Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011 (a Costa Rican entity)

Financial Statements
December 31, 2022 and 2021

Together with the Independent Auditor's Report

Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011
(A Costa Rican entity)

Financial Statements
December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Executive Management of Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011

Opinion

We have audited the financial statements of Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011 (“the Trust”), which comprise the statement of financial position as of December 31, 2022, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, including notes to the financial statements and a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2022, its financial performance and cash flows for the year then ended, in conformity with the International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities regarding such standards are described in the section titled *Auditor’s responsibility regarding the audit of the financial statements* of our report. We are independent from the Trust in accordance with article 9 of the Regulatory Law of Public Accountants Profession and the Creation of the Association of Public Accountants of Costa Rica (Act 1038), the Code of Professional Ethics of said association, and the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA), which apply to our audit of the financial statements. We have met all 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 audit opinion.

Responsibilities of Management and those charged with Corporate Governance over the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is also responsible for assessing the Trust’s capacity to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting, except if Management intends to liquidate the Trust or terminate its operations, or if there is no other realistic alternative but doing so.

Those in charge of the Trust’s Management are responsible for overseeing the Trust’s financial reporting process.

To the Executive Management of Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011

Auditor's responsibilities regarding the audit of the financial statements

Our objectives are to obtain reasonable assurance on whether financial statements as a whole are free from material misstatements, whether due to fraud or error, and issue an audit 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 ISA will always detect a material misstatement when one exists. Misstatements could be due to fraud or error, and are considered significant when, individually or as a whole, they could be expected to reasonably influence economic decisions made by its users based on these financial statements. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. As auditors, we also:

- Identify and assess the risk of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to those risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of a material misstatement due to fraud going undetected is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, intentionally mistaken statements, or the circumvention of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are adequate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management.

- We conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Trust's ability to continue as going concern. If we conclude that there is material uncertainty, we are required to highlight in our audit report the corresponding disclosures in the financial statements or express a modified opinion if those disclosures are not appropriate. Our conclusions are based on the audit evidence obtained as of the date of our audit report. Nevertheless, future events or conditions could cause the Trust to not continue as a going concern.

- We assessed the global presentation, structure and content of the financial statements, including disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

To the Executive Management of Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011

We communicated with those in charge of the Trust's Management regarding, among other, the scope and timing of our audit and the significant findings, including any significant deficiencies in internal control that we identified during our audit.

March 22, 2023

Ernst & Young, S.A.

Jennifer Badilla Moore – CPA No. 6557
EPIC Corporate Center, 6th floor,
Escazú, Costa Rica

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Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011
(A Costa Rican entity)
Statement of Financial Position
As of December 31, 2022 and 2021

Amounts in US dollars

		December 31, 2022			December 31, 2021		
	Notes	**Amortization Fund**	**Endowment Fund**	**Total**	Amortization Fund	Endowment Fund	Total
ASSETS							
Current assets:							
Cash	5	**$ 30,517**	**$ 40,000**	**$ 70,517**	$ 85,876	$ 80,000	$ 165,876
Investments in financial assets	6	**-**	**20,997,941**	**20,997,941**	-	23,431,828	23,431,828
Accumulated interest receivable		**-**	**8,778**	**8,778**	-	8,222	8,222
Total current asset		**30,517**	**21,046,719**	**21,077,236**	85,876	23,520,050	23,605,926
Non-current assets:							
Investments in financial assets	6	**-**	**-**	**-**	-	1,000,000	1,000,000
Total assets		**$ 30,517**	**21,046,719**	**21,077,236**	$ 85,876	$ 24,520,050	$ 24,605,926
NET ASSETS AND LIABILITIES							
Net assets:							
Accumulated surplus		**30,517**	**21,046,719**	**21,077,236**	85,876	24,520,050	24,605,926
Total net assets		**30,517**	**21,046,719**	**21,077,236**	85,876	24,520,050	24,605,926
Total net assets and liabilities		**$ 30,517**	**21,046,719**	**21,077,236**	$ 85,876	$ 24,520,050	$ 24,605,926

