

Company Number: 08794664

Charity Number: 1157294

The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

Report and financial statements

For the year ended 31 December 2020

The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

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The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

Reference and administrative information

For the year ended 31 December 2020

Company number 08794664

Charity number 1157294

Registered office and operational address 10 Queen Street Place, London, EC4R 1BE

Country of registration England & Wales

Country of incorporation United Kingdom

Trustees Trustees (who are also directors of The Okapi fund for nature conservation in the Democratic Republic of Congo for the purposes of company law) who served during 2020 were as follows:

Bob Tumba (Chair)

Jean Mbuyu

Jean-Philippe Waterschoot

Kapupu Diwa Mutimanwa

Patrick Welby

Yvette Shabani Mwangi Barhashishwa

Verena Seiler (her term as Trustee ended on August 25, 2020)

Britta Oltmann (her term as Trustee started on August 25, 2020)

Samy Mankoto and

Dieudonné Musibono

Executive Director Guillaume Gervais de Rouville (since 1st July 2019)

Administrative Assistant Karen Kibanga (since 20th January 2020)

Solicitors Bates Wells
10 Queen Street Place
LONDON
EC4R 1BE

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

Investment Manager Smith & Williamson Investment Management
25 Moorgate
LONDON
EC2R 6AY

Trustees' annual report

For the year ended 31 December 2020

The trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and Activities

Purposes and aims

As set out in the Charity's Articles of Association, its purposes are to promote for the benefit of the public, the conservation, protection and improvement of the natural environment and biodiversity of the Democratic Republic of the Congo (DRC), with priority focus on DRC's national system of protected areas. Specifically, it aims to:

- i) Promote, for the benefit of the public, sustainable development that supports the conservation of biodiversity in DRC, in particular the protected areas and/or other conservation areas of significant ecological value and/or significant biological importance including:
 - (a) The preservation, conservation and the protection of the environment and the sustainable use of natural resources; and
 - (b) The relief of poverty and the improvement of the conditions of life for the benefit of populations living in and around protected areas and other areas of significant ecological conservation and/or significant biological importance.
- ii) Advance the education of the public on environmental issues including the biodiversity, conservation, sustainability and management of DRC's protected areas and/or other areas of significant ecological conservation and/or significant biological importance.

The trustees periodically review the aims, objectives and activities of the charity and have always reaffirmed the purpose and aims as noted here. It is additionally affirmed that the trustees have had regard to the Charity Commission's guidance on public benefit.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

The Charity's activities and achievements during 2020 have been concentrated on operationalising the Fund by finalising the composition of the executive team (contracting the executive director and hiring the administrative assistant), placing the funds received from donors in the capital markets, monitoring the investments during the year, determining the fundraising strategy to expand the capital base of the Fund, beginning to work with Protected Areas to determine their funding needs and raising awareness of the Okapi Fund among various stakeholders.

Following the strategy defined by the Board of Trustees, it was decided that the year 2020 would be dedicated mainly to the investment of funds in the financial markets and to the development of a fundraising strategy and its progressive implementation. Thus, no subsidy disbursements to Protected Areas have been planned in order to allow the capital base of the fund to grow. This strategy, which paid off in 2020, thanks to a return on investment of more than double our objectives, will allow us to start financing protected areas from 2022 onwards, with the year 2021 focusing on field knowledge of protected areas and on determining their eligibility for Okapi Fund grants. This strategy will allow the Okapi Fund to avoid cutting into the Expendable Endowment Fund from the beginning of its existence.

This strategy also follows the explicit wishes of our donors in this area, in particular the strategy of KfW as spelled out in our financial support agreement with them signed in December 2019.

Like all Conservation Trust Funds around the world, the strategy of the Okapi Fund is a long-term one: it is to become a long-term tool in the national donor landscape for protected areas. The vocation of the Okapi Fund is to finance Protected Areas over periods that can go on for several decades. This is why the strategy chosen is in line with this perspective and does not aim to disburse funds to Protected Areas as quickly as possible, but to take the time to make the capital granted by international donor's bear fruit, then to closely explore the real financial needs of the target Protected Areas, and, finally, to disburse the funds according to strict specifications criteria.

In particular, the Charity's activities have focussed on the following areas:

1. Outreach event organised: official launch of the Okapi Fund operations in DRC in the presence of key stakeholders (the event took place on 13 February 2020 with more than 100 attendees). This event was widely covered by the national print, internet and radio media.
2. We have prepared and carried out a first presentation for the donors present within the Inter Donors-Environment Group (GIBe). This presentation took place on 6 February 2020.
3. We spoke at the Kinshasa International Conference for the promotion of Kongo Opération Sud Kwamouth (CIKKOK) organised by Olivier Mushiete on Thursday 20 February 2020 at the National Museum. More than 200 people took part in this event, which gave us the opportunity to meet many players in the environmental sector.

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4. Investment in financial markets: together with our portfolio manager (Smith & Williamson (S&W)), the capitalisation amounts received from KfW and the World Bank have been invested in the financial markets, between January and April 2020. Monitoring the investment of funds during the year was one of our main tasks.
5. The fundraising strategy has been elaborated, approved and we started to implement it: in order to increase the fund's capitalisation. We have designed a strategy to raise funds from other potential donors in the first half of 2020 and started to implement this strategy as from the second half of 2020.
6. We started the eligibility process of Protected Areas: we met the different actors managing Protected Areas in order to understand their needs and started to check with them their eligibility for donations from the Okapi Fund. Acquired knowledge of the functioning of Protected Areas, of their nature and biodiversity conservation policies.
7. During this period, we prepared the first two Risk Assessment Reports which were submitted to the members of the Executive Committee and sent to all members of the Board of Trustees after incorporating the comments received from the members of the Executive Committee.

Financial review

Source of capitalisation & financial resources

Capitalisation money from the World Bank was received at the beginning of January 2020: 7,4 million US\$.

