



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE ENVIRONMENTAL MANAGEMENT AUTHORITY -ENVIRONMENTAL TRUST FUND FOR THE YEAR ENDED SEPTEMBER 30, 2022

The accompanying Financial Statements of the Environmental Management Authority - Environmental Trust Fund for the year ended September 30, 2022 have been audited. The Financial Statements comprise a Statement of Financial Position as at September 30, 2022, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended September 30, 2022 and Notes to the Financial Statements referenced A to S.

2. The audit was conducted by a firm of Accountants appointed by the Board of Directors with the written consent of the Auditor General in accordance with section 80 (2) of the Environmental Management Act, Chapter 35:05. Their Report dated April 13, 2023 which is attached, refers.

SUBMISSION OF REPORT

3. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



**26TH MAY 2023
PORT OF SPAIN**


**LORELLY PUJADAS
AUDITOR GENERAL**

Audited Financial Statements
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

Audited Financial Statements

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**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Environmental Management Authority Environmental Trust Fund (the Authority), which comprise the statement of financial position as at September 30, 2022, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of significant accounting policies and other explanatory information,
- Ensuring that the Authority keeps proper accounting records,
- Selecting appropriate accounting policies and applying them in a consistent manner,
- Implementing, monitoring and evaluating the system of internal control that assures security of the Authority's assets, detection/prevention of fraud, and the achievement of the Authority's operational efficiencies,
- Ensuring that the system of internal control operated effectively during the reporting period,
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act, and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

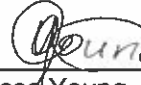
Nothing has come to the attention of management to indicate that the Authority will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Mr. Hayden Romano
Managing Director

April 13, 2023



Ms. Vanessa Young
Financial Accountant

April 13, 2023

The Board of Trustees
Environmental Management Authority Environmental Trust Fund
8 Elizabeth Street
ST. CLAIR

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Environmental Management Authority Environmental Trust Fund (the Authority), which comprise the statement of the financial position as at September 30, 2022, and the statement of comprehensive income, statement of changes in funds 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 financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Authority 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 Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The prior year financial statements were audited by another firm of independent auditors who issued an unqualified opinion dated April 7, 2022.

The Board of Trustees
Environmental Management Authority Environmental Trust Fund
8 Elizabeth Street
ST. CLAIR

INDEPENDENT AUDITORS' REPORT – (Continued)

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 IFRS 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 Authority's internal control.

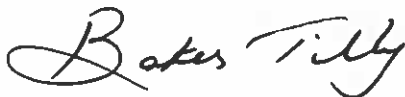
The Board of Trustees
Environmental Management Authority Environmental Trust Fund
8 Elizabeth Street
ST. CLAIR

INDEPENDENT AUDITORS' REPORT – (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements – (Continued)

- 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 Authority'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 Authority 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 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.



April 13, 2023
PORT OF SPAIN


STATEMENT OF FINANCIAL POSITION
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

| | | September 30 | |
|---------------------------------|-------|-----------------------|-----------------------|
| | | 2022 | 2021 |
| | | <u>Restated</u> | |
| ASSETS | Notes | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | D | \$ 56,310,921 | \$ 56,126,035 |
| Receivables and prepayments | E | 6,500,097 | 10,670,405 |
| TOTAL CURRENT ASSETS | | <u>62,811,018</u> | <u>66,796,440</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | F | 54,501,758 | 54,123,944 |
| Right-of-use asset | G | 2,080,398 | 3,078,990 |
| TOTAL NON-CURRENT ASSETS | | <u>56,582,156</u> | <u>57,202,934</u> |
| TOTAL ASSETS | | <u>\$ 119,393,174</u> | <u>\$ 123,999,374</u> |

These financial statements were authorized for issue by the Trustees on April 13, 2023.

Trustee 

Trustee 

| | Notes | September 30 | |
|--------------------------------------|-------|-----------------------|-----------------------|
| | | 2022 | 2021 Restated |
| LIABILITIES AND FUNDS | | | |
| CURRENT LIABILITIES | | | |
| Payables and accruals | H | \$ 48,325,700 | \$ 65,828,200 |
| Lease liability | I | 973,553 | 905,630 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | | 49,299,253 | 66,733,830 |
| NON-CURRENT LIABILITIES | | | |
| Lease liability | I | 1,141,746 | 2,115,299 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | | 1,141,746 | 2,115,299 |
| FUNDS | | | |
| GORTT Fund | | 48,888,639 | 34,368,678 |
| UNDP Fund | | 199,131 | 199,131 |
| IRBD Fund | | 2,806,990 | 2,806,990 |
| Other fund | | 863,709 | 863,709 |
| Revaluation reserve | J | 16,193,706 | 16,911,737 |
| | | <hr/> | <hr/> |
| | | 68,952,175 | 55,150,245 |
| | | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUNDS | | \$ <u>119,393,174</u> | \$ <u>123,999,374</u> |

The accompanying notes on pages 10 to 37 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

| | | Year ended September 30 | |
|--|-------|-------------------------|---------------------|
| | | 2022 | 2021 |
| | | | Restated |
| | Notes | | |
| Income | | | |
| Fund income | N | \$ 68,455,206 | \$ 57,390,748 |
| Less: Project expenses | O | (11,576,072) | (12,706,005) |
| INCOME AFTER PROJECT EXPENDITURE | | <u>56,879,134</u> | <u>44,684,743</u> |
| Operating Expenses | | | |
| Advertising | | 470,371 | 263,581 |
| Contract services | | 896,065 | 735,220 |
| Depreciation | | 2,309,801 | 2,397,112 |
| Directors' fees and expenses | | 884,484 | 849,469 |
| Finance costs | | 26,201 | 28,287 |
| Interest on lease liability | | 226,570 | 252,087 |
| Insurances | | 480,210 | 443,787 |
| (Gain)/loss on disposal of property, plant and equipment | | (129,219) | 124,673 |
| Motor vehicle | | 178,961 | 217,580 |
| Office and general | | 996,986 | 496,662 |
| Permit and compliance | | 148,239 | 285,788 |
| Legal and professional | | 2,718,118 | 1,121,715 |
| Reference and research | | 59,552 | 98,633 |
| Rent | | 84,000 | 84,000 |
| Repairs and maintenance | | 497,275 | 596,745 |
| Salaries and benefits | | 31,355,840 | 31,127,153 |
| Security | | 475,331 | 537,665 |
| Supplies | | 1,003,976 | 730,601 |
| Training | | 46,493 | 72,999 |
| Utilities | | 869,888 | 937,631 |
| Reversal of impairment loss | | (1,239,969) | - |
| TOTAL EXPENSES | | <u>42,359,173</u> | <u>41,401,388</u> |
| NET SURPLUS FOR THE YEAR | | <u>\$ 14,519,961</u> | <u>\$ 3,283,355</u> |

