

Asociación Costa Rica por Siempre (A Costa Rican Entity)

Financial Statements

As of December 31, 2020 and 30 September 30, 2019

With the Independent Auditor's
Report

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)**

**Financial Statements
December 31, 2020 and 30 September 30, 2019**

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INDEPENDENT AUDITOR'S REPORT
(A translation of a report originally issued in Spanish)

**To the Executive Management of
Asociación Costa Rica por Siempre**

Opinion

We have audited the financial statements of Asociación Costa Rica por Siempre ("the Asociación"), which comprise the statement of financial position as of December 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the fifteen-months period ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Asociación accompanying financial statements present fairly, in all material respects, the Asociación's financial position as of December 31, 2020, its financial performance and cash flows for the fifteen-months period ended on that date, in conformity with International Financial Reporting Standards ("IFRS").

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 are independent of the Asociación in accordance with article 9 of the Public Accounting Regulation and Establishment of the Costa Rican Institute of Public Accountants' Law (Law 1038), with the Professional Code of Ethics of such Institute, and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements, 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.

Matter of emphasis

We draw attention to note 2.3 of the financial statements, which describes that the Asociación changed its reporting period as of October 1, 2019 due to the entry into force of Law No. 9635, Ley de Fortalecimiento de las Finanzas Públicas. Our opinion remains unchanged in this regard.

As described in note 3 to the financial statements, The Asociación made changes to the methodology for recording leases as of and for the period ended December 31, 2020; as well as the related disclosures, due to the adoption of IFRS 16 Leases.

To the Executive Management of Asociación Costa Rica por Siempre

Responsibilities of Management and Those Charged with Corporate Governance over the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Asociación '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 Asociación or to cease operations, or has no realistic alternative but to do so.

Those charged with the Asociación 's Management are responsible for overseeing the Asociación 's financial reporting process.

Auditor's Responsibility Regarding the Audit of 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 IASs 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 skepticism 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 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 Asociación '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 Asociación '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 Asociación to cease to continue as a going concern.

**To the Executive Management of
Asociación Costa Rica por Siempre**

- Evaluate overall presentation, structure and content of the 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 the Asociación 's Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identify during our audit.

March 24th, 2021



Jennifer Badilla Moore – CPA 6557

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Policy N° 0116 FIG 7

Stamp tax - Law No. 6663

Attached and paid in original form

Ernst & Young, J. A.



**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Financial Position
As of December 31, 2020 and September 30, 2019**

(amounts in US dollars)

	December 31, 2020		September 30, 2019	
	Unrestricted	Restricted	Unrestricted	Restricted
		Total		Total
Notes				
ASSETS				
Current assets:				
5	\$ 1,422,664	3,819,681	279,604	\$ 2,959,561
6	419,724	69,247,817	891,854	63,011,013
6	1,551	210,577	7,387	267,386
7.1	115,916	280,002	122,339	302,194
	38	124	2,913	2,990
	22,589	-	26,761	-
	<u>1,982,482</u>	<u>73,558,201</u>	<u>1,330,858</u>	<u>66,543,144</u>
		75,540,683		67,874,002
Non-current assets:				
8	31,003	-	36,983	-
18	209,886	-	-	-
6	-	1,000,000	-	1,000,000
	4,943	-	4,618	-
	<u>245,832</u>	<u>1,000,000</u>	<u>41,601</u>	<u>1,000,000</u>
	2,228,314	\$ 74,558,201	\$ 1,372,459	\$ 67,543,144
				68,915,603
NET ASSETS AND LIABILITIES				
Current liabilities:				
7.2	\$ 136,054	\$ 262,122	\$ 276,590	\$ 148,499
	21,529	22,481	67,384	95,350
18	48,107	-	-	-
9	52,197	-	125,668	-
10	1,045,943	(1,045,943)	120,000	(120,000)
	<u>1,303,830</u>	<u>(761,340)</u>	<u>589,642</u>	<u>123,849</u>
		542,490		713,491
Non-current liabilities:				
18	176,089	-	-	-
	<u>176,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
		176,089		-
	<u>1,479,919</u>	<u>(761,340)</u>	<u>589,642</u>	<u>123,849</u>
		718,579		713,491
Net assets:				
	714,109	75,319,541	755,525	67,419,295
	34,286	-	27,292	-
	<u>748,395</u>	<u>75,319,541</u>	<u>782,817</u>	<u>67,419,295</u>
	2,228,314	\$ 74,558,201	\$ 1,372,459	\$ 67,543,144
				68,915,603

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Comprehensive Income**

For the fifteen-months period ended December 31, 2020 and for the year ended September 30, 2019

(amounts in US dollars)

	Notes	December 31, 2020		September 30, 2019			
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
INCOME							
Donations	11	\$ 4,000	\$ 9,632,493	\$ 9,636,493	\$ 25,000	\$ 4,330,644	\$ 4,355,644
Gains on fair value measurement of financial assets		-	5,918,088	5,918,088	-	2,745,344	2,745,344
Interest on investments in financial assets		47,981	1,585,659	1,633,640	28,937	1,128,882	1,157,819
Interest on available cash in banks		345	20,479	20,824	778	52,334	53,112
Trust management services	12	1,139,690	(1,139,690)	-	913,949	(913,949)	-
Other income		280,759	(12,847)	267,912	152,190	(150,091)	2,099
Total income		<u>1,472,775</u>	<u>16,004,182</u>	<u>17,476,957</u>	<u>1,120,854</u>	<u>7,193,164</u>	<u>8,314,018</u>
PROJECT EXPENSES							
Expenses of Asociación Costa Rica por Siempre Program	13	-	2,208,271	2,208,271	-	1,480,370	1,480,370
Expenses on projects approved for Irrevocable Trust	14	-	625,000	625,000	-	-	-
Expenses on projects approved for Canje I	14	-	1,180,085	1,180,085	-	438,618	438,618
Expenses on projects approved for Canje II	14	-	1,658,103	1,658,103	-	-	-
Donation agreements Canje I	15	-	953,939	953,939	-	709,439	709,439
Total project expenses		-	<u>6,625,398</u>	<u>6,625,398</u>	-	<u>2,628,427</u>	<u>2,628,427</u>
OPERATING EXPENSES							
Expenses related to Canje I	16	20,556	-	20,556	48,508	-	48,508
Expenses related to Canje II	16	29,062	-	29,062	57,292	-	57,292
Expenses related to Palo Verde		-	5,097	5,097	-	-	-
Expenses related to other Projects	16	549	664,917	665,466	-	772,547	772,547
Salaries and employee benefits	17	952,346	197,531	1,149,877	693,104	166,111	859,215
Professional services		47,069	-	47,069	48,744	47,303	96,047
Consulting		73,688	-	73,688	59,953	-	59,953
National and international tours		27,432	-	27,432	35,650	-	35,650
Communication		25,816	-	25,816	33,951	-	33,951
Representation and other expenses		5,524	-	5,524	31,555	-	31,555
Board of Directors session and annual tour		653	-	653	3,081	-	3,081
Fees for brokerage services		-	357,178	357,178	-	226,936	226,936
Exchange differences		1,745	152,484	154,229	12,290	14,514	26,804
Rental and maintenance		-	-	-	67,091	-	67,091
Leases of low-value assets		15,681	226	15,907	-	-	-
Fundraising		85,021	10,000	95,021	-	-	-
Depreciation		13,026	-	13,026	9,316	-	9,316
Subtotal operating expenses (go to the next page)	8	\$ 1,298,168	\$ 1,387,433	\$ 2,685,601	\$ 1,100,535	\$ 1,227,411	\$ 2,327,946

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Comprehensive Income
For the fifteen-months period ended December 31, 2020 and for the year ended September 30, 2019**

(amounts in US dollars)

	Notes	December 31, 2020		September 30, 2019		
		Unrestricted	Restricted	Unrestricted	Restricted	Total
Subtotal operating expenses (continued from previous page)		\$ 1,298,168	\$ 1,387,433	\$ 1,100,535	\$ 1,227,411	\$ 2,327,946
Depreciation of Right-of-use assets	18	66,985	-	-	-	-
Financial expenses		6,840	61,274	2,181	31,013	33,194
Other expenses		135,204	29,831	65,277	3,435	68,712
Total operating expenses		<u>1,507,197</u>	<u>1,478,538</u>	<u>1,167,993</u>	<u>1,261,859</u>	<u>2,429,852</u>
Total expenses		1,507,453	8,103,936	1,167,993	3,890,286	5,058,279
Surplus (deficit) for the year, net		(34,422)	7,900,246	(47,139)	3,302,878	3,255,739
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		<u><u>\$ (34,422)</u></u>	<u><u>\$ 7,900,246</u></u>	<u><u>\$ (47,139)</u></u>	<u><u>\$ 3,302,878</u></u>	<u><u>\$ 3,255,739</u></u>

