



Environmental Foundation of Jamaica
(A foundation limited by guarantee)

Financial Statements
31 July 2011

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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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 31, which comprise the statement of financial position as of 31 July 2011, the statement of changes in the Americas' Funds, and statement of cash flows 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 with the requirements of 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.

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 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
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Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position the foundation as of 31 July 2011, 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 Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
14 October 2011
Kingston, Jamaica

Environmental Foundation of Jamaica

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Statement of Changes in the Americas' Funds

Year ended 31 July 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Fund I \$'000	Fund II \$'000	2011 \$'000	2010 \$'000
USAID debt funds received					
For the year (US\$136,000)		-	11,704	11,704	17,414
Investment income earned		24,422	5,414	29,836	60,693
Foreign exchange losses		(182)	(52)	(234)	(253)
		24,240	17,066	41,306	77,854
Unrealised gains on available-for-sale investments		4,646	1,533	6,179	25,393
		28,886	18,599	47,485	103,247
Less:					
Project grants disbursed	5	(117,023)	(34,838)	(151,861)	(185,493)
Transfers to administration	6	(21,556)	(16,675)	(38,231)	(41,651)
Investment advisers' fees	9	(1,726)	(470)	(2,196)	(3,422)
		(140,305)	(51,983)	(192,288)	(230,566)
Deficit for year		(111,419)	(33,384)	(144,803)	(127,319)
Fund balance at beginning of year		251,943	160,295	412,238	539,557
Fund balance at end of year		140,524	126,911	267,435	412,238

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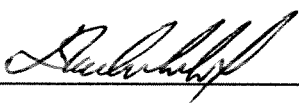
Statement of Financial Position

31 July 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 \$'000	2010 \$'000
Non-Current Assets			
Property, plant and equipment	10	18,699	22,958
Available-for-sale investments	11	179,273	382,491
		<u>197,972</u>	<u>405,449</u>
Current Assets			
Other assets	13	12,943	10,326
Short term investments	11	24,285	21,526
Cash and bank	14	46,481	4,609
		<u>83,709</u>	<u>36,461</u>
Current Liabilities			
Bank overdraft	14	-	20,353
Accounts payable and accrued charges		4,759	3,273
Managed funds	15	7,026	5,286
		<u>11,785</u>	<u>28,912</u>
Net Current Assets		<u>71,924</u>	<u>7,549</u>
		<u>269,896</u>	<u>412,998</u>
Equity			
Administration fund- expenses recoverable	6	(16,238)	(22,198)
Capital reserves	16	18,699	22,958
Americas' funds		267,435	412,238
		<u>269,896</u>	<u>412,998</u>

Approved on behalf of the Board of Directors on 14 October 2011 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 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 \$'000	2010 \$'000
Cash Flows from Operating Activities		
Deficit for the year	(144,803)	(127,319)
Adjustments for -		
Decrease in amount due to Administration Fund	5,960	1,990
Fair value adjustments on available-for-sale investments	(4,249)	1,657
Interest income	(27,878)	(61,117)
	<u>(170,970)</u>	<u>(184,789)</u>
Changes in operating assets and liabilities:		
Other assets	(2,617)	(558)
Accounts payable and accrued charges	1,486	(796)
Managed funds	1,740	265
Cash used in operating activities	<u>(170,361)</u>	<u>(185,878)</u>
Cash Flow From Investing Activities		
Available-for-sale investments	201,251	87,425
Investment- Walkerswood Partners Limited	-	5,000
Interest received	34,094	62,230
Cash provided by investing activities	<u>235,345</u>	<u>154,655</u>
Increase/(decrease) in cash and cash equivalents	64,984	(31,223)
Cash and cash equivalent at beginning of year	5,782	37,005
CASH AND CASH EQUIVALENT AT END OF YEAR	<u><u>70,766</u></u>	<u><u>5,782</u></u>
Represented by:		
Cash and bank	46,481	4,609
Short term investments	24,285	21,526
Bank overdraft	-	(20,353)
	<u><u>70,766</u></u>	<u><u>5,782</u></u>

Environmental Foundation of Jamaica

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Notes to the Financial Statements

31 July 2011

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Environmental Foundation of Jamaica (the Foundation) is limited by guarantee and was incorporated in Jamaica on 18 November 1992. The Foundation was established pursuant to an agreement between the Government of the United States of America and the Government of Jamaica concerning the establishment of an Enterprise for the Americas 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 standards, interpretations and amendments and has concluded that none is relevant to its operations.

