



**Filhomes II Homeowners Association, Inc.**

# 2023 Annual Treasurer's Report

(Regina U. Barcelon, *November 12, 2023*)

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF FINANCIAL POSITION**

	<b>31-Oct-23</b>	<b>31-Dec-22</b>
<b>CASH &amp; CASH EQUIVALENT</b>		
<b>CASH ON HAND</b>		
Petty Cash Fund	50,000	50,000
Revolving Fund	100,000	100,000
Cash on Hand	109,533	189,415
<b>Total CASH ON HAND</b>	<b>259,533</b>	<b>339,415</b>
<b>CASH IN BANKS</b>		
BPI-SA 0423-3480-46	26,546	36,091
BPI-SA 3513-0383-55	66,799	290,319
RCBC-CA 7-590-19483-7	826,433	118,497
RCBC SA-0901-39762-03	10,612,435	10,244,092
BDO-SA 010330093851	2,905,099	2,686,448
<b>Total CASH IN BANKS</b>	<b>14,437,314</b>	<b>13,375,448</b>
<b>TEMPORARY INVESTMENT</b>		
BPI - Time Deposit		25,000,000
BPI - Treasury Bills	25,020,072	
RCBC - Time Deposit	16,243,711	16,243,711
BDO - Time Deposit	25,000,000	25,000,000
<b>Total TEMPORARY INVESTMENT</b>	<b>66,263,783</b>	<b>66,243,711</b>
<b>Total CASH &amp; CASH EQUIVALENT</b>	<b>80,960,630</b>	<b>79,958,574</b>
<b>ACCOUNTS RECEIVABLE</b>		
Account Receivable Assn Dues	13,469,482	12,519,751
<b>Total ACCOUNTS RECEIVABLE</b>	<b>13,469,482</b>	<b>12,519,751</b>
<b>ACCOUNTS RECEIVABLE - OTHERS</b>		
Advances to Emp. - Loan Assist	139,000	98,000
Advances to Officer	60,750	60,750
Creditable W/tax Receivable	7,047	991
Advances - Suppliers	-	
Unearned Interest income	329,576	174,889
<b>Total ACCOUNTS RECEIVABLE - OTHERS</b>	<b>536,373</b>	<b>334,629</b>
<b>INVENTORIES</b>		
Invty-Car Stickers	23,520	980
Invty-Construction Uniforms	88,550	30,750
Invty-RFID Stickers	35,908	77,355
<b>Total INVENTORIES</b>	<b>147,978</b>	<b>109,085</b>
<b>FIXED ASSETS</b>		
Facilities & Improvement	23,797,733	18,496,481
Accum. Deprn- Facilities & Imp	(15,554,300)	(13,308,006)
Furniture and Fixtures Equiptm	3,110,748	2,789,057
Accum. Deprn-Furniture & Fixtu	(1,865,469)	(1,554,741)
Transportation and Equipment	4,740,893	4,616,593
Accum. Deprn-Trans. Equipment	(2,343,493)	(1,692,128)
Other Equipment	1,590,506	1,346,698
Accum. Deprn-Other Equipmnt	(1,108,696)	(866,899)
Facilities & Improvement-Gates	3,333,588	3,333,588
Accum. Deprn- F&I - Gates	(430,342)	(152,543)
<b>Total FIXED ASSETS</b>	<b>15,271,169</b>	<b>13,008,100</b>
<b>OTHER ASSETS</b>		
Refundable Deposits	149,000	42,020
AR - Subject for Liq 2022	1,292,089	1,292,089
<b>Total OTHER ASSETS</b>	<b>1,441,089</b>	<b>1,334,109</b>
<b>Total ASSETS</b>	<b>111,826,722</b>	<b>107,264,248</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF FINANCIAL POSITION**

