





MESSAGE FROM THE CHAIRMAN OF THE BOARD OF TRUSTEES

It is with great pleasure that I write this Foreword to the Annual Report for 2016, as Chairman of the Board of Trustees (BoT) of the Protected Areas Trust (PAT).

The second year of the Trust has been a productive one with the emphasis on institutional strengthening and also the consolidation of the governance, financial management and accountability systems. These included the establishment of a local currency account at the New Building Society, serviced by the conversion into local currency, of funds transferred by UBS from interest earned on the PAT endowment, and earning a higher rate of interest than that of the commercial



banks. This account will also facilitate easy and efficient disbursement of BoTapproved funds to the Protected Areas Commission and also to meet the operational costs of the PAT Secretariat.

Appreciation is again extended to the BoT, the Fund Advisers, Fund Administrator and the Donors, for their continuing cooperation and advice to the BoT of the PAT and its Secretariat.

The international financial climate in 2016 has not been conducive to fundraising. While continuing attention is being paid to potential sources of funding, the BoT of the PAT has been advocating that the Government of Guyana honours its written commitment to providing its US\$10M contribution in tranches. Discussions are ongoing on the likelihood of offsets by overseas investors and the private sector agencies involved in the use of natural resources in the extractive and manufacturing industries. The BoT also maintained its donor and stakeholder engagements and oversight of performance of the PAT endowment and the UBS-managed investment portfolios.

I compliment and thank the Executive Director and Staff of the Secretariat for their diligence in ensuring the achievement of the deliverables in accordance with the 2016 Annual Work Plan and other BoT approved activities.

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Major General (retd) Joseph G Singh, MSS, Chairman, Board of Trustees, Protected Areas Trust

FOREWORD



The Protected Areas Trust Annual Report, 2016 highlights the achievements and accomplishments of the PAT during its second year of existence.

The year 2016 began with great anticipation for an exciting journey for the PAT. The PAT was finally fully established, having all assets transferred into its name and invested under its name. The investment growth of the PAT during 2016 proved to be much more encouraging than the previous year achieving its 5% target (gross) annualized return.

The accomplishments during 2016 included the development of institutional support systems and operational systems; in particular, the establishment of three (3) new Committees to support the drive of PAT to achieve its Vision. The creation of PAT's Vision and Mission Statements, development of logo design concepts and the development of PAT's Strategic Plan were among the significant achievements of the PAT during 2016.

I am indebted to the guidance and mentorship I continue to receive from the Chairman and Board of Trustees, members of the Finance Committee, as well as the relentless encouragement from staff of the PAT Secretariat. Improving relationships with our donors and fund administrator continue to foster PAT's growth. PAT achievements during 2016 could not have been possible without your commitment and continuous support. My sincerest gratitude to you all. I look forward to your support and team work to continue to develop PAT in 2017 and beyond.

Geeta Singh Ubaldo Espinosa

Executive Director



BoT Board of Trustees

CI Conservation International CTF Conservation Trust Fund

FinCom Finance Committee GoG Government of Guyana

KCOCA Konashen Community Owned Conservation Area

KfW Kreditanstalt für Wiederaufbau (German Development Bank)

IFC International Finance Corporation NPAS National Protected Areas System

NTC National Toshaos' Council

PA Protected Area

PA Act, 2011Protected Areas Act of 2011 PAC Protected Areas Commission

PAT Protected Areas Trust

PATF Protected Areas Trust Fund

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1. INTRODUCTION

1.1 PROTECTED AREAS TRUST AND PROTECTED AREAS TRUST FUND OF GUYANA

A. PROTECTED AREAS TRUST

The Protected Areas Act (PA Act), 2011 established the PAT as a body corporate (Part VIII, Section 88) and a Trust Fund to provide financing for National System of Protected Areas (NPAS) [Part IX, Section 101 (1)].

The PAT is independently governed and administered by a seven-member Board of Trustees. The day-to-day operations are being managed by the PAT Secretariat based at Jenman House in the Botanical Gardens, Georgetown, Guyana and headed by an Executive Director.

