



Environmental Foundation of Jamaica
(A foundation limited by guarantee)

Financial Statements
31 July 2024

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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31 July 2024

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Independent Auditor's Report to the Members

Financial Statements

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Independent auditor's report

To the members of Environmental Foundation of Jamaica

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Environmental Foundation of Jamaica (the Foundation) as at 31 July 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at 31 July 2024;
- the statement of changes in the Americas' and TFCA's Fund for the year then ended;
- the statement of administrative income and expenditure for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 Foundation'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 Foundation'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 Foundation 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 legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
16 January 2025
Kingston, Jamaica

Environmental Foundation of Jamaica

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Statement of Changes in the Americas' and TFCA's Funds

Year ended 31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

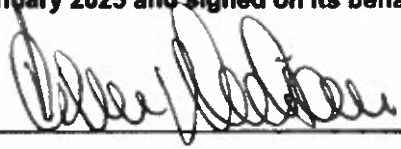
	Note	(Americas) Fund I \$'000	(Americas) Fund II \$'000	(TFCA) Fund III \$'000	2024 \$'000	2023 \$'000
Fund Receipts		-	-	34,303	34,303	37,992
Investment income earned		1,435	1,142	4,349	6,926	6,530
		1,435	1,142	38,652	41,229	44,522
Unrealised gains/(losses) on FVPL investments	11	3,155	-	-	3,155	(11,361)
		4,590	1,142	38,652	44,384	33,161
Less:						
Project grants disbursed, net	5	-	-	(7,458)	(7,458)	(2,021)
Transfers to administration		-	-	(61,176)	(61,176)	(43,992)
Investment advisers' fees	9	(566)	(155)	-	(721)	(717)
		(566)	(155)	(68,634)	(69,355)	(46,730)
Loss for year		4,024	987	(29,982)	(24,971)	(13,569)
Fund balance at beginning of year		5,876	91,072	94,370	191,318	204,887
Fund balance at end of year		9,900	92,059	64,388	166,347	191,318

Environmental Foundation of Jamaica
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Statement of Financial Position
 31 July 2024
 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2024 \$'000	2023 \$'000
Non-Current Assets			
Property, plant and equipment	10	15,242	17,474
Beneficial interest in endowment fund	12	1,317,464	1,194,420
Investment securities	11	86,406	80,674
		<u>1,419,112</u>	<u>1,292,568</u>
Current Assets			
Other assets	13	1,817	1,748
Short term investment	11, 12	48,524	73,049
Cash and bank	14	108,783	46,938
		<u>159,124</u>	<u>121,735</u>
Current Liabilities			
Accounts payable and accrued charges	15	13,033	13,164
Due to endowment fund		20,532	20,532
Managed funds	16	104,851	30,093
		<u>138,416</u>	<u>63,789</u>
Net Current Asset		<u>20,708</u>	<u>57,946</u>
		<u>1,439,820</u>	<u>1,350,514</u>
Equity and Capital			
Administration fund-expenses recoverable	17	(51,497)	(43,942)
Capital reserves	18	8,334	8,784
Funds in Trust – Endowment Fund		1,316,636	1,194,354
TFCA funds		64,388	94,370
Americas' funds		101,959	96,948
Total Equity and Capital		<u>1,439,820</u>	<u>1,350,514</u>

Approved on behalf of the Board of Directors on 16 January 2025 and signed on its behalf by:


 Dale Webber
 Chairman


 Ian Watson
 Treasurer

Environmental Foundation of Jamaica

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Administrative Income & Expenditure Statement

Year ended 31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2024 \$'000	2023 \$'000
Income			
Transfers from TFCA		61,176	43,992
Transfers from Capital Reserves		450	450
Administration Fees		-	4,300
Other Income		335	740
		<u>61,961</u>	<u>49,482</u>
Expenditure			
Administrative Expenses	7	(59,325)	(57,460)
Other Expenses – Managed Funds		(10,191)	(19)
Total Expenditure	7	<u>(69,516)</u>	<u>(57,479)</u>
Deficit Income over Expenditure		<u>(7,555)</u>	<u>(7,997)</u>

