



Environmental Foundation of Jamaica
(A foundation limited by guarantee)

Financial Statements
31 July 2023

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Index

31 July 2023

Page

Independent Auditor's Report to the Members

Financial Statements

Statement of Changes in the Americas' and TFCA's Funds	1
Statement of Financial Position	2
Administrative Income & Expenditure Statement	3
Statement of Cash flows	4
Notes to the financial statements	5 – 29



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 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies 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 International Financial Reporting 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.

PricewaterhouseCoopers
Chartered Accountants
Kingston, Jamaica
8 February 2024

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	(Americas) Fund I \$'000	(Americas) Fund II \$'000	(TFCA) Fund III \$'000	2023 \$'000	2022 \$'000
Fund Receipts		-	-	37,992	37,992	39,939
Investment income earned		1,144	977	4,409	6,530	5,627
		1,144	977	42,401	44,522	45,566
Unrealised loss on FVPL investments	11	(11,361)	-	-	(11,361)	(6,111)
		(10,217)	977	42,401	33,161	39,455
Less:						
Project grants disbursed, net	5	-	-	(2,021)	(2,021)	(54,666)
Transfers to administration		-	-	(43,992)	(43,992)	(30,438)
Investment advisers' fees	9	(571)	(146)	-	(717)	(768)
		(571)	(146)	(46,013)	(46,730)	(85,872)
Loss/(Gain) for year		(10,788)	831	(3,612)	(13,569)	(46,417)
Fund balance at beginning of year		16,664	90,241	97,982	204,887	251,304
Fund balance at end of year		5,876	91,072	94,370	191,318	204,887

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Financial Position

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

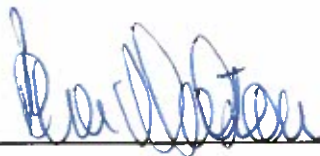
	Note	2023 \$'000	2022 \$'000
Non-Current Assets			
Property, plant and equipment	10	17,474	18,749
Beneficial interest in endowment fund	12	1,194,420	1,114,104
Investment securities	11	80,674	89,913
		<u>1,292,568</u>	<u>1,222,766</u>
Current Assets			
Other assets	13	1,748	2,079
Short term investment	11, 12	73,049	82,640
Cash and bank	14	46,938	84,934
		<u>121,735</u>	<u>169,653</u>
Current Liabilities			
Accounts payable and accrued charges	15	13,164	12,590
Due to endowment fund		20,532	20,532
Managed funds	16	30,093	47,386
		<u>63,789</u>	<u>80,508</u>
Net Current Asset		<u>57,946</u>	<u>89,145</u>
		<u>1,350,514</u>	<u>1,311,911</u>
Equity and Capital			
Administration fund-expenses recoverable	17	(43,942)	(35,945)
Capital reserves	18	8,784	9,234
Funds in Trust – Endowment Fund		1,194,354	1,133,735
TFCA funds		94,370	97,982
Americas' funds		96,948	106,905
Total Equity and Capital		<u>1,350,514</u>	<u>1,311,911</u>

Approved on behalf of the Board of Directors on 8 February 2024 and signed on its behalf by:



Dale Webber

Chairman



Ian Watson

Treasurer

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Administrative Income & Expenditure Statement

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 \$'000	2022 \$'000
Income			
Transfers from TFCA		43,992	30,438
Transfers from Capital Reserves		450	450
Administration Fees		4,300	10,800
Other Income		740	1,829
		<u>49,482</u>	<u>43,517</u>
Expenditure			
Administrative Expenses		(57,460)	(56,215)
Other Expenses – Managed Funds		(19)	(1,571)
Total Expenditure	7	<u>(57,479)</u>	<u>(57,786)</u>
Deficit Income over Expenditure		<u>(7,997)</u>	<u>(14,269)</u>

