Environmental Foundation of Jamaica
(A foundation limited by guarantee)

Financial Statements
31 July 2013

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(A foundation limited by guarantee)
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Independent Auditors' Report

To the Members of
Environmental Foundation of Jamaica

Report on the Financial Statements

We have audited the accompanying financial statements of Environmental Foundation of Jamaica (the Foundation), set out on pages 1 to 26, which comprise the statement of financial position as at 31 July 2013 and the statements of changes in the Americas' Funds, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of 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.

Auditors' 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 about 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 of financial statements that give a true and fair view 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 financial statements give a true and fair view of the financial position of the Foundation as at 31 July 2013, and of its financial performance and 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 Jamaican Companies Act, in the manner so required.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which state that the Foundation received its final disbursement from the Government of Jamaica under the Enterprise for the Americas Initiative Framework Agreement on 30 September 2012. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Foundation's ability to continue as a going concern. The financial statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts and the amounts of liabilities that may result from the outcome of the uncertainty.

PricewaterhouseCoopers
Chartered Accountants
27 January 2014
Kingston, Jamaica

Environmental Foundation of Jamaica

(A foundation limited by guarantee)
Statement of Changes in the Americas' Funds
Year ended 31 July 2013
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Fund I $'000	Fund II $'000	2013 $'000	2012 $'000
USAID debt funds received					
For the year (US$ 15,243)	16(b)	5,000	1,371	6,371	6,588
Investment income earned		1,315	915	2,230	5,258
Foreign exchange gains		269	29	298	1
		6,584	2,315	8,899	11,847
Unrealised gains/(losses) on available-for-sale investments	11	649	-	649	(4,249)
		7,233	2,315	9,548	7,598
Less:					
Project grants disbursed, net	5	(15,901)	383	(15,518)	(70,052)
Transfers to administration	6	(19,579)	(8,230)	(27,809)	(30,511)
Investment advisers' fees	9	(124)	(131)	(255)	(898)
Other losses		(237)	-	(237)	-
		(35,841)	(7,978)	(43,819)	(101,461)
Deficit for year		(28,608)	(5,663)	(34,271)	(93,863)
Fund balance at beginning of year		59,552	114,020	173,572	267,435
Fund balance at end of year		30,944	108,357	139,301	173,572

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Statement of Financial Position
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(expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
Non-Current Assets			
Property, plant and equipment	10	14,430	15,455
Beneficial interest in endowment fund	12	85,000	85,000
Available-for-sale investments	11	25,961	35,810
		125,391	136,265
Current Assets			
Other assets	13	9,032	10,784
Short term investments	11, 12	1,703	22,427
Cash and bank	14	21,255	35,574
		31,990	68,785
Current Liabilities			
Accounts payable and accrued charges	15	6,645	28,208
Due to endowment fund	21	8,424	-
Managed funds	16	7,565	12,241
		22,634	40,449
Net Current Assets		9,356	28,336
		134,747	164,601
Equity			
Administration fund-expenses recoverable	6	(18,984)	(24,426)
Capital reserves	17	14,430	15,455
Americas' funds		139,301	173,572
		134,747	164,601

Approved on behalf of the Board of Directors on 23 January 2014 and signed on its behalf by:

Dale Webber Director	Albert Walker Director

Environmental Foundation of Jamaica

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Statement of Cash Flows
Year ended 31 July 2013
(expressed in Jamaican dollars unless otherwise indicated)

	2013 $'000	2012 $'000
Cash Flows from Operating Activities		
Deficit for the year	(34,271)	(93,863)
Adjustments for:		
Increase/(Decrease) in amount due to Administration Fund	5,442	(8,188)
Fair value adjustments on available-for-sale investments	(649)	-
Unrealised gain on foreign exchange	(298)	-
Investment income	(2,230)	(5,258)
	(32,006)	(107,309)
Changes in operating assets and liabilities:		
Other assets	1,752	2,159
Accounts payable and accrued charges	(21,563)	23,449
Due to Endowment funds	8,424	-
Managed funds	(4,676)	5,215
Cash used in operating activities	(48,069)	(76,486)
Cash Flow From Investing Activities		
Available-for-sale investments	10,498	138,814
Investment - Endowment Fund	-	(85,000)
Interest received	2,230	9,907
Cash provided by investing activities	12,728	63,721
Decrease in cash and cash equivalents	(35,341)	(12,765)
Effect of exchange rate changes on cash and cash equivalents	298	-
Cash and cash equivalent at beginning of year	58,001	70,766
CASH AND CASH EQUIVALENTS AT END OF YEAR	22,958	58,001

Represented by:

	2013	2012
Cash and bank	21,255	35,574
Short term investments	1,703	22,427
	22,958	58,001

Environmental Foundation of Jamaica

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Notes to the Financial Statements
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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.

