



*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
*Commonwealth Avenue, Quezon City*

**ANNUAL AUDIT REPORT**

**on the**

**LANDBANK COUNTRYSIDE  
DEVELOPMENT FOUNDATION, INC.**

For the years ended December 31, 2025 and 2024

## EXECUTIVE SUMMARY

### INTRODUCTION

The LANDBANK Countryside Development Foundation, Inc. (LCDFI), formerly Land Bank of the Philippines (LBP) 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 initial seed money of LCDFI came from the donation of the LBP in the amount of P5,000,000 which must be kept intact and invested in safe and high yield securities and only the earnings thereof shall be used for the purpose of which LCDFI was created. Annually, LBP transfers funds to LCDFI based on approved Work and Financial Plan.

The affairs and business of LCDFI are directed by the Board of Trustees, which is composed of a Chairman and seven trustees as members. The corporate officers are the Executive Director, the Corporate Secretary and the Corporate Treasurer. One of the seven members of the Board of Trustees and two corporate officers are officers of LBP.

The LCDFI's place of business is at 14<sup>th</sup> Floor, Landbank Plaza, Malate, Manila

LCDFI has 23 regular as of December 31, 2025.

### SCOPE OF AUDIT

Our audit covered the examination, on a test basis, of the accounts and financial transactions of LCDFI for the period January 1 to December 31, 2025 in accordance with the International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of presentation of the financial statements for the years ended December 31, 2025 and 2024. Also, the audit aimed to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

### FINANCIAL HIGHLIGHTS (In Philippine Peso)

#### 1. Comparative Financial Position

Particulars	2025	2024	Decrease
Assets	54,406,348	57,514,147	(3,107,799)
Liabilities	11,397,540	12,339,737	(942,197)
Net Assets/ Equity	43,008,808	45,174,410	(2,165,602)

2. Comparative Results of Operations

Particulars	2025	2024	Increase (Decrease)
Revenues	49,080,407	44,754,985	4,325,422
Expenses	48,581,988	53,157,176	(4,575,188)
Net Surplus/(Deficit)	1,582,271	(6,736,945)	8,319,216

3. Comparison of Budget and Actual Expenditures

	Approved Budget	Actual Expenditures	Difference
A. LCDFI Personnel Services	26,335,000	24,169,725	2,165,275
B. LCDFI Maintenance and Other Operating Expenses	30,080,000	24,264,248	5,815,752
C. Financial Expense	15,000	5,500	9,500

**AUDITOR'S OPINION**

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the LCDFI as at December 31, 2025 and 2024.

**SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

1. Disbursements amounting P5.921 million for Capacity Building Programs (CBP) in Calendar Year (CY) 2025 were not supported with complete documentation required under the LCDFI Quality Management System (QMS) Operations Manual on Processing of Disbursements, COA Circular No. 2012-001 dated June 14, 2012, and Presidential Decree (PD) No. 1445. This deficiency resulted from the Finance Unit's insufficient review and verification of the accuracy and completeness of the documents, casting doubt on the validity, regularity, and propriety of these disbursements.

We recommended and Management agreed to require:

a) The Finance Unit to immediately coordinate with the suppliers, resource speakers, and concerned employees to secure, complete, and verify all lacking supporting documents for training expenses, honoraria, travel reimbursements, and other disbursements totaling P 5,921,407.56, in compliance with the LCDFI QMS Operations Manual on Processing of Disbursements, COA Circular 2021-001 dated June 24, 2024 and the applicable Contract Agreements and Terms of Reference. Otherwise, cause the refund of the payments made and determine accountability of officials involved in processing the disbursements;

b) The Bookkeeper to prepare checklist to be attached to each Disbursement Voucher (DV), which must be completed and signed by the Bookkeeper and certified and reviewed by the Financial Specialist as to the completeness of supporting

documents in accordance with COA Circular No. 2012-001 prior to the approval of the DV and the release of payment; and

c) The Finance Specialist, with the approval of the Executive Director, to update the LCDFI's QMS Operations Manual, to ensure that operational procedures for documentary requirements fully align with PD No. 1445 and COA Circular No. 2012-001, confirming that the submitted documents are sufficient and relevant to substantiate the validity of claims against government funds.

2. Breakdowns in control processes were observed due to non-compliance with prescribed accounting and administrative policies under LCDFI's QMS Operations Manual, contrary to the fundamental principles of internal control under the Internal Control Standards for the Philippine Public Sector (ICSPPS), thus, resulting in inefficiencies and delays in the preparation of accurate and reliable financial reports and information.

We recommended and Management agreed to require:

a) The Finance Specialist to prepare and review Bank Reconciliation Statements on a monthly basis in accordance with the established accounting policies and procedures;

b) The Bookkeeper to record transactions promptly in the Subsidiary Ledgers and regularly reconcile them with the General Ledgers to ensure accurate, complete and up-to-date financial records; prepare and update a monthly Schedule of Investments reflecting maturity dates, amortized costs, and accrued income to support effective monitoring and timely recognition of investment transactions; and maintain updated inventory records; and

c) The Property Officer to conduct quarterly physical counts of supplies to promote accountability, monitor utilization, and provide a reliable basis for procurement planning; and perform the annual physical inventory of assets within the prescribed timeframe to ensure proper accountability and to verify the accuracy of recorded balances.

## **STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2025, LCDFI had an outstanding audit disallowance of P561,000. There were no outstanding audit suspensions and charges at the end of the year.

## **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

The two audit recommendations in the CY 2024 Annual Audit Report were implemented in CY 2025.

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

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
LANDBANK Countrywide Development Foundation, Inc.  
14<sup>th</sup> Floor, LANDBANK Plaza  
1598 M. H. Del Pilar cor. Dr. J. Quinsac Sts.  
Malate, Manila 1004

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LANDBANK Countrywide Development Foundation, Inc. (LCDFI), a nonprofit organization, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of financial performance, statements of changes in net assets/equity, statements of cash flows and budget and actual amount for the year ended December 31, 2025, and actual amount for the year ended December 31, 2024, and the statements of cash flows, 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended, and comparison of budget and actual amount for the year ended December 31, 2025 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). 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 Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**PART I**  
**AUDITED FINANCIAL STATEMENTS**



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

**INDEPENDENT AUDITOR'S REPORT**

**The Board of Trustees**

LANDBANK Countryside Development Foundation, Inc.  
14<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, 2025 and 2024, 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, 2025, and notes to the 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended, and comparison of budget and actual amount for the year ended December 31, 2025 in accordance with International Public Sector Accounting Standards (IPSASs).

**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 Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 IPSASs, 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LCDFI's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LCDFI to cease to continue as a going concern.

- 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.

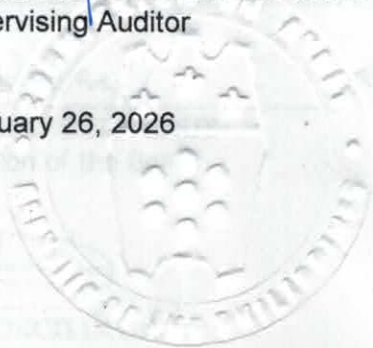
**Report on Other Regulatory Requirements**

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 Revenue Regulations 15-2010 in Note 25 and the Revised Securities Regulation Code Rule 68 in Note 28 to the CY 2025 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 supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**COMMISSION ON AUDIT**

**MARIE FRANCES HAZEL S. ACEBEDO**  
Supervising Auditor

February 26, 2026



BOY C. GARCIA  
Executive Director

ANGELIAN M. GIGIA CRUZ  
Corporate Treasurer

February 26, 2026



**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, 2025 and 2024, 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 members.

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.

