

**Environmental Foundation of Jamaica**  
(A foundation limited by guarantee)

**Financial Statements**  
**31 July 2010**

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Index

Year ended 31 July 2010

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## Independent Auditors' Report

To the Members of  
Environmental Foundation of Jamaica  
(A foundation limited by guarantee)

### Report on the Financial Statements

We have audited the accompanying financial statements of Environmental Foundation of Jamaica, set out on pages 1 to 33, which comprise the statement of financial position as of 31 July 2010 and the statement of changes in the Americas' Funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

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**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the foundation as of 31 July 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

**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 Act, in the manner so required.

*PricewaterhouseCoopers*  
Chartered Accountants

15 October 2010  
Kingston, Jamaica

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Changes in the Americas' Funds

Year ended 31 July 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Fund I \$'000	Fund II \$'000	2010 \$'000	2009 \$'000
<b>USAID debt funds received (US\$197,000) for year</b>		-	17,414	17,414	21,512
<b>Investment income earned</b>		46,021	14,672	60,693	65,920
<b>Foreign exchange (losses)/gains</b>		(134)	(119)	(253)	5,142
		<u>45,887</u>	<u>31,967</u>	<u>77,854</u>	<u>92,574</u>
<b>Unrealised gains/(losses) on available-for-sale investment</b>		<u>20,225</u>	<u>5,168</u>	<u>25,393</u>	<u>(10,039)</u>
		<u>66,112</u>	<u>37,135</u>	<u>103,247</u>	<u>82,535</u>
Less:					
<b>Project grants disbursed</b>	5	(111,692)	(73,801)	(185,493)	(197,397)
<b>Transfers to administration</b>	6	(19,970)	(21,681)	(41,651)	(44,654)
<b>Investment advisers' fees</b>	9	(2,655)	(767)	(3,422)	(4,079)
		<u>(134,317)</u>	<u>(96,249)</u>	<u>(230,566)</u>	<u>(246,130)</u>
<b>Deficit for year</b>		(68,205)	(59,114)	(127,319)	(163,595)
<b>Fund balance at beginning of year</b>		<u>320,148</u>	<u>219,409</u>	<u>539,557</u>	<u>703,152</u>
<b>Fund balance at end of year</b>		<u><u>251,943</u></u>	<u><u>160,295</u></u>	<u><u>412,238</u></u>	<u><u>539,557</u></u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)


## Statement of Financial Position

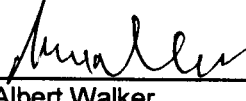
31 July 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	10	22,958	27,920
Investment – Walkerswood Partners Limited	11	-	5,000
Available-for-sale investments	12	382,491	472,686
		<u>405,449</u>	<u>505,606</u>
<b>Current Assets</b>			
Other assets	14	10,326	9,768
Short term investments	12	21,526	37,527
Cash and bank	15	4,609	8,361
		<u>36,461</u>	<u>55,656</u>
<b>Current Liabilities</b>			
Bank overdraft	15	20,353	8,883
Accounts payable and accrued charges		3,273	4,069
Managed funds	16	5,286	5,021
		<u>28,912</u>	<u>17,973</u>
<b>Net Current Assets</b>		<u>7,549</u>	<u>37,683</u>
		<u>412,998</u>	<u>543,289</u>
<b>Equity</b>			
Administration fund- expenses recoverable	6	(22,198)	(24,188)
Capital reserves	17	22,958	27,920
Americas' funds		412,238	539,557
		<u>412,998</u>	<u>543,289</u>

Approved on behalf of the Board of Directors on 15 October 2010 and signed on its behalf by:

  
 Dale Webber Director

  
 Albert Walker Director

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Cash Flows

Year ended 31 July 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
<b>Cash Flows from Operating Activities</b>		
Deficit for the year	(127,319)	(163,595)
Adjustments for -		
Decrease in amount due to Administration Fund	1,990	3,234
Fair value adjustments on available-for-sale investments	1,657	19,633
Interest income	(61,117)	(65,920)
	<u>(184,789)</u>	<u>(206,648)</u>
Changes in operating assets and liabilities:		
Other assets	(558)	(652)
Accounts payable and accrued charges	(796)	(1,281)
Managed funds	265	(2,600)
Cash used in operating activities	<u>(185,878)</u>	<u>(211,181)</u>
<b>Cash Flow From Investing Activities</b>		
Available-for-sale investments	87,425	93,374
Investment- Walkerswood Partners Limited	5,000	-
Interest received	62,230	63,860
Cash provided by investing activities	<u>154,655</u>	<u>157,234</u>
Decrease in cash and cash equivalents	(31,223)	(53,947)
Cash and cash equivalent at beginning of year	37,005	90,952
<b>CASH AND CASH EQUIVALENT AT END OF YEAR</b>	<u><u>5,782</u></u>	<u><u>37,005</u></u>
<b>Represented by:</b>		
Cash and bank	4,609	8,361
Short term investments	21,526	37,527
Bank overdraft	(20,353)	(8,883)
	<u><u>5,782</u></u>	<u><u>37,005</u></u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2010

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 Environmental Foundation. 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.

## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities.

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.

### ***Interpretations and amendments to published accounting standards effective in the current financial year***

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Foundation has assessed the relevance of all such new interpretations and amendments and has concluded that the following IFRS is relevant to its operations.



# Environmental Foundation of Jamaica

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### *Interpretations and amendments to published accounting standards effective in the current financial year (continued)*

**IAS 1, Presentation of Financial Statements (Revised)** (effective for annual periods beginning on or after 1 January 2009). The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 will affect the presentation of owner changes in equity and of comprehensive income. It will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRS. IAS 1 will require an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Foundation has applied IAS 1 (Revised) from 1 August 2009. In applying IAS 1 (Revised), the Foundation has presented all non-owner changes in equity in one statement of comprehensive income (i.e. statement of changes in the Americas funds).

#### **Standards, interpretations and amendments to published standards that are not yet effective**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the balance sheet date, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations, and has concluded as follows:

#### **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2013).

IFRS 9 addresses classification and measurement of financial assets and is available for early adoption immediately. IFRS 9 replaces the multiple classification and measurement models in IAS 39 'Financial Instruments: Recognition and Measurement' with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 represents the first milestone in the IASB's planned replacement of IAS 39. Management is currently considering the implications of the standard, the impact on the Foundation and the timing of its adoption.

# Environmental Foundation of Jamaica

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## 2. Summary of Significant Accounting Policies (Continued)

### (b) Grant funds

Grant funds 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.

### (c) Income recognition

- (i) Interest income is recognised in the Americas' Funds for all interest bearing instruments on an accrual basis using the effective yield method based on actual purchase price. Interest income includes income earned on cash and cash equivalent accounts held.
- (ii) Dividend income is recognised when the right to receive payment is established.

### (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

#### (i) Pension scheme

The Foundation participates in a defined contribution scheme, which is administered by trustees. The Foundation's contribution is fixed, once the contributions have been paid, the Foundation has no further payment obligations. The contributions constitute the net periodic cost for the year in which they are due and are included in staff costs.

#### (ii) Other 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 balance sheet date.

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(expressed in Jamaican dollars unless otherwise indicated)

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## 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%
Motor vehicles	20%
Computers	25%
Leasehold improvements	12 ½%
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.

### (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.

#### **Financial assets**

The Foundation classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

#### **Available-for-sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. At the year end date, the following financial assets were classified as available for sale: investments, other assets, short term investments and cash and bank..

#### **Financial liabilities**

The Foundation's financial liabilities are initially measured at cost, and are subsequently measured at amortised cost using the effective interest method. At the year end date, the following items were classified as financial liabilities: bank overdraft, accounts payable and accrued charges and managed funds.

# Environmental Foundation of Jamaica

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(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (h) Cash and cash equivalents

Cash and cash equivalents are carried in the year end at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, deposits held at call with banks, other short-term highly liquid investments, net of bank overdrafts.

### (i) Accounts payable

Accounts payable are stated at historical cost.

### (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.

### (k) Capital reserves

The cost of property, plant and equipment acquired from grant funds, 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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(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 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.

#### ***Maximum exposure to credit risk***

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

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment – Walkerswood Partners Limited	-	5,000
Investment securities	371,143	466,314
Cash and bank	4,609	8,361
Other assets	2,384	1,978
	<u>378,136</u>	<u>481,653</u>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2010

(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:

	2010	2009
	\$'000	\$'000
Government of Jamaica Securities	349,617	428,787
Corporate	21,526	37,527
	<u>371,143</u>	<u>466,314</u>

### (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
- (iii) Managing the concentration and profile of debt maturities.

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.

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk (continued)

#### **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:

	<b>Within 1 Month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>1 to 5 Years \$'000</b>	<b>Over 5 Years \$'000</b>	<b>Total \$'000</b>
<b>2010</b>						
Bank overdraft	20,353	-	-	-	-	20,353
Accounts payable and accrued charges	906	1,583	784	-	-	3,273
Managed funds	-	-	5,286	-	-	5,286
	<b>21,259</b>	<b>1,583</b>	<b>6,070</b>	<b>-</b>	<b>-</b>	<b>28,912</b>
<b>2009</b>						
Bank overdraft	8,883	-	-	-	-	8,883
Accounts payable and accrued charges	2,769	1,300	-	-	-	4,069
Managed funds	280	-	4,741	-	-	5,021
	<b>11,932</b>	<b>1,300</b>	<b>4,741</b>	<b>-</b>	<b>-</b>	<b>17,973</b>

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

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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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.