Environmental Foundation of Jamaica

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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 year end 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:

- **IAS 24 (revised), 'Related party disclosures' (effective for accounting periods beginning on or after 1 January 2011).** The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment is not expected to have a significant impact on the financial statements of the Foundation.
- **IFRS 9, 'Financial instruments' (effective for accounting 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 assessing the timing and impact of the adoption of this standard by 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.

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2. Summary of Significant Accounting Policies (Continued)

(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 year end date.

(f) Property, plant and equipment

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

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

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

Freehold land is not depreciated.

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

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

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2. Summary of Significant Accounting Policies (Continued)

(g) Financial instruments

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

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 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 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.

(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.

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2. Summary of Significant Accounting Policies (Continued)

(j) Administration fund/deferred income

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

(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.

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3. Financial Risk Management

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

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

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

(a) Credit risk

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

Credit review process

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

(i) Investments

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

(ii) Cash

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

Maximum exposure to credit risk

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

	2011	2010
	\$'000	\$'000
Investment securities	166,241	371,143
Cash and bank	46,481	4,609
Other assets	4,355	2,384
	<u>217,077</u>	<u>378,136</u>

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(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:

	2011	2010
	\$'000	\$'000
Government of Jamaica Securities	141,956	349,617
Corporate	24,285	21,526
	<u>166,241</u>	<u>371,143</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

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.

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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:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Total \$'000
	2011			
Accounts payable and accrued charges	606	1,050	3,103	4,759
Managed funds	45	1,405	5,576	7,026
	651	2,455	8,679	11,785
	2010			
Bank overdraft	20,353	-	-	20,353
Accounts payable and accrued charges	906	1,583	784	3,273
Managed funds	-	-	5,286	5,286
	21,259	1,583	6,070	28,912

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

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3. Financial Risk Management (Continued)

(c) Market risk

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

Currency risk

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

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

Concentrations of currency risk:

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

	2011		
	Jamaican \$ J\$'000	US\$ J\$'000	Total J\$'000
Financial Assets			
Available-for-sale investments	179,273	-	179,273
Short term investments	24,285	-	24,285
Cash and bank	40,642	5,839	46,481
Other assets	4,355	-	4,355
Total financial assets	248,555	5,839	254,394
Financial Liabilities			
Accounts payable and accrued charges	4,759	-	4,759
Managed funds	7,026	-	7,026
Total financial liabilities	11,785	-	11,785
Net financial position	236,770	5,839	242,609

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (Continued)

Currency risk (continued)

Concentrations of currency risk (continued)

	2010		
	Jamaican \$ J\$'000	US\$ J\$'000	Total J\$'000
Financial Assets			
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
Financial Liabilities			
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
Net financial position	368,377	13,721	382,098

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3. Financial Risk Management (Continued)

(c) Market risk (Continued)

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the effect on surplus or deficit arising from changes in foreign currency rates, primarily with respect to the US dollar. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 1% (2010 – 5%) depreciation and a 0.5% (2010 – 5%) appreciation of the Jamaican dollar against the US dollar, which represents management's assessment of a reasonably possible change in foreign exchange rates. 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 2011	Effect on the Americas' Funds 2011 \$'000	% Change in Currency Rate 2010	Effect on the Americas' Funds 2010 \$'000
Currency:				
USD	+5%	29	+5	686
USD	-1%	(58)	-5	(686)

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Notes to the Financial Statements

31 July 2011

(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	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011							
Assets							
Available-for-sale investments	50,260	-	67,509	10,657	13,530	37,317	179,273
Short term investments	22,074	2,211	-	-	-	-	24,285
Cash and bank	46,461	-	-	-	-	20	46,481
Other assets	-	-	-	-	-	4,355	4,355
Total financial assets	118,795	2,211	67,509	10,657	13,530	41,692	254,394
Liabilities							
Accounts payable and accrued charge	-	-	-	-	-	4,759	4,759
Managed funds	-	-	5,576	-	-	1,450	7,026
Total financial liabilities	-	-	5,576	-	-	6,209	11,785
Total interest repricing gap	118,795	2,211	61,933	10,657	13,530	35,483	242,609

