# Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda
# (A Costa Rican entity)

**Financial Statements**
**December 31, 2023 and 2022**

**Together with the Independent Auditor's Report**

**Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda**

**(A Costa Rican entity)**

**Financial Statements December 31, 2023 and 2022**

## Content

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Oficentro Ejecutivo La Sabana
Edificio 6, 5° Piso
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# Independent auditor’s report

To the Shareholders and Board of Directors of
Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda

## Opinion

We have audited the financial statements of Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda (“the Trust”), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## 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 Trust in accordance with article 9 of the Law of Regulation of the Public Accountant´s Profession and Creation of the Public Accountants Association (Law 1038); with the Code the Professional Ethics of the Public Accountant´s Association of Costa Rica and the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is enough and appropriate to provide a basis for our opinion.

## Responsibilities of Management and those charged with governance for the financial statements

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

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Those charged with governance are responsible for overseeing the Trust's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 Trust to cease to continue as a going concern.

- Evaluate the 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.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

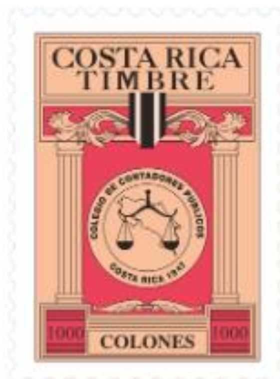
EMILIA MARIA VARGAS RODRIGUEZ (FIRMA)
PERSONA FISICA, CPF-04-0119-0543.
Fecha declarada: 18/03/2024 07:20:54 PM
Esta es una representación gráfica únicamente,
verifique la validez de la firma.

Licda. Emilia Vargas Rodríguez
CPA No. 1185
March 18, 2024
San José, Costa Rica

Fidelity policy No. 0116FID000828512
Expiration date: September 30, 2024

**Nombre del CPA:** EMILIA MARIA VARGAS RODRIGUEZ
**Carné:** 1185
**Cédula:** 401190543
**Nombre del Cliente:** FIDEICOMISO DE INVERSIÓN Y ADMINISTRACIÓN DE FONDOS PARA LA EJECUCIÓN DEL ACUERDO DE CONSERVACIÓN DE BOSQUES-PRIMER CANJE DE DEUDA)
**Identificación del cliente:** 3110775548
**Dirigido a:** A la Dirección Ejecutiva del Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda
**Fecha:** 18-03-2024 06:43:00 PM
**Tipo de trabajo:** Informe de Auditoría

**Timbre de ¢1000 de la Ley 6663 adherido y cancelado en el original.**


Código de Timbre: CPA-1000-10527

**Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda**
**(A Costa Rican entity)**
**Statement of Financial Position**
**As of December 31, 2023 and 2022**

Amounts in US dollars

| | | **December 31, 2023** | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | | **Amortization Fund** | **Endowment Fund** | **Total** | Amortizatio n Fund | Endowment Fund | Total |
| | **Notes** | | | | | | |
| **ASSETS** | | | | | | | |
| **Current assets:** | | | | | | | |
| Cash | 5 | **$ 773,620** | **$ 90** | **$ 773,710** | $ 846,696 | $ 90 | $ 846,786 |
| Investments in financial assets | 6 | **-** | **20,788,314** | **20,788,314** | - | 17,858,632 | 17,858,632 |
| Accumulated interest receivable | | **-** | **349,393** | **349,393** | - | 283,161 | 283,161 |
| Total assets | | **$ 773,620** | **$ 21,137,797** | **$ 21,911,417** | $ 846,696 | $ 18,141,883 | $ 18,988,579 |
| | | | | | | | |
| **NET ASSETS AND LIABILITIES** | | | | | | | |
| **Net assets:** | | | | | | | |
| Accumulated surplus | | **773,620** | **21,137,797** | **21,911,417** | 846,696 | 18,141,883 | 18,988,579 |
| Total net assets | | **773,620** | **21,137,797** | **21,911,417** | 846,696 | 18,141,883 | 18,988,579 |
| | | | | | | | |
| **Total net assets and liabilities** | | **$ 773,620** | **$ 21,137,797** | **$ 21,911,417** | $ 846,696 | $ 18,141,883 | $ 18,988,579 |

**Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda**
**(A Costa Rican entity)**
**Statement of Comprehensive Income**
**For the year ended December 31, 2023 and 2022**

