0	1,760,636	2,148,269	430,500	2,578,769
Due to Officers and Employees	21,235		21,235	56,508		56,508
Tax Refund Payable	51,211		51,211	16,990		16,990
<b>Total</b>	<b>1,833,082</b>	<b>0</b>	<b>1,833,082</b>	<b>2,221,767</b>	<b>430,500</b>	<b>2,652,267</b>

## 11. INTER AGENCY PAYABLES

This comprises the following accounts:

	2020	2019
Due to BIR	119,204	71,989
Due to SSS	63,352	55,466
Due to PhilHealth	26,753	18,732
Due to Pag-IBIG	12,289	10,491
Due to Parent Corporation	9,293	0
	<b>230,891</b>	<b>156,678</b>

## 12. OTHER PAYABLES

This represents due to Landbanker's Multi-Purpose Cooperative representing Loan of employees.

## 13. ACCUMULATED SURPLUS

This account is the cumulative results of normal and continuous operations of LCDFI including prior period adjustments, effect of changes in accounting policy and other capital adjustments.

#### 14. RETAINED EARNINGS

	2020	2019
Reserve Fund	25,043,308	24,893,153
Restricted Fund	15,000,000	15,000,000
	<b>40,043,308</b>	<b>39,893,153</b>

a. Reserve fund – This represents the 10 per cent portion of earnings from investments set aside as reserve for future technology upgrading and other contingencies.

b. Restricted fund – This represents the seed fund donated by the LANDBANK of the Philippines in the amount of Five Million pesos (P5,000,000.00) which must be kept intact and invested in safe and high yield securities and only the earnings thereof shall be used for the purpose for which the Foundation was created. The Bangko Sentral ng Pilipinas also donated Ten Million pesos (P10,000,000.00) as seed fund.

#### 15. GRANTS AND DONATIONS

This account represents donations from the following donors:

	2020	2019
Land Bank of the Philippines (LBP)	25,309,359	25,374,946
Integral Solution Business Consultancy	5,000	0
Prudential Guarantee & Assurance Inc.		15,000
	<b>25,314,359</b>	<b>25,389,946</b>

The recognition of donation income was in accordance with the provisions of PPSAS 23. In CY 2020, donations from Integral Solution Business Consultancy were recognized as donation income because there were no conditions attached on the Deed of Donation and Acceptance signed by the donor and the donee and the amount still collectible is lodged under inter-agency receivable and accounts receivable account.

#### 16. BUSINESS INCOME

This account comprises Interest Income and collection of fees for customized trainings conducted.

	2020	2019
Interest income	1,501,551	2,418,767
Miscellaneous Income	24,365	281,533
	<b>1,525,916</b>	<b>2,700,300</b>

The Interest Income pertains to earnings in the following financial assets:

	<b>2020</b>	<b>2019</b>
Treasury Investments	971,869	1,022,824
Trust Account	406,018	1,064,292
AR Bonds	116,043	321,532
Current Account	7,621	10,119
	<b>1,501,551</b>	<b>2,418,767</b>

## 17. PERSONNEL SERVICES

This comprises the following:

	<b>2020</b>	<b>2019</b>
Salaries and Wages	11,569,147	8,875,856
Other Compensation	3,450,036	2,663,044
Personnel Benefit Contributions	626,368	491,015
Other Personnel Benefits	731,583	543,413
	<b>16,377,134</b>	<b>12,573,328</b>

### Salaries and Wages

	<b>2020</b>	<b>2019</b>
Salaries and Wages- Regular	10,744,253	8,243,020
Salaries and Wages- Casual/Contractual	824,894	632,836
	<b>11,569,147</b>	<b>8,875,856</b>

The significant increase in Salaries and Wages in calendar year 2020 is due to the appointment of a President and CEO, and two Enterprise Development Coordinators.

### Other Compensation

	<b>2020</b>	<b>2019</b>
Year End Bonus	978,633	767,260
Personnel Economic Relief Allowance	560,637	472,378
Clothing/Uniform Allowance	143,730	66,000
Representation Allowance	186,000	96,000
Transportation Allowance	186,000	96,000
Cash Gift	116,500	105,000
Productivity Incentive Allowance	117,500	100,000
Overtime and Night Pay	44,300	16,853
Longevity Pay	0	5,000
Hazard Pay	14,500	0
Other Bonuses and Allowances	1,102,236	938,553
	<b>3,450,036</b>	<b>2,663,044</b>

## Personnel Benefit Contributions

	2020	2019
Retirement and Life Premiums	434,160	354,054
Pag-IBIG Contributions	27,200	23,600
PhilHealth Contributions	156,728	106,281
Employees Compensation Insurance Premiums	8,280	7,080
	<b>626,368</b>	<b>491,015</b>

## Other Personnel Benefits

This pertains to Retirement Gratuity.

## Employee Future Benefits

LCDFI has a Retirement Benefit Plan, which is non-contributory and provides a retirement benefit equal to one-half month basic salary for every year of service, where one-half month salary shall mean fifteen days salary based on the latest salary rate, five days of service incentive leaves, and one-twelfth (1/12) of the 13th month pay or 22.5 days pay for every year of service after satisfying certain age and service requirements.