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)**

Statements of Changes in Equity

For the fifteen-months period ended December 31, 2020 and for the year ended September 30, 2019

(amounts in US dollars)

	Accumulated surplus	Unrestricted Reserve for severance pay	Total unrestricted	Accumulated surplus	Restricted Financial instrument valuation	Total restricted	Total net assets
Net assets as of October 1, 2018	\$ 818,926	\$ 11,030	\$ 829,956	\$ 64,116,417	\$ -	\$ 64,116,417	\$ 64,946,373
Comprehensive income of the year:							
Total comprehensive income previously reported of the year	(47,139)	-	(47,139)	3,302,878	-	3,302,878	3,255,739
Transfer to reserve for severance payment	(16,262)	16,262	-	-	-	-	-
Net assets as of September 30, 2019	755,525	27,292	782,817	67,419,295	-	67,419,295	68,202,112
Comprehensive income of the year:							
Total comprehensive income of the year	(34,422)	-	(34,422)	7,900,246	-	7,900,246	7,865,824
Transfer to reserve for severance payment	(6,994)	6,994	-	-	-	-	-
Net assets as of December 31, 2020	\$ 714,109	\$ 34,286	\$ 748,395	\$ 75,319,541	\$ -	\$ 75,319,541	\$ 76,067,936

Notes

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Cash Flows**

For the fifteen-months period ended December 31, 2020 and for the year ended September 30, 2019

(amounts in US dollars)

	Notes	December 31, 2020		September 30, 2019		
		Unrestricted	Restricted	Unrestricted	Restricted	Total
Cash flows from operating activities:						
Surplus (deficit) for the year, net		\$ (34,422)	\$ 7,900,246	\$ (47,139)	\$ 3,302,878	\$ 3,255,739
Adjustments for:						
Gains for the measurement of financial assets at fair value		-	(5,918,088)	-	(2,745,344)	(2,745,344)
Income from donations	11	(4,000)	(9,632,493)	(25,000)	(4,330,644)	(4,355,644)
Interest income		(48,326)	(1,606,138)	(29,715)	(1,181,216)	(1,210,931)
Depreciation furniture and equipment	8	13,026	-	9,316	-	9,316
Depreciation expense of right-of-use assets	18	66,985	-	-	-	-
Interest expense on lease liabilities	18	26,873	-	-	-	-
Loss on disposal of furniture and equipment	8	9,823	9,823	-	-	-
		<u>29,959</u>	<u>(9,256,473)</u>	<u>(92,538)</u>	<u>(4,954,326)</u>	<u>(5,046,864)</u>
Changes in:						
Accounts receivable		6,423	22,192	(90,275)	(210,991)	(301,266)
Other accounts receivable		8,711	59,675	(2,717)	(2,990)	(5,707)
Other financial assets		(325)	-	(150)	-	(150)
Prepaid expenses		4,172	-	(1,391)	-	(1,391)
Accounts payable on projects		(140,536)	113,623	218,364	86,584	304,948
Trade accounts payable		(45,855)	(72,869)	3,952	(69,883)	(65,931)
Accrued expenses payable		(73,471)	-	61,232	-	61,232
Deferred income		925,943	(925,943)	(380,000)	380,000	-
Donations received	11	4,000	9,632,493	25,000	4,330,644	4,355,644
Interest received		48,326	1,606,138	34,282	1,105,492	1,139,774
Cash flows provided by (used in) operating activities		<u>767,347</u>	<u>1,178,836</u>	<u>(224,241)</u>	<u>664,530</u>	<u>440,289</u>
Cash flows from investment activities:						
Investments in financial instruments		472,130	(318,716)	(18,743)	(666,704)	(685,447)
Additions of furniture and equipment	8	(16,869)	-	(4,937)	-	(4,937)
Cash flows provided by (used in) investment activities		<u>455,261</u>	<u>(318,716)</u>	<u>(23,680)</u>	<u>(666,704)</u>	<u>(690,384)</u>
Cash flows from financing activities:						
Payment of lease obligations	18	(79,548)	-	-	-	-
Cash flows provided by (used in) investment activities		<u>(79,548)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Go to the next page		\$ 1,143,060	\$ 860,120	\$ (247,921)	\$ (2,174)	\$ (250,095)

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Statements of Cash Flows**

For the fifteen-months period ended December 31, 2020 and for the year ended September 30, 2019

(amounts in US dollars)

Notes	December 31, 2020		September 30, 2019	
	Unrestricted	Restricted	Total	Total
Continued from previous page				
Net increase (decrease) in cash and cash equivalents	\$ 1,143,060	\$ 860,120	\$ 2,003,180	\$ (2,174)
Cash and cash equivalents at the beginning of the year	1,143,060	860,120	2,003,180	(2,174)
Cash and cash equivalents at year end	279,604	2,959,561	3,239,165	2,961,735
	1,422,664	3,819,681	5,242,345	2,959,561
				\$ 3,239,165
Transactions that did not require cash:				
Transfer to reserve for severance payment	\$ (25,000)	\$ -	\$ (25,000)	\$ -
				\$ (20,000)
				\$ (20,000)

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Notes to the Financial Statements
December 31, 2020 and September 30, 2019**

(amounts expressed in US dollars)

1. Corporate information

Asociación Costa Rica por Siempre as a reporting entity

Asociación Costa Rica por Siempre (“the Asociación”) is an entity organized on November 2, 2009, under the laws of the Republic of Costa Rica. The Asociación is a non-profit entity whose purpose is to manage the public-private conservation initiative developed by the Costa Rican Government and its associates: The Nature Conservancy, Linden Trust for Conservation and Gordon & Betty Moore Foundation. Its main objective is to consolidate a system of marine and land protected areas that is ecologically representative, handled with effectiveness, and with a stable source of financing, allowing Costa Rica to be the first developing country to meet the objectives of the Program of Work on Protected Areas of the UN Convention of Biological Diversity. The Asociación 's legal address is: San José, Sabana Norte, Torre Sabana Building, 5th floor.

The Asociación, as a reporting entity, reflects its transactions in these financial statements in a disaggregated manner with respect to the transactions of Fideicomiso Irrevocable Costa Rica por Siempre, Fideicomiso Segundo Canje de Deuda por Naturaleza, and Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda (together “the Trusts”).

Fideicomiso Irrevocable Costa Rica por Siempre (“Irrevocable Trust”)

The Fideicomiso Irrevocable was created on July 27, 2010 by Linden Trust for Conservation (Founding Settlor), an entity incorporated, organized and existing per the laws of the United States; The Asociación Conservación de la Naturaleza (TNC) (Founding Settlor), and entity incorporated, organized and existing per the laws of Costa Rica; and The Asociación Costa Rica por Siempre (Trustee). As defined in the execution and monitoring plan, the intention is for Costa Rica to reach the goals of the Program of Work on Protected Areas of the UN Convention of Biological Diversity, through a consolidation of a system of protected land, marine and freshwater areas that is ecologically representative, resilient to global climate change, efficiently managed and financially stable in the long term.

The trust funds are comprised of contributions made by the founding settlors, the successive settlors, and the interest or yields they produce. The trust funds must be under the custody and management of the trustee and cannot be used for any purposes other than those stipulated in the Irrevocable Trust.

The Trustee must identify the trust funds separately and independently in an Endowment Fund, which relates to funds that will be destined to recurring expenses of the protected areas, and an Amortization Fund which includes the funds to cover project initiation expenses.

Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda (“Canje I”)

Canje I is an agreement whereby Costa Rica, a developing country that has debt with the United States, agreed, in exchange for the settlement of a portion of its external debt, to create a fund to finance projects that help conserve tropical forests.