Amounts in US dollars

| | | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | **Notes** | **Amortization Fund** | **Endowment Found** | **Total** | Amortization Fund | Endowment Found | Total |
| **REVENUE** | | | | | | | |
| Donations | 7 | **$ 1,533,879** | **$** | **$ 1,533,879** | $ 1,533,879 | $ - | $ 1,533,879 |
| Interest on investments in financial assets | | **-** | **1,207,527** | **1,207,527** | - | 1,111,312 | 1,111,312 |
| Gain (Loss) on fair value measurement of financial assets | | **-** | **1,059,239** | **1,059,239** | - | (610,229) | (610,229) |
| Interest on cash and cash equivalents | | **1,714** | **-** | **1,714** | 388 | - | 3,88 |
| Other Income | | **-** | **-** | **-** | 3,000 | - | 3000 |
| **Total revenues** | | **1,535,593** | **2,266,766** | **3,802,359** | 1,537,267 | 501,083 | 2,038,350 |
| **EXPENSES** | | | | | | | |
| Approved projects | 8 | **590,870** | | **590,870** | 523,952 | - | 523,952 |
| Trust management services | 9 | **153,388** | | **153,388** | 153,388 | - | 153,388 |
| Fees for brokerage services | 6 | **13,560** | **117,638** | **131,198** | 12,148 | 116,283 | 128,431 |
| Professional services | | **4,065** | | **4,065** | - | 3,193 | 3,193 |
| Other expenses | | **-** | **-** | **-** | 6 | - | 6 |
| **Total expenses** | | **761,883** | **117,638** | **879,521** | 689,494 | 119,476 | 808,970 |
| **Surplus of the year, net** | | **$ 773,710** | **$ 2,149,128** | **$ 2,922,838** | $ 847,773 | $ 381,607 | $ 1,228,380 |

**Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda**
**(A Costa Rican entity)**
**Statement of Changes in Equity**
**For the year ended December 31, 2023 and 2022**

Amounts in US Dollars

| | Notes | Amortizatio Fund | Endowment Fund | Total net assets |
|---|---|---|---|---|
| **Net assets as of January 1, 2021** | | $ 1,529,258 | $ 1,529,258 | $ 1,529,258 |
| Comprehensive income for the year: | | 847,773 | 381,607 | 1,229,380 |
| Portfolio transfer between funds | 10 | 1,530,335 | 1,530,335 | - |
| **Net assets as of December 31, 2022** | | 846,696 | $ 18,141,883 | $ 18,988,579 |
| Comprehensive income for the year | | **773,710** | **2,149,128** | **2,922,838** |
| Portfolio transfer between funds | 10 | **(846,786)** | **846,786** | **-** |
| **Net assets as of December 31, 2022** | | **$ 773,620** | **$ 21,137,797** | **$ 21,911,417** |

See accompanying notes to the financial statements

**Fideicomiso de Inversión y Administración de Fondos para la Ejecución del Acuerdo de Conservación de Bosques-Primer Canje de Deuda**
**(A Costa Rican entity)**
**Statement of Cash Flows**
**For the year ended December 31, 2023 and 2022**
Amounts in US Dollars

| | Notes | **2023** | 2022 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Surplus of the year, net | | **$ 2,922,838** | $ 1,229,380 |
| Adjustments to reconcile the net surplus for the year to net cash flows: | | | |
| (Gain) Loss on fair value measurement of financial assets | | **(1,059,239)** | 610,229 |
| **Interés income** | | **(1,209,241)** | (1,111,700) |
| | | | 727,909 |
| Changes in working capital: | | | |
| Accounts payable | | **-** | (3,000) |
| Interest received | | **1,143,009** | 1,064,751 |
| **Cash flows provided by operating activities** | | **1,797,367** | 1,789,660 |
| Cash flows from investment activities: | | | |
| Net increase in financial instruments | | **(1,870,443)** | (2,478,425) |
| **Cash flows used in investing activities** | | **(1,870,443)** | (2,478,425) |
| Net decrease in cash | | **(73,076)** | (688,765) |
| Cash at beginning of year | | **846,786** | 1,535,551 |
| **Cash at year end** | 5 | **$ 773,710** | $ 846,786 |

See accompanying notes to the financial statements

## 1. Corporate Information

Fideicomiso de Inversión y Administración de Fondos para la Ejecución del FCA ACRXS BAC Dos Mil Dieciocho (“the Trust” or “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, Northeaster Area of Rincón de la Vieja and Nicoya; to facilitate the conservation activities of the Costa Rican tropical forest, for which the principles of sustainable development are vital, as well as the need to promote conservation, local development and the rational use of natural resources to benefit local communities.

For the signing of this forest conservation agreement, Asociación Costa Rica por Siempre assumed the management of Canje I as of June 14, 2017. Prior to this date, Management was handled by Instituto Nacional de Biodiversidad (INBIO).

