



Environmental Foundation of Jamaica
(A foundation limited by guarantee)

Financial Statements
31 July 2017

Environmental Foundation of Jamaica

(A foundation limited by guarantee)

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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 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at 31 July 2017;
- the statement of changes in the Americas' and TFCA's Funds;
- 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore

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
12 June 2018
Kingston, Jamaica

Environmental Foundation of Jamaica

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

Year ended 31 July 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	(Americas) Fund I \$'000	(Americas) Fund II \$'000	(TFCA) Fund III \$'000	2017 \$'000	2016 \$'000
Fund Receipts		-	-	155,340	155,340	-
Investment income earned		1,138	530	3,666	5,334	1,533
Foreign exchange gains		30	6	-	36	26
		<u>1,168</u>	<u>536</u>	<u>159,006</u>	<u>160,710</u>	<u>1,559</u>
Unrealised gains on available-for-sale investments	11	15,181	-	-	15,181	9,699
		<u>16,349</u>	<u>536</u>	<u>159,006</u>	<u>175,891</u>	<u>11,258</u>
Less:						
Project grants disbursed, net	5	-	604	(13,030)	(12,426)	370
Transfers to administration		-	-	(37,304)	(37,304)	-
Investment advisers' fees	9	(313)	(117)	-	(430)	(303)
		<u>(313)</u>	<u>487</u>	<u>(50,334)</u>	<u>(50,160)</u>	<u>67</u>
Surplus for year		16,036	1,023	108,672	125,731	11,325
Fund balance at beginning of year		35,770	110,205	-	145,975	134,650
Reclassification of funds in trust		<u>(62,875)</u>	<u>(22,125)</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>
Fund balance at end of year		<u>(11,069)</u>	<u>89,103</u>	<u>108,672</u>	<u>186,706</u>	<u>145,975</u>

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Statement of Financial Position

31 July 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Non-Current Assets			
Property, plant and equipment	10	22,753	12,900
Beneficial interest in endowment fund	12	747,479	85,000
Available-for-sale investments	11	57,607	40,765
		<u>827,839</u>	<u>138,665</u>
Current Assets			
Other assets	13	5,103	724
Short term investments	11, 12	101,667	560
Cash and bank	14	118,238	8,924
		<u>225,008</u>	<u>10,208</u>
Current Liabilities			
Accounts payable and accrued charges	15	7,556	3,895
Due to endowment fund		20,532	20,532
Managed funds	16	99,431	4,945
		<u>127,519</u>	<u>29,372</u>
Net Current Asset/(Liabilities)		<u>97,489</u>	<u>(19,164)</u>
		<u>925,328</u>	<u>119,501</u>
Equity			
Administration fund-expenses recoverable		(20,596)	(38,730)
Capital reserves	17	11,739	12,256
Funds in Trust – Endowment Fund		747,479	-
TFCA funds		108,672	-
Americas' funds		78,034	145,975
Total Equity		<u>925,328</u>	<u>119,501</u>

Approved on behalf of the Board of Directors on 12 June 2018 and signed on its behalf by:


 Dale Webber Chairman


 Ian Watson Treasurer

Environmental Foundation of Jamaica

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Administrative Income & Expenditure Statement

31 July 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Income			
Transfers from TFCA		46,083	30,915
Transfers from Capital Reserves		517	658
Administration Fees		10,709	-
Other Income		<u>5,100</u>	<u>2,939</u>
		62,409	34,512
Expenditure			
Administrative Expenses	7	(40,646)	(33,821)
Other Expenses – Managed Funds		<u>(3,629)</u>	<u>-</u>
Total Expenditure		<u>(44,275)</u>	<u>(33,821)</u>
Surplus Income over Expenditure		<u><u>18,134</u></u>	<u><u>691</u></u>

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Statement of Cash Flows

Year ended 31 July 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities		
Surplus for year	125,731	11,325
Adjustments for:		
Depreciation	1,736	242
Increase in amount due to Administration Fund	18,134	689
Fair value adjustments on available-for-sale investments	(15,181)	(9,699)
Unrealised gain on foreign exchange	(36)	(26)
Investment income	(34,678)	(1,533)
	95,706	998
Changes in operating assets and liabilities:		
Other assets	(4,380)	(226)
Accounts payable and accrued charges	3,661	698
Managed funds	94,486	-
Cash provided by operating activities	189,473	1,470
Cash Flow From Investing Activities		
Available-for-sale investments	(1,661)	(1,305)
Endowment Fund	(662,479)	-
Investment in PPE	(11,589)	-
Interest received	34,678	1,533
Cash (used in)/provided by investing activities	(641,051)	228
Cash Flow From Financing Activities		
Increase in Funds In Trust	662,479	-
Capital Reserves	(517)	-
Cash Flow from Financing Activities	661,962	-
Increase in cash and cash equivalents	210,384	1,698
Effect of exchange rate changes on cash and cash equivalents	37	26
Cash and cash equivalent at beginning of year	9,484	7,760
CASH AND CASH EQUIVALENTS AT END OF YEAR	219,905	9,484
Represented by:		
Cash and bank	118,238	8,924
Short term investments	101,667	560
	219,905	9,484

