

**Caribbean Biodiversity Fund  
Financial Statements  
Year ended 30 September 2018**

Charity registration number: 1149889  
Company registration number: 08204716

# **Caribbean Biodiversity Fund**

## **Financial Statements**

**Year ended 30 September 2018**

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# Caribbean Biodiversity Fund

## Financial Statements

Year ended 30 September 2018

<b>Charity registration number</b>	1149889
<b>Company registration number</b>	08204716
<b>Trustees</b>	Mr Noorani Azeez Mr Garry Gore Ms Lisa Grant Mr Sixto Inchaustegui Mr Michael John Dr Jen Mackensen Mr George Mason Mrs Eleanor Phillips
<b>Chief executive officer</b>	Yabanex Batista
<b>Registered office</b>	3 <sup>rd</sup> floor 1 Ashley Road Altrincham Cheshire WA14 2DT
<b>Principal place of business</b>	6 Colonial Hill Plaza Thompson Blvd. P.O. Box CB 11398 Nassau The Bahamas
<b>Auditor</b>	Wilkins Kennedy Audit Services Gladstone House 77-79 High Street Egham TW20 9HY
<b>Solicitor</b>	Ropes & Gray LLP 5 New Street Square London EC4A 3BF
<b>Investment managers</b>	UBS Financial Services Inc 925 4 <sup>th</sup> floor 20 <sup>th</sup> floor Seattle WA  Deutsche Bank Trust Company Americas Deutsche Bank Wealth Management 345 Park Avenue New York
<b>Accountants</b>	BDO Bahamas PO Box N-10144 Gresham House Charlotte Street South Nassau The Bahamas

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

#### Year ended 30 September 2019

The Trustees present their report and the audited financial statements of the charity for the year ended 30 September 2018. The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

#### Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end were as follows:

Mr Noorani Azeez	appointed 18 February 2019
Mr Roderick Cherry	appointed 12 December 2017, resigned 7 November 2018
Mr Garry Gore	appointed 24 October 2017
Ms Lisa Grant	appointed 20 September 2019
Mr Sixto Inchaustegui	appointed 12 December 2017
Dr Jen Mackensen	
Mr George Mark	appointed 20 September 2019
Mrs Eleanor Phillips	

#### Objectives and activities

The Caribbean Biodiversity Fund (CBF) is a regional environmental fund whose objective is to promote for the benefit of the public the conservation, protection, management and expansion of the National Protected Areas Systems of the Participating Countries by providing a sustainable flow of funds to support, without limitation, enforcement, infrastructure, monitoring needs and other activities that contribute substantially to the conservation, protection and maintenance of biodiversity within the National Protected Areas Systems or any other area of environmental significance of the Participating Countries.

The CBF, along with a set of National Conservation Trust Funds (NCTFs), form the Caribbean Sustainable Finance Architecture (the Architecture) which aims to mobilise financial resources for conservation in the Caribbean. As the regional element of the Architecture, and in addition to its key sustainable financial resources focussed mission, the CBF also plays several roles directed at improving the enabling conditions of its partners and grantees. The CBF convenes meetings of diverse stakeholder groups to advance dialogue on common issues; builds the capacity of grantees, including partner national funds, their grantees and host governments; raises awareness at the regional and international level of the importance of a sustained flow of resources for conserving the Caribbean's natural resources for a sustainable future; and serves as a forum for regional coordination and cooperation.

#### Fund-raising Standards Information

The Fund is not actively engaged in fund raising activities.

#### Public benefit statement

The Trustees have referred to the guidance contained within the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. As indicated in the CBF Articles of Association, the CBF was established for the benefit of the public as it promotes the conservation, protection, management and expansion of the National Protected Areas Systems of the Participating Countries.

#### Strategic Report

##### Achievements and performance

During fiscal year 2018 the CBF activities and key achievements included the following:

##### Overall Governance and Operations

###### A. CBF Board

- **The CBF Board was composed of 5 appointed Directors**
  - **KfW Director** - Mr. Mackensen remained as Chair of the CBF Board.
- **TNC Director** - Mrs. Phillips remained CBF Vice-Chair and Treasurer of the CBF Board, as well as Chair of the CBF Finance Committee.

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

#### Year ended 30 September 2019

- **Board Meetings** - A total of six (6) Board Meetings were held in FY 2018:
  - 24<sup>th</sup> CBF Board Meeting (October 24<sup>th</sup>, 2017)
  - 25<sup>th</sup> CBF Board Meeting (December 12<sup>th</sup>, 2017)
  - 26<sup>th</sup> CBF Board Meeting (March 21<sup>st</sup>, 2018)
  - 27<sup>th</sup> CBF Board Meeting (May 23<sup>rd</sup>, 2018)
  - 6<sup>th</sup> CBF Annual Meeting (also served as 28<sup>th</sup> CBF Board Meeting) (June 19<sup>th</sup>, 2018)
  - 29<sup>th</sup> CBF Board Meeting (September 11, 2018)

#### **B. CBF Annual Meeting**

The 6<sup>th</sup> CBF Annual Meeting took place in Miami, USA, on June 19<sup>th</sup>, 2018. This meeting also served as the 28<sup>th</sup> Board Meeting of the CBF.

Key topics discussed included:

- CBF FY18 interim Status Report
- Update on establishment of National Conservation Trust Funds (NCTFs)
- EbA Facility Update
- Strategic Plan Midterm Review and Amendments
- CBF Finances and Investments updates
- Institutional Development Update
- Approval of CBF FY19 Annual Work Plan
- Approval of CBF Secretariat FY19 Budget

#### **C. Committees**

- **Finance Committee Meetings** - A total of one (1) CBF Finance Committee Meetings took place in FY18:
  - 14<sup>th</sup> Finance Committee Meeting (June 21<sup>st</sup>, 2018)
- While some official proposed committee meetings had to be cancelled, the Committee Chair, other members of the Committee and Secretariat held meetings with the CBF asset managers to monitor progress on investments.

### Operations

#### **A. Key Institutional Documents Approved:**

- FY18 Budget Amendment
- Approval of initiation of process to select new Endowment Asset Manager selection process
- Amendments to CBF Articles of Association
- Amendments to CBF Operational Manual which included separation of document into a CBF Principal Operational Manual and an CBF Endowment Operational Manual
- Approval of CBF Secretariat Manual
- Amendments CBF Endowment Eligibility Policy and Procedures
- Approval of new CBF Endowment Asset Manager (Payden & Rygel)
- Mid-Term Review and Amendment of 2020 Strategic Plan
- Approval of FY19 Annual Work Plan and Budget

#### **B. Legal Structure**

- CBF continued to work on finalising its registration process in The Bahamas. However, an analysis will be conducted on whether keeping this registration is beneficial or not for the institution. There have been several procedural delays that have prevented completion of this process.