B. PROTECTED AREAS TRUST FUND

The Protected Areas Trust Fund (PATF) is functioning primarily as an endowment fund to preserve the capital while investing globally to earn annual returns of approximately 5%. Funds, EURO \$4M (US\$5M) from KfW and US\$3.5M from CI, have been invested through PATF's Fund Administrator, UBS Financial Services (USA) in various secure international markets to ensure a steady and attractive rate of return competitive with similar trust funds. The Fund Administrator provides consultation for global investment to the PATF.

1.2 NATIONAL PROTECTED AREAS SYSTEM (NPAS)

The PA Act, 2011 provides the framework for the establishment and management of the National Protected Areas System (NPAS), which currently consists of Kaieteur National Park, Iwokrama Programme Site, Shell Beach and Kanuku Mountains Protected Areas; as well as the urban parks including the National Park, Botanical Gardens, Zoological Park, and Joe Vieira Park. The Act also provides for NPAS to comprise of approved Amerindian protected areas, and approved privately managed protected areas.



Map of the National Protected Areas System of Guyana

The Government of Guyana (GoG) has pledged an additional two million hectares of land and waterways to be included in the NPAS. The Konashen Owned Community Conservation Area (KCOCA) (highlighted in yellow on the the first map) is titled Amerindian Conservation Area awaiting approval to be included in the NPAS.

The PA Act, 2011 established the Protected Areas Commission (PAC) to manage, maintain, promote and expand the NPAS (Part II, 8 (a)). Funding from the PAT will provide for monitoring and management plans, park scientific research. rangers, community outreach. and education about natural heritage for the citizens of Guyana. If all annual operating costs of the PAC (given the current status of the NPAS) are to be covered from revenues from the PAT, it would require capitalization of US \$65 million, of which US \$8.515 million has been acquired to date. The GoG, since 2014, committed the sum of US\$10 million as its initial contribution to the Trust Fund. This amount remains outstanding.



1.3 ANNNUAL REPORT OF THE PROTECTED AREAS TRUST

The PA Act, 2011, Section 109, requires that the Board of Trustees prepare an annual report for each financial year. This second annual report of the PAT is for the fiscal year 2016.

This annual report is prepared for the benefit of all stakeholders of the PAT and in accordance with Section 109 of the PA Act as identified above.

2. INSTITUTIONAL MANAGEMENT





2.2. BOARD OF TRUSTEES

The PAT is governed and administered by a Board of Trustees (BoT). The PA Act, 2011, Section 89 describes its functions as:

- a) To manage the Trust;
- b) To oversee the management and investment of the Trust Fund;
- c) To review requests for funding for the national protected areas system;
- d) To set up advisory committees and other formal or informal arrangements as appropriate to help the Trust carry out its functions;
- e) To make recommendations on matters within the scope of the PA Act 2011 and provide guidance and support to the Executive Director of the Trust on programmes and operations as appropriate;
- f) To develop and periodically review and update as necessary a strategic plan for the Trust.

The Board of Trustees could be comprised of a maximum of nine members. Membership includes individuals nominated by the private sector, government, the National Toshaos Council, the University of Guyana and major donors to the fund. Trustees are vested with the specific duty to invest and prudently manage the fund and to preserve the capital as far as reasonably possible.



PAT: Board of Trustees, Finance Committee member, Executive Director and Staff PAT Secretariat

The Board of Trustees at the close of the fiscal year 2016 comprised the following members:

- 1. Major General (retd) Joseph Singh Chairman (Government of Guyana)
- 2. Mr. Berend Jan Hendrik ter Welle Vice-Chairman/ Chairman Fundraising Committee (Major Donors acting collectively)
- 3. Mr. Maurice Munro Trustee/ Chairman, Finance Committee (Government of Guyana)
- 4. Ms. Joycelyn Williams Trustee/ Chairperson, Grant Review Committee (University of Guyana)
- 5. Ms. Annette Arjoon Martins Trustee (Private Sector Commission)
- 6. Mr. Nicholas Fredericks Trustee (National Toshaos Council)
- 7. Ms. Nadia Sagar appointed by the BoT on February 16th, 2016/ Chairperson, Governance Committee
- Ms. Geeta Singh Ubaldo Espinosa Executive Director, *ex officio* member, who serves as Secretary to the BoT.