In addition, in 2020, the Charity has received support from:

1. KfW through the Separated Agreement (*Convention Séparée*) between KfW and the Okapi Fund: The first tranche of KfW project funds for the operationalisation of the Okapi Fund was received from KfW on the Okapi Fund's DRC bank account in March 2020, the second tranche in November 2020. In total, for the year 2020, the Okapi Fund received the sum of 322,007 euros (£285,234) for annual operating costs from KfW.

The 2020 financial accounts therefore report the Charity receiving funding in 2020 from two sources:

- i) The World Bank.
- ii) KfW (The German Development Bank).

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Resource utilisation framework

This investment policy followed by the Okapi Fund has been developed to be fully compliant with the recommended Practice Standards for Asset Management (standards 1–9) as set out by the Conservation Finance Alliance and best practice guidance in the annual Conservation Trust Investment Survey published by WCS. Furthermore, the Okapi Fund follows the World Bank's Environmental and Social Framework and the World Bank Group's general and sector-specific Environmental, Health and Safety Guidelines.

As the Okapi Fund is a charitable entity dedicated to environmental conservation, the investments made by the investment manager must not be inconsistent with the objectives of the charity. The investment of the funds, inclusive of all investment instruments, are subject to SRI (Socially Responsible Investing) sectoral filtering and compliance with the ESG and responsible investing policies and detailed exclusions listed in the Investment Policy statement.

The capitalisation funds received from KfW at the end of 2019 and from The World bank in January 2020 were put in the Endowment Fund. These funds have been progressively invested in the financial markets by our portfolio manager, Smith & Williamson, in accordance with our Investment Policy Statement and under the supervision of our Investment Committee.

The Endowment Fund holds Okapi Fund's longer-term investment assets and the returns from these assets provide resources that the Okapi Fund can deploy in furtherance of its charitable aims.

The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according to the wishes expressed by the donor.

Following the wishes of the donor, the funds received from KfW, namely Euro 14 million received in December 2019, are treated as:

- Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).
- Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14M euros less the 7.4M US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

The Portfolio in 2020

As of 31 December 2020, the portfolio reached a (potential, un-realised) return on investment of 13.26%.

The performance, over the same period, of our benchmarks was 11.96%.

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For the year ended 31 December 2020

As of 31 December 2020, the portfolio was allocated as follows:

- 17.4% in US Treasury Bonds.
- 14.3% in investment grade corporate bonds.
- 67.6% in Equities.
- 0.7% in cash.

Note, regarding the cash position which seems low, (i) that US Treasury Bills are very short term and are quasi cash (ii) and that the equity positions are also very liquid.

The portfolio's currency exposure was as follows (as of December 31, 2020):

- a. 80.7% to US\$ assets.
- b. 4.6% to Euro assets.
- c. 9.3% to Sterling assets.
- d. 5.4% in other currencies.

Compared to our profitability objectives, as expressed in our Investment Policy Statement, i.e. the US consumer price index +4%, net of portfolio management fees, **we have performed more than twice our objectives for the year: 13.26% over the year 2020, compared to an objective of nearly 6%.**

In the first half of 2021, the Okapi Fund will decide whether or not to adopt the Total Return Approach. The decision will be taken by the Board of Trustees on the basis of the report of an independent expert to be submitted in April 2021 advising the Trustees on the consequences of such an approach including its advantages and disadvantages.

Principal risks and uncertainties

The Trustees have considered the risks that the Charity faces as of the date of this trustees' report. Having reviewed these risks and the steps being taken, the trustees are confident that these risks are being managed appropriately.

During the year, a risk register was set up. This risk register records risks as they arise and indicates the measures that are taken to mitigate or eliminate them. This register is kept up to date at all times and is available in our office. It is communicated to the trustees at each meeting of the Board of Directors who review the Risk Assessment Report.

In 2020, two Risk Assessment Reports were produced by the Executive Director, discussed in the Executive Committee and reviewed and approved by the trustees before and during the Board meetings.

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In 2020

The main risks faced during the Year 2020, and mitigating measures being taken, are described in the following sections.

The main risks reported and reviewed in 2020 were as follows:

- Operational risks;
- Financial Risks;
- Fiscal Risks.

Operational risks

The most significant operational risks identified were the following:

1. Difficulty meeting donors in the context of fundraising due to the Covid-Crisis;
2. Risks related to difficulties in managing the bank account.

1. Difficulty meeting donors in the context of fundraising due to the Covid Crisis

The Covid-19 crisis has had an impact on the possibility of meeting face-to-face with a certain number of interlocutors. To this day, many institutions still refuse physical meetings and prefer to exchange via telecommunication means.

As stated in our Strategic Note on Fundraising dated June 2020 and transmitted to the Executive Committee and approved by the Board in August 2020: "The global health crisis related to Covid-19 could affect our ability to raise funds in the short term: some potential donors are still recovering from their normal activities and some of their budgets could be reallocated to objectives that do not necessarily include biodiversity as a priority".

If the crisis does not drag on, the impact on our ability to raise funds should not be too strong: our fundraising plan covers a 5-year period and the Okapi Fund's short-term objectives will not be impacted by a delay of a few months in the first fundraising, especially since fundraising is a long process when it is carried out with large international institutions which are our main donor targets. The question remains, however, as to whether the potential sources of funding planned for the defense of biodiversity have been or will be allocated to other destinations by major potential donors.

Thus, at this stage, the risk of a negative impact on the fundraising plan is therefore considered "moderate".

- **Solution adopted:** Exchanges via Zoom and other means of distant communication with potential donors.

2. Difficulty in managing the bank account

After a series of problems with the Banque Commerciale du Congo (BCDC) since September 2019, we looked into the possibility of an alternative bank.

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Due to these incidents, we have explored the possibility of opening a test account with the Trust Merchant bank) TMB. The account opening process is ongoing.

Once open, we will transfer a small part of our budget to test the quality of the services offered by the bank (especially online services).

If the test is conclusive, we may propose a change of bank.

- **Solution adopted:** Testing the services of a different bank.