### Strategic Plan and Fundraising Strategy

- The CBF continued to implement its 2020 Strategic Plan.
- The CBF received deposits for its Endowment in FY18 (see table below).

### Conservation Finance Programme

- NCTFs that are eligible or expected to become CBF eligible made important progress in FY18 towards becoming operational. Table I below shows progress through a set of key milestones.

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

#### Year ended 30 September 2019

- Pre-financing Agreements
  - By the end of FY18 five (5) NCTFs had signed Pre-financing Agreements with the CBF to support their establishment and operations.
    - Marine Ecosystem Protected Area Trust (September 21<sup>st</sup>, 2016 – FY16)
    - Saint Lucia National Conservation fund (September 21<sup>st</sup>, 2016 – FY16)
    - Saint Christopher and Nevis Conservation foundation (April 12<sup>th</sup>, 2017 – FY17)
    - National Conservation Trust Fund of Jamaica (June 26<sup>th</sup>, 2017 – FY17)
    - St. Vincent and the Grenadines Conservation Fund (October 25<sup>th</sup>, 2017)
- The CBF made in FY18 Pre-financing payments in the amount of US\$ 205,000.
- Partnership Agreements
  - By the end of FY18 three (3) NCTFs had signed Partnership Agreements with the CBF.
    - Fondo MARENA (December 12<sup>th</sup>, 2016)
    - Marine Ecosystem Protected Area Trust (June 26<sup>th</sup>, 2017)
    - Saint Lucia National Conservation Fund (June 26<sup>th</sup>, 2017)
  - The CBF made two (2) Partnership Agreement Payments in FY18:
    - Fondo MARENA – Payment #1, Tranche #1 - \$160,225.77 (October 11<sup>th</sup>, 2017)
    - Saint Lucia National Conservation Fund – Payment #1, Tranche #1 - \$ 80,644.28 (March 6<sup>th</sup>, 2018)

Table I: NCTFs Establishment Progress (as of June 2018)

## NCTFs Establishment Dashboard

(updated June 2018)

Country	NCTF	Legally Established	Functional Board	Pre-Financing Agreement	By-laws	OM (Board Approved)	Staff Hiring	CBF Eligibility Request	Partnership Agreement Negotiations	First CBF Payment
A&B	MEPA Trust									
BVI	VICCF									
BAH	BPAF									
DR	Fondo MARENA									
GND	GSDTF									
HAI	HBF									
JAM	NCTFJ									
PR	-									
SKN	SCNCF									
SLU	SLUNCF									
SVG	SVGCF									

■ Complete  
 ■ In progress  
 ■ Not initiated yet  
 ■ N/A at the moment

#### Climate Adaptation Programme – EbA Facility

- EbA Facility Programme Manager hired.
- Technical Assistance contract between CBF and The Nature Conservancy (TNC) signed for the preparation of the EbA Facility Strategic Approach.
- Country sensitisation visits undertaken to Antigua & Barbuda, Saint Lucia, Dominican Republic and Dominica.

## **Caribbean Biodiversity Fund**

### **Trustees' Report (Including Directors Report and Strategic Report)**

#### **Year ended 30 September 2019**

- EbA Facility Strategic Approach document finalised (submitted for official approval to CBF Board in October 2018).
- EbA Facility Committee Charter approved by CBF Board.
- EbA Facility Committee constituted and approved by the CBF Board.
- Three meetings of the EbA Facility Committee convened on 3 May 2018, 21 June 2018 and 23 August 2018.
- EbA Facility Operational Manual finalised (submitted for official approval to CBF Board in October 2018).
- Draft Terms of Reference for EbA Technical Officer developed.
- Draft First Call for Proposals prepared.
- EbA Facility showcased at UNFCCC COP23 in Bonn from 6–17 November 2017.

#### **Partnerships**

- Caribbean Challenge Initiative – Continued to implement joint activities with the Caribbean Challenge Initiative and particularly the 3<sup>rd</sup> CCI-CBF Week in June 2018.

#### **Year Ahead - CBF FY19 Annual Work Plan**

The CBF's FY2019 Annual Work Plan (October 1<sup>st</sup>, 2018 – September 30<sup>th</sup>, 2019), as approved during the 6<sup>th</sup> CBF Annual Meeting, will focus on the following key strategic areas of action:

- 1) Institutional:
  - a. Continued development of Monitoring and Evaluation System
  - b. Continued implementation of CBF Institutional Strengthening Development Plan
  - c. Continue to advance key Partnerships – Caribbean Challenge Initiative and Caribbean Pacific Marine Conservation Finance Alliance
  - d. Implementation of Marketing and Communications Strategy
- 2) Conservation Finance Programme (Endowment)
  - a. Supervise implementation of current Pre-financing and Partnership Agreements.
  - b. Continue process to execute Partnership Agreements with NCTFs
  - c. Promote incorporation of new geographies
  - d. Support NCTFs operational sustainability strategies
  - e. Provide technical advice to NCTFs on development of financial mechanisms.
- 3) Climate Adaptation Programme - Ecosystem Based Adaptation Facility
  - a. Finalise key EbA Facility documents – Strategic Approach and Operations Manual
  - b. Issue first call for proposal

