



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

**Financial Statements**  
**31 July 2019**

# **Environmental Foundation of Jamaica**

(A foundation limited by guarantee)

Index

**31 July 2019**

---

## **Page**

### **Independent Auditor's Report to the Members**

#### **Financial Statements**

Statement of changes in the Americas' and TFCA's Funds	1
Statement of financial position	2
Administrative Income & Expenditure Statement	3
Statement of cash flows	4
Notes to the financial statements	5 – 38



## **Independent auditor's report**

To the Members of Environmental Foundation of Jamaica

### **Report on the audit of the financial statements**

---

#### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Environmental Foundation of Jamaica (the Foundation) as at 31 July 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Foundation's financial statements comprise:

- the statement of changes in the Americas' and TFCA's Funds;
- the statement of financial position as at 31 July 2019;
- the administrative income and expenditure statement;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### ***Independence***

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

---

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

---

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



---

**Report on Other Legal and Regulatory Requirements**

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

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

*PricewaterhouseCoopers*

Chartered Accountants

Kingston, Jamaica

9 October 2020

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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

Year ended 31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	(Americas) Fund I \$'000	(Americas) Fund II \$'000	(TFCA) Fund III \$'000	2019 \$'000	2018 \$'000
<b>Fund Receipts</b>		-	-	48,677	48,677	72,777
<b>Investment income earned</b>		2,153	313	2,548	5,014	5,927
<b>Foreign exchange (losses)/ gains</b>	11	(344)	-	-	(344)	2
		1,809	313	51,225	53,347	78,706
<b>Unrealised gain on FVPL investments</b>	11	35,098	-	-	35,098	8,013
		36,907	313	51,225	88,445	86,719
<b>Less:</b>						
<b>Project grants disbursed, net</b>	5	-	-	(27,499)	(27,499)	(30,636)
<b>Transfers to administration</b>		-	-	(29,677)	(29,677)	(32,775)
<b>Investment advisers' fees</b>	9	(595)	(124)	-	(719)	(533)
<b>Expected credit loss</b>	11	-	(164)	-	(164)	-
		(595)	(288)	(57,176)	(58,059)	(63,944)
<b>Surplus for year</b>		36,312	25	(5,951)	30,386	22,775
<b>Fund balance at beginning of year</b>		(2,518)	88,577	123,422	209,481	186,706
<b>Fund balance at end of year</b>		33,794	88,602	117,471	239,867	209,481

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Statement of Financial Position

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	10	20,044	23,151
Beneficial interest in endowment fund	12	983,560	858,493
Investment securities	11	104,071	67,014
		<u>1,107,675</u>	<u>948,658</u>
<b>Current Assets</b>			
Other assets	13	14,436	4,909
Short term investment	11, 12	115,693	121,201
Cash and bank	14	232,749	71,048
		<u>362,878</u>	<u>197,158</u>
<b>Current Liabilities</b>			
Accounts payable and accrued charges	15	7,905	7,736
Due to endowment fund		20,532	20,532
Managed funds	16	217,971	58,463
		<u>246,408</u>	<u>86,731</u>
<b>Net Current Asset</b>		<u>116,470</u>	<u>110,427</u>
		<u>1,224,145</u>	<u>1,059,085</u>
<b>Equity and Capital</b>			
Administration fund-expenses recoverable	17	(9,810)	(20,136)
Capital reserves	18	10,584	11,247
Funds in Trust – Endowment Fund		983,504	858,493
TFCA funds		117,471	123,422
Americas' funds		122,396	86,059
<b>Total Equity and Capital</b>		<u>1,224,145</u>	<u>1,059,085</u>

Approved on behalf of the Board of Directors on 9 October 2020 and signed on its behalf by:

  
Dale Webber

Chairman

  
Ian Watson

Treasurer

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

## Administrative Income & Expenditure Statement

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Transfers from TFCA		29,677	32,775
Transfers from Capital Reserves		663	492
Administration Fees		31,200	11,731
Other Income		4,960	3,966
		<u>66,500</u>	<u>48,964</u>
<b>Expenditure</b>			
Administrative Expenses	7	(46,248)	(46,534)
Other Expenses – Managed Funds		(9,926)	(1,970)
<b>Total Expenditure</b>		<u>(56,174)</u>	<u>(48,504)</u>
<b>Surplus Income over Expenditure</b>		<u>10,326</u>	<u>460</u>



