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**REPORT OF THE AUDITOR
TO THE BOARD OF DIRECTORS OF
PROTECTED AREAS OF CONSERVATION TRUST**

We have audited the accompanying balance sheets of Protected Areas Conservation Trust (PACT) as of 31st March 2008 and 2007 and the related statements of operations and changes in general fund and statement of cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the balance sheet and related financial statements present fairly, in all material respects, the financial position of PACT at 31st March 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards applied on a consistent basis.

We concluded our audit on 4th June 2008.


CHARTERED ACCOUNTANT
4th June 2008

Belize City,
Belize, C.A.



Mark C. Hulse, Principal

PROTECTED AREAS CONSERVATION TRUST

BALANCE SHEETS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

<u>-----</u>	Notes	2008	2007
Current assets:			
Cash and bank	2,3	692,189	336,516
Accounts receivable and prepayments	2,4	1,072,095	1,049,236
Inventories		1,087	1,087
		<u>1,765,371</u>	<u>1,386,839</u>
Long-term asset:			
Property, plant and equipment	2,5	786,321	745,573
Investments	6	4,120,622	4,724,844
		<u>4,906,943</u>	<u>5,470,417</u>
Total assets		<u>6,672,314</u>	<u>6,857,256</u>
Current liabilities:			
Accounts payable and accruals	2,7	270,921	680,356
Current portion of grants payable	8	1,329,356	1,125,314
		<u>1,600,277</u>	<u>1,805,670</u>
Long-term liabilities:			
Grants payable	8	115,497	731,105
Total liabilities		<u>1,715,774</u>	<u>2,536,775</u>
NET ASSETS		<u>4,956,540</u>	<u>4,320,481</u>
Reserve and general fund:			
Endowment fund reserve	9	2,995,025	2,732,687
General fund		1,961,515	1,587,794
TOTAL RESERVE AND GENERAL FUND		<u>4,956,540</u>	<u>4,320,481</u>

Approved on behalf of the board

[Signature] Director

[Signature] Director

Dated: *July 15, 2008*

Auditor's report page 1.

The notes on pages 5 - 12 form an integral part of these financial statements.

STATEMENTS OF OPERATIONS AND CHANGES IN GENERAL FUND
YEARS ENDED 31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

	Notes	2008	2007
REVENUES			
Conservation fees		1,980,382	1,904,989
Commissions	10	1,625,224	1,902,308
Interest income		451,466	515,021
Contributions and other income		43,529	18,367
		<u>4,100,601</u>	<u>4,340,685</u>
LESS EXPENSES:			
OPERATING EXPENSES:			
PACT tickets		-	303
Collection agents' administrative fees		138,200	132,625
Administrative expenses		1,103,676	1,089,379
Depreciation		176,947	158,466
		<u>1,418,823</u>	<u>1,380,773</u>
PROGRAMME EXPENSES:			
Maintenance of billboards and signs		34,988	35,713
Printing and postage		3,976	17,331
Non-environmental donations		180,342	267,798
Environmental donations		170,928	174,623
Project grants disbursed, net of unspent funds		1,031,580	1,913,853
Capacity building and scholarships		104,479	575,491
Research and information sharing		41,940	59,960
PACT promotions and awareness education		105,421	343,055
Administrative expenses		372,065	337,900
		<u>2,045,719</u>	<u>3,725,724</u>
Net surplus (deficit) before appropriations		636,059	(765,812)
Transfer to endowment fund	9	205,031	217,034
Net surplus (deficit) after appropriations		<u>431,028</u>	<u>(982,846)</u>
Changes in General Fund:			
General fund, beginning of year, as previously reported		1,587,794	2,863,702
Transfer to endowment fund		(57,307)	(293,062)
General fund, beginning of year, restated		1,530,487	2,570,640
Net surplus (deficit) after appropriations		431,028	(982,846)
General fund, end of year		<u>1,961,515</u>	<u>1,587,794</u>

The notes on pages 5 to 12 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED 31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