The Plan was approved for implementation on July 09, 2010 pursuant to Board Resolution No. 10-011.

The regular monthly accrual equivalent to five percent of the total basic salary of LCDFI employees was taken up as Other Payables to LCDFI employees from July 2010 to June 2016 prior to the opening of an Employee Retirement Plan with LANDBANK Trust Banking Group.

Starting July 2016, pursuant to Board Resolution No. 16-021, the regular monthly accrual equivalent to 5 percent of the total basic salary was increased to 6.3 percent.

The Fund is being administered by the LANDBANK Trust Banking Group (TBG) who is responsible for the investment strategy of the Plan. As of December 31, 2020, the amount of funds deposited/invested in LANDBANK-TBG amounted to PhP 2,300.142.

## 18. MAINTENANCE AND OTHER OPERATING EXPENSES

This comprises of the following expenses:

	2020	2019
Training and Scholarship Expenses	12,649,767	13,847,660
Labor and Wages	888,100	2,333,948
Confidential, Intelligence and Extraordinary Expenses	664,010	589,000
Travelling Expenses	498,670	1,714,152
Professional Services	490,554	726,897
Communication Expenses	471,413	299,477
Supplies and Materials Expense	179,619	174,526
Repairs and Maintenance	44,220	103,020
Taxes, Insurance Premiums and Other Fees	44,025	48,807
Other Maintenance and Operating Expenses	416,023	2,725,465
	<b>16,346,401</b>	<b>22,562,952</b>

The decrease in Training and Scholarship expenses represents the decrease in the number of trainings conducted under the Capacity Building and Enterprise Development Program in 2020 due to the COVID-19 pandemic.

The significant decrease in Labor and Wages is attributed to the decrease in monitoring activities of Local Farm Technicians due to barangay level lockdowns.

The increase in Extraordinary and Miscellaneous expenses represents the increase in the members of the Board of Trustees, from six (6) members in 2019 to eight (8) members in 2020.

### Professional Services

	2020	2019
Legal Services	17,221	5,660
Auditing Services	340,000	51,438
Consultancy Service	0	130,000
Other Professional Services	133,333	539,799
	<b>490,554</b>	<b>726,897</b>

### Communication Expenses

	2020	2019
Postage and Courier Services	31,442	14,583
Telephone Expenses	332,451	186,334
Internet Subscription Expenses	107,520	98,560
	<b>471,413</b>	<b>299,477</b>

### Supplies and Materials Expense

	2020	2019
Office Supplies Expense	174,720	77,888
Accountable Forms Expenses	3,600	7,200
Semi-Expendable Machinery and Equipment	1,299	89,438
Semi-Expendable Furnitures, Fixtures and Books		
	<b>179,619</b>	<b>174,526</b>

### Repairs and Maintenance

	2020	2019
Repairs and Maintenance-Machinery and Equipment	1,548	13,200
Repairs and Maintenance-Transportation Equipment	42,672	89,820
	<b>44,220</b>	<b>103,020</b>

### Taxes, Insurance Premiums and Other Fees

	2020	2019
Taxes, Duties and Licenses	19,966	18,307
Fidelity Bond Premium	14,775	21,789
Insurance Expenses	9,284	8,711
	<b>44,025</b>	<b>48,807</b>

### Other Maintenance and Operating Expenses

	2020	2019
Representation Expenses	136,662	200,807
Rent/Lease Expenses	0	17,419
Major Events and Conference	0	1,121,563
Membership Dues and Contributions to Organizations	96,667	76,667
Transportation and Delivery Expense	0	57,500
Other Maintenance and Operating Expenses	182,694	1,251,509
	<b>416,023</b>	<b>2,725,465</b>

19. **NON-CASH EXPENSES**

	2020	2019
Depreciation Expense	160,628	148,820
Loss on Asset Disposal		
	<b>160,628</b>	<b>148,820</b>