The Trust funds are comprised of a debt swap of the Costa Rican Government’s debt and the US of America Government’s debt, 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. Asociación Costa Rica por Siempre must identify the trust funds separately and independently in an Endowment Fund that corresponds to the funds destined for the recurring expenses of the protected areas, and an Amortization Fund that corresponds to the expenses of project initiation and of which only yields may be used.

The Trust’s financial statements as of December 31, 2023 were approved by the Executive Management on March 18, 2024.

## 2. Basis of preparation of the financial statements

### 2.1 Statement of Compliance

The Trust’s financial statements as of December 31, 2023 and 2022 were prepared in conformity with International Financial Reporting Standards (IFRS) 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 Trust’s financial statements as of December 31, 2023 and 2022 were prepared on a historical cost basis, except for certain items that were measured in accordance with the valuation methods described 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 Association to prepare its financial statements as of December 31, 2023, are consistent with those that were used for the preparation of the financial statements as of December 31, 2022.

Other amendments and interpretations were applied for the first time in 2023 but did not significantly impact the Association's financial statements. These amendments and new interpretations have required certain additional disclosures, and in some cases, the revision of certain accounting policies. The Association has not early adopted any issued standard, interpretation, or amendment that is not yet effective.

*New standards, interpretations and amendments effective from 1 January, 2023.*
The following new standards, effective for the financial statements for the period ended December 31, 2023, have not had a significant effect on the Association :

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
  International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

*New standards, interpretations and amendments not yet effective.*
There are a number of standards, amendments to standards and interpretations that have been issued by the IASB that are effective in future accounting periods, which the Association has decided not to adopt early.

The following modifications are effective for the period beginning January 1, 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1
- Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial
- Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Association is currently assessing the impact of these new accounting standards and amendments. The Association does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The Association does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Association’s financial statements.

## 4. Summary of Significant Accounting Policies

### 4.1 Currency and Foreign Currency Transactions

#### 4.1.1 Functional and presentation currency of the financial statements

The legal currency in Costa Rica is the Costa Rican Colon (¢). However, 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.

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

Considering that Trust’s accounting records are kept in Colones per Costa Rican regulations, and that it has adopted the US dollar as its functional currency, the translation of figures in Colones to US dollars was performed as follows:

a) monetary assets and liabilities were translated using the exchange rate in effect on the reporting date, b) non-monetary assets and liabilities and equity, measured at historical cost, were translated using the exchange rate on the date of the original transaction, and c) items in the statement of comprehensive income were translated to Dollars using an exchange rate representative of those existing on the respective transaction dates, except for those items associated with non-monetary items which were converted at the exchange rate in effect on the date of the original transaction. The remaining monetary effect after the application of these translation procedures is recognized as exchange differences 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 Trusts 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 Trust presents assets and liabilities in the statement of financial position as current.

An asset is classified as current when 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.

A liability is classified as current when the Trust expects to settle the liability in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period, or when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

**4.3 Cash**

Cash is comprised of cash on hand and in 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 valuation 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 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: Prices quoted (adjusted) in active markets for identical financial 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.

A financial asset should generate cash flows corresponding only to payment of principal and interest over the principal pending to be classified and measured at amortized cost or fair value in other comprehensive income. This evaluation is called SPPI test and is performed at instruments 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 financial asset.

**Financial assets recorded at amortized cost**

Financial assets are designated at amortized cost at the beginning 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 deadlines for cash flows derived only from payments to principal and interests over the current balance.

**Financial assets at fair value with changes in 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) financial asset 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 above categories 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 profit or loss if doing so removes or significantly reduces an accounting mismatch that would otherwise arise.

### 4.5.2 Subsequent measurement of financial assets

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

**Financial assets at amortized cost**

After initial recognition, these financial assets are recorded at amortized cost using the effective interest method less a credit loss allowance. Any profit or loss is recognized in results when financial assets are derecognized or impaired, as well as through the amortization process. The Trust's financial assets measured at amortized cost include trade receivables, accounts receivable from related parties and other short-term and long-term accounts receivable.

**Financial assets at fair value with 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 measured at fair value with changes in other comprehensive income is derecognized or impaired, the accumulated gains or losses previously recognized in other comprehensive income are reclassified from the equity to the results of the year as a reclassification adjustment.

**Financial assets at fair value through changes in profit or loss**

Gains or losses in financial assets measured at fair value through profit or loss since initial classification, and are recognized in the results of the year. The Trust's financial assets measured at fair value through profit or loss include financial assets held for trading at local financial institutions.