Financial risks

Two financial risks were identified in 2020:

1. Volatility of financial markets.
2. Costs of medical coverage for employees.

1. Volatility of financial markets

This risk was considered high during 2020. Indeed, due to the nervousness of the markets related to the health crisis and its consequences on the global economic situation, we expected strong variations, or even sharp declines, in the markets (especially equity markets) during the course of 2020.

If a global recession were to occur in the coming months, it would necessarily impact the returns on our investments and the ability of Okapi Fund to make its first disbursements to KNP or Garamba NP in late 2021 or early 2022 as planned.

In this context, we can say that S&W, our portfolio manager, has succeeded in managing the crisis well, by adopting (with the approval of the Okapi Fund) a cautious approach that suited the situation: limiting the equity portion of the portfolio; maintaining a significant portion of the portfolio in US treasury bonds; and maintaining the stocks of companies that have little debt or that could benefit from the crisis (such as Amazon); sale of some holdings in companies that could be significantly impacted by the crisis (Disney World due to the closure of amusement parks and Stricker, which manufactures surgical robots, because all operations have been suspended to help manage the health crisis in hospitals); prudent resumption of share purchases from May 2020 and the possibility of going back to the prudent approach if the overall economic and financial situation deteriorates.

The impact on the Okapi Fund's activities of the volatility of the financial markets was limited in 2020 for the following reasons:

- a. The financial crisis had no impact on the operating budget of the Okapi Fund, which is secured by funds made available by KfW, and whose financial strength is not threatened by the current crisis;

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- b. In 2020, the Okapi Fund did not plan to distribute funds to finance projects: funds placed on the financial markets must first generate sufficient income for grants to begin. As we do not have a short-term distribution imperative, we can wait until the crisis subsides and maintain a prudent investment policy in the meantime.
 - c. The conservative investments made proved to have better than expected returns for the year as a whole, and even better than the targets set out in our Investment Policy Statement.
- Solution adopted in 2020: Prudent approach on the equity market; maintaining a high level of monetary values; daily monitoring of the situation and adaptation to the evolving situation.

2. Costs of medical coverage for employees

The Insurance Code of the DRC does not allow for collective coverage of employees by medical insurance to cover employees' medical expenses when the structure has fewer than 20 employees. As a result, the Okapi Fund pays all the medical expenses of its employees directly, without any ceiling. Our lawyer told us that it was not possible to limit an employee's medical coverage and impose a ceiling on reimbursable expenses (a solution that we hoped to be able to adopt).

This results in a financial risk for the Okapi Fund related to uncapped medical employee expenses.

The assessed risk is twofold: (i) that of exceeding the budget and (ii) that of potentially having to bear large sums without being able to determine the amount in advance.

In 2020, medical expenses were moderate and did not exceed the expected budget.

For 2021, it appears that we have found a solution through an insurer that would include us in a larger pool to address the legal void.

Fiscal risks

As we explained in all of our Quarterly Activity Reports to the Trustees (*Rapports d'Activités Trimestriels*), we decided to make a provision in our accounts for the payment of the IER (the exceptional tax on the income of expatriate staff), but not to pay it to the tax authorities as proposed by our accountants.

Indeed, our lawyer, in his tax analysis of the Asbls, had clearly indicated to us that this tax was not applicable to our situation. The tax rate of the IER is 25% on the remuneration (after deduction of those parts of the remuneration which are not subject to taxation) and monthly the additional cost of this tax would be in the order of US\$3,000.

We have therefore decided to provision the amounts corresponding to the IER until we have a clear answer from the tax authorities.

In 2021

More generally, the risks faced by the Okapi Fund in the coming months are mainly twofold:

1. A financial risk due to the fragility, or even nervousness, of the financial markets due to the Covid-19 situation and its consequences on the global economic situation. Due to this particular situation, the Okapi Fund, in particular through its Investment Committee and thanks to very regular communication with its portfolio manager (Smith & Williamson), will be very attentive to financial risks and will closely follow the evolution of financial indices on a daily basis.
2. The other risk is the country risk, as the DRC is a relatively unstable country, both politically and economically. The members of the Okapi Fund (Trustees & the executive direction) are therefore very attentive to political and economic developments in the country in order to be able to anticipate as far as possible any risk that might arise for its activities or its members or partners. In particular, the Okapi Fund closely monitors the situation in the Protected Areas, which are sometimes located in high-risk zones, by checking very regularly with its partners or the various stakeholders with whom the Okapi Fund is in contact to find out what the health and safety situation is on the ground. These risks could be amplified by the health crisis linked to Covid-19.

Regarding Point 1 above, while the risk of not achieving the 2021 financial objectives is high, the impact can be considered moderate and relatively controlled for the following reasons:

- a. The financial crisis, if it is to materialize in the course of 2021 will have no impact on the 2021 operating budget of the Okapi Fund, which is secured by funds made available by KfW, and whose financial strength is not threatened by the potential crisis;
- b. As the profitability for 2020 (return on investment of the portfolio) has been doubled than our yearly target, we have a safety cushion in case of a significant decline in the financial markets in 2021; in addition, we maintain a significant position in liquid money market securities as long as the prospects of a financial and economic crisis are high;
- c. In 2021, the Okapi Fund did not plan to distribute funds to finance projects: funds placed on the financial markets must first generate sufficient income for grants to begin. As we do not have a short-term distribution imperative, we can wait until the crisis subsides and maintain a prudent investment policy in the meantime.

Reserves policy and going concern

Since the first capitalization funds (endowment funds) received by the Okapi Fund were invested in the financial markets in the first half of 2020 and the funding strategy (disbursements to protected areas) adopted by the Okapi Fund foresees the first disbursements starting in 2022, no reserve has been set aside for this purpose in 2020.

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In addition, as the Okapi Fund's operational budget is financed by KfW until the end of the first half of 2022, no reserve has been established to secure funding to cover operational budget spending in 2020 and 2021. KfW has made available funding for the operational running of the Okapi Fund of EUR 1 million. Depending on our needs, and based on the forecast financial statements, we can draw on these funds for periods of 6 months by making a duly documented application to KfW (by showing, in particular, that the expenditures for the previous period were spent in accordance with the financial forecasts).