See accompanying notes to the financial statements

Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011
(A Costa Rican entity)
Statement of Comprehensive Income
For the year ended December 31, 2022 and 2021

Amounts in US dollars

		2022			2021		
	Notes	**Amortization Fund**	**Endowment Fund**	**Total**	Amortization Fund	Endowment Fund	Total
INCOME							
Donations	7	**$ 979,725**	**$ -**	**$ 979,725**	$ 979,725	$ -	$ 979,725
Gains on fair value measurement of financial assets	8	**-**	**(3,475,617)**	**(3,475,617)**	-	2,388,713	2,388,713
Interest on investments in financial assets		**22**	**79,585**	**79,607**	-	60,396	60,396
Interest on available cash		**65**	**-**	**65**	184	-	184
Total revenues		**979,812**	**(3,396,032)**	**(2,416,220)**	979,909	2,449,109	3,429,018
EXPENSES							
Approved projects	9	**869,674**	**-**	**869,674**	897,474	-	897,474
Trust management services	10	**136,500**	**-**	**136,500**	135,000	-	135,000
Fees for brokerage services	11	**23,730**	**77,299**	**101,029**	23,730	76,460	100,190
Professional services		**5,227**	**-**	**5,227**	3,605	-	3,605
Other expenses		**40**	**-**	**40**	19	-	19
Total expenses		**1,035,171**	**77,299**	**1,112,470**	1,059,828	76,460	1,136,288
Net (deficit) Surplus of the year, net		**(55,359)**	**(3,473,331)**	**(3,528,690)**	(79,919)	2,372,649	2,292,730
Other comprehensive income		**-**	**-**	**-**	-	-	-
Total comprehensive income for the year		**$ (55,359)**	**$ (3,473,331)**	**$ (3,528,690)**	$ (79,919)	$ 2,372,649	$ 2,292,730

Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011
(A Costa Rican entity)
Statement of Changes in Equity
For the year ended December 31, 2022 and 2021

Amounts in US Dollars

	Notes		Amortization fund		Endowment fund		Total equity funds
Net assets as of January 1, 2021		$	165,795	$	22,147,401	$	22,313,196
Total comprehensive income for the year			(79,919)		2,372,649		2,292,730
Net assets as of December 31, 2021			85,876		24,520,050		24,605,926
Total comprehensive income for the year			**(55,359)**		**(3,473,331)**		**(3,528,690)**
Net assets as of December 31, 2022		**$**	**30,517**	**$**	**21,046,719**	**$**	**21,077,236**

See accompanying notes to the financial statements

Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT-2011
(A Costa Rican entity)
Statement of Cash Flows
For the year ended December 31, 2022 and 2021

Amounts in US Dollars

	Notes	2021	2020
Cash flows from operating activities:			
Net (deficit) surplus for the year		**$ (3,528,690)**	$ 2,292,730
Adjustments to reconcile the net surplus for the year to net cash flows:			
Gains (losses) on fair value measurement of financial assets	8	**3,475,617**	(2,388,713)
Interest on investments in financial assets		**(79,607)**	(60,396)
Interest from cash and cash equivalents		**(65)**	(184)
Changes in working capital:		**(132,745)**	(156,563)
Prepaid expenses			
Interest received		**(556)**	-
Cash flows used in operating activities		**79,672**	60,025
		(53,629)	(96,538)
Cash flows from investment activities:			
Net increase (decrease) in financial instruments		**(41,730)**	56,619
Cash flows provided by (used in) investing activities		**(41,730)**	56,619
Net decrease in cash		**(95,359)**	(39,919)
Cash at beginning of year		**165,876**	205,795
Cash at year end	5	**$ 70,517**	$ 165,876

See accompanying notes to the financial statements

1. Corporate Information

Fideicomiso para la Inversión y Administración de Fondos para la Ejecución del FCA-ACRXS-BCT- 2011 (“the Trust” or “Canje II”) was signed on September 24, 2010 by the Government of the Republic of Costa Rica through the Central Bank and The Nature Conservancy to help in the conservation, protection, reforestation, and sustainable use of tropical forests in Costa Rica. As of December 31, 2022 and 2021, the Trust’s Management is in charge of Asociación Costa Rica por Siempre Costa Rica (the Association) as the trustor.