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Notes to the Financial Statements
December 31, 2020 and September 30, 2019**

(amounts expressed in US dollars)

Canje I was signed on September 13, 2007, in order to invest these resources in 6 Prioritized Geographic Areas: Osa, La Amistad, Tortuguero, Maquenque, Northeast Area of Rincón de la Vieja and Nicoya; to facilitate the tropical forest conservation activities in Costa Rica, for which the principles of sustainable development are vital, as well as the promotion of conservation, local development and the rational use of natural resources to benefit local communities.

For the signing of this forest conservation agreement, the Asociación assumed the management of Canje I as of June 14, 2017. Prior to this date, the management was handled by INBIO.

Fideicomiso Segundo Canje de Deuda por Naturaleza (“Canje II”)

Canje II is an agreement whereby Costa Rica, a developing country that has debt with the United States, agreed, in exchange for the settlement of a portion of its external debt, to create a fund to finance projects that help conserve tropical forests.

Canje II was signed in 2010, in order to finance the consolidation of the Wild Protected Areas of the National Area Conservation System (SINAC from Spanish) prioritized in the Costa Rica por Siempre Program, under the framework of the commitments assumed by the Costa Rican Government with the United Nations Convention of Biological Diversity (CBD).

Presentation and approval of the financial statements

The Asociación classifies all of those funds received from donors that are restricted in use per the agreements as "restricted" funds in its financial statements. The remaining resources are classified as "unrestricted" funds.

The Asociación 's financial statements as of December 31, 2020 were approved by the Asociación 's Executive Management on March 19, 2021.

2. Basis for preparation of financial statements

2.1 Statement of compliance

The Asociación 's financial statements as of December 31, 2020 and September 30, 2019 were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

2.2 Basis of valuation and presentation currency

The Asociación 's financial statements as of December 31, 2020 and September 30, 2019, were prepared on a historical cost basis, except for certain financial assets measured at fair value through profit or loss, as described in note 4. The functional and presentation currency of the financial statements is the US dollar (\$ or US\$.).

2.3 Accounting period

The Asociación modified its reporting period from September 30 to December 31 to adapt its accounting period according to the provisions of the Ley de Fortalecimiento de las Finanzas Públicas, ley No. 9635, regarding the period of income tax. This law became effective as of July 1, 2019. Consequently, the accumulated transactions in the financial statements as of December 31, 2020 comprise the fifteen-month period from October 1, 2019 to December 31, 2020. As a result of such modification, the statements of comprehensive income, changes in equity and cash flows for the fifteen-month period ended December 31, 2020 are not fully comparable with such financial statements for the year ended September 30, 2019.

**Asociación Costa Rica por Siempre
(A Costa Rican Entity)
Notes to the Financial Statements
December 31, 2020 and September 30, 2019**

(amounts expressed in US dollars)

3. Changes in accounting policies and disclosures

The accounting policies adopted by the Asociación to prepare its financial statements as of December 31, 2020 are consistent with those that were used to prepare the financial statements as of September 30, 2019, except for the adoption of IFRS 16 *Leases*:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the statement of financial position, similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right of use of the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and contemplates certain practical resources at the time of transition. The Asociación adopted this standard using the modified retrospective adoption method on October 1, 2019, they chose to use a transition practical expedient not to reassess whether a contract is, or contains, a lease as of October 1, 2019. Instead, The Asociación applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 on the date of initial application. The Asociación also chose to use the exemptions recognition for lease contracts that, on the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and leases contracts for which the underlying asset is of low value (low-value assets).

Below is a reconciliation between the values of the operating lease commitments as of September 30, 2019 and the lease liability recognized as of October 1, 2019.

Commitments for operating leases as of September 30, 2019	\$	344,590
Incremental borrowing rate as of October 1, 2019		8.5%
Leases liability as of October 1, 2019 (note 18)	\$	276,871

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Amendments to IAS 1 and IAS 8 Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to achieve consistency in the definition of "materiality" between the standards and to clarify aspects of their definition. The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Asociación.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Other standards, interpretations and amendments

In addition to IFRS 16, the Asociación first applied in 2020 certain standards, interpretations and amendments summarized below. These standards, interpretations and amendments did not have a relevant impact on the financial statements as of December 31, 2020.

<u>Standard, interpretation or amendment</u>	<u>Date of entry into force:</u>
Interpretation IFRIC 23 Uncertainty Regarding Income Tax Treatments	Effective for annual periods beginning on or after January 01, 2019.
Amendments to IFRS 9: Prepayment Features with Negative Compensation	The amendments should be applied retrospectively as of January 1, 2019.
Amendments to IAS 19: Modification, Reduction or Liquidation of the Plan	The amendments apply to plan modifications, reductions, or liquidations that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2019.
Amendments to IAS 28: Long-Term Interests in Associates and Joint Ventures	Effective for annual periods beginning on or after January 1, 2019 and should be applied retrospectively at the time of entry into force.
Amendments to IAS 40 - Investment Property Transfers	Effective for annual periods beginning on or after January 01, 2018, with early application allowed.

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<u>Standard, interpretation or amendment</u>	<u>Date of entry into force:</u>
Amendment to IFRS 3: Definition of a Business	The amendment applies prospectively to transactions or other events that occurred on or after its effective date.

The Asociación has not early adopted any other standard, interpretation or amendment that has been issued and has not become effective yet.

4. Summary of the main accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of financial statements

The legal currency of Costa Rica is the Costa Rican colon (¢). However, the Asociación adopted the United States dollar (\$) or US\$ as the functional and presentation currency of its financial statements, since it is best aligned with its closest economic environment.

The adoption of the US dollar as functional currency is based on the fact that a significant portion of the investments in financial assets are expressed in dollars and cash flows from regular operating activities are usually maintained in dollars, for subsequent use in that currency.

Considering that La Asociación 's accounting records are kept in colones in accordance with Costa Rican regulations, and that it has adopted the United States dollar as its functional currency, the conversion of the figures in colones into United States dollars was carried out as follows: a) the assets and monetary liabilities were translated using the exchange rate prevailing at the date of the statement of financial position, b) non-monetary assets and liabilities and equity, measured at historical cost, were translated using the exchange rate at the date of the original transaction, and c) the items in the statement of comprehensive income were translated into dollars using an exchange rate representative of those existing on the dates of the respective transactions, except for those items associated with non-monetary items which were converted at the current exchange rate as of the original transaction date. The monetary effect remaining after the application of these conversion procedures is recognized as exchange differences in the results of the period.

4.1.2 Foreign currency transactions

Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date.

In determining its financial situation and operating results, the Asociación appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange differences that may result from the application of these procedures are recognized in the results of the year in which they occur.

4.2 Current and non-current classification

The Asociación presents its assets and liabilities in the statement of financial position classified as current and non-current.

An asset is classified as current when the Asociación expects to realize the asset or has the intention to sell or consume it in the normal operating cycle; when it is held primarily for the purpose of trading; when it is expected to be realized within twelve months after the reporting period; and when the asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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The Asociación classifies the rest of its assets as non-current assets.

A liability is classified as current when the Asociación expects to settle the liability in its normal cycle of operations; maintains liabilities mainly for trading purposes; the liability must be settled within twelve months following the end of the reporting period; or when the Asociación does not have an unconditional right to postpone the settlement of the liability for at least twelve months following the end of the reporting period.

The Asociación classifies the rest of its liabilities as non-current liabilities.

4.3 Cash and cash equivalents

Cash and instruments reflected in the statement of financial position include cash at banks and highly liquid, short-term instruments with a maturity of three months or less, which are easily convertible into a known amount of cash and are exposed to a minimum risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and net of bank overdrafts, as they are considered an integral part of the cash management of the Asociación.

4.4 Financial Instruments

A financial instrument is any contract that recognizes a financial asset at one entity and a financial liability or equity instrument at another entity.

The valuation of the Asociación 's financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value - The fair value of a financial instrument that is traded in an observable active market is determined by reference to quoted prices in that active market for negotiations carried out at the date of the statement of financial position. For those financial instruments cannot be measured based on quoted prices in active markets, their fair value is measured using valuation. Such techniques include recent market transactions between informed and interested parties acting in conditions of mutual independence; references to the fair value of another substantially similar financial instrument; and discounted cash flows (DFC) or other valuation models.

All assets and liabilities measured at fair value or on which the Asociación makes fair value disclosures are classified within one of the following fair value hierarchies. classification is based on the lowest level of information used to determine such value and that is significant for determining fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Valuation techniques for which the lowest level variable used that is significant to the calculation is direct or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level variable used that is significant to the calculation, is not observable.