	<b>31-Oct-23</b>	<b>31-Dec-22</b>
<b>LIABILITIES</b>		
ACCOUNTS PAYABLE		
Accrued Expenses	1,982,238	1,807,871
Accounts Payable	126,452	262,164
Christmas Fund Drive	21,229	17,566
SSS Premium Payable	75,550	57,880
SSS Loans Payable	25,724	11,904
PHIC Premium Payable	20,562	17,624
Pag-ibig Premium Payable	6,000	5,400
Pag-ibig Loans Payable	12,089	9,965
Expanded Withholding Tax	7,734	6,564
Withholding Tax Payable	7,141	4,781
Other Payables	24,379	5,749
<b>Total ACCOUNTS PAYABLE</b>	<b>2,309,099</b>	<b>2,207,468</b>
BONDS PAYABLE		
Construction Bond	32,122,633	37,806,101
Fencing Bond	2,816,000	2,996,000
Contractors Bond	542,308	582,308
Miscellaneous Repair Bond	1,317,000	657,000
ID Bond	417,500	389,600
Taping / Shooting Bond	15,000	86,500
Stall Rental Deposit Bond	239,948	176,668
Parking Lot / Play Ground Bond	-	4,000
Basketball Court Bond	-	15,400
Water Pipe Installation Bond	-	260,000
Clubhouse Bond	92,600	176,300
Swimming Pool Bond	10,000	54,670
Bidders Bond	-	100,000
Demolition Bond	100,000	200,000
<b>Total BONDS PAYABLE</b>	<b>37,672,989</b>	<b>43,504,547</b>
ADVANCES FROM PHASE FUNDS		
Advances From Phase A Fund	249,155	189,960
Advances From Phase B Fund	229,301	153,571
Advances From Phase C Fund	387,834	397,899
Advances From Phase D Fund	247,897	171,492
Advances From Phase E Fund	209,207	131,612
Advances From Phase F Fund	92,172	73,850
Advances From Phase G Fund	104,942	40,850
Advances From Phase H Fund	167,836	178,788
Advances From Phase I Fund	(6,305)	(40,585)
Advances From Phase K1 Fund	17,737	3,530
<b>Total ADVANCES FROM PHASE FUNDS</b>	<b>1,699,776</b>	<b>1,300,966</b>
OTHER LIABILITIES		
Advances From HO/LO	2,057,799	678,386
Unknown Deposits Online	135,162	73,602
Trust Accounts Payable	1,243,711	1,243,711
<b>Total OTHER LIABILITIES</b>	<b>3,436,672</b>	<b>1,995,699</b>
<b>Total LIABILITIES</b>	<b>45,118,536</b>	<b>49,008,681</b>
<b>Net Assets</b>	<b>66,708,186</b>	<b>58,255,567</b>
MEMBERS' EQUITY		
Members Equity - January 01	58,255,567	31,259,990
Prior Period Adjustment	8,452,619	15,199,065
Excess of Members Contribution	8,452,619	11,796,512
<b>Total MEMBERS' EQUITY</b>	<b>66,708,186</b>	<b>58,255,567</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF REVENUES & EXPENSES**