The accompanying notes on pages 10 to 37 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

| | GORTT Fund | UNDP Fund | IBRD Fund | Other Fund | Revaluation Reserve | Total Equity |
|---|-----------------------|----------------------|----------------------|-----------------------|--------------------------------|-------------------------|
| Year ended September 30, 2022 | | | | | | |
| Balance at beginning of year | \$ 34,368,678 | \$ 199,131 | \$ 2,806,990 | \$ 863,709 | \$ 16,911,737 | \$ 55,150,245 |
| Net surplus | 14,519,961 | - | - | - | - | 14,519,961 |
| Revaluation of property | - | - | - | - | (718,031) | (718,031) |
| Balance at end of year | <u>\$ 48,888,639</u> | <u>\$ 199,131</u> | <u>\$ 2,806,990</u> | <u>\$ 863,709</u> | <u>\$ 16,193,706</u> | <u>\$ 68,952,175</u> |
| Year ended September 30, 2021 | | | | | | |
| Balance at beginning of year as previously stated | \$ 26,768,983 | \$ 199,131 | \$ 2,806,990 | \$ 863,709 | \$ 19,815,644 | \$ 50,454,457 |
| Restatement of revaluations | 4,316,340 | - | - | - | (2,903,907) | 1,412,433 |
| Balance at beginning of year as restated | 31,085,323 | 199,131 | 2,806,990 | 863,709 | 16,911,737 | 51,866,890 |
| Net surplus | 3,283,355 | - | - | - | - | 3,283,355 |
| Balance at end of year | <u>\$ 34,368,678</u> | <u>\$ 199,131</u> | <u>\$ 2,806,990</u> | <u>\$ 863,709</u> | <u>\$ 16,911,737</u> | <u>\$ 55,150,245</u> |

The accompanying notes on pages 10 to 37 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

| | Year ended September 30 | |
|---|-------------------------|----------------------|
| | 2022 | 2021 |
| | | <u>Restated</u> |
| OPERATING ACTIVITIES | | |
| Net surplus | \$ 14,519,961 | \$ 3,283,355 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 2,028,933 | 2,567,197 |
| Depreciation of right-of-use asset | 998,592 | 998,592 |
| Adjustment to right-of-use asset | - | 603,820 |
| (Gain)/loss on disposal of property, plant and equipment | (129,219) | 124,673 |
| Reversal of impairment loss | (1,239,969) | - |
| Changes to operating assets and liabilities: | | |
| (Increase)/decrease in receivables and prepayments | 4,170,307 | (1,956,771) |
| Decrease in payables and accruals | (17,502,500) | (13,890,696) |
| | <u>2,846,105</u> | <u>(8,269,830)</u> |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | | |
| | 2,846,105 | (8,269,830) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,896,382) | (438,878) |
| Proceeds from disposal of property, plant and equipment | 140,792 | 140,559 |
| | <u>(1,755,590)</u> | <u>(298,319)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| | (1,755,590) | (298,319) |
| FINANCING ACTIVITIES | | |
| Principal repayments on lease liability | (905,629) | (1,017,982) |
| Adjustment to lease liability | - | (790,203) |
| | <u>(905,629)</u> | <u>(1,808,185)</u> |
| NET CASH USED IN FINANCING ACTIVITIES | | |
| | (905,629) | (1,808,185) |
| INCREASE/(DECREASE) IN CASH | | |
| | 184,886 | (10,376,334) |
| Cash and cash equivalents at beginning of year | 56,126,035 | 66,502,369 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 56,310,921</u> | <u>\$ 56,126,035</u> |
| Represented by: | | |
| Cash and cash equivalents | <u>\$ 56,310,921</u> | <u>\$ 56,126,035</u> |

The accompanying notes on pages 10 to 37 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE A – INCORPORATION AND PRINCIPAL ACTIVITY

The Environmental Management Authority Environmental Trust Fund (the Authority) is a Statutory Authority established when Parliament assented to the Environmental Management Act, 1995 on March 7, 1995. The Authority was established to develop and implement institutional arrangements for the regulation and management of the environment in the Republic of Trinidad and Tobago. Its principal place of operation is at #8 Elizabeth Street, St. Clair.

The Environmental Management Act, 1995 was repealed on March 8, 2000, and replaced by the Environmental Management Act, 2000. The new Act changed the financial year end of the Authority to September 30.

The Environmental Trust Fund was established by the Environmental Management Act, 1995 to fund the operations of the Authority and is administered by five members of the Board of Director, designated by the President to act as Trustees.

The Authority's work includes the enforcement of the Noise Pollution Control Rules, 2001; the Noise Pollution Control (Fees) Regulation 2001; Certificate of Environmental Clearance Rule; the Certificate of Environmental Clearance (Designated Activities) Amendment Order, 2007 & 2008; Certificate of Environmental Clearance (Fees and Charges) Regulations, 2001; Water Pollution Rules, 2019; Water Pollution (Fees) Regulations, 2019; the Environmentally Sensitive Areas Rules, 2001; and Environmentally Sensitive Species Rules, 2001; Air Pollution Rules, 2014 and Air Pollution (Fees) Regulations, 2014.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- (i) **Basis of Preparation** – These financial statements have been prepared on the going concern basis in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements are presented in Trinidad and Tobago dollars and are prepared on the historical cost basis except for land and buildings which are measured at fair value using the revaluation model.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority accounting policies. These are disclosed in Note C.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(ii) New and revised standards applicable or effective for the current year.