*Amelita L. Dela Cruz*

**AMELITA L. DELA CRUZ**  
Chairperson of the Board

*Roy C. Oscillada*

**ROY C. OSCILLADA**  
Executive Director

*Andrian M. Dela Cruz*

**ANDRIAN M. DELA CRUZ**  
Corporate Treasurer

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at DECEMBER 31, 2025 and 2024**  
(In Philippine Peso)

	Note	2025	2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	1,654,478	1,166,472
Receivables	5	31,288,447	36,774,086
Financial Assets - Held-to-maturity	6	9,915,001	9,658,017
Inventories	7	11,760	9,360
Other Current Assets	8	120,654	2,755
<b>Total Current Assets</b>		<b>42,990,340</b>	<b>47,610,690</b>
<b>Non-Current Assets</b>			
Receivables	5	1,755,972	486,017
Financial Assets - Held-to-maturity	6	8,541,467	8,797,291
Intangible Assets	9	20,001	34,667
Property and Equipment, net	10	1,098,568	585,482
<b>Total Non-Current Assets</b>		<b>11,416,008</b>	<b>9,903,457</b>
<b>Total Assets</b>		<b>54,406,348</b>	<b>57,514,147</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	11	3,822,773	7,853,946
Inter-Agency Payables	12	1,770,902	394,572
Provisions	13	5,802,931	4,091,219
Other Liabilities		934	0
<b>Total Current Liabilities</b>		<b>11,397,540</b>	<b>12,339,737</b>
<b>Total Liabilities</b>		<b>11,397,540</b>	<b>12,339,737</b>
<b>Net Assets</b>		<b>43,008,808</b>	<b>45,174,410</b>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus/(Deficit)	14, 23	27,229,796	29,495,726
Retained Earnings	15, 23	15,779,012	15,678,684
<b>Total Net Assets/ Equity</b>		<b>43,008,808</b>	<b>45,174,410</b>

The Notes on pages 10 to 34 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
For the years ended **DECEMBER 31, 2025 AND 2024**  
(In Philippine Peso)

	Note	2025	2024
<b>REVENUE</b>			
Grants and Donations	16	49,080,407	44,754,985
Business Income	17	1,003,280	1,661,905
Other Non-Operating Income	18	80,572	3,341
<b>Total Revenue</b>		<b>50,164,259</b>	<b>46,420,231</b>
<b>EXPENSES</b>			
Maintenance and Other Operating Expenses	19	24,264,248	36,830,279
Personnel Services	20	24,169,725	16,218,504
Non-Cash Expenses	21	142,515	101,040
Financial Expenses	22	5,500	7,353
<b>Total Expenses</b>		<b>48,581,988</b>	<b>53,157,176</b>
<b>Net Income/(Deficit) for the Period</b>		<b>1,582,271</b>	<b>(6,736,945)</b>

The Notes on pages 10 to 34 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS/EQUITY**  
**For the years ended DECEMBER 31, 2025 AND 2024**  
(In Philippine Peso)

	<b>Accumulated Surplus/ (Deficit)</b> (Note 23)	<b>Retained Earnings</b> (Notes 15 & 23)	<b>Total</b>
<b>BALANCE AT JANUARY 1, 2024</b>	<b>25,757,279</b>	<b>40,518,493</b>	<b>66,275,772</b>
Add/(Deduct):			
Net Surplus for the Year	(6,736,945)	0	(6,736,945)
Appropriation of Retained Earnings	(160,191)	160,191	0
Other Adjustments	10,635,583	(25,000,000)	(14,364,417)
<b>BALANCE AT DECEMBER 31, 2024</b>	<b>29,495,726</b>	<b>15,678,684</b>	<b>45,174,410</b>
Add/(Deduct):			
Net Surplus for the Year	1,582,271	0	1,582,271
Appropriation of Retained Earnings	(100,328)	100,328	0
Other Adjustments	(3,747,873)	0	(3,747,873)
<b>BALANCE AT DECEMBER 31, 2025</b>	<b>27,229,796</b>	<b>15,779,012</b>	<b>43,008,808</b>

The Notes on pages 10 to 34 form part of these financial statements.

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from related investments	10,000,000	10,000,000
Interest Earnings	2,178	2,178
<b>Total Cash Inflows</b>	<b>10,002,178</b>	<b>10,002,178</b>
<b>Cash Outflows</b>		
Payments of investments	(10,000,000)	(10,000,000)
Purchases of Property and Equipment	(25,260,631)	(25,260,631)
<b>Total Cash Outflows</b>	<b>(35,260,631)</b>	<b>(35,260,631)</b>
<b>Net Cash provided by Operating Activities</b>	<b>(25,258,453)</b>	<b>(25,258,453)</b>
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>(25,258,453)</b>	<b>(25,258,453)</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>1,160,472</b>	<b>1,160,472</b>
<b>Cash and Cash Equivalents, December 31</b>	<b>(24,097,981)</b>	<b>(24,097,981)</b>

The Notes on pages 10 to 34 form part of these financial statements.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended **DECEMBER 31, 2025 AND 2024**  
(In Philippine Peso)

	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Cash receipts from donors		49,234,648	29,098,513
Cash receipts from advances of employees		3,214,360	2,237,334
Cash Receipts from Employees		0	5,568
Income from trainings		0	60,000
Other Receivables		552,682	909,859
<b>Total Cash Inflows</b>		<b>53,001,690</b>	<b>32,311,274</b>
<b>Cash Outflows</b>			
Cash payment to Government, suppliers and employees		(52,874,869)	(54,263,750)
<b>Total Cash Outflows</b>		<b>(52,874,869)</b>	<b>(54,263,750)</b>
<b>Net Cash provided by/(used) in Operating Activities</b>		<b>126,821</b>	<b>(21,952,476)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from matured investments	6	26,000,000	41,500,000
Interest Received		2,120	104,017
<b>Total Cash Inflows</b>		<b>26,002,120</b>	<b>41,604,017</b>
<b>Cash Outflows</b>			
Placements in investments	6	(25,000,000)	(20,000,000)
Purchases of Property and Equipment		(640,935)	(360,000)
<b>Total Cash Outflows</b>		<b>(25,640,935)</b>	<b>(20,360,000)</b>
<b>Net Cash provided by Investing Activities</b>		<b>361,185</b>	<b>21,244,017</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>488,006</b>	<b>(708,459)</b>
<b>Cash and Cash Equivalents, January 1</b>	4	<b>1,166,472</b>	<b>1,874,931</b>
<b>Cash and cash Equivalents, December 31</b>	4	<b>1,654,478</b>	<b>1,166,472</b>

The Notes on pages 10 to 34 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, 2025  
Budget on Cash Basis

	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual (Note 24)
	Original	Final		
<b>RECEIPTS</b>				
Donation	57,000,000	57,000,000	17,791,960	39,208,040
Interest Income	800,000	800,000	1,003,280	(203,280)
Other Income	0	0	80,572	(80,572)
	<b>57,800,000</b>	<b>57,800,000</b>	<b>18,875,812</b>	<b>38,924,188</b>
<b>PAYMENTS</b>				
Personnel Services	26,335,000	26,335,000	24,169,725	2,165,275
Maintenance and Operating Expenses	30,080,000	30,080,000	24,264,248	5,815,752
Capital Outlay	900,000	900,000	640,935	259,065
Financial Expense	15,000	15,000	5,500	9,500
	<b>57,330,000</b>	<b>57,330,000</b>	<b>49,080,408</b>	<b>8,249,592</b>
<b>NET RECEIPTS/(PAYMENTS)</b>	<b>470,000</b>	<b>470,000</b>	<b>(30,204,596)</b>	<b>30,674,596</b>

The Notes on pages 10 to 34 form part of these financial statements.

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

**2.1. Statement of Compliance**

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS), as described for adoption by the Commission on Audit through OCA Resolution No. 857-002 dated January 24, 2014.

**2.2. Basis of Financial Statements Preparation**

The financial statements have been prepared based on historical cost unless stated otherwise. The Statement of Cash Flows are prepared using the direct method. The financial statements are prepared on an accrual basis in accordance with the IPSAS.

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.

**LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 and 2024

(Amounts in Philippine Peso unless otherwise stated)

**1. GENERAL INFORMATION**

LANDBANK Countryside Development Foundation, Inc. (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 14<sup>th</sup> floor LANDBANK Plaza, M.H. Del Pilar cor Dr. J. Quintos Sts., Malate, Manila.

The financial statements of LCDFI were authorized for issue by the Board of Trustees on February 13, 2026 and were signed on February 26, 2026 by the LCDFI Chairperson of the Board of Trustees, Executive Director and Corporate Treasurer as shown in the Statement of Management Responsibility for Financial Statements.