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Cash Flows

Year ended 31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities		
Deficit for year	(13,569)	(46,417)
Adjustments for:		
Depreciation	2,585	3,616
Decrease in amount due to Administration Fund	(7,997)	(14,269)
Investment income	(4,831)	(484)
	<u>(23,812)</u>	<u>(57,554)</u>
Changes in operating assets and liabilities:		
Other assets	331	(1,239)
Accounts payable and accrued charges	574	3,752
Managed funds	(17,293)	(54,165)
Cash used in by operating activities	<u>(40,200)</u>	<u>(109,206)</u>
Cash Flow from Investing Activities		
Investments	9,239	3,800
Endowment Fund	(80,316)	14,988
Investment in property, plant and equipment	(1,310)	(2,011)
Interest received	4,831	484
Cash (used in)/provided by investing activities	<u>(67,556)</u>	<u>17,261</u>
Cash Flow from Financing Activities		
Increase in Funds in Trust	60,619	4,722
Capital Reserves	(450)	(450)
Cash provided by financing activities	<u>60,169</u>	<u>4,272</u>
Decrease in cash and cash equivalents	<u>(47,587)</u>	<u>(87,673)</u>
Cash and cash equivalent at beginning of year	<u>167,574</u>	<u>255,247</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>119,987</u></u>	<u><u>167,574</u></u>
Represented by:		
Cash and bank	46,938	84,934
Short term investments	73,049	82,640
	<u><u>119,987</u></u>	<u><u>167,574</u></u>

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(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

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the 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.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16**, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases. The amendment did not have a significant impact on the Foundation's financial statements.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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, Non-current liabilities with covenants** (deferred until accounting periods starting not earlier than 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. It is not anticipated that the amendment will have a significant impact on the Foundation's financial statements.
- **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. Management is in the process of assessing if the amendment will have a significant impact on the Foundation's financial statements.
- **Amendment to IFRS 16 – Leases on sale and leaseback**, (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. It is not anticipated that the amendment will have a significant impact on the Foundation's financial statements.

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

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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).

(ii) 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.

(iii) 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.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Financial instruments (continued)

(iv) 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.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant 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

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(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.

Maximum exposure to credit risk

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

	2023	2022
	\$'000	\$'000
Investment securities	1,282,530	1,212,593
Cash and bank	46,938	84,934
Other assets	1,748	2,079
	<u>1,331,216</u>	<u>1,299,606</u>

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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:

	2023	2022
	\$'000	\$'000
Endowment Fund	1,194,420	1,114,104
Government of Jamaica Securities	15,061	15,849
Corporate	73,049	82,640
	<u>1,282,530</u>	<u>1,212,593</u>

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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	Total \$'000
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
2022					
Accounts payable and accrued charges	975	73	11,542	-	12,590
Due to Endowment Fund	-	-	-	20,532	20,532
Managed funds	-	47,386	-	-	47,386
	975	47,459	11,542	20,532	80,508

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

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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.

	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

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	2022		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
Financial Assets			
Investments	89,913	-	89,913
Short term investments	82,640	-	82,640
Beneficial interest in endowment fund	300,317	813,787	1,114,104
Cash and bank	84,450	484	84,934
Other assets	1,003	1,076	2,079
Total financial assets	558,323	815,347	1,373,670
Financial Liabilities			
Accounts payable and accrued charges	12,444	146	12,590
Due to Endowment fund	20,532	-	20,532
Managed funds	47,386	-	47,386
Total financial liabilities	80,362	146	80,508
Net financial position	477,961	815,201	1,293,162

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 2023	Effect on Equity and Capital 2023 \$'000	% Change in Currency Rate 2022	Effect on Equity and Capital 2022 \$'000
Currency:				
USD	+1	(9,052)	+1	(8,136)
USD	-4	36,209	-4	32,546

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market 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 \$'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	1,100,930	73,707	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	1,188,779	138,401	1,396,829
Liabilities				
Accounts payable and accrued charges	-	-	(13,164)	(13,164)
Due to endowment fund	-	-	(20,532)	(10,532)
Managed funds	-	-	(30,093)	(30,093)
	-	-	(63,789)	(63,789)
Total interest repricing gap	69,649	1,188,779	74,612	1,333,040