#### **Financial review**

##### **CBF Endowment Performance**

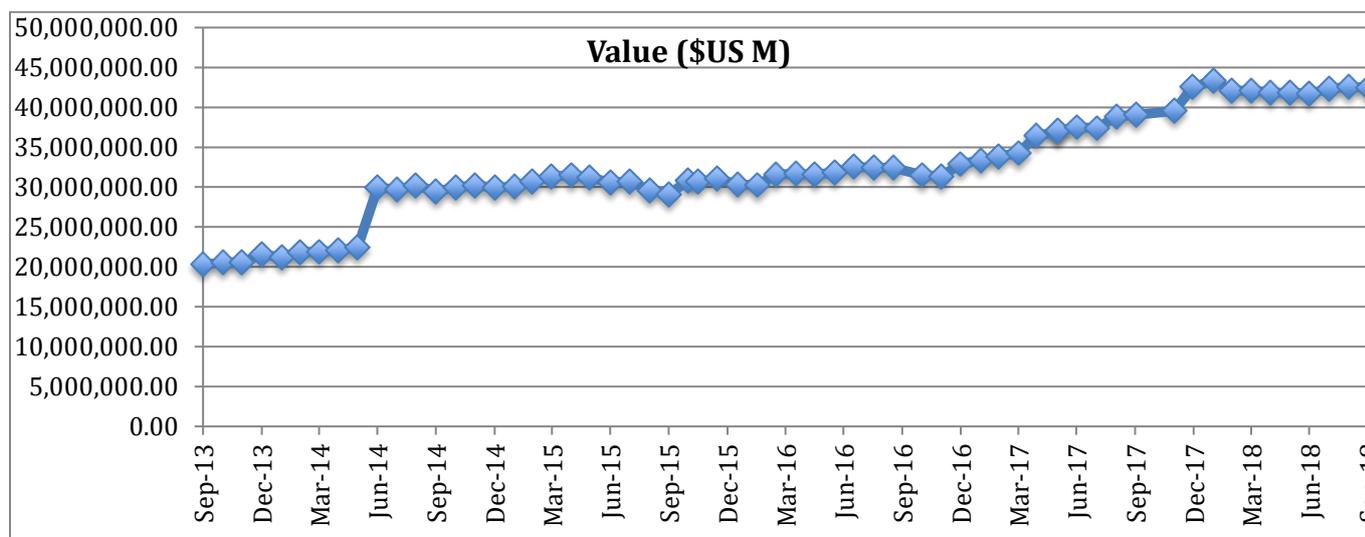
As of September 30<sup>th</sup>, 2018, the CBF Endowment accounts had investment earnings of \$ 1,012,583 YTD. Total assets as of September 30, 2018 were \$42,425,239.97. Graph 1 below shows the historical CBF endowment market Value since inception of investments through September 30<sup>th</sup>, 2018.

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

Year ended 30 September 2019

Graph I: Historical CBF Endowment Market Value Performance



### CBF Endowment Deposits and Disbursements Record

As of September 30<sup>th</sup>, 2018, a total of 13 deposits had been made to the CBF Endowment for a total of US\$37,555,392. Table II below reflects all CBF deposits since inception through September 30<sup>th</sup>, 2018.

Table II: CBF Endowment Deposits Record

Endowment Deposits Record				
Deposit Date	Donor	Amount	Amount received in USD	Description
<b>FY13</b>				
25-Jan-13	KfW	€ 15,075,000	20,286,126	Assigned to 7 countries (not including The Bahamas) and CBF Secretariat.
<b>FY14</b>				
17-Dec-13	TNC	USD 750,000	750,000	Assigned in equal parts to 5 Eastern Caribbean countries - Antigua and Barbuda, Grenada, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines.
5-Jun-14	World Bank	USD 7,200,000	7,200,000	Assigned in equal parts to 5 Eastern Caribbean countries - Antigua and Barbuda, Grenada, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines.
<b>FY15</b>				

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

Year ended 30 September 2019

27-Mar-15	TNC	USD 750,000	750,000	TNC Early Transfer - Not assigned to any CBF participating Country yet.
<b>FY16</b>				
29-Oct-2015	TNC	USD 750,000	750,000	TNC Early Transfer - Assigned to Bahamas
28-Dec-2015	UNDP	USD 750,000	750,000	TNC Early Transfer - Assigned to Jamaica
<b>FY17</b>				
22-Dec-2016	TNC	USD 750,000	750,000	TNC Early Transfer - Assigned in equal parts to Grenada, St. Lucia, St. Vincent and Grenadines, Antigua and Barbuda, St. Kitts and Nevis
23-Dec-2016	World Bank	USD 400,00	400,000	Assigned to pre-financing support to Grenada, St. Lucia, St. Vincent and Grenadines, Antigua and Barbuda, St. Kitts and Nevis.
29-Dec-2016	World Bank	USD 37,000	37,000	Assigned to CBF Secretariat
21-Mar-2017	TNC	USD 250,000	250,000	Assigned to Dominican Republic
3-Apr-2017	KfW	€1,628,100	1,738,078.16	Assigned to Dominican Republic
8-Sep-2017	KfW	€976,860	1,163,733.32	Assigned in equal parts to Antigua and Barbuda and Saint Lucia
<b>FY18</b>				
14-Dec-2017	KfW	€2,320,040	2,730,454.49	Assigned to Grenada, Jamaica, Saint Kitts and Nevis and Saint Vincent and the Grenadines
<b>Total Deposits (through FY18)</b>			<b>37,555,391.90</b>	

Table II: CBF Endowment Disbursements Record

Endowment Disbursements Record			
Dates	Entity	Amount USD	Description
<b>FY13</b>			
	N/A	0.00	No disbursements.
<b>FY14</b>			

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

Year ended 30 September 2019

	N/A	0.00	No disbursements.
<b>FY15</b>			
5/22/15	TNC	279,929.85	Reimbursement to The Nature Conservancy for CBF FY13 and Fy14 operational expenses. 201,582 are to be assigned to CBF Secretariat Sub-Account. Remaining distributed among all country sub-accounts according to % share.
<b>FY16</b>			
5/23/16	TNC	207,784.00	Reimbursement to The Nature Conservancy for CBF FY15 operational expenses.
<b>FY17</b>			
10/7/16	MEPA Trust	50,000.00	Pre-financing Payment 1 - MEPA Trust (Antigua & Barbuda)
11/8/16	SLUNCF	41,000.00	Pre-financing Payment 1 - SLUNCF (Saint Lucia)
7/21/17	NCTFJ	37,588.00	Pre-financing Payment 1 - NCTFJ (Jamaica)
8/24/17	TNC	278,512.38	Reimbursement to The Nature Conservancy for CBF FY16 operational expenses. Distributed among all sub-accounts according to % share of each country sub-account.
<b>FY18</b>			
10/11/17	F MARENA	160,225.77	Fondo MARENA CBF Partnership Agreement Payment 1 Tranche 1
12/8/17	TNC	25,000.00	Reimbursement to TNC for admins support - Distributed among all sub-accounts according to % share of each country sub-account
12/8/17	SLUNCF	40,000.00	SLUNCF (Saint Lucia) Pre-financing Payment 2
12/8/17	SVGCF	50,000.00	SVGCF Pre-financing Payment 1
1/25/18	MEPA	45,000.00	MEPA Trust (Antigua & Barbuda) Pre-financing Payment 2
3/6/18	SLUNCF	80,644.28	SLUNCF CBF Partnership Agreement Payment 1 Tranche 1
5/7/18	TNC	230,273.84	Reimbursement to TNC - Distributed among all sub-accounts according to % share of each country sub-account
5/14/18	SLUNCF	40,000.00	SLUNCF (Saint Lucia) Pre-financing Payment 3
5/14/18	NCTFJ	30,000.00	NCTFJ (Jamaica) Pre-financing Payment 2
5/14/18	SCNCF	-	SCNCF (Saint Kitts and Nevis) Pre-financing Payment 1 (Returned on same day dur to bank account error). Do not add for disbursement totals (\$45000)