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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
2010							
Assets							
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
Total financial assets	182,928	8,249	14,810	138,039	31,209	35,775	411,010
Liabilities							
Bank overdraft	20,353	-	-	-	-	-	20,353
Accounts payable and accrued charge	-	-	-	-	-	3,273	3,273
Managed funds	-	-	5,286	-	-	-	5,286
Total financial liabilities	20,353	-	5,286	-	-	3,273	28,912
Total interest repricing gap	162,575	8,249	9,524	138,039	31,209	32,502	382,098

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31 July 2011

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (Continued)

Interest rate risk (continued)

Interest rate sensitivity

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

The sensitivity of the statement of changes in the Americas' Funds is the effect of the assumed changes in interest rates on net deficit based on non trading financial assets. The sensitivity of changes in the Americas' Funds is calculated by revaluing fixed rate 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 \$'000
Change in basis points:	
- 100	1,583
+ 50	(553)
	<hr/> <hr/>
	Effect on the Americas' Funds \$'000
Change in basis points:	
- 200	3,313
+ 200	(9,651)
	<hr/> <hr/>

(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).

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2011				
Investments classified as available-for-sale –				
Quoted equities	37,317	-	-	37,317
Government of Jamaica bonds	-	141,956	-	141,956
	<u>37,317</u>	<u>141,956</u>	<u>-</u>	<u>179,273</u>
2010				
Investments classified as available-for-sale –				
Quoted equities	32,874	-	-	32,874
Government of Jamaica bonds	-	349,617	-	349,617
	<u>32,874</u>	<u>349,617</u>	<u>-</u>	<u>382,491</u>

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

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

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

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4. Critical Accounting Judgement and Key Source of Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

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

5. Project Grants Disbursed

	Fund I \$'000	Fund II \$'000	Total \$'000
Projects' disbursement (net)	117,023	34,838	151,861

Disbursements allocated as follows

3-D Projects/Community Based Rehabilitation Agency	-	525	525
Agency for Inncercity Renewal	-	2,500	2,500
Alpha Boys Home	-	500	500
Annotto Bay Health and Environment Association	628	-	628
Association of Development Agencies	4,915	-	4,915
Bowden Pen Farmers Association	450	-	450
Caribbean Coastal Area Management Foundation Limited	7,126	-	7126
Caribbean Institute of Media and Communication	4,377	-	4,377
Children First Agency	-	1,500	1500
Church of the Open Bible	-	200	200
Clarendon Peace and Justice Centre	-	255	255
Cockpit Country Local Forestry Management Committee	43	-	43
Construction Resources Development Centre	6,047	-	6,047
Council of Voluntary Social Services	400	2,700	3,100
Sub total carried forward	23,986	8,180	32,166

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5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
Balance brought forward from (page 19)	23,986	8,180	32,166
Derrick Gayle	60	-	60
Discovery Bay Marine Laboratory	200	-	200
Douglas Castle Production and Marketing Organisation	353	-	353
Dudley Grant Memorial Trust	-	200	200
Earthbound Jamaica	201	-	201
Ewarton Watershed & Farmers Co-operative Society	946	-	946
Family and Parenting Centre	-	5,423	5,423
Fletcher's Grove/Mount Pelier Circuit of Baptist Churches	502	-	502
Foundation For Environmental and Economic Development Inc.	4,500	-	4,500
Glengoffe Community Development Committee and Benevolent Society	765	-	765
Golden Grove Cluster	-	690	690
Greater Portmore Joint Council	-	200	200
Jamaica Association for the Deaf	-	1,000	1,000
Jamaica Christian Boys Home	-	104	104
Jamaica Conservation and Development Trust	6,572	-	6,572
Jamaica Environment Trust	14,347	-	14,347
Jamaica Institute of Environmental Professionals	3,700	-	3,700
Jamaican Association for Mental Retardation	-	3,266	3,266
Joy Town Community Development Foundation	-	2,547	2,547
Karla Dockery	-	200	200
Kilmarnock Community Development Committee	140	-	140
Lawrence Tavern Primary School	-	237	237
Lions and Leo Club of Mona	157	-	157
Local Initiative Facility for the Environment	2,204	-	2,204
Manchester 4H Advisory Council	750	-	750
Manchester Early Childhood Parish Board	-	586	586
Members in Christ Assemblies	-	130	130
Mona Informatix Limited	3,408	-	3,408
Sub total carried forward	62,791	22,763	85,554