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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
2022				
Assets				
Investments	3,022	14,295	72,596	89,913
Beneficial interest in endowment fund	19,413	299,035	795,656	1,114,104
Short term investments	-	82,640	-	82,640
Cash and bank	84,934	-	-	84,934
Other assets	-	-	2,079	2,079
Total financial assets	107,369	395,970	870,331	1,373,670
Liabilities				
Accounts payable and accrued charges	-	-	(12,590)	(12,590)
Due to endowment fund	-	-	(20,532)	(20,532)
Managed funds	-	-	(47,386)	(47,386)
	-	-	(80,508)	(80,508)
Total interest repricing gap	107,369	395,970	789,823	1,293,162

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 2023 \$'000	Effect on Equity and Capital 2022 \$'000
Change in basis points:		
-0.50% (2022: -0.5%)	(6,292)	(450)
0.25% (2022: 1%)	3,146	899

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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.

(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
	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
	2022			
Investments				
Quoted equities	477,320	-	-	477,320
Government of Jamaica bonds	-	17,317	-	17,317
US Bonds, ETFs & Mutual Funds	-	127,597	-	127,597
	477,320	144,914	-	622,234

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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.

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	2,021
Disbursements allocated as follows:	
Caribbean Coastal Area Management Foundation	233
Jamaica Conservation and Development Trust	1,788
Net Disbursements	2,021

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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:

	2023	2022
	\$'000	\$'000
Jamaican Dollar equivalent of US\$450,000	69,010	68,648
Less: Administrative expenses for the year (note 7)	<u>(57,460)</u>	<u>(56,215)</u>
Excess	<u>11,550</u>	<u>12,433</u>

7. Expenses by Nature

	2023	2022
	\$'000	\$'000
Advertising and public relations	392	304
Auditors' remuneration	1,250	1,250
Depreciation (Note 10)	2,585	3,616
Legal and professional fees	210	120
Motor vehicle expenses	1,452	1,416
Office and general expenses	1,435	1,737
Printing and stationery	249	84
Repairs and maintenance	1,809	2,220
Staff costs (Note 8)	39,811	38,547
Security	3,142	2,719
Utilities	2,480	2,745
Other expenses	2,664	1,457
	<u>57,479</u>	<u>56,215</u>

8. Staff Costs

	2023	2022
	\$'000	\$'000
Wages and salaries	33,269	33,172
Payroll taxes – employer's portion	3,686	3,331
Other	2,856	2,044
	<u>39,811</u>	<u>38,547</u>

The number of persons employed by the Foundation at the year-end was 8 (2022 - 8).

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

9. Investment Advisers' Fees

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

	2023	2022
	\$'000	\$'000
BPM Financials Limited	717	768

10. Property, Plant and Equipment

	2023				
	Freehold Land and Building	Motor Vehicles	Computers	Furniture and Fixtures	Total
	\$'000	\$'000	\$'000	\$'000	\$'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
	2022				
	Freehold Land and Building	Motor Vehicles	Computers	Furniture and Fixtures	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -					
At 1 August 2021	27,168	16,479	21,030	7,684	72,361
Additions	-	-	1,075	936	2,011
At 31 July 2022	27,168	16,479	22,105	8,620	74,372
Depreciation -					
At 1 August 2021	15,235	10,891	18,748	7,133	52,007
Charge for the year	871	2,339	163	243	3,616
At 31 July 2022	16,106	13,230	18,911	7,376	55,623
Net Book Value -					
31 July 2022	11,062	3,249	3,194	1,244	18,749

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

11. Investment Securities

	2023	2022
	\$'000	\$'000
At beginning of year	172,553	225,614
Fund withdrawn- net	(14,000)	(52,577)
Unrealized loss	(11,361)	(6,111)
Interest earned	6,530	5,627
At end of year	<u>153,722</u>	<u>172,553</u>
Represented by:		
Short term investments (amortised cost)		
Repurchase agreement	<u>73,049</u>	<u>82,640</u>
Investments at FVPL		
Equity instruments (Quoted shares)	62,946	72,596
Debt instruments (Government bonds)	<u>17,727</u>	<u>17,317</u>
	<u>80,673</u>	<u>89,913</u>
	<u>153,722</u>	<u>172,553</u>