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

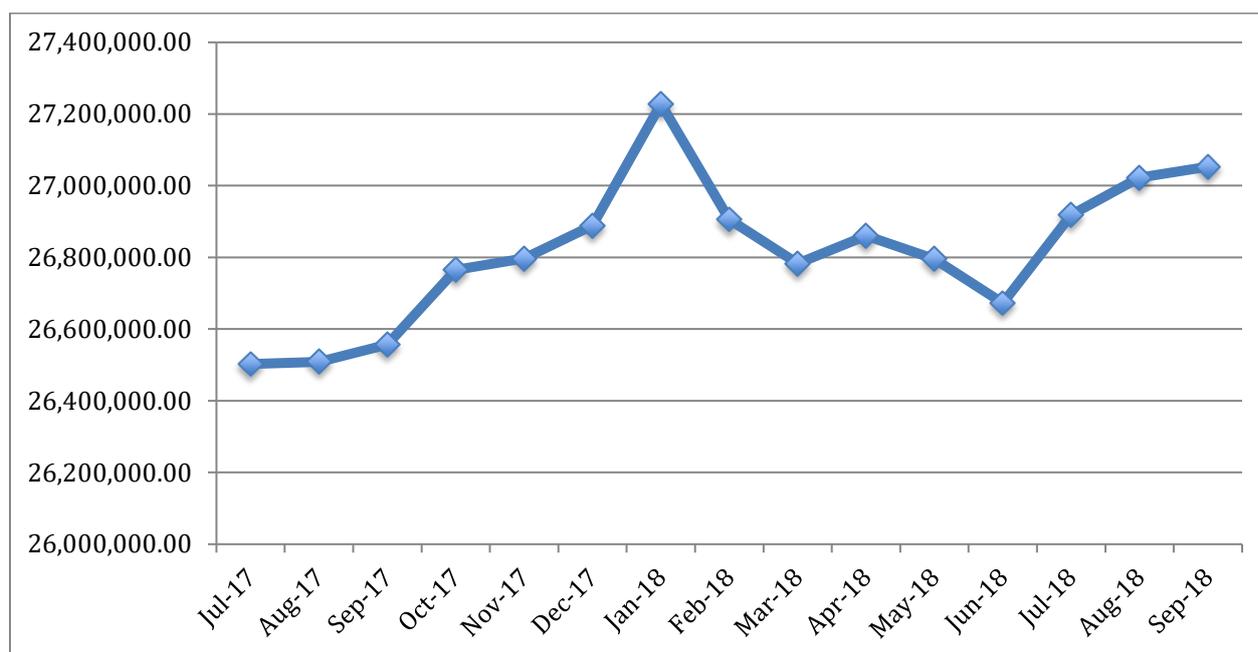
Year ended 30 September 2019

<b>Total Disbursements (through FY18)</b>		<b>1,595,958.12</b>	
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#### CBF EbA Facility Performance

As of September 30th, 2018, total assets were \$27,053,345.41. Graph 1 below shows the historical CBF endowment market Value since inception of investments through September 30<sup>th</sup>, 2018. One disbursement of \$49,727.50 was done as part of Technical Assistance contract with The Nature Conservancy to support Strategic Approach and operations manual for the Facility.

**Graph 2: Historical CBF EbA Facility Market Value Performance**



#### Investment Policies

Currently the CBF has with two investment policies, one for the CBF Endowment and one for the CBF EbA Facility. The policies include the guidelines for each of the fund's investment strategies. The CBF Finance Committee is tasked with oversight of investments performance.

Investments results and compliance with the CBF Investment Policy is monitored by the CBF Board and its Finance Committee and periodically discussed with the investment managers in order to evaluate results and decide upon any necessary changes to the investment strategy.

#### Secretariat Operational Budget

The CBF Secretariat had, as approved by the Board, an operational budget of US\$596,836,00 for FY18 with the Endowment contributing \$ 320,862 and the EbA Facility \$ 248,974.

#### Reserves Policy

The CBF Endowment, is currently funded by KfW (the German Development Bank), The Nature Conservancy (TNC), and the Global Environment Facility (GEF). To date, a total of US\$42.0 million have been pledged to the CBF endowment. As part of its management strategy, the CBF has established an investment strategy aimed at achieving a total of 7% returns on investments. The CBF will pay to the National Conservation Trust Funds (NCTFs) a total of up to 4% return on investments based on a 36-month average value of each Participating Country Sub-Account.

While subject to market behaviour, the CBF Endowment investment strategy is designed to keep in place the CBF capital and allow for payments to the NCTFs and also support its Secretariat operations. In addition, the CBF has established and Operations Reserve as a sub-account within the CBF Endowment, as this

# Caribbean Biodiversity Fund

## Trustees' Report (Including Directors Report and Strategic Report)

### Year ended 30 September 2019

reserves builds-up it will bring additional stability to its operations funding base.

The CBF EbA Facility is currently funded by KfW. This is a sinking fund expected to be fully disbursed by 2022. This Facility also contributes to the CBF operations budget.

#### Principal Risks and Uncertainties

The CBF Board has recognised the importance of having a Risk Register and strategies to manage all risks associated to the CBF including financial, reputational, and others. A Risk registry was approved on 20 October 2015 and will be re-visited in the coming year. The Risk Register will serve as a key management tool for the CBF Board and its CEO.