	2010		
	Jamaican J\$'000	US\$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Available-for-sale investments	372,820	9,671	382,491
Short term investments	21,526	-	21,526
Cash and bank	559	4,050	4,609
Other assets	2,384	-	2,384
Total financial assets	397,289	13,721	411,010
<b>Financial Liabilities</b>			
Bank overdraft	20,353	-	20,353
Accounts payable and accrued charges	3,273	-	3,273
Managed funds	5,286	-	5,286
Total financial liabilities	28,912	-	28,912
<b>Net financial position</b>	<b>368,377</b>	<b>13,721</b>	<b>382,098</b>



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## 3. Financial Risk Management (Continued)

### (c) Market risk (Continued)

#### *Currency risk (continued)*

Concentrations of currency risk (continued)

	2009		
	Jamaican J\$'000	US\$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Investment – Walkerswood Partners Limited	5,000	-	5,000
Available-for-sale investments	451,309	21,377	472,686
Short term investments	37,527	-	37,527
Cash and bank	3,273	5,088	8,361
Other assets	1,978	-	1,978
Total financial assets	499,087	26,465	525,552
<b>Financial Liabilities</b>			
Bank overdraft	8,883	-	8,883
Accounts payable and accrued charges	4,069	-	4,069
Managed funds	4,741	280	5,021
Total financial liabilities	17,693	280	17,973
<b>Net financial position</b>	<b>481,394</b>	<b>26,185</b>	<b>507,579</b>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (Continued)

#### *Currency risk (continued)*

##### *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 rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% appreciation and a 5% depreciation in the value of the Jamaican dollar (2009 – 5% appreciation and 10% depreciation). The sensitivity of the deficit was as a result of foreign exchange gains on translation of US dollar-denominated investment securities classified as available for sale, cash and bank, and managed funds. 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	Effect on Deficit	Effect on Equity	% Change in Currency Rate	Effect on Deficit	Effect on Equity
	2010	2010 \$'000	2010 \$'000	2009	2009 \$'000	2009 \$'000
<b>Currency:</b>						
USD	+5	686	686	+ 5	1,309	1,309
USD	-5	(686)	(686)	-10	(2,618)	(2,618)

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2010

(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 company 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	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>2010</b>							
<b>Assets</b>							
Available-for-sale investments	165,559	-	14,810	138,039	31,209	32,874	382,491
Short term investments	13,277	8,249	-	-	-	-	21,526
Cash and bank	4,092	-	-	-	-	517	4,609
Other assets	-	-	-	-	-	2,384	2,384
<b>Total financial assets</b>	<b>182,928</b>	<b>8,249</b>	<b>14,810</b>	<b>138,039</b>	<b>31,209</b>	<b>35,775</b>	<b>411,010</b>
<b>Liabilities</b>							
Bank overdraft	20,353	-	-	-	-	-	20,353
Accounts payable and accrued charge	-	-	-	-	-	3,273	3,273
Managed funds	-	-	5,286	-	-	-	5,286
<b>Total financial liabilities</b>	<b>20,353</b>	<b>-</b>	<b>5,286</b>	<b>-</b>	<b>-</b>	<b>3,273</b>	<b>28,912</b>
<b>Total interest repricing gap</b>	<b>162,575</b>	<b>8,249</b>	<b>9,524</b>	<b>138,039</b>	<b>31,209</b>	<b>32,502</b>	<b>382,098</b>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(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	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>2009</b>							
<b>Assets</b>							
Investment – Walkerswood Partners Limited	-	-	-	-	-	5,000	5,000
Available-for-sale investments	119,639	88,050	66,714	139,092	15,292	43,899	472,686
Short term investments	36,742	785	-	-	-	-	37,527
Cash and bank	7,063	-	-	-	-	1,298	8,361
Other assets	-	-	-	-	-	1,978	1,978
<b>Total financial assets</b>	<b>163,444</b>	<b>88,835</b>	<b>66,714</b>	<b>139,092</b>	<b>15,292</b>	<b>52,175</b>	<b>525,552</b>
<b>Liabilities</b>							
Bank overdraft	8,883	-	-	-	-	-	8,883
Accounts payable and accrued charge	-	-	-	-	-	4,069	4,069
Managed funds	781	-	3,902	-	-	338	5,021
<b>Total financial liabilities</b>	<b>9,664</b>	<b>-</b>	<b>3,902</b>	<b>-</b>	<b>-</b>	<b>4,407</b>	<b>17,973</b>
<b>Total interest repricing gap</b>	<b>153,780</b>	<b>88,835</b>	<b>62,812</b>	<b>139,092</b>	<b>15,292</b>	<b>47,768</b>	<b>507,579</b>

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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' Fund and equity.