In July 2021, the board approved the reserves policy post the KfW initial funding. The Okapi Fund needs to maintain sufficient free reserves to match this long-term funding commitment. The reserves policy is set to ensure we can deliver on our vision and mission and ensure our work is protected from the risk of disruption at short notice due to a lack of available funds, whilst at the same time ensuring we do not retain income for longer than required. As part of effective financial management, the Okapi Fund holds reserves to ensure we can:

- Manage financial risk. There are a range of risks we face, including the risk of an unforeseen drop in income due to unpredictable investment returns or unbudgeted increases in expenditure.
- Meet our long-term grant commitments and funding plans.

We have calculated that an appropriate reserves range for the Okapi Fund is USD \$1.0 to 1.5 million, which is broken down as follows:

Reserves range	US \$m
Financial risk (see below)	0.5
Grant commitments and long-term plans (see below)	0.5
Minimum level	1.0
Range	0.5
Maximum level	1.5

This equates to between 12- and 18-months charitable activities (such as funding of commitments to national parks from 2022) and operating and administration expenses.

At the year ended 31 December 2020. The Okapi Fund held funds of £19,166,688 of which £65,415 was unrestricted, and £6,237,470 is within the expendable endowment, with the remaining £12,863,803 in the permanent endowment.

The reserves that we have set aside provide financial stability and the means for the long-term development and delivery of the Okapi Fund's principal charitable activity. We intend to maintain our reserves at a level which is at least equivalent to one year's operating expenditure due to the long-term nature of the Okapi Fund's activity and the current volatility of investment returns that provide the Okapi Fund's principal source of income [drawn from the Unapplied Total Return].

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We intend to use these free reserves in the following manner. The Okapi Fund Directors have decided to:

1. set a global indicative amount for grants to Protected Area Parks for the year 2022 at US\$550,000 [invested in short-term monetary securities, mainly US Treasury Bills, Term Deposits]; and
2. to set aside a sum of US\$ 260,000 to cover the operational budget for the second half of 2022 [invested in short-term monetary securities mainly US Treasury Bills, Term Deposits] when current KfW donor grant funding will cease.

The Board regularly reviews the amount of reserves that are required to ensure that they are sufficient to meet all the Okapi Fund's continuing obligations and plans.

The impact of the COVID-19 crisis

Impact on the Portfolio

During the year 2020, the Investment Committee met many times to review the situation created by the outbreak of the COVID-19 and the Okapi Fund has been in regular communication with the portfolio manager.

In 2020, the Coronavirus-19 crisis did not have a negative impact on the profitability of the portfolio.

In coordination with Smith & Williamson, the Okapi Fund has reoriented the composition of its portfolio towards less risky positions and conducted daily monitoring of market developments. The bulk of the portfolio was reoriented towards US Treasury Bonds for few months, the time to assess the evolution of the crisis. Then, once the worst of the crisis was over, investments in riskier stocks gradually resumed and our portfolio returned to its desired composition at the beginning of the second half of 2020.

Impact on the Budget

The current financial and health crisis has no impact on the operating budget of the Okapi Fund, which is secured for the coming years by the funds made available by KfW, whose financial strength is not threatened by the current crisis.

Impact on distribution of grants

In 2020, the Okapi Fund did not expect to distribute funds to finance projects: the funds placed on the financial markets must first yield enough income to allow the grants to begin. As we did not have a short-term distribution imperative, we could wait until the crisis subsided and maintained a prudent investment policy in the meantime. We expect to start disbursing some amounts to the protected areas in 2022.

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Impact on fundraising

The Covid-19 crisis has had an impact on the possibility to meet face-to-face with a number of interlocutors. As of the date of this report, many institutions still refuse physical meetings and prefer to exchange via telecommunication means.

As we stated in our Fundraising Strategy Note dated June 2020 and approved by the Board of trustees in August 2020: "The global health crisis related to Covid-19 may impact our ability to raise funds in the short term: some potential donors are still recovering from their normal activities and some of their budgets may be reallocated for purposes that do not necessarily include biodiversity as their priority."

If the crisis does not drag on, the impact on our ability to raise funds should not be too great: our fundraising plan covers a period of 5 years and the short-term objectives of the Okapi Fund will not be impacted by a delay of a few months in the first fundraisings. It remains to be seen, however, whether the potential sources of funding planned for the defence of biodiversity have been or will be allocated to other destinations.

Thus, at this stage, the risk of a negative impact on the fundraising plan is considered "moderate".

Impact on staff activities

As the Executive Director was in France at the time of the imposed lockdown in France, he could not return to the DRC with his family in mid-March 2020 as planned. Because of the duration of the lockdown in France, and then the lockdown decided in the DRC, it was necessary to organise the office as a teleworking office, which did not pose any particular difficulty insofar as the Executive Administrative Assistant was able to maintain a permanent link with the various authorities in the DRC (notably fiscal and social), as well as with the members of the Executive Committee present in the DRC.

Impact on training

Kathy Mikitin's face-to-face training which was scheduled for March 2020 in Kinshasa had to be postponed due to various confinements and travel restrictions (including by the United States).

The training is finally scheduled for Spring 2021 through the digital Zoom tool.

Conclusion

All these risks have been reported as they appeared during the year in our Risk Register. Furthermore, during the year, we elaborated two Risk Assessment Reports outlining all the risks faced by the Okapi Fund. Each report was shared with the Trustees and was discussed and approved during Board Meetings.

Overall, the consequences of impacts relating to the Covid-19 crisis are limited. Our financial objectives, as set forth in our Investment Policy Statement, have been exceeded by a wide margin despite the health crisis and financial market turmoil.

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We believe that delays in (i) field visits and (ii) Trustee training should be caught up without major problems in 2021. The consequences of these delays should not have a significant impact on the financial and operational objectives of the Okapi Fund.

Generally speaking, the same remarks can be made about 2021; the risks identified as a result of the Covid-19 crisis are the same, and the solutions provided will be significantly similar to those we took in 2020.