### 4.5.3 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.

#### 4.5.4 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.

#### 4.5.5 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

Financial liabilities are classified on initial recognition as financial liabilities at fair value through changes in profit or loss. The Trust determines the classification of its financial liabilities on 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**

After initial recognition, accounts payable are measured at amortized cost using the effective interest method. The Trust recognizes gains or losses in the results of the year when the financial liability is derecognized, as well as through the amortization process.

#### 4.6.3 Derecognition of financial liabilities

The Trust’s financial liabilities are written off when the obligation has been paid, canceled or expires. When a financial liability is replaced by another, the Trust cancels the original and recognizes a new financial liability. Differences that may result from these financial liability replacements are recognized in the results of the year that 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 income from donations

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

Amounts in US Dollars

### 4.8 Cost and expense recognition

Costs and expenses are recognized in the comprehensive income statement when they are 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, given the implicit uncertainty of these estimates and assumptions, adjustments affecting the recorded amounts of assets and liabilities may be required in the future.

## 5. Cash

As of December 31, 2023 and 2022, cash is deposited at local private banks for US$773,710 in 2023, and for US$846,786 in 2022; these accrue interest based on daily rates determined by the corresponding banks.

As of December 31, 2023 and 2022, there were no restrictions on the use of cash.

## 6. Investments in financial assets

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

| | December 31, 2023 | | |
|---|---|---|---|
| | **Amortization Fund** | **Endowment Fund** | **Total** |
| Financial assets at fair value through profit or loss: | | | |
| Investments in local financial institutions - US Dollars | **$ -** | **$ 20,528,624** | **$ 20,528,624** |
| Investment funds in local financial institutions - US dollars | **-** | **259,690** | **259,690** |
| | **$ -** | **$ 20,788,314** | **$ 20,788,314** |

| | December 31, 2022 | | |
|---|---|---|---|
| | Amortization Fund | Endowment fund | Total |
| Financial assets at fair value through profit or loss: | | | |
| Investments in local financial institutions - US Dollars | $ - | $ 17,834,047 | $ 17,834,047 |
| Investment funds in local financial institutions - US dollars | - | 24,585 | 24,585 |
| | $ - | $ 17,858,632 | $ 17,858,632 |

Amounts in US Dollars

### 6.2. Characteristics of the Trust's financial assets

Investments in local financial institutions are conducted through Banco BAC San José, S.A., are held for trading and are conformed of the bonds of public or private Costa Rican entities. In 2023, yields earned by Dollar investments were on average 9.48% (2022: on average approximately 2.22%).

Investment funds are a separate equity, owned by investors (the Trust and other investors) who have contributed their resources to be invested in publicly offered securities. The investor's property rights are represented through shares that also grant the investor the right to a proportional share of earnings or losses generated by that investment fund. Participations in investment funds are recorded at fair value when acquired and are subsequently measured at their fair value in conformity with the market value of the shares as of the reporting date. The fair value is reported by the financial entities that manage the investment funds in which the Trust participates (2023 and 2022: Banco BAC San José, S.A.). In 2023, the yields accrued by the funds in Dollars ranged from 3% to 4%, respectively (2022: 1% to 2%, respectively).

The commissions from the services rendered by Banco BAC San José, S.A. as of December 31, 2023 were US$131,198 (2022: US$128,431).

### 6.3. 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.

Below is a comparison by class of financial assets between the carrying values and the fair values as of December 31, 2023 and 2022:

| | | **December 31, 2023** | |
|---|---|---|---|
| | Hierarchy | **Valor en libros** | **Valor razonable** |
| At fair value through profit or loss | Level 2 | **$ 20,788,314** | **$ 20,788,314** |

| | | December 31, 2022 | |
|---|---|---|---|
| | Hierarchy | Valor en libros | Valor razonable |
| At fair value through profit or loss | Level 2 | $ 17,858,632 | $ 17,858,632 |

Amounts in US Dollars

## 7. Revenues from donations

Income from donations for US$1,533,879 were received from the Central Bank of Costa Rica in 2023 (2022: US$1,533,879).

## 8. Project expenses

The Trust's Oversight Committee approves the financed projects every meeting and after the assessments of each entity and its project proposal per the economic resources available for each project call. Asociación Costa Rica por Siempre, as the Administrator, participates in the assessment of and recommendations on proposals to be financed to facilitate the approval process of the Oversight Committee.

