

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

We have audited the accompanying statements of financial position of Protected Areas Conservation Trust (PACT) as of 31st March 2010 and 2009 and the related statements of comprehensive income, statements of changes in equity and statements 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 audits.

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 financial statements present fairly, in all material respects, the financial position of PACT at 31st March 2010 and 2009 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 7th June 2010.


CHARTERED ACCOUNTANT
7th June 2010

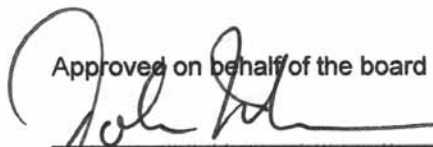
Belize City,
Belize, C.A.

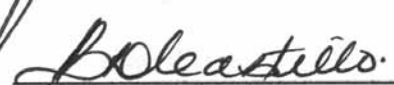
STATEMENTS OF FINANCIAL POSITION
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	Notes	2010	2009
Current assets:			
Cash and bank	2, 3	1542,570	1126,570
Accounts receivable and prepayments	2, 4	1112,590	1021,443
Inventories	2, 5	254	254
		<u>2655,414</u>	<u>2148,267</u>
Long-term asset:			
Property and equipment	2, 6	716,629	818,129
Investments	2, 7	4861,816	4434,387
		<u>5578,445</u>	<u>5252,516</u>
<u>Total assets</u>		<u>8233,859</u>	<u>7400,783</u>
Current liabilities:			
Accounts payable and accruals	2, 8	184,925	71,763
Grants payable	2, 9	1018,122	1330,065
<u>Total liabilities</u>		<u>1203,047</u>	<u>1401,828</u>
 NET ASSETS		 <u>7030,812</u>	 <u>5998,955</u>
 Reserve and general fund:			
Capital grants (page 4)		225,000	225,000
Endowment fund reserve (page 4)		3597,672	3282,547
General fund (page 4)		3208,140	2491,408
 TOTAL RESERVE AND GENERAL FUND		 <u>7030,812</u>	 <u>5998,955</u>

Approved on behalf of the board


 _____ Director


 _____ Director

Dated:

Auditor's report page 1.

The notes on pages 6 - 13 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED 31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	Notes	2010	2009
REVENUES			
Conservation fees		1775,539	1863,756
Commissions	10	2146,458	1663,870
Interest income		552,476	483,276
Contributions and other income		26,399	2,224
		<u>4500,872</u>	<u>4013,126</u>
 LESS EXPENSES:			
OPERATING EXPENSES:			
Collection agents' administrative fees		125,775	130,476
Administrative expenses (Page 14)		1069,595	1490,139
Depreciation		136,810	198,696
		<u>1332,180</u>	<u>1819,311</u>
 PROGRAMME EXPENSES:			
Maintenance of billboards and signs		12,570	-
Non-environmental donations		-	13,777
Environmental donations		-	4,220
Project grants disbursed, net of unspent funds		1803,229	1184,580
Capacity building and scholarships		105,472	114,619
Research and information sharing		-	8,000
PACT promotions and awareness education		42,526	51,204
		<u>1963,797</u>	<u>1376,400</u>
 Net surplus before appropriations		 1204,895	 817,415
Transfer to endowment fund (Page 4)		223,641	200,656
 Extra-ordinary items:			
Institutional assesment/strategic plan (2010-2015)		139,965	-
Communications strategy 2010		60,978	-
		<u>780,310</u>	<u>616,759</u>
Net surplus after appropriations		<u>780,310</u>	<u>616,759</u>

The notes on pages 6 - 13 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED 31ST MARCH 2010 AND 2009All amounts are expressed in Belize dollars.

	2010	2009
<u>CAPITAL GRANTS</u>		
Land grant from Recondex, Belmopan		
Belmopan registration section - Block 20 Parcel 6334 Valued by a qualified appraiser	<u>225,000</u>	<u>225,000</u>
<u>ENDOWMENT FUND RESERVE</u>		
Balance brought forward	3282,547	2995,025
Additional appropriation from Interest earned on the Endowment Fund at 31st March 2009 / 2008	<u>91,483</u>	<u>86,866</u>
	3374,030	3081,891
Transfer from General Fund	223,641	200,656
Adjustment: rounding	<u>1</u>	<u>-</u>
Balance carried forward	<u>3597,672</u>	<u>3282,547</u>
<p>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 the unanimous agreement of the full Board.</p>		
<u>GENERAL FUND</u>		
General fund, beginning of year	2491,408	1961,515
Interest earned on endowment fund	<u>(91,483)</u>	<u>(86,866)</u>
General fund restated	2399,925	1874,649
Net surplus (page 3)	1204,895	817,415
Transfer to endowment fund	<u>(223,641)</u>	<u>(200,656)</u>
Prior year item	27,905	-
Extra-ordinary expenses	<u>(200,943)</u>	<u>-</u>
General fund, end of year	<u>3208,140</u>	<u>2491,408</u>
TOTAL RESERVES AND GENERAL FUND	<u>7030,813</u>	<u>5998,955</u>