(a) New and amended standards adopted by the Authority:

There are no new IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January, 2021 that would be expected to have a material impact on the Authority.

(b) New standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2021 and have not been applied in preparing these financial statements.

The trustees do not anticipate that the application of these amendments will have a significant impact on the financial statements.

(iii) Cash and Cash Equivalents – Cash and cash equivalents includes cash on hand and at bank. These funds comprise of monies owned by the Authority and monies entrusted to the Authority via Memorandum of Agreements (MOA) for projects.

(iv) Property, Plant and Equipment – Property, plant and equipment (PPE) are tangible items that are held for use by the authority for administrative purposes or to provide services and are expected to be used over more than one period. Items of PPE are initially recognized at cost. Historical costs include all cost incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Items of PPE are measured at historical cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount recognized as a separate, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

(iv) Property, Plant and Equipment – (Continued)

Depreciation is calculated on the reducing balance method to write-off the cost/valuation of assets of its residual values over its estimated useful lives as follows:

| | | |
|-------------------------------|---|-------|
| Leasehold improvements | - | 10% |
| Buildings | - | 2-20% |
| Furniture and fittings | - | 10% |
| Office and computer equipment | - | 20% |
| Motor vehicles | - | 25% |
| Specialized equipment | - | 20% |
| Library/information | - | 10% |

Land is not depreciated as it is deemed to have an indefinite life.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. The current policy is to carry out the revaluations every four years.

When land and buildings are revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset's carrying amount, as a result of revaluation, is recognized in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Any decrease in an asset's carrying amount, as a result of revaluation, is recognized in profit or loss in the current year. The decrease is recognized in other comprehensive income to the extent that any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

(iv) Property, Plant and Equipment – (Continued)

The revaluation reserve related to land and buildings is transferred directly to retained earnings when the asset is derecognized.

Gains and losses on disposal of property, plant and equipment are determined by reference to its' carrying amounts and are included in the statement of income.

(v) Foreign Currency Translations

Functional and Presentation Currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates (the 'functional currency'). The financial statements are presented in Trinidad and Tobago Dollars, which is the Authority's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

(vi) Receivables and Prepayments – Receivables and prepayments are carried at anticipated value which is net of any specific provision for anticipated losses for bad and doubtful debts.

(vii) Payables and Accruals – Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for services rendered. A provision is recognized when the Authority has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO FINANCIAL STATEMENTS – (Continued)

(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

- (viii) Taxation – The Authority is exempt from taxation under the Environmental Management Act of 2000, Part VII Section 76. According to Section 76: –

'The Fund and Authority shall be exempted from stamp duty, corporation tax, custom duties, value added taxes, motor vehicle taxes, fees, charges assessments, levies and imposts on any income or profit or assets which are acquired for use by the Fund Authority.'

- (ix) Leases – The Authority accounts for a contract or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset,
- The Authority obtains substantially all the economic benefits from the use of the asset, and
- The Authority has the right to direct use of asset.

The Authority considers whether the supplier has substantive substitution rights. If the supplier does not have those rights, the contract is not identified as giving rise to a lease. In determining whether the Authority obtains substantially all the economic benefits that arise from the use of the asset, the Authority considers only the economic benefits that arise from the use of the asset, not those identical to legal ownership or other potential benefits.

In determining whether the Authority has the right to direct the use of the asset, the Authority considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they were pre-determined due to the nature of the asset, the Authority considers whether it was involved in the design of the asset in a way that pre-determines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Authority applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for:

- Leases of low-value assets, and
- Leases with a duration of twelve (12) months or less.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

(ix) Leases – (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

(x) Value Added Tax (VAT) – Revenues, expenses and assets are recognized net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense.

Recoverable and payables are stated inclusive of the amount of VAT receivable or payable.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

(xi) Deferred income/project liabilities – Advance payments for certification, permits and assessments yet to be conducted. These will be recognized as income in the period in which the good or service is provided. Project liabilities are funds received by the authority based on Memorandum of Agreements signed. These will be settled with future disbursements based on the submission and approval of progress reports from the respective projects.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

(xii) Income and Funding

- Government grants (subvention) – Subventions received from the Government of the Republic of Trinidad and Tobago (GORTT) are recognized in the statement of income on an accrual basis so as to match them with expenditure towards which they are intended to compensate.
- Government advances – These are advances received from the GORTT for approved Public Sector Initiative Programmes (PSIP). The Authority acts as an agent of the GORTT to receive these funds and disburse them in accordance with the programme's objectives and guidelines and receives no fees for this service. Funds received for approved programmes are credited directly to income unless the programme is expected to exceed one year in which case it will be credited to deferred income until its use or until the expenditure is incurred. The Authority also receives advances to fund the purchase of property plant and equipment for its own use.
- Projects – These are income recognized on projects which the authority has agreed to conduct based on agreements signed. The income is only recognized to the extent of the expenses incurred on the respective projects for the period.
- Other Income – These are income recognized for administrative fees, certification, permits and assessments carried out by the Authority.
- Interest Income – These are interest earned on debt instruments using the effective interest method.

NOTES TO FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

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NOTE C – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Authority's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Authority makes estimates and assumptions concerning the future and actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognized in the statement of income in the period in which the estimate is changed, if the change affects that period only. If the change affects a prior period, the Authority recognizes this change in the statement of movement in funds for the current period.

The critical judgements, apart from that, involving estimations, which has the most significant effect on the amounts recognised in the financial statements, are as follows:

1. Which depreciation method for building and equipment is used and the useful life.
2. Whether property, plant and equipment are measured at cost or revalued amount.

Contingent Liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not or remote. Such judgement is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability.