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Statement of Cash Flows

Year ended 31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

	2024 \$'000	2023 \$'000
Cash Flows from Operating Activities		
Deficit for year	(24,971)	(13,569)
Adjustments for:		
Depreciation	2,759	2,585
Decrease in amount due to Administration Fund	(7,555)	(7,997)
Investment income	10,081	(4,831)
	<u>(19,686)</u>	<u>(23,812)</u>
Changes in operating assets and liabilities:		
Other assets	(69)	331
Accounts payable and accrued charges	(131)	574
Managed funds	74,758	(17,293)
Cash provided by/(used in) operating activities	<u>74,558</u>	<u>(40,200)</u>
Cash Flow from Investing Activities		
Investments	(5,732)	9,239
Endowment Fund	(123,044)	(80,316)
Investment in property, plant and equipment	(527)	(1,310)
Interest received	(10,081)	4,831
Cash used in investing activities	<u>(139,384)</u>	<u>(67,556)</u>
Cash Flow from Financing Activities		
Increase in Funds in Trust	122,282	60,619
Capital Reserves	(450)	(450)
Cash provided by financing activities	<u>121,832</u>	<u>60,169</u>
Increase/(Decrease) in cash and cash equivalents	37,320	(47,587)
Cash and cash equivalent at beginning of year	<u>119,987</u>	<u>167,574</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>157,307</u></u>	<u><u>119,987</u></u>
Represented by:		
Cash and bank	108,783	46,938
Short term investments	48,524	73,049
	<u>157,307</u>	<u>119,987</u>

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Environmental Foundation of Jamaica (the Foundation) is limited by guarantee and was incorporated in Jamaica on 18 November 1992. The Foundation was established pursuant to an agreement between the Government of the United States of America and the Government of Jamaica concerning the establishment of an Enterprise for the Americas Initiative. This agreement referred to as "The Enterprise for the Americas Initiative Framework Agreement" (EAI Agreement) was signed on 26 November 1991 and amended effective 27 August 1993. The agreement provides for the creation of a special Americas Fund to be administered by the Foundation in accordance with agreement terms and the Foundation's Memorandum and Articles of Association.

The main objectives of the Foundation which are in conjunction with the EAI Agreement are as follows:

- (i) to promote and implement activities designed to conserve and manage the natural resources and environment of Jamaica in the interest of sustainable development and;
- (ii) to encourage the improvement of child survival and child development in Jamaica.

The Foundation pursues its objectives mainly through the granting of funds to organisations, for qualified projects based on established criteria, by carrying out specific educational activities and rendering technical assistance towards its objectives. Operations commenced in August 1993.

On 30 September 2012, the final disbursement from the Government of Jamaica under the EAI Agreement was received. The Board of Directors approved the finalisation of a proposal to merge with Forest Conservation Fund, to raise additional funds and continue the operations of the Foundation.

The Forest Conservation Fund (FCF) was established pursuant to the Tropical Forest Conservation Act (TFCA) of 1998. The TFCA was enacted to offer eligible developing countries relief from identified official debt owed to the United States of America while at the same time generating funds to support local tropical forest conservation activities. The FCF promotes conservation, sustainable management and use of natural resources, including forests, for the benefit of local communities. The Forest Conservation, Debt Swap and Swap Fee Contractual Agreements were signed on September 21, 2004 by the Governments of Jamaica and the United States of America, The Nature Conservancy and the Jamaica Protected Areas Trust (JPAT). This paved the way for the creation of the FCF. The GOJ will deposit a total of US\$16 million into the FCF over a period of nineteen years (2005-2024).

On 29 June 2015, an Assignment, Assumption and Amendment Agreement referred to as the "Assignment Agreement" was entered into by The Government of Jamaica (GOJ), The Nature Conservancy (TNC), The Jamaica Protected Area Trust Limited (JPAT) and the Environmental Foundation of Jamaica (EFJ). The agreement resulted in the transfer of the rights and obligations of JPAT under the "Forest Conservation Agreement" dated 21 September 2004 to EFJ and the agreement of this transfer of rights and obligations by GOJ and TNC.

On 26 October 2016, the terms under the Assignment, Assumption and Amendment agreement were executed resulting in the assets and liabilities of JPAT being transferred to EFJ.

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies

(a) Basis of preparation

The financial statements of Environmental Foundation of Jamaica have been prepared in accordance with IFRS Accounting Standards.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards,
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

Standards, interpretations and amendments to published standards effective in current year

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, and has adopted the following, which are immediately relevant to its operations.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of these amendments did not have any impact on the financial statements of the Foundation.
- **Amendments to IAS 8 - Definition of Accounting Estimates**, (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The adoption of these amendments did not have any impact on the financial statements of the Foundation.

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Foundation

The Foundation has concluded that the following standards which are published but not yet effective are relevant to its operations and will impact its accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Foundation's accounting periods beginning on or after 1 August 2023, but the Foundation has not early adopted:

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have any impact on the financial statements of the Foundation.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026). These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The Company is currently assessing the impact of this amendment. The adoption of these amendments is not expected to have any impact on the financial statements of the Foundation.