The notes on pages 6 - 13 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED 31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	2010	2009
Cash flow from operating activities:		
Net surplus before appropriations	1204,895	817,415
- Loss on disposal of assets	-	7,003
- Depreciation	136,810	198,696
- Extraordinary items	(200,943)	-
- Prior year item	27,905	-
	<u>1168,667</u>	<u>1023,114</u>
Add/(less):		
(Increase) / decrease in accounts receivable and prepayments	(91,147)	50,652
Increase / (decrease) in accounts payable and accruals	113,162	(32,890)
(Decrease) in grants payable	(311,943)	(281,056)
Decrease in inventories	-	833
	<u>878,739</u>	<u>760,653</u>
Net cash flow from operating activities		
Cash flow from investing activities:		
Proceeds from the disposal of assets	-	3,024
Acquisition of assets	(35,310)	(15,531)
(Increase) in investments	(427,429)	(313,765)
	<u>(462,739)</u>	<u>(326,272)</u>
Net cash flow (used by) investing activities		
Net increase in cash and bank balances	416,000	434,381
Cash and bank balances at the beginning of the year	<u>1126,570</u>	<u>692,189</u>
Cash and bank balances at the end of the year	<u><u>1542,570</u></u>	<u><u>1126,570</u></u>
SUPPLEMENTAL INFORMATION		
Non-cash transaction		
Revaluation of land donated by RECONDEV	<u>-</u>	<u>225,000</u>

The notes on pages 6 - 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

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, Chapter 218 of the Laws of Belize, Revised 2000.

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

PACT is funded primarily from a conservation fee imposed under Section 33 of the Protected Areas Conservation Trust Act. The Organization also receives twenty percent of cruise ship passenger fees imposed under Section 21 of the Act. These fees are paid by visitors to Belize on their departure.

The principal office of PACT is located in Belmopan, Belize. The Organization employed 14 persons at 31st March 2010.

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 policies and practices 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 periods 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 that created the Organization. The financial statements do not include any adjustments that would result if the assumption should be invalid.

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies during the period have been translated at the rates ruling on the dates of the transactions. Foreign currency balances outstanding at the date of the statement of financial position are shown at the rates ruling on that date. Gains and losses, both realized and unrealized, are included in the statements of comprehensive income.

Accounts receivable

Accounts receivable is carried at original amount due and is subsequently stated at amortized cost, less provision for impairment. A provision for impairment is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of the agreement.

At 31st March 2010, the Organization had made no provisions for impairment of accounts receivable.

Inventories

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

Investments

Investments are stated at the lower of cost or market value.

Property, plant, and equipment

Property, plant and equipment are recorded at historical cost and are subsequently stated at depreciated value. Land is not depreciated; other assets are depreciated using the straight line method 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Organization and the cost can be measured reliably. All other repairs and maintenance are charged 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 comprehensive income.

- continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment (continued)

Freehold land is stated at appraised market value as determined by a qualified valuator.

Trade and other payables

Trade and other payables are recognized on an accrual basis, when goods or services are received. Payables are recognized initially at fair value and subsequently measured at amortized cost.

Grants Payable

Grants payable consists of grants awarded by the Organization to various groups. Grants payable 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 is reduced when disbursements are made to the grantees.

Income recognition

The Organization receives income from a number of different sources and classifies the income based on the source of revenue. These categories include conservation fees, commissions, interest income, contributions and other income. Income is recorded on the accrual basis.

Grant income

Grants and donations received for research that are restricted in use by the donor are recorded as deferred income and recognized in the same period as the related expenses / payments are incurred.

Contributions received for the purchase of capital assets are amortized to income in amounts equal to the depreciation expense taken on these assets.