The nature of fair value estimates is subjective and involves uncertain aspects and management's judgment, so their amounts cannot be determined with absolute precision. Consequently, if there are changes in the assumptions on which the estimates are based, these could differ from the final results.

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At amortized cost

The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

4.5 Financial assets

4.5.1 Initial recognition and measurement

The Asociación classifies its financial assets, at initial recognition, considering how they will be subsequently measured: at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Asociación's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Asociación has applied the practical expedient, the Asociación initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Asociación has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

La Asociación's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Asociación commits to purchase or sell a financial asset.

Financial assets recorded at amortized cost

Financial assets are designated at initial amortized cost when the following conditions are met: (a) the financial asset is maintained within a business model whose objective is to obtain contractual cash flows; and (b) the contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the outstanding balance.

Financial assets at fair value through other comprehensive income

Financial assets are designated at fair value with changes in other comprehensive income at the beginning when the following conditions are met: (a) the financial asset is kept within a business model whose objective is to obtain contractual cash flows when selling the financial asset; and (b) the contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the outstanding balance.

Financial assets at fair value through profit or loss

The remaining financial assets that do not qualify in any of the aforementioned categories are initially designated at fair value through profit or loss. Additionally, in the initial recognition of a financial asset, La Asociación, in certain circumstances, irrevocably assigns a financial asset that meets the measurement requirements of the previous categories to be measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that could occur if not done.

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4.5.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets recorded at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets of the Asociación measured at amortized cost are represented by investments in certificates of deposit at fixed term and accounts receivable on which the business model defined by the Asociación consists to recovering the principal and its interests.

Financial assets at fair value through profit or loss

Asociación A gain or loss on financial assets that are measured at fair value through profit or loss since their initial classification is recognized in profit or loss for the period. Financial assets at fair value through profit or loss of The Asociación are represented by investments in foreign and local financial institutions, made up of bonds, stocks and alternative instruments, as well as investment funds in the Costa Rican market, on which the investment model management defined by the Asociación Administration of The Asociación is to maintain the instruments Asociación to negotiate.

4.5.3 Impairment of financial assets

The Asociación recognizes an estimate for expected credit losses on the financial assets measured at amortized cost. The expected credit losses are based on the difference between the contractual cash flows owed in accordance with the contract and all the flows that the Asociación expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include the flows of the sale of collateral maintained or other improvements to the credit conditions that are integral to the contractual conditions.

For debt instruments, the estimate of expected credit losses is based on the term of the asset. The analysis of such losses is carried out by the Asociación at the end of each reporting period, considering whether the risk of deterioration has increased significantly since the initial recognition. The Asociación uses a simplified method to calculate the expected credit losses in accounts receivable. Therefore, the Asociación does not follow up on the changes in credit risk, but instead recognizes an adjustment based on the experience of expected credit losses as of the date of its financial statements.

4.5.4 Derecognition of financial assets

Financial assets are derecognized by the Asociación when the contractual rights over the cash flows of the financial asset expire; or when it transfers the financial asset and the risks and benefits inherent to the financial asset and has assigned the contractual rights to receive the cash flows from the financial asset; or when retaining the contractual rights to receive the cash flows, The Asociación has assumed the contractual obligation to pay them to one or more recipients.

4.5.5 Financial income

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included within financial income in the comprehensive income statement.

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4.6 Financial liabilities

4.6.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, accounts payables, and derivative financial instruments designated as hedging instruments in an effective hedge, as appropriate. The Asociación determines the classification of its financial liabilities on the date of their initial recognition.

All financial liabilities are recognized initially at fair value and, at the date of acceptance or contracting of the liability, plus directly attributable costs to the transaction in the case of documents and loans payable. The Asociación's financial liabilities include accounts payable and accrued expenses payable.

4.6.2 Subsequent measurement

The subsequent measurements of the financial liabilities depend on the following classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for Asociación trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Accounts and accrued expenses payable

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. The Asociación recognizes gains or losses in profit or loss when liabilities are written off, as well as through the amortization process.

4.6.3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.6.4 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is recognized in the statement of financial position if there is a current, enforceable and legal right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.7 Furniture and equipment

Furniture and equipment are initially measured at acquisition cost and after initial recognition, at acquisition cost less accumulated depreciation and impairment losses, if any. These costs include the cost to replace components of furniture and equipment when such cost is incurred, if it meets the criteria for recognition. Depreciation and disbursements for repair and maintenance that do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of each type of asset. The residual value of depreciable assets estimated useful life and depreciation methods and amortization are revised annually by Management and are adjusted when considered pertinent, at the end of each financial year.

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A breakdown of estimated useful lives is shown below:

	<u>Estimated useful life</u>
Computer Equipment	5 years
Office furniture	10 years
Vehicles	10 years

A component of furniture and equipment is written off when it is sold or when the Asociación no longer expects future benefits from its use. Any loss or gain from the asset's disposal, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in the results of the year in which the transaction occurs.

4.8 Impairment of non-financial assets

The Asociación assesses the carrying amounts of its non-financial assets at each accounting close to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any indication exists, and the carrying amount exceeds the recoverable amount, the Asociación measures the assets or cash-generating units at their recoverable amounts, defined as the higher of fair value less costs to sell and value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses for a non-financial asset other than goodwill may no longer exist or may have decreased. If such indication exists, the Asociación re-estimates the asset's recoverable amount and if necessary, reverses the loss increasing the asset until its new recoverable amount, which will not exceed the asset's net carrying amount prior to recognizing the original impairment loss, recognizing the credit in the year's income statement.

4.9 Revenue recognition

Ordinary revenues from agreements with donors or related parties (the Trusts) are recognized when the Asociación transfers the control of the services for an amount that reflects the consideration to which the Asociación expects to be entitled in exchange for such services. The Asociación has concluded that it acts as principal in its revenue agreements.

4.9.1 Revenue from donations

Donations are either recognized as income when they are received, in case they are not subject to a performance obligation that the Asociación should fulfill subsequently.

4.9.2 Revenue from administrative services

The Asociación recognizes the income for the administrative services provided to the Trusts over time because they receive and simultaneously consume the benefits provided by the Asociación. Considering the joint presentation of the Asociación and the Trusts in these financial statements, the income from administrative services for the Asociación and the respective expense for the Trusts are in the same line of the income statement.

4.10 Recognition of costs and expenses

Costs and expenses are recognized in the comprehensive income statement in the year when they are incurred.

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4.11 Benefits for termination of employment contracts

Severance compensations that are accumulated in favor of the Asociación 's employees in accordance with the legal provisions of the Labor Code of Costa Rica are payable upon death, retirement or unjustified dismissal. Compensation is determined as 8.33% of average salaries earned by the employee during the last 6 months worked for each year of service, for a maximum of 8 years. The Asociación transfers to the Complementary Pension Fund established by law 3% of the monthly salaries paid to affiliated employees. La Asociación 's policy is to transfer from its accumulated surpluses a monthly amount of US\$1,667 for the reserve for severance payment as support for any excess amount that the Asociación must cover in a labor settlement, between the transferred amounts and the definitive settlement calculated based on the aforementioned labor rights. The Asociación in each settlement reverses the corresponding amount of the reserve and recognizes it as an expense in the year which it is occurred.

4.12 Leases

The Asociación assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.12.1 Entity as a lessee

The Asociación applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Asociación recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Asociación recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. As of December 31, 2020, The Asociación maintains part of a building leased for a period of 4 years.

If ownership of the leased asset transfers to The Asociación at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset

Lease liabilities

At the commencement date of the lease, The Asociación recognizes lease liabilities measured at the present If ownership of the leased asset transfers to The Asociación at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by The Asociación and payments of penalties for terminating the lease, if the lease term reflects The Asociación exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, The Asociación uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Asociación applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term

4.13 Income tax

Based on the non-profit nature of the Asociación and the Trusts, they are not subject to pay income tax per Costa Rican tax laws.

4.14 Significant accounting judgments, estimates and assumptions

Preparation of the Asociación 's financial statements requires to conduct judgments, estimates and assumptions affecting the reported figures of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities as of the reporting date. However, uncertainty about such judgments, estimates and assumptions could lead to situations that require material adjustments to the recorded values of assets and liabilities in future periods.

In the process of applying its accounting policies, The Asociación has considered the following relevant judgments, estimates or assumptions.

