FRIENDS FOR CONSERVATION AND DEVELOPMENT

Independent Auditor's Report and Financial Statements

For the years ended October 31, 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
FRIENDS FOR CONSERVATION AND DEVELOPMENT

Opinion

I have audited the accompanying consolidated financial statements of Friends for Conservation and Development, which comprises the statements of financial position as of October 31, 2025 , and the related statements of comprehensive income, and statements of cash flows for the years then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Friends for Conservation and Development as of October 31, 2025 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs).

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (IESBA Code), and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of management and those charged with governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS for SMEs, 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. Management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibility of the audit of the financial statements

My 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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

As part of an audit in accordance with ISAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 controls.

· Obtain an understanding of internal controls 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 control.

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

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause Friends for Conservation and Development 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.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicated 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 I identified during the audit.

Jose Habet
Chartered Accountant
Belize City
June 22, 2026

FRIENDS FOR CONSERVATION AND DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2025

ASSETS	**NOTES**	**2025**	**2024**
Current assets:			
Cash and cash equivalent	4	1,506,811	1,718,018
Accounts receivable and prepayments	2c	242,762	21,935
		1,749,573	1,739,953
Property and equipment, net	2f, 5	997,561	951,482
Total assets		**$2,747,134**	**$2,691,435**
LIABILITIES AND FUND BALANCE			
Current liabilities:			
Acccounts payable	9	8,814	18,687
Deferred income	11	1,586,531	1,396,098
Total current liabilities		1,595,345	1,414,785
Deferred support		19,736	28,793
Severance payable	6	189,760	184,456
		209,496	213,249
FUND BALANCE			
Fund balance		942,293	1,063,401
Fund balance		942,293	1,063,401
Total Liabilities and fund balance		**$2,747,134**	**$2,691,435**

Approved on behalf of the Directors:

President

Executive Director

See accompanying notes to the financial statements

FRIENDS FOR CONSERVATION AND DEVELOPMENT
STATEMENTS OF INCOME AND FUND BALANCE
FOR THE PERIOD ENDED OCTOBER 31, 2025

	NOTE	2025	2024
Grants receipts	10	1,720,258	1,897,162
Research and education income	8	283,710	200,728
Other income	7	41,329	119,178
		2,045,297	2,217,068
Cost of services		72,925	55,763
Gross income		1,972,372	2,161,305
Expenses:			
Salaries and wages		1,074,005	1,026,368
Severance		5,304	13,390
Social security		58,117	61,620
Pilot project cost		60,955	29,070
Research and monitoring activities		154,583	187,081
Environmental and outreach activities		23,294	33,552
Sub-grant - awards		29,679	32,732
Site preparation and infrastructure		40,606	-
Administrative expenses	12	405,946	347,852
Depreciation expense		160,983	145,472
		2,013,472	1,877,137
Excess of income over expenditures		(41,100)	284,168
Prior period adjustment	13	(80,008)	-
Fund balance brought forward		1,063,401	779,233
Fund balance end of the period		**$942,293**	**$1,063,401**

See accompanying notes to the financial statements

FRIENDS FOR CONSERVATION AND DEVELOPMENT
STATEMENT OF CASH FLOWS
OCTOBER 31, 2025

	2025	**2024**
Cash flows from operating activities:		
Excess income over expenses	(41,100)	284,168
Depreciation	160,983	145,472
Prior period adjustment	(80,008)	(239,980)
Loss on disposal of fixed assets	24	11
	39,899	189,671
Changes in working capital		
(Increase) decrease in accounts receivables	(220,827)	16,221
(Decrease) in accounts payable	(9,873)	(6,514)
Increase in severance payable	5,304	2,646
Cash generated from operations	(185,497)	202,024
Cash used by investing activites		
Purchase of fixed assets	(207,086)	(183,194)
	(207,086)	(183,194)
Cash flows from financing activities:		
Increase in deferred income	190,433	732,368
(Decrease) Increase in deferred support	(9,057)	23,705
Net cash used in financing activities	181,376	756,073
Net (decrease) increase in cash and bank	(211,207)	774,903
Cash and bank, beginning of year	1,718,018	943,115
Cash and bank, end of year	**$1,506,811**	**$1,718,018**

See accompanying notes to the financial statements

1. ORGANIZATION

Friends for Conservation and Development (FCD) is a non-profit, non-governmental organization in Belize. FCD aims to conserve the natural and cultural resources of the western Chiquibul-Maya Mountains for the sustainable development of Belize. Its mission is to pioneer adaptive management of the Chiquibul Forest to improve the ecological and cultural integrity of the western Chiquibul-Maya Mountains.