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

## Statement of Cash Flows

Year ended 31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
<b>Cash Flows from Operating Activities</b>		
Surplus for year	30,386	22,775
Adjustments for:		
Depreciation	3,428	3,154
Increase in amount due to Administration Fund	10,326	460
Fair value adjustment on available-for-sale investments	-	(8,013)
Unrealised loss/(gain) on foreign exchange	344	(2)
Investment income	(76,106)	(13,940)
Expected credit loss on financial instruments	164	-
	<u>(31,458)</u>	<u>4,434</u>
Changes in operating assets and liabilities:		
Other assets	(9,527)	194
Accounts payable and accrued charges	169	180
Managed funds	159,508	(40,968)
Cash provided/ (used in) by operating activities	<u>118,692</u>	<u>(36,160)</u>
<b>Cash Flow from Investing Activities</b>		
Investments	(1,227)	(1,394)
Endowment Fund	(125,377)	(111,015)
Investment in property Plant and Equipment	(321)	(3,552)
Interest received	40,112	13,940
Cash used in investing activities	<u>(86,813)</u>	<u>(102,021)</u>
<b>Cash Flow from Financing Activities</b>		
Increase in Funds in Trust	125,321	111,015
Capital Reserves	(663)	(492)
Cash Flow from Financing Activities	<u>124,658</u>	<u>110,523</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<u>156,537</u>	<u>(27,658)</u>
Effect of exchange rate changes on cash and cash equivalents	(344)	2
Cash and cash equivalent at beginning of year	<u>192,249</u>	<u>219,905</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>348,442</u></u>	<u><u>192,249</u></u>
<b>Represented by:</b>		
Cash and bank	232,749	71,048
Short term investments	115,693	121,201
	<u><u>348,442</u></u>	<u><u>192,249</u></u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

## 1. Identification and Activities

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

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

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

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

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

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

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

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

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

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

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

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

- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipt are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The adoption of this standard did not have a significant impact on the Foundation's financial statements.
- **IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018).** In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI).

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

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

If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Changes in accounting policies resulting from adoption were applied retrospectively as at 1 August 2018, but with no restatement of comparative information for prior years. Refer to note 20 for details.

- **IFRS 15, 'Revenue from contracts with customers'** (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortized over the period when the benefits of the contract are consumed. The adoption of this standard did not have a significant impact on the Foundation's financial statements.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

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

The Foundation has concluded that the following standards which are published but not yet effective are relevant to its operations and will impact its accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Foundation's accounting periods beginning on or after 1 August 2018, but the Foundation has not early adopted:

- **Amendment to IFRS 9, 'Financial instruments'**, (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in the profit and loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The Foundation is currently assessing the impact of this standard.
- **Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors'** (effective for annual periods beginning on or after 1 January 2022). These amendments clarify the definition of materiality and the meaning of primary users of general purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Foundation is currently assessing the impact of this standard.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

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

- **Revised Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The Foundation is currently assessing the impact of this revision.
- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Foundation is currently assessing the impact of future adoption of the new standard on its financial statements.

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

### (b) Government of Jamaica Receipts

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

### (c) Income recognition

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

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

## 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

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.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

### (g) Financial instruments

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

#### *Accounting Policy applied until 31 July 2018*

##### **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: government securities, quoted equities and repurchase agreements.

##### **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, accounts payable and accrued charges and managed funds.

#### **Accounting policy applied from 1 August 2018**

##### *i) Classification*

From 1 August 2018, the Foundation classifies its financial assets in the following measurement categories:

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

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

### (g) Financial Instruments (continued)

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

#### (ii) Recognition and derecognition

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

#### (iii) Measurement

##### *Debt Instruments*

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

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

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

#### (iv) Impairment

As at 1 August 2018, the Foundation assesses its financial assets at amortised costs on a forward-looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost and debt instruments measured at FVPL.

##### *Application of the General Model*

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



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

### (g) Financial Instruments (continued)

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

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

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

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

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

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

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

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

### (g) Financial Instruments (continued)

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

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

The Foundation has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Foundation's previous accounting policy.

The Foundation classifies its investments as Fair Valued through Profit and Loss (FVPL) and Amortized cost investments. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

### (h) Cash and cash equivalents

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

### (i) Accounts payable

Accounts payable are stated at historical cost.

### (j) Administration fund/deferred income

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

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

### (k) Capital reserves

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

### (l) Americas' funds

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

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

The two funds should not be co-mingled.