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 the proposal to merge with Forest Conservation Fund, to raise additional funds and continue the operations of the Foundation.

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.

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. As discussed in Note 1 to the financial statements, the Foundation received its final disbursement from the Government of Jamaica under the EAI Agreement in September 2013 which indicates the existence of a material uncertainty which may cast significant doubt about the Foundation's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities that may result from the outcome of the uncertainties.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in current year
There were no amendments or revisions to published standards which impacted the financial statements of the Foundation for the current financial year.

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 the Foundation's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Foundation's accounting periods beginning after 1 January 2013 or later periods, but the Foundation has not early adopted them:

- IFRS 9, 'Financial Instruments' (1 January 2015)
  This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39.

  While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Foundation is considering the implications of the standard, the impact on the Foundation and the timing of its adoption by the Foundation.

- IFRS 12, 'Disclosures of interests in other entities' (1 January 2013) includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles. The standard will likely result in expanded disclosure in the financial statements and the Foundation will adopt IFRS 12 beginning 1 January 2013.

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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 **(continued)**

- IFRS 13, 'Fair value measurement', (1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will likely result in extended disclosure in the financial statements and the Foundation will adopt IFRS 13 beginning 1 January 2013 but it is not expected to have a significant impact on the Foundation's financial statements as the fair value measurement on Property, Plant and Equipment, the only significant items in the financial statements within the scope of the standard that are affected by fair value measurements, already conforms with the requirement of the standard.

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

(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 yearend 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.

2. Summary of Significant Accounting Policies (Continued)

(e) Employee benefits – Prior year

(i) Pension scheme

The Foundation participated in a defined contribution scheme, which was administered by the Trustees. The Foundation's contribution is fixed, once the contributions have been paid, the Foundation has no further payment obligations. The contributions constituted the net periodic cost for the year in which they were due and were 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 yearend date.

After receiving approval from the Financial Services Commission in December 2011 for the winding up of the scheme final disbursements were made in August 2012. All staff at the Foundation is now on contract.

(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.

(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.

2. Summary of Significant Accounting Policies (Continued)

(g) Financial instruments (continued)

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 year end 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 yearend 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 yearend date, the following items were classified as financial liabilities: bank overdraft, accounts payable and accrued charges and managed funds.

(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 at call with banks, other short-term highly liquid investments with maturity dates of less than 90 days, 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.

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2. Summary of Significant Accounting Policies (Continued)

(l) Americas' funds

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.

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.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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:

	2013	2012
	$'000	$'000
Investment securities	12,217	44,248
Cash and bank	21,255	35,574
Other assets	412	1,287
	33,884	81,109

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:

	2013	2012
	$'000	$'000
Government of Jamaica Securities	10,514	21,821
Corporate	1,703	22,427
	12,217	44,248

(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.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

(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:

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	Total $'000
		2013		
Accounts payable and accrued charges	2,962	-	3,683	6,645
Due to Endowment Fund	-	-	8,424	8,424
Managed funds	51	7,514	-	7,565
	3,013	7,514	12,107	22,634
		2012		
Accounts payable and accrued charges	26,674	-	1,534	28,208
Managed funds	46	12,195	-	12,241
	26,720	12,195	1,534	40,449

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

(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.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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.

	2013		
	Jamaican $ J$'000	**United States $ J$'000**	**Total J$'000**
Financial Assets			
Available-for-sale investments	19,900	6,061	25,961
Short term investments	1,703	-	1,703
Cash and bank	19,129	2,126	21,255
Other assets	412	-	412
Total financial assets	41,144	8,187	49,331
Financial Liabilities			
Accounts payable and accrued charges	6,645	-	6,645
Due to Endowment fund	8,424	-	8,424
Managed funds	7,565	-	7,565
Total financial liabilities	22,634	-	22,634
Net financial position	18,510	8,187	26,697

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	2012		
	Jamaican $ J$'000	**United States $ J$'000**	**Total J$'000**
Financial Assets			
Available-for-sale investments	31,431	4,379	35,810
Short term investments	22,427	-	22,427
Cash and bank	33,557	2,017	35,574
Other assets	1,287	-	1,287
Total financial assets	88,702	6,396	95,098
Financial Liabilities			
Accounts payable and accrued charges	28,208	-	28,208
Managed funds	12,241	-	12,241
Total financial liabilities	40,449	-	40,449
Net financial position	48,253	6,396	54,649