2.3. PAT SECRETARIAT

The PAT Secretariat is staffed by three (3) individuals: an Executive Director, Ms. Geeta Singh Ubaldo Espinosa, an Administrative Assistant Ms. Samantha Thierens, and an Accounts Assistant, Ms Efuah Armstrong. The Executive Director performs all duties incident to the Office of the Secretary and all such duties as assigned to the position of Executive Director by the Board of Trustees. The two (2) Assistants support the Executive Director in executing the functions of the Trust.

2.4. PAT COMMITTEES

I. FINANCE COMMITTEES

The Finance Committee (FinCom) includes a Trustee of the BoT as the Chairperson and external experts with knowledge and expertise in finance. FinCom responsibilities include reviewing and recommending to the BoT:

- a) policies and guidelines governing investments;
- b) long-range financial plan;
- c) annual budget;
- d) fund administrators;
- e) reports from independent investment advisers and managers and recommending changes in the portfolio;
- f) performance of a fund administrator
- g) annual investment performance.



Trustee and Chairman of Finance
Committee
Maurice Munro



Member of Finance Committee Dr. David Pollard

The FinCom at the close of the fiscal year 2016 comprised the following members:

Mr. Maurice Munro - Chair/Trustee

Dr. David Pollard – External expert

Mr. Richard Isava – External expert

Ms. Geeta Singh Ubaldo Espinosa – Secretary



Member of Finance Committee Richard Isava

II. FUNDRAISING COMMITTEE

The primary purpose of the Fundraising Committee is to oversee the development and implementation of an integrated, realistic and achievable fundraising strategy.

The Committee shall assist the BoT in the planning, coordination and implementation of all fundraising activities in support for development programmes, projects and activities of the PAT/PAC to act as key link to support the mission, vision and strategic outcomes of the organisation.

Vice-Chairman, BoT and Chairman, Fundraising Committee Berend ter Welle



III. GOVERNANCE COMMITTEE

The Governance Committee of the Board of Trustees of the Protected Areas Trust shall provide assistance to the Board in fulfilling its legal, ethical, and functional responsibilities through adequate governance policy development, and monitoring of board activities by developing and recommending to the Board a set of corporate governance principles, policies, standards, and practices that optimally support the PAT's strategic priorities in accordance with the PAT's guiding values always.

Trustee and Chairperson,

rustee and Chairperson, Governance Committee Nadia Sagar





IV. GRANT REVIEW COMMITTEE

The main responsibility of the Committee shall be to assess and evaluate grant applications received and advise the BoT on grant management in support of the mission, values, and strategic outcomes of the PAC. The PAT Secretariat will arrange for the screening of the applications to ensure their eligibility based on agreed criteria and forward the eligible applications to the Grant Review Committee for evaluation and selection. It is important that the grantees are selected in an objective, transparent, impartial and merit-based manner and in accordance with the PA Act. 2011.

Trustee and Chairperson, Grant Review Committee Joycelyn Williams



3.1 STRENGHTENING OF PAT'S GOVERNACE AND ADMINISTRATIVE STRUCTURE

Board of Trustees of the PAT

The appointment of the PAT's first Board of Trustees, with effect from July 7th, 2014 was of a six-member Board comprising of nominations from the Government, Private Sector Commission, University of Guyana, National Toshaos Council (NTC) and major donors acting collectively.

In July 2016, the first term of Trustees appointed by the Private Sector Commission, the University of Guyana, and the major donors acting collectively came to an end. These organisations were requested to appoint/reappoint Trustees to the BoT. The Private Sector Commission and the University of Guyana re-appointed their Trustees to serve on the BoT, in keeping with the PA Act, 2011, Section 98 (1) which states "... a Trustee may serve up to two terms in total".



However, in February 2016, the major donors' representative resigned and the major donors, acting collectively appointed a new Trustee to complete the term of their first Trustee in April 2016. At the end of the first term in July, 2016, they nominated another Trustee, Mr. Berend ter Welle, to serve on the BoT. He was also elected Vice Chairman of the BoT.

Meetings of the Board were convened throughout the year and as such, the Board held five (5) formal meetings, inclusive of PAT's Retreat, held in April, 2016.

Establishment of PAT Committees: Governance, Fundraising, Grant Review

The BoT continued to strengthen the PAT's institutional governance structure

in 2016 by the establishment of three (3) new Committees, namely; Governance, Fundraising and Grant Review.

