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

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
LANDBANK Countryside Development Foundation, Inc.
26th 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, 2019 and 2018, 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, 2019, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LCDFI as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Public Sector Accounting Standards (PPSASs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LCDFI's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the 2019 financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

ROCHIE J. FELICES
Supervising Auditor

February 24, 2020

LANDBANK Countryside Development Foundation, Inc.

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1598 M.H. Del Pilar cor. Dr. J. Quintos Sts., Malate, Manila 1004
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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, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Consuelo N. Padilla

CONSUELO N. PADILLA
Chairperson of the Board

ROY C. OSCILLADA
Executive Director

ANNALENE M. BAUTISTA
Corporate Treasurer

February 18, 2020

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2019

1. GENERAL INFORMATION

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

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

On February 18, 2020, the financial statements of LANDBANK Countryside Development Foundation, Inc. (LCDFI) were authorized for issue by the Board of Trustees and were signed by the LCDFI Chairman of the Board of Trustees, Executive Director and Corporate Treasurer as shown in the Statement of Management's Responsibility for Financial Statements.

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with the PPSAS except for Statement of Comparison of Budget and Actual amounts.

3.2 Financial Instruments

a. Financial Assets

Initial recognition and measurement

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

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

Subsequent measurement

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

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

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 expired or waived; and

2. The LCDFI has transferred its contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in PPSAS 29-Financial Instruments: Recognition and Measurement; and either the entity has:

- transferred substantially all the risks and rewards of ownership of financial asset; or

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

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.

b. Offsetting of financial instruments

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

c. Fair value of financial instruments

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

3.3 Cash and Cash Equivalents

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

3.4 Inventories

Inventory is measured at cost upon initial recognition.

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

3.5 Property, Plant and Equipment

a. Recognition

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

The characteristics of PPE are as follows:

i. Tangible items;

ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

iii. Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;

ii. the cost of fair value of the item can be measured reliably; and

iii. the cost is at least P15,000.00

b. Measurement at recognition

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

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

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

Cost includes the following:

i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

ii. Expenditures that is directly attributable to the acquisition of the items; and

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 purposes 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^{th} of the month. However, if the PPE is available for use after the 15^{th} 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 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 ten per cent (10%) of the cost of the PPE.

e. Impairment

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

f. Derecognition

The LCDFI derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 Budget Information

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget.

In preparing the SCBAA, the following were observed:

1. In cases where there is no estimated revenue reflected on the approved budget, the actual collections shall be considered as the estimated revenue (Final).

2. Only those collections pertaining to current year's revenue/ income shall be considered.

3. Only disbursements pertaining to current year's utilization shall be considered.

3.7 Related Parties

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

3.8 Employee Benefits

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

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

3.9 Measurement Uncertainty

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

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

3.10 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 assets when the goods 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 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:

	2019	**2018**
Cash in bank- Local Currency	8,788,279	21,311,821
Petty cash fund	10,000	10,000
	8,798,279	**21,321,821**

5. RECEIVABLES

This comprises the following:

	2019			**2018**		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Accounts Receivables	221,032	0	221,032	20,000	0	20,000
Inter-Agency Receivables	4,926,534	0	4,926,534	13,412,312	0	13,412,312
Other Receivables	24,175	511,202	535,377	419,078	511,202	930,280
Total	**5,171,741**	**511,202**	**5,682,943**	**13,851,390**	**511,202**	**14,362,592**

Inter-Agency Receivables

	2019	2018
Current		
Due from Parent Corporation	4,926,534	13,370,712
Due from Government Corporation		41,600
Total	**4,926,534**	**13,412,312**

Other Receivables

	2019			2018		
	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	1,215	48,145	49.360	64,314	48,145	112,459
Other Receivables	22,960	5,807	28,767	354,764	5,807	360,571
Total	**24,175**	**511,202**	**535,377**	**419,078**	**511,202**	**930,280**

Aging/Analysis of Receivables

As at December 31, 2019

Accounts	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Due from Parent Corporation	4,926,534	4,926,534			
Receivables-Disallowances/Charges	457,250	0			457,250
Account Receivables	221,032	221,032			
Due from Officers and Employees	49,360	1,215			48,145
Other Receivables	28,767	22,960			5,807
Total	**5,682,943**	**5,171,741**			**511,202**

6. INVENTORIES

This consists of accountable forms.