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Notes to the Financial Statements

31 July 2017

(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.

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.

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Notes to the Financial Statements

31 July 2017

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

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

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

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 standard, which is immediately relevant to its operations.

- ***Amendment to IAS 1, 'Presentation of Financial Statements'***, (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. An entity should not aggregate or disaggregate information in a manner that obscures useful information, for example, by aggregating items that have different characteristics or disclosing a large amount of immaterial detail. When management determines an item is material, the amendments require assessment of which specific disclosures set out in the relevant standard should be presented, and whether additional information is necessary to understand the impact on the financial position or performance. The amendments address additional subtotals in the statement of financial position or the statement of profit or loss and other comprehensive income. The amendments give guidance on what additional subtotals are acceptable and how they are presented. There was no significant impact from adoption of these amendments during the year.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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 2017, but the Foundation has not early adopted them:

- **IFRS 9, 'Financial Instruments'**, (effective for annual periods beginning on or after 1 January 2018). The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

IFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost or with unelected designation as fair value through OCI (FVOCI).

An amendment to IFRS 9 was also published during the period and is effective for annual periods beginning on or after 1 January 2019 but can be early adopted 1 January 2018. The amendment covers two issues: Financial assets with prepayment features with negative compensation and modifications of financial liabilities.

The Foundation is in the process of assessing the impact of IFRS 9 on its financial statements.

- **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 is not expected to 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.

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- ***IFRS 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.
- ***Amendments to IAS 7, 'Statement of Cash Flows'***, (effective for annual periods beginning on or after 1 January 2017). The amendment introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. An entity is required to disclose information that will allow users to understand changes in liabilities arising from financing activities. This includes changes arising from: cash flows, such as drawdowns and repayments of borrowings and non-cash changes, such as acquisitions, disposals and unrealised exchange differences. Debt is not defined or required to be disclosed by current IFRS, so the IASB decided to require disclosure of changes in liabilities for which cash flows were, or future cash flows will be, classified as financing activities in the statement of cash flows. 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.

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Grant funds

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

(c) Income recognition

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

(ii) Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates. The financial statements are presented in Jamaican dollars, which is the Foundation's functional and presentation currency.

Translation and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the yearend date monetary assets denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange difference on unsettled foreign currency monetary assets are recognised in the Americas' Funds.

(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 yearend 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.

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2. Summary of Significant Accounting Policies (Continued)

(f) Property, plant and equipment (continued)

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

(g) Financial instruments

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

Financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

(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.

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2. Summary of Significant Accounting Policies (Continued)

(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.

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31 July 2017

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3. Financial Risk Management (Continued)

Maximum exposure to credit risk

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

	2017 \$'000	2016 \$'000
Investment securities	863,320	99,230
Cash and bank	118,238	8,924
Other assets	4,692	468
	<u>986,250</u>	<u>108,622</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:

	2017 \$'000	2016 \$'000
Endowment Fund	747,479	85,000
Government of Jamaica Securities	14,174	13,670
Corporate	101,667	560
	<u>863,320</u>	<u>99,230</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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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continue)

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
2017				
Accounts payable and accrued charges	458	-	7,118	7,576
Due to Endowment Fund	-	-	20,532	20,532
Managed funds	-	98,430	1,001	99,431
	458	98,430	28,651	127,539
2016				
Accounts payable and accrued charges	493	278	3,124	3,895
Due to Endowment Fund	-	-	20,532	20,532
Managed funds	-	-	4,945	4,945
	493	278	28,601	29,372

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.