In April 2016 at PAT's Retreat, the draft Terms of Reference (ToRs) for the various Committees were presented for the BoT's consideration and were subsequently amended and approved by the BoT. Chairpersons for each Committee were elected at the 13th BoT Meeting held on December 6th, 2016. Trustees Nadia Sagar, Berend ter Welle and Joycelyn Williams were elected to chair the respective Committees.

Maintenance of PAT Secretariat

The Executive Director, Accounts Assistant and Administrative Assistant of the PAT Secretariat were retained at the Secretariat for a further year, with the issuance of new contracts.



3.2 STRENGHTENING OF GOVERNANCE AND ADMINISTRATIVE SYSTEMS

Review of PAT's Investment Policy Statement

The review of PAT's Investment Policy Statement which began in December 2015 was pursued earnestly during the first quarter of 2016. On April 30th, 2016, the BoT approved PAT's Revised Investment Policy and Policy Statement, with the primary amendment being the adjustment of the asset allocation strategy.

Investment of the Endowment Fund in accordance with the Investment Policy

The PAT's Revised Investment Policy, April 2016, sets the framework for the management of the fund and stipulates the guidelines for investment of the PAT to preserve the capital while investing globally to earn annual returns of approximately 5%. PAT's financial resources [EURO \$4M (US\$5M) from KfW and US\$3.5M from CI] are invested through its Fund Administrator, Union Bank of Switzerland (UBS) Financial Services (USA).

Establishment of a Savings & Prosper Bank Account with NBS

In July 2016, the BoT opened a Savings and Prosper Bank Account with the New Building Society (NBS) which will earn 3.0% interest annually. This will facilitate efficient disbursement of BoT-approved funds to the PAC.



PAT Presentation to Minister and Permanent Secretary, Ministry of Natural Resources and the Environment, May, 2016

3.3 PAT'S FIRST RETREAT

The PAT held its first Retreat at the Boardroom of the Guyana Forestry Commission, in Kingston, Georgetown on April 30th, 2016 which set the strategic path for the PAT.

- PAT's Vision and Mission Statements were developed and approved during 2016;
- A draft Strategic Plan which was initiated by the Conservation Trust Fund (CTF) in 2012, was reviewed, content updated and ratified by the BoT.

3.4 PUBLIC AWARENESS OF PAT

A PowerPoint Presentation on the Role and Functions of the PAT was presented on May 6th, 2016 to the Hon. Minister and Permanent Secretary of the Ministry of Natural Resources and the Environment. This presentation was utilised as an information tool for further stakeholder engagements during 2016.

Further, the PAT commenced the development of a design concept for its logo during October, 2016. Various concepts for its design were prepared by the Executive Director, PAT and Commissioner, PAC for consideration by the BoT.



Before, Works-in-Progress and After: Refurbishment of Clock at Jenman House Office of the PAT Secretariat, October, 2016

3.5 REFURBISHMENT OF CLOCK AT JENMAN HOUSE

The Secretariat of the BoT, with the approval of the PAC, arranged for the refurbishment of the historic clock mounted on Jenman House, a National Trust of Guyana listed building. Works were completed in October, 2016 by Environmental Engineering Solutions, in collaboration with the University of Guyana, and financed by a benefactor of the Trust.

3.6 PAT FUNDRAISING AND GRANT FUNDING FROM THE PATF

Donation by Mid Atlantic/JHI Joint Venture Partners

Mid Atlantic/JHI Joint Venture donated US\$15,000 to the PAT in July, 2016. Their contribution to the PAT was used to finance a significant percentage of the cost of logistics and administration including air charter, for a team from the PAC to travel to the Wai Wai community of Masakenari in the deep south of Guyana, to have final consultations with the community on the integration of the Wai Wai Titled Land (approximately 600,000 ha), Konashen Community Owned Conservation Area (KCOCA) into the National Protected Areas System.

Government of Guyana's commitment to contribute to the PATF

The Government of Guyana had pledged to commit USD\$10M to the PAT when it was launched in September, 2014. During 2016, the PAT continued to diligently advocate that the Government of Guyana honours its contribution to the Trust Fund.



3.7 PAT NETWORK

During 2016, the PAT strengthened relationships with its network as described below.