	Jan - Oct 2023	%	Full Year 2022	%
<b>REVENUES</b>				
<b>HOMEOWNERS' DUES</b>	9,651,186	27.2%	11,412,752	25.8%
<b>LOT OWNERS' DUES</b>	5,329,345	15.0%	5,866,368	13.2%
<b>ROAD MAINTENANCE FEES</b>				
Road Maint-SMAC	242,825	0.7%	327,560	0.7%
Road Maint-Gate4	5,697,615	16.1%	7,708,770	17.4%
Road Maint-Gate8	2,338,905	6.6%	2,813,830	6.4%
Road Maint-Others	1,080,640	3.0%	2,619,680	5.9%
Total ROAD MAINTENANCE FEES	9,359,985	26.4%	13,469,840	30.4%
<b>RENTAL INCOME</b>				
Rental-Stalls	199,860	0.6%	42,437	0.1%
Rental-Clubhouse	413,000	1.2%	108,625	0.2%
Rental-Multi Purpose PhD	329,215	0.9%	17,000	0.0%
Rental-K1 B.Court	60,511	0.2%	97,000	0.2%
Rental-CH B.Court	139,130	0.4%	5,100	0.0%
Rental-Badminton Court	600	0.0%	0	0.0%
Rental-Swimming Pool	393,750	1.1%	0	0.0%
Rental-SP Gazebo	65,800	0.2%	0	0.0%
Rental-Repeater	10,500	0.0%	37,500	0.1%
Total RENTAL INCOME	1,612,366	4.5%	307,662	0.7%
<b>ADMIN FEES COLLECTIONS</b>				
Admin Fees - Construction Bond	1,080,553	3.0%	2,329,250	5.3%
Admin Fees - Fencing Bond	126,000	0.4%	207,000	0.5%
Admin Fees - Contractors Bond	-	0.0%	(2,000)	0.0%
Admin Fees- Misc. Repairs Bond	240,000	0.7%	144,000	0.3%
Total ADMIN FEES COLLECTIONS	1,446,553	4.1%	2,678,250	6.0%
<b>CAR STICKERS COLLECTIONS</b>				
Car/Vehicle Sticker-Homeowner	413,000	1.2%	1,654,150	3.7%
Car/Vehicle Sticker-Adjacent	383,950	1.1%	1,456,950	3.3%
Car/Vehicle Sticker-Filtoda	24,800	0.1%	22,400	0.1%
Car/Vehicle Sticker-Commercial	53,000	0.1%	153,050	0.3%
Cost of Car Stickers	(21,980)	-0.1%	(93,100)	-0.2%
Total CAR STICKERS COLLECTIONS	852,770	2.4%	3,193,450	7.2%
<b>RFID INCOME</b>				
RFID - Homeowner	1,253,700	3.5%	1,065,750	2.4%
RFID - Adjacent	1,222,800	3.4%	984,950	2.2%
Cost of RFID Stickers	(111,947)	-0.3%	(255,285)	-0.6%
Total RFID INCOME	2,364,553	6.7%	1,795,415	4.1%

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF REVENUES & EXPENSES**

	Jan - Oct 2023	%	Full Year 2022	%
<b>MISC. / OTHER COLLECTIONS</b>				
Certification	57,750	0.2%	36,400	0.1%
ID Lamination	652,200	1.8%	495,350	1.1%
Taping/Shooting Permit	10,000	0.0%	0	0.0%
Flyer Distribution	2,500	0.0%	18,900	0.0%
Tarpaulin Display	26,360	0.1%	21,280	0.0%
Swimming Lesson	55,250	0.2%	0	0.0%
Construction Penalties	431,000	1.2%	995,407	2.2%
Interest On Overdue Accounts	2,859,781	8.1%	3,090,982	7.0%
Market Fee	-	0.0%	2,100	0.0%
LTO Registration Fee	71,100	0.2%	327,710	0.7%
Construction Uniform	108,500	0.3%	47,640	0.1%
Other Income	573,079	1.6%	519,944	1.2%
Total MISC. / OTHER COLLECTIONS	<b>4,847,520</b>	<b>13.7%</b>	<b>5,555,713</b>	<b>12.5%</b>
<b>Total REVENUES</b>	<b>35,464,278</b>	<b>100.0%</b>	<b>44,279,449</b>	<b>100.0%</b>
<b>EXPENSES</b>				
<b>SECURITY SERVICES &amp; OTHER EXP.</b>				
Security Service-Fee	15,343,967	43.3%	12,545,959	28.3%
Security Service-Augmentation	1,000	0.0%	6,134	0.0%
Total SECURITY SERVICES & OTHER EXP.	<b>15,344,967</b>	<b>43.3%</b>	<b>12,552,093</b>	<b>28.3%</b>
<b>VILLAGE MAINTENANCE EXPENSES</b>				
VM-Materials	895,448	2.5%	1,045,878	2.4%
VM-Streetlights	2,424,021	6.8%	2,560,641	5.8%
VM-Labor Maintenance	1,938,384	5.5%	1,850,031	4.2%
VM-13th Month Pay Maintenance	70,457	0.2%	92,983	0.2%
VM-Labor Construction	747,250	2.1%	876,140	2.0%
VM-13th Month Pay Construction	35,768	0.1%	66,442	0.2%
VM - Labor	34,461	0.1%	70,826	0.2%
VM-Gas & Lubricant	149,705	0.4%	200,443	0.5%
VM-Swimming Pool	192,960	0.5%	0	0.0%
VM-Swimming Pool Labor	165,238	0.5%	0	0.0%
VM - Others	53,940	0.2%	91,538	0.2%
Total VILLAGE MAINTENANCE EXPENSES	<b>6,707,632</b>	<b>18.9%</b>	<b>6,854,922</b>	<b>15.5%</b>
<b>GENERAL &amp; ADMIN EXPENSES</b>				
<b>UTILITIES EXPENSES</b>				
Electricity	1,064,958	3.0%	835,105	1.9%
Water	446,562	1.3%	532,583	1.2%
Communication	122,136	0.3%	100,045	0.2%
Total UTILITIES EXPENSES	<b>1,633,656</b>	<b>4.6%</b>	<b>1,467,732</b>	<b>3.3%</b>
<b>SUPPLIES EXPENSE</b>				
Supplies-Office	147,990	0.4%	342,735	0.8%
Supplies-Maintenance	71,139	0.2%	49,716	0.1%
Supplies-Pantry	34,022	0.1%	36,301	0.1%
Supplies-Others	4,688	0.0%	3,534	0.0%
Total SUPPLIES EXPENSE	<b>257,839</b>	<b>0.7%</b>	<b>432,286</b>	<b>1.0%</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF REVENUES & EXPENSES**