The sensitivity of the statement of changes in the Americas' Fund is the effect of the assumed changes in interest rates on net deficit based on non trading financial assets. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale 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.

	<u>2010</u>	
	<b>Effect on Deficit</b>	<b>Effect on Equity</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Change in basis points:</b>		
- 200	3,313	3,313
+ 200	(9,651)	(9,651)
	<u>          </u>	<u>          </u>
	<u>2009</u>	
	<b>Effect on Deficit</b>	<b>Effect on Equity</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Change in basis points:</b>		
- 200	6,389	6,389
+ 200	(6,058)	(6,058)
	<u>          </u>	<u>          </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.

Based on the EAI Agreement, the Foundation is allowed to draw funds from the Americas Fund to cover administrative expenses. These expenses should not exceed 25% of grants disbursed (See Note 6).

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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## 4. Critical Accounting Judgement and Key Source of Estimation 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 I \$'000	Fund II \$'000	Total \$'000
Projects' disbursement (net)	111,692	73,801	185,493

### Disbursements allocated as follows

3-D Projects/ Community Based Rehabilitation Agency	-	778	778
Agency for Innercity Renewal	-	2,500	2,500
Alpha Boys Home	-	500	500
Association of Clubs	-	1,837	1,837
Association of Development Agencies	1,180	-	1,180
Best Care Foundation	-	1,726	1,726
Bowden Pen Farmers Association	450	-	450
Browns Town Community College	300	-	300
Bunkers Hill Community Development Committee	675	-	675
Capoeira Alafia Area Management Foundation	199	-	199
Caribbean Coastal Area Management Foundation Limited	1,553	-	1,553
Caribbean Institute of Media & Communication	4,231	-	4,231
Caribbean Water and Wastewater Association - Jamaica Chapter	200	-	200
Children First Agency	-	1,501	1,501
Children's Coalition of Jamaica	-	100	100
Christiana Potato Growers	2,395	-	2,395
Claremount Heights Citizens Association	340	-	340
Clarendon Peace and Justice Centre	-	1,575	1,575
<b>Sub total carried forward</b>	<b>11,523</b>	<b>10,517</b>	<b>22,040</b>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
<b>Balance brought forward from (page 18)</b>	11,523	10,517	22,040
Cockpit Country Local Forestry Management Committee	1,683	-	1,683
Combined Disabilities Association	-	2,725	2,725
Construction Resources Development Centre	2,654	-	2,654
Council of Voluntary Social Services	-	9,403	9,403
Derrick Gayle	58	-	58
Dispute Resolution Foundation	-	200	200
Dorothy Rickard-Reid	-	120	120
Douglas Castle Production and Marketing Organisation	323	-	323
Drivers River Development Area Committee	196	-	196
Dudley Grant Memorial Trust	-	3,200	3,200
Eastern Attractions Limited	1,055	-	1,055
Ewarton Watershed & Farmers Co-operative Society	1,207	-	1,207
Excelsior Education Centre	174	-	174
Family and Parenting Centre	-	7,906	7,906
Fletcher's Grove/ Mount Pelier Circuit of Baptist Churches	753	-	753
Foundation for International Self Help (F.I.S.H.)	5,000	-	5,000
Genesis Academy	-	970	970
Glengoffe Community Development Committee and Benevolent Society	1,760	-	1,760
Golden Grove Cluster	-	1,009	1,009
Guy's Hill High School	1,025	-	1,025
Hope Wellness Center	-	5,060	5,060
International University of the Caribbean	-	60	60
Irish Town Redlight & Middleton Citizens Association	-	518	518
Jamaica Baptist Union	1,880	1,434	3,314
Jamaica Conservation and Development Trust	6,696	-	6,696
Jamaica Environment Trust	275	-	275
Jamaica Geographical Society	70	-	70
Jamaica Institute of Environmental Professionals	1,450	-	1,450
Jamaica Institution of Engineers	200	-	200
Jamaica Maritime Institute Trust Fund	850	-	850
Jamaica National Christian Boys Home	-	224	224
Jamaica Society for the Blind	-	1,026	1,026
<b>Sub total carried forward</b>	<b>38,832</b>	<b>44,372</b>	<b>83,204</b>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2010

