

EAAF Partnership Secretariat

Statement of Received Income and Expenditures

For the year ended December 31, 2019

**with
Independent Auditors' Report**

EAAF Partnership Secretariat

Contents

Independent Auditors' Report	3
Statement of Received Income and Expenditures	5
Notes to the Statement	6

Independent Auditors' Report

To the Chair of the partnership of the East Asian-Australasian Flyway

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the cash receipts and disbursement of the East Asian-Australasian Flyway Partnership Secretariat for the year ended December 31, 2019 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

We have audited the accompanying statement of received income and expenditures of the East Asian-Australasian Flyway Partnership Secretariat (the "Secretariat") for the year ended December 31, 2019 all expressed in Korean won and a summary of significant accounting policies and other explanatory information (together "the financial statement").

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 EAAF Partnership Secretariat within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to users who are informed about the cash basis accounting practices established by East Asian-Australasian Flyway Partnership and Metropolitan City of Incheon of the Republic of Korea. As a result, the statement may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

Grant Thornton Daejeon

July 24, 2020
Seoul, Korea

EAAF Partnership Secretariat
Statement of Received Income and Expenditures
(In Korean won)

For the year ended December 31, 2019	Budget	Actual	Balance
Received Income(Note 3):	KRW	KRW	KRW
Contribution	579,000,000	801,869,097	(222,869,097)
Carried over	859,833,620	861,372,381	(1,538,762) -
Miscellaneous	-	25,963,810	(25,963,810)
	1,438,833,620	1,689,205,289	(250,371,669)
Expenditures:	KRW	KRW	KRW
Office operations	107,000,000	99,747,880	7,252,120
Partnership activity	483,475,000	346,991,773	136,483,227
Personnel	347,874,825	293,721,531	54,153,294
Contingency fund	113,718,706	51,707,525	62,011,181
	1,052,068,531	792,168,709	259,899,822
Balance (Note 4)	386,765,088	897,036,579	(510,271,491)

See accompanying notes to the Statement of Received Income and Expenditures.

EAAF Partnership Secretariat

Notes to the Statement(Continue)

(In Korean won)

1. DESCRIPTION OF NON-PROFIT BUSINESS

The Secretariat of Partnership for the East Asian-Australasian Flyway (the “EAAFP” or “Secretariat”) is a non-profit organization, which aims to conserve migratory water birds across the EAAF for the benefit of people and biodiversity, and to provide a flyway wide framework to promote dialogue, cooperation and collaboration between a range of stakeholders including all levels of governments, site managers, multilateral environment agreements, technical institutions, UN agencies, industrial and private sector, academe, non-government organizations, community groups and local people to conserve migratory waterbirds and their habitats. The Secretariat was incorporated and hosted in Incheon, South Korea to facilitate effective communication and coordination of the Partnership and to coordinate activities across the Flyway on July 1, 2009 in accordance with Memorandum of Understanding (the ”MOU”) among the EAAFP , the Ministry of Environment of the Republic of Korea and the Incheon City Government dated May 8, 2009. The Secretariat’s office is located in Incheon, South Korea. The EAAF Partnership is composed of 37 international Partners including 18 national Governments, several global organizations and an international private enterprise. The Secretariat is operated by the subsidy or donation from partners.

The Secretariat set up a non-profit foundation in October 2019 to issue donation receipt to the donor in accordance with the relevant regulation in Korea. However the foundation accounted as internal transactions within the Secretariat.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Secretariat in the preparation of its financial statement are summarized below:

Basis of Financial Statement Presentation

The Secretariat maintains its accounting records in Korean won and prepares its statement on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than the basis under generally accepted accounting principles. Accordingly, this statement is intended for use by those who are informed about the cash basis accounting practices established by East Asian-Australasian Flyway Partnership, and Metropolitan City of Incheon of the Republic of Korea.

Income and Expenditures Recognition

The Secretariat recognizes income when the contributions or donations from partners are received and expenditures when the expenditures are paid.

Foreign Currency Translation

The Secretariat reports the 2019 audited annual financial statements to the partner’s general meeting in 2020. For the purpose of alleviating the complexity of currency

EAAF Partnership Secretariat

Notes to the Statement(Continue)

(In Korean won)

translation, foreign currency transactions are translated into the functional currency using the 2019 annual average exchange rates(US\$ 1.00 = KRW 1,165).

3. CONTRIBUTIONS FROM INCHEON CITY GOVERNMENT

In accordance with the said MOU to host the Secretariat in Incheon City, the Mayor of Incheon City Government has provided a budget contribution to support the Secretariat as follows:

The first year (2009) : ₩ 708 million

Subsequent years : ₩ 509 million each year thereafter

Sources of contributions for the year ended December 31, 2019 are as follows:

Category	Sources of Income	KRW(a)	USD(b)	(a)+(b) as KRW
Incheon City Government (ICG)	2019 ICG Core operational funds	509,000,000	-	509,000,000
	Additional sponsorship for hosting 10th Anniversary Event	50,000,000	-	50,000,000
Subtotal		559,000,000	-	559,000,000
Partners	Ministry of Environment, Korea (MOEK)	70,000,000	-	70,000,000
	MOEK Additional sponsorship for hosting 10th Anniversary Event	50,000,000	-	50,000,000
	Ministry of Environment, Japan (MOEJ)	-	35,163	40,964,895
	Department of Conservation, New Zealand	-	2,000	2,330,000
	Wildfowl and wetlands Trust (WWT)	-	4,000	4,660,000
	Pukorokoro Miranda Nationalists Trust (PMMT)	-	195	227,175
	World Wide Fund for nature(WWF), Hong Kong	-	5,995	6,984,175
	Australasian Wader Studies Group (AWSG)	-	2,000	2,330,000
Subtotal		120,000,000	49,353	177,496,245
Private Donations	KOEN. Korea South -East Power Co.	30,000,000	-	30,000,000
	SONY Global treasury	23,130,000	-	23,130,000
	Eco horizon		10,000	11,650,000
	Individual	592,852		592,852
Subtotal		53,722,852	10,000	65,372,852
Miscellaneous fund	Refund, Bank Interests and etc	6,885,115	16,377	25,963,810
	Carried over from last year (ICG, MOEK and etc)	810,153,599	43,965	861,372,381
Subtotal		817,038,714	60,341	887,336,192
Total		1,549,761,566	119,694	1,689,205,289

EAAF Partnership Secretariat
Notes to the Statement(Continue)
(In Korean won)

4. THE UNUSED BALANCE

The unused balance of ₩ 897,036,579 (including USD 103,592) as of December 31, 2019 shall be carry-forwarded to subsequent year.

5. Compensation to Family on the death Chief Executive Dr. Llewellyn Young

As the Secretariat does not have an exact guideline and staff regulation, the Management Committee held on 21, March 2019, agreed that a compensation payment be made to Dr. Llewellyn Young's family.