	2017		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
Financial Assets			
Available-for-sale investments	51,405	6,202	57,607
Short term investments	101,667	-	101,667
Beneficial interest in endowment fund	651,914	95,565	747,479
Cash and bank	112,120	6,118	118,238
Other assets	5,103	-	5,103
Total financial assets	922,209	107,885	1,030,094
Financial Liabilities			
Accounts payable and accrued charges	7,278	278	7,556
Due to Endowment fund	20,532	-	20,532
Managed funds	99,431	-	99,431
Total financial liabilities	127,241	278	127,519
Net financial position	794,968	107,607	902,575

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	2016		
	Jamaican \$ J\$'000	United States \$ J\$'000	Total J\$'000
Financial Assets			
Available-for-sale investments	35,738	5,027	40,765
Short term investments	560	-	560
Cash and bank	4,544	4,380	8,924
Other assets	724	-	724
Total financial assets	41,566	9,407	50,973
Financial Liabilities			
Accounts payable and accrued charges	3,617	278	3,895
Managed funds	20,532	-	20,532
Total financial liabilities	4,945	-	4,945
Net financial position	29,094	278	29,372
	12,472	9,129	21,601

Foreign currency sensitivity

The following tables indicate the currencies to which the Foundation had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated investments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	% Change in Currency Rate 2017	Effect on Equity and Capital 2017 \$'000	% Change in Currency Rate 2016	Effect on Equity and Capital 2016 \$'000
Currency:				
USD	+2	(2,152)	+1	(91)
USD	-4	4,304	-6	548

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

	Within 1 Month	1 to 3 Months	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000
	2017			
Assets				
Available-for-sale investments	-	14,174	43,433	57,607
Beneficial interest in endowment fund		747,479		747,479
Short term investments	101,667	-	-	101,667
Cash and bank	118,238	-	-	118,238
Other assets	-	-	5,103	5,103
Total financial assets	219,905	761,653	48,536	1,030,094
Liabilities				
Managed funds	(1,001)	-	(98,430)	(99,431)
Total financial liabilities	(1,001)	-	(98,430)	(99,431)
Total interest repricing gap	218,904	761,653	(49,894)	930,663

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 1 Month \$'000	1 to 3 Months \$'000	Non-Interest Bearing \$'000	Total \$'000
2016				
Assets				
Available-for-sale investments	-	13,670	27,095	40,765
Short term investments	560	-	-	560
Cash and bank	8,924	-	-	8,924
Other assets	-	-	724	724
Total financial assets	9,484	13,670	27,819	50,973
Liabilities				
Managed funds	(1,001)	-	(3,944)	(4,945)
Total financial liabilities	(1,001)	-	(3,944)	(4,945)
Total interest repricing gap	8,483	13,670	23,875	46,028

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 Equity and Capital 2017 \$'000	Effect on Equity and Capital 2016 \$'000
Change in basis points:		
-1% (2016: -1%)	(138)	(135)
+1% (2016: +2.5%)	138	135

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3. Financial Risk Management (Continued)

(d) Capital management

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

In Accordance with the Assignment, Assumption & Amendment Agreement dated June 29, 2016, 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
2017				
Investments classified as available-for-sale –				
Quoted equities	43,433	-	-	43,433
Government of Jamaica bonds	-	14,174	-	14,174
	43,433	14,174	-	57,607
2016				
Investments classified as available-for-sale –				
Quoted equities	27,095	-	-	27,095
Government of Jamaica bonds	-	13,670	-	13,670
	27,095	13,670	-	40,765

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3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

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

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

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

4. Critical Accounting Judgement and Key Source of Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

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

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5. Project Grants Disbursed

	Fund II	Fund III	Total
	\$'000	\$'000	\$'000
Projects' disbursement, net	(604)	13,030	12,426
Disbursements allocated as follows:			
Hanover Bee Farmers Cooperative Society	-	4,039	4,039
Jamaica Organic Agricultural Movement	-	3,802	3,802
Lions Club of Mona	-	2,394	2,394
University of the West Indies – Discovery Bay & Port Royal Marine Labs	-	2,795	2,795
	-	13,030	13,030
Refunds			
St. Andrew Parish Church Home for Girls	(604)	-	(604)
Net Disbursements	(604)	13,030	12,426

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:

	2017	2016
	\$'000	\$'000
Jamaican Dollar equivalent of US\$450,000	56,865	56,313
Less: Administrative expenses for the year	(40,646)	(33,821)
Excess	16,219	22,492

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7. Expenses by Nature

	2017 \$'000	2016 \$'000
Advertising and public relations	202	189
Auditors' remuneration	1,310	800
Depreciation (Note 10)	1,736	900
Legal and professional fees	10	1,500
Local and foreign travelling expenses	422	177
Motor vehicle expenses	1,720	887
Office and general expenses	1,800	1,687
Printing and stationery	43	45
Repairs and maintenance	1,150	1,262
Staff costs (Note 8)	25,573	20,883
Security	2,499	2,359
Utilities	2,635	2,249
Other expenses	1,546	883
	<u>40,646</u>	<u>33,821</u>

8. Staff Costs

	2017 \$'000	2016 \$'000
Wages and salaries	22,069	18,239
Payroll taxes – employer's portion	2,290	1,899
Other	1,214	745
	<u>25,573</u>	<u>20,883</u>

The number of persons employed by the Foundation at the year end was 8 (2016 - 7).