	Jan - Oct 2023	%	Full Year 2022	%
<b>PRINTING EXPENSE</b>				
Printing-Stickers	174,900	0.5%	53,000	0.1%
Printing-Toll Fee Tickets	-	0.0%	0.0%	
Printing-Mass Information	22,865	0.1%	44,850	0.1%
Printing-Reproduction	5,775	0.0%	38,483	0.1%
Printing-Accountable Forms	71,000	0.2%	130,500	0.3%
Printing-Others	9,270	0.0%	38,460	0.1%
<b>Total PRINTING EXPENSE</b>	<b>283,810</b>	<b>0.8%</b>	<b>305,293</b>	<b>0.7%</b>
<b>MEETING EXPENSE</b>				
Meeting Expense-Board	56,727	0.2%	85,407	0.2%
Meeting Expense-Committees	27,031	0.1%	105,408	0.2%
Meeting Expense-Phase	24,720	0.1%	49,465	0.1%
Meeting Expense-Others	18,145	0.1%	51,583	0.1%
Meeting Exp. Transcription Fee	-	0.0%	63,000	0.1%
<b>Total MEETING EXPENSE</b>	<b>126,622</b>	<b>0.4%</b>	<b>354,862</b>	<b>0.8%</b>
<b>LEGAL &amp; PROFESSIONAL EXPENSES</b>				
Legal Fees	223,267	0.6%	150,471	0.3%
Professional Fees	60,700	0.2%	429,800	1.0%
Inspection Charges	424,200	1.2%	375,750	0.8%
<b>Total LEGAL &amp; PROFESSIONAL EXPENSES</b>	<b>708,167</b>	<b>2.0%</b>	<b>956,021</b>	<b>2.2%</b>
<b>REPAIRS &amp; MAINTENANCE EXPENSES</b>				
R&M-Office Equipment	18,229	0.1%	14,700	0.0%
R&M-Furniture and Fixtures	50,870	0.1%	69,356	0.2%
R&M-Transportation Equip.	147,433	0.4%	105,684	0.2%
R&M-Other Equipment	38,479	0.1%	10,430	0.0%
<b>Total REPAIRS &amp; MAINTENANCE EXPENSES</b>	<b>255,011</b>	<b>0.7%</b>	<b>200,170</b>	<b>0.5%</b>
<b>MISCELLANEOUS EXPENSES</b>				
Postage & Courier	5,466	0.0%	1,851	0.0%
Insurance & Registrations	34,984	0.1%	7,510	0.0%
Donations	12,500	0.0%	60,650	0.1%
Taxes, Permit & License	11,397	0.0%	74,900	0.2%
Advertising	-	0.0%	10,324	0.0%
Interest & Bank Charges	5,587	0.0%	62,696	0.1%
Travel & Transportation	4,880	0.0%	12,518	0.0%
Fuel & Lubricants	118,672	0.3%	169,764	0.4%
Employee Training	1,000	0.0%	5,481	0.0%
Employee Meals	676	0.0%	5,147	0.0%
Employee Uniforms	35,193	0.1%	43,835	0.1%
Other-Miscellaneous Expenses	1,778	0.0%	54,539	0.1%
<b>Total MISCELLANEOUS EXPENSES</b>	<b>232,133</b>	<b>0.7%</b>	<b>509,215</b>	<b>1.2%</b>
<b>SALARIES &amp; WAGES EXPENSE</b>				
Salaries and Wages	3,602,386	10.2%	3,692,887	8.3%
<b>Total SALARIES &amp; WAGES EXPENSE</b>	<b>3,602,386</b>	<b>10.2%</b>	<b>3,692,887</b>	<b>8.3%</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**STATEMENT OF REVENUES & EXPENSES**