Determination of the lease term of contracts with renewal and termination options - The Asociación as lessee

The Asociación determines the lease term as the non-cancellable term of the lease, along with any period covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain it sure will not be exercised.

4.15 Standards issued that have not yet entered into effect

The International Financial Reporting Standards or their interpretations and amendments issued, but not yet in force, up to the date of issuance of La Asociación 's financial statements, are described below. Asociación the standards or interpretations and modifications described are only those that, according to Management's discretion, may have a significant effect on the Asociación 's disclosures, position or financial performance when applied at a future date. The Asociación intends to adopt these new and modified standards and interpretations, if applicable, when they become effective.

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<u>Standard, interpretation or amendment</u>	<u>Entry into force</u>
IFRS 17 <i>Insurance Contracts</i>	Effective for annual periods beginning on or after January 1, 2021. Early adoption is permitted.
Classification of liabilities as current or non-current - Amendments to IAS 1	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
Reference to the Conceptual Framework - Amendments to IFRS 3	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
Property, Plant and Equipment: Income Before Intended Use - Amendments to IAS 16	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
IFRS 1 First Time Adoption of International Financial Reporting Standards - Subsidiary as First Time Adopter	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
IFRS 9 Financial Instruments: Fees in the '10 percent 'Test for Derecognition of Financial Liabilities	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.
IAS 41 Agriculture - Taxation in fair value measurements	Effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively.

5. Cash and cash equivalents

Cash at banks include funds held in separate bank accounts. A portion of this cash is restricted use and can only be used to cover disbursements for agreements or contracts signed by the Asociación with international bodies and institutions (donors.)

Cash and cash equivalents are detailed as follows:

	December 31, 2020		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
General petty cash	\$ 245	\$ -	\$ 245
Cash at banks	<u>1,422,419</u>	<u>3,469,681</u>	<u>4,892,100</u>
	1,422,664	3,469,681	4,892,345
Investments in financial assets at amortized cost	-	<u>350,000</u>	<u>350,000</u>
	<u>\$ 1,422,664</u>	<u>\$ 3,819,681</u>	<u>\$ 5,242,345</u>

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	September 30, 2019		
	Unrestricted	Restricted	Total
General petty cash	\$ 260	\$ -	\$ 260
Cash at banks	279,344	2,700,014	2,979,358
	<u>279,604</u>	<u>2,700,014</u>	<u>2,979,618</u>
	-	259,547	259,547
	<u>\$ 279,604</u>	<u>\$ 2,959,561</u>	<u>\$ 3,239,165</u>

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

The investment in financial assets at amortized cost is constituted by a certificate of deposit with an original maturity of 3 months. This certificate is denominated in Colones and accrues an interest of approximately 6% per year.

6. Investments in financial assets

6.1 Classifications of investments in financial assets according to their nature

	December 31, 2020		
	Unrestricted	Restricted	Total
Financial assets at fair value with changes in profit or loss:			
Investments in overseas financial institutions - US Dollars	\$ -	\$ 52,110,697	\$ 52,110,697
Investments in local financial institutions - US Dollars	-	10,021,310	10,021,310
Investments funds in local financial institutions - US Dollars	931	5,061,851	5,062,782
Investments funds in local financial institutions – Colones	-	10,078	10,078
	<u>931</u>	<u>67,203,936</u>	<u>67,204,867</u>
Financial assets recorded at amortized cost:			
Certificate of term deposit in local financial institutions - US Dollars	418,793	1,496,000	1,914,793
Certificate of term deposit in local financial institutions - Colones	-	1,547,881	1,547,881
	<u>418,793</u>	<u>3,043,881</u>	<u>3,462,674</u>
Total investments	<u>\$ 419,724</u>	<u>\$ 70,247,817</u>	<u>\$ 70,667,541</u>

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	September 30, 2019		
	Unrestricted	Restricted	Total
Financial assets at fair value with changes in profit or loss:			
Investments in overseas financial institutions - US Dollars	\$ -	\$ 47,221,268	\$ 47,221,268
Investments in local financial institutions - US Dollars	-	12,658,582	12,658,582
Investments funds in local financial institutions - US Dollars	116,854	585,246	702,100
Investments funds in local financial institutions – Colones	-	42,572	42,572
	<u>116,854</u>	<u>60,507,668</u>	<u>60,624,522</u>
Financial assets recorded at amortized cost:			
Certificate of term deposit in local financial institutions - US Dollars	775,000	1,600,000	2,375,000
Certificate of term deposit in local financial institutions - Colones	-	1,903,345	1,903,345
	<u>775,000</u>	<u>3,503,345</u>	<u>4,278,345</u>
Total investments	<u>\$ 891,854</u>	<u>\$ 64,011,013</u>	<u>\$ 64,902,867</u>

6.2 Classifications of investments in financial assets according to their maturity

	December 31, 2020		
	Unrestricted	Restricted	Total
Current	\$ 419,724	\$ 69,247,817	\$ 69,667,541
Non-current	-	1,000,000	1,000,000
Total investments	<u>\$ 419,724</u>	<u>\$ 70,247,817</u>	<u>\$ 70,667,541</u>

	September 30, 2019		
	Unrestricted	Restricted	Total
Current	\$ 891,854	\$ 63,011,013	\$ 63,902,867
Non-current	-	1,000,000	1,000,000
Total investments	<u>\$ 891,854</u>	<u>\$ 64,011,013</u>	<u>\$ 64,902,867</u>

6.3 Summary of financial assets per currency

	December 31 2020	September 30 2019
Dollars	\$ \$ 69,109,582	\$ 62,956,950
Colones	1,557,959	1,945,917
	<u>\$ \$ 70,667,541</u>	<u>\$ 64,902,867</u>

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6.4 Characteristics of the Asociación 's financial assets

Investments in overseas financial institutions are made through JP Morgan, are held for negotiation, and are comprised of bonds, shares and alternative instruments. JP Morgan is in turn the entity that provides the fair values recognized by the Asociación. In 2020, the returns accrued on these investments in dollars were on average approximately 13% (2019: approximately 5%). Such returns are derived from fluctuations in the fair values of the investment portfolio.

Investments in local financial institutions are made through Banco BAC San José, S.A., are held for negotiation and are made up of bonds from Costa Rican governmental sector or private entities.

Investment funds are a separate equity, owned by investors (the Asociación and other investors) who have contributed their resources to be invested in publicly offered securities. The property right of the investor is represented through shares, which give the investor the right to an aliquot in gains or losses generated by the investment fund in which it has a share. Shares in investment funds are recorded at cost when acquired and are subsequently measured at fair value in accordance with the market value of the shares as of the reporting date. The market value is reported by the financial entities that manage the investment funds in which the Asociación participates (2020 y 2019: Banco BAC San José, S.A. and 2018: Banco BCT, S.A.). In 2020, the yields accrued by the funds in dollars were on average approximately 7.17% (2019: 3% funds in Colones and 4%, funds in dollars)

Financial assets at amortized cost are represented by fixed-term certificates of deposit whose maturity extends until July 2021, (2018: maturities until June 2020) except for a certificate of US\$1,000,000 with a maturity date as of October 2023 and accruing interest rates as follows: in 2020 in US dollars between 2.15% and 3.60%, and in Colones between 3.93% and 5.62% (2019: in US Dollars between 3% and 4%, and in Colones between 8% and 9%). Interest receivable accrued over these certificates amount to US\$212,128 as of December 31, 2020 (2019: US\$274,773).

6.5 Fair value hierarchy

All assets measured at fair value or which the Asociación discloses fair values are classified within the fair value hierarchy described in note 4.4. The nature of the fair value estimates is subjective and involves uncertain aspects and Management's judgment, therefore these amounts are not determined with absolute precision. Consequently, should there be changes in the assumptions on which estimates are based, these could differ from final results.