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is with respect to building and equipment. Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

NOTES TO FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

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NOTE D – CASH AND CASH EQUIVALENTS

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Petty Cash | \$ 16,000 | \$ 16,000 |
| Republic Bank Limited: | | |
| Opening account | 12,137,138 | 12,705,469 |
| US Dollar account | 3,269,227 | 1,936,909 |
| The Green Fund – National Restoration, Carbon Sequestration, Wildlife & Livelihoods Project | 121,624 | 58,867 |
| The Green Fund – Highway Police Surveillance Bays Project | 2,927,926 | 2,927,926 |
| The Green Fund – National Beverage Containers Bill Clean-up Project | 7,278,813 | 7,279,113 |
| The Green Fund – Recyclable Solid Waste Collection Project | 8,361,011 | 16,820,880 |
| EMA – ETF – Oil Spill Assessment, Remediation and Rehabilitation | 8,912,536 | 4,355,447 |
| VTM card | - | 9,303 |
| EMA – The Environmental Trust Fund | 4,456,696 | 3,337,399 |
| EMA – GEF Bioreach Project | 179,266 | - |
| EMA – EURO Account | 49,633 | - |
| First Citizens Bank Limited: | | |
| Permit account | 7,873,585 | 5,931,367 |
| RBC Royal Bank (T&T) Limited: | | |
| Other projects | 241,577 | 242,117 |
| Biosafety | 93,773 | 94,313 |
| National Capacity Needs Self-Assessment | 392,116 | 392,656 |
| Scotiabank (T&T) Limited: | | |
| Scotia Fleet Card | - | 18,269 |
| | <u>\$ 56,310,921</u> | <u>\$ 56,126,035</u> |
| Analyzed as: | | |
| Environmental Management Authority Environmental Trust fund | \$ 24,483,420 | \$ 22,017,806 |
| Third parties and project funds | 31,827,501 | 34,108,229 |
| | <u>\$ 56,310,921</u> | <u>\$ 56,126,035</u> |

NOTES TO FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE E – RECEIVABLES AND PREPAYMENTS

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|----------------------|
| Accounts receivables | \$ 167,222 | \$ 322,353 |
| Value Added Tax receivable | 4,528,304 | 9,338,748 |
| Other receivables | 842,152 | 317,514 |
| Prepayments | 962,419 | 691,790 |
| | <u>\$ 6,500,097</u> | <u>\$ 10,670,405</u> |
| Analyzed as: | | |
| Environmental Management Authority Environmental Trust fund | \$ 4,391,218 | \$ 6,446,369 |
| Third parties and project funds | 2,108,879 | 4,224,036 |
| | <u>\$ 6,500,097</u> | <u>\$ 10,670,405</u> |

NOTES TO FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE F – PLANT AND EQUIPMENT

| | Land & Buildings | Leasehold Improvement | Furniture & Fittings | Office & Computer Equipment | Motor Vehicles | Specialized Equipment | Library/Information | RSWC Project | NRCSWL Project | Total |
|-------------------------------|----------------------|-----------------------|----------------------|-----------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|
| Year ended September 30, 2022 | | | | | | | | | | |
| Cost | | | | | | | | | | |
| At beginning of year | \$ 46,074,981 | \$ 3,622,277 | \$ 7,200,031 | \$ 9,726,107 | \$ 4,364,376 | \$ 2,764,371 | \$ 332,331 | \$ 5,520,878 | \$ 3,348,121 | \$ 82,963,473 |
| Additions | - | - | 58,738 | 216,147 | 609,102 | 1,012,395 | - | - | - | 1,896,382 |
| Disposals | - | - | - | - | (794,450) | - | - | - | - | (794,450) |
| Revaluation of property | (474,981) | - | - | - | - | - | - | - | - | (474,981) |
| At end of year | <u>\$ 45,600,000</u> | <u>\$ 3,622,277</u> | <u>\$ 7,258,769</u> | <u>\$ 9,942,254</u> | <u>\$ 4,179,028</u> | <u>\$ 3,776,766</u> | <u>\$ 332,331</u> | <u>\$ 5,520,878</u> | <u>\$ 3,348,121</u> | <u>\$ 83,580,424</u> |
| Accumulated Depreciation | | | | | | | | | | |
| At beginning of year | \$ 835,451 | \$ 1,845,086 | \$ 5,024,432 | \$ 8,633,875 | \$ 3,811,323 | \$ 1,975,691 | \$ 303,319 | \$ 3,824,898 | \$ 2,575,454 | \$ 28,829,529 |
| Current year charge | 270,628 | 177,719 | 222,515 | 270,236 | 192,600 | 174,610 | 2,901 | 560,604 | 157,120 | 2,028,933 |
| Disposals | - | - | - | - | (782,877) | - | - | - | - | (782,877) |
| Revaluation of property | (996,919) | - | - | - | - | - | - | - | - | (996,919) |
| At end of year | <u>\$ 109,160</u> | <u>\$ 2,022,805</u> | <u>\$ 5,246,947</u> | <u>\$ 8,904,111</u> | <u>\$ 3,221,046</u> | <u>\$ 2,150,301</u> | <u>\$ 306,220</u> | <u>\$ 4,385,502</u> | <u>\$ 2,732,574</u> | <u>\$ 29,078,666</u> |
| Net Book Value | <u>\$ 45,490,840</u> | <u>\$ 1,599,472</u> | <u>\$ 2,011,822</u> | <u>\$ 1,038,143</u> | <u>\$ 957,982</u> | <u>\$ 1,626,465</u> | <u>\$ 26,111</u> | <u>\$ 1,135,376</u> | <u>\$ 615,547</u> | <u>\$ 54,501,758</u> |

NOTES TO FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE F – PLANT AND EQUIPMENT – (Continued)