There are no other new or amended standards and interpretations that are published but not yet effective that are expected to have an impact on the accounting policies or financial disclosures of the Foundation.

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(b) Government of Jamaica Receipts

Government of Jamaica payments received by the Foundation under the Enterprise of the Americas Initiative Framework Agreement are recorded when received and credited directly to the Americas' Funds Account until disbursed.

Payments from the Government of Jamaica under the Forest Conservation Agreement received through JPAT are equally divided between the EFJ Endowment Fund and the Forestry Conservation Fund (FCF) operational accounts.

(c) Income recognition

Interest income is recognised in the Americas' Funds for all interest-bearing instruments which is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is recognised where it is earned from financial assets that are held for cash management purposes. Interest income includes income earned on cash and cash equivalent accounts held.

Dividends are recognized when the Foundation's right to receive payment is established, it is probable the economic benefits will flow to the Foundation and the amount can be measured reliably. The Foundation recognizes dividends in Statement of Changes in the Americas' and TFCA's Funds (profit and loss account).

(d) Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates. The financial statements are presented in Jamaican dollars, which is the Foundation's functional and presentation currency.

Translation and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the year end date monetary assets denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange difference on unsettled foreign currency monetary assets are recognised in the Americas' Funds.

(e) Employee benefits

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

Environmental Foundation of Jamaica

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31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its remaining useful life. Annual depreciation rates are as follows:

Building	2.5% - 12.5%
Motor vehicles	20%
Computers	25%
Furniture and fixtures	10%

Freehold land is not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged as administrative expenses during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining administrative fund balance.

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2. Material Accounting Policies (Continued)

(g) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

The Foundation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (FVPL), and
- those to be measured at amortised cost.

The classification depends on the Foundation's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss (statement of changes in Americas' and TFCA's Funds). For investments in equity instruments that are held for trading, Management has accounted for the equity investment at fair value through profit and loss (FVPL).

(i) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

(ii) Measurement

Debt Instruments

Measurement of debt instruments depends on the Foundation's business model for managing the asset and the cash flow characteristics of the asset. The Foundation classifies its debt instruments into two measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

The Foundation subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in the income statement.

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2. Material Accounting Policies (Continued)

(g) Financial instruments (continued)

(iii) Impairment

The Foundation assesses its financial assets at amortised costs on a forward-looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost and debt instruments measured at FVPL.

Application of the General Model

The Foundation applied the 'general model' as required by IFRS 9 for debt instrument other than trade receivables. Under this model, the Foundation is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVPL. The ECL will be recognised in the profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time values of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policies (Continued)

(g) Financial instruments (continued)

The Foundation uses judgement when considering the following factors that affect the determination of impairment:

- Assessment of credit risk; this is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Foundation compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Foundation's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.
- Macroeconomic Factors and Forward-Looking Information
The Foundation applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward-looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination.

Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The Foundation uses three scenarios that are probability weighted to determine ECL.

Expected Life when measuring ECL, the Foundation considers the maximum contractual period over which the Foundation is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Foundation is exposed to credit risk and where the credit losses would not be mitigated by management actions.

The Foundation classifies its investments as fair value through profit and loss (FVPL) and amortized cost investments. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(h) Cash and cash equivalents

Cash and cash equivalents are carried at the year end at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, deposits held on call with banks, other short-term highly liquid investments with maturity dates of less than 90 days.

(i) Accounts payable

Accounts payable are stated at historical cost.

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Notes to the Financial Statements

31 July 2024

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2. Material Accounting Policies (Continued)

(j) Administration fund/deferred income

Where funds received for administration expenses are insufficient to cover these expenses, the over expended balance, referred to as Administration Fund - expenses recoverable, is recoverable from the Americas' Funds. While funds received for administration expenses, which are unexpended, are referred to as Administration Fund - deferred income. Refer to note 17 for details.

(k) Capital reserves

The cost of property, plant and equipment acquired from Government of Jamaica EAI receipts, for administrative purposes, is credited directly to capital reserves and is written off to the administration fund account over the useful lives of the relevant assets.

(l) Americas' funds

As outlined in Note 1, the EAI Agreement provides for the establishment of a special Americas' Fund to be administered by the Foundation in pursuit of its objectives. Under this arrangement, specific amounts due by the Government of Jamaica to the Government of the United States of America are paid into the fund in accordance with provisions of two debt reduction agreements (Agreement I and Agreement II). Agreement I relate to funds owed under the U.S. PL480 programme and Agreement II relates to funds owed under a specific USAID debt Agreement.

In accordance with the EAI Agreement, all funds deposited into the Fund, including investment income earned belongs to the Government of Jamaica until disbursed in accordance with stipulated guidelines.