A comparison by class of financial assets between carrying amounts and fair values as of December 31, 2020 and September 30, 2019 is as follows:

	Hierarchy	December 31, 2020	
		Carrying amount	Fair value
At fair value through profit or loss	Level 2	\$ 67,204,867	\$ 67,204,867
At amortized cost	Level 3	\$ 3,462,673	\$ 3,462,673
		September 30, 2019	
	Hierarchy	Carrying amount	Fair value
At fair value through profit or loss	Level 2	\$ 60,624,522	\$ 60,624,522
At amortized cost	Level 3	\$ 4,278,345	\$ 4,278,345

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7. Accounts receivable and payable on projects

The main objective of Asociación Costa Rica por Siempre is to manage funds coming from donations, which are later executed in conservation projects. Based on its purpose, the resources of each project are kept in a bank account with exclusive, restricted use. Accounts receivable and payable on projects establish control and follow-up on those funds whose execution comes from a bank account with a different purpose, and are comprised as follows:

7.1 Receivable

	December 31, 2020		
	Unrestricted	Restricted	Total
Operating budget – Asociación Costa Rica por Siempre	\$ 115,916	\$ -	\$ 115,916
Irrevocable Trust - Granting Fund	-	128,772	128,772
RedLAC	-	114,654	114,654
Canje I Projects	-	24,981	24,981
CARSI	-	7,844	7,844
Irrevocable Trust - Amortization Fund	-	2,391	2,391
Shark Conservation Fund	-	1,360	1,360
	\$ 115,916	\$ 280,002	\$ 395,918

	September 30, 2019		
	Unrestricted	Restricted	Total
Operating budget – Asociación Costa Rica por Siempre	\$ 122,339	\$ -	\$ 122,339
Irrevocable Trust - Granting Fund	-	130,636	130,636
Shark Conservation Fund	-	130,246	130,246
Irrevocable Trust - Amortization Fund	-	22,600	22,600
Blue Challenge	-	6,200	6,200
Canje II Projects	-	5,852	5,852
Regional Compliance Management in ETP	-	4,132	4,132
Pacífico Helmsley #2	-	2,500	2,500
CARSI	-	28	28
	\$ 122,339	\$ 302,194	\$ 424,533

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7.2 Payable

	December 31, 2020		
	Unrestricted	Restricted	Total
Operating budget – Asociación Costa Rica por Siempre	\$ 136,054	\$ -	\$ 136,054
Portafolio Fideicomiso Irrevocable	-	100,000	100,000
CARSI	-	84,700	84,700
Canje II Projects	-	38,205	38,205
Lamping	-	11,232	11,232
Irrevocable Trust - Granting Fund	-	11,080	11,080
Palo Verde	-	4,889	4,889
Shark Conservation Fund	-	4,883	4,883
RedLAC	-	3,877	3,877
Canje I	-	3,000	3,000
Islas Secas	-	134	134
Waitt II	-	122	122
	<u>\$ 136,054</u>	<u>\$ 262,122</u>	<u>\$ 398,176</u>

	September 30, 2019		
	Unrestricted	Restricted	Total
Operating budget – Asociación Costa Rica por Siempre	\$ 276,590	\$ -	\$ 276,590
CARSI	-	60,547	60,547
Irrevocable Trust - Granting Fund	-	29,514	29,514
Pacífico Helmsley #2	-	19,126	19,126
Blue Challenge	-	9,543	9,543
Regional Compliance Management in ETP	-	9,157	9,157
Global Partnership for Shark & Rays	-	6,587	6,587
Canje I Projects	-	5,852	5,852
Canje I	-	3,000	3,000
Irrevocable Trust - Amortization Fund	-	2,166	2,166
Canje II	-	1,960	1,960
Lamping	-	940	940
CI-RADAR	-	107	107
	<u>\$ 276,590</u>	<u>\$ 148,499</u>	<u>\$ 425,089</u>

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8. Furniture and equipment

	Furniture and equipment	Computer equipment	Vehicles	Total
Cost:				
As of September 30, 2018	\$ 36,928	\$ 55,244	\$ 15,340	\$ 107,512
Additions	900	4,037	-	4,937
As of September 30, 2019	<u>37,828</u>	<u>59,281</u>	<u>15,340</u>	<u>112,449</u>
Additions	721	16,148	-	16,869
Disposal	-	(2,452)	(15,340)	(17,792)
As of December 31, 2020	<u>\$ 38,549</u>	<u>\$ 72,977</u>	<u>\$ -</u>	<u>\$ 111,526</u>
Accumulated depreciation:				
As of September 30, 2018	\$ 20,187	\$ 41,690	\$ 4,273	\$ 66,150
Depreciation for the year	3,270	4,673	1,373	9,316
As of September 30, 2019	<u>23,457</u>	<u>46,363</u>	<u>5,646</u>	<u>75,466</u>
Depreciation for the year	4,323	8,101	602	13,026
Disposal	-	(1,721)	(6,248)	(7,969)
As of December 31, 2020	<u>\$ 27,780</u>	<u>\$ 52,743</u>	<u>\$ -</u>	<u>\$ 80,523</u>
Carrying value:				
As of September 30, 2018	\$ 16,741	\$ 13,554	\$ 11,067	\$ 41,362
As of September 30, 2019	<u>\$ 14,371</u>	<u>\$ 12,918</u>	<u>\$ 9,694</u>	<u>\$ 36,983</u>
As of December 31, 2020	<u>\$ 10,769</u>	<u>\$ 20,234</u>	<u>\$ -</u>	<u>\$ 31,003</u>

9. Accumulated expenses

	December 31 <u>2020</u>	September 30 <u>2019</u>
Vacations	\$ 20,796	\$ 16,249
Withholdings to social security	18,000	28,768
Tax on remittances sent abroad	5,251	6,596
Thirteenth-month bonus	4,189	39,926
Income tax of employees	3,961	11,587
Bonuses to personnel	-	22,542
	<u>\$ 52,197</u>	<u>\$ 125,668</u>

10. Deferred income

Deferred revenue relates to the budget approved and received by the Asociación from Trusts to cover the Asociación 's operating costs in the next financial year. These deferred revenues are comprised as follows, and for purposes of presentation in the financial statements, are settled in the same line as restricted and unrestricted funds.

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	<u>December 31, 2020</u>	<u>September 30, 2019</u>
Irrevocable Trust	\$ 1,045,943	\$ -
Canje II Trust	-	120,000
	<u>\$ 1,045,943</u>	<u>\$ 120,000</u>

11. Income from donations

The trust funds (donations) are comprised of contributions made by the contributions for approved projects for Trust, Canje II; Canje I and contributions made by other donors to perform and complete projects, itemized as follows:

	<u>December 31, 2020</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Asociación Costa Rica por Siempre	\$ 4,000	\$ 6,239,127	\$ 6,243,127
Irrevocable Trust - Amortization Fund	-	2,262,210	2,262,210
Irrevocable Trust - Granting Fund	-	1,131,156	1,131,156
	<u>\$ 4,000</u>	<u>\$ 9,632,493</u>	<u>\$ 9,636,493</u>
	<u>September 30, 2019</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Irrevocable Trust - Amortization Fund	\$ -	\$ 2,003,195	\$ 2,003,195
Asociación Costa Rica por Siempre	25,000	1,817,040	1,842,040
Irrevocable Trust - Granting Fund	-	510,409	510,409
	<u>\$ 25,000</u>	<u>\$ 4,330,644</u>	<u>\$ 4,355,644</u>

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Revenues from the Asociación 's donations are detailed as follows:

	<u>2020</u>	<u>2019</u>
People project	\$ 2,000,000	\$ -
Central Bank of Costa Rica (execution of Canje II projects)	1,658,103	-
Central Bank of Costa Rica (execution of Canje I projects)	1,179,983	438,618
Fideicomiso Irrevocable Costa Rica por Siempre	625,000	-
Shark Conservation Fund	234,429	130,271
WAITT II	200,000	-
CARSI	129,086	57,951
Islas Secas	99,880	-
Fundación Natura (RedLAC)	81,555	-
Packard	20,000	-
Blue Action Fund	11,091	-
Lamping	-	500,000
Pacífico – Helmsley	-	302,500
Global Partnership for Shark & Rays	-	135,200
Blue Challenge	-	100,000
Regional Compliance Management Strategy in ETP	-	77,500
WAITT	-	75,000
GIZ	-	12,800
CRUSA	-	6,000
Proparques	-	4,800
Fundación de Parques	-	1,000
	<u>\$ 6,243,127</u>	<u>\$ 1,842,040</u>

12. Trust management services

	<u>2020</u>	<u>2019</u>
Budgetary support:		
Irrevocable Trust	\$ 608,869	\$ 500,000
Canje I	230,082	153,387
Canje II	120,000	122,550
Overhead	180,739	138,012
	<u>\$ 1,139,690</u>	<u>\$ 913,949</u>

In 2019 and 2018, the Irrevocable Trusts, Canje I and Canje II, made payments to the Asociación for budgetary support. The Irrevocable Trust determined the amount to be paid to the Asociación according to the twentieth clause “Fiduciary Fees” of the “Irrevocable Trust Agreement of Fund Management” between Linden Trust for Conservation and the Asociación. Trusts of Canje I and II determined the amount to be paid to the Asociación in accordance with the approval of the “Annual Budget,” which was approved by the “Oversight Committee” of the Asociación.