	2008	2007
Cash flow from operating activities:		
Net surplus (deficit) before appropriations	636,059	(765,812)
- Loss on disposal of assets	13,556	5,133
- Loss on disposal of assets shown as environment expense	26,250	-
- Depreciation	176,947	158,466
	<u>852,812</u>	<u>(602,213)</u>
Add/(less):		
(Increase) in accounts receivable and prepayments	(22,859)	(186,398)
(Increase) in inventories	-	(741)
(Decrease) increase in accounts payable and accruals	(409,435)	293,819
Increase in current portion of grants payable	204,042	243,484
Net cash flow from / (used by) operating activities	<u>624,560</u>	<u>(252,049)</u>
Cash flow from investing activities:		
Proceeds from the disposal of assets	119,845	63,710
Acquisition of assets	(377,346)	(228,172)
Decrease in investments	604,222	597,806
Net cash flow from investing activities	<u>346,721</u>	<u>433,344</u>
Cash flow from financing activities:		
(Decrease) in grants payable	(615,608)	(416,915)
Net cash flow (used by) financing activities	<u>(615,608)</u>	<u>(416,915)</u>
Net increase/(decrease) in cash and bank balances	355,673	(235,620)
Cash and bank balances at the beginning of the year	<u>336,516</u>	<u>572,136</u>
Cash and bank balances at the end of the year	<u>692,189</u>	<u>336,516</u>

The notes on pages 5 to 12 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

1. STATUS

Protected Areas Conservation Trust (PACT) was established by statute under the Protected Areas Conservation Trust Act, (the Act), Chapter 218 of the Laws of Belize, Revised Edition 2000.

PACT is a non-profit organization whose primary objective is to encourage and promote, for the benefit and enjoyment of the present and future generations of Belize, the conservation and enhancement of the natural and cultural resources of Belize.

PACT is funded primarily from a conservation fee imposed under Section 33 of the Act and twenty percent of all cruise ship passenger fees imposed under Section 21 of the Act. The fees are collected from non-resident visitors to Belize on their departure.

PACT employed 17 persons at 31st March 2008.

2. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Basis of preparation

In its financial report and presentations, the organization consistently employs those accounting practices and policies which it believes most realistically portray results of operations.

The financial statements are prepared under the historical cost convention. The accounting policies set out below have been applied consistently to the period presented in these financial statements.

The financial statements have been prepared on the going concern basis which assumes that the organization will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the continuing existence of the legislation which created the organization. The financial statements do not include any adjustments that would result if the assumption should be invalid.

-Continues-

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held on call with local banks.

Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined on the "first-in, first out" (FIFO) method.

Property, plant, and equipment

Fixed assets are recorded at cost and, except for freehold land, are depreciated depreciated by equal annual instalments over their estimated useful lives as follows:

Building	40 years
Furniture and fixtures	10 years
Office equipment	3 - 10 years
Motor vehicles	4 years

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charges to income during the financial period in which they are incurred.

When equipment are disposed of by sale or scrapping, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of operations.

Grants received

Grants in recognition of specific expenses are recognized as income in the same period as the relevant expense.

Grants related to depreciable assets are deferred and recognized as income over the periods and in the proportions in which depreciation on those assets are charged.

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NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Grants received (continued)

Other grants are recognized as income over the period agreed for receipt of the grant, subject to management's assessment of collectibility. Support for future periods is recorded as deferred support.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors.

Grants issued

Grants are recognized as an expense in the fiscal period in which they are approved and the contract agreements with the grantees are signed. The liability recorded at this time is reduced as and when subsequent disbursements are made.

Income recognition

The organization receives monies from a number of different sources and classifies these monies into different categories of revenue. These categories include conservation fees, commissions, interest income, and contributions and other income. Some of these revenues, such as grants and donations received for research or capital purposes, may be restricted in its use by the external contributor. These externally restricted revenues are deferred and recognized in the same period as the related expenses are incurred. In the case of contributions received for the purchase of capital assets having a limited life, an amount equivalent to the depreciation expense is reported as revenue.