The two funds should not be co-mingled.

(m) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(n) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2024

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Foundation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Foundation's financial performance.

The Foundation's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Foundation regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Foundation's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that a party will cause a financial loss for the Foundation by failing to discharge its contractual obligations. Credit risk is a very important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's cash and investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Investments

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(ii) Cash

Cash transactions are limited to high credit quality financial institutions. The Foundation has policies that limit the amount of credit exposure to any financial institution.

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3. Financial Risk Management (Continued)

(a) Credit risk(continued)

Maximum exposure to credit risk

The Foundation's maximum exposure to credit risk at year end was as follows:

	2024	2023
	\$'000	\$'000
Investment securities	1,383,388	1,282,530
Cash and bank	108,783	46,938
Other assets	1,817	1,748
	<u>1,493,988</u>	<u>1,331,216</u>

Exposure to credit risk for investment securities

The following table summarises the Foundation's credit exposure for investment securities at their carrying amounts, as categorised by issuer:

	2024	2023
	\$'000	\$'000
Endowment Fund	1,317,464	1,194,420
Government of Jamaica Securities	17,400	15,061
Corporate	48,524	73,049
	<u>1,383,388</u>	<u>1,282,530</u>

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Foundation maybe unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

Liquidity risk management process

The Foundation's liquidity management process includes:

- (i) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (ii) Optimising cash returns on investment; and

The maturities of assets and liabilities are important factors in assessing the liquidity of the Foundation and its exposure to changes in interest rates and exchange rates.

Undiscounted cash flows of financial liabilities

The maturity profile of the Foundation's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Over 12 months \$'000	Total \$'000
2024					
Accounts payable and accrued charges	2,242	5,741	5,050	-	13,033
Due to Endowment Fund	-	-	-	20,532	20,532
Managed funds	-	104,851	-	-	104,851
	2,242	110,592	5,050	20,532	138,416
2023					
Accounts payable and accrued charges	523	738	11,903	-	13,164
Due to Endowment Fund	-	-	-	20,532	20,532
Managed funds	-	30,093	-	-	30,093
	523	30,831	11,903	20,532	63,789

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short-term investments.

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3. Financial Risk Management (Continued)

(c) Market risk

The Foundation takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Foundation manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Foundation further manages this risk by discussing with Fund Managers the projected exchange rates and divert into Jamaican dollar investments where adverse exchange rate movements are expected.

Concentrations of currency risk:

The table below summarises the Foundation's exposure to foreign currency exchange rate risk at 31 July.

	2024		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
Financial Assets			
Investments	86,406	-	86,406
Short term investments	48,524	-	48,524
Beneficial interest in endowment fund	330,436	987,028	1,317,464
Cash and bank	37,366	71,417	108,783
Other assets	1,658	159	1,817
Total financial assets	<u>504,390</u>	<u>1,058,604</u>	<u>1,562,994</u>
Financial Liabilities			
Accounts payable and accrued charges	13,033	-	13,033
Due to Endowment fund	20,532	-	20,532
Managed funds	30,446	74,405	104,851
Total financial liabilities	<u>64,011</u>	<u>74,405</u>	<u>138,416</u>
Net financial position	<u>440,379</u>	<u>984,199</u>	<u>1,424,578</u>

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3. Financial Risk Management (Continued)

(c) Market risk(continued)

	2023		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
Financial Assets			
Investments	80,674	-	80,674
Short term investments	73,049	-	73,049
Beneficial interest in endowment fund	290,262	904,158	1,194,420
Cash and bank	45,764	1,174	46,938
Other assets	1,689	59	1,748
Total financial assets	491,438	905,391	1,396,829
Financial Liabilities			
Accounts payable and accrued charges	13,018	146	13,164
Due to Endowment fund	20,532	-	20,532
Managed funds	30,093	-	30,093
Total financial liabilities	63,643	146	63,789
Net financial position	427,795	905,245	1,333,040

Foreign currency sensitivity

The following tables indicate the currencies to which the Foundation had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated investments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	% Change in Currency Rate 2024	Effect on Equity and Capital 2024 \$'000	% Change in Currency Rate 2023	Effect on Equity and Capital 2023 \$'000
Currency:				
USD	+1	(9,841)	+1	(9,052)
USD	-4	39,367	-4	36,209

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Floating rate instruments expose the Foundation to cash flow interest risk, whereas fixed interest rate instruments expose the Foundation to fair value interest risk.