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
<b>Balance brought forward from (page 19)</b>	38,832	44,372	83,204
Jamaican Association for Mental Retardation	-	2,985	2,985
Jeffrey Town Farmers Association	5,720	-	5,720
Joy Town Community Development Foundation	-	2,670	2,670
Kidz Universe	-	150	150
Kilmarnock Community Development Committee	140	-	140
Kiwanis Club of Providence	-	800	800
Knockalva Agricultural School	2,710	-	2,710
Lawrence Tavern Primary School	-	310	310
Lions and Leo Club of Mona	121	-	121
Local Initiative Facility for the Environment	4,528	-	4,528
Longville Park Citizens Association	240	-	240
Mafoota Agricultural Co-operative Society Limited	439	-	439
Manchester 4H Advisory Council	750	-	750
Manchester Early Childhood Parish Board	-	1,173	1,173
Marcia Lewis Brown	-	150	150
Mile Gully Producers Marketing Organisation	2,197	-	2,197
Mocho Community Development Association	730	-	730
Mocho Development Committee	3,875	-	3,875
Mona Informatix Limited	1,823	-	1,823
Moneague College	1,740	-	1,740
Mustard Seed Communities	-	45	45
National Environmental Education Committee	3,159	-	3,159
Natural History Society of Jamaica	1,240	-	1,240
NCU/CCRJ Centre	-	200	200
Negril Area Environment Protection Trust	114	-	114
Negril Chamber of Commerce	3,250	-	3,250
Negril Coral Reef Preservation Society	709	-	709
New Works Community Development Committee	615	-	615
Northern Caribbean University	1,515	-	1,515
Open Campus Social Welfare Training Centre	-	54	54
Oracabessa Foundation	473	715	1,188
Parottee Citizens Association Benevolent Society	429	-	429
Pietra Brown	200	-	200
Point Hill Diagnostic Reading Centre	-	541	541
Portland Environment Protection Association	2,589	-	2,589
Protect the Environment Trust	1,200	-	1,200
Returnees for Youth	-	200	200
Rio Pedro Valley Watershed Management Council	670	-	670
Rise Life Management Services	-	3,264	3,264
<b>Sub total carried forward</b>	<b>80,008</b>	<b>57,629</b>	<b>137,637</b>



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Notes to the Financial Statements

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## 5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
<b>Balance brought forward from (page 20)</b>	80,008	57,629	137,637
Rotary Club of St. Andrew North	-	200	200
Rowlandsfield Community Development Committee	1,257	-	1,257
Rural Family Support Organisation	-	1,871	1,871
Rural Services for Children With Disabilities	-	800	800
S Corner Clinic	-	2,860	2,860
Salvation Army School for the Blind	-	2,800	2,800
Simone Williams	200	-	200
Sir Arthur Lewis Institute of Social and Economic Studies	-	651	651
St Andrew High School for Girls	1,210	-	1,210
St. Catherine 4H Clubs	458	-	458
St. Cement's Development Centre	-	383	383
Sunbeam Children's Home	-	1,320	1,320
Sure Foundation Educational Centre	-	344	344
The Special Training and Empowerment Programme Centre	-	1,000	1,000
Trinityville Area Development Committee Benevolent Society	461	-	461
United Way of Jamaica	8,500	-	8,500
University of Technology Faculty of Science and Sports	2,769	-	2,769
UWI Department of Physics	200	-	200
UWI Biotechnology Centre	1,703	-	1,703
UWI Centre for Marine Sciences	744	-	744
UWI Child Health	-	367	367
UWI Department of Life Sciences	3,336	-	3,336
UWI Environmental Management Unit	8,294	-	8,294
UWI Marine Geology Unit	199	-	199
UWI Sir Arthur Lewis Institute of Social & Economic Studies	-	651	651
UWI Tropical Medicine Research Institute	-	3,096	3,096
Western St Thomas Educational Development Consortium	2,303	-	2,303
Windsor Research Centre	235	-	235
<b>Sub total carried forward</b>	<b>111,877</b>	<b>73,972</b>	<b>185,849</b>

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(expressed in Jamaican dollars unless otherwise indicated)

## 5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
<b>Balance brought forward from (page 21)</b>	111,877	73,972	185,849
Yatana Hemmings	-	167	167
Youth Opportunities Unlimited	-	60	60
<b>Total disbursements</b>	<b>111,877</b>	<b>74,199</b>	<b>186,076</b>
<b>Refunds</b>			
Cave Valley Development Area Committee	(42)	-	(42)
Construction Resources Development Centre	(20)	-	(20)
Fairy Hill Citizens Association & Neighbourhood Watch	(4)	-	(4)
Jamaica Environment Trust	(76)	-	(76)
University of Technology	-	(366)	(366)
UWI Department of Life Sciences	(29)	-	(29)
UWI Environmental Management Unit	(14)	-	(14)
Youth Opportunities Unlimited	-	(32)	(32)
<b>Total refunds</b>	<b>(185)</b>	<b>(398)</b>	<b>(583)</b>
<b>Net Disbursements</b>	<b>111,692</b>	<b>73,801</b>	<b>185,493</b>

# Environmental Foundation of Jamaica

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Notes to the Financial Statements