12. Beneficial Interest in Endowment Fund

	2023	2022
	\$'000	\$'000
Total investments comprised the following -		
Endowment Fund		
Funds held in trust	1,173,888	1,093,572
Notes receivables	20,532	20,532
	<u>1,194,420</u>	<u>1,114,104</u>
Investment FVPL (Note 11)	80,674	89,913
Investments at amortised cost (Note 11)	<u>73,049</u>	<u>82,640</u>
	<u>1,348,143</u>	<u>1,286,657</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.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

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	2023 \$'000	2022 \$'000
Endowment Fund -					
Notes Receivable	15,194	5,338	-	20,532	20,532
NCB Capital Markets					
Repurchase agreements	89,655	33,398	-	123,053	170,030
NCB Savings Account	4,977		14,806	19,783	
Equities	-	-	353,700	353,700	343,309
Jefferies LLC					
Cash and cash equivalents	-		73,706	73,706	390,932
Equities	-	-	126,455	126,455	61,415
Other Assets	-	-	400,440	400,440	127,597
Sygnus Capital - Deneb	-	-	76,506	76,506	-
Operational Investments -					
Barita Portfolio Management Limited					
Securities	63	17,404	-	17,467	17,093
Quoted equities	62,946	-	-	62,946	72,596
NCB Capital Markets					
Repurchase agreements	-	-	72,204	72,204	82,043
	172,835	56,140	1,117,817	1,346,792	1,285,547
Accrued interest	12	266	1,073	1,351	1,110
Total investments	172,847	56,406	1,118,890	1,348,143	1,286,657

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

13. Other Assets

	2023	2022
	\$'000	\$'000
Prepayments	1,223	617
Taxation recoverable	59	1,076
Other receivables	466	386
	<u>1,748</u>	<u>2,079</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

	2023	2022
	\$'000	\$'000
Cash and bank	<u>46,938</u>	<u>84,934</u>

15. Accounts Payable and Accrued Charges

	2023	2022
	\$'000	\$'000
Accounts payable	146	146
Accrued charges	10,957	10,383
Other	2,061	2,061
	<u>13,164</u>	<u>12,590</u>

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

16. Managed Funds

	2023	2022
	\$'000	\$'000
Special Climate Change Adaptation Fund	30,093	47,386
	<u>30,093</u>	<u>47,386</u>

(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 were no Calls for Proposals during the year.

A balance of \$30,093,058.13 is available to allocate to grants.

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2023

(expressed in Jamaican dollars unless otherwise indicated)

17. Administrative Fund Expenses Recoverable

	2023	2022
	\$'000	\$'000
Opening balance	(35,945)	(21,676)
Deficit Income over Expenditure	<u>(7,997)</u>	<u>(14,269)</u>
Closing balance	<u><u>(43,942)</u></u>	<u><u>(35,945)</u></u>

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:

	2023	2022
	\$'000	\$'000
Balance at beginning of year	9,234	9,684
Less:		
Transfers to administration fund in current year (depreciation)	<u>(450)</u>	<u>(450)</u>
Balance at end of year	<u><u>8,784</u></u>	<u><u>9,234</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 2023, the Foundation had project grant funds committed and not disbursed of approximately \$44,091,354 - SCCAF \$26,762,940 (Note 16); TFCA \$17,328,413.

20. Related Party Balances and Transactions

(a) Key management compensation:

	2023	2022
	\$'000	\$'000
Wages and salaries	16,285	15,293
Payroll taxes – employer's portion	1,831	1,611
Other	<u>240</u>	<u>240</u>
	<u><u>18,356</u></u>	<u><u>17,144</u></u>
Directors' fees	<u><u>Nil</u></u>	<u><u>Nil</u></u>

At year ended 31 July 2023, grants approved but not disbursed for the University of the West Indies amounted to \$726,479 from TFCA.