The following table summarises the Foundation's exposure to interest rate risk. It includes the Foundation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month	1 to 3 Months	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Assets				
Investments	-	18,956	67,450	86,406
Beneficial interest in endowment fund	5,777	794,298	517,389	1,317,464
Short term investments		48,524	-	48,524
Cash and bank	108,783	-	-	108,783
Other assets	-	-	1,817	1,817
Total financial assets	114,560	861,778	586,656	1,562,994
Liabilities				
Accounts payable and accrued charges	-	-	(13,033)	(13,033)
Due to endowment fund	-	-	(20,532)	(20,532)
Managed funds	-	-	(104,851)	(104,851)
	-	-	(138,416)	(138,416)
Total interest repricing gap	114,560	861,778	448,240	1,424,578

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
	2023			
Assets				
Investments	2,928	14,800	62,946	80,674
Beneficial interest in endowment fund	19,783	694,482	480,155	1,194,420
Short term investments	-	73,049	-	73,049
Cash and bank	46,938	-	-	46,938
Other assets	-	-	1,748	1,748
Total financial assets	69,649	782,331	544,849	1,396,829
Liabilities				
Accounts payable and accrued charges	-	-	(13,164)	(13,164)
Due to endowment fund	-	-	(20,532)	(20,532)
Managed funds	-	-	(30,093)	(30,093)
	-	-	(63,789)	(63,789)
Total interest repricing gap	69,649	782,331	481,060	1,333,040

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Foundation's statement of changes in the Americas' Funds.

The sensitivity of the statement of changes in the Americas' Funds is the effect of the assumed changes in interest rates on net deficit based on non-trading financial assets. The sensitivity of changes in the Americas' Funds is calculated by revaluing fixed rate FVPL financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	Effect on Equity and Capital 2024 \$'000	Effect on Equity and Capital 2023 \$'000
Change in basis points:		
-25% (2023: -0.50%)	(2,154)	(6,292)
25% (2023: 25%)	<u>2,154</u>	<u>3,146</u>

(d) Capital management

The Foundation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide benefits for stakeholders. There were no changes to the Foundation's approach to capital management during the year.

In Accordance with the Assignment, Assumption & Amendment Agreement dated June 29, 2017, Section 4.1(d), the total administrative expenses should not exceed a maximum combined amount of US\$450,000 without the unanimous approval of the permanent Directors.

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table provides an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
	2024			
Investments				
Quoted equities	584,840	-	-	584,840
Government of Jamaica bonds		17,400	-	17,400
US Bonds, ETFs & Mutual Funds		430,688	116,454	547,142
Other Assets			48,524	48,524
	584,840	448,088	164,978	1,197,906
	2023			
Investments				
Quoted equities	543,101	-	-	543,101
Government of Jamaica bonds	-	17,727	-	17,727
US Bonds, ETFs & Mutual Funds	-	400,440	-	400,440
Other Assets	-	-	73,706	73,706
	543,101	418,167	73,706	1,034,974

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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4. Critical Accounting Judgement and Key Source of Uncertainty

The management of the Foundation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Foundation's accounting policies

In the process of applying the Foundation's accounting policies, the management has not made any significant judgements that would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Foundation's accounting policies, the management has not made any significant estimate that would cause a significant impact on the amounts recognised in the financial statements.

5. Project Grants Disbursed

	Fund III
	\$'000
Projects' disbursement, net	7,458
Disbursements allocated as follows:	
Northern Cockpit Country Local Forest Management Committee	649
Caribbean Coastal Area Management	(32)
UWI Department of Life Sciences	5,348
Jamaica Conservation and Development Trust	1,493
Net Disbursements	7,458

6. Administration Fund

In accordance with the Assignment, Assumption & Amendment Agreement dated June 29, 2015 Section 4.1(d), the total administrative expenses should not exceed a maximum combined amount of US\$450,000 without the unanimous approval of the permanent Directors. Permanent Directors comprise one Director appointed by the Government of Jamaica, one Director appointed by the United States Government and one Director appointed by The Nature Conservancy.

Total administrative expenses during the year were below the threshold permitted and indicated below:

	2024	2023
	\$'000	\$'000
Jamaican Dollar equivalent of US\$450,000	69,750	69,010
Less: Administrative expenses for the year (note 7)	(59,325)	(57,460)
Excess	10,425	11,550

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7. Expenses by Nature

	2024	2023
	\$'000	\$'000
Advertising and public relations	811	392
Auditors' remuneration	1,313	1,250
Depreciation (Note 10)	2,759	2,585
Legal and professional fees	4,063	210
Motor vehicle expenses	1,474	1,452
Office and general expenses	1,812	1,435
Printing and stationery	334	249
Repairs and maintenance	3,165	1,809
Staff costs (Note 8)	34,661	39,811
Security	2,975	3,142
Utilities	2,555	2,480
Other expenses	3,403	2,664
	<u>59,325</u>	<u>57,479</u>