#### Structure, governance and management

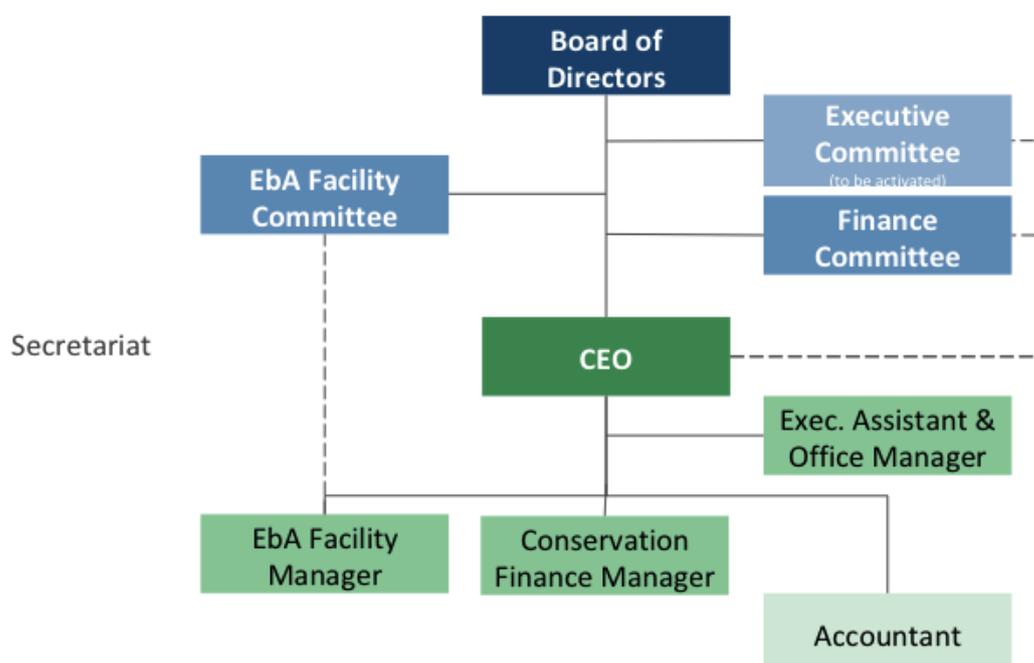
Established in September 2012, the CBF was incorporated as a UK Registered Company and subsequently registered as a UK Registered Charity. Its main governing documents are its Memorandum and Articles of Association and its Principal Operational Manual.

The CBF is governed by the Board of Directors, composed of one director appointed by the German Development Bank (KfW), one director appointed by The Nature Conservancy (TNC) and directors appointed by the National Conservation Trust Funds, once they sign the Partnership Agreement according to established CBF Endowment Policies and Procedures. In accordance with CBF governing documents, a majority of the Board shall not be affiliated with the governments of any of the Participating Countries and must be representatives of civil society. As of September 2018, the Board is composed of five (5) Directors.

A CBF Secretariat is tasked with carrying out all day-to-day operations of the CBF and headed by a Chief Executive Officer. Board and Technical Committees can be established by the Board to assist with specific tasks. The organizational chart below show the structure of the CBF as well as how the CBF interacts with its major stakeholders.

#### CBF Governance Chart

(as of September 2018)



#### Financial instruments

The CBF is structured as an umbrella fund with permanent and non-permanent funding. It currently works through two main instruments: i) an endowment for conservation priorities (the “Endowment”) and ii) a sinking fund for ecosystem-based adaptation (the “EbA Facility”). Each of the financial instruments are respectively,

## Caribbean Biodiversity Fund

### Trustees' Report (Including Directors Report and Strategic Report)

#### Year ended 30 September 2019

the key instruments for the CBF Conservation Finance Program and the Climate Adaption Program. Each includes a set of participating countries. Participating countries are defined as countries or territories for which the CBF has already earmarked resources or are eligible for funding according to a financial instrument or program. Observer countries are those countries or territories that have been granted observer status within the CBF but for which resources still need to be identified. In addition to the financial commitments from donors described below, the CBF continues to raise non-permanent and permanent funding for regional conservation and sustainable development actions.

#### **Conservation Finance Program – the Endowment**

The CBF was originally established with approximately \$42m of initial funding commitments to capitalise its endowment. Partner donations to date include the Government of Germany through KfW, The Nature Conservancy (TNC), and the Global Environment Facility (GEF) through the World Bank and the United Nations Development Programme (UNDP). A portion of the Endowment is earmarked for each of its participating countries. These partners have also provided important technical assistance in the development of the Architecture.

Current CBF Endowment participating and observer countries include:

- Antigua and Barbuda
- The Bahamas
- British Virgin Islands (observer)
- Dominican Republic
- Grenada
- Haiti (observer)
- Puerto Rico (observer)
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines

The CBF will channel funding each year to the NCTFs that i) are being supported towards being and/or ii) have declared eligible to receive support and which have signed a Pre-Financing and/or Partnership Agreement with the CBF. The transfer of funds are governed by the terms and conditions set out in such agreements. One of the CBF's key principles is that national partner funds must create new, sustainable revenue to trigger a 1:1 match from the CBF. The revenue sources could be private and/or public.

#### **Climate Adaption Programme – the EbA Facility**

In December 2016 and in partnership with the Government of Germany through KfW, the CBF established a €25m fund for Ecosystem-based Adaptation (EbA) to climate change. The EbA Facility is a sinking fund designed to award grants that support actions on climate change adaptation and poverty alleviation through biodiversity conservation and ecosystems management. The grants aim to assist organisations in beneficiary countries in their on-the-ground efforts to maintain and increase resilience and reduce the vulnerability of ecosystems and people in the face of the adverse effects of climate change. The KfW resources in the EbA Facility are to be programmed and disbursed during the 2018-2022 period.

CBF EbA Facility participating countries that are eligible include:

- Antigua and Barbuda
- Dominica
- Dominican Republic
- Cuba
- Grenada
- Haiti
- Jamaica
- Saint Lucia
- Saint Vincent and the Grenadines

The CBF continues to raise non-permanent and permanent funding to bring on additional countries and for regional conservation and sustainable development actions.

## **Caribbean Biodiversity Fund**

### **Trustees' Report (Including Directors Report and Strategic Report)**

**Year ended 30 September 2019**

#### **Trustees' responsibilities**

The Trustees (who are also directors of the Foundation for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **Disclosure of information to the auditors**

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board

Jens Mackensen  
Trustee and Chair  
28 October 2019

## **Caribbean Biodiversity Fund**

### **Independent Auditor's Report to the Trustees of Caribbean Biodiversity Fund**

**Year ended 30 September 2018**

#### **Opinion**

We have audited the financial statements of the Caribbean Biodiversity Fund (the 'charitable company') for the year ended 30 September 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Caribbean Biodiversity Fund**

### **Independent Auditor's Report to the Trustees of Caribbean Biodiversity Fund**

**Year ended 30 September 2018**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006<sup>2</sup> requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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, the trustees are responsible for assessing the charitable company'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 the trustees either intend to liquidate the charitable company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Caribbean Biodiversity Fund**

### **Independent Auditor's Report to the Trustees of Caribbean Biodiversity Fund**

**Year ended 30 September 2018**

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Creasey (Senior Statutory Auditor)  
For and on behalf of Wilkins Kennedy Audit Services  
Statutory Auditor  
Egham  
29 October 2019

## Caribbean Biodiversity Fund

### Statement of Financial Activities (Including Income and Expenditure Account)

Year ended 30 September 2018

				2018	2017
	Note	Unrestricted funds \$	Endowment funds \$	Total \$	Total \$
<b>Income and endowments from:</b>					
Charitable activities	2	-	2,730,454	2,730,454	31,033,811
Investments	3	-	1,597,271	1,597,271	882,789
<b>Total income and endowments</b>		-	4,327,725	4,327,725	31,916,600
<b>Expenditure on:</b>					
Raising funds – cost of managing investments		-	356,474	356,474	199,244
Charitable activities	4	438,566	160,226	598,792	304,674
<b>Total expenditure</b>		438,566	516,700	955,266	503,918
Net gains on investments	15	-	762,139	762,139	1,928,048
<b>Net income / (expenditure)</b>		(438,566)	4,573,164	4,134,598	33,340,730
<b>Transfers between funds</b>		438,566	(438,566)	-	-
<b>Net movement in funds</b>	15	-	4,134,598	4,134,598	33,340,730
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	-	65,222,850	65,222,850	31,882,120
<b>Total funds carried forward</b>	15	-	69,357,448	69,357,448	65,222,850

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 20 to 28 form part of these financial statements.