### (m) Impairment of non-current assets

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

### (n) Provisions

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

## 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.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (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:

	2019	2018
	\$'000	\$'000
Investment securities	1,114,700	994,337
Cash and bank	232,749	71,048
Other assets	14,069	4,725
	<u>1,361,518</u>	<u>1,070,110</u>

#### **Exposure to credit risk for investment securities**

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

	2019	2018
	\$'000	\$'000
Endowment Fund	983,870	858,493
Government of Jamaica Securities	15,137	14,643
Corporate	115,693	121,201
	<u>1,114,700</u>	<u>994,337</u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (b) Liquidity risk

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

#### *Liquidity risk management process*

The Foundation's liquidity management process includes:

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

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

#### *Undiscounted cash flows of financial liabilities*

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

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Total \$'000
<b>2019</b>				
Accounts payable and accrued charges	339	242	7,324	7,905
Due to Endowment Fund	-	-	20,532	20,532
Managed funds	-	216,970	1,001	217,971
	<b>339</b>	<b>217,212</b>	<b>28,857</b>	<b>246,408</b>
<b>2018</b>				
Accounts payable and accrued charges	691	430	6,615	7,736
Due to Endowment Fund	-	-	20,532	20,532
Managed funds	-	57,462	1,001	58,463
	<b>691</b>	<b>57,892</b>	<b>28,148</b>	<b>86,731</b>

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk

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

### Currency risk

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

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

### Concentrations of currency risk:

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

	2019		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Investments – FVPL	104,071	-	104,071
Short term investments	115,693	-	115,693
Beneficial interest in endowment fund	901,756	81,804	983,560
Cash and bank	231,538	1,211	232,749
Other assets	14,436	-	14,436
<b>Total financial assets</b>	<b>1,367,494</b>	<b>83,015</b>	<b>1,450,509</b>
<b>Financial Liabilities</b>	<b>7,759</b>	<b>146</b>	<b>7,905</b>
Accounts payable and accrued charges			
Due to Endowment fund	20,532	-	20,532
Managed funds	217,971	-	217,971
<b>Total financial liabilities</b>	<b>246,262</b>	<b>146</b>	<b>246,408</b>
<b>Net financial position</b>	<b>1,121,232</b>	<b>82,869</b>	<b>1,204,101</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### *Currency risk (continued)*

	2018		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
<b>Financial Assets</b>			
Available-for-sale investments	60,155	6,859	67,014
Short term investments	121,201	-	121,201
Beneficial interest in endowment	778,921	79,572	858,493
Cash and bank	69,231	1,817	71,048
Other assets	4,909	-	4,909
<b>Total financial assets</b>	<b>1,034,417</b>	<b>88,248</b>	<b>1,122,665</b>
<b>Financial Liabilities</b>			
Accounts payable and accrued charges	7,590	146	7,736
Due to Endowment fund	20,532	-	20,532
Managed funds	58,463	-	58,463
<b>Total financial liabilities</b>	<b>86,585</b>	<b>146</b>	<b>86,731</b>
<b>Net financial position</b>	<b>947,832</b>	<b>88,102</b>	<b>1,035,934</b>

#### *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.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### Currency risk (continued)

	% Change in Currency Rate 2019	Effect on Equity and Capital 2019 \$'000	% Change in Currency Rate 2018	Effect on Equity and Capital 2018 \$'000
<b>Currency:</b>				
USD	+4	(3,333)	+2	(1,762)
USD	-6	4,991	-4	3,524

#### Interest rate risk

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

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

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
	<b>2019</b>			
<b>Assets</b>				
Investments – FVPL	-	14,972	89,099	104,071
Beneficial interest in endowment fund	-	983,560	-	983,560
Short term investments	115,693	-	-	115,693
Cash and bank	232,749	-	-	232,749
Other assets	-	-	14,436	14,436
<b>Total financial assets</b>	<b>348,442</b>	<b>998,532</b>	<b>103,535</b>	<b>1,450,509</b>
<b>Liabilities</b>				
Managed funds being total financial liabilities	-	-	(217,971)	(217,971)
<b>Total interest repricing gap</b>	<b>348,442</b>	<b>998,532</b>	<b>(114,436)</b>	<b>1,232,538</b>



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### *Interest rate risk (continued)*