8. Staff Costs

	2024	2023
	\$'000	\$'000
Wages and salaries	28,905	33,269
Payroll taxes – employer's portion	3,398	3,686
Other	2,358	2,856
	<u>34,661</u>	<u>39,811</u>

9. Investment Advisers' Fees

Investment Advisers' fees for the year are comprised as follows -

	2024	2023
	\$'000	\$'000
BPM Financials Limited	721	717
	<u>721</u>	<u>717</u>

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10. Property, Plant and Equipment

	2024				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2023	27,633	16,479	22,799	8,771	75,682
Additions	-	-	386	141	527
At 31 July 2024	27,633	16,479	23,185	8,912	76,209
Depreciation -					
At 1 August 2023	16,986	14,230	19,176	7,816	58,208
Charge for the year	929	1,000	395	435	2,759
At 31 July 2024	17,915	15,230	19,571	8,251	60,967
Net Book Value - 31 July 2024	9,718	1,249	3,614	661	15,242
	2023				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2022	27,168	16,479	22,105	8,620	74,372
Additions	465	-	694	151	1,310
At 31 July 2023	27,633	16,479	22,799	8,771	75,682
Depreciation -					
At 1 August 2022	16,106	13,230	18,911	7,376	55,623
Charge for the year	880	1,000	265	440	2,585
At 31 July 2023	16,986	14,230	19,176	7,816	58,208
Net Book Value - 31 July 2023	10,647	2,249	3,623	955	17,474

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11. Investment Securities

	2024	2023
	\$'000	\$'000
At beginning of year	153,722	172,553
Fund withdrawn- net	(28,873)	(14,000)
Unrealized loss	3,155	(11,361)
Interest earned	6,926	6,530
At end of year	<u>134,930</u>	<u>153,722</u>
Represented by:		
Short term investments (amortised cost)		
Repurchase agreement	<u>48,524</u>	<u>73,049</u>
Investments at FVPL		
Equity instruments (Quoted shares)	67,450	62,946
Debt instruments (Government bonds)	18,956	17,727
	<u>86,406</u>	<u>80,673</u>
	<u>134,930</u>	<u>153,722</u>

12. Beneficial Interest in Endowment Fund

	2024	2023
	\$'000	\$'000
Total investments comprised the following -		
Endowment Fund		
Funds held in trust	1,296,932	1,173,888
Notes receivables	20,532	20,532
	<u>1,317,464</u>	<u>1,194,420</u>

The Board, in recognition that the America's Fund is a reducing source which was established for a limited period of time, approved the establishment of an endowment fund on 23 September 2004 and seeded the fund with \$85,000,000 in January 2013. The purpose of the fund is to ensure that the Foundation has a long-standing and sustained source of income.

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12. Beneficial Interest in Endowment Fund (Continued)

In furtherance of the EFJ's merger with Forest Conservation Fund / Jamaica Protected Areas Trust (JPAT):

- the amount of \$633,135,000 designated by JPAT for their Endowment Fund was transferred to the EFJ in 2016/2017,
- the amount of \$48,042,000.00 was transferred in 2017/2018,
- the amount of J\$48,677,000.00 was received in 2018/2019
- the amount of J\$49,944,000.00 was received in 2019/2020 and
- the amount of J\$38,989,000.00 was received in 2020/2021
- the amount of J\$38,938,000.00 was received in 2021/2022
- the amount of J\$37,992,000.00 was received in 2022/2023

These amounts are now being invested in a separate pool of Funds at NCB Capital Markets, Jefferies LLC. and Sygnus Capital Investments.

Investment Securities by Adviser

	Fund I \$'000	Fund II \$'000	Fund III \$'000	2024 \$'000	2023 \$'000
Endowment Fund -					
Notes Receivable	15,194	5,338	-	20,532	20,532
NCB Capital Markets					
Repurchase agreements	-	-	-	-	123,053
NCB Savings Account	5,774		73,247	79,021	19,783
Equities	-	-	359,995	359,995	353,700
Jefferies LLC					
Cash and cash equivalents	89,655	33,398	30,205	153,258	73,706
Equities	-	-	157,394	157,394	126,455
Other Assets	-	-	430,688	430,688	400,440
Sygnus Capital - Deneb	-	-	116,454	116,454	76,506
Operational Investments -					
Barita Portfolio Management Limited					
Securities	149	18,493	-	18,642	17,467
Quoted equities	67,450	-	-	67,450	62,946
NCB Capital Markets					
Repurchase agreements	-	-	47,817	47,817	72,204
	178,222	57,229	1,215,800	1,451,251	1,346,792
Accrued interest	6	328	810	1,144	1,351
Total investments	178,228	57,557	1,216,610	1,452,395	1,348,143