RedLAC

The Board of Trustees of the PAT resolved that the PAT will become a member of the Latin American and Caribbean Network of Environmental Funds (RedLAC) at its Retreat held on April $30^{\rm th}$, 2016. RedLAC was formally established in 1999. Its mission is to set up an effective system of learning, strengthening, training, and cooperation through a Network of Environmental Funds aimed at contributing to the conservation and sustainable use of natural resources in Latin America and the Caribbean. PAT became a member to RedLAC at its $18^{\rm th}$ Assembly held in Brasilia, Brazil during October 1-4, 2016.

Donors

The relationships with Donors to the PAT were re-newed and strengthened during 2016. In April, 2016, the PAT met with KfW Development Bank new Project Manager, and Head of Division. Relationship with Conservation International continued and was strengthened at the 18th RedLAC meeting held in October, 2016. Consideration was given to the earmarking of funds by these donors.

The PAT provided financial reports on a quarterly basis to its principal Donors, as is required.



Fund Administrator

Yearly (in-person) and quarterly (teleconference) meetings were held with PAT's Fund Administrator, the UBS. UBS Senior Vice President – Investments, The Arbor Group, Mr. John Adams and Wealth Advisor, First Vice President – Wealth Management, Mr. Jason Hamlin met with the BoT of PAT and Secretariat in February 2016.

Assessment of the PAT by the IFC

An assessment by the World Bank Group's International Finance Corporation (IFC), of the PAT as a recipient of offset funds to be used for the management of biodiversity conservation, continued during the first half of 2016.

Participation in Conservation Trust Investment Survey 2015

In response to a request from the Wildlife Conservation Society (WCS) to participate in the study of Conservation Trust Investment Survey for calendar year 2015, the PAT shared records of its investment statements.



3.8 VOLUNTEER CONTRIBUTIONS TO THE PAT

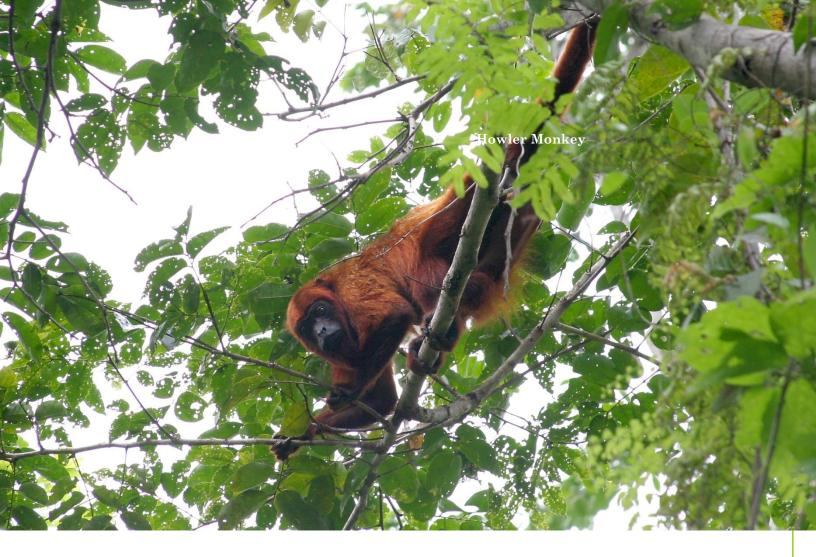
The PAT encourages volunteer contributions from willing participants who wishes to be a part of, and actively support Guyana's natural heritage and protected areas systems.

During 2016, the PAT received support from the following persons:

- 1. Mr. Damian Fernandes, Commissioner, PAC to develop a concept for PAT's logo;
- 2. Mr. Ravi Singh, Scotiabank, for IT support to create PAT's internal network and load Microsoft package on new computers;
- 3. Mr. Sanjay Kishun, Conservation International, IT support.

3.9 INDEPENDENT AUDIT REVIEW OF PAT'S ACCOUNTS

The PA Act, 2011, Section 108, requires that the Board of Trustees appoint a reputable, external, independent auditor to audit the accounts of the Trust annually. Early 2017, the PAT engaged the services of TSD Lal and Co. to conduct its audit for the financial year ending December 31st, 2016. A copy of their audited financial statements forms part of this Annual Report.