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
	<b>2018</b>			
<b>Assets</b>				
Available-for-sale-investments	-	14,643	52,371	67,014
Beneficial interest in endowment fund	-	858,493	-	858,493
Short term investments	121,201	-	-	121,201
Cash and bank	71,048	-	-	71,048
Other assets	-	-	4,909	4,909
<b>Total financial assets</b>	<b>192,249</b>	<b>873,136</b>	<b>57,280</b>	<b>1,122,665</b>
<b>Liabilities</b>				
Managed funds being total financial liabilities	(1,001)	-	(57,462)	(58,463)
<b>Total interest repricing gap</b>	<b>191,248</b>	<b>873,136</b>	<b>(182)</b>	<b>1,064,202</b>

#### *Interest rate sensitivity*

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

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

	Effect on Equity and Capital 2019 \$'000	Effect on Equity and Capital 2018 \$'000
<b>Change in basis points:</b>		
-1% (2018: -1%)	(205)	(148)
+1% (2018: +1%)	205	148

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (d) Capital management

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

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

### (e) Fair values of financial instruments

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2019</b>				
Investments at FVPL			-	-
Quoted equities	89,099	-	-	89,099
Government of Jamaica bonds	-	15,136	-	15,136
Expected credit losses	-	(164)	-	(164)
	89,099	14,972	-	104,071
<b>2018</b>				
Available-for-sale				
Quoted equities	52,371	-	-	52,371
Government of Jamaica bonds	-	14,643	-	14,643
	52,371	14,643	-	67,014

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

## Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

### 3. Financial Risk Management (Continued)

#### (e) Fair values of financial instruments (continued)

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

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

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

### 4. Critical Accounting Judgement and Key Source of Uncertainty

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

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

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

#### (b) Key sources of estimation uncertainty

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Project Grants Disbursed

	<b>Fund III</b>
	<b>\$'000</b>
Projects' disbursement, net	<u>27,499</u>
<b>Disbursements allocated as follows:</b>	
4-H Club	300
Alligator Head Foundation	1,556
Association of Science Teachers (Moneague College)	-
Cave Valley Multipurpose Cooperative	300
Clarendon Parish Development Committee Benevolent Society	2,570
Dolphin Head Cooperative	1,175
Hanover Bee Farmers' Cooperative Society Limited	240
Jamaica Conservation and Development Trust	3,860
Jamaica Organic Agriculture Movement	2,407
Lionel Town Development Area Committee Benevolent Society	823
Lions Club of Mona	10,078
Local Initiative Facility for the Environment	-
Mitchell Town Citizens Association	-
Ocho Rios Nature Preserve	-
Redlands	-
Southern Trelawny Environmental Agency	2,350
Treadlight Youth & Community Club Benevolent Society	-
UWI Discovery Bay Marine Lab	1,590
UWI Special Projects	378
	<u>27,627</u>
<b>Refunds</b>	
Mitchell Town Citizens Association	(128)
<b>Net Disbursements</b>	<u>27,499</u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 6. Administration Fund

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

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

	2019 \$'000	2018 \$'000
Jamaican Dollar equivalent of US\$450,000	60,562	59,968
Less: Administrative expenses for the year (note 7)	(46,248)	(46,534)
Excess	<u>14,314</u>	<u>13,434</u>

## 7. Expenses by Nature

	2019 \$'000	2018 \$'000
Advertising and public relations	384	1,355
Auditors' remuneration	1,100	1,100
Depreciation (Note 10)	3,428	3,154
Legal and professional fees	1,217	938
Local and foreign travelling expenses	67	249
Motor vehicle expenses	1,409	1,258
Office and general expenses	1,624	1,841
Printing and stationery	158	264
Repairs and maintenance	1,326	1,565
Staff costs (Note 8)	29,499	27,812
Security	2,656	2,466
Utilities	2,644	2,863
Other expenses	736	1,669
	<u>46,248</u>	<u>46,534</u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

## Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Staff Costs

	2019 \$'000	2018 \$'000
Wages and salaries	25,433	23,969
Payroll taxes – employer's portion	2,606	2,677
Other	1,460	1,166
	<u>29,499</u>	<u>27,812</u>

The number of persons employed by the Foundation at the year-end was 8 (2018 - 8).