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

**2.1. Statement of Compliance**

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

**2.2. Basis of Financial Statements Preparation**

The financial statements have been prepared based on historical cost, unless stated otherwise. The Statements of Cash Flows are prepared using the direct method. The financial statements are prepared on an accrual basis in accordance with the IPSASs.

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**

The accounting policies adopted in the presentation of the Financial Statements are set out below. These policies have been consistently applied throughout the year presented.

#### **3.1. 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 IPSAS 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.

The 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 considering 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 IPSAS 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 IPSAS 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 a financial asset and financial liability**

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.

The conditions set out are generally not satisfied and offsetting is usually inappropriate when several different financial instruments are used to emulate the features of a single financial instrument, financial assets and financial liabilities arise from financial instruments having the same primary risk exposure but involve different counterparties, financial or other assets are pledged as collateral for non-recourse financial liabilities, financial assets are set aside in trust by a debtor for the purpose of discharging an obligation without those assets having been accepted by the creditor in settlement of the obligation or obligations incurred as a result of events giving rise to losses are expected to be recovered from a third party by virtue of a claim made under an insurance contract.

**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.

**3.2. Cash and Cash Equivalents**

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

**3.3. Inventories**

Inventory is measured at cost upon initial recognition.

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

**3.4. 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 of fair value of the item can be measured reliably; and
- iii. the cost is at least P50,000.00

**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
- iii. 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:

Classification	EUL
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 10 per cent 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.

### 3.5. 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.

### **3.6. 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.

### **3.7. Employee Benefits**

The LCDFI employees are now members of the Government Insurance Service System (GSIS), offering life and retirement insurance coverage. The transition from Social Security System (SSS) membership for LCDFI employees began in January 2023.

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

### **3.8. Measurement Uncertainty**

The preparation of financial statements in conformity with IPSAS 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.

### **3.9. 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.

### **3.10. 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.

**3.11. 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:

	2025	2024
Cash in bank- Local Currency	1,634,478	1,146,472
Petty cash fund	20,000	20,000
<b>Total</b>	<b>1,654,478</b>	<b>1,166,472</b>

#### 5. RECEIVABLES

This comprises the following:

	2025			2024		
	Current	Non-Current	Total	Current	Non-Current	Total
Inter- Agency Receivables	31,288,448	462,500	31,750,948	35,399,995	0	35,399,995
Other Receivables	0	1,293,472	1,293,472	1,374,091	486,017	1,860,108
<b>Total</b>	<b>31,288,448</b>	<b>1,755,972</b>	<b>33,044,420</b>	<b>36,774,086</b>	<b>486,017</b>	<b>37,260,103</b>

##### Inter-Agency Receivables

	2025	2024
<b>Current</b>		
Due from Parent Corporation	31,288,448	31,554,985
Due from NGAs	0	3,845,010
<b>Total</b>	<b>31,288,448</b>	<b>35,399,995</b>

##### Other Receivables

	2025			2024		
	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	0	69,549	69,549	79,091	0	79,091
Other Receivables	0	766,673	766,673	1,295,000	28,767	1,323,767
<b>Total</b>	<b>0</b>	<b>1,293,472</b>	<b>1,293,472</b>	<b>1,374,091</b>	<b>486,017</b>	<b>1,860,108</b>

## Aging/Analysis of Receivables

As at December 31, 2025

Accounts	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Due from Parent Corporation	31,288,448	31,288,448	0	0	0
Due from NGA	462,500	0	0	0	462,500
Receivables- Disallowances/Charges	457,250	0	0	0	457,250
Due from Officers and Employees	69,549	0	0	0	69,549
Other Receivables	766,673	0	0	0	766,673
<b>Total</b>	<b>33,044,420</b>	<b>31,288,448</b>	<b>0</b>	<b>0</b>	<b>1,755,972</b>

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

This comprises the following:

	2025	2024
HTM - Investment in Trust	18,456,468	18,455,308
	<b>18,456,468</b>	<b>18,455,308</b>

	2025			2024		
	Current	Non-Current	Total	Current	Non-Current	Total
HTM- Investment in Trust	9,915,001	8,541,467	18,456,468	9,658,017	8,797,291	18,455,308
<b>Total</b>	<b>9,915,001</b>	<b>8,541,467</b>	<b>18,456,468</b>	<b>9,658,017</b>	<b>8,797,291</b>	<b>18,455,308</b>

Reconciliation of carrying amounts of FA-HTM:

Particulars	Amount
<b>Beginning Balance as at January 1, 2025</b>	<b>18,455,308</b>
Additional investment	25,000,000
Collection of matured investment	(26,000,000)
Amortization of discount / (premium) on the acquisition of investment	1,001,160
<b>Balance as at December 31, 2025</b>	<b>18,456,468</b>

Particulars	Amount
<b>Beginning Balance as at January 1, 2024</b>	<b>39,081,040</b>
Additional investment	20,000,000
Collection of matured investment	(41,500,000)
Amortization of discount /(premium) on the acquisition of investment	874,268
<b>Balance as at December 31, 2024</b>	<b>18,455,308</b>

## 7. INVENTORIES

This comprises the following:

	2025	2024
Accountable Forms	11,760	9,360
<b>Total</b>	<b>11,760</b>	<b>9,360</b>

## 8. OTHER CURRENT ASSETS

This comprises the following:

	2025	2024
Advances to Officers and Employees	117,900	0
Prepayments	789	789
Other Deposits	1,965	1,966
<b>Total</b>	<b>120,654</b>	<b>2,755</b>

## 9. INTANGIBLE ASSETS

In February 28, 2022, the LCDFI's website in the amount of P80,000.00 was purchased and became operational. The amortization expense amounted to P14,666.00 and P16,000.00 in CY 2025 and CY 2024, respectively.

	2025	2024
<b>Carrying Amount, January 1</b>	<b>34,667</b>	<b>56,667</b>
Amortization	(14,666)	(16,000)
<b>Carrying Amount, December 31</b>	<b>20,001</b>	<b>34,667</b>

## 10. PROPERTY AND EQUIPMENT

Reconciliation of carrying amounts:

**As at December 31, 2025**

Particulars	Office Equipment	Vehicle	Info & Communication Technology	Total
Carrying Amount, January 1, 2025	38,500	88,220	458,762	585,482
Additions/Acquisitions	175,020	0	465,915	640,935
<b>Total</b>	<b>213,520</b>	<b>88,220</b>	<b>924,677</b>	<b>1,226,417</b>
Depreciation	(16,950)	0	(110,899)	(127,849)
<b>Carrying Amount, December 31, 2025</b>	<b>196,570</b>	<b>88,220</b>	<b>813,778</b>	<b>1,098,568</b>
<b>Gross Cost</b>	<b>55,000</b>	<b>882,200</b>	<b>952,255</b>	<b>1,889,455</b>
Additions/Acquisitions	175,020	0	465,915	640,935
Accumulated Depreciation	(33,450)	(793,980)	(604,392)	(1,431,822)
<b>Carrying Amount, December 31, 2025</b>	<b>196,570</b>	<b>88,220</b>	<b>813,778</b>	<b>1,098,568</b>

**As at December 31, 2024**

Particulars	Office Equipment	Vehicle	Info & Communication Technology	Total
Carrying Amount, January 1, 2024	48,400	88,220	173,902	310,522
Additions/Acquisitions	0	0	360,000	360,000
<b>Total</b>	<b>48,400</b>	<b>88,220</b>	<b>533,902</b>	<b>670,522</b>
Depreciation	(9,900)	0	(75,140)	(85,040)
<b>Carrying Amount, December 31, 2024</b>	<b>38,500</b>	<b>88,220</b>	<b>458,762</b>	<b>585,482</b>
<b>Gross Cost</b>	<b>55,000</b>	<b>882,200</b>	<b>592,255</b>	<b>1,529,455</b>
Additions/Acquisitions	0	0	360,000	360,000
Accumulated Depreciation	(16,500)	(793,980)	(493,493)	(1,303,973)
<b>Carrying Amount, December 31, 2024</b>	<b>38,500</b>	<b>88,220</b>	<b>458,762</b>	<b>585,482</b>

## 11. FINANCIAL LIABILITIES

This comprises the following accounts:

	2025	2024
Accounts Payable	3,780,052	7,774,390
Due to Officers and Employees	42,721	79,556
	<b>3,822,773</b>	<b>7,853,946</b>

## 12. INTER AGENCY PAYABLES

This comprises the following accounts:

	2025	2024
Due to GSIS	846,711	235,729
Due to BIR	670,169	54,915
Due to PhilHealth	212,923	62,595
Due to Pag-IBIG	21,420	22,498
Due to Parent Corporation	14,254	14,302
Due to SSS	1,764	4,533
Due to NGAs	3,661	0
	<b>1,770,902</b>	<b>394,572</b>

## 13. PROVISIONS

	2025	2024
Leave Benefits Payable	5,056,184	3,344,472
Retirement Gratuity Payable	746,747	746,747
	<b>5,802,931</b>	<b>4,091,219</b>

## 14. 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.

The significant adjustment primarily stems from the submission of the liquidation report of FLP training partners for previous years.