4. PREVIEW OF 2017 FISCAL YEAR OBJECTIVES

The fiscal year objectives for PAT for 2017 are summarized below:-

- 1. Invest endowment fund in accordance with PAT's Revised Investment Policy, April 2016.
- 2. Pursue activities as outlined in PAT's Strategic Plan 2017-2021 supporting the National Protected Areas System of Guyana.
- 3. Develop and implement a strong, diverse and innovative 5-year fundraising plan.
- 4. Develop and implement a communications plan for the Trust Fund to increase its global, regional and national awareness.
- 5. Implement an agile and transparent grant-making process.
- 6. Strengthen the capacity of Trust Fund's Board Trustees in the Administration and implementation of the PAT.



INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF PROTECTED AREAS TRUST

ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Protected Areas Trust, which comprise the statement of financial position as at December 31, 2016, and the statement of 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 set out on pages 2 to 11.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Protected Areas Trust as at December 31, 2016, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

The financial statements of the Trust have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Trust's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Trust. Based on our audit of the financial statements of the Trust, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Trust's ability to continue as a going concern.

Other Information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Trust's 2016 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The Trustees/Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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. The Trustees/Management is responsible for overseeing the financial reporting process.

In preparing the financial statements, the Trustees/Management are responsible for assessing the Trust's ability to continue as going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit 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 that 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 judgement and maintain professional scepticism throughout the planning and performance of 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 omission, misrepresentations, or the override of internal controls,
- 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 entity's internal controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

- Conclude on the appropriateness of the Trustees' 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.

We are required to 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. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of Protected Areas Act.

The engagement partner responsible for the audit resulting in this independent Auditor's report is Mr. Mark Chu-a-kong, FCCA.

TSD LAL & CO.
Chartered Accountants

Date:

77 Brickdam, Stabroek, Georgetown.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Notes</u>	<u>2016</u> G\$	<u>2015</u> G\$
Income			
Contributions	4	3,423,719	1,792,335,646
Interest income		396,680	-
Investment income	5	42,621,606	9,286,255
Total Income		46,442,005	1,801,621,901
Expenses			
(Gain)/loss in value of investment		(45,535,888)	32,704,084
Investment management expenses		14,336,364	-
Administrative expenses	6 (i)	8,029,158	3,656,035
Employment expense	6 (ii)	9,080,000	5,758,472
Finance cost	6 (iii)	59,574	40,565
Surplus for the year		60,472,797	1,759,462,745

[&]quot;The accompanying notes form an integral part of these financial statements"

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

	Accumulated Surplus G\$	<u>Total</u> G\$
At January 1, 2015	-	-
Change in equity 2015		
Surplus for the year	1,759,462,745	1,759,462,745
At December 31, 2015	1,759,462,745	1,759,462,745
Change in equity 2016		
Surplus for the year	60,472,797	60,472,797
At December 31, 2016	1,819,935,542	1,819,935,542

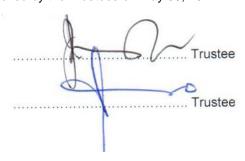
[&]quot;The accompanying notes form an integral part of these financial statements"

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Notes	<u>2016</u> G\$	<u>2015</u> G\$
Assets			
Non current assets			
Fixed assets	7	987,975	551,156
Current Assets			
UBS Investment Cash at Bank	8 9	1,747,962,301 71,281,057	1,752,421,171 7,827,519
		1,819,243,358	1,760,248,690
Total Assets		1,820,231,333	1,760,799,846
Equity and Liabilities			
Equity			
Accumulated surplus		1,819,935,542	1,759,462,745
Current Liabilities			
Accruals	10	295,791	1,337,101
Total equity and liabilities		1,820,231,333	1,760,799,846

These financial statements were approved by the Trustees on May 30, 2017.