Plans for the future

Looking forward to 2021, the main goals and activities of the Charity for 2021 are as follows (an Annual Activity Plan for 2021 has been developed by the management team and approved by the Trustees in December 2020):

- Implement the fundraising strategy in order to increase the Fund's capitalization (endowment funds). Meet the potential donors, negotiate and establish agreement with them and (if possible) receive funding commitment from them.

Our fundraising strategy has established general objectives over a 5-year period according to two scenarios, one conservative and the other ambitious:

According to the conservative scenario:

Funding for PAs: Funding flows of at least US\$600,000 will reach PAs from 2022 onwards, ideally reaching and exceeding US\$2.5 million per year from 2025 onwards (more than US\$3 million in 2026), thanks to a significant commitment from international public actors and also the private sector.

According to the ambitious scenario:

Funding of PAs: Funding flows of at least US\$900,000 reach the PAs from 2022 onwards, ideally rising to more than US\$5 million per year from 2025 onwards (more than US\$7 million in 2026), thanks to a significant commitment from international public actors and also the private sector.

As the objective of the Okapi Fund is to be able to make a difference on the ground and to offer a stable tool for financing Protected Areas in the long term, we will make every effort to achieve the ambitious scenario.

It must, however, be borne in mind that the achievement of this ambitious general objective is largely dependent on factors exogenous to the Okapi Fund itself: international donor programmes and donation policy priorities; financial market conditions; economic or health crises, etc.

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- Study the needs of Protected Areas and their eligibility under our Operation Manual: meet the different actors managing Protected Areas and understand their needs and check with them their eligibility for donations from the Okapi Fund. Acquire knowledge of the functioning of Protected Areas, of their nature and biodiversity conservation policies. Organize and accomplish field missions to enable adequate disbursements in 2022 to the targeted Protected Areas.

In order to ensure that the funds that will be disbursed to the Protected Areas from 2022 onwards will be done so under satisfactory governance and security conditions it is essential to take the time to study the capacity of the targeted Protected Areas to receive the funds according to our demanding criteria. This justifies devoting part of our 2021 activities to this crucial issue. The future success of the Okapi Fund will be determined in part by the success of our initial disbursements. A special effort must therefore be made to prepare for these first disbursements, especially since the Okapi Fund's operational team has only been complete since the beginning of 2020.

An important activity for the Okapi Fund is therefore the acquisition of knowledge to determine the real needs of the Protected Areas, in an often difficult context: in accessing the geographical areas of the Protected Areas; the need to work upstream on the future reporting of the beneficiaries, particularly on the reporting format, the monitoring and evaluation indicators of the grants that will be awarded.

All this necessary upstream work justifies not disbursing funds to Protected Areas from 2021 onwards (except in exceptional situations).

- Meet with private sector actors and assess their potential support for the Okapi Fund.

In particular, the aim is to make private actors aware of the need to take into account the protection of biodiversity in a country like the DRC, where it represents an invaluable economic asset for the country. By forging links with the private sector, we will also seek to involve these actors in the financing of Protected Areas in order, for example, to compensate for their economic and industrial activities that have an impact on biodiversity in the DRC.

- Meet with stakeholders in the field of biodiversity conservation and establish relationships with them; in general, make these stakeholders aware of the activities of the Okapi Fund and the interest that such a tool represents for the protection of biodiversity in DRC. Develop partnerships with national, regional and international nature conservation institutions.
- Set up the Grantmaking Committee and determine the Grant Program for the year 2022.

In early 2021, a new body within the Okapi Fund will be established to analyse the eligibility of potential beneficiaries of Okapi Fund grants and to advise the Trustees on the distribution policy (beneficiaries, amounts, timing and tranches of disbursements, etc.) according to the needs of the Protected Areas.

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- In the first half of 2021, the Okapi Fund will decide whether or not to adopt the Total Return Approach. The decision will be taken by the Board of Trustees on the basis of the report of an independent expert to be submitted in April 2021 advising the Trustees on the consequences of such an approach including its advantages and disadvantages.

Small fundraising statement

We do not raise funds from the general public. However, we plan to increase the base of our endowment funds and restricted funds over the next few years and plan to meet with potential institutional and private donors in the coming months (this process has started in September 2020). Our fundraising strategy for the coming years has been approved by the Trustees in August 2020. As our fundraising strategy is based on the medium and long term, the impact of the situation related to COVID-19 should be limited in terms of our fundraising strategy.

We did not conduct fundraising activities with the general public in 2020 and incurred no expenditure in raising income. As we have not conducted any fundraising activities with the general public in 2020, we have not been confronted with any compliance issues or complaints of any kind.

Structure, governance and management

The Charity is a charitable company limited by guarantee, incorporated on 28 November 2013 and registered as a charity on 3 June 2014.

The company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the charity. The Charity reimburses trustees for expenses incurred in carrying out their trustee duties, providing such expenses are reasonable and properly incurred. Please see note five to the accounts for more information.

In accordance with its Articles of Association, the Okapi Fund has delegated its day-to-day management to the Executive Committee and the Executive Director:

9.2 Subject to the Articles, the Directors may delegate the implementation of their decisions or day to day management of the affairs of the Charity to any person or committee.

11. Delegation of day to day management powers

In the case of delegation of the day to day management of the Charity to a chief executive or other manager or managers:

11.1 The delegated power shall be to manage the Charity by implementing the policy and strategy adopted by and within a budget approved by the Directors and (if applicable) to advise the Directors in relation to such policy, strategy and budget;

Trustees' annual report

For the year ended 31 December 2020

11.2 The Directors shall provide any manager with a description of his or her role and the extent of his or her authority; and

11.3 Any manager must report regularly to the Directors on the activities undertaken in managing the Charity and provide them regularly with management accounts which are sufficient to explain the financial position of the Charity.

The functioning of the Executive Committee and its powers are detailed in the Internal Regulations of the Okapi Fund (*Règlement Intérieur*) adopted by the Board of Trustees:

Article 12: Duties of the Executive Committee.