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

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

Interest income and expense

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

-continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Expenses

Expenses are recognized on the accrual basis, when goods are received or services are rendered.

FINANCIAL RISK MANAGEMENT

The Organization's activities are exposed to a variety of financial risks: credit risk, liquidity risk and 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 and 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.

Market risk

The Organization is exposed to market risk from changes in the tourism industry. If there is a decrease in tourist arrivals, then there is a reciprocal downward spiral in fees collected on behalf of the Organization. The Organization's operating and financing plans includes setting up reserves and other actions to minimize this uncertainty.

Marketing risk

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

	2010	2009
3. CASH AND BANK		
Cash and bank consist of the following:		
Bank accounts	1542,141	1125,985
Cash on hand	429	585
	1542,570	1126,570

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	2010	2009
4. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Accounts receivable and prepayments consist of the following:		
Trade receivables	594,866	548,436
Interest receivable	427,611	383,545
Other receivables & prepayments	69,957	38,211
Staff loans	20,156	51,251
	<u>1112,590</u>	<u>1021,443</u>

5. INVENTORIES

Inventories consist of the following:

Unused ticket books	<u>254</u>	<u>254</u>
---------------------	------------	------------

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

2010 Cost	Land	Motor vehicles	Furniture, fittings and equipment	Total
Cost at 31st March 2009	648,315	387,612	414,484	1450,411
Additions	-	-	35,310	35,310
Disposal	<u>-</u>	<u>(93,460)</u>	<u>-</u>	<u>(93,460)</u>
Cost at 31st March 2009	<u>648,315</u>	<u>294,152</u>	<u>449,794</u>	<u>1392,260</u>
Depreciation				
Balance at 31st March 2009	68,026	246,495	317,761	632,282
Additions	8,500	78,508	49,802	136,810
Disposal	<u>-</u>	<u>-</u>	<u>(93,460)</u>	<u>(93,460)</u>
Balance at 31st March 2009	<u>76,526</u>	<u>325,003</u>	<u>274,103</u>	<u>675,632</u>
Net Book Value at 31st March 2010	<u>571,789</u>	<u>(30,852)</u>	<u>175,691</u>	<u>716,628</u>

- continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

6. PROPERTY AND EQUIPMENT (continued)

2009 Cost	Land	Motor vehicles	Furniture, fittings and equipment	Total
Cost at 31st March 2008	423,315	390,112	430,132	1243,559
Revaluation	225,000	-	-	225,000
Additions	-	-	15,531	15,531
Disposal	-	(2,500)	(31,179)	(33,679)
	<u>648,315</u>	<u>387,612</u>	<u>414,484</u>	<u>1450,411</u>
Depreciation				
Balance at 31st March 2008	59,526	150,151	247,562	457,239
Additions	8,500	97,594	92,602	198,696
Disposal	-	(1,250)	(22,403)	(23,653)
	<u>68,026</u>	<u>246,495</u>	<u>317,761</u>	<u>632,282</u>
Net Book Value at 31st March 2009	<u>580,289</u>	<u>141,117</u>	<u>96,723</u>	<u>818,129</u>

Freehold land includes land donated to the Organization that is situated in Belmopan. This will be utilized for the construction of new offices for PACT. The land is recorded at market value as prepared by a qualified valuator. Construction of the new office has been deferred.

	2010	2009
7. INVESTMENTS		
Investments consist of the following:		
Term deposits	<u>4861,816</u>	<u>4434,387</u>

Term deposits include funds for the Endowment Fund amounting to \$3,597,672 (2009 - 3,282,548). These funds are restricted - See page 4.

8. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals consists of the following:

Trade payable and accruals	7,490	24,833
Local Govt Tourism Development Fund	68,685	-
Pact administration fees	16,325	16,025
Professional services	71,499	3,575
Utilities	2,427	1,759
Belize Bank Visa	7,272	-
PAYE	-	24,855
Social security	7	717
Contract tax	75	-
Gratuity payable	11,146	-
	<u>184,925</u>	<u>71,763</u>