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## 6. Administration Fund

Amendments to Article VII (2) of the EAI Agreement, (see Note 1) empowers the Foundation's Board of Directors to draw from the Americas' Funds, sums necessary for its administrative expenses. The sums drawn should not exceed 25% of the grants disbursed unless specially agreed. Amounts are transferred to the Foundation's administration fund in accordance with this provision to meet administrative expenses. Administrative expenses had been previously allowed at a maximum of 15% of total inflows. The over expended balance is deferred expenses recoverable to the Foundation and is comprised as follows -

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Grant funds transferred from Americas' Funds (Page 1)	41,651	44,654
Less: Cost of property, plant & equipment purchased, transferred to capital reserves (Note 10)	(973)	(173)
Add: Cost of property, plant & equipment disposed, released from capital reserves (Note 10)	1,546	1,297
	<u>42,224</u>	<u>45,778</u>
Other income	1,701	3,700
	<u>43,925</u>	<u>49,478</u>
Released from capital reserves (Note 10)	5,619	7,205
Released to capital reserves	(1,230)	(876)
Less: Administrative expenses for the year (Note 7)	<u>(46,324)</u>	<u>(52,573)</u>
	1,990	3,234
Balance at beginning of year	<u>(24,188)</u>	<u>(27,422)</u>
Expenses recoverable from America's Fund	<u>(22,198)</u>	<u>(24,188)</u>

Administrative expenses during the year were within the ceiling of 25% of grants disbursed as permitted and indicated below:

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
25% of net grants disbursed	46,373	49,349
Less: Administrative expenses for the year	<u>(46,324)</u>	<u>(52,573)</u>
Within/(excess) of ceiling	<u>49</u>	<u>(3,224)</u>

# Environmental Foundation of Jamaica

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## 6. Administration Fund (Continued)

	2010 \$'000	2010 % of Grants disbursed	2009 \$'000	2009 % of Grants disbursed
Administrative expenses	46,324	24.97%	52,573	26.63%

## 7. Expenses by Nature

	2010 \$'000	2009 \$'000
Advertising and public relations	522	529
Auditors' remuneration	1,084	1,300
Depreciation (Note 10)	5,619	7,205
Legal and professional fees	123	63
Local and foreign travelling expenses	178	265
Motor vehicle expenses	812	1,274
Office and general expenses	1,547	1,639
Printing and stationery	963	393
Repairs and maintenance	1,049	1,817
Staff costs (Note 8)	28,369	32,238
Security	1,904	1,855
Utilities	2,641	2,465
Other expenses	1,513	1,530
	<u>46,324</u>	<u>52,573</u>

## 8. Staff Costs

	2010 \$'000	2009 \$'000
Wages and salaries	23,757	27,355
Payroll taxes – employer's portion	2,298	2,652
Pension costs	924	1,005
Other	1,390	1,226
	<u>28,369</u>	<u>32,238</u>

The number of persons employed by the Foundation at the year end was 12 (2009 - 14).

# Environmental Foundation of Jamaica

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## 9. Investment Advisers' Fees

The EAI Agreement (Note 1) mandates the Foundation to appoint one or more Investment Advisers to manage its investments. Investment Advisers' fees for the year are comprised as follows -

	2010 \$'000	2009 \$'000
Barita Portfolio Management Limited	2,507	2,728
Scotia Jamaica Investment Management Limited	915	1,351
	<u>3,422</u>	<u>4,079</u>

## 10. Property, Plant and Equipment

	2010					
	Building \$'000	Motor Vehicles \$'000	Computers \$'000	Freehold Land and Building Improvements \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -						
At 1 August 2009	18,000	9,075	17,461	5,937	5,814	56,287
Additions	-	-	-	187	786	973
Disposal	-	(1,241)	(305)	-	-	(1,546)
At 31 July 2010	<u>18,000</u>	<u>7,834</u>	<u>17,156</u>	<u>6,124</u>	<u>6,600</u>	<u>55,714</u>
Depreciation -						
At 1 August 2009	2,700	8,116	8,673	4,321	4,557	28,367
Charge for the year	450	572	3,669	526	402	5,619
Relieved on disposal	-	(1,034)	(196)	-	-	(1,230)
At 31 July 2010	<u>3,150</u>	<u>7,654</u>	<u>12,146</u>	<u>4,847</u>	<u>4,959</u>	<u>32,756</u>
Net Book Value -						
31 July 2010	<u>14,850</u>	<u>180</u>	<u>5,010</u>	<u>1,277</u>	<u>1,641</u>	<u>22,958</u>

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## 10. Property, Plant and Equipment (Continued)