## Caribbean Biodiversity Fund

### Statement of Financial Activities (Including Income and Expenditure Account)

Year ended 30 September 2017

				2017	2016
	Note	Unrestricted funds \$	Endowment funds \$	Total \$	Total \$
<b>Income and endowments from:</b>					
Charitable activities	2	-	31,033,811	31,033,811	750,000
Investments	3	-	882,789	882,789	726,437
<b>Total income and endowments</b>		-	31,916,600	31,916,600	1,476,437
<b>Expenditure on:</b>					
Raising funds – cost of managing investments		-	199,244	199,244	254,657
Charitable activities	4	304,674	-	304,674	277,492
<b>Total expenditure</b>		304,674	199,244	503,918	532,149
Net gains on investments	15	-	1,928,048	1,928,048	1,567,170
<b>Net income / (expenditure)</b>		(304,674)	33,645,404	33,340,730	2,511,458
<b>Transfers between funds</b>		304,674	304,674	-	-
<b>Net movement in funds</b>	15	-	33,340,730	33,340,730	2,511,458
<b>Reconciliation of funds:</b>					
Total funds brought forward	15	-	31,882,120	31,882,120	29,370,662
<b>Total funds carried forward</b>	15	-	65,222,850	65,222,850	31,882,120

## Caribbean Biodiversity Fund

### Balance Sheet

As at 30 September 2018

		2018	2017
	Note	\$	(Restated) \$
<b>Fixed assets</b>			
Tangible assets	10	-	471
Investments	11	68,096,799	60,787,725
		<u>68,096,799</u>	<u>60,788,196</u>
<b>Current assets</b>			
Debtors	12	660,441	310,011
Cash at bank and in hand		1,156,317	4,477,311
		<u>1,816,758</u>	<u>4,787,322</u>
<b>Creditors: amounts falling due within one year</b>	13	(536,109)	(332,668)
<b>Net current assets</b>		<u>1,280,649</u>	<u>4,454,654</u>
<b>Total assets less current liabilities</b>		<u>69,377,448</u>	<u>65,242,850</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(20,000)	(20,000)
<b>Net assets</b>		<u>69,357,448</u>	<u>65,222,850</u>
<b>Charity Funds</b>			
Endowment funds	15	69,357,448	65,222,850
Unrestricted funds	15	-	-
<b>Total charity funds</b>	15	<u>69,357,448</u>	<u>65,222,850</u>

The financial statements were approved and authorised for issue by the Board and signed on behalf of the board of trustees.

Jens Mackensen, Trustee  
28 October 2019

The notes on pages 20 to 28 form part of these financial statements.

Company registration number: 08204716

## Caribbean Biodiversity Fund

### Statement of Cash Flows

Year ended 30 September 2018

	2018	2017 (Restated)
Note	\$	\$
<b>Cash flow from operating activities</b>	16 <u>3,225,941</u>	<u>30,974,915</u>
<b>Cash flow from investing activities</b>		
Payments to acquire investments	(31,683,750)	(50,628,624)
Receipts from sales of investments	25,136,815	22,992,120
<b>Net cash flow from investing activities</b>	<u>(6,546,935)</u>	<u>(27,636,504)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(3,320,994)	3,338,411
<b>Cash and cash equivalents at 1 October 2017</b>	4,477,311	1,138,900
<b>Cash and cash equivalents at 30 September 2018</b>	<u>1,156,317</u>	<u>4,477,311</u>
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	1,156,317	4,477,311
<b>Cash and cash equivalents at 30 September 2018</b>	<u>1,156,317</u>	<u>4,477,311</u>

The notes on pages 20 to 28 form part of these financial statements.

# Caribbean Biodiversity Fund

## Notes to the Financial Statements

Year ended 30 September 2018

### 1 Summary of significant accounting policies

#### General information and basis of preparation

Caribbean Biodiversity Fund is a private charitable company, limited by guarantee and registered in England and Wales. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are described in the Trustees' Annual Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in US dollars which is the functional currency of the charity and rounded to the nearest \$. The financial statements were previously presented in GB£ and have been re-stated accordingly.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Endowment funds represent those assets which must be held permanently by the charity, as described in note 15 to the financial statements. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

#### Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Investment income is earned through holding assets for investment purposes and includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

#### Expenditure recognition and allocation

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to

# Caribbean Biodiversity Fund

## Notes to the Financial Statements

### Year ended 30 September 2018

performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Governance costs include those costs incurred in the governance of the charity. These costs include costs related to statutory audit together with legal and professional fees and the costs of trustee meetings.

Support costs are allocated to the direct costs incurred on the charity's activities.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings	25-33% on cost
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#### **Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains /(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

#### **Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

#### **Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

#### **Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

#### **Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

#### **Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

#### **Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

#### Year ended 30 September 2018

income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### Judgements and key sources of estimation uncertainty

No material judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies in these financial statements.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not believe there are any assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### 2 Funding for charitable activities

	Unrestricted \$	Endowment \$	2018 \$	2017 \$
Grant income – KfW	-	2,730,454	2,730,454	1,000,000
Grant income - TNC	-	-	-	437,000
Grant income – GEF	-	-	-	2,901,811
Grant income – CBR Secretarial	-	-	-	200,000
Grant income – CBF UBS	-	-	-	26,495,000
		<u>2,730,454</u>	<u>2,730,454</u>	<u>31,033,811</u>

All prior year grant income was in respect of the Endowment fund.