	Jan - Oct 2023	%	Full Year 2022	%
<b>EMPLOYEE BENEFITS EXPENSE</b>				
SSS and EC Contributions	482,878	1.4%	429,053	1.0%
PhilHealth Contributions	96,942	0.3%	88,547	0.2%
Pag-IBIG Fund Contributions	29,200	0.1%	32,100	0.1%
13th Month Pay	163,440	0.5%	256,592	0.6%
Rice Subsidy	108,000	0.3%	127,500	0.3%
Hospitalzn/Medical Benefits	91,030	0.3%	106,477	0.2%
Incentive/Bonus/Financial Asst	-	0.0%	250,161	
Longevity	36,000	0.1%	32,350	0.1%
<b>Total EMPLOYEE BENEFITS EXPENSE</b>	<b>1,007,489</b>	<b>2.8%</b>	<b>1,322,781</b>	<b>3.0%</b>
<b>EVENTS &amp; COMMUNITY EXPENSES</b>				
Christmas Party & Induction			502,429	1.1%
Phase Christmas Party			351,346	0.8%
Others-Event&Community	165,723	0.5%	708,194	1.6%
<b>Total EVENTS &amp; COMMUNITY EXPENSES</b>	<b>165,723</b>	<b>0.5%</b>	<b>1,561,968</b>	<b>3.5%</b>
<b>DEPRECIATION EXPENSE</b>				
Deprn-Facilities & Improvement	2,524,093	7.1%	1,862,263	4.2%
Deprn-Furniture & Fixtures	310,728	0.9%	168,734	0.4%
Deprn-Transportation Equipment	651,364	1.8%	686,492	1.6%
Depreciation-Other Equip.	241,797	0.7%	192,580	0.4%
<b>Total DEPRECIATION EXPENSE</b>	<b>3,727,983</b>	<b>10.5%</b>	<b>2,910,070</b>	<b>6.6%</b>
<b>Total GENERAL &amp; ADMIN EXPENSES</b>	<b>12,000,818</b>	<b>33.8%</b>	<b>13,713,284</b>	<b>31.0%</b>
<b>Total EXPENSES</b>	<b>34,053,417</b>	<b>96.0%</b>	<b>33,120,299</b>	<b>74.8%</b>
<b>Excess of Members' Contribution</b>	<b>1,410,862</b>	<b>4.0%</b>	<b>11,159,150</b>	<b>25.2%</b>
<b>OTHER INCOME</b>				
Interest Income - Bank Deposit	2,297,309	6.5%	637,362	1.4%
Forfeited Bonds	4,744,448	13.4%		0.0%
<b>Total OTHER INCOME</b>	<b>7,041,757</b>	<b>19.9%</b>	<b>637,362</b>	<b>1.4%</b>
<b>Net Excess of Members' Contribution</b>	<b>8,452,619</b>	<b>23.8%</b>	<b>11,796,512</b>	<b>26.6%</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**CASH FLOW STATEMENT**