Foreign currencies

Transactions in foreign currencies during the year have been translated at the rates ruling on the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are shown at the rates ruling on that date. Gains and losses, both realized and unrealized, are included in the statements of earnings.

Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes interest earned on fixed income investments.

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NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

FINANCIAL RISK MANAGEMENT

The organization's activities are exposed to a variety of financial risks: credit risk, liquidity risk, cash flow risk, market risk and marketing risk.

Credit Risk

Financial instruments which potentially subject PACT to concentrations of credit risk consist of cash accounts and investments placed in financial institutions. The organization addresses this risk by placing its financial instruments with high quality financial institutions.

Liquidity risk and cash flow risk

The organization is exposed to liquidity risk and cash flow risk which in this case is the risk that sufficient cash will not be available in the low tourist season to cover normal operating expenses and fixed costs, and also approving and disbursing of grants. Also, the possibility that debtors (agents) may not be able to settle obligations to the organization within the normal terms of trade. To manage this risk, the organization uses prudent policies when evaluating proposals submitted to PACT for grants.

Market risk

The organization is exposed to market risk from changes in the tourism industry. If there is a decrease in tourists then there is a reciprocal downward spiral in fees collected on behalf of the organization. The organization operating and financing plans include actions to minimize this uncertainty.

Marketing risk

The organization is faced with increased marketing risks resulting from entering into the tourism market that is largely seasonal. Additionally, political events, natural disasters, epidemics and terrorism attacks may affect tourists' decisions and impair the development of the organization. The organization works to minimize this uncertainty by investing in local and international awareness campaigns relating to Belize and the environment.

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

----- All amounts are expressed in Belize dollars. ----- 2008 2007

3. CASH AND BANK

Cash and bank consist of the following:

Checking/savings accounts	691,606	335,870
Cash on hand	583	646
	<u>692,189</u>	<u>336,516</u>

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Accounts receivable and prepayments consist of the following:

Due from collection agents	686,884	588,291
Interest receivable	275,206	355,373
Other receivables & prepayments	46,050	51,137
Staff loans	63,955	54,435
	<u>1,072,095</u>	<u>1,049,236</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Cost	Accumulated depreciation	Net Book Value	Net Book Value
Freehold land	50,000	-	50,000	50,000
Building	373,315	59,525	313,790	286,202
Furniture, fixtures and equipment	430,132	247,561	182,571	198,562
Motor vehicles	390,111	150,151	239,960	210,809
	<u>1,243,558</u>	<u>457,237</u>	<u>786,321</u>	<u>745,573</u>

Land donated to the organization is situated Belmopan. This land has not yet been recorded in the books of the organization. PACT intends to build their new offices on this site. Upon completion, PACT will then value the land and record it at market value in its books.

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

2008

2007

6. INVESTMENTS

Investments consist of the following:

Term deposits	<u>4,120,622</u>	<u>4,724,844</u>
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Term deposits include restricted funds amounting to \$2,995,025 (2007 - \$2,732,687).
See note 9.

7. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals consists of the following:

Accounts payable and accruals	104,653	257,983
Programme scholarships/training and support grants	166,268	370,441
Due to collection agents	-	51,932
	<u>270,921</u>	<u>680,356</u>

8. GRANTS PAYABLE

Grants payable consists of the following:

Forest Department - Institutional Strengthening of the Biodiversity Management Program of the Forest Department	189,872	275,599
Friends of Nature - Gladden Split and Silk Cayes Marine Reserve Management Project	-	871
SATIIM Sarstoon Temash National Park	185,433	-
TIDE - Improving the Management of Payne's Creek National Park	38,879	134,596
Belize Defence Force - Geographic Information System	-	1,340

PROTECTED AREAS CONSERVATION TRUST

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NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

2008

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8. GRANTS PAYABLE (CONTINUED)