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13. Other Assets

	2024	2023
	\$'000	\$'000
Prepayments	1,353	1,223
Taxation recoverable	159	59
Other receivables	305	466
	<u>1,817</u>	<u>1,748</u>

- (i) The Foundation has been granted a waiver of all taxes in accordance with Article III of the agreement between the Government of Jamaica and the Government of the United States of America concerning an Enterprise for the Americas Initiative and in accordance with the provisions of Charities Act.
- (ii) Other receivables primarily represent administrator fees receivable from the Special Climate Change Adaptation Fund and amounts advanced to grant beneficiaries under the European Union / Forestry Department Fund Administration Agreement.

14. Cash and Bank

	2024	2023
	\$'000	\$'000
Cash and bank	<u>108,783</u>	<u>46,938</u>

15. Accounts Payable and Accrued Charges

	2024	2023
	\$'000	\$'000
Accounts payable	2,242	146
Accrued charges	8,730	10,957
Other	2,061	2,061
	<u>13,033</u>	<u>13,164</u>

16. Managed Funds

	2024	2023
	\$'000	\$'000
J-USE Project – Global Affairs Canada	56,482	-
Caribbean Biodiversity Fund – USAID Project	17,923	-
Special Climate Change Adaptation Fund	30,446	30,093
	<u>104,851</u>	<u>30,093</u>

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16. Managed Funds (Continued)

(a) Special Climate Change Adaptation Fund

Phase I

The Adaptation Programme and Financing Mechanism (AP&FM) for the Pilot Programme for Climate Resilience, Jamaica (PPCR) is being executed by the Government of Jamaica (GOJ) through the Ministry of Economic Growth and Job Creation (MEGJC) which has been assigned the responsibility for climate change. The Programme is pursued with funding provided by the Special Climate Change Adaptation Fund (SCCAF) and comprises three (3) components.

The MEGJC wishes to pursue the implementation of Component II of the Programme which relates to the creation and establishment of innovative climate financing mechanisms to help support implementation of climate resilience within Micro, Small and Medium Size Enterprises (MSMEs) and Community Based Organizations (CBOs). The MEGJC has established a Project Executing Unit (PEU) with office located at 16a Half-Way-Tree Road in Kingston. The PEU is responsible for the overall fiduciary, administrative, financial management and technical functions (including planning, coordination, supervision, staffing, procurement, monitoring and evaluation) in the implementation of the AP&FM-PPCR Jamaica.

The total sum allocated for the purposes of performing the activities under Component II is Four Million Seven Hundred Thousand United States Dollars (USD \$4,700,000.00).

Phase II

The PEU recommended that a Grant Fund be established to allow community groups/organizations to access grant funding to implement projects to construct MICRO Check Dams on individual properties. USD 1.2M of Grant Resources was used to establish the Grant Fund for MICRO Check Dams to implement the construction of 1,800 MICRO Check Dams through the use of grants allocated to community groups/organizations.

The Grant Fund will be similar to the Special Climate Change Adaptation Fund (SCCAF) Phase I which was established under the AP&FM-PPCR, Jamaica in July 2016 through a Fund Administrator Agreement (FAA) between the MEGJC and the Environmental Foundation of Jamaica (EFJ). This arrangement was established via a new FAA in June 3, 2019.

The MEGJC engaged the Environmental Foundation of Jamaica (EFJ) to perform the Services required to implement these activities. Fees for the performance of these services under each Phase were agreed to be 7% of the annual allocations.

Grants are awarded to eligible organisations through a Call for Proposals. There was a Call for Proposals during the year and the balance of \$30,093,058.13 is available to allocate these new grants.

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16. Managed Funds (Continued)

(b) Caribbean Biodiversity Fund – USAID Sustainable Program

The Caribbean Biodiversity Fund (CBF) with support from the United States Agency for International Development (USAID), and in partnership with the Environmental Foundation of Jamaica (EFJ), are undertaking on a project to enhance environmental grant making mechanisms in the Caribbean.