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 2013	**Effect on the Americas' Funds 2013 $'000**	**% Change in Currency Rate 2012**	**Effect on the Americas' Funds 2012 $'000**
Currency:				
USD	+1%	(82)	+1%	(64)
USD	-10%	819	-1%	64

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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	1 to 3 Months	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000
		2013		
Assets				
Available-for-sale investments	-	10,514	15,447	25,961
Short term investments	1,703	-	-	1,703
Cash and bank	21,255	-	-	21,255
Other assets	-	-	412	412
Total financial assets	22,958	10,514	15,859	49,331
Liabilities				
Managed funds	1,001	-	6,564	7,565
Total financial liabilities	1,001	-	6,564	7,565
Total interest repricing gap	21,957	10,514	9,295	41,766

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3. Financial Risk Management (Continued)

(c) Market risk (Continued)

Interest rate risk (continued)

	Within 1 Month $'000	1 to 3 Months $'000	Non-Interest Bearing $'000	Total $'000
		2012		
Assets				
Available-for-sale investments	11,599	10,222	13,989	35,810
Short term investments	22,427	-	-	22,427
Cash and bank	35,554	-	20	35,574
Other assets	-	-	1,287	1,287
Total financial assets	69,580	10,222	15,296	95,098
Liabilities				
Accounts payable and accrued charge	-	-	28,208	28,208
Managed funds	5,884	-	6,357	12,241
Total financial liabilities	5,884	-	34,565	40,449
Total interest repricing gap	63,696	10,222	(19,269)	54,649

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 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.

	Effect on the Americas' Funds 2013 $'000	Effect on the Americas' Funds 2012 $'000
Change in basis points:		
-1% (2012: -1%)	4	6
+ 4% (2012: +1%)	(17)	(6)

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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.

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).

(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
		2013		
Investments classified as available-for-sale –				
Quoted equities	15,447	-	-	15,447
Government of Jamaica bonds	-	10,514	-	10,514
	15,477	10,514	-	25,961
		2012		
Investments classified as available-for-sale –				
Quoted equities	13,989	-	-	13,989
Government of Jamaica bonds	-	21,821	-	21,821
	13,989	21,821	-	35,810

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.

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5. Project Grants Disbursed

	Fund I	Fund II	Total
	$'000	$'000	$'000
Projects' disbursement, net	15,901	(383)	15,518
Disbursements allocated as follows			
Aboukir Dynamic 4H Youth Club	993	-	993
Annotto Bay Health and Environment Association	678	-	678
Bunkers Hill Community Development Committee	270	-	270
Christiana Potato Growers	1,547	-	1,547
Jamaica Conservation and Development Trust	1,298	-	1,298
Jamaica Environment Trust	200	-	200
Local Initiative Facility for the Environment	187	-	187
Mafoota Agricultural Co-operative Society	1,951	-	1,951
Old England Jamaica Agricultural Society	743	-	743
Portland Environment Protection Association	802	-	802
Protect the Environment Trust	200	-	200
Rise Life Management Services	1,635	-	1, 635
Security and Upliftment Association of Dawkins and Surrounding Communities	640	-	640
Sir Arthur Lewis Institute of Social and Economic Studies	-	55	55
St. Ann Hi-Tech Farmers Group Limited	987	-	987
St. Elizabeth Agricultural Cooperative Society Limited	290	-	290
United Way of Jamaica	3,000	-	3,000
UWI Biotechnology Centre	95	-	95
UWI Centre for Marine Sciences	385	-	385
Total Disbursement	15,901	55	15,956
Refunds			
Gravel Hill All Age School	-	121	121
Patrick Garden's Citizens Association	-	56	56
University of Technology	-	261	261
Total refunds	-	438	438
Net Disbursements	15,901	(383)	15,518

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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 -

	2013 $'000	2012 $'000
Grant funds transferred from Americas' Funds (Page 1)	27,809	30,511
Less: Cost of property, plant & equipment purchased, transferred to capital reserves (Note 10)	(85)	(313)
	27,724	30,198
Other income	6,086	2,833
	33,810	33,031
Released from capital reserves (Note 10)	1,025	3,760
Less: Administrative expenses for the year (Note 7)	(29,393)	(44,979)
	5,442	(8,188)
Balance at beginning of year	(24,426)	(16,238)
Expenses recoverable from America's Fund	(18,984)	(24,426)