The Trust funds are composed of the debt swap of the Government of Costa Rica and the US Government, and the funds deposited by The Nature Conservancy.

The trust funds are held in custody and managed by the trustee, Banco BAC San José, S.A. and may not be used for purposes other than that set forth in the Trust. The Trust must identify the trust funds in a separate and independent way in an endowment fund composed of the funds used for covering the recurring expenses incurred for protected areas and in an amortization fund composed of the funds used for covering project initiation expenses. Only the returns generated by this fund can be used.

The financial statements of the Trust as of December 31, 2022 were approved by Executive Management on March 22, 2023.

2. Basis for preparation of financial statements

2.1 Statement of Compliance

The financial statements of the Trust as of December 31, 2022 and 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements are a translation of the report originally issued in Spanish. In the case of any discrepancy between the Spanish version and the English version, the Spanish version prevails.

2.2 Basis of valuation and presentation currency

The financial statements of the Trust as of December 31, 2022 and 2021 were prepared on the historical cost basis except for certain items that have been measured under the valuation methods detailed in note 4. The functional and presentation currency of the financial statements is the US dollar ($ or US$).

3. Changes in accounting policies and disclosures

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

Other amendments and interpretations were applied for the first time in 2021 but did not significantly impact the Trust's financial statements. These amendments and new interpretations have required certain additional disclosures, and in some cases, the revision of certain accounting policies. The Trust has not adopted early any standard, interpretation or amendment issued but that is not yet effective.

References to the conceptual framework - Amendments to IFRS 3
The amendments replace a reference to a previous version of the *Conceptual Framework* with a reference to the current version issued in March 2018, without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the problem of potential “day 2” gains or losses of arising from liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Provisions and Contingent Assets* or IFRIC 21 *Liens* if separately incurred. The exception requires entities to apply the criteria of IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether an obligation exists on the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that the contingent assets do not qualify for recognition on the acquisition date.

According to the transitional provisions, an entity applies the amendments prospectively, i.e., to business combinations that occur after the start of the current year being reported where the modifications apply for the first time (the initial application date).

Property, plant and equipment: Proceeds before the intended use - Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of items produced while bringing that asset to the location and condition necessary to operate in the manner intended by management. Instead, an entity recognizes revenues from the sale of such items and their production in the period’s profit or loss.

According to transitional provisions, an entity applies the amendments retroactively only to elements of property plant and equipment available for use as of the start of the first year reported when an entity applies the amendment for the first time (the initial application date).

Onerous contracts – Costs from contract compliance - Amendments to IAS 37
An onerous contract is a contract where the inevitable costs of meeting the contractual obligations (i.e., the costs that an entity cannot avoid because of the contract) exceed the economic benefits it expects to receive in connection with said contract.

The amendments specify that while assessing whether a contract is onerous or loss-making, an entity must include the costs directly related to a contract to provide goods or services, including incremental costs (e.g., direct labor costs and materials) and an allocation of costs directly related to the contract activities (e.g., depreciation of the equipment used to fulfill the contract and contract manage and oversight costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly attributable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards– Subsidiary as first-time adopter
The amendment allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination through which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

IFRS 9 Financial instruments: Commissions for the 10-percent test to derecognize financial liabilities account
The amendment clarifies the commissions 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 commissions include only those paid or received by the borrower and the lender, including commissions paid or received by either the borrower or lender on the other's behalf. A similar amendment has not been proposed for IAS 39 Financial Instruments: Recognition and Measurement.