7. OTHER CURRENT ASSETS

This comprises the following:

	2019	2018
Advances to Officers and Employees	72,500	79,200
Deposit to Suppliers	58,729	3,170
	131,229	**82,370**

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

This comprises the following:

	2019	2018
HTM	79,057,023	64,920,453
Interest Receivable	82,431	130,506
	79,139,454	**65,050,959**

Breakdown of the HTM

	2019	2018
HTM- Investment in Trust	40,813,682	39,749,390
HTM- Investment in Treasury Bills-Local	36,087,089	20,070,203
HTM- Investment in Bonds- Local	2,238,683	5,231,366
	79,139,454	**65,050,959**

Reconciliation of carrying amounts of FA-HTM:

Particulars	Amount
Beginning Balance as at January 1, 2019	65,050,959
Additional investment	22,997,676
Collection of matured investment	(9,876,626)
Amortization of discount on the acquisition of investment	885,014
Interest Receivable	82,431
Balance as at December 31, 2019	**79,139,454**

Particulars	Amount
Beginning Balance as at January 1, 2018	75,538,887
Additional investment	5,000,000
Collection of matured investment	(16,719,099)
Amortization of discount on the acquisition of investment	1,100,665
Interest Receivable	130,506
Balance as at December 31, 2018	**65,050,959**

9. PROPERTY AND EQUIPMENT

Reconciliation of carrying amounts:

As at December 31, 2019

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

As at December 31, 2018

Particulars	Office Equipment	Vehicle	Information & Communication Technology	Total
Carrying Amount, January 1, 2018	**168,971**	**88,220**	**431,179**	**688,370**
Additions/Acquisitions	0	0	31,498	31,498
Total	**168,971**	**88,220**	**462,677**	**719,868**
Depreciation	(39,552)	-	(106,440)	(145,992)

Particulars	Office Equipment	Vehicle	Information & Communication Technology	Total
Carrying Amount, December 31, 2018	**129,419**	**88,220**	**356,237**	**573,876**
Gross Cost	**317,795**	**882,200**	**916,750**	**2,116,745**
Accumulated Depreciation	(188,376)	(793,980)	(560,513)	(1,542,869)
Carrying Amount, December 31, 2018	**129,419**	**88,220**	**356,237**	**573,876**

10. PAYABLES

This comprises the following accounts:

	2019			2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Payable	2,148,269	430,500	2,578,769	1,935,939	430,500	2,366,439
Due to Officers and Employees	56,508		56,508	15,858		15,858
Tax Refund Payable	16,990		16,990	36,742		36,742
Total	**2,221,767**	**430,500**	**2,652,267**	**1,988,539**	**430,500**	**2,419,039**

11. INTER AGENCY PAYABLES

This comprises the following accounts:

	2019	2018
Due to BIR	71,989	152,255
Due to SSS	55,466	39,811
Due to PhilHealth	18,732	15,636
Due to Pag-IBIG	10,491	12,327
	156,678	**220,029**

12. 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.

13. RETAINED EARNINGS

	2019	2018
Reserve Fund	24,893,153	24,666,881
Restricted Fund	15,000,000	15,000,000
	39,893,153	**39,666,881**

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.

14. GRANTS AND DONATIONS

This account represents donations from the following donors:

	2019	2018
Land Bank of the Philippines (LBP)	25,374,946	29,275,841
LBP Insurance Brokerage, Inc. (LIBI)	0	34,936
Prudential Guarantee & Assurance Inc.	15,000	20,000
	25,389,946	**29,330,777**

The recognition of donation income was in accordance with the provisions of PPSAS 23. In CY 2019, donations from LBP and Prudential Guarantee & Assurance Inc. were recognized as donation income because there were no conditions attached on the Deed of Donation and Acceptance signed by the donor and the donee and the amount still collectible is lodged under inter-agency receivable account.

15. BUSINESS INCOME

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

	2019	2018
Interest income	2,418,767	2,137,294
Miscellaneous Income	281,533	104,172
	2,700,300	**2,241,466**

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

	2019	2018
Trust Account	1,064,292	930,021
Treasury Investments	1,022,824	584,871
AR Bonds	321,532	510,257
Current Account	10,119	112,145
	2,418,767	**2,137,294**

16. MAINTENANCE AND OTHER OPERATING EXPENSES

This comprises of the following expenses:

	2019	2018
Training and Scholarship Expenses	13,847,660	14,353,425
Labor and Wages	2,333,948	1,462,150
Travelling Expenses	1,714,152	1,336,157
Professional Services	726,897	1,707,631
Confidential, Intelligence and Extraordinary Expenses	589,000	486,050
Communication Expenses	299,477	261,836
Supplies and Materials Expense	174,526	97,731
Repairs and Maintenance	103,020	110,148
Taxes, Insurance Premiums and Other Fees	48,807	45,132
Other Maintenance and Operating Expenses	2,725,465	1,653,608
	22,562,952	**21,513,868**

Professional Services

	2019	2018
Legal Services	5,660	8,560
Auditing Services	51,438	867,482
Consultancy Service	130,000	71,429
Other Professional Services	539,799	760,160
	726,897	**1,707,631**

Communication Expenses

	2019	2018
Postage and Courier Services	14,583	10,280
Telephone Expenses	186,334	144,036
Internet Subscription Expenses	98,560	107,520
	299,477	**261,836**

Supplies and Materials Expense

	2019	2018
Office Supplies Expense	77,888	31,373
Accountable Forms Expenses	7,200	4,350
Semi-Expendable Machinery and Equipment	89,438	61,878
Semi-Expendable Furnitures, Fixtures and Books		130
	174,526	**97,731**

Repairs and Maintenance

	2019	2018
Repairs and Maintenance-Machinery and Equipment	13,200	29,250
Repairs and Maintenance-Transportation Equipment	89,820	80,898
	103,020	**110,148**

Taxes, Insurance Premiums and Other Fees

	2019	2018
Taxes, Duties and Licenses	18,307	16,723
Fidelity Bond Premium	21,789	23,437
Insurance Expenses	8,711	4,972
	48,807	**45,132**

Other Maintenance and Operating Expenses

	2019	2018
Representation Expenses	200,807	341,965
Rent/Lease Expenses	17,419	173,408
Major Events and Conference	1,121,563	128,245

	2019	2018
Membership Dues and Contributions to Organizations	76,667	96,667
Transportation and Delivery Expense	57,500	1,449
Other Maintenance and Operating Expenses	1,251,509	911,874
	2,725,465	**1,653,608**

17. PERSONNEL SERVICES

This comprises the following:

	2019	2018
Salaries and Wages	8,875,856	10,209,477
Other Compensation	2,663,044	3,300,477
Personnel Benefit Contributions	491,015	378,794
Other Personnel Benefits	543,413	452,535
	12,573,328	**14,341,283**

Salaries and Wages

	2019	2018
Salaries and Wages- Regular	8,243,020	8,696,508
Salaries and Wages- Casual/Contractual	632,836	1,512,969
	8,875,856	**10,209,477**

Other Compensation

	2019	2018
Year End Bonus	767,260	931,753
Personnel Economic Relief Allowance	472,378	267,000
Clothing/Uniform Allowance	66,000	155,000
Representation Allowance	96,000	142,000
Transportation Allowance	96,000	142,000
Cash Gift	105,000	107,000
Productivity Incentive Allowance	100,000	92,500
Overtime and Night Pay	16,853	59,465
Longevity Pay	5,000	0
Other Bonuses and Allowances	938,553	1,403,759
	2,663,044	**3,300,477**

Personnel Benefit Contributions

	2019	2018
Retirement and Life Premiums	354,054	267,527
Pag-IBIG Contributions	23,600	23,100
PhilHealth Contributions	106,281	81,537
Employees Compensation Insurance Premiums	7,080	6,630
	491,015	**378,794**

Other Personnel Benefits

This pertains to Retirement Gratuity.

Employee Future Benefits

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

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

The regular monthly accrual equivalent to 5 per cent of the total basic salary of LCDFI employees was taken up as Other Payables to LCDFI employees from July 2010 to June 2016 prior to the opening of an Employee Retirement Plan with LANDBANK Trust Banking Group.

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

The Fund is being administered by the LANDBANK Trust Banking Group (TBG) which is responsible for the investment strategy of the Plan. As of December 31, 2019, the amount of funds deposited/invested in LANDBANK-TBG amounted to PhP1,798,731.

