

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

Financial Statements  
As of December 31, 2021 and 2020

With the Independent Auditor's  
Report

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

**Financial Statements  
December 31, 2021 and 2020**

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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, 2021, and the statements of comprehensive income, changes in equity and cash flows for the year 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, 2021, its financial performance and cash flows for the year 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*

To comply with Law 9635 on Strengthening of Public Finances that became effective in the 2020 tax period, the Trust changed its accounting closing date from September 30 to December 31. Therefore, during the change period, the financial statements as of December 31, 2020 are presented for the 15-month period ended that date. Therefore, amounts included in the accompanying financial statements are not fully comparable to the financial statements for the 12-month period ended December 31, 2021.

*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.

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

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, 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.
- 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.

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

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.

May 9<sup>th</sup>, 2022



Jennifer Badilla Moore – CPA 6557

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Escazú, Costa Rica

Policy N° 0116 FIG 7

Stamp tax - Law No. 6663  
Attached and paid in original form

*Ernst & Young, S.A.*



**Asociación Costa Rica por Siempre  
(A Costa Rican Entity)  
Statements of Financial Position  
As of December 31, 2021 and 2020**

(amounts in US dollars)

	Notes	December 31, 2021			December 31, 2020		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	5	\$ 1,101,323	5,501,316	6,602,639	\$ 1,422,664	\$ 3,819,681	\$ 5,242,345
Investments in financial assets	6	1,718,738	72,752,739	74,471,477	419,724	69,247,817	69,667,541
Accumulated interest receivable	6	25,439	317,609	343,048	1,551	210,577	212,128
Accounts receivable from projects	7.1	98,661	1,009,034	1,107,695	115,916	280,002	395,918
Other accounts receivable		3,581	462	4,043	38	124	162
Prepaid expenses		33,078	-	33,078	22,589	-	22,589
Total current asset		<u>2,980,820</u>	<u>79,581,160</u>	<u>82,561,980</u>	<u>1,982,482</u>	<u>73,558,201</u>	<u>75,540,683</u>
Non-current assets:							
Furniture and equipment, net	8	69,718	-	69,718	31,003	-	31,003
Right-of-use assets	18	143,658	-	143,658	209,886	-	209,886
Investments in financial assets	6	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Other financial assets		4,944	-	4,944	4,943	-	4,943
Total non-current assets		<u>218,320</u>	<u>1,000,000</u>	<u>1,218,320</u>	<u>245,832</u>	<u>1,000,000</u>	<u>1,245,832</u>
Total assets		<u>\$ 3,199,140</u>	<u>\$ 80,581,160</u>	<u>\$ 83,780,300</u>	<u>\$ 2,228,314</u>	<u>\$ 74,558,201</u>	<u>\$ 76,786,515</u>
<b>NET ASSETS AND LIABILITIES</b>							
Current liabilities:							
Accounts payable on projects	7.2	\$ 873,852	\$ 237,799	\$ 1,111,651	\$ 136,054	\$ 262,122	\$ 398,176
Trade accounts payable		31,114	113,403	144,517	21,529	22,481	44,010
Leases	19	47,980	-	47,980	48,107	-	48,107
Accrued expenses payable	9	72,312	-	72,312	52,197	-	52,197
Deferred income	10	1,279,635	(1,279,635)	-	1,045,943	(1,045,943)	-
Total current liabilities		<u>2,304,893</u>	<u>(928,433)</u>	<u>1,376,460</u>	<u>1,303,830</u>	<u>(761,340)</u>	<u>542,490</u>
Non-current liabilities:							
Non-current leases	19	108,331	-	108,331	176,089	-	176,089
Total non-current liabilities		<u>108,331</u>	<u>-</u>	<u>108,331</u>	<u>176,089</u>	<u>-</u>	<u>176,089</u>
Total liabilities		<u>2,413,224</u>	<u>(928,433)</u>	<u>1,484,791</u>	<u>1,479,919</u>	<u>(761,340)</u>	<u>718,579</u>
Net assets:							
Accumulated surplus		817,796	81,509,593	82,327,389	714,109	75,319,541	76,033,650
Reserve for severance pay		(31,880)	-	(31,880)	34,286	-	34,286
Total net assets		<u>785,916</u>	<u>81,509,593</u>	<u>82,295,509</u>	<u>748,395</u>	<u>75,319,541</u>	<u>76,067,936</u>
Total net assets and liabilities		<u>\$ 3,199,140</u>	<u>\$ 80,581,160</u>	<u>\$ 83,780,300</u>	<u>\$ 2,228,314</u>	<u>\$ 74,558,201</u>	<u>\$ 76,786,515</u>