According to the transitional provisions, an entity applies the amendment to the 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 initial application date).

IAS 41 Agriculture - Tax in fair value measurements
The amendment eliminates the requirement in paragraph 22 of IAS 41, which states that the entities should exclude tax cash flows when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period that begins on January 1, 2022, with early adoption permitted.

4. Summary of Significant Accounting Policies

4.1 Currency and Foreign Currency Transactions

4.1.1 Functional and presentation currency of financial statements
The legal tender of Costa Rica is the Costa Rican Colon (¢). However, the Trust adopted the US Dollar ($ or US$) as the functional and presentation currency of its financial statements since it better reflects its events and transactions.

It adopted the US Dollar as its functional currency because a significant portion of investments in financial assets is in US Dollars, and cash flows of regular operating activities are usually in US Dollars to be later used in this currency.

Given that the Trust's accounting records are in Colones per the Costa Rican regulations and that it adopted the US Dollar as functional currency, the conversion of Colones into US Dollars was conducted as follows: a) monetary assets and liabilities were converted using the exchange rate in effect as of the date of the statement of financial position; b) non-monetary assets and liabilities and equity, measured at historical cost, were converted using the exchange rate in effect as of the date of the original transaction; and c) items of the statement of comprehensive income were converted into Dollars using the exchange rate that represent the amounts existing as of the dates of the transactions, except for items related to non-monetary items converted using the exchange rate in effect as of the date of the original transaction. The remaining monetary effect after the application of these conversion procedures is recognized in the exchange differential line in the results of the year.

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 position and operating income, the Trust measures 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 Trust presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when the Trust 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 cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

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

4.3 Cash

Cash is comprised of cash on hand and at banks. For purposes of the cash flow statement, cash is presented by the Trust net of bank overdrafts, should there be any.

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 measurement of the Trust's financial instruments is determined using the fair value or amortized cost as defined below:

Fair value – The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. For financial instruments for which there is no active financial market, the fair value is determined using valuation techniques. These techniques include recent market transactions between interested, fully informed parties who act independently, references to the fair value of another substantially similar financial instrument, and discounted cash flows or other valuation models.

All assets and liabilities measured at fair value or which the Trust discloses at fair value are classified within the following fair value hierarchy. This classification is based on the least amount of information used to determine this value, and which is significant to determine the fair value taken as a whole. The fair value hierarchy is comprised of the following three levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Measurement techniques where the lowest level of information used to measure fair value is directly or indirectly observable.
- Level 3: Measurement techniques in which the lowest level of information used for the fair value measurement is not observable.

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.

Amortized cost

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 Trust initially classifies its financial assets based on the method through which they will be subsequently measured, at amortized cost, at fair value with changes in other comprehensive income or at fair value with changes in results.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows and the Trust's business model for their management. Except for accounts receivable with no significant financing component or for which the Trust has applied the practical resource, the Trust initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value with changes in results. Accounts receivable with no significant financing components or for which the Trust has applied the practical expedient are measured at the transaction price as determined in IFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value in other comprehensive income, it must generate cash flows that are principal and interest payments only (the SPPI criterion) on the principal owed. This is the SPPI assessment performed at the instrument level. Financial assets generating cash flows other than SPPI are classified and measured at fair value through profit or loss, regardless of the business model.

The Trust's business model to manage financial assets refers to the method to manage its financial assets and generate cash flows. The business model determines whether the cash flows will be obtained from the collection of contractual cash flows, from the sale of the financial assets or both.

Purchases or sales of financial assets that require the delivery of assets within a term established by regulations or by a covenant in the market (regular business transactions) are recognized on the negotiation date, i.e., the date on which the Trust agrees to buy or sell the asset.

Financial assets recorded at amortized cost
Financial assets are measured at amortized cost at the beginning when the following conditions are met: (a) financial assets are maintained within a business model whose objective is to obtain contractual cash flows and (b) the contractual terms of financial assets establish specific deadlines for cash flows derived only from payments to principal and interests of effective balance.