18. NON-CASH EXPENSES

	2019	2018
Depreciation Expense	148,820	145,992
Loss on Asset Disposal	0	51,685
	148,820	**197,677**

19. FINANCIAL EXPENSES

	2019	2018
Bank Charges	100	2,080
Other Financial Charges	0	0
	100	**2,080**

20. 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**
Revenues								
Donation	15,000	0	25,374,946	25,389,946	0	0	0	25,389,946
Interest Income	1,613,318	805,449	0	2,418,767	0	0	0	2,418,767
Other Income	281,533	0	0	281,533	0	0	0	281,533
TOTAL	1,909,851	805,449	25,374,946	28,090,246	0	0	0	28,090,246
Expenses								
PS	1,801,330	771,998	10,000,000	12,573,328	0	0	0	12,573,328
MOOE	6,712,484	475,522	15,374,946	22,562,952	0	0	0	22,562,952
Financial expense	0	100	0	100	0	0	0	100
Non-cash Expense	0	148,820	0	148,820	0	0	0	148,820
TOTAL	8,513,814	1,396,440	25,374,946	35,285,200	0	0	0	35,285,200
Excess of revenue over expenses	**(6,603,963)**	**(590,991)**	**0**	**(7,194,954)**	**0**	**0**	**0**	**(7,194,954)**
RE-App.	(162,058)	(79,819)	0	(241,877)	241,877	0	241,877	0
Fund Balance, 12/31/2018	**44,497,573**	**11,308,649**	**3,284,902**	**59,091,124**	**24,666,881**	**15,000,000**	**39,666,881**	**98,758,005**
Prior Period Adjustments:	(175,628)	68,089	0	(107,539)	(15,605)	0	(15,605)	(123,144)
Fund Balance, End 12/31/2019	**37,555,924**	**10,705,928**	**3,284,902**	**51,546,754**	**24,893,153**	**15,000,000**	**39,893,153**	**91,439,907**

Adjustments amounting to P156,053 on the overstatement of Interest Income for CY 2019 were made.

Adjustments on the understatement of Advances in Procurement Service for the current year, various accruals and reversal of Other Payable amounting to P112,962, P81,995 and P1,945 respectively, were also made.

21. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

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

a. Interest Income

   Interest to be earned from financial assets held to maturity for the year was over projected amounting to P131,536.

b. Personnel Services

   Only 21 of 22 approved LCDFI plantilla positions were filled in and the unfilled plantilla position has a budget of P512,377.

c. Maintenance and Other Operating Expenses

   The LCDFI activities in the various programs with a budget of P3,807,221 were deferred.

d. Financial Expenses

   Effective LCDFI cash management avoided the bank charges amounting to P1,900.

22. 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

	2019	2018
Mayor's permit	11,124	11,204
Barangay clearance	500	500
	11,624	**11,704**

B. National

	2019	2018
BIR registration	500	0
Registration of Vehicle	3,229	3,069
	3,729	**3,069**

C. Withholding taxes paid/accrued for the year:

	2019	2018
Taxes on compensation and benefits	790,613	1,417,072
Creditable withholding and Final Taxes	835,198	763,143
	1,625,811	**2,180,215**

23. RISK DISCLOSURES

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 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.

24. RELATED PARTY DISCLOSURES

The LCDFI is a corporate foundation whose parent bank is the LBP. The following table provides the total amount of transactions which have been entered into with related parties for CY 2019:

Related Party	Transactions	Amount
LBP-Treasury Operations Department	Investments in government securities	36,004,658
LBP-Trust Banking Group	Investments in government securities	40,813,682
LBP- Landowners Assistance Policy Department	Investment in 10-year Agrarian Reform bonds	2,238,683

Allowances and other benefits of Key Management Personnel

	2019	2018
Board of Trustees (BOTs)		
Extraordinary and Miscellaneous (Reimbursable Expenses)	216,493	258,050
Corporate Officers		
Representation and Transportation Allowance	192,000	184,000
Extraordinary and Miscellaneous (Reimbursable Expenses)	147,172	168,000
Other Benefit and Bonuses	318,632	514,283
	874,297	**1,124,333**

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
As at DECEMBER 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	8,798,279	21,321,821
Receivables	5	5,171,741	13,851,390
Inventories	6	6,200	7,400
Other Current Assets	7	131,229	82,370
Total Current Assets		14,107,449	35,262,981
Non-Current Assets			
Financial Assets - Held-to-maturity	8	79,139,454	65,050,959
Receivables	5	511,202	511,202
Property and Equipment,net	9	490,747	573,876
Total Non-Current Assets		80,141,403	66,136,037
Total Assets		**94,248,852**	**101,399,018**
LIABILITIES			
Current Liabilities			
Payables	10	2,221,767	1,988,539
Inter-Agency Payables	11	156,678	220,029
Total Current Liabilities		2,378,445	2,208,568
Non-Current Liabilities			
Payables	10	430,500	430,500
Other Payables		0	1,945
Total Non-Current Liabilities		430,500	432,445
Total Liabilities		**2,808,945**	**2,641,013**
Net Assets		**91,439,907**	**98,758,005**
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)	12	51,546,754	59,091,124
Retained Earnings	13	39,893,153	39,666,881
Total Net Assets/ Equity	20	**91,439,907**	**98,758,005**

The Notes on pages 10 to 30 form part of these financial statements.