## 15. RETAINED EARNINGS

	2025	2024
Reserve Fund	779,012	678,684
Restricted Fund	15,000,000	15,000,000
	<b>15,779,012</b>	<b>15,678,684</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.

## 16. GRANTS AND DONATIONS

This account represents donations from the following donor:

	2025	2024
Land Bank of the Philippines	49,080,407	44,754,985
	<b>49,080,407</b>	<b>44,754,985</b>

The recognition of donation income was in accordance with the provisions of IPSAS 23.

## 17. BUSINESS INCOME

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

	2025	2024
Interest income	1,003,280	1,601,905
Seminar/Training Fees	0	60,000
	<b>1,003,280</b>	<b>1,661,905</b>

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

	2025	2024
Treasury Investments	0	81,319
Trust Account	1,001,160	1,498,213
AR Bonds	0	20,476
Current Account	2,120	1,897
	<b>1,003,280</b>	<b>1,601,905</b>

## 18. OTHER NON-OPERATING INCOME

This account comprises collection of liquidation damages from various suppliers.

## 19. MAINTENANCE AND OTHER OPERATING EXPENSES

This comprises of the following expenses:

	2025	2024
Training and Scholarship Expenses	16,021,330	28,230,594
Confidential, Intelligence and Extraordinary Expenses	196,900	576,230
Communication Expenses	427,750	398,465
Supplies and Materials Expense	1,341,983	1,478,638
Travelling Expenses	1,076,975	192,383
Survey Expense	0	2,999,883
Labor and Wages	816,511	496,953
Professional Services	1,174,408	1,027,149
Repairs and Maintenance	102,141	46,144
Taxes, Insurance Premiums and Other Fees	93,805	37,295
Other Maintenance and Operating Expenses	3,012,445	1,346,545
	<b>24,264,248</b>	<b>36,830,279</b>

### Communication Expenses

	2025	2024
Telephone Expenses	325,829	263,402
Internet Subscription Expenses	89,600	112,028
Postage and Courier Services	12,321	23,035
	<b>427,750</b>	<b>398,465</b>

### Supplies and Materials Expense

	2025	2024
Office Supplies Expense	892,378	1,184,780
Semi-Expendable Machinery and Equipment	447,805	281,280
Fuel, Oil and Lubricants Expense	0	4,800
Accountable Forms Expenses	1,800	5,880
Other Supplies and Materials	0	1,898
	<b>1,341,983</b>	<b>1,478,638</b>

### Professional Services

	2025	2024
Auditing Services	1,141,430	977,570
Legal Services	22,978	49,579
Other Professional Services	10,000	0
	<b>1,174,408</b>	<b>1,027,149</b>

**Repairs and Maintenance**

	<b>2025</b>	<b>2024</b>
Repairs and Maintenance-Transportation Equipment	83,776	46,144
Repairs and Maintenance-Machinery and Equipment	18,365	0
	<b>102,141</b>	<b>46,144</b>

**Taxes, Insurance Premiums and Other Fees**

	<b>2025</b>	<b>2024</b>
Taxes, Duties and Licenses	26,573	22,719
Fidelity Bond Premium	67,232	10,611
Insurance Expenses	0	3,965
	<b>93,805</b>	<b>37,295</b>

**Other Maintenance and Operating Expenses**

	<b>2025</b>	<b>2024</b>
Membership Dues and Contributions to Organizations	25,000	25,000
Representation Expenses	868,344	475,635
Rent/Lease Expense	140,255	0
Major Events and Conference	1,910,086	841,484
Subscription Expense	15,960	3,946
Donation	50,000	0
Documentary Stamps	0	220
Other Maintenance and Operating Expenses	2,800	260
	<b>3,012,445</b>	<b>1,346,545</b>

**20. PERSONNEL SERVICES**

This comprises the following:

	<b>2025</b>	<b>2024</b>
Salaries and Wages	15,122,347	10,471,860
Other Compensation	4,707,811	3,584,551
Personnel Benefit Contributions	2,258,961	1,614,053
Other Personnel Benefits	2,080,606	548,040
	<b>24,169,725</b>	<b>16,218,504</b>

**Salaries and Wages**

	2025	2024
Salaries and Wages- Regular	14,927,003	9,227,719
Salaries and Wages- Casual/Contractual	195,344	1,244,141
	<b>15,122,347</b>	<b>10,471,860</b>

**Other Compensation**

	2025	2024
Year End Bonus	1,273,317	915,841
Personnel Economic Relief Allowance	554,182	497,614
Clothing/Uniform Allowance	87,500	138,266
Representation Allowance	362,179	253,500
Transportation Allowance	357,000	253,500
Cash Gift	115,000	110,000
Productivity Incentive Allowance	0	107,500
Overtime and Night Pay	33,707	111,344
Mid Year Bonus	1,271,926	734,336
Other Bonuses and Allowances	633,000	462,650
Longevity Pay	20,000	0
	<b>4,707,811</b>	<b>3,584,551</b>

**Personnel Benefit Contributions**

	2025	2024
Retirement and Life Premiums	1,810,578	1,268,407
PhilHealth Contributions	365,682	250,089
Pag-IBIG Contributions	55,201	70,257
Employees Compensation Insurance Premiums	27,500	25,300
	<b>2,258,961</b>	<b>1,614,053</b>

**Other Personnel Benefits**

	2025	2024
Terminal Leave Benefits	2,080,606	548,040
	<b>2,080,606</b>	<b>548,040</b>

**Employee Future Benefits**

In compliance with the provisions of the Retirement Law Republic Act (RA) No. 7641] which requires corporation to provide retirement benefits for their employees, and the National Internal Revenue Code (RA No. 8424) which allows tax deductibility of employer's contributions for the retirement benefits of its employees, the LCDFI has established a retirement fund pursuant to Board Resolution No. 10-011 dated July 09, 2010.

In July 2010 to June 2016 prior to the opening of an Employee Retirement Plan with LANDBANK-Trust Banking Group (TBG), the LCDFI accrued on a monthly basis 5 per cent of the basic salary of employees and this was taken up as Other Payables. In July 2016 the monthly accrual was increased to 6.3 per cent pursuant to Board Resolution No. 16-021 and 2016 Actuarial Valuation Report.

The LCDFI's retirement plan is a funded non-contributory defined benefit plan with a single lump sum payment covering retirement and ancillary benefits. The normal retirement benefit is a percentage of final monthly salary per year of service equal to one-half month basic salary, 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.

In March 2022, the LCDFI commissioned the services of an independent appraiser to perform an actuarial valuation on the retirement plan of LCDFI.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation are as of March 31, 2022. The employee data used in the March 31, 2022 valuation is composed of 23 employees with an average age of 39.4 years, average past service of 7.6 years and average expected future service of 13.5 years. The actuarial valuation report was performed with the objective to recommend a contribution amount for the year following the March 31, 2022 valuation date.

The retirement plan is 45 per cent funded with a deficit of P3.8 million. The figures were obtained by comparing the Accrued Liability and Plan Assets illustrated in the table below.

Valuation Date	March 31, 2022
Accrued Liability	6.9 million
(Plan Asset)	(3.1 million)
Funding Deficit (Surplus)	3.8 million
Funding Ratio	45 per cent

The Accrued Liability of the Projected Unit Credit method is the part of the actuarial present value of benefits allocated to all periods prior to the valuation date.

