

General

The detailed financial report for the three months to 31 December 2019 is attached.

In summary:

- Total expenses are 52% of the Spending Plan.
 - Operational costs were 49% of the category budget.
 - Special Projects were 8% of the category budget, for work related to improving the grants management system and CEPF's website, and fundraising efforts. Expenses related to special events at the meeting of the UN Convention on Biological Diversity (CBD) and a RIT learning exchange are planned later in the year.
 - Profile Preparation costs have not yet been incurred. The CEPF Donor Council approved re-investment in Indo-Burma and Tropical Andes during the fiscal year. Reprofiling of Indo-Burma will happen in Q4 of FY20 and Tropical Andes will be done in Q1 of FY21.
 - Grant disbursements achieved 53% of the Spending Plan payments target of \$14,780,000 for the fiscal year.
 - Grant awards achieved 56% of the Spending Plan new awards target including the pending hotspots of Mountains of Central Asia and a re-investment in the Caribbean Islands.
- The balance available for investment based on secured funds is \$0 following the 35th Donor Council meeting during which approvals for new hotspot investments in Indo-Burma of \$7,000,000 and Tropical Andes of \$3,000,000 were received. These approvals allocated all available funds for investment.
- CEPF is in a cash positive situation with cash and investments on hand of \$33,943,389, the sum of donor advances held in the CEPF Phase 2 bank account plus advances held in the CI Operating account on behalf of CEPF per donor agreements.

Revenue

In August, CEPF signed a new funding agreement with the MAVA Foundation of \$680,000 to support the Mediterranean Biodiversity Hotspot. In November, CEPF signed an agreement with the Margaret A. Cargill Philanthropies for \$2,500,000 to support the Indo-Burma Biodiversity Hotspot. In December, CEPF signed two new funding agreements with AFD for €12,264,151 from the European Union, and for €14,000,000 from AFD.

CEPF receives awards from certain donors in non-USD currency. During the current fiscal year, the effect of exchange rates on the awards denominated in currency other than USD was a loss of \$192,009. Any gain or loss impacts the balance available for investment to CEPF. CEPF proactively manages anticipated gains or losses due to foreign currency rates by adjusting planned activities accordingly.

Grantmaking

CEPF committed 56% of its grantmaking budget for the current fiscal year, signing a total of \$6,863,876 new awards against a budget of \$12,200,000. CEPF plans to enter two new hotspots during FY20 (Caribbean Islands re-investment, and Mountains of Central Asia), totaling \$2,700,000 of the total new awards target of \$12,200,000. During Q2, CEPF began its investments in the Mountains of Central Asia. In discussion with the World Bank regarding the timing of funding to support the Caribbean Islands re-investment, these investments will most likely take place in FY21.

Financial Narrative

Payments on active grants achieved 53% of the annual target, with \$7,857,905 disbursements against the budget of \$14,780,000.

Operational Costs

CEPF spent 49% or \$1,685,235 of the Total Operations and Management Costs budget of \$3,424,793 for the year.

Preparation / Ecosystem Profiles

CEPF planned two new profile preparation grants for FY20. A re-profiling of the Indo-Burma Biodiversity Hotspot will take place in FY20 Q4. The re-profiling of the Tropical Andes Biodiversity Hotspot will be undertaken in FY21. As a result, CEPF anticipates budget savings for FY20 in this category.

Special Projects

The Special Projects budget is supported by interest earned through CEPF's bank accounts and investments. The priorities funded this year through the Special Projects budget of \$334,844 are fundraising efforts, ongoing upgrades to CEPF's grants management system and website, and special events which include the convention on biological diversity and a RIT knowledge and learning exchange. Expenditures on Special Projects total \$27,098 representing 8% spent of the approved budget in the Special Projects category.

CEPF Investments

As approved by the Donor Council in June 2014, \$30,000,000 of cash was transferred into a conservative bond portfolio, managed by the Arbor Group at UBS. As of 31 December 2019, the interest income (net of fees) was \$826,090. In FY17, CEPF began discontinuing re-investment in the investment portfolio and officially closed the investment account during FY20 Q2. Future funding of Special Projects through interest income will depend on cash availability and donor-specific agreements regarding generation and use of interest income on funds advanced to CEPF.