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL PERFORMANCE
For the years ended DECEMBER 31, 2019 AND 2018
(In Philippine Peso)

	Note	2019	2018
REVENUE			
Grants and Donations	14	25,389,946	29,330,777
Business Income	15	2,700,300	2,241,466
Total Revenue		28,090,246	31,572,243
EXPENSES			
Maintenance and Other Operating Expenses	16	22,562,952	21,513,868
Personnel Services	17	12,573,328	14,341,283
Non-Cash Expenses	18	148,820	197,677
Financial Expenses	19	100	2,080
Total Expenses		35,285,200	36,054,908
Net Surplus/ (Deficit) for the Period		**(7,194,954)**	**(4,482,665)**

The Notes on pages 10 to 30 form part of these financial statements.

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the years ended DECEMBER 31, 2019 AND 2018
(In Philippine Peso)

	Accumulated Surplus/ (Deficit) (Notes 13&20)	**Retained Earnings (Notes 14&20)**	**Total**
BALANCE AT JANUARY 1, 2018	63,610,314	39,453,096	103,063,410
Add/(Deduct):			
Net Surplus/ (Deficit) for the Year	(4,482,665)		(4,482,665)
Appropriation of Retained Earnings	(213,729)	213,729	-
Other Adjustments	177,204	56	177,260
BALANCE AT DECEMBER 31, 2018	59,091,124	39,666,881	98,758,005
Add/(Deduct):			
Net Surplus/ (Deficit) for the Year	(7,194,954)		(7,194,954)
Appropriation of Retained Earnings	(241,877)	241,877	0
Other Adjustments	(107,539)	(15,605)	(123,144)
BALANCE AT DECEMBER 31, 2019	51,546,754	39,893,153	91,439,907

The Notes on pages 10 to 30 form part of these financial statements.

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the years ended DECEMBER 31, 2019 AND 2018
(In Philippine Peso)

	Note	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Cash receipts from donors		33,854,124
Cash receipts from advances of employees		2,190,734
Cash receipts from Government Corporations		41,600
Cash Receipts from Suppliers		11,916
Income from trainings		163,211
Total Cash Inflows		**36,261,585**
Cash Outflows		
Cash payment to Government, suppliers and employees		(36,966,851)
Total Cash Outflows		**(36,966,851)**
Net Cash provided by/(used in) Operating Activities		**(705,266)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from matured investments		9,876,626
Interest Received		1,368,464
Sale of unserviceable assets		
Total Cash Inflows		**11,245,090**
Cash Outflows		
Placements in investments		(22,997,676)
Purchases of Property and Equipment		(65,690)
Total Cash Outflows		**(23,063,366)**
Net Cash provided by/(used in) Investing Activities		**(11,818,276)**
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(12,523,542)**
Cash and Cash Equivalents, January 1	**4**	**21,321,821**
Cash and cash Equivalents, December 31	**4**	**8,798,279**

The Notes on pages 10 to 30 form part of these financial statements.

2018
37,638,460
2,150,010
0
0
104,172
39,892,642
(37,596,504)
(37,596,504)
2,296,138
16,719,099
1,030,560
2,500
17,752,159
(5,000,000)
(31,499)
(5,031,499)
12,720,660
15,016,798
6,305,023
21,321,821

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
For the year ended December 31, 2019

	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Donation		37,000,000	20,463,412	20,463,412	0
Interest Income		1,500,000	1,500,000	1,368,464	131,536
Other Income		0	60,500	60,500	0
		38,500,000	**22,023,912**	**21,892,376**	**131,536**
PAYMENTS					
Personnel Services		15,304,738	13,085,705	12,573,328	512,377
Maintenance and Operating Expenses		31,592,863	26,370,173	22,562,952	3,807,221
Financial Expense		0	2,000	100	1,900
		46,897,601	**39,457,878**	**35,136,380**	**4,321,498**
NET RECEIPTS/PAYMENTS	**21**	**(8,397,601)**	**(17,433,966)**	**(13,244,004)**	**(4,189,962)**

The Notes on pages 10 to 30 form part of these financial statements.