For the year following the valuation date, the recommended contribution amounts to P1.4 million or 10.5 per cent of payroll. This recommended contribution for the current year is composed of the following:

a) Normal Cost, amounting to 7.8 per cent of payroll, represents the actuarial present value of benefits allocated to the valuation year.

b) Amortization cost, amounting to 2.7 per cent of payroll, represents the amount intended to amortize the funding deficit over 14 years – the average expected future service years of the employees.

The table summarizes the composition of the recommended contribution.

	Amount (P)	% Payroll (12 mos.)
Normal Cost	1.0 million	7.8
Amortization Cost	0.4 million	2.7
Recommended Contribution	1.4 million	10.5

#### Actuarial cost method and assumptions

##### A. Details

1. Valuation Date March 31, 2022
2. Actuarial Cost Method Projected Unit Credit Method
3. Retirement Date Age 60 with at least five years of service
4. Expected Return Rate on Assets 4.00 per cent compounded annually
5. Salary Increase Rate 4.00 per cent compounded annually
6. Currency Peso (P), unless otherwise specified
7. Mortality Table 2017 Philippine Intercompany Mortality Table – Age Last Birthday Basis, published by the Actuarial Society of the Philippines
8. Disability Table 2013 SS Total Disability Rates (Baseline Scenario), published in the 2015 Actuarial Valuation of the Social Security System of the Philippines
9. Turnover Table Representative rates:

Service Years	Annual Rate
0	10.0%
1	9.5%
2	9.0%
3	8.6%
4	8.2%
5	7.7%
10	4.6%
15	2.0%
20+	1.0%

The turnover rate is set to one per cent for ages 50 and above

The Projected Unit Credit method or Accrued Benefit Allocation method was used and it complies with the Actuarial Society of the Philippines Guidance Note GN 2016-01. The Accrued Liability or Present Value of Defined Benefit Obligation is the part of the Actuarial Present Value of Benefits allocated to all periods prior to the valuation date. The Normal Cost or Current Service Cost is the part of the Actuarial Present Value of Benefits allocated to the valuation year.

#### Allocation of Plan Assets

Cash and Cash Equivalents	25.6%
Government Securities	74.6%
Trust Fee Payables	(0.1%)
Other Payables	(0.1%)

The LCDFI's Retirement Fund is being administered by the LANDBANK-TBG who is responsible for the investment strategy of the Plan. The Statement of Financial Position as at December 31, 2025 prepared by LANDBANK-TBG showed that the Net Assets balance of the Retirement Fund amounted to P2,986,100. The Net Assets balance is composed of Principal P2,985,888 and Accumulated Income P169,644 with Net Unrealized Gain amounting to P9,781 as at December 31, 2025.

In January 2023, following the implementation of the Compensation and Position Classification System under Executive Order No. 150, s. 2021, LCDFI suspended the accrual of benefits and contributions to the employee retirement plan. During the same period, LCDFI also transitioned its employees' social security coverage from the Social Security System to the Government Service Insurance System (GSIS).

LCDFI will also seek legal guidance from the Office of the Government Corporate Counsel regarding the matter of retirement benefits, considering that the organization has already transitioned to the GSIS.

#### 21. NON-CASH EXPENSES

	2025	2024
Depreciation Expense	127,849	85,040
Amortization- Intangible Assets	14,666	16,000
	<b>142,515</b>	<b>101,040</b>

#### 22. FINANCIAL EXPENSES

This represents the bank charges amounting to P5,500 and P7,353 in CY 2025 and 2024, respectively.

## 23. FUND BALANCES

	Accumulated Surplus/ (Deficit)				Retained Earnings			
	Program Dev't. Fund	Gen & Admin Fund	Program Fund	Total Acc. Surplus/ (Deficit)	Reserve Fund	Restricted fund	Total RE	Total
<b>Revenues</b>								
Donation	0	0	49,080,407	49,080,407	0	0	0	49,080,407
Interest Income	601,968	300,984	0	902,952	100,328	0	100,328	1,003,280
Other Income	0	80,572	0	80,572	0	0	0	80,572
<b>TOTAL</b>	<b>601,968</b>	<b>381,556</b>	<b>49,080,407</b>	<b>50,063,931</b>	<b>100,328</b>	<b>0</b>	<b>100,328</b>	<b>50,164,259</b>
<b>Expenses</b>								
PS	0	0	24,169,725	24,169,725	0	0	0	24,169,725
MOOE	0	0	24,264,248	24,264,248	0	0	0	24,264,248
Financial expense	0	0	5,500	5,500	0	0	0	5,500
Non-cash Expense	0	0	142,515	142,515	0	0	0	142,515
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>48,581,988</b>	<b>48,581,988</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,581,988</b>
<b>Excess of Revenue over Expenses</b>	<b>601,968</b>	<b>381,556</b>	<b>498,419</b>	<b>1,481,943</b>	<b>100,328</b>	<b>0</b>	<b>100,328</b>	<b>1,582,271</b>
<b>Fund Balance, 12/31/2024</b>	<b>2,989,096</b>	<b>873,411</b>	<b>25,633,219</b>	<b>29,495,726</b>	<b>678,684</b>	<b>15,000,000</b>	<b>15,678,684</b>	<b>45,174,410</b>
<b>Prior Period Adjustment</b>	<b>0</b>	<b>0</b>	<b>(3,747,873)</b>	<b>(3,747,873)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,747,873)</b>
<b>Fund Balance, End 12/31/2025</b>	<b>3,591,064</b>	<b>1,254,967</b>	<b>22,383,765</b>	<b>27,229,796</b>	<b>779,012</b>	<b>15,000,000</b>	<b>15,779,012</b>	<b>43,008,808</b>

## 24. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

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

a. Donation

The variance is attributable to the difference between the actual donation received and the committed amount from the donor. The outstanding balance remains recorded as a receivable from the donor.

b. Personnel Services

23 out of 25 budgeted plantilla were filled as of December 31, 2025.

c. Maintenance and Other Operating Expenses (MOOE)

In CY 2025, certain donor counterpart activities, which are prerequisites to the implementation of related project components have not yet been completed. Furthermore, the planned hiring of an IT Officer, which was supposed to be engaged under a Contract of Service arrangement, remained vacant throughout CY 2025.

## 25. 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

	2025	2024
Mayor's permit	20,001	20,009
	<b>20,001</b>	<b>20,009</b>

### B. National

	2025	2024
Registration of Vehicle	6,572	6,675
	<b>6,572</b>	<b>6,675</b>

### C. Withholding taxes paid/accrued for the year:

	2025	2024
Taxes on compensation and benefits	1,621,846	799,221
Creditable withholding Tax	467,323	307,573
Final VAT and Percentage Tax	384,672	257,254
	<b>2,473,841</b>	<b>1,364,048</b>

## 26. 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.

## 27. 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 2025:

Related Party	Transactions	Amount
Land Bank of the Philippines	Donations	49,080,407
LANDBANK-TBG	Investments in government securities	17,455,309

**Allowances and other benefits of Key Management Personnel**

	2025	2024
Board of Trustees (BOTs)		
Extraordinary and Miscellaneous (Reimbursable Expenses)	395,018	395,018
Corporate Officers		
Representation and Transportation Allowance	300,000	497,000
Extraordinary and Miscellaneous (Reimbursable Expenses)	138,058	190,951
Other Benefit and Bonuses	420,822	462,043
	<b>1,253,898</b>	<b>1,545,012</b>

**28. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

RATIO	FORMULA	2025	2024
Current ratio	Current assets / Current Liabilities	3.77	3.86
Acid Test ratio	(Cash + Short Term Investments + A/R)/ Current Liabilities	3.76	3.86
Solvency Ratios	(Net Income + Non-Cash Expense)/Total Liabilities	0.15	0.14
Debt-to-equity ratio	Total Liabilities/Total Equity	0.27	0.27
Asset-to-equity ratio	Total Assets/Total Equity	1.27	1.27
Return on equity	Net Income/Total Equity	4%	(15%)
Return on Assets	Net Income/ Total Assets	3%	(12%)
Net profit margin	Net Income / Revenue	3%	(15%)

## OBSERVATIONS AND RECOMMENDATIONS

### NON-FINANCIAL ISSUES

1. Disbursements amounting P5,821 million for GRP in CY 2025 were not supported with complete documentation required under the LCCP's QMS Operations Manual on Processing of Disbursements, COA Circular No. 2012-001 dated June 14, 2012, and PD No. 1445. This deficiency resulted from the Finance Unit's ineffectual review and verification of the accuracy and completeness of the documents, creating doubt on the validity, regularity, and propriety of these disbursements.