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre**

**(A Costa Rican Entity)**

**Statements of Comprehensive Income**

**For the year ended December 31, 2021 and for the fifteen-months period ended December 31, 2020**

*(amounts in US dollars)*

	Notes	December 31, 2021			December 31, 2020		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>INCOME</b>							
Donations	11	\$ -	\$ 6,246,616	\$ 6,246,616	\$ 4,000	\$ 9,632,493	\$ 9,636,493
Gains from fair value measurement of financial assets	12	-	5,650,015	5,650,015	-	5,918,088	5,918,088
Interest on investments in financial assets		57,297	1,155,145	1,212,442	47,981	1,585,659	1,633,640
Interest on available cash in banks		952	5,829	6,781	345	20,479	20,824
Trust management services	13	1,019,609	(1,019,609)	-	1,139,690	(1,139,690)	-
Other income		175,112	20,884	195,996	280,759	(12,847)	267,912
Total income		<u>1,252,970</u>	<u>12,058,880</u>	<u>13,311,850</u>	<u>1,472,775</u>	<u>16,004,182</u>	<u>17,476,957</u>
<b>PROJECT EXPENSES</b>							
Expenses of Asociación Costa Rica por Siempre Program	14	-	1,620,726	1,620,726	-	2,208,271	2,208,271
Expenses on projects approved for Irrevocable Trust	15.1	-	662,000	662,000	-	625,000	625,000
Expenses on projects approved for Canje I	15.2	-	503,882	503,882	-	1,180,085	1,180,085
Expenses on projects approved for Canje II	15.3	-	897,474	897,474	-	1,658,103	1,658,103
Donation agreements Canje I	16	-	788,666	788,666	-	953,939	953,939
Total project expenses		<u>-</u>	<u>4,472,748</u>	<u>4,472,748</u>	<u>-</u>	<u>6,625,398</u>	<u>6,625,398</u>
<b>OPERATING EXPENSES</b>							
Expenses related to Canje I	17.1	11,874	-	11,874	20,556	-	20,556
Expenses related to Canje II	17.2	34,369	-	34,369	29,062	-	29,062
Expenses related to Palo Verde		-	26,649	26,649	-	5,097	5,097
Expenses related to other Projects	17.3	-	623,048	623,048	549	664,917	665,466
Salaries and employee benefits	18	797,600	313,935	1,111,535	952,346	197,531	1,149,877
Professional services		44,039	7,210	51,249	47,069	-	47,069
Consulting		50,916	-	50,916	73,688	-	73,688
National and international tours		17,303	-	17,303	27,432	-	27,432
Communication		45,427	-	45,427	25,816	-	25,816
Representation and other expenses		7,663	-	7,663	5,524	-	5,524
Board of Directors session and annual tour		2,841	-	2,841	653	-	653
Fees for brokerage services		-	307,765	307,765	-	357,178	357,178
Exchange differences		200	115,455	115,655	1,745	152,484	154,229
Rental and maintenance		11,583	-	11,583	15,681	226	15,907
Fundraising		55,048	-	55,048	85,021	10,000	95,021
Depreciation	8	12,908	-	12,908	13,026	-	13,026
Subtotal operating expenses (go to the next page)		<u>\$ 1,091,771</u>	<u>\$ 1,394,062</u>	<u>\$ 2,485,833</u>	<u>\$ 1,298,168</u>	<u>\$ 1,387,433</u>	<u>\$ 2,685,601</u>

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre**

**(A Costa Rican Entity)**

**Statements of Comprehensive Income**

**For the year ended December 31, 2021 and for the fifteen-months period ended December 31, 2020**

*(amounts in US dollars)*

	Notes	December 31, 2021			December 31, 2020		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Subtotal operating expenses (continued from previous page)		\$ 1,091,771	\$ 1,394,062	\$ 2,485,833	\$ 1,298,168	\$ 1,387,433	\$ 2,685,601
Depreciation of Right-of-use assets	19	43,838	-	43,838	66,985	-	66,985
Financial expenses		15,268	1,149	16,417	6,840	61,274	68,114
Other expenses		64,572	869	65,441	135,204	29,831	165,035
Total operating expenses		<u>1,215,449</u>	<u>1,396,080</u>	<u>2,611,529</u>	<u>1,507,197</u>	<u>1,478,538</u>	<u>2,985,735</u>
Total expenses		1,215,449	5,868,828	7,084,277	1,507,453	8,103,936	9,611,389
Surplus (deficit) for the year, net		37,521	6,190,052	6,227,573	(34,422)	7,900,246	7,865,824
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		<u>\$ 37,521</u>	<u>\$ 6,190,052</u>	<u>\$ 6,227,573</u>	<u>\$ (34,422)</u>	<u>\$ 7,900,246</u>	<u>\$ 7,865,824</u>