Expenses of approved projects in 2023 at the XII call for a total of US$590,870 were destined as follows:

| Grant agreement | | Amount |
|---|---|---|
| The projects approved in the 2023 XII Call were as follows: | | |
| ICD-XIII-2023_01 Management of interactions between humans and crocodilians in Costa Rica, the case of the Nicoya region. | $ | 112,992 |
| ICD-XIII-2023_02 Meliponiculture on farms with agroecological production and agroforestry systems, in the Osa Peninsula, 2023 – 2025. | | 73,002 |
| ICD-XIII-2023_03 Sustainable production and conservation of biodiversity in the Quebradas River basin and surrounding areas. | | 47,037 |
| ICD-XIII-2023_04 Ecovida Fund: to stimulate biological connectivity practices and adaptation to climate change in small-scale livestock farming. | | 109,938 |
| ICD-XIII-2023_05 Implementation of the Cultural Tourism Strategy in Indigenous Territories of the Caribbean, as a means to contribute to the conservation of forests, the promotion of alternative and sustainable livelihoods and respect for the traditions and ancestral knowledge of the Cabécar and Bribri culture. | | 105,877 |
| ICD-XIII-2023_06 Clean technologies in sustainable and regenerative livestock farming that contribute to productive efficiency and reduce pressure on the forests in the Barra del Colorado National Wildlife Refuge. | | 46,927 |
| ICD-XIII-2023_07 Community governance, connectivity and coexistence in the biological climatic corridors of the Caribbean sector of Rincón de la Vieja NP | | 95,097 |
| Total projects approved in the 2023 XII Call | $ | 590,870 |

Amounts in US Dollars

Expenses of projects approved in 2022 in the XI call for a total of US$523,952, were destined as follows:

| Grant agreement | | Amount |
|---|---|---|
| The projects approved in 2022 XII Call were as follows: | | |
| ICD-XII-2022-04, Consolidation of the del Corredor Biológico Alexander Skutch as a regenerative agro eco-tourism model | $ | 89,485 |
| ICD-XII-2022-08, Actions to create social and ecological connectivity in Corredor Biológico Potrero Caimital | | 84,275 |
| ICD-XII-2022-02, Promoting conservation of biodiversity with ancestral practices in the Indigenous Territory of Salitre in the damping zone of Pacífico del Parque Internacional La Amistad (PILA). | | 37,677 |
| ICD-XII-2022-06, Development of sustainable productive activities that promote the socioeconomic recovery of the communities and allow the restoration of forest ecosystems of the AGP Tortuguero. | | 89,348 |
| ICD-XII-2022-01, Connecting and strengthening communities in forest restoration and citizen science in the Golfo Dulce Forest Reserve | | 88,441 |
| ICD-XII-2022-07, Promotion of Sustainable Development in communities of the Maquenque Mixed National Wildlife Refuge | | 67,404 |
| ICD-XII-2022-03, Implementation of strategies for sustainable development and strengthening of local capacities in the management of rural tourism in the Biological Corridor of Río Cañas. | | 29,555 |
| ICD-XII-2022-05,Development of self-sustaining Productive Enterprises and their linkages to Rural Tourism in the Colorado Zone, given the constant impact of Covid 19. | | 37,767 |
| Total projects approved in the XII Call | $ | 523,952 |

## 9. Expenses for Management Services

As of December 31, 2023, Canje I made payments to the Association for budgetary support corresponding to 10% of the donations for US$153,388 (2022: US$153,388).

Canje I determined the amount to be paid to the Association in accordance with the approval of the “Annual Budget,” which was approved by the “Oversight Committee” of the Association.

## 10. Transfer of funds between portfolios

As of December 31, 2023, transfers were made to the Endowment fund for US$846,786 (2022: US$1,530,335)

These transfers were approved by the Oversight Committee on May 26, 2023 and are intended to capitalize the equity fund so that it can be used as of 2024, the year in which disbursements from the Central Bank of Costa Rica will end.

## 11. Objectives and policies for financial risk management

The Trust’s financial instruments are made up of cash and investments in securities and accounts payable. 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:

### 11.1 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 currency exchange risk, interest rate risk and other price risks.

The main market risk that may affect the Trust’s 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 since it has its assets and liabilities substantially denominated in US$ dollars. It is not considered that other price risks exist.

### 11.2 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 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 2023 be US$51,971 increasing or decreasing the financial revenues (2022: +/- 25 base points and US$44,647).

### 11.3 Liquidity Risk

Liquidity risk is the risk that an entity will find it difficult to meet its obligations associated with financial liabilities that are settled through the delivery of 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.

All of the liabilities held by the Trust as of December 31, 2023 and 2022 have maturities that are no more than twelve months from the reporting date.

### 11.4 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 top tier entities.

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

## 12. 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 fulfill the Trust's goals.

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

## 13. Events occurring after the reporting date

The Trust's Management has no knowledge of any 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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