FCD registered office is located in San Jose Succotz Village, Cayo district.

2. SUMMARY OF 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.

2.a Basis of presentation

The financial statements of the company have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these financials statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of the financial statements in conformity with IFRS for SMEs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of its stakeholders, donors and sustainable income streams such as research and education income.

2.b Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continue)

2.c Accounts Receivable

Accounts receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.d Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency''). The financial statements are presented in Belize dollars which is the Company's functional currency.

(b) 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 recognised in the statement of income. The official exchange rate of the Belize dollar is fixed at BZ$2 to US$1.

2.f Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly atributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing parts is added to the carrying amount of an item of property and equipment to such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and fund balance during the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continue)

2.f Property and equipment (continued)

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line depreciation method. The rates used are as follows:

Building	5%
Equipments	20%
Furniture & fixtures	20%
Motor Vehicles	25%
Computer Equipment	20%

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income/expense in the statement of income and fund balance.

Repairs and maintenance are charged against income. Improvement, which extend the useful life of the assets are capitalized. When fixed assets are disposed of by sale or are scrapped. The cost and related accumulated depreciations are removed from the accounts and any resulting gain or loss is reflected in the results of operations.

3. PROJECT COMMITMENTS

Friends for Conservation and Development receives funding through a combination of grant agreements and donor contributions designed to support specific conservation programs and activities. These funding commitments support the delivery of project objectives including protected area management, environmental education, research and biodiversity monitoring, and community engagement initiatives.

The following is a summary of the significant project agreements and funding commitments as of 31 October 2025:

3.1 In 2021, Lucky Dragon Company provided support for biodiversity protection through a contribution totaling BZ$200,000.00. This funding supports biodiversity protection initiatives including monitoring and law enforcement, financial sustainability mechanisms, mobilization and construction of the FCD headquarters.

3. PROJECT COMMITMENTS (continued)

3.2 On December 5, 2022, FCD entered into a Conservation Investment Partnership Agreement with the Protected Areas Conservation Trust (PACT) for the Investment Program titled, "Strengthening Landscape Management in the Western-Maya Mountains" for a period of four years. PACT and the FCD have agreed to enter into annual subsidiary agreements for the implementation of the above-mentioned program.

The total investment funding for year 2 amounted to BZ$1,110,945.55 for the period of March 14, 2024 to March 14, 2025, of which BZ$157,734.67 represents funds to be reprogrammed from year 1 to year 2.

The total investment funding for year 3 amounts to BZ$1,065,181.02 for the period of July 15, 2025 to June 30, 2026 of which $320,428.30 represents funds reprogrammed from Year 2.

3.3 On February 6, 2023, FCD entered into a grant agreement with Global Financial Integrity (GFI) for the implementation of the project "Increasing Domestic Resource Mobilization by Promoting Corporate, Natural Resource and Professional Integrity". The three-year grant totaled US$67,482.02 covering the period of February 1, 2023 to December 31, 2025.

3.4 On October 1, 2023, FCD entered into a Grant Agreement with Wildlife Conservation Society (WCS) under the Biodiverse Landscapes Fund in Mesoamerica (BLF_1003). The total grants amount to GBP672,668.00 for the period of October 1, 2023 through March 31, 2029.

3.5 On November 1, 2023, FCD entered into a Third-Party responsible agreement with the Ministry of Sustainable Development, Climate Change, and Disaster Risk Management (MSDCCDRM) under the project supported by the GEF6 UNDP titled, "Integrated Management of Production Landscapes to deliver Multiple Global Environmental Benefits". The total grant amounts to US$252,600.00 over a five-year period from 2024-2028.