See accompanying notes to the financial statements



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

**Statements of Changes in Equity**

**For the year ended December 31, 2021 and for the fifteen-months period ended December 31, 2020**

(amounts in US dollars)

	Unrestricted			Accumulated surplus	Restricted Financial instrument valuation	Total restricted	Total net assets
	Accumulated surplus	Reserve for severance pay	Total unrestricted				
<b>Notes</b>							
Net assets as of October 1, 2018	\$ 755,525	\$ 27,292	\$ 782,817	\$ 67,419,295	-	\$ 67,419,295	\$ 68,202,112
Comprehensive income of the year:	(34,422)	-	(34,422)	7,900,246	-	7,900,246	7,865,824
Transfer to reserve for severance payment	<u>(6,994)</u>	<u>6,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets as of December 31, 2020	714,109	34,286	748,395	75,319,541	-	75,319,541	76,067,936
Comprehensive income of the year:	<b>37,521</b>	-	<b>37,521</b>	<b>6,190,052</b>	-	<b>6,190,052</b>	<b>6,227,573</b>
Transfer to reserve for severance payment	<u>66,166</u>	<u>(66,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets as of December 31, 2021	<u><b>\$ 817,796</b></u>	<u><b>\$ (31,880)</b></u>	<u><b>\$ 785,916</b></u>	<u><b>\$ 81,509,593</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 81,509,593</b></u>	<u><b>\$ 82,295,509</b></u>

See accompanying notes to the financial statements

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

**Statements of Cash Flows**

**For the year ended December 31, 2021 and for the fifteen-months period ended December 31, 2020**

(amounts in US dollars)

Notes	December 31, 2021			December 31, 2020		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash flows from operating activities:						
Surplus (deficit) for the year, net	\$ 37,520	\$ 6,190,052	\$ 6,227,572	\$ (34,422)	\$ 7,900,246	\$ 7,865,824
Adjustments for:						
Gains for the measurement of financial assets at fair value	12	-	(5,650,015)	-	(5,918,088)	(5,918,088)
Income from third-party donations	11	-	(4,187,775)	(4,000)	(6,173,407)	(6,177,407)
Interest income		(58,249)	(1,160,974)	(48,326)	(1,606,138)	(1,654,464)
Depreciation furniture and equipment	8	12,908	-	13,026	-	13,026
Depreciation expense of right-of-use assets	19	43,838	-	66,985	-	66,985
Interest expense on lease liabilities	19	12,632	-	26,873	-	26,873
Loss on disposal of furniture and equipment		-	-	9,823	-	9,823
		<u>48,649</u>	<u>(4,808,712)</u>	<u>29,959</u>	<u>(5,797,387)</u>	<u>(5,767,428)</u>
Changes in:						
Accounts receivable		17,255	(698,401)	6,423	22,192	28,615
Other accounts receivable		(27,431)	(107,370)	8,711	59,675	68,386
Other financial assets		-	-	(325)	-	(325)
Prepaid expenses		(10,489)	-	4,172	-	4,172
Accounts payable on projects		737,798	(54,954)	(140,536)	113,623	(26,913)
Trade accounts payable		9,585	90,922	(45,855)	(72,869)	(118,724)
Accrued expenses payable		20,115	-	(73,471)	-	(73,471)
Deferred income		233,692	(233,692)	925,943	(925,943)	-
Donations received from third parties	11	-	4,187,775	4,000	6,173,407	6,177,407
Interest received		<u>58,249</u>	<u>1,160,974</u>	<u>48,326</u>	<u>1,606,138</u>	<u>1,654,464</u>
Cash flows provided by (used in) operating activities		<u>1,087,423</u>	<u>(463,458)</u>	<u>767,347</u>	<u>1,178,836</u>	<u>1,946,183</u>
Cash flows from investment activities:						
Investments in financial instruments		(1,299,014)	2,145,093	472,130	(318,716)	153,414
Additions of furniture and equipment	8	<u>(51,623)</u>	<u>-</u>	<u>(16,869)</u>	<u>-</u>	<u>(16,869)</u>
Cash flows provided by (used in) investment activities		<u>(1,350,637)</u>	<u>2,145,093</u>	<u>455,261</u>	<u>(318,716)</u>	<u>136,545</u>
Cash flows from financing activities:						
Payment of lease obligations	19	<u>(58,127)</u>	<u>-</u>	<u>(79,548)</u>	<u>-</u>	<u>(79,548)</u>
Cash flows provided by (used in) investment activities		<u>(58,127)</u>	<u>-</u>	<u>(79,548)</u>	<u>-</u>	<u>(79,548)</u>
Go to the next page		<u>\$ (321,341)</u>	<u>\$ 1,681,635</u>	<u>\$ 1,360,294</u>	<u>\$ 1,143,060</u>	<u>\$ 860,120</u>
						<u>\$ 2,003,180</u>