The concept of “Overhead” corresponds to fees for administration services of donation agreements and corresponding to payments from Pacific Helmsley, Global Partnership for Shark & Rays, WAITT, CARSI, Program Related Investment, Regional Compliance Management in ETP, and Blue Challenge for US\$180,739 in 2020 (2019: US\$138,012).

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13. Expenses of Asociación Costa Rica por Siempre Program

The Program's expenses include money that the Asociación receives and then executes in conservation projects in the designated protected areas with the support of Canje II and Irrevocable Trust through Asociación Costa Rica por Siempre Program.

	December 31, 2020		
	Unrestricted	Restricted	Total
Donation agreements (Exchange of Debt)	\$ -	\$ 1,653,236	\$ 1,653,236
Consulting	-	510,655	510,655
Specific equipment for conservation projects	-	31,800	31,800
Communication	-	2,530	2,530
National and international tours	-	4,653	4,653
Representation and other expenses	-	-	-
Coco's Island radar	-	-	-
Meals and meetings	-	-	-
Board of Directors session and annual tour	-	-	-
Implementation of The Asociación Costa Rica por Siempre Program	-	5,397	5,397
	<u>\$ -</u>	<u>\$ 2,208,271</u>	<u>\$ 2,208,271</u>

	September 30, 2019		
	Unrestricted	Restricted	Total
Donation agreements (Exchange of Debt)	\$ -	\$ 1,033,249	\$ 1,033,249
Consulting	-	354,706	354,706
Specific equipment for conservation projects	-	65,151	65,151
Communication	-	7,250	7,250
National and international tours	-	7,743	7,743
Representation and other expenses	-	-	-
Coco's Island radar	-	11,909	11,909
Meals and meetings	-	362	362
Board of Directors session and annual tour	-	-	-
Implementation of The Asociación Costa Rica por Siempre Program	-	-	-
	<u>\$ -</u>	<u>\$ 1,480,370</u>	<u>\$ 1,480,370</u>

14. Expenses on projects approved for Trusts

14.1. Irrevocable Trust

As of December 31, 2020, no expenses on projects approved for Irrevocable Trust were incurred USD\$625,000 (2019: US\$0). These expenses relate to transfers from the Irrevocable Trust to the Asociación to execute the Program.

14.2. Canje I

As of December 31, 2020, the expenses for projects approved for Canje I were US\$1,180,085 (2019: US\$438,618). These relate to transfers from Canje I to the Asociación.

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14.3. Canje II

The Asociación Costa Rica por Siempre Technical Committee identifies the projects to be launched in the conservation areas and determines which projects should be declared as deserted or canceled. The Technical Committee establishes the budget in which the project resources will be allocated. Then, the Supervision Committee of the Trust analyzes the recommendations of the Technical Committee and approves the economic content of the "Calls for tenders," which are comprised by the list of conservation projects that will be conducted in the near future, generally within the next twelve months.

As of December 31, 2019, Call X was held for a total amount of US \$ 800,000 and Call XI for a total amount of US \$ 858,103, as follows:

Grant agreement	Amount
The projects approved in the X Call in 2020 are the following:	
IICD-X-2020-01, Design and Implementation of the Registry and Cadastral Strategy of PN Chirripó	\$ 47,123
IICD-X-2020-02, Improvement of water management systems as part of the actions of the ACG climate change adaptation plan	70,685
IICD-X-2020-03, Preparation and implementation of plans for adaptation to Climate Change in the Cuenca Baja del Tempisque and Tenorio-Miravalles ecoregions	94,246
IICD-X-2020-04, Natural Resources Management Plan of the RNVS Barra del Colorado, which includes as a minimum diagnosis, baseline and action plan of the prioritized threats (lagoons, invasive exotic fish and tiger shrimp)	23,562
IICD-X-2020-05, Develop and implement a participatory bio-literacy strategy to attend to interactions and coexistence between humans and wildlife	70,685
IICD-X-2020-06, Design and implementation of the participation strategy of the PNdAJCB, PNVA and RNVSCN, with emphasis on addressing threats to biodiversity	70,685
IICD-X-2020-07, Implementation of the ACOPAC Protected Wild Areas Control and Protection Plans	23,562
IICD-X-2020-08, Preparation of the PN General Management Plan. Carara and the ACOPAC Research Plan. The funds correspond to the reallocation of funds previously assigned for updating the PGMs of PNV Turrialba, PNV Irazú and PNV Poás	35,000
IICD-X-2020-09, Participatory implementation of plans in the field of natural resources in the ACC ASPs	130,960
IICD-X-2020-10, Preparation of the General Management Plan for the Las Tablas Protective Zone	28,333
IICD-X-2020-11, Implementation of the RFGD Participation Strategy	23,562
IICD-X-2020-12, Update of the Corcovado PGM that includes the emergency care plan	16,667
IICD-X-2020-13, Design and Implementation of the Natural Resources Management Plan for the ACT	164,930
	<u>\$ 800,000</u>

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Grant agreement	Amount
The projects approved in the XI Call in 2020 are the following:	
IICD-XI-2021-01, Active management of ecosystems to boost the local economy of the communities surrounding the Arenal Volcano National Park, Juan Castro Blanco National Water Park and Caño Negro National Wildlife Refuge	\$ 93,611
IICD-XI-2021-02, Implementation of prioritized actions for the consolidation of the Natural Heritage of the State in 5 protected wild areas of the Arenal Tempisque Conservation Area	79,310
IICD-XI-2021-03, Strengthening the management of natural resources in prioritized protected wild areas of the Central Conservation Area	187,223
IICD-XI-2021-04, Improvement of water supply systems as part of the actions of the climate change adaptation and mitigation plan of the Guanacaste Conservation Area (III phase)	55,907
IICD-XI-2021-05, Preparation and implementation of a communication strategy for the recognition of participation and governance processes in the La Amistad Caribe Conservation Area	70,208
IICD-XI-2021-06, Implementation of prevention, control and protection plans for Chirripó National Park and La Amistad International Park	46,806
IICD-XI-2021-07, Support for the fundraising efforts of the La Amistad Pacifico Conservation Area	19,069
IICD-XI-2021-08, Preparation and implementation of prioritized actions of the plan for adaptation and mitigation to climate change of the Carara National Park	23,403
IICD-XI-2021-09, Preparation and implementation of the regional plan for mitigation and adaptation to climate change in the protected wild areas of the Tempisque Conservation Area	132,802
IICD-XI-2021-10, II phase for the consolidation of the management plan for green clams (<i>Polymesoda radiata</i>) to incorporate conservation measures for the wetlands of the Cipancí National Wildlife Refuge	16,715
IICD-XI-2021-11, Cadastral and registry study in the Site of Importance for the Conservation of the Guácimo and Pococí Aquifers	52,006
IICD-XI-2021-12, Consolidation of the management of the tourism product of protected wild areas and areas of influence in the Chorotega region, as a tool for community integration and a fundamental pillar for collaborative management and public-private partnerships	42,905
IICD-XI-2021-13, Update of the General Management Plan of the conservation block Tenorio National Park-Tenorio Protective Zone	19,069
IICD-XI-2021-14, Preparation of the General Management Plan for the Tuis River Basin Protective Zone	19,069
	<u>858,103</u>
Total agreements according to call X and XI	<u>\$ 1,658,103</u>

15. Donation agreements Canje I

Donation agreements in 2020 for US\$953,939 (2019: US\$709,439) constitute money that the Asociación receives and then executes in conservation projects outside of the protected areas, with the support of Canje I.