| | Land & Buildings | Leasehold Liabilities | Furniture & Fixtures | Office & Computer Equipment | Motor Vehicles | Specialized Equipment | Library/Information | RSWC Project | NRCSWL Project | Total |
|----------------------------------|------------------|-----------------------|----------------------|-----------------------------|----------------|-----------------------|---------------------|--------------|----------------|---------------|
| Year ended September 30, 2021 | | | | | | | | | | |
| Cost | | | | | | | | | | |
| At beginning of year | \$ 52,269,410 | \$ 3,622,277 | \$ 7,349,326 | \$ 9,498,292 | \$ 4,394,935 | \$ 2,687,739 | \$ 332,331 | \$ 5,500,450 | \$ 3,328,746 | \$ 88,983,506 |
| Restatement of revaluations | (6,203,679) | - | - | - | - | - | - | - | - | (6,203,679) |
| At beginning of year as restated | 46,065,731 | 3,622,277 | 7,349,326 | 9,498,292 | 4,394,935 | 2,687,739 | 332,331 | 5,500,450 | 3,328,746 | 82,779,827 |
| Additions | 9,250 | - | 9,302 | 303,891 | - | 76,632 | - | 20,428 | 19,375 | 438,878 |
| Disposals | - | - | (158,597) | (76,076) | (30,559) | - | - | - | - | (265,232) |
| At end of year | \$ 46,074,981 | \$ 3,622,277 | \$ 7,200,031 | \$ 9,726,107 | \$ 4,364,376 | \$ 2,764,371 | \$ 332,331 | \$ 5,520,878 | \$ 3,348,121 | \$ 82,953,473 |
| Accumulated Depreciation | | | | | | | | | | |
| At beginning of year | \$ 8,033,586 | \$ 1,647,620 | \$ 4,775,659 | \$ 8,332,528 | \$ 3,625,644 | \$ 1,796,082 | \$ 300,096 | \$ 2,989,271 | \$ 2,377,956 | \$ 33,878,442 |
| Restatement of revaluations | (7,480,558) | - | - | - | - | - | - | - | - | (7,480,558) |
| At beginning of year as restated | 553,028 | 1,647,620 | 4,775,659 | 8,332,528 | 3,625,644 | 1,796,082 | 300,096 | 2,989,271 | 2,377,956 | 26,397,884 |
| Depreciation charge | 282,423 | 197,466 | 248,773 | 301,347 | 185,679 | 179,609 | 3,223 | 835,627 | 197,498 | 2,431,645 |
| At end of year | \$ 835,451 | \$ 1,845,086 | \$ 5,024,432 | \$ 8,633,875 | \$ 3,811,323 | \$ 1,975,691 | \$ 303,319 | \$ 3,824,898 | \$ 2,575,454 | \$ 28,829,529 |
| Net Book Value | \$ 45,239,530 | \$ 1,777,191 | \$ 2,175,599 | \$ 1,092,232 | \$ 553,053 | \$ 788,680 | \$ 29,012 | \$ 1,695,980 | \$ 772,667 | \$ 54,123,944 |

NOTES TO FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE F – PLANT AND EQUIPMENT – (Continued)

(i) Fair Value measurement of the Authority's properties

The Authority's properties (land and buildings) are stated at its revaluated amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. All four (4) properties were revalued by an independent valuator G.A. Farrell & Associates Limited. The effective date of the valuations was April 30, 2022, and the accumulated fair value was determined after consideration and use of one or more of the following approaches: the Direct Sale Comparison Approach; the Income Approach; and the Cost Approach.

Details of the Authority's properties and information about the fair value hierarchy as of September 30, 2022 and 2021 are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|-------------|----------------------|-------------|----------------------|
| At 30 September 2022 | \$ <u>-</u> | \$ <u>45,490,840</u> | \$ <u>-</u> | \$ <u>45,490,840</u> |
| At 30 September 2021 | \$ <u>-</u> | \$ <u>45,239,530</u> | \$ <u>-</u> | \$ <u>45,239,530</u> |

There were no transfers between levels during the year.

(ii) If the properties were stated using the historical cost basis, the carrying values would have been as follows:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------|----------------------|----------------------|
| Land and Buildings | | |
| Cost | \$ 29,057,951 | \$ 29,057,951 |
| Accumulated depreciation/impairment | (7,904,672) | (7,244,519) |
| Net book amount | \$ <u>21,153,279</u> | \$ <u>21,813,432</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE G – RIGHT OF USE ASSET

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------------|-----------------------------|
| Property | | |
| Balance at beginning of year | \$ 3,078,990 | \$ 4,681,402 |
| Adjustment | - | (603,820) |
| Depreciation charge for the year | (998,592) | (998,592) |
| | <u> </u> | <u> </u> |
| Balance at end of year | <u>\$ 2,080,398</u> | <u>\$ 3,078,990</u> |
| Amount recognized in profit and loss | | |
| Leases under IFRS 16 | | |
| Interest on lease liability | \$ 226,570 | \$ 302,918 |
| Depreciation | 998,592 | 998,592 |
| Expense relating to short-term lease | 84,000 | 84,000 |
| | <u> </u> | <u> </u> |
| | <u>\$ 1,309,162</u> | <u>\$ 1,385,510</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE H – PAYABLES AND ACCRUALS

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Accounts payable | \$ 1,656,295 | \$ 1,021,473 |
| Other payable | 5,301 | 5,301 |
| Contracts | - | 439,348 |
| Accruals | 11,510,306 | 20,382,714 |
| Violations payable | 6,971 | 11,340 |
| Ministry of Agriculture Forestry Division: National Forestry Inventory | 652,093 | 520,379 |
| National Restoration, Carbon Sequestration, Wildlife and Livelihood Project | 807,625 | 988,501 |
| Recyclables Solid Waste Collection Project | 11,536,585 | 22,587,487 |
| Highway Police Surveillance Bays | 2,927,221 | 2,927,221 |
| Oil Spill Assessment Remediation and Rehabilitation | 4,933,026 | 4,933,443 |
| National Beverage Container Bill Clean Up Project | 7,278,813 | 7,279,113 |
| IWEco Project | 1,397,933 | 1,568,152 |
| UNEP – UNCCD 2018 | 60,825 | 60,825 |
| Deferred income | 4,377,923 | 3,102,903 |
| UNEP – CBTT Profit | 963,126 | - |
| GEF Bioreach Profit | 158,066 | - |
| BIOPAMA | 53,591 | - |
| | <u>\$ 48,325,700</u> | <u>\$ 65,828,200</u> |
| Analyzed as: | | |
| Environmental Management Authority Environmental Trust fund | \$ 18,202,136 | \$ 25,040,290 |
| Third parties and project funds | 30,123,564 | 40,787,910 |
| | <u>\$ 48,325,700</u> | <u>\$ 65,828,200</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE I – LEASE LIABILITY

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-----------------------------|-----------------------------|
| Balance at beginning of year | \$ 3,020,929 | \$ 4,829,114 |
| Adjustment | - | (790,203) |
| Payment of lease liability | (905,630) | (1,017,982) |
| | <u> </u> | <u> </u> |
| Balance at end of year | <u>\$ 2,115,299</u> | <u>\$ 3,020,929</u> |
| | | |
| Current | \$ 973,553 | \$ 905,630 |
| Non-current | 1,141,746 | 2,115,299 |
| | <u> </u> | <u> </u> |
| | <u>\$ 2,115,299</u> | <u>\$ 3,020,929</u> |

NOTE J – REVALUATION RESERVE

Revaluation reserve represents the surplus value of the Authority’s properties over the cost, as the Authority uses the revaluation model to account for their properties. The Authority has four properties.