### 9. Investment Advisers' Fees

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

	2019 \$'000	2018 \$'000
BPM Financials Limited	<u>719</u>	<u>533</u>

### 10. Property, Plant and Equipment

	2019				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2018	27,168	11,479	18,630	6,906	64,183
Additions	-	-	131	190	321
Disposals	-	-	-	-	-
At 31 July 2019	27,168	11,479	18,761	7,096	64,504
Depreciation -					
At 1 August 2018	12,622	3,253	18,406	6,751	41,032
Disposals	-	-	-	-	-
Charge for the year	871	2,296	199	62	3,428
At 31 July 2019	13,493	5,549	18,605	6,813	44,460
Net Book Value -					
31 July 2019	13,675	5,930	156	283	20,044

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

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

	2018				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2016	23,802	12,915	18,630	6,720	62,067
Additions	3,366	-	-	186	3,552
At 31 July 2016	-	(1,436)	-	-	(1,436)
Depreciation -	27,168	11,479	18,630	6,906	64,183
At 1 August 2016					
Disposals	12,082	2,393	18,137	6,702	39,314
Charge for the year	-	(1,436)	-	-	(1,436)
At 31 July 2018	540	2,296	269	49	3,154
Net Book Value -	12,622	3,253	18,406	6,751	41,032
31 July 2018	14,546	8,226	224	155	23,151

## 11. Investment Securities

	2019 \$'000	2018 \$'000
At beginning of year	67,014	57,607
Fund Receipts (net)	113,146	116,665
Investment Income	35,098	8,013
Interest Earned	5,014	5,927
Exchange differences	(344)	3
Expected credit loss	(164)	-
At end of year	219,764	188,215
<b>Represented by:</b>		
<b>Short term investments (amortised cost)</b>		
Repurchase Agreement	105,585	121,201
Cash Deposit	10,108	-
	115,693	121,201
<b>Investments at FVPL</b>		
Equity Instruments (Quoted Shares)	89,419	52,371
Debt Instruments (Government Bonds)	14,652	14,643
	104,071	67,014
	219,764	188,215

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 12. Beneficial Interest in Endowment Fund

	2019 \$'000	2018 \$'000
Total investments comprised the following -		
Endowment Fund		
Funds held in trust	963,028	837,961
Notes receivables	20,532	20,532
	<u>983,560</u>	<u>858,493</u>
Investment FVPL (Note 11)	104,071	67,014
Investments at amortised cost (Note 11)	115,693	121,201
	<u>1,203,324</u>	<u>1,046,708</u>

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

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

- the amount of \$633,135,000 designated by JPAT for their Endowment Fund was transferred to the EFJ in 2016/2017,
- the amount of \$48,042,000.00 was transferred in 2017/2018, and
- the amount of J\$48,677,000.00 was received in 2018/2019

These amounts are now being invested in a separate pool of Funds at NCB Capital Markets.



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 12. Investment Securities (Continued)

### *Investment Securities by Adviser*

	Fund I \$'000	Fund II \$'000	Fund III \$'000	2019 \$'000	2018 \$'000
Endowment Fund	104,734	36,879	840,334	981,947	857,118
Expected credit loss			(310)	(310)	-
Investments - Barita Portfolio Management Limited					
Securities (FVPL)	320	14,775	-	15,095	14,602
Quoted equities (FVPL)	89,099	-	-	89,099	52,371
Expected credit loss		(164)		(164)	-
Amortised cost	-	-	115,693	115,693	121,165
	194,153	51,490	955,717	1,201,360	1,045,256
Accrued interest	136	85	1,743	1,964	1,452
Total investments	194,289	51,575	957,460	1,203,324	1,046,708

## 13. Other Assets

	2019 \$'000	2018 \$'000
Prepayments	367	184
Other receivables	14,069	4,725
	<u>14,436</u>	<u>4,909</u>

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

## 14. Cash and Bank

	2019 \$'000	2018 \$'000
Cash and bank	<u>232,749</u>	<u>71,048</u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 15. Accounts Payable and Accrued Charges

	2019 \$'000	2018 \$'000
Accounts payable	339	288
Accrued charges	5,588	5,218
Other	1,978	2,230
	<u>7,905</u>	<u>7,736</u>

## 16. Managed Funds

	2019 \$'000	2018 \$'000
Northern Jamaica Conservation Association Endowment Fund (a)	1,001	1,001
Special Climate Change Adaptation Fund (b)	216,970	57,462
	<u>217,971</u>	<u>58,463</u>

### (a) 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 amount approved, and interest earned is as follows:

	2019 \$'000	2018 \$'000
Opening balance of fund	1,001	1,001
Closing balance of fund	<u>1,001</u>	<u>1,001</u>

The agreement between the Foundation and NJCA (amended in December 2007) 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.

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund

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

The MEGJC wishes to pursue the implementation of Component II of the Programme which relates to the creation and establishment of innovative climate financing mechanisms to help support implementation of climate resilience within Micro, Small and Medium Size Enterprises (MSMEs) and Community Based Organizations (CBOs).