1.1. General Guidelines on Processing of Disbursements of LCCP-QMS Operations Manual dated September 03, 2019, provides for the Detailed Procedures on Processing of Disbursement Orders for Superior's Claims, as follows:

#### PERSONNEL RESPONSIBLE

#### ACTIVITY

1. Initiator

1. Prepare approved memorandum request for payment and supporting documents.

2. Check validity and completeness of supporting documents if there are lacking documents, request for the same.

## PART II

## OBSERVATIONS AND RECOMMENDATIONS

3. Prepare an FIM Treatment Order (FOI) Disbursement Order (DO) in two (2) originals after the duly approved supporting documents is in the disbursements.

4. Submit the FOI, checkbook advice and its supporting documents to the Financial Specialist/Auditor for checking.

Finance

5. Check journal entries and suggest efficiency for the disbursements, as well as completion of all other necessary details in the FOI/DO.

Specialist

Accountant

6. Attach signature "Funds Available" portion on the FOI/DO.

7. Forward FOI/DO to Executive Director/Approving Authority.

1.2. Moreover, COA Circular No. 2012-001 dated June 14, 2012, also provides for the general requirements for all types of disbursements which includes, among others, sufficient and relevant documents to establish validity of claim.

1.3. Section 4 of PD No. 1443 on the fundamental principles that shall govern financial transactions and operations of any government agency states, among others, that claims against government funds shall be supported with complete documentation.

## OBSERVATIONS AND RECOMMENDATIONS

### NON - FINANCIAL ISSUES

1. Disbursements amounting P5.921 million for CBP in CY 2025 were not supported with complete documentation required under the LCDFI QMS Operations Manual on Processing of Disbursements, COA Circular No. 2012-001 dated June 14, 2012, and PD No. 1445. This deficiency resulted from the Finance Unit's insufficient review and verification of the accuracy and completeness of the documents, casting doubt on the validity, regularity, and propriety of these disbursements.

1.1. General Guidelines on Processing of Disbursements of LCDFI QMS Operations Manual dated September 02, 2019, provides for the Detailed Procedures on Processing of Disbursement Orders for Supplier's Claims, as follows:

PERSON/UNIT RESPONSIBLE	ACTIVITY
Bookkeeper	<ol style="list-style-type: none"><li>1. Receives approved memo request for payment and its supporting documents.</li><li>2. Checks accuracy and completeness of supporting documents. If there are lacking documents/requirements, returns to concerned Unit/employee.</li><li>3. Prepares SF-FIN Payment Order (PO)/ Disbursement Order (DO) in two (2) copies and attaches duly approved supporting documents on the disbursements.</li><li>4. Submits PO/DO, check/debit advice and its supporting documents to the Financial Specialist/ Accountant for checking.</li></ol>
Finance Specialist/ Accountant	<ol style="list-style-type: none"><li>5. Checks journal entries and budget sufficiency for the disbursements, as well as compliance on all other necessary details in the PO/DO.</li><li>6. Affixes signature "Funds Available" portion on the PO/DO.</li><li>7. Forwards PO/DO to Executive Director/ Approving Authority.</li></ol>

1.2. Moreover, COA Circular No. 2012-001 dated June 14, 2012, also provides for the general requirements for all types of disbursements which includes, among others, sufficient and relevant documents to establish validity of claim.

1.3. Section 4 of PD No. 1445 on the fundamental principles that shall govern financial transactions and operations of any government agency states, among others, that claims against government funds shall be supported with complete documentation.

1.4. LCDFI actively engages with the communities it serves by delivering responsive CBP for the bank's priority clients. In pursuit of this mandate, LCDFI incurred training expenses amounting to P9,540,743.50 as of December 31, 2025.

1.5. Examination of the Disbursement Vouchers pertaining to the said program for the period January to December 2025 disclosed deficiencies in paid vouchers totaling P5,921,407.56:

a. Training Meals totaling P3,333,765.75

a.1 The General Guidelines for Suppliers Claims under the QMS Operations Manual on Processing of Disbursements provide, among others, that all procurement requests must be supported by a duly accomplished Procurement Request Form (PRF).

a.2 Annex 3.1 of the same QMS Operations Manual enumerates the required documents for processing of PO/DO for meals and accommodation, namely:

- Approved Memo Request for Payment
- Statement of Account
- Purchase Order/Contract
- Abstract of Quotation
- Notice of Award
- Notice to Proceed (For PhilGEPs posted only)
- Approved Procurement Request Form (PRF)
- Notarized Affidavit of No Relationship
- Approved Activity Proposal
- Certificate of Creditable Tax Withheld at Source (BIR Form 2307)
- Official Receipt (OR) (post-audit)

a.3 However, payments amounting P3,333,765.75 for the procurement of training meals for staff and participants from various suppliers (such as restaurants, caterers, hotels, and cafes) were not fully supported by the complete documentary requirements prescribed under the LCDFI QMS Operations Manual on the Processing of Disbursements which provides the list of required documents for the processing of PO/DO for meals and accommodation. This is contrary to PD No. 1445, which requires that all claims against government funds must be supported with complete documentation, and COA Circular No. 2012-001, which requires sufficient and relevant documents to establish the validity of claims.

b.5 The LCDFI's Deputy Executive Director (DED) disclosed that, in lieu of requiring the feedback evaluation forms and certificates of completion

- a.4 The table below summarizes the total number of DVs with corresponding amounts that were processed without the prescribed supporting documents:

Lacking Required Documents	No. of DVs	Amount of DVs (P)
Purchase Order/Contract	3	119,450.00
Abstract of Quotation	75	3,027,140.75
Approved PRF	40	1,774,302.00
Notarized Affidavit of no Relationship	80	3,236,265.75
Approved Activity Proposal	12	680,682.50
OR (for post-audit) / Check Deposit Slip	11	369,387.50

- b. Honoraria paid to various Resource Speakers totaling P2,199,499.83 net of withholding tax

- b.1 The same documentary requirements prescribed for training-related meals also apply to the honoraria of resource speakers.
- b.2 For payment, the Pro-forma Contract Agreement for the Engagement of Services of Resource Person for LCDFI Programs states:

## 2. PAYMENT

Payment shall be made upon completion and LCDFI's acceptance and approval of reports, outputs, and/or deliverables by the RESOURCE PERSON to justify payment as provided under the Terms of Reference (TOR), which is hereto attached as "Annex A" and made an integral part hereof.

Payments may be discontinued by LCDFI if the RESOURCE PERSON fails to deliver the expected outputs and deliverables based on agreed timelines or in the event of contract termination.

- b.3 The payments of honoraria to various resource speakers totaling P2,199,499.83 were not fully supported by the documentary requirements required under the LCDFI QMS Operations Manual on the Processing of Disbursements.
- b.4 It was also noted that the Contract Agreement and TOR between LCDFI and the resource speakers required, among others the submission by the resource speakers of feedback evaluation forms, certificates of completion, and other required reports within one week after the activity. However, it was observed that there were no feedback evaluation forms and certificates of completion required from the resource speaker attached to the DVs.
- b.5 The LCDFI's Deputy Executive Director (DED) disclosed that, in lieu of requiring the feedback evaluation forms and certificates of completion

attached in the DVs, the Finance Unit accepted a Certification issued by the Capacity Building Unit (CBU). As the designated end-user, the CBU is in the best position to evaluate the completeness, quality, and acceptability of the deliverables in accordance with the TOR. The Certification, according to the DED, in essence served as the official evidence of LCDFI's acceptance and approval of the outputs prior to the processing and release of honoraria payments. Granting that this was the case, we still noted 24 DVs as shown in the below table that were not supported with the required Certification from the CBU, casting doubt on whether the Resource Persons actually delivered the agreed outputs and deliverables and if within the prescribed timelines. Nevertheless, the Certification by the CBU should not substitute for the deliverables required under the Contract Agreement and TOR, rather, it should serve only as supplementary evidence of LCDFI's acceptance and approval of the reports, outputs, and/or deliverables under the Contract Agreement and TOR.