12.1 The Executive Committee intervenes to take decisions on immediate operational matters, which require urgency, for which the orientations of the Board of Directors are normally necessary, but which do not necessarily require the Board of Directors to be held. The Executive Committee shall not be responsible for any of the functions or powers that cannot be delegated to the Committees by the Board of Directors in accordance with Article 9.3 of the Articles of Association.

The remuneration of the Executive Director is set by the Board of Trustees.

The main factors taken into account for the remuneration of the Executive Director were the following:

1. The international and particular profile of the candidate.
2. The very high cost of living in the DRC.
3. Risks associated with the position, due to the political and economic instability of the country.

The amount of the compensation and benefits were determined in consultation with Michael Page, the company mandated to select the Executive Director, based on the remuneration of equivalent positions for international profiles that evolve in a difficult context and where the cost of living is one of the highest in the world. The amount of the remuneration is also justified by the political and economic instability of the DRC, particularly in the regions where the Protected Areas under the focus of the Okapi Fund are located (the Executive Director will visit them from time to time).

The current Executive Director was appointed by and received delegation from the Board of Trustees during its 17th Session held the 12 July 2019. His duties are detailed in his employment contract and in the Manual of Administrative and Accounting Procedures Manual, both approved by the Board of Trustees.

Appointment of Trustees

The appointment of Trustees is covered in detail in the Charity's Articles of Association (see Articles 25–28). The Articles allow for the Charity to have a minimum of 7 and a maximum of 9 trustees (or directors, as they are called in the Articles). At the end of 2019 there were 9 trustees in office.

Trustees' annual report

For the year ended 31 December 2020

Regarding the training of Trustees, our policy is the following:

1. Each new Trustee benefits from training on the following points:

General Governance Overview

- Refresher on key governance principles (General Roles/Responsibilities of a Board; Duties vs Powers (individual responsibility and collective action); Duties of Care, Loyalty and Obedience; Governance and Management (strategic vs tactical); The Board, the Board Chair and the Chief Executive (relationship of the leaders).
- Reputational risk (What is it and how is it managed? Ethical conduct and policy, Environmental and Social Safeguards).
- Other risks (compliance, financial, operational, external, strategic, governance) and risk management.
- Institutional sustainability (finances, human capital and succession planning).

Strategic Planning

- Importance and role of the strategic plan.
- Key questions answered by a strategic plan.
- Process for preparing, reviewing and approving the plan.
- Indicators and monitoring.
- Vision, Mission and Values.

DRC's Network of Protected Areas

- Strategic Vision of the DRC Government.
- Overview of the network of protected Areas in DRC.
- Garamba and Kahuzi-Biega National Parks (general information, threats, management, financial inflows, needs).

2. So far, Kathy Mikitin, one of the world's leading Conservation Trust Fund specialists, has provided the training. A training initially scheduled for December 2019 was postponed to March 2020 and then to the first semester of 2021 due to the Covid-19 crisis.

3. Former Trustees are invited to participate in training sessions to facilitate exchanges with new Trustees.

A training Program for the year 2021 was adopted by the Board of Directors in December 2020. It details both training for Trustees and training for operational team members. It also includes a provisional calendar. The Board of Directors also approved the corresponding budget.

Related parties and relationships with other organisations

The Okapi Fund has no formally established relationship with any organisation outside of KfW, the World Bank and the ICCN. Details on related parties with KfW and ICCN are provided in Note 6 of the accounts.

Trustees' annual report

For the year ended 31 December 2020

KfW provided some funds and has one of its employees as a member of the Board in the person of Verena Seiler (she is both the head of the KfW bureau in Kinshasa and a Trustee for the Fund).

Statement of responsibilities of the trustees

The Trustees (who are also directors of The Okapi Fund for Nature Conservation in the Democratic Republic of Congo for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 9 (2019 9). The members of the charity are the subscribers to the Memorandum of Association of the Charity and such other persons as are admitted to membership by the Directors in accordance with the Articles. The trustees have no beneficial interest in the charity.

Trustees' annual report

For the year ended 31 December 2020

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The Trustees' annual report has been approved by the trustees on 5 July 2021 and signed on their behalf by

Bob Tumba, Chair
Council of Directors of the Okapi Fund

Independent auditor's report

For the year ended 31 December 2020

Opinion

We have audited the financial statements of The Okapi Fund for Nature Conservation in the Democratic Republic of Congo (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Okapi Fund for Nature Conservation in the Democratic Republic of Congo's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

For the year ended 31 December 2020

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

For the year ended 31 December 2020

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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, the trustees are responsible for assessing the charitable 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 the trustees either intend to liquidate the charitable company or to cease operations, or have 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 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor's report

For the year ended 31 December 2020

- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

31 August 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Statement of financial activities

For the year ended 31 December 2020

	Note	Unrestricted £	Endowment £	2020 Total £	Unrestricted £	Endowment £	2019 Total £
Income from:							
Donations	2	292,171	5,796,043	6,088,214	145,491	11,921,495	12,066,986
Investment income		–	142,636	142,636	–	–	–
Total income		292,171	5,938,679	6,230,850	145,491	11,921,495	12,066,986
Expenditure on:							
Charitable activities							
Project expenses	3	242,832	416,097	658,929	129,415	–	129,415
Total expenditure		242,832	416,097	658,929	129,415	–	129,415
Net income and movement in funds	4	49,339	5,522,582	5,571,921	16,076	11,921,495	11,937,571
Gain /(loss) on investments	8	–	1,709,334	1,709,334	–	(52,138)	(52,138)
Reconciliation of funds:							
Total funds brought forward		16,076	11,869,357	11,885,433	–	–	–
Total funds carried forward		65,415	19,101,273	19,166,688	16,076	11,869,357	11,885,433

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 13 to the financial statements.