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

	2013 $'000	2012 $'000
25% of net grants disbursed	3,880	17,513
Less: Administrative expenses for the year	(29,393)	(44,979)
Excess	(25,513)	(27,466)

	2013 $'000	2013 % of Grants disbursed	2012 $'000	2012 % of Grants disbursed
Administrative expenses	29,393	189%	44,979	64.21%

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7. Expenses by Nature

	2013 $'000	2012 $'000
Advertising and public relations	183	204
Auditors' remuneration	1,050	1,000
Depreciation (Note 10)	1,025	3,760
Legal and professional fees	143	415
Local and foreign travelling expenses	37	195
Motor vehicle expenses	614	644
Office and general expenses	1,719	1,994
Printing and stationery	396	517
Repairs and maintenance	900	1,254
Staff costs (Note 8)	16,824	29,021
Security	2,230	1,956
Utilities	3,439	3,136
Other expenses	833	883
	29,393	44,979

8. Staff Costs

	2013 $'000	2012 $'000
Wages and salaries	14,156	24,676
Payroll taxes – employer's portion	1,473	2,051
Pension costs	-	698
Other	1,195	1,596
	16,824	29,021

The number of person(s) employed by the Foundation at the year end was 7 (2012 - 12). The reduction is due to the redundancy exercise carried out by the Foundation in the period.

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 -

	2013 $'000	2012 $'000
BPM Financials Limited	220	574
Scotia Jamaica Investment Management Limited	35	324
	255	898

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10. Property, Plant and Equipment

	2013				
	Freehold Land and Building $'000	Motor Vehicles $'000	Computers $'000	Furniture and Fixtures $'000	Total $'000
At Cost -					
At 1 August 2012	24,124	5,600	17,469	6,643	53,836
Additions	-	-	85	-	85
Reclassifications	(322)	173	-	-	(149)
Disposal	-	(2,637)	-	-	(2,637)
At 31 July 2013	23,802	3,136	17,554	6,643	51,135
Depreciation -					
At 1 August 2012	9,656	5,491	17,155	6,079	38,381
Charge for the year	624	24	91	286	1,025
Reclassifications	(322)	173	-	-	(149)
Disposals	-	(2,552)	-	-	(2,552)
At 31 July 2013	9,958	3,136	17,246	6,365	36,705
Net Book Value -					
31 July 2013	13,844	-	308	278	14,430

	2012				
	Building $'000	Motor Vehicles $'000	Computers $'000	Furniture and Fixtures $'000	Total $'000
At Cost -					
At 1 August 2011	24,124	5,600	17,156	6,643	53,523
Additions	-	-	313	-	313
At 31 July 2012	24,124	5,600	17,469	6,643	53,836
Depreciation -					
At 1 August 2011	8,700	5,460	15,245	5,419	34,824
Reclassifications	299	-	(839)	337	(203)
Charge for the year	657	31	2,749	323	3,760
At 31 July 2012	9,656	5,491	17,155	6,079	38,381
Net Book Value -					
31 July 2012	14,468	109	314	564	15,455

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11. Available-for-Sale Investments

	2013 $'000	2012 $'000
At beginning of year	58,237	203,558
Net disposals	(31,257)	(141,749)
Fair value adjustment	649	(4,249)
Accrued interest	489	677
Exchange differences	(454)	-
At end of year (Note 12)	27,664	58,237
Current portion	(1,703)	(22,427)
	25,961	35,810

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.

12. Investment Securities by Adviser

	2013 $'000	2012 $'000
Total investments comprised the following -		
Beneficial interest in Endowment Fund	85,000	85,000
Available-for-sale investment (Note 11)	25,961	35,810
Short term investments (Note 11)	1,703	22,427
	112,664	143,237

The Board, in recognition that the America's Fund is a reducing source which is 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 2012. The purpose of the fund is to ensure that the Foundation has a long-standing and sustained source of income.