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5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
Balance brought forward from (page 20)	62,791	22,763	85,554
National Environmental Education Committee	300	-	300
Natural History Society of Jamaica	171	-	171
Negril Area Environment Protection Trust	342	-	342
Negril Chamber of Commerce	1,250	-	1,250
New Horizon Christian Outreach Ministries	7,610	-	7,610
New Works Community Development Committee	615	-	615
Northern Caribbean University	1,010	200	1,210
Oracabessa Foundation	518	-	518
Oxford Women in Progress	3,898	-	3,898
Portland Environment Protection Association	100	-	100
Protect the Environment Trust	3,024	-	3,024
Returnees for Youth	-	181	181
Rise Life Management Services	-	4,237	4,237
Rowlandsfield Community Development Committee	1,258	-	1,258
S Corner Clinic	-	2,660	2,660
Sashion Thomas	90	-	90
Shortwood Teachers College	414	-	414
Sir Arthur Lewis Institute of Social and Economic Studies	-	1,500	1,500
St. Andrew High School for Girls	775	-	775
St. Ann Parish Development Committee	848	-	848
St. Catherine High School	-	200	200
St. Mary Charities	1,411	-	1,411
St. Mary Parish Development Committee	1,303	-	1,303
St. Patrick's Foundation	1,815	-	1,815
St. Thomas Environmental Protection Association	3,229	-	3,229
Trinityville Area Development Committee Benevolent Society	461	-	461
United Way of Jamaica	5,000	-	5,000
University of Technology Faculty of Science Sports	2,669	-	2,669
UWI Department of Physics	426	-	426
UWI Biotechnology Centre	2,688	-	2,688
UWI Centre for Environmental Development	200	-	200
UWI Centre for Marine Sciences	496	-	496
UWI Department of Life Sciences	3,852	-	3,852
Sub total carried forward	108,564	31,741	140,305

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5. Project Grants Disbursed (Continued)

	Fund I \$'000	Fund II \$'000	Total \$'000
Balance brought forward from (page 21)	108,564	31,741	140,305
UWI Department of Geography & Geology	200	-	200
UWI Environmental Management Unit	2,295	-	2,295
UWI Faculty of Medical Sciences	-	3,098	3,098
UWI Faculty of Pure & Applied Sciences	200	-	200
UWI Marine Geology Unit	1,004	-	1,004
UWI Port Royal Marine Laboratory	2,879	-	2,879
Vision Learning Centre	-	270	270
Western St Thomas Educational Development Consortium	2,133	-	2,133
Woodford Community Action Group	-	186	186
YPM Youth Centre	-	200	200
Total disbursements	<u>117,275</u>	<u>35,495</u>	<u>152,770</u>
Refunds			
BREDS - The Treasure Beach Foundation	4	-	4
Guys Hill High School	6	-	6
Kiwanis Club of Providence	-	657	657
Negril Environmental Protection Trust	4	-	4
UWI Department of Life Sciences	238	-	238
Total refunds	<u>252</u>	<u>657</u>	<u>909</u>
Net Disbursements	<u>117,023</u>	<u>34,838</u>	<u>151,861</u>

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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 -

	2011	2010
	\$'000	\$'000
Grant funds transferred from Americas' Funds (Page 1)	38,231	41,651
Less: Cost of property, plant & equipment purchased, transferred to capital reserves (Note 10)	(199)	(973)
Add: Cost of property, plant & equipment disposed, released from capital reserves (Note 10)	2,390	1,546
	<u>40,422</u>	<u>42,224</u>
Other income	3,521	1,701
	43,943	43,925
Released from capital reserves (Note 10)	4,458	5,619
Released to capital reserves	(2,390)	(1,230)
Less: Administrative expenses for the year (Note 7)	<u>(40,051)</u>	<u>(46,324)</u>
	5,960	1,990
Balance at beginning of year	<u>(22,198)</u>	<u>(24,188)</u>
Expenses recoverable from America's Fund	<u>(16,238)</u>	<u>(22,198)</u>