- b.6 The foregoing is also contrary to PD No. 1445, which requires that all claims against government funds must be supported by complete documentation, and COA Circular No. 2012-001, which requires the submission of sufficient and relevant documents to establish the validity of claims. The lacking documents together with the corresponding number of DVs and the amounts involved are summarized as follows:

Lacking Required Documents	No. of DVs	Amount of DVs (P)
Approved PRF	74	2,059,499.84
Memo with Signed Conforme	5	127,999.99
Approved Activity Proposal	8	197,999.99
Deposit Slip	9	224,999.98
Certification from the CBU	24	699,999.95

- c. Travel Reimbursements totaling P195,870.38

- c.1 Annex 3.1 of the QMS Operations Manual sets forth the list of required documents for the processing of PO/DO for local travel /cash advances as follows:

- Approved Memo Request for Payment (for Airfare)
- Approved Travel Order/Itinerary of Travel/OB
- Approved Activity Proposal (for Airfare)
- Special Order (in case of seminar)
- Plane Fare/Boat Fare/Bus Fare Tickets
- Statement of Account (for Airfare)
- Terminal Fee Receipts, if any
- Porterage Fee Receipts, if any
- Certificate of Travel Completed, duly approved by the Executive Director

- Trip Ticket (if using LCDFI vehicle)
- Toll Receipts
- Reimbursement Expense Receipt duly accomplished and signed by taxi driver stating name, address, residence certificate number, number of taxi and actual route of travel (for taxi fare of more than P75.00 per existing COA rules)
- Certificate of Appearance duly signed by the person visited
- Approved justification for the extension of travel in case a trip has been extended

c.2 Under the QMS Operations Manual on Processing of Disbursements, the General Guidelines for Suppliers Claims prescribe the following documentary requirements for travel-related corporate claims:

2) All official travels of officers and employees shall at all times be supported by a Travel Order and Itinerary of Travel (SF-ADM-044) which shall be approved in accordance with the Foundation's Codified Approving and Signing Authorities (CASA).

c.3 Reimbursements for travel expenses were not supported with the complete documentary requirements as prescribed under LCDFI's QMS Operations Manual on the Processing of Disbursements. This is likewise contrary to PD No. 1445, which mandates that claims against government funds be duly supported by complete documentation and COA Circular No. 2012-001, which requires sufficient and relevant documents to establish the validity of claims. The lacking documents including the corresponding number of DVs and the amounts involved as follows:

Lacking Required Documents	No. of DVs	Amount of DVs (P)
Approved Travel Order/Itinerary of Travel/OB	5	56,127.14
Plane Fare/Boat Fare/Bus Fare Tickets	5	76,327.08
Certificate of Travel Completed, duly approved by the Executive Director	9	173,283.38
Certificate of Appearance duly signed by the person visited	10	184,100.38

d. Other Disbursements totaling P192,271.60

These payments, which pertain to Google Workspace subscription, freight expenses and seminar course fees, were not supported by Original Receipts/Invoices, or any proof of payments, contrary to the requirements prescribed under COA Circular 2012-001 dated June 14, 2012.

1.6. The Finance Specialist responsible to examine the completeness of supporting documents explained that the deficiencies were due to the failure to follow up on incomplete or missing documents prior to the processing and release of payments. Although notations were reportedly made to highlight the identified deficiencies, such annotated documents were not available during the audit, and the payments were nonetheless processed and released.

1.7. Further verification with the Officer-in-Charge-Finance Unit disclosed that the bookkeeper did not strictly observe the requirement to examine the accuracy and completeness of supporting documents. As a result, the documents were not likewise reviewed by the Finance Specialist, who is tasked with verifying journal entries, ensuring budget availability, and confirming compliance with all DV requirements prior to signing the certification, contrary to the General Guidelines on Processing of Disbursements under the LCDFI QMS Operations Manual.

1.8. Without the necessary supporting documents, the validity, regularity, and propriety of the disbursements could not be fully ascertained.

1.9. **We recommended and Management agreed to require:**

a) **The Finance Unit to immediately coordinate with the suppliers, resource speakers, and concerned employees to secure, complete, and verify all lacking supporting documents for training expenses, honoraria, travel reimbursements, and other disbursements totaling P 5,921,407.56, in compliance with the LCDFI QMS Operations Manual on Processing of Disbursements, COA Circular 2021-001 dated June 24, 2024 and the applicable Contract Agreements and TOR. Otherwise, cause the refund of the payments made and determine accountability of officials involved in processing the disbursements;**

b) **The Bookkeeper to prepare checklist to be attached to each DV, which must be completed and signed by the Bookkeeper and certified and reviewed by the Financial Specialist as to the completeness of supporting documents in accordance with COA Circular No. 2012-001 prior to the approval of the DV and the release of payment; and**

c) **The Finance Specialist, with the approval of the Executive Director, to update the LCDFI's QMS Operations Manual, to ensure that operational procedures for documentary requirements fully align with PD No. 1445 and COA Circular No. 2012-001, confirming that the submitted documents are sufficient and relevant to substantiate the validity of claims against government funds.**

2. **Breakdowns in control processes were observed due to non-compliance with prescribed accounting and administrative policies under LCDFI's QMS Operations Manual, contrary to the fundamental principles of internal control under the ICSPPS, thus, resulting in inefficiencies and delays in the preparation of accurate and reliable financial reports and information.**

2.1. The General Guidelines and Internal Controls, LCDFI QMS Operations Manual dated September 02, 2019 provides that:

5. Processing of Bank Reconciliation

2. Bank Reconciliation Statement shall be prepared on a monthly basis using the Book to Bank Balance method of reconciliation.

6. Processing of Maintenance of Subsidiary Ledgers (SL)

1. Updating of SL must be done on a daily basis.

3. Month-end SL account balances shall be, at all times, reconciled with the General Ledger account balances.

4. The carrying/forwarding/month-end balances shall be validated and initialed by Bookkeeper and Supervisor of the Accounting Unit.

7. Processing of Financial Report

1. Accounting records must be kept accurate and updated.

8. Processing of Investment and Fund Management

1. Schedule of investments must be prepared monthly to monitor the maturity date and amortized cost of the investments.

9. Processing of Recognition of Property, Plant and Equipment

1. Inventory of assets shall be conducted every third quarter of the year.

10. Processing of Supplies Management

General Guidelines

4. An inventory record shall be maintained by the supplies officer for control and monitoring purposes

Internal Controls

1. Inventory of supplies on hand shall be conducted every end of the quarter by the Supply Officer to serve as a basis for the succeeding procurement.

2.2. In the test of controls of LCDFI, the following observations were noted:

- a. The delayed preparation of the Monthly Bank Reconciliation Statements is not compliant with the Guidelines on Processing of Bank Reconciliation under the above-mentioned Manual, which require that reconciliations be prepared monthly. As of the test date, October 15, 2025, the most recent reconciliation was for the month of July 2025, reflecting a two-month delay. LCDFI explained that the delay was attributed to the pending reconciling items that had not yet been resolved.
- b. The SLs were not updated daily. As a result, the month-end SL balances were not reconciled with the GL balances. It was also noted that the carrying or month-end balances were not consistently verified and initialed by the Bookkeeper and the Finance Unit Supervisor of LCDFI. LCDFI explained that the updating of SLs daily is inconvenient, and that they find it more practical to record transactions in bulk once accumulated to prevent duplication of processes. LCDFI further admitted that this practice may have resulted in omitted or erroneous entries in the SLs, which caused the variances between the SL and GL balances.
- c. Schedules of Investments were not prepared monthly to monitor the investment maturities and amortized costs. LCDFI explained that it relied solely on the quarterly Financial Statements issued by the Trust Banking Group. The regular preparation of monthly schedules of investments is essential to ensure that maturing investments are properly monitored, investment balances are accurately presented, and opportunities to maximize income are not overlooked.
- d. A physical inventory of assets was not conducted. It was also noted that the request for approval of the inventory schedule remains pending.
- e. Moreover, Inventory records that should be maintained by the Supply Officer for monitoring and control purposes were not regularly updated. Likewise, a quarterly physical count of supplies on hand was not performed at the end of each quarter to serve as a basis for future procurement planning. Management explained that this was not applicable since supplies are issued immediately upon receipt of delivery. Nevertheless, lack of updated inventory records and absence of regular physical counts weaken internal control over supplies management.