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Balance sheet

Company number: 08794664

As at 31 December 2020

	Note	2020 £	2019 £
Non current assets:			
Tangible assets	9	4,111	–
Investments	8	19,101,273	11,869,357
		<u>19,105,384</u>	<u>11,869,357</u>
Current assets:			
Debtors	10	18,089	11,907
Cash at bank and in hand		66,642	23,017
		<u>84,731</u>	<u>34,924</u>
Liabilities:			
Creditors: amounts falling due within one year	11	(23,427)	(18,848)
		<u>61,304</u>	<u>16,076</u>
Net current assets		<u>61,304</u>	<u>16,076</u>
Total net assets		<u><u>19,166,688</u></u>	<u><u>11,885,433</u></u>
The funds of the charity:	13		
Restricted funds:			
Endowment Fund		19,101,273	11,869,357
Unrestricted funds		<u>65,415</u>	<u>16,076</u>
Total charity funds		<u><u>19,166,688</u></u>	<u><u>11,885,433</u></u>

Approved by the trustees on 5 July 2021 and signed on their behalf by

Bob Tumba

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		7,281,255		11,885,433	
Depreciation charges		1,097		–	
Eliminate (gains)/ losses on investments		(1,709,334)		52,138	
Eliminate losses/ (gains) from foreign exchange		340,416		(1,579)	
Income from investments		142,636		–	
(Increase) /decrease in debtors		(6,182)		36,861	
Increase/(decrease) in creditors		4,579		(29,920)	
Net cash provided by operating activities		6,054,467		11,942,933	
Cash flows from investing activities:					
Purchase of investments		(15,910,748)		(11,870,592)	
Proceeds from sale of investments		10,479,479		–	
Purchase of fixed assets		(5,208)		–	
Income from investments		(142,636)		–	
Movement in cash held by investment manager		(91,313)		(50,903)	
Net cash used in investing activities		(5,670,426)		(11,921,495)	
Change in cash and cash equivalents in the year		384,041		21,438	
Cash and cash equivalents at the beginning of the year		23,017		–	
Change in cash and cash equivalents due to exchange rate movements		(340,416)		1,579	
Cash and cash equivalents at the end of the year		66,642		23,017	

Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies

a) Statutory information

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is 10 Queen Street Place, London, EC4R 1BE.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006/Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. 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 nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The Okapi Fund received a capital contribution €14 million from the German Ministry for Cooperation and Development through the KfW Development Bank in December 2019. After 31 December 2018, the KfW Development Bank committed to continue operational support by allocating an additional €1 million. KfW reiterated this support in a letter dated 28th August 2019, for the development stage over the next 2–3 years. For operational support, KfW provided out of the €1 million commitment (i) a sum of 59,427.84 Euros in August 2019; (ii) a sum of € 224,015 in March 2020 and (iii) a sum of € 98 112,9 in November 2020. Capital contribution from the World Bank, for an amount of 7,4 million US\$, was received in January 2020.

Due to the Covid-19 crisis and its impact on the financial markets and the world economic outlook, it is possible that the portfolio's profitability targets will not be met in 2021. The impact on the Okapi Fund's activities will nevertheless be limited for the following reasons:

1. The financial crisis, if it is to be materialized, will not have an impact on the operating budget of the Okapi Fund, which is secured for the coming years by the funds made available by KfW, whose financial strength is not threatened by the current crisis;
2. In 2021, the Okapi Fund is not expecting to distribute funds to finance projects in the Protected Areas. As we do not have a short-term distribution imperative, we can wait until the crisis subsides and maintain a prudent investment policy in the meantime;
3. The portfolio's profitability objective for the year 2020 was largely exceeded, as the portfolio achieved a Return on Investment of 13% in 2020, double the objective set in our Investment Policy Statement. Thus, even though 2021 may be a difficult year for the financial markets, the impact on the Okapi Fund should be mitigated by the portfolio's strong performance in 2020.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies (continued)

g) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

k) Foreign exchange policy

Transactions in foreign currencies are translated at the average rate for the year using HMRC rates. All exchange gains/losses are charged to the statement of financial activities and separately disclosed.

l) Presentational currency

The financial statements are presented in British Sterling. The functional currency is between United States Dollars and Euros.

m) Funds

The restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

The unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

The endowment funds include permanent endowment funds, where the capital must be retained, and expendable endowment funds, which can be converted into income at the discretion of the Trustees. The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according the wishes expressed by the donor.

Following the wished of the donor, the funds received form KfW, namely Euro 14 million received in December 2019, are treated as:

- Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).
- Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14M euros – 7.4M US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

n) Fixed assets

Items of equipment are capitalised where purchased. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

The depreciation rates of fixed assets are as follows:

- IT equipment – 3 years straight line
- Furniture and Fittings – 4 years straight line

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2020

2 Income from donations and legacies (unrestricted)

	Unrestricted £	Endowment £	2020 Total £	2019 Total £
Donations:				
World Bank	–	5,796,043	5,796,043	–
KfW	285,234	–	285,234	11,973,893
Gift in Kind:				
World Bank	–	–	–	6,424
KfW	6,937	–	6,937	86,669
	292,171	5,796,043	6,088,214	12,066,986

All income from the prior year was unrestricted.

3a Analysis of expenditure

	Charitable activities £	Support costs £	Governance costs £	2020 Total £	2019 Total £
Staff Costs (note 5)	–	169,509	–	169,509	–
Payroll provision	–	–	–	–	–
Consultancy	–	6,274	–	6,274	102,783
Legal fees	–	–	4,587	4,587	3,487
Admin and Rent	–	41,107	–	41,107	11,303
Accountancy and audit fee	–	–	32,775	32,775	8,000
IT	–	1,726	–	1,726	–
Foreign exchange	–	340,416	–	340,416	1,579
Depreciation expense	–	1,096	–	1,096	–
Investment manager fees	–	61,153	–	61,153	–
Trustee expenses	–	–	286	286	2,263
	–	621,281	37,648	658,929	129,415
Support and Governance costs	658,929	(621,281)	(37,648)	–	–
Total expenditure 2020	658,929	–	–	658,929	129,415