NOTE K – FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair value are estimated using various valuation techniques, including using recent arm’s length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

Current Assets and Liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE L – 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 party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|---------------------|---------------------|
| Other expenses | | |
| Directors' Fees | \$ 763,250 | \$ 837,100 |
| Directors' expenses | 121,234 | 12,369 |
| | <u>\$ 884,484</u> | <u>\$ 849,469</u> |
| Key management compensation | | |
| Short-term benefits | <u>\$ 4,853,740</u> | <u>\$ 3,961,873</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE M – FINANCIAL RISK MANAGEMENT

The Authority's activities are primarily related to the use of financial instruments. The authority accepts funds mainly from the GORTT and earns interest by investing in short-term money market instruments.

The following table summarizes the carrying amounts and fair value of the Authority's financial assets and liabilities:

| | <u>Financial assets and liabilities</u> | <u>Non-financial assets and liabilities</u> | <u>Equity</u> | <u>Total</u> |
|---------------------------------|---|---|-----------------------------|-----------------------------|
| As at September 30, 2022 | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 56,310,921 | \$ - | \$ - | \$ 56,310,921 |
| Receivables and prepayments | 5,537,678 | 962,419 | - | 6,500,097 |
| Property, plant and equipment | - | 54,543,418 | - | 54,543,418 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 61,848,599</u> | <u>\$ 55,505,837</u> | <u>\$ -</u> | <u>\$ 117,354,436</u> |
| Liabilities and fund: | | | | |
| Payables and accruals | \$ 48,325,700 | \$ - | \$ - | \$ 48,325,700 |
| Funds | - | - | 52,800,129 | 52,800,129 |
| Revaluation reserve | - | - | 16,193,706 | 16,193,706 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 48,325,700</u> | <u>\$ -</u> | <u>\$ 68,993,835</u> | <u>\$ 117,319,535</u> |
| As at September 30, 2021 | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 56,126,035 | \$ - | \$ - | \$ 56,126,035 |
| Receivables and prepayments | 9,978,615 | 691,790 | - | 10,670,405 |
| Property, plant and equipment | - | 52,196,675 | - | 52,196,675 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 66,104,650</u> | <u>\$ 52,888,465</u> | <u>\$ -</u> | <u>\$ 118,993,115</u> |
| Liabilities and fund: | | | | |
| Payables and accruals | \$ 65,828,202 | \$ - | \$ - | \$ 65,828,202 |
| Funds | - | - | 33,407,330 | 33,407,330 |
| Revaluation reserve | - | - | 19,815,644 | 19,815,644 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 65,828,202</u> | <u>\$ -</u> | <u>\$ 53,222,974</u> | <u>\$ 119,051,176</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE M – FINANCIAL RISK MANAGEMENT – (Continued)

The Authority is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Authority to manage these risks are discussed below:

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(b) Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Authority relies heavily on its policies and guidelines on trade debtor management, which sets out the current policies governing the granting of credit to customers function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Authority's credit philosophy; provide policy guidelines to team members involved in granting credit; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Authority's debtor portfolio is managed and consistently monitored by management and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Authority has policies to limit the amount of exposure to any single financial institution.

The Authority also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities do not match. An unmatched position potentially but can also increase the risk of losses. The Authority has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE M – FINANCIAL RISK MANAGEMENT – (Continued)

(c) Liquidity Risk – (Continued)

Liquidity Gap

The Authority's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date:

| As at September 30, 2022 | <u>On Demand</u> | <u>Up to 1 year</u> | <u>Total</u> |
|---------------------------------|----------------------|------------------------|----------------------|
| Financial assets: | | | |
| Cash and cash equivalents | \$ 56,310,921 | \$ - | \$ 56,310,921 |
| Receivables and prepayments | 167,222 | 6,332,875 | 6,500,097 |
| | <u>\$ 56,478,143</u> | <u>\$ 6,332,875</u> | <u>\$ 62,811,018</u> |
| Financial liabilities: | | | |
| Payables and accruals | \$ - | \$ 48,325,700 | \$ 48,325,700 |
| | <u>\$ -</u> | <u>\$ 48,325,700</u> | <u>\$ 48,325,700</u> |
| Net liquidity gap | <u>\$ 56,478,143</u> | <u>\$ (41,992,825)</u> | <u>\$ 14,485,318</u> |
| As at September 30, 2021 | | | |
| Financial assets: | | | |
| Cash and cash equivalents | \$ 56,126,035 | \$ - | \$ 56,126,035 |
| Receivables and prepayments | 322,354 | 10,348,051 | 10,670,405 |
| | <u>\$ 56,448,389</u> | <u>\$ 10,348,051</u> | <u>\$ 66,796,440</u> |
| Financial liabilities: | | | |
| Payables and accruals | \$ - | \$ 65,828,200 | \$ 65,828,200 |
| | <u>\$ -</u> | <u>\$ 65,828,200</u> | <u>\$ 65,828,200</u> |
| Net liquidity gap | <u>\$ 56,448,389</u> | <u>\$ (55,480,149)</u> | <u>\$ 968,240</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE M – FINANCIAL RISK MANAGEMENT – (Continued)