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12. Investment Securities by Adviser (Continued)

	Fund I $'000	Fund II $'000	Other $'000	2013 $'000	2012 $'000
Beneficial interest in Endowment Fund	-	-	85,000	85,000	85,000
Available-for-sale investments -					
Barita Portfolio Management Limited					
Securities	55	10,424	-	10,479	11,364
Repurchase agreement	-	1,123	-	1,123	-
Quoted equities	15,447	-	-	15,447	13,988
Scotia Jamaica Investment Management Limited	15	4	-	19	11,232
National Commercial Bank Limited	83	24	-	107	14,055
First Global Financial Services Limited (i)	-	-	-	-	6,921
	15,600	11,575	85,000	112,175	142,560
Accrued interest	199	290	-	489	677
Total investments	15,799	11,865	85,000	112,664	143,237

13. Other Assets

	2013 $'000	2012 $'000
Prepayments	217	213
Recoverable taxes (i)	8,408	9,284
Other receivables	407	1,287
	9,032	10,784

(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.

14. Cash and Bank

	2013 $'000	2012 $'000
Cash and bank	21,255	35,574

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15. Accounts Payable and Accrued Charges

	2013 $'000	2012 $'000
Accounts payable	3,302	584
Accrued charges	1,494	1,601
Other	1,849	26,023
	6,645	28,208

The other payables balance for 2012 included $23,622,775.17 received from the trustees of the defined benefit contribution scheme, being the total obligation of the scheme, for disbursement to the contributors as part of the redundancy exercise carried out during the period. The balance was paid in August 2012.

16. Managed Funds

	2013 $'000	2012 $'000
Bernard Van Leer Fund (a)	52	46
Northern Jamaica Conservation Association Endowment Fund (b)	1,001	5,885
Inter-American Foundation (c)	6,512	6,310
	7,565	12,241

(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
Fund balance 1 August 2012 and 31 July 2013	1	52

(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:

	2013 $'000	2012 $'000
Opening balance of fund	5,885	5,576
Withdrawal	(5,000)	-
Interest earned during the period	116	309
Closing balance of fund	1,001	5,885

Environmental Foundation of Jamaica

16. Managed Funds (Continued)

(b) Northern Jamaica Conservation Association (Continued)

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. The principal of J$5,000,000 was returned to Fund 1 by the Board of Directors.

(c) Inter-American Foundation

The Foundation entered into an agreement with the Inter-American Foundation (IAF), effective 9 September 2010 to co-fund and manage grants with a total value of US$1,932,500.00 over a 2 year period. The agreement requires IAF to provide cash funding for a total of US$400,000.00, while the Foundation will provide support in the form of cash and kind valued at US$1,357,500.00. Organisations receiving the grant funding are required to provide the balance of US$175,000.00, in order to be eligible for the grants. The Foundation will use its regular selection and monitoring procedures for the awarding of these grants.

	2013 $'000	2012 $'000
Opening balance of fund	6,310	1,405
Additional deposit	17,625	15,194
Grant disbursed	(17,423)	(10,289)
Fund balance 31 July 2013	6,512	6,310

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:

	2013 $'000	2012 $'000
Balance at beginning of year	15,455	18,699
Capital assets acquired from administration grant funds (Note 10)	85	313
Disposal of capital assets	(2,637)	-
Accumulated depreciation on capital assets disposed (Note 10)	2,552	-
Reclassification	-	203
	15,455	19,215
Less:		
Transfers to administration fund in current year (depreciation)	(1,025)	(3,760)
Balance at end of year	14,430	15,455

18. Commitments

As at 31 July 2013, the Foundation had project grant funds committed and not disbursed of approximately $22,388,206.24.

19. Pension Scheme – Prior Year

The Foundation participated in a defined contribution scheme which was opened to all permanent employees and administered by the Trustees.

The pension scheme, which commenced on 1 August 1999, was authorised to be wound up by the Financial Services Commission effective on the 31 December 2011 and was fully wound up as at 31 July 2012 as part of a redundancy exercise carried out by the client in the period.

After final disbursements were made in August 2012, all staff at the Foundation is now on contract.

20. Related Party Balances and Transactions

(a) Key management compensation:

	2013 $'000	2012 $'000
Wages and salaries	7,321	7,840
Payroll taxes – employer's portion	742	722
Pension costs	-	149
Other	160	255
	8,223	8,966
Directors' fees	Nil	Nil

(b) Grants disbursed to organisations with directors or senior personnel common to the Foundation:

	2013 $'000	2012 $'000
Council of Voluntary Social Services	-	700
Local Initiative Facility for the Urban Environment	187	-
United Way of Jamaica	3,000	-
University of the West Indies	335	8,516
	3,522	9,216

At year ended 31 July 2013, grants approved but not disbursed for University of the West Indies $4,216,135.

21. Due to Endowment Fund

In 2013, the Trustees of the Endowment Fund advanced a total of $8,424,000 from the Endowment Fund to the Foundation to offset its recurrent expenditures.