See accompanying notes to the financial statements

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

**Statements of Cash Flows**

**For the year ended December 31, 2021 and for the fifteen-months period ended December 31, 2020**

*(amounts in US dollars)*

	Notes	December 31, 2021			December 31, 2020		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Continued from previous page		\$ (321,341)	\$ 1,681,635	\$ 1,360,294	\$ 1,143,060	\$ 860,120	\$ 2,003,180
Net increase (decrease) in cash and cash equivalents		(321,341)	1,681,635	1,360,294	1,143,060	860,120	2,003,180
Cash and cash equivalents at the beginning of the year		1,422,664	3,819,681	5,242,345	279,604	2,959,561	3,239,165
Cash and cash equivalents at year end		\$ <u>1,101,323</u>	\$ <u>5,501,316</u>	\$ <u>6,602,639</u>	\$ <u>1,422,664</u>	\$ <u>3,819,681</u>	\$ <u>5,242,345</u>
<b>Transactions that did not require cash:</b>							
Transfer to reserve for severance payment		\$ <u>(66,166)</u>	\$ <u>-</u>	\$ <u>(66,166)</u>	\$ <u>(6,994)</u>	\$ <u>-</u>	\$ <u>(6,994)</u>

See accompanying notes to the financial statements

**Asociación Costa Rica por Siempre  
(A Costa Rican Entity)  
Notes to the Financial Statements  
December 31, 2021 and 2020**

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(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.

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.

**Asociación Costa Rica por Siempre  
(A Costa Rican Entity)  
Notes to the Financial Statements  
December 31, 2021 and 2020**

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*(amounts expressed in US dollars)*

***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, 2021 were approved by the Asociación 's Executive Management on May 9th, 2022.

**2. Basis for preparation of financial statements**

**2.1 Statement of compliance**

The Asociación 's financial statements as of December 31, 2021 and December 31, 2020 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, 2021 and 2020, 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, 2020. 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 December 31, 2021.

**3. Changes in accounting policies and disclosures**

The accounting policies adopted by the Asociación to prepare its financial statements as of December 31, 2021 are consistent with those that were used to prepare the financial statements as of December 31, 2020.

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The Asociación applied for the first-time certain interpretations and amendments to standards, which are effective for annual periods beginning on or after January 1, 2021 as established by the International Accounting Standards Board (“IASB”). These interpretations and amendments, as described in the following paragraphs, had no material impact on the Fideicomiso's financial statements as of December 31, 2021.

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

***Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

***Covid-19-Related Rent Concessions Beyond June 30, 2021 - Amendments to IFRS 16***

On May 28, 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.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021 the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021.

#### **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.

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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.

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.

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#### **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.

#### **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.



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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.

**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.

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**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.

**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.

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***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.

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.

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**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.

**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.

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#### **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, 2021, 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 value of lease payments to be made over the lease term. 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. 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.

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.

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**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.

**Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

***Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16***

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

***IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities***

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

***Amendments to IAS 1: Classification of Liabilities as Current or Non-current***

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

**Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

**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, 2021		
	Unrestricted	Restricted	Total
General petty cash	\$ 235	\$ -	\$ 235
Cash at banks	682,295	4,005,316	4,687,611
	<u>682,530</u>	<u>4,005,316</u>	<u>4,687,846</u>
Investments in financial assets at amortized cost	418,793	1,496,000	1,914,793
	<u>\$ 1,101,323</u>	<u>\$ 5,501,316</u>	<u>\$ 6,602,639</u>
	December 31, 2020		
	Unrestricted	Restricted	Total
General petty cash	\$ 245	\$ -	\$ 245
Cash at banks	1,422,419	3,469,681	4,892,100
	<u>1,422,664</u>	<u>3,469,681</u>	<u>4,892,345</u>
	-	350,000	350,000
	<u>\$ 1,422,664</u>	<u>\$ 3,819,681</u>	<u>\$ 5,242,345</u>



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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 1% per year.