	Jan - Oct 2023	Full Year 2022
<b>Cash Flow from Operating Activities</b>		
Net Income for the period	8,452,619	11,796,512
Depreciation	3,727,983	2,910,070
(Increase) decrease in Accounts Receivables	(949,732)	641,828
(Increase) decrease in Accounts Receivables - Others	(201,744)	(217,379)
(Increase) decrease in Inventories	(38,893)	(84,935)
(Increase) decrease in Other Assets	(106,980)	(1,334,109)
Increase (decrease) in Accounts Payables	101,631	406,964
Increase (decrease) in Bonds Payables	(5,831,558)	2,843,404
Increase (decrease) in Advances Phase Funds	398,810	396,021
Increase (decrease) in Other Liabilities	1,440,973	1,367,021
<b>Net Cash Flows from Operating Activities</b>	<b>6,993,108</b>	<b>18,725,395</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(5,991,051)	(11,134,388.53)
<b>Net Cash Flows from Investing Activities</b>	<b>(5,991,051)</b>	<b>(11,134,389)</b>
<b>Net Increase/Decrease for the period</b>	<b>1,002,057</b>	<b>7,591,007</b>
<b>Add (Less):</b>		
<b>Cash at the Beginning of the period</b>	<b>79,958,574</b>	<b>72,367,567</b>
<b>CASH BALANCE, END OF PERIOD</b>	<b>80,960,630</b>	<b>79,958,574</b>

**FILHOMES II HOMEOWNERS' ASSOCIATION INC.**  
**FREE CASH STATEMENT**

	31-Oct-23	SEP'23
<b>TOTAL CASH BALANCE</b>	<b>80,960,630</b>	<b>81,346,053</b>
Less: Commitments		
Accounts Payable	(2,309,099)	(2,259,100)
Bonds Payable	(37,672,989)	(37,107,509)
Trust Payable	(1,243,711)	(1,243,711)
Average Daily Balance - RCBC	(10,350,000)	(10,350,000)
<b>NET FREE CASH</b>	<b>29,384,831</b>	<b>30,385,733</b>

*Note: Without any fixed additional revenue, net free cash will continue to deplete*

**FILHOMES II HOMEOWNERS' ASSOCIATION, INC.**  
**MONTHLY KEY FIGURES**

MONTHS	ACCOUNTS RECEIVABLES - DUES		REVENUE		EXPENSES		MONTHLY NET INCOME (LOSS) BEFORE INTEREST INCOME & FORFEITED BONDS	
	2022	2023	2022	2023	2022	2023	2022	2023
January	13,730,309	13,171,901	2,110,650	2,301,756	1,941,251	3,145,257	170,803	(843,501)
February	13,598,128	13,788,066	3,406,713	3,823,518	2,084,323	3,390,687	1,323,690	432,831
March	13,138,053	13,220,443	2,980,802	3,903,370	2,369,775	3,201,876	649,319	701,494
April	13,045,270	13,060,142	2,919,253	3,394,089	2,316,374	3,271,180	647,817	122,909
May	11,436,031	13,112,930	6,233,326	4,054,845	2,326,886	3,237,450	3,922,261	817,395
June	11,141,934	13,317,500	4,152,297	3,803,948	2,778,471	3,785,043	1,392,272	18,905
July	11,631,037	13,524,404	3,441,247	3,175,973	2,465,906	3,308,234	996,328	(132,261)
August	11,887,027	13,828,397	3,495,366	4,387,565	2,463,499	3,588,836	1,062,303	798,729
September	11,996,748	13,733,093	4,430,833	3,674,282	2,805,408	3,451,213	1,640,925	223,069
October	12,456,863	13,469,482	4,064,461	2,944,933	3,144,182	3,673,641	997,682	(728,708)
November	12,584,433	13,376,652	2,862,564	2,874,695	3,639,288	3,797,182	(590,767)	(922,487)
December	12,519,751	13,119,883	4,181,936	2,874,695	4,784,936	4,604,682	(416,121)	(1,729,987)