#### 3 Income from investments

	Unrestricted \$	Endowment \$	2018 \$	2017 \$
Interest and dividends	-	1,597,271	1,597,271	882,789
		<u>-</u>	<u>1,597,271</u>	<u>882,789</u>

#### 4 Charitable activities

	Unrestricted \$	Endowment \$	2018 \$	2017 \$
Conservation Finance Program	-	160,226	160,226	-
Support costs (note 5)	335,326	-	335,326	239,913
Governance costs (note 6)	103,240	-	103,240	64,761
	<u>438,566</u>	<u>160,226</u>	<u>598,792</u>	<u>304,674</u>

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

Year ended 30 September 2018

#### 5 Support costs

	Unrestricted \$	Endowment \$	2018 \$	2017 \$
Staff and contractor costs	235,865	-	235,865	96,750
Travel costs	111,850	-	111,850	99,011
Office costs	35,129	-	35,129	2,372
Insurance	4,752	-	4,752	1,980
Foreign exchange loss	(52,270)	-	(52,270)	39,800
	<u>335,326</u>	<u>-</u>	<u>335,326</u>	<u>239,913</u>

#### 6 Governance costs

	2018 \$	2017 \$
Audit fee	16,929	17,997
Accountancy fees	44,780	36,755
Legal fees	957	1,926
Other professional fees	40,103	7,538
Depreciation	471	545
	<u>103,240</u>	<u>64,761</u>

#### 7 Grants

Grant expenditure during the year was as follows:

	2018 \$	2017 \$
Conservation Finance Program – Fondo MARENA	160,226	-
	<u>160,226</u>	<u>-</u>

#### 8 Net income for the year

Net income is stated after charging / (crediting):

	2018 \$	2017 \$
Depreciation of tangible fixed assets	471	545
Net (gains) / losses on foreign exchange	(52,270)	39,800
Audit fees	16,929	17,997
	<u>16,929</u>	<u>17,997</u>

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

#### Year ended 30 September 2018

#### 9 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2017: \$Nil).

The total amount of key management remuneration amounted to \$229,581. The Trust considers its key management personnel comprise the trustees, Chief Executive Officer and Program managers.

The trustees did not have any expenses reimbursed during the year (20XX - \$nil).

#### 10 Tangible fixed assets

	Fixtures, fittings and equipment \$	Total \$
Cost or valuation:		
At 1 October 2017	2,332	2,332
Additions	-	-
Disposals	-	-
At 30 September 2018	<u>2,332</u>	<u>2,332</u>
Depreciation:		
At 1 October 2017	1,861	1,861
Charge for the year	471	471
At 30 September 2018	<u>2,332</u>	<u>2,332</u>
Net book value:		
At 30 September 2018	<u>-</u>	<u>-</u>
At 30 September 2017	<u>471</u>	<u>471</u>

#### 11 Fixed asset investments

	Listed investments \$	Total \$
Cost or valuation		
At 1 October 2017	60,787,725	60,787,725
Additions	31,683,750	31,683,750
Disposals	(25,136,815)	(25,136,815)
Realised investment gains	1,235,668	1,235,668
Unrealised investment losses	(473,529)	(473,529)
At 30 September 2018	<u>68,096,799</u>	<u>68,096,799</u>
Carrying amount:		
At 30 September 2018	<u>68,096,799</u>	<u>68,096,799</u>
At 30 September 2017	<u>60,787,725</u>	<u>60,787,725</u>

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

#### Year ended 30 September 2018

Investments at fair value comprise:

	2018 \$	2017 \$
Equities	28,982,326	26,313,388
Securities	<u>39,114,473</u>	<u>34,474,337</u>
	<u>68,096,799</u>	<u>60,787,725</u>

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

The comparatives for the year ended 30 September 2017 have been restated to reflect the inclusion of equities and fixed interest securities of \$23,066,309 previously included within cash and cash equivalents. There is no change to the surplus for the period or the net assets held at the prior year balance sheet date.

#### 12 Debtors

	2018 \$	2017 \$
Prepayments	434,971	131,247
Accrued income	<u>225,470</u>	<u>178,764</u>
	<u>660,441</u>	<u>310,011</u>

#### 13 Creditors: amounts falling due within one year

	2018 \$	2017 \$
Trade creditors	<u>536,109</u>	<u>332,668</u>
	<u>536,109</u>	<u>332,668</u>

#### 14 Creditors: amounts falling due after more than one year

	2018 \$	2017 \$
Other creditors	<u>20,000</u>	<u>20,000</u>
	<u>20,000</u>	<u>20,000</u>

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

Year ended 30 September 2018

#### 15 Fund reconciliation

##### Unrestricted funds

	At 1 October 2017 \$	Income \$	Expenditure \$	Transfers \$	Gains / (losses) \$	At 30 September 2018 \$
Unrestricted	-	-	(438,566)	438,566	-	-
	-	-	(438,566)	438,566	-	-

	At 1 October 2016 \$	Income \$	Expenditure \$	Transfers \$	Gains / (losses) \$	At 30 September 2017 \$
Unrestricted	-	-	(304,674)	304,674	-	-
	-	-	(304,674)	304,674	-	-

##### Restricted funds

	At 1 October 2017 \$	Income \$	Expenditure \$	Transfers \$	Gains / (losses) \$	At 30 September 2018 \$
Endowment	65,222,850	4,327,725	(516,700)	(438,566)	762,139	69,357,448
	65,222,850	4,327,725	(516,700)	(438,566)	762,139	69,357,448

	At 1 October 2016 \$	Income \$	Expenditure \$	Transfers \$	Gains / (losses) \$	At 30 September 2017 \$
Endowment	31,882,120	31,916,600	(199,244)	(304,674)	1,928,048	65,222,850
	31,882,120	31,916,600	(199,244)	(304,674)	1,928,048	65,222,850

##### Endowment funds

The purpose of the endowment funds are to provide a sustainable flow of funds to contribute to the conservation, protection and maintenance of biodiversity within the National Protected Areas Systems and other areas of environmental significance of the 8 participating countries, being Antigua and Barbuda, The Bahamas, Dominican Republic, Grenada, Jamaica, Saint Kitts & Nevis, Saint Lucia and Saint Vincent & the Grenadines. Endowment funds allocations to each country respond or are informed by a number of factors including the size of the country, financial gaps, assessments for the protected area systems and the donor's policies and priorities. The funds are currently invested en-bloc to obtain the best possible return and once distribution to the individual participating countries sub-accounts takes place, this information will be disclosed on a participating country basis.

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

#### Year ended 30 September 2018

Gross movements between funds relate to movement from unrestricted funds to endowment funds.

All net assets are attributable to the Endowment fund.