On August 4, 2023, the USAID entered into an agreement with the CBF titled “**Fixed Amount Cooperative Agreement No. 72051723FA00001, USAID Sustainable Financing for Caribbean Regional Conservation program**” which aims to provide financing for the efficient execution of funds for sustainable impactful conservation projects throughout the Caribbean. A Sub-grant was made on December 22, 2023 between the CBF and EFJ. The Sub-grant is not to exceed USD 641,320.00

The USAID Sustainable Financing for Caribbean Regional Conservation Program will span a 5-year period and will benefit 11 Caribbean countries namely: The Bahamas, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Suriname. EFJ is responsible for:

- Implementation of institutional and regional capacity support activities for Conservation Trust Funds (CTFs) by focusing on sustainable and impactful grant making through the use of tailor-made tool kits; and
- Evaluation of the execution of the grant making process of the CTFs in furtherance of their funding of nature-based grant proposals aligned to the Sustainable Financing for Caribbean Regional Conservation Program and other CBF related program activities.

	2024 \$'000	2023 \$'000
At beginning of year	-	-
Cash Received – US\$115,000	17,643	-
Interest earned	28	-
Expenses to date	(2,703)	-
Exchange gain	263	-
Balance	<u>15,231</u>	<u>-</u>
<u>Summary of Expenses</u>		
Technical Assistance grants	-	-
Workshops	2,703	-
Creation of Trust Funds network	-	-
Project Staff	-	-
Indirect Costs	-	-
	<u>2,703</u>	<u>-</u>

The recovery of the expenses to date are subject to the submission of the semi-annual reports. It is expected that expenses to date will be recovered in the next financial year.

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(expressed in Jamaican dollars unless otherwise indicated)

16. Managed Funds (Continued)

(c) J-USE Project – Global Affairs Canada

On February 8, 2024 the EFJ and Global Affairs Canada (GAC) signed a Contribution Agreement for the execution of a project entitled **Jamaica Urban Solutions for the Environment (J-USE)**. The total project value is Cdn \$5,484,700.00 and Global Affairs Canada will contribute Cdn \$4 million (70.64%) to the execution of the activities.

J-USE is a five year initiative intended to increase resilience to climate and disaster impacts in urban areas of Jamaica. The project's ultimate outcome is that urban areas in Jamaica will be more resilient to climate change.

	2024	2023
	\$'000	\$'000
At beginning of year	-	-
Cash Received – Cdn\$500,000	57,135	-
Interest earned	69	-
Expenses to date	(7,446)	-
Exchange loss	(723)	-
Balance	<u>49,035</u>	<u>-</u>
Summary of Expenses		
Remuneration – Local Employees	5,572	-
Fees – Local Sub-contractors	1,427	-
Other Training Costs	-	-
Goods Assets and Supplies	347	-
Project Administration	100	-
Other Costs	-	-
Indirect Costs	-	-
	<u>7,446</u>	<u>-</u>

The Project Implementation Plan, which will guide the overall five-year implementation period for the project has not yet been approved. The recovery of expenses and the engagement of the services of some consultants are subject to the approval being done.

17. Administrative Fund Expenses Recoverable

	2024	2023
	\$'000	\$'000
Opening balance	(43,942)	(35,945)
Deficit Income over Expenditure	<u>(7,555)</u>	<u>(7,997)</u>
Closing balance	<u>(51,497)</u>	<u>(43,942)</u>

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18. Capital Reserves

The cost of capital assets acquired using Government of Jamaica EAI payments received is credited to capital reserves and released to the administration fund over the life of the relevant assets by reference to depreciation charges. The balance is comprised as follows:

	2024	2023
	\$'000	\$'000
Balance at beginning of year	8,784	9,234
Less:		
Transfers to administration fund in current year (depreciation)	<u>(450)</u>	<u>(450)</u>
Balance at end of year	<u><u>(8,334)</u></u>	<u><u>8,784</u></u>

Depreciation noted in the Capital Reserves differ from amount recognised in Note 10 property, plant and equipment as the funds used to acquire (i) some of computers and (ii) Motor Vehicles were obtained from sources external to the America's Fund. The depreciation charges recognise in capital reserves excludes depreciation on these assets.

19. Commitments

As at 31 July 2024, the Foundation had project grant funds committed and not disbursed of approximately \$15,219,690.17 (TFCA). Please note that the amounts for the SCCAF are to be awarded to new grants.

20. Related Party Balances and Transactions

Key management compensation:

	2024	2023
	\$'000	\$'000
Wages and salaries	14,908	16,285
Payroll taxes – employer's portion	1,648	1,831
Other	<u>182</u>	<u>240</u>
	<u><u>16,738</u></u>	<u><u>18,356</u></u>
Directors' fees	<u><u>Nil</u></u>	<u><u>Nil</u></u>

At year ended 31 July 2024, grants approved but not disbursed for the University of the West Indies amounted to \$726,479.89 and Jamaica Conservation & Development Trust \$2,871,675.62 from TFCA.