	2009					Total \$'000
	Building \$'000	Motor Vehicles \$'000	Computers \$'000	Freehold Land and Building Improvements \$'000	Furniture and Fixtures \$'000	
At Cost -	18,000	10,053	17,780	5,764	5,814	57,411
At 1 August 2008	-	-	-	173	-	173
Additions	-	-	-	-	-	-
Disposal	-	(978)	(319)	-	-	(1,297)
At 31 July 2009	18,000	9,075	17,461	5,937	5,814	56,287
Depreciation -						
At 1 August 2008	2,250	6,807	5,278	3,603	4,100	22,038
Charge for the year	450	1,928	3,652	718	457	7,205
Relieved on disposal	-	(619)	(257)	-	-	(876)
At 31 July 2009	2,700	8,116	8,673	4,321	4,557	28,367
Net Book Value -						
31 July 2009	15,300	959	8,788	1,616	1,257	27,920

## 11. Investment – Walkerswood Partners Limited

This investment represents 2,000,000 redeemable cumulative preference of one dollar each in Walkerswood Partners Limited, redeemable on the 23 October 2016. The shares were bought at a premium of twenty-four dollars per share.

In 2007, Walkerswood experienced significant financial difficulty and a provision was made for the impairment of the investment.

The carrying value of the investment at 31 July 2009 of \$5,000,000.00 was recovered during the current year.

# Environmental Foundation of Jamaica

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## 12. Available-for-Sale Investments

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	472,686	583,632
Net disposals	(78,554)	(66,441)
Fair value adjustment	(1,657)	(19,633)
Accrued interest	11,542	12,655
At end of year (Note 13)	404,017	510,213
Current portion	(21,526)	(37,527)
	<u>382,491</u>	<u>472,686</u>

Available-for-sale investments include marketable equity securities, which are fair valued annually at the close of business on 31 July. All equity investments held are traded in active markets, and fair value is determined by reference to the Stock Exchange quoted bid prices.

Available-for-sale investments are classified as non-current assets, unless they are expected to be realised within twelve months of the year end date or unless they will need to be sold to raise operating capital.

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## 13. Investment Securities by Adviser

	Fund I \$'000	Fund II \$'000	Other \$'000	2010 \$'000	2009 \$'000
Available-for-sale investments -					
Barita Portfolio Management Limited					
Securities	163,287	48,462	-	211,749	272,281
Quoted equities	32,874	-	-	32,874	43,899
Scotia Jamaica Investment Management Limited	79,572	32,324	-	111,896	148,209
National Commercial Bank Limited	12,774	24	-	12,798	12,101
First Global Financial Services Limited (i)	-	-	8,249	8,249	24,684
RBTT Bank Jamaica Limited (ii)	9,912	6,654	-	16,566	16,017
	298,419	87,464	8,249	394,132	517,191
Accrued interest	8,574	2,968	-	11,542	12,655
Fair value adjustment	(1,596)	(61)	-	(1,657)	(19,633)
	305,397	90,371	8,249	404,017	510,213
Other investments -					
Investment - Walkerswood Partners Limited (Note 11)				-	5,000
Total investments				404,017	515,213
Total investments comprised the following -					
Investment - Walkerswood Partners Limited				-	5,000
Available-for-sale investment (Note 12)				382,491	472,686
Short term investments (Note 12)				21,526	37,527
				404,017	515,213

- (i) Included in available-for-sale investment are monies being held at First Global Financial Services Limited for Northern Jamaica Conservation Association (Note 16).
- (ii) The investment held at RBTT Bank Jamaica Limited (the Bank) represents the Foundation's contribution to a partnership loan facility involving the Bank and the Development Credit Authority, a division of the United States Development Agency. The facility provides subsidised loan financing to small and medium private sector companies seeking to implement environmentally sensitive systems in their operations. The facility takes the form of a seven (7) year, revolving loan pool.



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## 14. Other Assets

	2010 \$'000	2009 \$'000
Prepayments	16	249
Recoverable taxes (i)	7,926	7,541
Other receivables	2,384	1,978
	<u>10,326</u>	<u>9,768</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 Foundation and in accordance with the provisions of Section 86 of the Income Tax Act. Withholding taxes were deducted from certain interest income received and General Consumption Tax paid on certain assets purchased and administrative expenses. These amounts are therefore recoverable from the relevant authorities.

## 15. Cash and Bank

	2010 \$'000	2009 \$'000
Cash and bank	4,609	8,361
Bank overdraft	(20,353)	(8,883)
	<u>(15,744)</u>	<u>(522)</u>

The Foundation does not have an overdraft facility. The year end bank overdraft balance was due to unrepresented cheques.