#### 16 Reconciliation of net income to net cash flow from operating activities

	2018 \$	2107 \$
Net income for the year	4,134,598	33,340,730
Depreciation and impairment of tangible fixed assets	471	545
Gains on investments	(762,139)	(1,928,048)
(Increase) in debtors	(350,430)	(243,513)
Increase / (decrease) in creditors	203,441	(194,799)
Net cash flow from operating activities	<u>3,225,941</u>	<u>30,974,915</u>

#### 17 Company limited by guarantee

The company is limited by guarantee and as such does not have share capital. In the event of winding up, each member has guaranteed to contribute to a maximum of £10 to meet the liabilities of the company.

#### 18 Related party transactions

Two of the directors of the company are appointed representatives from the organisations providing the endowment funds. Mr Jens Mackensen was appointed by the German Development Bank (KfW) and Ms Eleanor Philips was appointed by The Nature Conservancy ("TNC").

During the year, KfW made contributions to the endowment fund of \$2,730,454 (2017: \$1,000,000).

TNC made contributions to the endowment fund of \$nil (2017: \$437,000). It also incurred and recharged disbursements on behalf of the Fund amounting to \$458,717 (2017 \$263,709) including \$31,644 levied by TNC under an administrative support services agreement. The amount due to TNC at the year end was \$536,101 (2017: \$332,666).

## Caribbean Biodiversity Fund

### Notes to the Financial Statements

#### Year ended 30 September 2018

##### 19 Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2018	2017
	\$	\$
<i>Financial assets</i>		
Measured at fair value through net income:		
- Fixed asset listed investments (note 11)	68,096,799	60,787,725
Debt instruments measured at amortised cost:		
- Cash at bank and in hand	1,156,317	4,477,311
<i>Financial liabilities</i>		
Measured at amortised cost		
- Trade creditors (note 13)	536,109	332,668
- Other creditors (note 14)	20,000	20,000
	<u>556,109</u>	<u>352,668</u>

The income, expenses, net gains and net losses attributable the charity's financial instruments are summarised as follows:

	2018	2017
	\$	\$
<i>Income and expense</i>		
Financial assets measured at fair value through net income	626,103	433,920
Financial assets measured at amortised cost	971,168	448,869
<i>Net gains and losses (including changes in fair value)</i>		
Realised gains on investment assets	1,235,668	752,745
Unrealised (losses)/gains on investment assets	(473,529)	1,175,303

##### 20 Presentation currency

The financial statements are presented in US dollars (\$) which reflects the functional currency of the Fund. The exchange rates applied in these financial statements were as follows:

	2018	2017
	\$	\$
<b>Sterling</b>		
Year end rate	\$1: £0.7673	\$1: £0.7462
Average rate	\$1: £0.7435	\$1: £0.7576

**Caribbean Biodiversity Fund**

**Management information**

**Year ended 30 September 2018**

**The following pages do not form part of the audited financial statements**

## Caribbean Biodiversity Fund

### Management information

Year ended 30 September 2018

#### Statement of Financial Activities – expressed in British Pounds

			2018	2017
	Note	Unrestricted funds £	Endowment funds £	Total £
<b>Income and endowments from:</b>				
Charitable activities	A	-	2,030,079	2,030,079
Investments		-	1,187,563	1,187,563
<b>Total income and endowments</b>		-	3,217,642	3,217,642
<b>Expenditure on:</b>				
Raising funds – cost of managing investments		-	265,037	265,037
Charitable activities	B	326,072	(1,354,521)	(1,038,449)
<b>Total expenditure</b>		326,072	(1,089,484)	(763,412)
Net gains on investments		-	556,647	556,647
<b>Net income / (expenditure)</b>		(327,072)	4,873,773	4,547,701
<b>Transfers between funds</b>		327,072	(327,072)	-
<b>Net movement in funds</b>		-	4,547,701	4,547,701
<b>Reconciliation of funds:</b>				
Total funds brought forward		-	48,668,882	48,668,882
<b>Total funds carried forward</b>		-	53,216,583	53,216,583

## Caribbean Biodiversity Fund

### Management information

Year ended 30 September 2018

Balance sheet – expressed in British pounds

	2018 £	2017 (Restated) £
<b>Fixed assets</b>		
Tangible assets	-	351
Investments	52,249,312	45,356,153
	<hr/>	<hr/>
	52,249,312	45,356,504
<b>Current assets</b>		
Debtors	506,743	234,816
Cash at bank and in hand	887,219	3,340,700
	<hr/>	<hr/>
	1,393,962	3,575,516
<b>Creditors: amounts falling due within one year</b>	(411,346)	(248,215)
	<hr/>	<hr/>
<b>Net current assets</b>	982,616	3,327,301
	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	53,231,928	48,683,805
<b>Creditors: amounts falling due after more than one year</b>	(15,345)	(14,923)
	<hr/>	<hr/>
<b>Net assets</b>	53,216,583	48,668,882
	<hr/>	<hr/>
<b>Charity Funds</b>		
Endowment funds	53,216,583	48,668,882
Unrestricted funds	-	-
	<hr/>	<hr/>
<b>Total charity funds</b>	53,216,583	48,668,882
	<hr/>	<hr/>

# Caribbean Biodiversity Fund

## Management information

Year ended 30 September 2018

### Notes to the Statement of Financial Activities – expressed in British Pounds

#### A Funding for charitable activities

	Unrestricted £	Endowment £	2018 £	2017 £
Grant income – KfW	-	2,030,079	2,030,079	757,446
Grant income - TNC	-	-	-	331,003
Grant income – GEF	-	-	-	2,197,962
Grant income – CBR Secretarial	-	-	-	151,489
Grant income – CBF UBS	-	-	-	20,068,505
		2,030,079	2,030,079	23,506,405

#### B Charitable activities

	Unrestricted £	Endowment £	2018 £	2017 £
Conservation Finance Program		119,127	119,127	-
Support costs	249,313	(1,473,648)	(1,254,335)	1,433,279
Governance costs	76,758	-	76,758	45,513
	326,072	(1,354,521)	(1,028,449)	1,478,792

#### C Grants

Grant expenditure during the year was as follows:

	2018 £	2017 £
Conservation Finance Program – Fondo MARENA	160,226	-

#### D Support costs

	Unrestricted £	Endowment £	2018 £	2017 £
Staff and contractor costs	175,364	-	175,364	73,283
Travel costs	83,160	-	83,160	74,995
Office costs	26,118	-	26,118	1,779
Insurance	3,533	-	3,533	1,500
Foreign exchange loss	(38,862)	(1,473,648)	(1,512,510)	1,281,722
	249,313	(1,473,521)	(1,254,335)	1,433,279

#### E Governance costs

	2018 £	2017 £
Audit fee	12,587	13,632
Accountancy fees	33,294	24,282
Legal fees	712	1,459
Other professional fees	29,816	5,710
Depreciation	350	430
	76,758	45,513