Note: November & December 2023 are projections    **44,279,449**    **41,213,669**    **33,120,299**    **42,455,281**    **11,796,512**    **(1,241,612)**

## COMMENTS ON FINANCIAL POSITIONS

### **DECLINING REVENUES**

- Decline in various revenue due to decrease in house construction activities during the year 2023. As a result, toll fees collections decreased by P2,023K and construction admin fees also decreased by P932K for the period January to October 2023 vs. 2022.
- RFID/Car stickers revenues fell sharply by P1,537K for the same period of January to October. This is expected due to the implementation of RFID throughout the village last year resulting in lost revenue from car stickers.
- Loss of operating cash flow from continued increase in Account Receivables due to continuing delinquency on payment of Homeowner and Lot Owner dues.

### **INCREASING EXPENSES DUE TO INFLATION**

- Unavoidable increases in operating expenses, in particular:
  - additional headcount of security guards (from 28 to 38) due to increase in robberies driven by the higher cost of living in the general population;
  - government mandated increases in labor minimum wages during 2022 and 2023 was reflected in staff salaries and security guards resulting in an additional expense of +P7,364K in 2023 with projected P8,222K from 2024 onwards.
- Overall increase by more than 20% in general expenses resulting from prices increases on the procurement of goods and services due to inflation.

### **MITIGATING MEASURES**

*The following measures were taken to mitigate the steady decline of available cash balance due to the widening gap between declining revenues and increasing expenses.*

- The Board invested in capital expenditures, which stand at P5,991K as of end of October 2023 vs. P11,134K for full year 2022, to prioritize revenue generating projects, such as rental revenue from Stall and the new Clubhouse, and fees earned from usage of the swimming pool, basketball court and badminton court.
- The aforementioned revenue generating projects brought an additional revenue of P1,407K by end of October 2023 vs. same period of 2022.
- To infuse operating cash and realize one-time revenue, the Board forfeited construction bonds aged over 10 years.
- We maximize the interest income earned on reserved cash from Construction bonds and other payable security bonds via short term (30 days to 90 days) Time Deposits/ Treasury Bills placements with various top banks of the country. By end of this year, we expect to generate interest income of P2.78 million vs. P637K in 2022.
- We successfully lowered specific line items in General Administrative Expenses by increased efforts on tighter audit controls and reduction of non-essential expenses.
- To improve outlook on future revenues, a Board Resolution was passed to rationalize Association Dues effective 1 January 2024 per the table below. The rationalization essentially maintained the charge on per square meter basis the same but increased the ceiling on larger properties. However, please note that this change only partially offsets the increase in operating expenses as illustrated below.

Type of Dues	Present Scheme	Proposed Scheme	Monthly Incremental Dues	Annual Incremental Dues
HO	P600 per month per HO	P2.50 per sqm with ceiling of P1000 per month, minimum of P600 per month	280,464	3,365,565
LO	P1.90 per sqm with ceiling of P550 per month	P1.90 per sqm with ceiling of P800 per month, minimum of P450 per month	36,489	437,873
<b>TOTAL</b>			<b>316,953</b>	<b>3,803,438</b>
<b>Financial impact of increases in minimum wages of 2022 and 2023, including increase in security guards from 28 to 38</b>			<b>685,135</b>	<b>8,221,620</b>

### **LIQUIDITY RISKS**

Without any additional sustainable revenue sources, we forecast the continued depletion of Association's available operating funds and request the support from our Homeowners on 2 recommendations below:

- 1) Timely payment of Association Dues and resolve delinquency.
- 2) Increase the rate for the monthly Association Dues to properly close the liquidity gap. For reference, below are Association Dues of similar subdivisions to compare as a benchmark. Note that our dues are substantially lower, to wit:
  - Capitol Hills = P1,200
  - Filinvest I = P1,300
  - La Vista = P25/sqm
  - Ayala Heights = P3,000
  - Merville = P3,000
  - Vista Real = P1,700 + maintenance of P1/sqm