**6. Investments in financial assets**

**6.1 Classifications of investments in financial assets according to their nature**

	December 31, 2021		
	Unrestricted	Restricted	Total
Financial assets at fair value with changes in profit or loss:			
Investments in overseas financial institutions - US Dollars	\$ -	\$ 55,782,719	\$ 55,782,719
Investments in local financial institutions - US Dollars	-	15,933,011	15,933,011
Investments funds in local financial institutions - US Dollars	741,586	474,834	1,216,420
Investments funds in local financial institutions – Colones	-	9,700	9,700
	<u>741,586</u>	<u>72,200,264</u>	<u>72,941,850</u>
Financial assets recorded at amortized cost:			
Certificate of term deposit in local financial institutions - US Dollars	977,152	80,000	1,057,152
Certificate of term deposit in local financial institutions - Colones	-	1,472,475	1,472,475
	<u>977,152</u>	<u>1,552,475</u>	<u>2,529,627</u>
Total investments	<u>\$ 1,718,738</u>	<u>\$ 73,752,739</u>	<u>\$ 75,471,477</u>
	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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**6.2 Classifications of investments in financial assets according to their maturity**

	December 31, 2021		
	Unrestricted	Restricted	Total
Current	\$ 1,718,738	\$ 72,752,739	\$ 74,471,477
Non-current	-	1,000,000	1,000,000
Total investments	<u>\$ 1,718,738</u>	<u>\$ 73,752,739</u>	<u>\$ 75,471,477</u>

  

	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>

**6.3 Summary of financial assets per currency**

	December 31 2021	December 31 2020
Dollars	\$ 73,989,302	\$ 69,109,582
Colones	1,482,175	1,557,959
	<u>\$ 75,471,477</u>	<u>\$ 70,667,541</u>

**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 2021, the returns accrued on these investments in dollars were on average approximately 11% (2020: approximately 13%). 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 (2021 y 2020: Banco BAC San José, S.A.). In 2021, the yields accrued by the funds in dollars were on average approximately 4% and 5% (2020: 7.17% funds in dollars)

Financial assets at amortized cost are represented by fixed-term certificates of deposit whose maturity extends until December 2022, (2020: maturities until December 2021) except for a certificate of US\$1,000,000 with a maturity date as of October 2023 and accruing interest rates as follows: in 2021 in US dollars between 3.85% and 4.00%, and in Colones between 4.46% and 5.68% (2020: in US Dollars between 2.15% and 3.60%, and in Colones between 3.93% and 5.62%). Interest receivable accrued over these certificates amount to US\$343,048 as of December 31, 2021 (2020: US\$212,128).

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**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, 2021 and 2020 is as follows:

		<u>December 31, 2021</u>	
	<u>Hierarchy</u>	<u>Carrying amount</u>	<u>Fair value</u>
At fair value through profit or loss	Level 2	\$ <u>72,941,850</u>	\$ <u>72,941,850</u>
At amortized cost	Level 3	\$ <u>2,529,627</u>	\$ <u>2,529,627</u>
		<u>December 31, 2020</u>	
	<u>Hierarchy</u>	<u>Carrying amount</u>	<u>Fair value</u>
At fair value through profit or loss	Level 2	\$ <u>67,204,867</u>	\$ <u>67,204,867</u>
At amortized cost	Level 3	\$ <u>3,462,673</u>	\$ <u>3,462,673</u>

**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**

	<u>December 31, 2021</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Operating budget – Asociación Costa Rica por Siempre	\$ 98,661	\$ -	\$ 98,661
Irrevocable Trust - Amortization Fund	-	780,475	780,475
RedLAC	-	17,821	17,821
WAITT II	-	98,654	98,654
CARSI	-	89,788	89,788
Lamping	-	22,285	-
Shark Conservation Fund		11	11
	<u>\$ 98,661</u>	<u>\$ 1,009,034</u>	<u>\$ 1,107,695</u>

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	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
	<u>\$ 115,916</u>	<u>\$ 280,002</u>	<u>\$ 395,918</u>

**7.2 Payable**

	December 31, 2021		
	Unrestricted	Restricted	Total
Operating budget – Asociación Costa Rica por Siempre	\$ 873,852	\$ -	\$ 873,852
Portafolio Fideicomiso Irrevocable		100,000	100,000
CARSI		84,639	84,639
Canje I Projects		4,845	4,845
Irrevocable Trust - Amortization Fund		7,393	7,393
Palo Verde		1,851	1,851
Shark Conservation Fund		2,588	2,588
Canje I		3,000	3,000
Islas Secas		4,791	4,791
Campaña Todos a Bordo		492	492
Proyecto Gente		6,800	6,800
Proyecto AFD		20,500	20,500
Waitt II		900	900
	<u>\$ 873,852</u>	<u>\$ 237,799</u>	<u>\$ 1,111,651</u>

	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>

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The maturity terms for accounts payable to vendors extend up to 60 days from the date of issue of the corresponding invoices or notes, are not subject to any discount for early payment, do not generate interests except for late fees, and are payable in the financial statements' functional currency.