Financial assets at fair value through changes in other comprehensive income
Financial assets are designated at fair value with changes in other comprehensive income when the following conditions are met: (a) financial assets are held within a business model whose objective is to obtain contractual cash flows from the sale of the financial asset; and (b) the contractual terms of financial assets establish specific deadlines for cash flows derived only from payments to principal and interests of effective balance.

Financial assets at fair value through changes in profit or loss
The remaining financial assets that do not classify into any of the categories previously mentioned are designated through fair value with changes in results In addition, on initial recognition of a financial asset, the Trust, in specific circumstances, can irrevocably designate a financial asset that meets the measurement requirements of the previous categories to be measured at fair value with changes in profit or loss if doing so removes or significantly reduces an accounting mismatch that would otherwise rise.

Subsequent Measurement of Financial Assets
The subsequent measurement of financial assets depends on their classification as described below:

Financial assets recorded at amortized cost
After initial recognition, these financial assets are recorded at amortized cost using the effective interest method less a credit loss allowance. Gains or losses are recognized in results when financial assets are derecognized, amended or impaired, as well as through the amortization process. Financial assets of the Trust measured at amortized cost are represented by investments in certificates of deposit at fixed term and accounts receivable for which the business model defined by the Trust consists of recovering the principal and its interests.

Financial assets at fair value through changes in other comprehensive income
The gains and losses of a debt instrument measured at fair value with changes in other comprehensive income, such as earned interest, exchange differences and impairment, are recognized in the results of the year. When a financial asset at fair value with changes in other comprehensive income is derecognized, accumulated gains or losses previously recognized in other comprehensive income are reclassified as a reclassification adjustment from equity to results of the year.

Financial assets at fair value through changes in profit or loss
A financial asset gain or loss that is measured at fair value with changes in results from its initial classification is recognized in the results of the period. Trust's financial assets at fair value through changes in profit or loss are represented by investments in foreign and local financial institutions, consisting of bonds, shares, and alternative instruments, as well as investment funds in the Costa Rican market, on which the management model defined by the Trust's Management holds the instruments to negotiate.

4.5.2 Impairment of financial assets
The Trust recognizes an allowance for expected credit losses for the financial assets recorded at amortized cost. The expected credit losses are based on the difference between the contractual cash flows owed in the contract and all the cash flows that the Trust expects to receive, discounted at an approximation to the effective interest rate. The expected cash flows will include the sales of the guarantees held or other improvements to the credit conditions essential for the contract conditions.

For the debt instruments, the allowance for expected credit losses is based on the asset term. The analysis of such losses is carried out by the Trust at the end of each reporting period, considering whether the risk of deterioration has increased significantly since the initial recognition. The Trust uses a simplified method to calculate the expected credit losses in accounts receivable. Therefore, the Trust 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.

4.5.3 Derecognition of financial assets
Financial assets are derecognized by the Trust when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Trust retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

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

4.6 Financial liabilities

4.6.1 Initial recognition and measurement
The Trust classifies financial liabilities from initial recognition as financial liabilities at fair value through profit or loss. The Trust determines the classification of their financial liabilities as of the date of their initial recognition.

All financial liabilities initially recognized at fair value on the date of acceptance or contracting of the liability, plus, in the case of notes and loans payable, directly attributable transaction costs. The Trust's financial liabilities include accounts payable.

4.6.2 Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as described below:

Accounts payable to projects
After initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Trust recognizes the gains or losses in the corresponding period when the financial liability is derecognized as well as through the amortization process.

4.6.3 Derecognition of financial liabilities
Financial liabilities are derecognized by the Trust when the obligation has been paid, canceled, or expires. When a financial liability is replaced by another, the Trust derecognizes the original and recognizes a new financial liability. Differences that may result from these financial liability replacements are recognized in the income of the year when they are incurred.

4.6.4 Offsetting of financial instruments
Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to liquidate them for the net amount or to realize the assets and settle the liabilities simultaneously.