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	2010	2009
9. GRANTS PAYABLE		
Grants payable consists of funds approved, but not disbursed, for the following projects:		
Forest Department - Institutional Strengthening of the Biodiversity Management Program of the Forest Department	62,871	129,431
SATIIM - Sarstoon Temash National Park	-	68,135
TIDE - Improving the Management of Payne's Creek National Park	-	21,355
Belize Association of Private Protected Areas (BAPPA) Community Baboon Sanctuary	-	3,000
Women's Conservation Group	-	2,938
Indigenous People Conservation Alliance (IPCA)	-	24,813
Aguascalientes Management Team - Protecting Biodiversity through Sustainable Income Generation	-	1,469
Belize Audubon Society - Towards the Sustainability of BAS Managed Protected Areas	15,465	38,983
University of Belize - Developing the University of Belize's Natural Resource Management Program	28,920	212,079
Oak Foundation	77,475	297,355
Friends for Conservation & Development	66,417	276,127
Friends of Nature	-	44,734
Ya'xche Conservation Trust	-	67,092
Monkey Bay Wildlife Sanctuary	-	10,490
Toledo Institute for Development and Environment(TIDE)	-	5,110
Ministry of Natural Resources and Environment	4,766	37,039
Sarteneja Alliance for Conservation and Development	-	27,780
Belize Fishermen Cooperative (BFCA)	3,009	-
Coastal Zone Management Authority & Institute	3,995	-
Belize Fisheries Department - Natural Resource Management Program	326,686	-
APAMO	122,549	-
Shipstern Nature Reserve (SNR)	59,547	-
Sarteneja Fisherman Association (SFA)	43,564	-
Ca'ac Alenel Car Sa Nima (San Miguel)	30,000	-
Trial Farm Village Council	103,000	-
Anthony Mai	2,735	-
Astrid Bobadilla	-	3,027
Diana Mai	2,510	7,926
Dorothy Choco	4,224	-
Faustino Chi	936	936
Gail McNab	3,407	7,191
Gaspari Cordoba	27,640	27,640
Gedisa Avella	4,910	-
Herminio Sho Jr.	4,839	-
Sub-total	999,465	1314,650

-continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	2010	2009
9. GRANTS PAYABLE (continued)		
Balance brought forward	999,465	1314,650
Ingrid Rodriquez	8,250	-
Ivanna Waight	2,517	6,936
Jeneen Leiva	-	2,496
Mainka Garcia	-	1,969
Noe Verde	423	-
Omar Figueroa	733	733
Ramon Carcamo	5,970	-
Raul Chun	764	764
Yahaira Urbina	-	2,517
	1018,122	1330,065
	1018,122	1330,065

10. COMMISSIONS

Commissions represent 20% of all cruise ship fees.

11. TAXATION

Section 38 of the Protected Areas Conservation Trust Act exempts PACT from 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 to its registered suppliers.

12. FIDUCIARY ACTIVITIES

PACT performs a fiduciary function on three partnership grants, namely Protected Areas Conservation Trust Foundation, The Mesoamerican Reef Fund and National Protected Areas Commission which are kept in a separate accounting system and are not disclosed in the PACT's financial statements as a project liability.

13. CONTINGENCY

An amendment to the Environment Protection Act in April 2009 established the Environmental Management Fund. The Act now requires PACT to contribute 20% of its revenues to this fund. PACT did not make this contribution nor an accrual for the year ended 31st March 2010. PACT is presently in discussion with the Ministry of Natural Resources to reduce the required contribution to 5% and for it to commence in the current year, year ended 31st March 2011.

SCHEDULE OF EXPENSES
YEARS ENDED 31ST MARCH 2010 AND 2009

All amounts are expressed in Belize dollars.

	2010	2009
General and administrative:		
Accounting and audit	30,765	12,800
Advertising	6,166	9,364
Bank charges	1,316	2,174
Board meetings	53,099	88,357
Cleaning	13,817	15,320
Computer services	-	1,269
Dues, subscriptions and donations	16,548	16,386
Insurance	5,294	9,342
Legal fees	21,340	45,120
Loss on disposal	-	7,003
Miscellaneous expenses	-	889
Office stationery and supplies	39,749	49,664
Other professional fees	6,979	-
Repairs and maintenance	21,290	15,339
Security services	2,501	-
Social security contributions, employer	11,832	14,090
Staff benefits	223,756	322,465
Staff salaries	466,197	624,830
Staff training and exchanges	12,385	54,104
Travel and subsistence	17,696	32,895
Trust Advisory Council expenses	8,103	3,610
Utilities	42,976	48,359
Vehicle expenses	65,096	114,746
Website expenses	2,692	2,013
	<u>1069,595</u>	<u>1490,139</u>