**8. Furniture and equipment**

	<u>Furniture and equipment</u>	<u>Computer equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
As of September 30, 2019	\$ 37,828	\$ 59,281	\$ 15,340	\$ 112,449
Additions	721	16,148	-	16,869
Disposal	<u>-</u>	<u>(2,452)</u>	<u>(15,340)</u>	<u>(17,792)</u>
As of December 31, 2020	38,549	72,977	-	111,526
Additions	<u>-</u>	<u>12,023</u>	<u>39,600</u>	<u>51,623</u>
As of December 31, 2021	<u>\$ 38,549</u>	<u>\$ 85,000</u>	<u>\$ 39,600</u>	<u>\$ 163,149</u>
Accumulated depreciation:				
As of September 30, 2019	\$ 23,457	\$ 46,363	\$ 5,646	\$ 75,466
Depreciation for the year	4,323	8,101	602	13,026
Disposal	<u>-</u>	<u>(1,721)</u>	<u>(6,248)</u>	<u>(7,969)</u>
As of December 31, 2020	27,780	52,743	-	80,523
Depreciation for the year	<u>2,324</u>	<u>7,944</u>	<u>2,640</u>	<u>12,908</u>
As of December 31, 2021	<u>\$ 30,104</u>	<u>\$ 60,687</u>	<u>\$ 2,640</u>	<u>\$ 93,431</u>
Carrying value:				
As of September 30, 2019	\$ 14,371	\$ 12,918	\$ 9,694	\$ 36,983
As of December 31, 2020	<u>\$ 10,769</u>	<u>\$ 20,234</u>	<u>\$ -</u>	<u>\$ 31,003</u>
As of December 31, 2021	<u>\$ 8,445</u>	<u>\$ 24,313</u>	<u>\$ 36,960</u>	<u>\$ 69,718</u>

**9. Accumulated expenses**

	<u>December 31 2021</u>	<u>December 31 2020</u>
Withholdings to social security	\$ 31,102	\$ 18,000
Vacations	13,758	20,796
Income tax of employees	11,013	3,961
Thirteenth-month bonus	8,549	4,189
Tax on remittances sent abroad	3,918	5,251
Value added tax	2,271	
Bonuses to personnel	<u>1,701</u>	<u>-</u>
	<u>\$ 72,312</u>	<u>\$ 52,197</u>

Accrued expenses and other accounts payable do not generate interest, are not subject to any discounts for early payment, do not generate late interest, and have maturity terms of 45 days after the date of the statement of financial position, except for thirteenth-month bonus and vacation which may be paid within a term not exceeding 360 days. These obligations are payable in the functional currency.

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**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.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Irrevocable Trust	<u>\$ 1,279,635</u>	<u>\$ 1,045,943</u>
	<u>\$ 1,279,635</u>	<u>\$ 1,045,943</u>

**11. Income from donations**

Trust funds (donations) are composed of contributions made by founding trustors (The Nature Conservancy) for the Trust projects approved. It also includes the contributions received from the Central Bank of Costa Rica. Revenues from the Irrevocable Trust correspond to the funds received from the Central Bank of Costa Rica for Canje I and Canje II Trusts. Funds under the Asociación Costa Rica por Siempre item correspond to donations received from third parties and the portion of funds from the Irrevocable Trust, Canje I, and Canje II, which have been transferred to the Association and used in the approved projects. These funds (\$2,058,841 in 2021 and \$3,463,086 in 2020) are recorded as revenues of the Association and as project expenses.

	<u>December 31, 2021</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Asociación Costa Rica por Siempre	\$	\$ 3,733,012	\$ 3,733,012
Irrevocable Trust - Amortization Fund		<u>2,513,604</u>	<u>2,513,604</u>
	<u>\$</u>	<u>\$ 6,246,616</u>	<u>\$ 6,246,616</u>

  

	<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>

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

	<u>2021</u>	<u>2020</u>
Central Bank of Costa Rica (execution of Canje II projects)	\$ 897,474	\$ 1,658,103
Fideicomiso Irrevocable Costa Rica por Siempre	662,000	625,000
Central Bank of Costa Rica (execution of Canje I projects)	499,367	1,179,983
Projects AFD (FACILITE)	457,457	-
MAVA Foundation	377,992	-
Projects AFD (FAPS)	304,260	-
Projects AFD	174,717	-
Shark Conservation Fund	157,518	234,429
WAITT II	100,000	200,000
CARSI	82,227	129,086
People project	-	2,000,000
Islas Secas	-	99,880
Fundación Natura (RedLAC)	-	81,555
Packard	-	20,000
Blue Action Fund	-	11,091
BAC San José (Taller inversiones responsables)	-	4,000
	<u>\$ 3,733,012</u>	<u>\$ 6,243,127</u>

For the purposes of cash flows, only donations from third parties have been presented. In other words, transfers of funds of Canje I, Canje II, and Fideicomiso Irrevocable Costa Rica por Siempre were excluded for the purposes of cash flows. As of December 31, 2021, donations from third parties for US\$4,187,775 (2020: US\$6,177,407) were recorded.