4.7 Recognition of donations

Trust revenues mainly correspond to the debt swap between the Government of Costa Rica and the US Government. Donations are either recognized as income when they are received, in case they are not subject to a performance obligation that the Trust should fulfill subsequently.

4.8 Cost and expense recognition

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

4.9 Income tax

In accordance with the non-profit nature of the Trust, it is not subject to the income tax payment in accordance with the Costa Rican tax legislation.

4.10 Significant accounting judgments, estimates and assumptions

The preparation of the Trust's financial statements requires Management to conduct 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, the uncertainty of such judgments, estimates, and assumptions could lead to situations that require adjustments to the material figures on the carrying values of assets and liabilities in future periods.

4.11 Standards issued that have not yet entered into effect

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

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, IABS made amendments to IAS 8 to introduce a definition of "accounting estimates." The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities use measuring techniques and inputs to develop accounting estimates.

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

Disclosure of accounting policies - Amendments to IAS 1 and Practice Document N°2 - In February 2021, IASB issued amendments to IAS 1 as well as Practice Document N˚ 2 *Judgments on Materiality or Relative Importance*, which provide guidance and examples to help entities to apply judgments on materiality on the accounting policies disclosures.

Amendments are intended to help entities disclose accounting policies that would be more useful when replacing the requirements that the entities disclose their "significant" accounting policies for a requirement to reveal their "material" accounting policies and add guidance on how the entities apply the concept of materiality in the decision-making on accounting policies disclosures.

Amendments to IAS 1 are applicable for annual periods beginning on January 1, 2023; early adoption is allowed. Since amendments to Practice Document N˚ 2 provide non-mandatory guidance on the application of the definition of materiality in accounting policies information, an effective date for these amendments is not necessary.

Deferred tax related to assets and liabilities arising from single transactions– Amendments to IAS 12

In May 2021, the International Accounting Standards Board issued amendments to IAS 12 that reduce the scope of the exception to the initial recognition under IAS 12. This implies that said exception is not applicable to transactions that result in taxable temporary differences that are deductible for equal amounts.

The amendments must be applied to transactions that occur on or after the start of the first comparative period presented. Additionally, at the start of the first comparative period presented, a deferred tax asset must be recognized (as long as there are sufficient tax gains) along with a deferred tax liability for all of the deducible and taxable temporary differences associated with leases and dismantling obligations.

The amendments are applicable for annual periods beginning on January 1, 2023.

IFRS 17 Insurance contracts

In May 2017, IASB issued IFRS 17, an integrated accounting standard for insurance contracts that comprises its recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 general objective is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Compared to IFRS 4 requirements, which are heavily based on the expansion of previous local accounting policies, IFRS 17 offers a comprehensive model for insurance contracts that covers all relevant accounting matters.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation of contracts with characteristics of direct participation (variable rate approach).
- A simplified approach (premium assignation approach) mainly for short-term contracts.

IFRS 17 is effective for financial statement reporting periods beginning on January 1, 2023, and comparative figures are required. Early adoption is permitted, as long as the entity may apply IFRS 9 and IFRS 15 on or before the date of the first application of IFRS 17.

5. Cash

As of December 31, 2022 and 2021, cash at local private banks is US$70,517 and US$165,876, respectively, which accrues an interest rate based on daily rates determined by the respective banks. As of December 31, 2022 and 2021, there were no restrictions on the use of cash balances.