Administrative expenses during the year exceeded (2010 – were within) the ceiling of 25% of grants disbursed as permitted and indicated below:

	2011	2010
	\$'000	\$'000
25% of net grants disbursed	37,965	46,373
Less: Administrative expenses for the year	<u>(40,051)</u>	<u>(46,324)</u>
(excess)/within ceiling	<u>(2,086)</u>	<u>49</u>

	2011	2011	2010	2010
	\$'000	% of Grants disbursed	\$'000	% of Grants disbursed
Administrative expenses	<u>40,001</u>	<u>26.37%</u>	<u>46,324</u>	<u>24.97%</u>

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7. Expenses by Nature

	2011	2010
	\$'000	\$'000
Advertising and public relations	558	522
Auditors' remuneration	1,050	1,050
Depreciation (Note 10)	4,458	5,619
Legal and professional fees	66	123
Local and foreign travelling expenses	136	178
Motor vehicle expenses	774	812
Office and general expenses	1,274	1,547
Printing and stationery	820	963
Repairs and maintenance	1,316	1,049
Staff costs (Note 8)	23,659	28,369
Security	1,971	1,904
Utilities	2,800	2,641
Other expenses	1,169	1,547
	<u>40,051</u>	<u>46,324</u>

8. Staff Costs

	2011	2010
	\$'000	\$'000
Wages and salaries	19,513	23,757
Payroll taxes – employer's portion	2,099	2,298
Pension costs	864	924
Other	1,183	1,390
	<u>23,659</u>	<u>28,369</u>

The number of persons employed by the Foundation at the year end was 12 (2010 - 12).

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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 -

	2011	2010
	\$'000	\$'000
Barita Portfolio Management Limited	1,500	2,507
Scotia Jamaica Investment Management Limited	696	915
	<u>2,196</u>	<u>3,422</u>

10. Property, Plant and Equipment

	2011				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2010	24,124	7,834	17,156	6,600	55,714
Additions	-	156	-	43	199
Disposal	-	(2,390)	-	-	(2,390)
At 31 July 2011	<u>24,124</u>	<u>5,600</u>	<u>17,156</u>	<u>6,643</u>	<u>53,523</u>
Depreciation -					
At 1 August 2010	7,997	7,654	12,146	4,959	32,756
Charge for the year	703	196	3,099	460	4,458
Relieved on disposal	-	(2,390)	-	-	(2,390)
At 31 July 2011	<u>8,700</u>	<u>5,460</u>	<u>15,245</u>	<u>5,419</u>	<u>34,824</u>
Net Book Value -					
31 July 2011	<u>15,424</u>	<u>140</u>	<u>1,911</u>	<u>1,224</u>	<u>18,699</u>

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10. Property, Plant and Equipment (Continued)

	2010				Total \$'000
	Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	
At Cost -					
At 1 August 2009	23,937	9,075	17,461	5,814	56,287
Additions	187	-	-	786	973
Disposal	-	(1,241)	(305)	-	(1,546)
At 31 July 2010	24,124	7,834	17,156	6,600	55,714
Depreciation -					
At 1 August 2009	7,021	8,116	8,673	4,557	28,367
Charge for the year	976	572	3,669	402	5,619
Relieved on disposal	-	(1,034)	(196)	-	(1,230)
At 31 July 2010	7,997	7,654	12,146	4,959	32,756
Net Book Value -					
31 July 2010	16,127	180	5,010	1,641	22,958

11. Available-for-Sale Investments

	2011 \$'000	2010 \$'000
At beginning of year	404,017	510,213
Net disposals	(211,487)	(116,081)
Fair value adjustment	6,179	(1,657)
Accrued interest	4,849	11,542
At end of year (Note 12)	203,558	404,017
Current portion	(24,285)	(21,526)
	179,273	382,491

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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12. Investment Securities by Adviser

