

# **EAAF Partnership Secretariat**

**Statement of Received Income and Expenditures**

**For the year ended December 31, 2023**

**with  
Independent Auditors' Report**

# EAAF Partnership Secretariat

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## **Independent Auditors' Report**

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

### **Opinion**

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, 2023 all expressed in Korean won and a summary of significant accounting policies and other explanatory information (together "the financial statement").

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, 2023 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

### **Basis for Opinion**

We conducted our audit in accordance with Korean Standards on Auditing (KSAs). 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 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.

In preparing the financial statement, management is responsible for assessing the Secretariat'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 Secretariat or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement 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 KSAs will always detect a material misstatement that may exist. 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 based on this financial statement.

As part of an audit in accordance with KSAs we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the financial statement, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or an 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.
- 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 Secretariat'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 statement 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 Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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.

*Grant Thornton Daejoo*

December 19, 2024  
**Seoul, Korea**

# EAAF Partnership Secretariat

## Statement of Received Income and Expenditures

(In Korean won)

For the year ended December 31, 2023	Budget	Actual	Variance
<b>Received Income</b>			
Contributions      Note 3	648,734,130	737,591,526	(88,857,396)
Brought forward	816,467,688	816,467,688	-
Miscellaneous	-	49,375,531	(49,375,531)
Contingency fund	113,000,000		113,000,000
<b>Total Received Income</b>	<b>1,578,201,818</b>	<b>1,603,434,745</b>	<b>(25,232,927)</b>
<b>Expenditures</b>			
Office operations	137,000,070	138,334,920	(1,334,850)
Partnership activity	314,990,000	316,826,273	(1,836,273)
Extra Project      Incheon-Hongkong BFS	50,000,000	47,117,815	2,882,185
Contribution to Secretariat from Foundation	-	23,648,602	(23,648,602)
Personnel cost	348,723,650	271,646,410	77,077,240
Cash	6,000	6,000	-
Contingency fund	113,000,000	-	113,000,000
<b>Total Expenditure</b>	<b>963,719,720</b>	<b>797,580,020</b>	<b>166,139,700</b>
<b>Foreign Exchange Translation Adjustments</b>	<b>-</b>	<b>9,113,851</b>	<b>(9,113,851)</b>
<b>Total(*)</b>	<b>614,482,098</b>	<b>814,968,576</b>	<b>(200,486,478)</b>

(\*) The details of the actual balance of KRW 814,968,576 are as follows(31 December 2023):

EAAFP Secretariat's balance: KRW 558,358,709

Secretariat's balance in the Foundation's account: KRW 252,753,696

Cash balance: KRW 3,856,171

\* Remark : The difference between the budgeted and actual amounts reflects the extent of deviation, not necessarily a surplus or deficit. "figure in parenthesis,(000)" is used for management and control purposes. This applies to both received income and expenditure, with the same logic for comparison. A negative value means the actual amount exceeds the budget, while a positive value means the budget is higher than the actual amount.

# EAAF Partnership Secretariat

## Notes to the Statement (continued)

(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 40 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 2023 audited annual financial statements to the partner’s general meeting in 2024. Until 2021 to simplify currency translation, foreign currency transactions were converted into the functional currency using the average exchange rate

# **EAAF Partnership Secretariat**

## **Notes to the Statement (continued)**

(In Korean won)

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of the previous year. However, starting from 2022, the year-end exchange rate is applied for currency conversion into the functional currency.

At the year-end, The Secretariat holds USD 32,145.36. The year-end exchange rate is US\$ 1.00 = KRW 1,289.4. Therefore, when converting the foreign currency into the functional currency, it amounts to KRW 41,448,227.

# EAAF Partnership Secretariat

## Notes to the Statement (continued)

(In Korean won)

### 3. CONTRIBUTIONS FROM INCHEON CITY GOVERNMENT, PARTNERS AND OTHER SOURCES

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

The first year (2009) : KRW 708 million  
Subsequent years : KRW 539 million each year thereafter

3.2 Sources of contributions for the year ended December 31, 2023 are as follows:

Category	Sources of Income	KRW(a)	USD(b)	(a)+(b) as KRW
ICG	2023 ICG Core operational funds	539,000,000	-	539,000,000
	2023 Incheon-Hongkong BFS	50,000,000	-	50,000,000
	<b>Subtotal</b>	<b>589,000,000</b>	<b>-</b>	<b>589,000,000</b>
Partners	MOEK Voluntary Contribution 2023	70,000,000	-	70,000,000
	MOEJ Voluntary Contribution 2022	-	35,163	43,391,142
	New Zealand Voluntary Contribution 2023	-	2,000	2,468,000
	WWF Hongkong	-	2,975	3,805,025
	USFWS	-	20,000	26,640,000
	ICF	-	2,000	2,287,359
	<b>Subtotal</b>	<b>70,000,000</b>	<b>62,138</b>	<b>148,591,526</b>
Miscellaneous fund	Refund, Bank Interests and etc	5,672,205	33,643	49,375,531
	Brought forward from last year(*)	807,086,926	7,402	816,467,688
	<b>Subtotal</b>	<b>812,759,131</b>	<b>41,045</b>	<b>865,843,219</b>
	<b>Total</b>	<b>1,471,759,131</b>	<b>103,183</b>	<b>1,603,434,745</b>

(\*) The details of the carried over amount of KRW 816,567,688 are as follows(31 December 2022):

EAAFP Secretariat's balance: KRW 538,775,170  
Secretariat's balance in the Foundation's account: KRW 276,402,298  
Cash balance: KRW 1,290,220

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

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**4. THE UNUSED BALANCE**

The unused balance of KRW 814,968,576 (including USD 32,145.36) as of December 31, 2023 shall be carry-forwarded to subsequent year.