## 12. Financial income

Financial income during 2021 from gains from measurement at fair value of financial assets was US\$5,650,015 (2020: US\$5,918,088).

## 13. Trust management services

	<u>2021</u>	<u>2020</u>
Budgetary support:		
Irrevocable Trust	\$ 627,150	\$ 608,869
Canje I	153,338	230,082
Canje II	135,000	120,000
Overhead	104,121	180,739
	<u>\$ 1,019,609</u>	<u>\$ 1,139,690</u>

In 2021 and 2020, 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.

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The concept of “Overhead” corresponds to fees for administration services of donation agreements and corresponding to payments from edLAC, Shark Conservation Fund, Lamping, CARSI y WAITT II for US\$104,121 in 2021 (2020: RedLAC, Shark Conservation Fund, Lamping, Islas Secas, Proyecto Gente y WAITT II for US\$180,739).

**14. 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, 2021		
	Unrestricted	Restricted	Total
Donation agreements (Exchange of Debt)	\$ -	\$ 1,147,882	\$ 1,147,882
Consulting	-	413,030	413,030
Specific equipment for conservation projects	-	55,836	55,836
National and international tours	-	2,399	2,399
Meals and meetings	-	720	720
Communication	-	434	434
Special events	-	425	425
	<u>\$ -</u>	<u>\$ 1,620,726</u>	<u>\$ 1,620,726</u>

	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
Implementation of The Asociación Costa Rica por Siempre Program	-	5,397	5,397
National and international tours	-	4,653	4,653
Communication	-	2,530	2,530
	<u>\$ -</u>	<u>\$ 2,208,271</u>	<u>\$ 2,208,271</u>

**15. Expenses on projects approved for Trusts**

**15.1. Irrevocable Trust**

As of December 31, 2021, no expenses on projects approved for Irrevocable Trust were incurred USD\$662,000 (2020: USD\$625,000). These expenses relate to transfers from the Irrevocable Trust to the Asociación to execute the Program.

**15.2. Canje I**

As of December 31, 2021, the expenses for projects approved for Canje I were US\$503,882 (2020: US\$1,180,085). These relate to transfers from Canje I to the Asociación.



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**15.3. 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, 2021, Call XII was held for a total amount of US \$ 897,474, as follows:

Grant agreement	Amount
The projects approved in the 2021 XII Call were as follows:	
IICD-XII-2022-02 Preparation and implementation of a comprehensive research plan for the Protected Wilderness Areas of the Arenal Tempisque Conservation Area and its geographical environment	\$ 77,469
IICD-XII-2022-04 Rapid evaluation of the prioritized biodiversity resources of the Guanacaste Conservation Area and preparation of its respective biodiversity natural resource management plan, and field implementation of its Prevention, Protection and Control Plan	71,582
IICD-XII-2022-05 Participatory management of the natural resources of the Natural Heritage Site of the Cordillera de Talamanca–La Amistad Reserves/La Amistad International Park as a mechanism for biodiversity conservation and economic reactivation	63,469
IICD-XII-2022-10 Attention to the Site of Importance for the Conservation of the Guácimo and Pococí Aquifers: proposal for the expansion of the Guácimo and Pococí Aquifer Protection Zone	44,874
IICD-XII-2022-11 Preparation and implementation of the climate change adaptation and mitigation plan for the Golfo Dulce RF block, Corcovado NP, Piedras Blancas NP, Golfito RNFS and Amistosa CB	63,110
IICD-XII-2022-12 Preparation of the Regional Action Plan for the Arenal-Huetar North and Central Conservation Areas	13,441
IICD-XII-2022-15 Preparation of the General Management Plan for the Iguanita National Wildlife Refuge	17,814
IICD-XII-2022-17 Update of the General Management Plan of the conservation block Tenorio Volcano National Park and Tenorio Protective Zone	7,156
IICD-XII-2022-03 Participatory implementation of plans in the field of natural resources in protected wild areas of the Central Conservation Area	146,556
IICD-XII-2022-08 Acquisition of specialized equipment, induction and implementation of the ecological integrity monitoring plans of the wild protected areas of the Tempisque Conservation Area	71,080
IICD-XII-2022-09 Implementation of the ecological integrity monitoring plan of the Barra del Colorado National Wildlife Refuge	42,002
IICD-XII-2022-13 Care of the Site of Importance for the Conservation of Parismina	44,874
IICD-XII-2022-14 Preparation of the General Management Plan for the Terraba Sierpe National Wetland	40,486
IICD-XII-2022-16 Preparation of the General Plan for the Limoncito National Mixed Wildlife Refuge	24,292
IICD-XII-2022-01 Preparation and implementation of natural resource management plans for the Arenal Volcano National Park, Juan Castro Blanco National Water Park and Caño Negro Mixed National Wildlife Refuge	47,858
IICD-XII-2022-06 Preparation and implementation of the research plan and preparation of the climate change adaptation and mitigation plan for the Amistad Pacífico Conservation Area	106,046
IICD-XII-2022-07 Implementation of the specific plans for resource management and ecological integrity of the Carara National Park	15,365
Total projects approved in the XII Call	\$ <u>897,474</u>