[&]quot;The accompanying notes form an integral part of these financial statements"

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> G\$	<u>2015</u> G\$
Operating activities		
Surplus for the year Depreciation Interest income	60,472,797 263,554 (396,680)	1,759,462,745 61,240
Net cash flow from operating activities before changes in working capital	60,339,671	1,759,523,985
Changes in working capital		
(Increase)/decrease in UBS Investment Increase/(decrease) in accruals	4,458,870 (1,041,310)	(1,752,421,171) 1,337,101
Net cash provided by operating activities	63,757,231	8,439,915
Investing activities		
Purchase of fixed assets Interest received	(700,373) 396,680	(612,396)
Net cash used in investing activities	(303,693)	(612,396)
Net increase in cash and cash equivalents	63,453,538	7,827,519
Cash and cash equivalents at the beginning of the period	7,827,519	<u> </u>
Cash and cash equivalents at the end of the period	71,281,057	7,827,519

[&]quot;The accompanying notes form an integral part of these financial statements"

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and activities

The Protected Areas Trust (PAT), established by the Protected Areas Act in 2011 (PA Act), is an independently governed Trust which was set up to provide financing for the National Protected Areas System (NPAS) in Guyana and to support projects that contribute to or promotes the conservation and preservation of the biological diversity and maintenance of the ecosystem services of the Protected Areas as defined in the PA Act. NPAS currently consists of Kaieteur National Park, Iwokrama Programme Site, Shell Beach and Kanuku Mountains Protected Areas; as well as the urban parks including the National Park, Botanical Gardens, Zoological Park, and Joe Vieira Park. The Act also provides for NPAS to comprise of approved Amerindian protected areas, and approved privately managed protected areas.

The PAT was officially launched in September 1st, 2014 at its first Board of Trustees meeting. The PAT is managed as a corporate body by a seven-member (2015 - six-member) Board of Trustees and by the PAT Secretariat based in the Botanical Gardens, Georgetown, Guyana and headed by an Executive Director.

The Protected Areas Trust Fund (PATF), also established by the PA Act, is functioning primarily as an endowment fund to preserve the capital while investing globally to earn annual returns of approximately 5%. Funds transferred from the Conservation Trust Fund (CTF) during the final quarter of 2015 [approximately EURO 4M (US\$5M) from KfW and US\$3.5M from CI] have been invested through PATF's Fund Administrator, UBS Financial Services (USA) in various secure international markets to ensure a steady and attractive rate of return competitive with similar trust funds. The Fund Administrator provides consultation for global investment to the PATF.

2. New and revised Standards and interpretations

New Standards, interpretations and amendments to standards are not expected to have a significant impact on the Trust's accounting policies.

3. Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention with compliance to IFRS - International Financial Reporting Standards.

(b) Fixed Assets and depreciation

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight line method as follows:

Computer 20%

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies - cont'd

(c) Income and expenditure

Income and expenditure are dealt with in the financial statements on the accrual basis.

(d) Taxation

The Protected Areas Trust, by virtue of its charitable purpose, was deemed a charitable organization, and benefit from the grant of tax exemption by the Government of Guyana.

(e) Financial Instruments

Financial assets and liabilities are recognized on the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instruments.

(f) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

(g) UBS Investments

This investment is a financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes recorded through profit or loss.

4. Contributions

This represent grants and investment assets received. Assets were transferred on October 31, 2015. Grants were provided throughout the year:

Cash at Bank (i) UBS Investment (ii)	<u>2016</u> G\$ 3,423,719 -	2015 G\$ 16,496,646 1,775,839,000
Total	3,423,719	1,792,335,646

- (i) 2016 Cash at Bank contributions relates to an unconditional grant from Mid Atlantic Oil & Gas/JHI Associates (2015 Conservation Trust Fund)
- (ii) This investment was taken up at fair value at the date of transfer.

5. Investment income

This represents income from UBS investment: 42,621,606 9,286,255

NOTES TO THE FINANCIAL STATEMENTS

6. Expenses		<u>2016</u> G\$	<u>2015</u> G\$
(i) Administrative expenses		Οψ	Οψ
Depreciation		263,554	61,240
Meetings		201,588	246,805
Office supplies		480,120	526,519
Other miscellaneous expenses		278,201	258,883
Website expenses		710,494	-
Loss on exchange		2,403,394	-
Telephone		246,757	161,078
Grant expenses		2,242,390	-
Conservation Trust Fund expenses		-	709,400
Travel		974,660	1,460,110
Audit fees		228,000	232,000
Total		8,029,158	3,656,035
(ii) Employment expense			
Employee cost		9,080,000	5,758,472
2111,213,000 0000		0,000,000	3,133,112
This relates to the cost of employing contract staff.			
(iii) Finance costs			
Bank Charges		59,574	40,565
This relates to charges with regards to the Trust's bank	k accounts.		
7. Fixed Assets			
	Computer	Total	Total
	<u>Equipment</u>	<u>2016</u>	<u>2015</u>
Cost	G\$	G\$	G\$
At January 1	612,396	612,396	-
Additions	700,373	700,373	612,396
At December 31	1,312,769	1,312,769	612,396
Accumulated Depreciation			
At January 1	61,240	61,240	-
Charge for the year	263,554	263,554	61,240
At December 31	324,794	324,794	61,240
Net book value			
At December 31, 2016	987,975	987,975	
At December 31, 2015	551,156		551,156