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

Year 1: US\$1,200,000.00

Year 2: US\$1,400,000.00

Year 3: US\$1,400,000.00

Year 4: US\$ 700,000.00

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

### Statement of changes in fund balance

	2019 \$'000	2018 \$'000
Balance at beginning of year	(29,207)	68,000
Add: Fund Receipts – Ministry of Economic Growth & Job Creation	327,108	164,114
Less:		
Grant Awards-		
paid (i)	(162,494)	(193,292)
accrued (i)	(239,645)	(56,153)
Fund Administrator fees-		
paid	(4,946)	(9,989)
accrued	(13,325)	(1,741)
Bank Charges	(160)	(146)
Surplus for year	(93,462)	(97,207)
Balance at end of year	(122,669)	(29,207)

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund (continued)

#### Statement of cash flows

	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>		
Surplus for year	(93,462)	(97,207)
Adjustments for:		
Grants awarded but not disbursed	239,645	56,152
Fund Administrator fees payable	13,325	87
Cash provided by operating activities	159,508	(40,968)
Cash and cash equivalent at beginning of year	57,462	98,430
<b>Fund cash balance at the end of the year</b>	<b>216,970</b>	<b>57,462</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund (continued)

- (i) Grants are awarded to eligible organisations through a Call for Proposals. During the 2018/2019 year 55 projects were awarded grant funding. See listing below:

	Amount awarded \$'000	Amount disbursed \$'000	Balance \$'000
Beneficiaries with balances as at 31, July 2019			
Alligator Head Foundation	4,521	-	4,521
Alpha Institute (2 projects)	8,158	4,418	3,741
Ashley Primary and Infant School	4,931	4,831	100
Balacava Development Area Committee	3,906	3,762	145
Bartons Community Development Committee	5,000	3,408	1,592
Beeston Spring Community Development Committee	4,998	3,611	1,387
Bellefield Citizens Development Association	4,940	-	4,940
Best Care Foundation	3,101	3,101	-
Bethabara Primary and Infant Parent Teachers Association	4,997	4,956	41
Bright River Cooperative Society Limited	4,147	4,147	-
Brighter Future Farmers Group	4,999	-	4,999
Brooks Level Citizens Association Benevolent Society	1,000	918	82
Bustamante High School	5,000	4,981	19
Carron Hall Primary School	4,827	-	4,827
Cave Valley Multi-Purpose Cooperative	5,000	3,293	1,707
Central Jamaica Social Development Initiative (3 projects)	14,950	13,450	1,500
Church Teachers College	5,000	4,525	475
Clarendon Municipal Corporation (2 projects)	8,569	-	8,569
Clarendon Parish Development Committee Benevolent Society (2 projects)	10,000	4,950	5,050
Claude McKay High School	4,425	4,196	229
Cockpit Country Local Forest Management Committee	4,972	1,838	3,134
College of Agriculture Science and Education (CASE) (3 projects)	14,994	14,994	-
Cross Keys Development Area Committee (2 projects)	8,432	8,042	388
Denbigh High School	5,000	3,140	1,860
Development Beyond Horizons	3,657	2,747	910
Do Good Jamaica	4,948	4,948	-
Earth Strong Agro NGO	5,000	5,000	-
<b>Balance carried forward on next page</b>	<b>159,472</b>	<b>109,256</b>	<b>50,216</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund (continued)