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9. Investment Advisers' Fees

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

	2017 \$'000	2016 \$'000
BPM Financials Limited	430	303

10. Property, Plant and Equipment

	2017				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2016	23,802	3,136	18,520	6,720	52,178
Additions	-	11,479	110	-	11,589
Disposals	-	(1,700)	-	-	(1,700)
At 31 July 2017	23,802	12,915	18,630	6,720	62,067
Depreciation -					
At 1 August 2016	11,602	3,136	17,866	6,674	39,278
Disposals	-	(1,700)	-	-	(1,700)
Charge for the year	480	957	271	28	1,736
At 31 July 2017	12,082	2,393	18,137	6,702	39,314
Net Book Value -					
31 July 2017	11,720	10,522	493	18	22,753

	2016				
	Freehold Land and Building \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture and Fixtures \$'000	Total \$'000
At Cost -					
At 1 August 2015	23,802	3,136	18,520	6,720	52,178
At 31 July 2015	23,802	3,136	18,520	6,720	52,178
Depreciation -					
At 1 August 2015	11,079	3,136	17,525	6,638	38,378
Charge for the year	523	-	341	36	900
At 31 July 2016	11,602	3,136	17,866	6,674	39,278
Net Book Value -					
31 July 2016	12,200	-	654	46	12,900

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11. Available-for-Sale Investments

	2017 \$'000	2016 \$'000
At beginning of year	40,765	29,761
Fund Receipts	98,000	-
Fair value adjustment	15,181	9,699
Interest Earned	5,292	1,839
Exchange differences	36	26
At end of year (Note 12)	159,274	41,325
Current portion	(101,667)	(560)
	<u>57,607</u>	<u>40,765</u>

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

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

12. Investment Securities

	2017 \$'000	2016 \$'000
Total investments comprised the following -		
Endowment Fund		
Funds held in trust	726,947	64,468
Notes receivables	20,532	20,532
	<u>747,479</u>	<u>85,000</u>
Available-for-sale investment (Note 11)	57,607	40,765
Short term investments (Note 11)	101,667	560
	<u>906,753</u>	<u>126,325</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.

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

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12. Investment Securities (Continued)

Investment Securities by Adviser

	Fund I \$'000	Fund II \$'000	Fund III \$'000	2017 \$'000	2016 \$'000
Endowment Fund	84,581	29,763	631,761	746,105	85,000
Available-for-sale investments - Barita Portfolio Management Limited					
Securities	119	13,997	-	14,116	13,625
Quoted equities	43,433	-	-	43,433	27,095
National Commercial Bank Limited	-	-	101,470	101,470	108
	128,133	43,760	733,231	905,124	125,828
Accrued interest	64	80	1,485	1,629	497
Total investments	128,197	43,840	734,716	906,753	126,325

13. Other Assets

	2017 \$'000	2016 \$'000
Prepayments	411	256
Other receivables	4,692	468
	5,103	724

- (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 Charities Act.
- (ii) Other receivables primarily represents administrator fees receivable from the Special Climate Change Adaptation Fund.

14. Cash and Bank

	2017 \$'000	2016 \$'000
Cash and bank	118,238	8,924

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15. Accounts Payable and Accrued Charges

	2017 \$'000	2016 \$'000
Accounts payable	278	278
Accrued charges	5,246	1,597
Other	2,032	2,020
	<u>7,556</u>	<u>3,895</u>

16. Managed Funds

	2017 \$'000	2016 \$'000
Northern Jamaica Conservation Association Endowment Fund (a)	1,001	1,001
Inter-American Foundation (b)	-	3,944
Special Climate Change Adaptation Fund (c)	98,430	-
	<u>99,431</u>	<u>4,945</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:

	2017 \$'000	2016 \$'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.