NOTES TO THE FINANCIAL STATEMENTS

	<u>2016</u> G\$	<u>2015</u> G\$
8. UBS Investment	1,747,962,301	1,752,421,171

This relates to an investment portfolio managed by the UBS Financial Services Company. This consists of investments held on the international market. The portfolio contains a mixture of equities (45%), bonds (45%) and cash (10%). This was transferred from the Conservation Trust Fund (CTF) to Protected Areas Trust, after the dissolution of the CTF on October 31, 2015. The value of this investment was determined based on the portfolio value reported by UBS Financial Services Statement. The use of these assets and their income are for the sole purpose of carrying out activities related to the management of Guyana Protected Areas Systems.

9. Cash at Bank

Cash at Bank consists of:	<u>2016</u> G\$	<u>2015</u> G\$
Scotia Bank GY dollar account New Building Society GY dollar account Scotia Bank US dollar account	9,090,180 60,371,746 1,819,131	470,868 - 7,356,651
	71,281,057	7,827,519
10. Accruals		
Accruals are made up of the following:		
Telephone expenses Repairs Professional fees Conservation Trust Fund expenses Audit fees	50,141 17,650 - 228,000 - 295,791	45,701 - 350,000 709,400 232,000

NOTES TO THE FINANCIAL STATEMENTS

11. Financial Risk management

Financial risk management objectives.

The Trust's Management monitors and manages the financial risks relating to their assets through daily reviews of the performance and change in value of these assets. These risks include market risk (foreign exchange risk and interest rate risk).

The Trust seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk and interest rate risk which are approved by the Board of Trustees.

(a) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

This risk is managed by the daily reviews of the performance of investments and liaising with the investment manager to ensure proper investment decisions are made.

(i) Foreign currency risk

Foreign currency risk is the form of risk that arises from an unfavourable change in price of one currency against another. Unless a position is hedged, foreign currency risk is present whenever organizations

or investors hold assets across national borders. The Trust's exposure to the effects of fluctuations in foreign currency exchange rates arise from its investment portfolio and a US dollar bank account. The currency in which this investment is denominated is in United States dollars. No liabilities are held in foreign currencies. Total assets held in foreign currency total G\$1,749,781,432 (US\$8,490,085) (2015 - G\$1,759,777,823 (US\$ 8,542,611)).

Foreign currency sensitivity analysis:

The following table details the Trust's sensitivity to a 2.5% increase or decrease in the Guyana dollar against the US dollar. Although a rate is not formally adopted and used as a measure, 2.5% gives prudent possibility of a change in rate.

The sensitivity analysis shows the impact on all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in surplus if the currency were to strengthen 2.5% against the Guyana dollar. If the currency were to weaken 2.5% against the Guyana dollar, there would be an equal and opposite impact on the surplus and the balances would be negative.

	<u>2016</u> G\$	<u>2015</u> G\$
Effect	43,744,536	43,994,446

NOTES TO THE FINANCIAL STATEMENTS

12 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions with related parties:

Key management personnel

(i) Compensation

The Trust's two (2015 - two) key management personnel comprise its Executive Director and Finance Officer. The remuneration paid to key personnel for the year was as follows:

<u>2016</u>	<u>2015</u>
G\$	G\$
7,640,000	5,237,056

Short term employee benefits

(ii) Transaction with related entities

The Trust's office is located in Jenman House, Botanical Gardens owned by Protected Areas Commission. There are no rental charges or fees payable with regards to this.

13 Approval of the financial statements

The financial statements were approved by the Board of Trustees and authorised for issue on May 30, 2017.