	Amount awarded \$'000	Amount disbursed \$'000	Balance \$'000
<b>Balance brought forward</b>	<b>159,472</b>	<b>109,256</b>	<b>50,216</b>
Elliott Farmers Community Group	4,731	4,245	485
Enablers of Community Advancement Projects and Initiatives	4,942	4,942	-
Essex Hall Citizens Association	5,000	5,000	-
Fair Prospect Gardens Citizen's Association	5,000	4,546	454
Faith Academy Limited	4,847	4,847	-
Food for the Poor	5,000	953	4,047
Fort George Primary School	4,671	4,616	55
Frankfield Primary and Infant Parent Teachers Association	4,710	4,710	-
Frankfield Primary and Infant School	4,220	4,220	-
Grants Mountain Local Forest Management Committee	4,910	-	4,910
Green Island Friendly Fisherfolks Cooperative	5,000	3,006	1,994
Greenwich Town Fisherfolks Cooperative	5,000	3,513	1,487
HEART NTA Ebony Park Academy	5,000	-	5,000
Jacks Hill Community Benevolent Society	1,150	1,076	74
Jamaica Association for the Deaf	4,992	4,432	560
Jamaica Conservation and Development Trust	5,000	2,066	2,934
Jamaica Greenhouse Growers Association	5,000	5,000	-
Jamaica Surfing Association	4,706	3,906	800
James Hill Farmers Group	2,656	2,656	-
Jeffrey Town Farmers Association (2 projects)	9,800	9,670	130
Jones Town Baptist Church	4,956	4,523	433
Kellits Primary School PTA - Kellits' SWIFT	4,996	-	4,996
Kitson Town Community Development Committee	5,000	4,642	358
Knockalva Polytechnic College	4,856	-	4,856
Knockpatrick Citizens Association	4,576	4,576	-
Knox Community College	4,950	2,375	2,575
Local Initiative Facility for the Environment (LIFE)	5,000	4,830	170
Lucky Valley Primary School	5,000	3,696	1,304
Mafoota Agricultural Cooperative Society (2 projects)	9,828	4,828	5,000
Manchester Parish Development Committee	5,000	4,929	71
Marlie Hill Community Development Committee	5,000	5,000	-
Maryland Community Development Committee	5,000	5,000	-
Merlene Ottey High School	4,015	2,950	1,066
<b>Balance carried forward on next page</b>	<b>323,984</b>	<b>230,009</b>	<b>93,975</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 16. Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund (continued)

	Amount awarded \$'000	Amount disbursed \$'000	Balance \$'000
<b>Balance brought forward</b>	<b>323,984</b>	<b>230,009</b>	<b>93,975</b>
Mile Gully/Warwick Castle Benevolent Development Society	4,950	-	4,950
Moneague College (3 projects)	12,512	12,512	-
Mount Airy Primary & Infant School	4,743	4,262	481
Mount Olivet Boys Home (United Church)	4,818	4,818	-
Nature Preservation Foundation	5,000	-	5,000
Negril Area Environmental Protection Trust	5,000	4,000	1,000
New Horizon Christian Outreach Ministries (NHCOM)	5,000	4,905	95
Northern Caribbean University (3 projects)	14,987	14,887	100
Old Harbour Youth Farmers Network	5,000	5,000	-
Parry Town Citizens Association	4,376	-	4,376
Pedrovian Community Benevolent Society	4,977	4,977	-
Pepper Production and Marketing Foundation Limited	5,000	5,000	-
Plant Jamaica	4,186	3,523	663
Planters Hall All Age and Infant School	5,000	3,694	1,306
Porter's Mountain Community Development Committee- Climate Resilient Community based Water	5,000	2,691	2,310
Ridge Red Bank Community Benevolent Society	4,990	4,990	-
Rock Hall Production and Marketing Benevolent Society	740	216	525
Rock Primary and Infant School	4,931	4,831	100
Rocky Point Development Council Benevolent Society	5,000	5,000	-
Rose Hall Farmers Group	4,990	3,493	1,497
Rose Town Foundation for the Built Environment	3,651	3,555	96
Rose Town Foundation for the Built Environment	1,463	1,463	-
Rural Agricultural Development Authority (RADA) - St Andrew	3,876	3,431	445
Rural Water Supply Limited (3 projects)	14,570	12,897	1,672
Sanguinetti Farmers Group - Soil Conservation	5,000	-	5,000
Seaforth High School	4,498	4,178	320
Siloah Community Development Committee	4,754	4,391	364
Source Farm Foundation & Ecovillage	5,000	5,000	-
Southern Trelawny Environmental Agency - (2 projects)	10,000	9,952	48
St. Elizabeth Agricultural Cooperative Society	4,940	4,940	0
St. Mary Technical High School	5,000	-	5,000
St. Thomas Bee Farmers Cooperative Limited	4,844	4,815	27
<b>Balance carried forward on next page</b>	<b>502,780</b>	<b>373,430</b>	<b>129,350</b>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

16.