3.6 On December 19, 2023, the U.S. Department of the Interior (DOI) and FCD signed an amendment 2 to Annex 1 to the MOU for the project "Strengthen Protected Area Management, Visitor and Environmental Education in Belize". The grant provides for US$225,000.00 for the period October 1, 2023, through December 31, 2024.

3.7 On October 21, 2024, FCD entered into an agreement with World Wildlife Fund, Inc (WWF) for the project "Jaguar Protection in Latin America - Support for Rangers of Friends for Conservation and Development". The grant totaled US$9,488.03 covering the period of October 21 to December 17, 2024.

3. PROJECT COMMITMENTS (continued)

3.8 On December 30, 2024, the Forecastle Foundation Inc provided BZ$20,500.00 to support the Karst Management Program to conserve the natural and cultural resources of the Chiquibul Forest and the Chiquibul Cave System.

3.9 January 5, 2025, Courtenay Coye LLP provided a donation of BZ$10,000 to support the conservation and protected area management activities.

3.10 February 14, 2025 The Family Coppola Hideaways - Turtle Inn provided BZ$5,000.00 to support the project "Safeguarding Scarlet Macaws in the Eastern Maya Mountains.

3.11 February 5, 2025, Hydro Belize provided BZ$30,000.00 to support the Scarlet Macaw Bio-monitoring program "Saving Our Species".

3.12 In April 2025 the Nature Trust of the Americas (NTOTA) provided BZ$30,000.00 to support the Scarlet Macaw Conservation Program "Safeguarding Macaws in the Chiquibul".

3.13 On June 2025 FCD entered into an agreement with Fortis Belize to subsidize the costs of Eco-Guards at the Hydro facilities located in the Cayo District. The total agreement was for Bz$913,137.63 for a period of three years.

3.14 On September 19, 2025, Belize Island Holdings Ltd in partnership with Harvest Caye Conservation Foundation provided a donation of BZ$20,000 to support the project "Enabling Conservation Efforts in the Maya Mountains".

3.15 During the Budget Debate of the House of Representatives for Fiscal Year 2024–2025, held on March 2024, Friends for Conservation and Development (FCD) was approved as a recipient under the Official Charities Fund (OCF) for the fiscal periods 2024–2025, 2025–2026, and 2026–2027. Under this commitment, FCD received BZ$50,000.00 during the Government of Belize Fiscal Year 2024-2025 and BZ$75,000.00 for fiscal year 2025-2026. These funds support the Chiquibul National Park Ranger program and contribute to the protection and management of the park.

4. CASH AND CASH EQUIVALENT

Cash and cash equivalent consist of:	2025	2024
FCD/Belize Project 11	29,512	236,324
FCD/ Belize Project	142,483	229,237
FCD/ PACT Medium Grant	200,560	200,572
PACT PROJECTS	805,232	669,752
LCRS	210,002	148,044
FCD/ USFWS	2,839	2,829
FCD/PACT FOUNDATION	231	243
FCD/GEF	3,094	3,106
FCD/GENERAL	109,561	224,601
LCRS - Petty cash	300	300
FCD Eco-Quest/Expedition	2,668	2,680
Cash:Petty Cash - Eco-Quest	3	3
Cash:Petty Cash - FCD-General	326	327
	$1,506,811	**$1,718,018**

5. PROPERTY AND EQUIPMENT

Property and equipment consist of:	2025	2024
Land	59,665	59,665
Building	865,203	770,859
Field equipments	460,157	425,327
Furniture and fixtures	56,048	46,763
Computer equipments	66,300	57,794
Motor vehicles	564,763	558,663
	2,072,136	1,919,071
Accumulated depreciation	1,074,575	967,589
	$997,561	**$951,482**

6. SEVERANCE PAYABLE

Severance payable consists of the following:

Severance payable at beginning of the year	184,456	181,810
Additions during the year	31,711	15,424
Payments during the year	(26,407)	(12,778)
	$189,760	**$184,456**

7. OTHER INCOME

Other income consist of :	2025	2024
Amortized grant income	9,057	7,379
Administrative / Indirect costs	20,057	15,113
Consultancy	-	60,282
Donations	8,100	27,476
Interest income	-	5,034
Membership fees	1,060	790
Kitchen rental	795	1,245
Other	2,260	1,859
	$41,329	**$119,178**