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16. Managed Funds (Continued)

(b) 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 and ended on March 9, 2017. The agreement required IAF to provide cash funding for a total of US\$400,000.00, while the Foundation provided support in the form of cash and kind valued at US\$1,357,500.00. Organisations receiving the grant funding were required to provide the balance of US\$175,000.00, in order to be eligible for the grants. The Foundation used its regular selection and monitoring procedures for the awarding of these grants.

	2017 \$'000	2016 \$'000
Opening balance of fund	3,944	3,944
Amount Refunded to IAF	(3,751)	-
Bank Charges and Payments due to the EFJ	(193)	-
Fund balance 31 July 2017	-	3,944

(c) 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.

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16. Managed Funds (Continued)

(c) Special Climate Change Adaptation Fund (continued)

Statement of changes in fund balance:

	2017 \$'000
Balance at beginning of year	-
Add: Fund Receipts – Ministry of Economic Growth & Job Creation	211,467
Less:	
Grant Awards-	
paid (i)	(106,549)
accrued (i)	(26,164)
Fund Administrator fees-	
paid	(6,441)
accrued	(4,266)
Bank Charges	(47)
Surplus for year	68,000
Balance at end of year	68,000

Statement of cash flows:

	2017 \$'000
Cash flows from operating activities	
Surplus for year	68,000
Adjustments for:	
Grant awarded but not disbursed	26,164
Fund Administrator fees payable	4,266
Cash provided by operating activities	98,430
Fund cash balance at the beginning of year	-
Fund cash balance at the end of the year	98,430

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16. Managed Funds (Continued)

(c) Special Climate Change Adaptation Fund (continued)

- (i) Grants are awarded to eligible organisations through a Call for Proposals. At least one Call for Proposals will be held each year. During the 2016/2017 year 29 projects were awarded grant funding. See listing below:

	Amount awarded \$'000	Amount disbursed \$'000	Balance \$'000
Central Jamaica Social Development Initiative	4,960	4,960	-
Plant Jamaica	4,186	3,523	663
Rural Water Supply - Marley Hill	5,000	4,566	434
Rural Water Supply - Gordon Hill	5,000	5,000	-
Rural Water Supply - Snowdon	4,570	4,154	416
Frankfield Primary and Infant School	4,220	4,220	-
Rose Town Foundation	3,651	3,351	300
Vision of Hope	4,988	-	4,988
Parry Town Citizens Association	4,376	-	4,376
Moneague College	3,962	3,651	311
Pedrovian Community Ben. Society	4,977	3,035	1,942
White River Marine Association	4,085	4,085	-
Southern Trelawny Environmental Association	5,000	4,872	128
Earth Strong	5,000	5,000	-
Mafoota Agricultural Cooperative	4,828	4,578	250
Westmoreland Parish Development Committee	4,990	4,990	-
St. Elizabeth Agricultural Cooperative	4,940	4,940	-
UWI Discovery Bay Marine Laboratory	5,000	4,913	87
Manchester Parish Development Committee	5,000	2,401	2,599
Northern Caribbean University	5,000	5,000	-
Rocky Point	5,000	2,550	2,450
Jeffrey Town Farmers Association	4,905	4,805	100
Alpha Institute	4,418	3,032	1,386
Essex Hall	5,000	5,000	-
Brooks Level Community and Citizens Association	1,000	918	82
UWI - Spoilage Reduction	5,000	5,000	-
Ridge Red Bank Community Benevolent Society	4,990	-	4,990
Balacava Development Area Committee	3,673	3,011	662
College of Agriculture Science & Education	4,994	4,994	-
	<u>132,713</u>	<u>106,549</u>	<u>26,164</u>

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17. Capital Reserves

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

	2017	2016
	\$'000	\$'000
Balance at beginning of year	12,256	12,914
Less:		
Transfers to administration fund in current year (depreciation)	(517)	(658)
Balance at end of year	<u>11,739</u>	<u>12,256</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.

18. Commitments

As at 31 July 2017, the Foundation had project grant funds committed and not disbursed of approximately \$98,625,000 (TFCA \$89,735,000, PL480 \$8,665,000, Aid Debt \$225,000)

19. Related Party Balances and Transactions

(a) Key management compensation:

	2017	2016
	\$'000	\$'000
Wages and salaries	11,818	10,608
Payroll taxes – employer's portion	1,204	1,090
Other	195	180
	<u>13,217</u>	<u>11,878</u>
Directors' fees	<u>Nil</u>	<u>Nil</u>

At year ended 31 July 2017, grants approved but not disbursed for University of the West Indies amounted to \$6,931,000.