## Managed Funds (Continued)

### (b) Special Climate Change Adaptation Fund (continued)

	Amount awarded \$'000	Amount disbursed \$'000	Balance \$'000
<b>Balance brought forward</b>	<b>502,780</b>	<b>373,430</b>	<b>129,350</b>
St. Thomas Environmental Protection Association	4,910	2,268	2,642
Summerfield Community Development Organization	5,000	5,000	-
Sunbeam Children's Home	5,000	4,875	125
Tarrant Baptist Church	2,324	-	2,324
The Caribshare Company Ltd.	4,082	4,082	-
The University of the West Indies	33,354	27,968	5,387
Troja Primary & Junior High School	5,000	3,643	1,357
Unitas of Jamaica	5,000	5,000	-
Upper Rock Spring All Age & Infant School	4,993	4,893	100
Vision of Hope / Mountainside Juices Benevolent Society	4,988	1,409	3,579
Wesley Frankfield Women's League	4,920	742	4,178
Wesleyan Farmers Group	3,477	2,434	1,043
Westmoreland Municipal Corporation	4,990	4,990	-
White Horses Botany Bay and Pamphret Development Benevolent Society Limited	4,999	3,912	1,087
White River Marine Association (2 projects)	9,050	6,933	2,117
Windalco Kirkvine Joint Communities Council	4,800	4,800	-
Windsor Castle Social Services Home Economics Benevolent Society (2 projects)	6,446	2,285	4,161
York Small Farmers Benevolent Society	5,000	3,671	1,328
<b>Total</b>	<b>621,113</b>	<b>462,335</b>	<b>158,778</b>



# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Administrative Fund Expenses Recoverable

	2019 \$'000	2018 \$'000
Opening balance	(20,136)	(20,596)
Surplus Income over Expenditure	10,326	460
Closing balance	<u>(9,810)</u>	<u>(20,136)</u>

## 18. Capital Reserves

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

	2019 \$'000	2018 \$'000
Balance at beginning of year	11,247	11,739
Less:		
Transfers to administration fund in current year (depreciation)	<u>(663)</u>	<u>(492)</u>
Balance at end of year	<u>10,584</u>	<u>11,247</u>

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

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 19. Commitments

As at 31 July 2019, the Foundation had project grant funds committed and not disbursed of approximately \$197,293,000 SCCAF \$158,778,000 (Note 16); TFCA \$33,020,000, PL480 \$5,269,000, Aid Debt \$226,000).

## 20. Related Party Balances and Transactions

### (a) Key management compensation:

	2019 \$'000	2018 \$'000
Wages and salaries	13,211	14,008
Payroll taxes – employer's portion	1,339	1,413
Other	240	240
	<u>14,790</u>	<u>15,661</u>
Directors' fees	<u>Nil</u>	<u>Nil</u>

At year ended 31 July 2019, grants approved but not disbursed for University of the West Indies amounted to \$4,877,000 from TFCA/PL480/AID Debt, \$5,386,000 is also committed under the Special Climate Change Fund.

## 21. Changes in Accounting Policies

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 August 2018 resulted in changes in accounting policies and there were no adjustments to the amounts recognised in the financial statements as at implementation. The new accounting policies are set out in note 2. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

### (i) Classification and measurement

On 1 August 2018 (the date of initial application of IFRS 9), the Foundation determined which business models applied to its financial assets and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Note	Available- for-sale \$'000	Fair value through P&L \$'000	Amortised cost \$'000
<b>Financial assets – 1 August 2018</b>				
<b>Closing balance at 31 July 2018 – IAS 39</b>		67,014	-	-
Reclassify equities from available-for-sale to fair value through profit and loss	a	(52,553)	52,553	-
Reclassify GOJ bonds from available-for-sale to amortised cost	a	(14,461)	-	14,461
<b>Opening balance 1 August 2018 – IFRS 9</b>		<u>-</u>	<u>52,553</u>	<u>14,461</u>

# Environmental Foundation of Jamaica

(A foundation limited by guarantee)

Notes to the Financial Statements

31 July 2019

(expressed in Jamaican dollars unless otherwise indicated)

---

## 21. Changes in Accounting Policies (Continued)

### (a) Reclassification from available-for-sale to amortised cost

Certain investments were reclassified from available-for-sale to amortised cost as at 1 August 2018 as the business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount. The fair value of \$14,461,515 as at 1 August 2018 was equivalent to the amortised cost for these assets. There was no impact on retained earnings at 1 August 2018.

There was no impact to retained earnings of equities reclassified from available for sale to fair value through profit and loss as the Foundation has been recognising the changes in fair value in the statement of Americas' and TFCA's Funds.

## 22. Subsequent Events

Beginning in January 2020, global markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets, and sectors and the specific industry in which the Foundation operates is uncertain at this point and has the potential to continue to adversely affect its business, results of operations or financial condition, the impact of which is still under assessment.