8. RESEARCH AND EDUCATION INCOME

Research and education income consist of:	2025	2024
Learning and administration	258	15,864
Education trips	2,720	9,713
Camping fees	500	110
Lecture courses	7,500	14,357
Transportation	18,519	21,302
Accommodation	106,342	59,180
Meals	147,871	80,202
	$283,710	**$200,728**

9. ACCOUNTS PAYABLE

Accounts payable consist of:	2025	2024
Third party payables	5,625	17,945
Salaries payable	63	601
Income tax payable	3,075	61
Social security payable	51	80
	$8,814	**$18,687**

10. GRANT RECEIPTS

Grant receipts consist of the following:

	2025	2024
Hydro Belize Limited	174,190	376,154
Belize Roadway Construction Ltd.	2,852	-
World Wildlife Fund	20,566	-
Belize Island Holdings Ltd.	22,626	5,879
GIZ Component 2 & 3 One Health	-	10,253
UNDP	66,853	72,355
WCS/BLF	474,481	465,336
Ionia Ltd.	1,610	-
Global Financial Integrity	54,604	39,059
US Fish and Wildlife Service	-	11,804
Forecastle Foundation	20,361	24,498
Nature Trust of the America's	70,713	55,140
Snowy Owl Foundation	3,475	4,255
Other Donor	2,816	-
Protected Areas Conservation Trust	609,104	479,757
Government of Belize	68,341	-
US Department of Interior	86,342	293,020
Canada Fund for Local Initiatives	-	38,566
Lucky Dragon	41,324	21,086
	$1,720,258	**$1,897,162**

11. DEFERRED INCOME

Deferred income consist of:

	2025	2024
Courtenay Coye LLP	10,000	-
Snowy Owl Foundation	-	3,475
Global Financial Integrity (GFI)	4,560	34,164
UNDP	88,132	70,652
Protected Areas Conservation Trust	805,190	669,541
Hydro Belize Ltd.	198,072	39,585
World Wildlife Fund	15,918	14,232
Belize Roadway Construction Ltd.	4,022	6,894
Forecastle Foundation	17,885	17,747
Belize Island Holdings Ltd.	11,703	14,329
Lucky Dragon	36,974	78,298

11. DEFERRED INCOME (continued)

	2025	2024
Other donor	8,172	-

Iona Ltd.	3,390	-
Las Cuevas Research Station	210,002	148,044
Eco Quest Expedition	2,668	2,680
US Department of Interior	149,421	235,763
Nature Trust of the America	20,013	60,694
Government of Belize	409	-
	$1,586,531	**$1,396,098**

12. ADMINISTRATIVE AND GENERAL EXPENSES

Adminstrative and general expenses consist of:	2025	2024
Bank charges	5,524	3,719
Advertising	1,884	-
Donations	890	1,700
Equipment and supplies	85,096	86,769
Exchange visits	-	2,932
Firefighting wildfires	6,366	3,277
Staff benefits	13,177	12,221
Miscellaneous	2,024	4,577
Office supplies	12,281	11,966
Professional fees	15,197	14,886
Insurance expenses	12,288	9,596
Rent	450	600
Repairs and maintenance	102,173	90,410
Software & information system	1,856	1,534
Telecommunication	9,604	10,261
Training and meeting	68,432	31,508
Travel and transportation	62,226	60,618
Utilities	1,537	1,278
Uncollectible debts	4,917	-
Disposal of fixed assets	24	-
	$405,946	**$347,852**

13. PRIOR PERIOD ADJUSTMENT

Prior period adjustment is a result from the first-time consolidation of Friends for Conservation and Development (FCD), Las Cuevas Research Station (LCRS) and Eco Quest for the first time in 2025.

In prior years, deferred income relating to LCRS was recognized in both the FCD and LCRS audited financial statements. During the consolidation process, the duplicated deferred income was eliminated, resulting in an adjustment to the opening fund balance. Accordingly, the comparative figures for 2024 have been restated.