	Fund I \$'000	Fund II \$'000	Other \$'000	2011 \$'000	2010 \$'000
Available-for-sale investments -					
Barita Portfolio Management Limited					
Securities	40,724	26,378	-	67,102	211,749
Quoted equities	37,317	-	-	37,317	32,874
Scotia Jamaica Investment Management Limited	50,178	17,153	-	67,331	111,896
National Commercial Bank Limited	13,419	24		13,443	12,798
First Global Financial Services Limited (i)	-	-	8,762	8,762	8,249
RBTT Bank Jamaica Limited	-	-	-	-	16,566
	141,638	43,555	8,762	193,955	394,132
Accrued interest	3,728	1,598	28	5,354	11,542
Fair value adjustment	3,177	1,072	-	4,249	(1,657)
Total investments	148,543	46,225	8,790	203,558	404,017

Total investments comprised the following -

Available-for-sale investment (Note 11)	179,273	382,491
Short term investments (Note 11)	24,285	21,526
	203,558	404,017

- (i) Included in available-for-sale investment are monies being held at First Global Financial Services Limited for Northern Jamaica Conservation Association (Note 15).
- (ii) The Board approved the establishment of an endowment fund and has earmarked \$85,000,000 of the investment balance currently held to start the fund. The purpose of the fund is to ensure the longevity of the organisation.

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13. Other Assets

	2011 \$'000	2010 \$'000
Prepayments	53	16
Recoverable taxes (i)	8,535	7,926
Other receivables	4,355	2,384
	<u>12,943</u>	<u>10,326</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.

14. Cash and Bank

	2011 \$'000	2010 \$'000
Cash and bank	46,481	4,609
Bank overdraft	-	(20,353)
	<u>46,481</u>	<u>(15,744)</u>

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

15. Managed Funds

	2011 \$'000	2010 \$'000
Bernard Van Leer Fund (a)	45	45
Northern Jamaica Conservation Association Endowment Fund (b)	5,576	5,241
Inter-American Foundation (c)	1,405	-
	<u>7,026</u>	<u>5,286</u>

(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 2010 and 31 July 2011	<u>1</u>	<u>45</u>

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15. Managed Funds (Continued)

(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:

	2011 \$'000	2010 \$'000
Opening balance of fund	5,241	4,683
Interest earned during the period	335	558
Closing balance of fund	<u>5,576</u>	<u>5,241</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) 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. In keeping with the agreement the IAF has provided J\$1,405,000 of these funds which is being held in a separate chequing account until these grant beneficiaries have been selected. The amount received is as follows:

	2011 \$'000	2010 \$'000
Fund Balance 31 July 2011	<u>1,405</u>	<u>-</u>

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16. 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 –

	2011	2010
	\$'000	\$'000
Balance at beginning of year	22,958	27,920
Capital assets acquired from administration grant funds (Note 10)	199	973
Disposal of capital assets	(2,390)	(1,546)
Accumulated depreciation on capital assets disposed (Note 10)	2,390	1,230
	<u>23,157</u>	<u>28,577</u>
Less:		
Transfers to administration fund in current year (depreciation)	(4,458)	(5,619)
Balance at end of year	<u><u>18,699</u></u>	<u><u>22,958</u></u>

17. Commitments

As at 31 July 2011, the Foundation had project grant funds committed and not disbursed of approximately \$100,626,898.42.

18. 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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19. Related Party Balances and Transactions

(a) Key management compensation:

	2011	2010
	\$'000	\$'000
Wages and salaries	6,621	8,517
Payroll taxes – employer's portion	668	826
Pension costs	259	303
Other	350	487
	<u>7,898</u>	<u>10,133</u>
Directors' fees	<u>Nil</u>	<u>Nil</u>

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

	2011	2010
	\$'000	\$'000
Council of Voluntary Social Services	3,100	9,403
Jamaica Institute of Environmental Professionals	3,700	1,450
Local Initiative Facility for the Urban Environment	2,204	4,528
Natural History Society of Jamaica	171	1,240
United Way of Jamaica	5,000	8,500
University of the West Indies	26,383	25,298
	<u>40,558</u>	<u>50,419</u>

At year ended 31 July 2011, grants approved but not disbursed for University of the West Indies, Council of Voluntary Social Services, United Way of Jamaica and Local Initiative Facility for the Urban Environment totaled \$18,866,000, \$500,000, \$6,000,000 and \$187,000 respectively.