(d) Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Authority’s measurement currency. The Authority is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States and European Union Dollar. The Authority’s management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Authority had the following significant currency positions:

| | Foreign Currency (TT\$ Equivalent) |
|-------------------------------|---------------------------------------|
| As at September 30, 2022: | |
| Assets: | |
| Cash at bank | \$ 3,318,859 |
| | <hr/> |
| Total foreign currency assets | \$ <u><u>3,318,859</u></u> |
| As at September 30, 2021: | |
| Assets: | |
| Cash at bank | \$ 1,936,909 |
| | <hr/> |
| Total foreign currency assets | \$ <u><u>1,936,909</u></u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE M – FINANCIAL RISK MANAGEMENT – (Continued)

(d) Currency Risk – (Continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the Trinidad and Tobago dollar against the US and Euro dollar with all over variables held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. If the Trinidad and Tobago dollar strengthens or weakness by 5% against the US and Euro dollar, the effect would be as follows.

| | <u>2022</u> | | <u>2021</u> |
|------------------------------------|-------------------|----|---------------|
| Effect – US and Euro dollar impact | \$ <u>165,943</u> | \$ | <u>14,497</u> |

(e) Operational Risk

Operational risk is the risk that derives from deficiencies relating to the Authority's information technology and control systems, as well as the risk of human error and natural disasters. The Authority's systems are evaluated, maintained and upgraded continuously.

(f) Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the Republic of Trinidad and Tobago. The risk is limited to the extent of monitoring controls applied by the Authority.

(g) Reputation Risk

The risk of loss of reputation arising from negative publicity relating to the Authority's operations (whether true or false) may result in a reduction in revenue and legal cases against the Authority. The Authority applies procedures to minimize this risk.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE N – FUND INCOME

| | <u>2022</u> | <u>2021</u> |
|----------------------|----------------------|----------------------|
| Government funds | \$ 52,412,872 | \$ 41,880,830 |
| NSRCSL Project Fund | 179,422 | 666,181 |
| RSWC Project Fund | 11,050,572 | 10,364,565 |
| Activities Income | 4,136,803 | 3,424,172 |
| Interest Income | 5,394 | 5,159 |
| Miscellaneous Income | 670,143 | 1,049,841 |
| | <u>\$ 68,455,206</u> | <u>\$ 57,390,748</u> |

Government funds include \$9,842,560 received on December 23, 2021 for a retroactive payment to EMA's employees for salary increases as per Industrial Court's decision on June 12, 2020.

NOTE O – PROJECT EXPENSES

Project expenses comprise of general expenses incurred by the different projects managed by the Authority.

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Description: | | |
| National Restoration, Carbon Sequestration, Wildlife and Livelihoods Project | \$ 179,422 | \$ 666,181 |
| Pollution Prevention and Control | 311,147 | 1,675,259 |
| Recyclable Solid Waste Collection Project | 11,050,572 | 10,364,565 |
| PCS | 34,931 | - |
| | <u>\$ 11,576,072</u> | <u>\$ 12,706,005</u> |

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE P – COMMITMENTS AND CONTINGENCIES

(i) Leasing arrangements commitments

Operating lease relates to lease of office with a lease term of 5 years. The Authority does not have an option to purchase the leased office at the expiry of the lease period.

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| No later than 1 year | \$ 973,553 | \$ 905,630 |
| Later than 1 year and no later than 5 years | 1,141,746 | 2,115,299 |
| | <u>\$ 2,115,299</u> | <u>\$ 3,020,929</u> |

(ii) Contingent liabilities

The Authority is currently involved in various legal proceedings arising in the ordinary course of operation which are at various stages of litigation. Provisions are made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Authority, and the amount can be reasonably estimated. No provision is made for matters which are premature to determine their outcome and for which no reliable estimate of payment is available.

NOTE Q – CURRENT PROJECTS

Funding was provided to the Environmental Management Authority Environmental Trust Fund as follows:

- (i) Proceeds of a loan of US\$6.25 million from the International Bank for Reconstruction and Development, also known as the World Bank (IBRD) to the Government of the Republic of Trinidad and Tobago (GORTT). This loan facility closed on December 31, 2000.
- (ii) Ongoing funding from GORTT to cover recurrent and development programme expenditure. Government Grants are accounted for using the income approach. Under this approach, the grant is recognized in profit or loss on a systematic basis over the period in which the entity recognized as expenses, the related costs for which the grant is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE Q – CURRENT PROJECTS – (Continued)

- (iii) A Memorandum of Agreement was signed on April 20, 2010 by the Minister of Planning, Housing and the Environment acting on behalf of the GORTT to receive funding from the Green Fund to continue with the Nariva Swamp Restoration, Carbon Sequestration and Livelihoods Project (NSRCSL Project). In 2014, it was renamed to the National Restoration, Carbon Sequestration, Wildlife and Livelihoods project with an expanded focus on wildlife management. The project's original duration was from April 20, 2010 to March 31, 2017. Upon the signing of the agreement, the first tranche of TT\$8.471 million was received. The total grant amount is TT\$68.545 million, with an outstanding balance of TT\$30.676 million. Future disbursements will be based on the submission and approval of progress reports.
- (iv) A Memorandum of Agreement (MOA) was signed on June 19, 2015, by the Minister of the Environment and Water Resources acting on behalf of the GORTT to receive funding from the Green Fund to execute the Recyclable Solid Waste Collection Project (RSWCP). The project's initial duration was nine (9) months, with an end date of March 29, 2016. The project has received approval in July 2020 signed by the Prime Minister acting on behalf of the Ministry of Planning and Development to continue certified activities until July 2021. Upon the signing of the agreement, the first tranche of TT\$80.000 million was received by the EMA. The total grant to be disbursed is \$TT107.754 million with an outstanding balance of \$TT27.754 million. Future disbursement will be made based on the submission and approval of progress reports.
- (v) A Memorandum of Agreement (MOA) was signed on September 17, 2013 by the Minister of the Environment and Water Resources acting on behalf of the GORTT to receive funding from the Green Fund to execute the National Beverage Containers Bill Clean-up Project (BCCP). The project duration was from September 17, 2013 to May 30, 2014. Upon the signing of the agreement, the first tranche of TT\$56.662 million was received. The total grant to be disbursed is TT\$62.329 million, with an outstanding balance of TT\$5.667 million. Future disbursements will be made based on the submission and approval of progress reports.
- (vi) A Memorandum of Agreement (MOA) was signed on September 7, 2011 with the Minister of Housing and the Environment acting on behalf of the GORTT to receive funding from the Green Fund to execute the Highway Police Surveillance Bays Project (HPSB Project). The project duration was from September 7, 2011 to June 30, 2012. Upon the signing of the agreement, the first tranche of TT\$4.818 million was received. The total grant to be disbursed is TT\$9.635 million, with an outstanding balance of TT\$192 thousand. Future disbursements will be made based on the submission and approval of progress reports.
- (vii) A Project Cooperation Agreement (PCA) was signed between the United Nations Environment Programme, an international inter-governmental organisation established by the General Assembly of the United Nations, and represented by its Regional Coordination Unit of the Caribbean Environment Programme and the Environmental Management Authority (EMA) in May 2017 for the execution of the Project Integrating Water, Land and Ecosystem (IWEco) Management in Caribbean Small Islands Developing States (SIDS) in Trinidad and Tobago.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE Q – CURRENT PROJECTS – (Continued)