Amounts in US Dollars

6. Investments in financial assets

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

	December 31, 2022		
	Amortization fund	**Endowment fund**	**Total**
Financial assets at fair value with changes in profit or loss:			
Investments in overseas financial institutions - US Dollars	**$ -**	**$ 19,997,941**	**$ 19,997,941**
Financial assets recorded at amortized cost			
Certificate of term deposit in local financial institutions - US Dollars	**-**	**1,000,000**	**1,000,000**
Total investments	**$ -**	**$ 20,997,941**	**$ 20,997,941**

	December 31, 2021		
	Amortization fund	Endowment fund	Total
Financial assets at fair value with changes in profit or loss:			
Investments in overseas financial institutions - US Dollars	$ -	$ 23,431,828	$ 23,431,828
Financial assets recorded at amortized cost			
Certificate of term deposit in local financial institutions - US Dollars	-	1,000,000	1,000,000
Total investments	$ -	$ 24,431,828	$ 24,431,828

Amounts in US Dollars

6.2. Classification of investments in financial assets according to their maturity date

	December 31, 2022		
	Amortization fund	**Endowment fund**	**Total**
Current	**$ -**	**$ 20,997,941**	**$ 20,997,941**
Non-current	**-**	**-**	**-**
Total investments	**$ -**	**$ 20,997,941**	**$ 20,997,941**

	December 31, 2021		
	Amortization fund	Endowment fund	Total
Current	$ -	$ 23,431,828	$ 23,431,828
Non-current	-	1,000,000	1,000,000
Total investments	$ -	$ 24,431,828	$ 24,431,828

6.3. Characteristics of the Trust's financial assets

Investments in foreign financial institutions are made through JP Morgan and are composed of bonds, shares, and alternative instruments. JP Morgan is in turn the entity that provides the fair values recognized by the Trust. In 2022, the average losses from investments in Dollars were approximately -14% (2021: a gain of approximately 11%). The remaining returns are derived from fluctuations in the fair values of the investment portfolio.

As of December 31, 2022, financial assets recorded at amortized cost are represented by a certificate of term deposit of US$1,000,000, with a maturity date of October 2023 and accruing a 4% interest rate. Interest receivable accrued over this certificate amount to US$8,778 (2021: US$8,222).

6.4. Fair value hierarchy

All assets measured at fair value or which the Trust discloses at fair value 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.

Amounts in US Dollars

Below is the comparison by class of financial assets between the carrying amounts and the fair values as of December 31, 2022 and 2021:

		December 31, 2022	
	Hierarchy	**Carrying amount**	**Fair value**
At fair value through profit or loss	Level 1	**$ 19,997,941**	**$ 19,997,941**
At amortized cost	-	**1,000,000**	**1,000,000**
		$ 20,997,941	**$ 20,997,941**

		December 31, 2021	
	Hierarchy	Carrying amount	Fair value
At fair value through profit or loss	Level 1	$ 23,431,828	$ 23,431,828
At amortized cost	-	1,000,000	1,000,000
		$ 24,431,828	$ 24,431,828

7. Revenues from donations

Revenues from donations for US$979,725 were received from the Central Bank of Costa Rica in 2022 (2021: US$979,725).

8. Gains (losses) on fair value measurement of financial assets

As of December 31, 2022, loss from fair value measurement of financial assets is US$3,475,617 (2021: gain for US$2,388,713).

9. Project expenses

The Technical Committee of Asociación Costa Rica por Siempre 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.

Amounts in US Dollars

Below are the expenses of projects approved in the 2022 XII Call for US$869,674:

Grant agreement		Amount
The projects approved in the 2022 XIII Call were as follows:		
IICD-XIII-2023-01, Implementation of prioritized actions of the prevention, protection, and control plan and the adaptation and mitigation plan for climate change in the land of the Guanacaste Conservation Area	$	70,744
IICD-XIII-2023-02, General management plan of the land and marine block of the Guanacaste Conservation Area		41,053
IICD-XIII-2023-03, II implementation phase of the ecological integrity monitoring plans of the ACT prioritized ASPs		70,247
IICD-XIII-2023-04, Improvement of management effectiveness and ecological integrity of the Protected Wild Areas of ACAT through the elaboration and implementation of specific plans and strategic actions related to the indicators of the field management of natural and cultural resources		76,562
IICD-XIII-2023-05, Implementation of prioritized actions of the Carara NP Ecological Integrity Monitoring Plan		22,027
IICD-XIII-2023-06, Implementation of prioritized actions of the Ecological Integrity Monitoring Plans of Corcovado National Park and Golfo Dulce Forest Reserve		62,371
IICD-XIII-2023-07, Elaboration and implementation of the natural resource management plans of the Arenal Volcano NP, Juan Castro Blanco Water NP and RNVS Caño Negro		52,579
IICD-XIII-2023-08, II Phase of the participatory implementation of the RRNN Scope Plans in the prioritized ASPs of the Central Conservation Area		152,840
IICD-XIII-2023-09, Update of the General Management Plan of Chirripó National Park		28,737
IICD-XIII-2023-10, Elaboration of the research plan and implementation of the research and ecological integrity plans of PILA and Chirripó NP		104,803
IICD-XIII-2023-11, Implementation of the Prevention, Protection and Control Plan of the Caribbean Friendship Conservation Area, with the participation of governance structures for the protection of biodiversity and natural resources		62,726
IICD-XIII-2023-12, Cadastral and registry study of the prioritized areas of the site of importance for the conservation of Guácimo-Pococí aquifers		69,791
IICD-XIII-2023-13, Implementation of prioritized actions of the Resource Management Plan for the restoration of the ecological integrity of the prioritized lagoons, the Sustainable Tourism Plan, and the Plan for the Use of Fishery Resources of the Barra del Colorado National Wildlife Refuge		41,510
IICD-XIII-2023-14, Elaboration of the Regional Action Plans for the Amistad Pacífico Conservation Area and the Tortuguero Conservation Area		13,684
Total projects approved in the XIII Call		869,674

Amounts in US Dollars

Below are the expenses of projects approved in the XII Call for US$897,474:

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 /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
Continues in the next page...		576,551

Amounts in US Dollars

Grant agreement		Amount
...Comes form previous page	$	576,551
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 Térraba 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	$	897,474

10. Expenses for Management Services

The Trust pays Asociación Costa Rica por Siempre an annual 15% fee equivalent to the amount of projects approved in Calls for “budgetary support,” i.e., fund management services. The Trust recognizes this expense on a straight-line basis during the period receiving the service from the Association.

As of December 31, 2022, the charge for the administrative service of XI Call amounted to US$136,500. The expense of US$135,000 recognized in 2021 results corresponds to the X Call.

11. Fees for Brokerage Services

As of December 31, 2022, the Trust incurred in expenses for management services for funds deposited in JP Morgan for US$101,029 (2021: US$100,190).

12. Objectives and policies for financial risk management

Trust financial instruments are composed of cash, investments in financial assets through profit or loss, and financial assets at amortized cost. The main purpose of these financial instruments is to provide financing for the Trust's operations. The Trust 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 the financial instruments are market risk, liquidity risk and credit risk.

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

12.1. Market Risk

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

The main market risk that may affect the Trust financial instruments is the interest rate risk taking into consideration fluctuations in interest rates and prices of investments in securities. The Trust 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.

12.2. Interest rate risk

The Trust's incomes and operating cash flows depend substantially on changes in interest rates. Important drops in interest rates could limit the Trust'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 Trust's budget.

Sensitivity Analysis:

The Trust 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 2022 would be US$49,995 increasing or decreasing the financial revenues (2021: +/- 25 base points and US$58,580).

12.3. Liquidity risk

Liquidity risk is the risk that it will be difficult for an entity to meet the obligations associated with financial liabilities that are settled with cash or another financial asset. The Trust'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 Trust's reputation.

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

12.4. Credit risk

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

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

13. Equity management

The main management objective of the Trust’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 Trust.

The Trust manages its capital structure and assesses any necessary adjustments considering the economic conditions.

14. Events occurring after the reporting date of the financial position

The Trust's Management has no knowledge of any other subsequent event, occurring between the reporting date and the date of issue of the financial statements that requires modification of the figures presented in the authorized financial statements or disclosure in the notes thereof.

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