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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 Pacífico 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>

**16. Donation agreements Canje I**

Donation agreements in 2021 for US\$788,666 (2020: US\$953,939) 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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**17. Expenses for Canje I and Canje II**

**17.1. Canje I**

	December 31, 2021		
	Unrestricted	Restricted	Total
Legal services	3,224	-	3,224
Tours by technical team and local workshops	7,573	-	7,573
National tours of Oversight Committee	1,077	-	1,077
	<u>\$ 11,874</u>	<u>\$ -</u>	<u>\$ 11,874</u>

	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
	<u>\$ 20,556</u>	<u>\$ -</u>	<u>\$ 20,556</u>

**17.2. Canje II**

	December 31, 2021		
	Unrestricted	Restricted	Total
Communication materials	\$ 11,998	\$ -	\$ 11,998
Strengthening of eligible entities	5,562	-	5,562
Advisory by subject matter experts	4,918	-	4,918
Tours of technical team and local workshops	4,720	-	4,720
National tours of Oversight Committee	3,104	-	3,104
International Canje II tours	3,065	-	3,065
Attention to meeting of the Oversight Committee	507	-	507
Travel fees for the Oversight Committee	495	-	495
	<u>\$ 34,369</u>	<u>\$ -</u>	<u>\$ 34,369</u>

	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
	<u>\$ 29,062</u>	<u>\$ -</u>	<u>\$ 29,062</u>

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**17.3. Other projects**

	<b>31 de diciembre de 2021</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Projects AFD	\$ -	\$ 140,761	\$ 140,761
Projects Gente	-	99,204	99,204
Shark Conservation Fund	-	96,746	96,746
Lamping	-	70,415	70,415
WAITT II	-	68,678	68,678
Islas Secas	-	54,580	54,580
RedLAC	-	51,464	51,464
Regional Compliance Management	-	40,728	40,728
Pacífico Helmsley	-	472	472
	<b>\$ -</b>	<b>\$ 623,048</b>	<b>\$ 623,048</b>

	<b>December 31, 2020</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
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
	<b>\$ 549</b>	<b>\$ 664,917</b>	<b>\$ 665,466</b>

**18. Salaries and employee benefits**

	<b>2021</b>	<b>2020</b>
Salaries	\$ 686,181	\$ 773,589
Social charges	190,179	215,434
Thirteenth-month bonus	59,804	67,827
Other personnel expenses	175,371	93,027
	<b>\$ 1,111,535</b>	<b>\$ 1,149,877</b>

In the years ended December 31, 2021 and September 2020, the Asociación incurred in an expense for the defined contribution plan of US\$25,118 and US\$28,487, which corresponds to resources transferred to the Complementary Pension Fund, as explained in note 4.11.

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**19. 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>2021</u>	<u>2020</u>
Right-of-use assets	\$ 209,886	\$ 276,871
Addendum for reduction to the contract fee	(22,390)	-
Depreciation expenses	<u>(43,838)</u>	<u>(66,985)</u>
	<u>\$ 143,658</u>	<u>\$ 209,886</u>

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

	<u>2021</u>	<u>2020</u>
Initial recognition for adoption of IFRS 16 (note 3)	\$ 224,196	\$ 276,871
Addendum for reduction to the contract fee	(22,390)	-
Interest expense	12,632	26,873
Payment of lease obligations	<u>(58,127)</u>	<u>(79,548)</u>
Balance at the end of the year	156,311	224,196
Less - Short-term	<u>47,980</u>	48,107
Long-term lease liability	<u>\$ 108,331</u>	<u>\$ 176,089</u>

**20. 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.

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

**20.1 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.

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***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 2021 would be US\$186,179 increasing or decreasing the financial revenues (2020: +/- 25 base points and US\$174,169).

**20.2 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, 2021 and September 30, 2020 have maturities below twelve months from the reporting date.

**20.3 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.

**21. 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.

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**22. 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.

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