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16. Expenses for Canje I and Canje II

16.1. Canje I

	December 31, 2020		
	Unrestricted	Restricted	Total
Strengthening of eligible entities	\$ 10,000	\$ -	\$ 10,000
Legal services	6,023	-	6,023
Tours by technical team and local workshops	3,916	-	3,916
National tours of Oversight Committee	617	-	617
	\$ 20,556	\$ -	\$ 20,556

	September 30, 2019		
	Unrestricted	Restricted	Total
Consulting by topical experts	\$ 11,383	\$ -	\$ 11,383
Communication materials	10,870	-	10,870
Legal services	6,400	-	6,400
Strengthening of eligible entities	5,363	-	5,363
Tours by technical team and local workshops	4,681	-	4,681
Accounting financial audit	3,127	-	3,127
Publications	2,233	-	2,233
National tours of Oversight Committee	1,787	-	1,787
Representation expenses and response to inquiries	1,082	-	1,082
Travel fees for Oversight Committee	797	-	797
Services for Oversight Committee meetings	785	-	785
	\$ 48,508	\$ -	\$ 48,508

16.2. Canje II

	December 31, 2020		
	Unrestricted	Restricted	Total
Communication materials	\$ 7,457	\$ -	\$ 7,457
Tours of technical team and local workshops	5,717	-	5,717
Canje II international tours	6,603	-	6,603
Membership environmental funds for Latin America and the Caribbean	4,445	-	4,445
Strengthening of eligible entities	3,062	-	3,062
Translations	1,000	-	1,000
Consulting by topical experts	283	-	283
Program assessment	280	-	280
Services for Oversight Committee meetings	205	-	205
National tours of Oversight Committee	10	-	10
	\$ 29,062	\$ -	\$ 29,062

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	September 30, 2019		
	Unrestricted	Restricted	Total
Communication materials	\$ 18,478	\$ -	\$ 18,478
Tours of technical team and local workshops	11,567	-	11,567
Consulting by topical experts	9,610	-	9,610
Program assessment	7,024	-	7,024
Membership environmental funds for Latin America and the Caribbean	3,313	-	3,313
Strengthening of eligible entities	3,082	-	3,082
Canje international tours	2,013	-	2,013
Services for Oversight Committee meetings	863	-	863
Translations	805	-	805
Travel expenses of Oversight Committee members (to attend meetings)	519	-	519
National tours of Oversight Committee	10	-	10
Representation expenses and response to inquiries	8	-	8
	<u>\$ 57,292</u>	<u>\$ -</u>	<u>\$ 57,292</u>

16.3. Other projects

	December 31, 2020		
	Unrestricted	Restricted	Total
Shark Conservation Fund	\$ -	\$ 201,785	\$ 201,785
Pacífico Helmsley	-	147,787	147,787
CARSI	-	101,899	101,899
WAITT II	-	83,415	83,415
Lamping	549	56,129	56,678
RedLAC	-	43,326	43,326
Blue Challenge	-	14,923	14,923
Regional Compliance Management	-	6,661	6,661
Islas Secas	-	5,389	5,389
Global Partnership for Shark and Rays	-	3,603	3,603
	<u>\$ 549</u>	<u>\$ 664,917</u>	<u>\$ 665,466</u>

	September 30, 2019		
	Unrestricted	Restricted	Total
Pacífico Helmsley	\$ -	\$ 288,496	\$ 288,496
Global Partnership for Shark and Rays	-	223,017	223,017
Regional Compliance Management	-	84,446	84,446
Blue Challenge	-	80,027	80,027
WAITT	-	60,000	60,000
CARSI	-	36,561	36,561
	<u>\$ -</u>	<u>\$ 772,547</u>	<u>\$ 772,547</u>

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(amounts in US dollars)

17. Salaries and employee benefits

	<u>2020</u>	<u>2019</u>
Salaries	\$ 773,589	\$ 539,029
Social charges	215,434	160,839
Thirteenth-month bonus	67,827	50,900
Other personnel expenses	93,027	108,447
	<u>\$ 1,149,877</u>	<u>\$ 859,215</u>

In the years ended December 31, 2020 and September 2019, the Asociación incurred in an expense for the defined contribution plan of US\$28,487 and US\$21,379, which corresponds to resources transferred to the Complementary Pension Fund, as explained in note 4.11.

18. Leases

The Asociación has signed a lease for a building with lease terms of 3 years. La Asociación 's obligations under its leases are secured by the lessor's title to the leased assets.

The Asociación also has certain leases of low-value equipment with lease terms of 12 months or less to which the recognition criteria of short-term lease and lease low-value asset recognition exemptions for these leases.

	<u>2020</u>
Right-of-use assets	\$ 276,871
Depreciation expenses	(66,985)
	<u>\$ 209,886</u>

The carrying amount of the lease liability and the movements made during the year are detailed below:

	<u>2020</u>
Initial recognition for adoption of IFRS 16 (note 3)	\$ 276,871
Interest expense	26,873
Payment of lease obligations	(79,548)
Balance at the end of the year	<u>224,196</u>
Less - Short-term	<u>48,107</u>
Long-term lease liability	<u>\$ 176,089</u>

19. Objectives and policies for managing financial risks

The Asociación 's main financial instruments are comprised of cash, accounts receivable, securities investments, and accounts and accrued expenses payable. The main goal of these financial instruments is to provide funding for the Asociación 's operations. The Asociación has other financial assets and liabilities of a miscellaneous nature, which arise directly from its operations.

The main risks that could have a relatively significant effect on these financial instruments are market risk, liquidity risk and credit risk.

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The Asociación reviews and agrees on policies to handle these risks, as summarized below:

19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of variations in market prices. Market risk comprises four types of risk: interest rate risk, foreign exchange risk and other price risks, such as share price risk.

The main market risk that may affect the Asociación 's financial instruments is the interest rate risk taking into consideration fluctuations in interest rates and prices of investments in securities. The Asociación does not consider there is a risk of currency exchange for having its assets and liabilities substantially denominated in US dollars. It is not considered that other price risks exist.

Interest rate risk

The Asociación 's operating incomes and cash flows depend substantially on changes in interest rates and on the yields of its investments in securities. Important drops in interest rates could limit the Asociación 's capacity to carry out its activities.

The Investment Committee periodically reviews market trends to identify opportunities for investment or risks of drops in rates that would imply adjustments to the Asociación 's budget.

Sensitivity analysis:

The Asociación has conducted a sensitivity analysis over potential variations in interest rates. The effect of a reasonable variation in interest rates of +/- 25 base points in 2020 would be US\$174,169 increasing or decreasing the financial revenues (2019: +/- 25 base points and US\$315,937).

19.2 Liquidity risk

Liquidity risk is the risk that an entity may have difficulty meeting the obligations associated with financial liabilities that are settled with cash or another financial asset. The Asociación 's approach to manage liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to fulfill its obligations when they are due, under normal conditions and tense situations, without incurring in unacceptable losses or jeopardizing the Asociación 's reputation.

The Asociación uses different financial projections that allow to handle its operational cash flows, ensuring the sufficient cash to cover its operating needs. Currently, the Asociación does not have any financial obligations, so its liquidity risk is low.

All of the Asociación 's liabilities as of December 30, 2020 and September 30, 2019 have maturities below twelve months from the reporting date.

19.3 Credit risk

Credit risk is the risk that a counterpart does not comply with its obligations derived from a financial instrument or purchase contract, and this translates into a financial loss. The Asociación believes that its credit risk is low since its cash and investments in securities are maintained in first quality Costa Rican and foreign entities.

The maximum credit risk exposure is represented by the balance of each financial asset as shown on the statement of financial position.

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20. Equity management

The main management objective of the Asociación 's equity is to preserve and increase the resources destined to conservation programs and to generate enough resources to meet the goals established for the Asociación and the Trusts.

The Asociación manages its capital structure and assesses any necessary adjustments in light of changes in economic conditions.

21. Events occurring after the date of the statement of financial position

The Asociación may be affected in its operations and its financial situation by the adverse effects of certain public health problems, such as epidemics, pandemics and other contagious diseases. In December 2019, a new strain of coronavirus appeared, called COVID-19, which has spread throughout the world in the first quarter of 2020. As a result of the identification of the outbreak in Costa Rica and in the country's trading partners, has presented a decrease in economic activity that could negatively affect La Asociación 's operating results. The extent to which the coronavirus will affect La Asociación 's results will depend on future developments, which are highly uncertain and cannot be predicted.

La Asociación 's Management is not aware of any other subsequent event, occurred between the date of the financial statements and the date of their issuance, that requires the modification of the figures presented in the authorized financial statements or disclosure in the notes.