Belize Association of Private Protected Areas (BAPPA)	58,075	-
Community Baboon Sanctuary Women's Conservation Group	37,963	-
Indigenous People Conservation Alliance (IPCA)	53,919	-
Aguacaliente Management Team - Protecting Biodiversity through Sustainable Income Generation	40,540	-
Steadfast Tourism and Conservation Association - From Paper Park to functional Park	-	2,217
Itzamna Society - Increased Accessibility & Security at Elijio Panti National Park	-	861
Belize Audubon Society - Towards the Sustainability of BAS Managed Protected Areas	109,668	227,312
University of Belize - Developing the University of Belize's Natural Resource Management Program	335,310	512,890
Programme for Belize	2,953	27,185
Land Information Center	3,000	18,000
Escuela Secundaria Tecnica Mexico	-	6,734
Cayo Quality Honey Producers	6,169	28,944
Wildlife Trust	2,843	34,208
Friends for Conservation & Development	380,229	569,479
Plenty International Belize - Garden Based Agriculture	-	16,183
	<u>1,444,853</u>	<u>1,856,419</u>
Less: Current portion	1,329,356	1,125,314
	<u>115,497</u>	<u>731,105</u>

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

	2008	2007
9. ENDOWMENT FUND RESERVE		
Brought forward, 1st April	2,732,687	2,222,591
Additional appropriation from interest earned on the Endowment Fund at 31st March 2008	57,307	-
Additional appropriation from General Fund, by resolution of Board of Directors 7th April, 2006	-	293,062
	<u>2,789,994</u>	<u>2,222,591</u>
Statutory appropriation as required by Section 30 of the PACT Act	205,031	217,034
Carried forward, 31st March (note 6)	<u><u>2,995,025</u></u>	<u><u>2,732,687</u></u>

Section 30 of the Protected Areas Conservation Trust Act provides for the establishment of an Endowment Fund which shall receive no less than 5% of the total revenue derived from the Trust Fund during each fiscal year. The Endowment Fund shall be drawn on only in emergencies, contingencies and for such purposes as the Board of Directors may determine and only upon unanimous agreement of the full Board.

10. COMMISSIONS

Commissions represent 20% of all cruise ship fees.

11. TAXATION

Section 38 of the Protected Areas Conservation Trust Act exempts PACT from the payment of income tax, property tax and stamp duty. Section 108 (1) (f) of the Income and Business Tax Act exempts the receipts of any charitable institution from the payment of business tax. PACT is subject to payment of GST at 10% to its registered suppliers.

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED 31ST MARCH 2008 AND 2007

All amounts are expressed in Belize dollars.

			2008	2007
	General	Grant Programme	2008	2007
General and administrative:				
Accounting and audit	18,763	-	18,763	18,056
Advertising	6,463	5,602	12,065	20,478
Bank charges	2,358	804	3,162	3,464
Board meetings	85,610	439	86,049	83,720
Cleaning	14,642	-	14,642	13,915
Computer services	11,390	-	11,390	11,992
Dues, subscriptions and donations	16,394	-	16,394	7,624
Insurance	8,020	-	8,020	8,883
Legal fees	36,465	-	36,465	16,716
Miscellaneous expenses	14,854	-	14,854	16,161
Office stationery and supplies	35,767	1,241	37,008	50,180
Other professional fees	9,573	-	9,573	20,364
Repairs and maintenance	20,400	-	20,400	11,948
Security services	3,175	-	3,175	2,404
Social security contributions, employer	9,943	5,121	15,064	12,991
Staff benefits	207,784	33,710	241,494	212,323
Staff salaries	337,795	195,116	532,911	470,734
Staff training and exchanges	67,883	62,053	129,936	166,371
Travel and subsistence	37,441	24,526	61,967	53,660
Trust Advisory Council expenses	4,350	-	4,350	6,751
Utilities	76,530	-	76,530	69,783
Vehicle expenses	78,076	41,803	119,879	122,866
Website expenses	-	1,650	1,650	25,895
	1,103,676	372,065	1,475,741	1,427,279