(vii) Continued

The original project period was thirty-six (36) months from the date of signing. An extension was granted with a revised agreement scheduled to terminate in December 2021. Another extension was subsequently granted for the project to terminate in August 2022. The value of the project is US\$643,658. Upon signing of the original PCA, a disbursement of US\$90,000 was released. To date, a total of four tranches have been received totalling US\$476,100. Further disbursements will be released based on project status and expenditure reports and submission of work plans.

(viii) A Project Cooperation Agreement (PCA) was signed between the United Nations Environment Programme (UNEP) and the Environmental Management Authority (EMA) in October 2021 for the execution of the Project titled: Strengthening Trinidad and Tobago's capacity in transparency for climate change mitigation and adaptation. The project period is thirty-six (36) months. The GEF grant is in the amount of US\$1,060,400 and it was noted in the PCA that UNEP shall withhold a total of US\$30,200 for the Terminal Evaluation. Upon signing of the original PCA, a disbursement of US\$190,000 was released. To date, a second tranche have been received in the amount of US\$80,000. Further disbursements will be released based on project status and submission of expenditure reports.

(ix) The GORTT through the Ministry of Planning & Development (MPD) received approval in 2021 from the Global Environment Facility (GEF) to execute the project entitled "BIOREACH: Biodiversity Conservation and Agroecological Land Restoration in Productive Landscapes of Trinidad and Tobago". This project seeks to promote biodiversity conservation, restore degraded lands and improve the livelihoods of rural communities in targeted productive landscapes (agriculture, forestry and other land uses) throughout Trinidad and Tobago.

The four (4) year project will be jointly executed by the Environmental Management Authority (EMA) and the National Agricultural Marketing and Development Corporation (NAMDEVCO) with the Food and Agriculture Organization of the United Nations (FAO/UN) as the GEF implementing agency and the Environmental Policy and Planning Division of the MPD as the Project Directorate.

The GEF has committed US\$3,752,162 in project financing with a further US\$18,702,630 committed from the GOTT as co-financing support. The EMA will receive US\$1,275,321 over the lifespan of the project. This financing will be used to finance the Project Management Unit and to execute the outputs related to restoration of degraded forests and riparian zones, development of an integrated wildfire management system, biodiversity data collection and monitoring, implementation of species recovery plans for the Trinidad piping guan (*Pipile pipile*) and the white-tailed sabrewing (*Campylopterus ensipennis*) and the development of land degradation maps for the country along with best practices in combating the root causes.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
(Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

September 30, 2022

NOTE Q – CURRENT PROJECTS – (Continued)

(ix) Continued

The EMA received via an initial Letter of Agreement from the FAO a sum of US\$88,504 in March of 2022 for, "Services to Facilitate the Inception Phase for the Bioreach Project." This contract was successfully executed and ended in March 2023. The EMA signed the Operational Partners Implementation Modality agreement with the FAO in January of 2023 and submitted the first request for funds under this agreement for full project execution in the sum of US\$171,096. These requests for funds are to be done in six-month intervals. To date, however, the first tranche has not been received.

(x) UNCCD: A Small-Scale Funding Agreement (SSFA) was signed between the United Nations Environment Programme (UNEP) and the Environmental Management Authority (EMA) on 7 September 2022 for the execution of the Project 'Strengthening National Level Institutional and Professional Capacities of Country Parties towards enhanced UNCCD Monitoring and Reporting'. The project will end by February 2024. The value of the project is US\$91,324. Upon signing of the SSFA, a disbursement of US\$70,000 was released; the only tranche released to date. Further disbursements will be released based on project status and expenditure reports and submission of work plans.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 (Expressed in Trinidad and Tobago Dollars)

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

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NOTE R – RESTATEMENT OF COMPARATIVE FIGURES

The restatement of the 2021 comparative figures resulted from accounting for the revaluation of properties in 2010, the valuation done was for insurance purposes as stated in the letter from G.A. Farrell & Associates. This resulted in an overstatement of the property values and as a consequence, depreciation expense was overstated in the subsequent years. Based on IAS 8, this error has been retrospectively corrected and the adjustments have been retrospectively applied.

Impact of Restatement

The following summarizes the impact of the restatement on the Authority's financial statements.

| Statement of Financial Position | As previously reported 2021 | Adjustments | As restated 2021 |
|--|--|--------------------|-----------------------------|
| Property, plant and equipment | \$ 52,196,675 | \$ 1,927,269 | \$ 54,123,944 |
| GORTT fund | 29,537,500 | 4,831,178 | 34,368,678 |
| Revaluation reserve | 19,815,644 | (2,903,907) | 16,911,737 |
| | As previously reported 2021 | Adjustments | As restated 2021 |
| Statement of Comprehensive Income | | | |
| Depreciation | \$ 2,911,950 | \$ (514,838) | \$ 2,397,112 |
| Total expenses | 41,916,226 | (514,838) | 41,401,388 |
| Net surplus for the year | <u>2,768,517</u> | <u>514,838</u> | <u>3,283,355</u> |

NOTE S – SUBSEQUENT EVENTS

There are no subsequent events occurring after the statement of financial position date and before the date of approval of these financial statements by the Trustees that require adjustment to or disclosure in these financial statements.