## 16. Managed Funds

	2010 \$'000	2009 \$'000
Bernard Van Leer Fund (a)	45	58
Northern Jamaica Conservation Association Endowment Fund (b)	5,241	4,683
ELMA Relief Fund (c)	-	280
	<u>5,286</u>	<u>5,021</u>

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Notes to the Financial Statements

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## 16. Managed Funds (Continued)

### (a) Bernard Van Leer Fund

The Foundation has entered into a partnership with the Bernard Van Leer Foundation for financial and technical support for a project entitled 'Child Support Program' which is to be managed by the Foundation. The balance on the account represents installments received to date less amounts disbursed as follows:

	US \$'000	JA \$'000
Opening balance of fund – 1 August 2009	1	58
Interest Income	-	1
Bank Charges	-	(5)
Other	-	(9)
Closing balance of fund – 31 July 2010	<u>1</u>	<u>45</u>

### (b) Northern Jamaica Conservation Association

The Foundation has decided to manage separately monies approved for the establishment of an Endowment Fund for Seven Oaks Sanctuary for Wildlife. The Endowment Fund, which is not yet established, is to be established by Northern Jamaica Conservation Association (NJCA). The amount approved and interest earned is as follows:

	2010 \$'000	2009 \$'000
Opening balance of fund	4,683	5,409
Interest earned during the period	558	781
Amount paid during the period	-	(1,507)
Closing balance of fund	<u>5,241</u>	<u>4,683</u>

The agreement between the Foundation and NJCA was amended in December 2007. The amendment included the restriction of disbursements to interest earned for a period of five years after which the grant will be eligible for renewal. There were no disbursements in the period.

### (c) ELMA Relief Fund

In 2008, the Foundation entered into an agreement with the ELMA Relief Foundation to receive a grant to assist with the funding of one of its grantees. At the 31 July, 2010, all amounts received were disbursed.

	2010 \$'000	2009 \$'000
Opening balance of fund	280	2,035
Amount paid during the period	(280)	(1,755)
Closing balance of fund	<u>-</u>	<u>280</u>

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## 17. Capital Reserves

The cost of capital assets acquired using administration grant funds 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 –

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	27,920	35,373
Capital assets acquired from administration grant funds (Note 10)	973	173
Disposal of capital assets	(1,546)	(1,297)
Accumulated depreciation on capital assets disposed (Note 10)	1,230	876
	<u>28,577</u>	<u>35,125</u>
Less:		
Transfers to administration fund in current year (depreciation)	(5,619)	(7,205)
Balance at end of year	<u><u>22,958</u></u>	<u><u>27,920</u></u>

## 18. Commitments

As at 31 July 2010, the Foundation had project grant funds committed and not disbursed of approximately \$99,851,000.

## 19. Pension Scheme

The Foundation is a participating employer in a joint defined contribution pension scheme, which is open to all permanent employees and administered by the trustees.

The pension scheme, which commenced on 1 August 1999, is funded by employee contributions at 5% of pensionable salary with the option to contribute an additional 5% and employer contribution at 5% of pensionable salary. A member at normal retirement will be entitled to an annual pension of an amount such that the value, as determined by the Actuary, of this pension and any benefits contingent upon his death shall be equivalent to the Member's Account at the date of his retirement.

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## 20. Related Party Balances and Transactions

(a) Balance due from related party:

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment -		
Walkerswood Partners Limited (Note 11)	-	5,000

(b) Key management compensation

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	8,517	11,428
Payroll taxes – employer's portion	826	1,081
Pension costs	303	273
Other	487	320
	<u>10,133</u>	<u>13,102</u>
Directors' fees	<u>Nil</u>	<u>Nil</u>

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## 21. Related Party Balances and Transactions

(c) Grants disbursed to organisations with directors common to the Foundation:

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Centre for Population Community and Social Change	-	830
Council of Voluntary Social Services	9,403	5,639
Hope for Children Development Company	-	6,047
Jamaica Institute of Environmental Professionals	1,450	750
Joint Board of Teacher Education	-	200
Local Initiative Facility for the Urban Environment	4,528	-
Mona Geoinformatics Institute	-	1,823
Mona School of Business	-	200
Natural History Society of Jamaica	1,240	-
St. Peter & Paul Preparatory School	-	3,600
United Way of Jamaica	8,500	3,700
UWI Biotechnology Centre	1,703	270
UWI Child Health	367	1,750
UWI Department of Physics	200	-
UWI Department of Life Sciences	3,338	3,671
UWI Environmental Management Unit	8,294	3,768
UWI Marine Geology Unit	199	140
UWI Sir Arthur Lewis Institute of Social & Economic Studies	651	-
UWI Tropical Medicine Research Institute	3,097	1,416
UWI Centre for Marine Sciences	744	1,240
	<u>43,714</u>	<u>35,044</u>

At year ended 31 July 2010, grants approved but not disbursed for University of the West Indies, Local Initiative Facility for the Urban Environment and Natural History of Jamaica totaled \$24,942,000, \$2,290,000 and \$171,000, respectively.