2.3. It bears emphasizing that effective internal controls constitute management's primary tool in achieving the agency's objectives and sustaining its operations. The QMS Operations Manual was established by LCDFI to provide Guidelines on the processing and recording of LCDFI transactions. The observed breakdown in control processes are inconsistent with the fundamental principles of internal control under the ICSPPS, resulting in inefficiencies and delays in the preparation of accurate and reliable financial reports and information.

2.4. **We recommended and Management agreed to require:**

- a. **The Finance Specialist to prepare and review Bank Reconciliation Statements on a monthly basis in accordance with the established accounting policies and procedures;**
- b. **The Bookkeeper to record transactions promptly in the SLs and regularly reconcile them with the General Ledgers to ensure accurate, complete and up-to-date financial records; prepare and update a monthly Schedule of Investments reflecting maturity dates, amortized costs, and accrued income to support effective monitoring and timely recognition of investment transactions; and maintain updated inventory records; and**
- c. **The Property Officer to conduct quarterly physical counts of supplies to promote accountability, monitor utilization, and provide a reliable basis for procurement planning; and perform the annual physical inventory of assets within the prescribed timeframe to ensure proper accountability and to verify the accuracy of recorded balances.**

#### **Gender and Development (GAD)**

3. **The GAD Accomplishment Report of LCDFI for CY 2025 was not prepared and submitted to the Philippine Commission for Women (PCW), contrary to PCW Memorandum Circular (MC) No. 2025-09.**

3.1. PCW-NEDA-DBM Joint Circular No. 2012-01 prescribes the guidelines and procedures for the formulation, development, submission, implementation, monitoring and evaluation including accounting of results of agency annual GAD Plan and Budget (GPB) and GAD accomplishment reports (AR).

3.2. PCW Memorandum Circular (MC) No. 2025-09 dated December 2, 2025, set the deadline for the Submission of Fiscal Year (FY) Gender and Development (GAD) Accomplishment Report (AR) through the PCW Gender Mainstreaming Monitoring System (GMMS) on or before February 24, 2026.

3.3. Item 1.14 of the same PCW MC provides that no extensions for the submission of FY 2025 GAD AR shall be entertained, except on highly justifiable grounds and only upon prior written approval by the PCW. Reasons, such as the need to conduct additional activities, finalize documents requiring Board approval, or consolidate regional reports shall no longer be acceptable as justifiable grounds for extension. The submission of the GAD AR is a mandatory requirement that must be complied with regardless of other ongoing activities or priorities of the agency during the submission period. Only GAD ARs submitted within the prescribed period (or within the approved extension not later than March 31, 2026) shall be considered as officially received by the PCW and used as basis for monitoring, evaluation, and reporting.

3.4. LCDFI was not able to prepare and submit the FY 2025 GAD AR and its attachments to the PCW on February 24, 2026, as required under PCW-NEDA-DBM Joint Circular No. 2012-01 and PCW MC No. 2025-09.

3.5. LCDFI submitted to PCW a request for extension dated February 23, 2026, stating, among others, that:

At present, we are in the process of consolidating the actual fund utilization per unit, which is necessary to ensure the accuracy and completeness of the data reflected in the GAD AR. Given this ongoing consolidation, additional time is needed to finalize the report.

In light of this, we kindly request your consideration to extend the submission deadline to March 13, 2026. This extension will allow us sufficient time to complete and submit a comprehensive and accurate GAD Accomplishment Report.

3.6. Further, Item 1.10.2 also requires the copies of the assessment using the Harmonized Gender and Development Guidelines (HGDG) Project Implementation and Management and Monitoring and Evaluation PIMME/FIMME checklist and relevant supporting documents or means of verification shall be attached to the agency's GAD AR submission to substantiate the claimed GAD expenditure.

3.7. The GAD Focal Point System (GFPS) Secretariat disclosed that they were still in the process of computing and consolidating the GAD-related expenses per program, which delayed the completion and submission of the FY 2025 GAD AR. As of date, no HGDG PIMME/FIMME or list of GAD related expenses was also submitted to the Audit Team, hence, GAD-related expenses incurred for the said period cannot be verified.

3.8. The non-submission of the FY 2025 GAD AR and required attachments constitutes non-compliance with PCW reporting requirements, which may result in:

- Exclusion of the agency's FY 2025 GAD accomplishments from PCW's official monitoring, evaluation, and reporting; and
- Weakening of accountability and oversight over the implementation and utilization of GAD related programs, projects and activities.

3.9. **We recommended and Management agreed, through the GFPS, to ensure the immediate completion and submission of the FY 2025 GAD AR and its required attachments in accordance with PCW MC No. 2025-09.**

3.10. Management informed that:

a. PCW acknowledge the request and granted the Foundation until March 06, 2026 to submit the required documents.

b. LCDFI is currently consolidating the information needed to complete the 2025 GAD Accomplishment Report, particularly the attributable expenses from identified programs and the Sex-Disaggregated Data, which estimated to cover 26,000 participants.

c. LCDFI issued a special-order designating officers accountable for monitoring and ensuring the completeness of documentary requirements, especially the Means of Verification, and for the timely submission of their respective Unit Accomplishment Reports.

**Compliance with Tax Laws**

1. The taxes withheld in CY 2025 from the compensation and benefits of LCDFI personnel and from suppliers amounting to P1,621,846 and P851,995, respectively, as disclosed in Note 25 of the CY 2025 Financial Statements, were remitted to the Bureau of Internal Revenue within the reglementary period.

**GSIS Contributions and Remittances**

2. In CY 2025, LCDFI complied with RA No. 8291 on the collection and remittance of contributions to GSIS as follows:

- a. Mandatory monthly contribution of covered employees and employer in accordance with Section 5.
- b. Remittance of employees' and employer's contributions and employees' compensation premium within the due date pursuant to Section 6.

**Philhealth and Pag-ibig Fund Premiums**

3. In CY 2025, LCDFI complied with Title III, Rule III, Section 18 of the Implementing Rules and Regulations of RA No. 7875, as amended, in the payment of national health insurance premium contributions to the Philhealth.

3.1 LCDFI also complied with Rule VII, Section 3 of the Implementing Rules and Regulations of RA No. 9679 in the collection and remittance of contributions to the Pag-ibig Fund.

**Status of Audit Suspensions, Disallowances, and Charges**

	Beginning Balance (December 31, 2024)	This period January 01 to December 31, 2025		Ending Balance (December 31, 2025)
		NS/ND/NC	Settlement	
Notice of Suspension (NS)	0	0	0	0
Notice of Disallowance (ND)	P561,000	0	0	P561,000
Notice of Charge (NC)	0	0	0	0
<b>Total</b>	P561,000	0	0	P561,000

4. ND No. LBP-Subs. 2008-015 (2002-2003) dated August 11, 2008 amounting to P5,133,830.02, pertains to the payment of additional allowances and benefits to LANDBANK Officials acting as Officers/Board of Directors of LANDBANK subsidiaries. Included in the disallowed amount is P561,000, representing payments made to LCDFI Officers/Board of Directors. The disallowance was affirmed under COA Decision No. 2012-018 dated February 16, 2012.

### PART III

## STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S  
AUDIT RECOMMENDATIONS

The 90 audit recommendations in the CY 2024 Annual Audit Report were implemented  
in CY 2025

**PART III**

**STATUS OF IMPLEMENTATION OF PRIOR  
YEAR'S AUDIT RECOMMENDATIONS**

**STATUS OF IMPLEMENTATION OF PRIOR YEAR'S  
AUDIT RECOMMENDATIONS**

The two audit recommendations in the CY 2024 Annual Audit Report were implemented in CY 2025.