20. **FINANCIAL EXPENSES**

	2020	2019
Bank Charges	0	100
Other Financial Charges	0	0
	<b>0</b>	<b>100</b>

21. **FUND BALANCES**

	Accumulated Surplus/ (Deficit)				Retained Earnings (RE)			Total
	Program Dev't Fund	Gen & Admin Fund	Program Fund	Total Acc. Surplus/ (Deficit)	Reserve Fund	Restricted fund	Total RE	
Revenues								
Donation	5,000	0	25,309,359	25,314,359	0	0	0	25,314,359
Interest Income	1,001,033	500,517	0	1,501,550	0	0	0	1,501,550
Other Income	24,366	0	0	24,366	0	0	0	24,366
<b>TOTAL</b>	<b>1,030,399</b>	<b>500,517</b>	<b>25,309,359</b>	<b>26,840,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,840,275</b>
Expenses								
PS	4,774,433	2,256,363	9,346,338	16,377,134	0	0	0	16,377,134
MOOE	2,943,379	640,578	12,762,444	16,346,401	0	0	0	16,346,401
Financial expense	0	0	0	0	0	0	0	0
Non-cash Expense	0	160,628	0	160,628	0	0	0	160,628
<b>TOTAL</b>	<b>7,717,812</b>	<b>3,057,569</b>	<b>22,108,782</b>	<b>32,884,163</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,884,163</b>
Excess of revenue over expenses								
RE-App.	(6,687,413)	(2,557,052)	3,200,577	(6,043,888)	0	0	0	(6,043,888)
Fund Balance, 12/31/2019	(100,103)	(50,052)	0	(150,155)	150,155	0	150,155	0
Prior Period Adjustment	37,555,924	10,705,928	3,284,902	51,546,754	24,893,153	15,000,000	39,893,153	91,439,907
	1,145,433	124,913	0	1,270,346	0	0	0	1,270,346
<b>Fund Balance, End 12/31/2020</b>	<b>31,913,841</b>	<b>8,223,737</b>	<b>6,485,479</b>	<b>46,623,057</b>	<b>25,043,308</b>	<b>15,000,000</b>	<b>40,043,308</b>	<b>86,666,365</b>

The reversal of Accruals and Other Payable amounting to P1,270,346 was recognized in calendar year 2020.

**22. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**

The difference between the final budget and actual amounts are presented as follows:

a. Donation

Reimbursement of expenses amounting P25,309,359 recognized as donations of LBP in CY 2020 will be submitted on the 1<sup>st</sup> quarter of CY 2021, while the donation of Integral Solution Business Consultancy amounting P5,000.00 is still collectible.

b. Interest Income

Interest to be earned from financial assets held to maturity for the year was over projected by P448,582.

c. Personnel Services

Only 24 of the 25 approved plantilla positions were filled up in calendar year 2020. The unfilled plantilla position has a budget of P2,399,415.00.

d. Maintenance and Other Operating Expenses (MOOE)

In CY 2020, the LCDFI programs and operations were greatly affected by the implementation of stringent social distancing measures and the varying quarantine protocols among the LGUs due to the COVID-19 pandemic, hence, there is an unutilized budget on MOOE amounting to P31,433,658.

e. Financial Expenses

LCDFI has no financial expenses incurred in CY 2020.

**23. SUPPLEMENTARY INFORMATION ON REVENUE REGULATION**

In compliance with the requirements set forth by Revenue Regulation No. 15-2010, hereunder are the information on taxes, licenses and fees paid or accrued during the taxable year:

A. Local

	<b>2020</b>	<b>2019</b>
Mayor's permit	11,334	11,124
Barangay clearance	500	500
	<b>11,834</b>	<b>11,624</b>

B. National

	<b>2020</b>	<b>2019</b>
BIR registration	500	500
Registration of vehicle	3,329	3,229
	<b>3,829</b>	<b>3,729</b>

C. Withholding taxes paid/accrued for the year:

	<b>2020</b>	<b>2019</b>
Taxes on compensation and benefits	1,312,307	790,613
Creditable withholding and Final Taxes	171,359	835,198
	<b>1,483,666</b>	<b>1,625,811</b>

24. **RISK DISCLOSURE**

The LCDFI management maintains the same investment policy.

a. Credit risk

LCDFI's credit risk exposures emanated from its placements. With investments limited to fixed income securities and other financial instruments issued by the Government and its instrumentalities, the risk of non-collection is very remote.

b. Liquidity Risk

Liquidity risk is likewise insignificant as investments can easily be liquidated when the need arises to meet maturing or current obligations.

25. **RELATED PARTY DISCLOSURES**

The LCDFI is a corporate foundation whose parent bank is the LANDBANK. The following table provides the total amount of transactions which have been entered into with related parties for CY 2020:

<b>Related Party</b>	<b>Transactions</b>	<b>Amount</b>
LBP-Treasury Operations Dept.	Investments in government securities	23,003,647
LBP-Trust Banking Group	Investments in government securities	24,808,800
LBP- Landowners Assistance Policy Department	Investment in 10-year Agrarian Reform bonds	1,611,789

### Allowances and other benefits of Key Management Personnel

	2020	2019
Board of Trustees (BOTs)		
Extraordinary and Miscellaneous (Reimbursable Expenses)	121,000	216,493
Corporate Officers		
Representation and Transportation Allowance	372,000	192,000
Extraordinary and Miscellaneous (Reimbursable Expenses)	151,959	147,172
Other Benefit and Bonuses	423,118	318,632
	<b>1,068,077</b>	<b>874,297</b>

### 26. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

RATIO	FORMULA	2020	2019
Current ratio	Current assets / Current Liabilities	18.43	5.93
Acid Test ratio	(Cash + Short Term Investments + A/R)/ Current Liabilities	18.40	5.87
Solvency Ratios	(Net Income + Non-Cash Expense)/Total Liabilities	-2.85	-2.51
Debt-to-equity ratio	Total Liabilities/Total Equity	0.02	0.03
Asset-to-equity ratio	Total Assets/Total Equity	1.02	1.03
Return on Equity	Net Income/Total Equity	-7%	-8%
Return on Assets	Net Income/ Total Assets	-7%	-8%
Net Profit Margin	Net Income / Revenue	-23%	-26%