3b Analysis of expenditure prior year

	Charitable activities £	Support costs £	Governance costs £	2019 Total £
Consultancy	–	102,783	–	102,783
Legal fees	–	–	3,487	3,487
Admin and Rent	–	11,303	–	11,303
Accountancy and Audit fee	–	–	8,000	8,000
Foreign exchange	–	1,579	–	1,579
Trustee expenses	–	–	2,263	2,263
	–	115,665	13,750	129,415
Support and Governance costs	129,415	(115,665)	(13,750)	–
Total expenditure 2019	129,415	–	–	129,415

Notes to the financial statements

For the year ended 31 December 2020

4 Net income for the year

This is stated after charging:

	2020 £	2019 £
Trustees' remuneration	–	–
Trustees' reimbursed expenses	564	4,239
Foreign exchange loss	340,416	1,579
Auditor's remuneration (excluding VAT):		
Audit	9,950	6,000
Other services	2,000	2,000

Notes to the financial statements

For the year ended 31 December 2020

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	160,464	–
Social security costs	15,319	–
	<u>175,783</u>	<u>–</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020 No.	2019 No.
£130,000 – £139,999	<u>1</u>	<u>–</u>

In 2019, The Okapi Fund for Nature Conservation in The Democratic Republic of Congo did not have any directly employed staff in the year. However, KfW contracted a consultant to manage FOCON and he was brought on board in July 2019. From February 2020, he was employed as an employee of the Okapi Fund for Nature Conservation in The Democratic Republic of Congo. The total benefits of this key management personnel were £152,189, of which £150,240 were for remunerations and £1,950 were for expenses and flight costs (2019: £78,359).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

During 2019, trustees could claim a nominal amount of £44 (USD \$60) per calendar month in order to cover their costs of travel to board meetings and travel and communication costs incurred in the normal course of carrying out the governance function of The Okapi Fund for Nature Conservation in The Democratic Republic of Congo. In 2019, four of the nine trustees claimed this. The total amount claimed for trustee expenses of this kind was £2,121 in 2019. This policy was ended in 2020 and therefore no trustees received any nominal amounts in 2020.

Trustees' reimbursed expenses include travel, accommodation and disbursement costs in relation to overseas travel for one trustee (2019: one). The amount of £286 was reimbursed (2019: £1,981).

The average number of employees (head count based on number of staff employed) during the year was 2 (2019: 0).

6 Related party transactions

Verena Seiler is the head of the KfW bureau in Kinshasa and a Trustee for the Fund. Within the year, KfW covered the costs of a consultant and the Executive director costs for the amount of £6,937 (2019: £86,669).

The Okapi Fund also received funding from KfW of £6,081,277. Of this, £285,234 relates to funding to support the administration of the charity and £5,796,043 relates to an endowment fund set up in the year (2019: £11,973,893).

Jean-Philippe Waterschoot is the CEO of TEXAF, who is a trustee. TEXAF is the parent company of COTEX, from whom the Okapi Fund is leasing their new office. The lease was agreed on an arm's length basis and Jean-Philippe Waterschoot is not a signatory on the lease. A total of £23,276 was paid by the Okapi Fund to COTEX in the year, representing £11,560 of rental costs to cover the period from January to December 2020 and a £11,716 deposit. The deposit will be returned to the Okapi Fund on termination of the lease.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

7 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For the year ended 31 December 2020

8 Listed investments

Smith and Williamson Investment Management Limited were appointed fund managers in December 2019. The initial value of the investments was at 18 December 2019.

	2020 £	2019 £
Fair value at the start of the year	11,818,454	–
Additions at cost	15,910,748	11,870,592
Disposal proceeds	(10,479,479)	–
Net gain / (loss) on change in fair value	1,709,334	(52,138)
	18,959,057	11,818,454
Cash held by investment broker pending reinvestment	142,215	50,903
Fair value at the end of the year	19,101,273	11,869,357

9 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start of the year	–	–	–
Additions in year	3,038	2,170	5,208
At the end of the year	3,038	2,170	5,208
Depreciation			
At the start of the year	–	–	–
Charge for the year	658	439	1,097
At the end of the year	658	439	1,097
Net book value			
At the end of the year	2,380	1,731	4,111
At the start of the year	–	–	–

All of the above assets are used for charitable purposes.

10 Debtors

	2020 £	2019 £
Trade debtor	4,071	–
Other Debtors	2,302	–
Prepayments	11,716	11,907
	18,089	11,907

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2020

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Payroll creditor	7,264	–
Trade creditors	575	–
Accruals	15,588	18,848
	23,427	18,848

12a Analysis of net assets between funds (current year)

	General unrestricted £	Endowment £	Total funds £
Fixed assets	4,112	–	4,112
Investments	–	19,101,273	19,101,273
Net current assets	61,303	–	61,303
Net assets at 31 December 2020	65,415	19,101,273	19,166,688

12b Analysis of net assets between funds (prior year)

	General unrestricted £	Endowment £	Total funds £
Investments	–	11,869,357	11,869,357
Net current assets	16,076	–	16,076
Net assets at 31 December 2019	16,076	11,869,357	11,885,433

13a Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	At the end of the year £
Restricted funds:				
Permanent Endowment	5,637,611	7,427,217	(201,025)	12,863,803
Expendable Endowment	6,231,746	220,796	(215,072)	6,237,470
	11,869,357	7,648,013	(416,097)	19,101,273
Unrestricted funds:				
General funds	16,076	292,171	(242,832)	65,415
Total funds	11,885,433	7,940,184	(658,929)	19,166,688

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

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For the year ended 31 December 2020

13b Movements in funds prior year

	At 1 January 2019 £	Incoming resources & gains £	Outgoing resources & losses £	At 31 December 2019 £
Restricted funds:				
Endowment funds	–	11,921,495	(52,138)	11,869,357
Unrestricted funds:				
General funds	–	145,491	(129,415)	16,076
Total funds	–	12,066,986	(181,553)	11,885,433

Purposes of Endowment funds

The Okapi Fund has received funding from KfW and the World Bank to support the pursuit of its charitable objectives. The endowment fund is intended to generate significant, stable and predictable financial resources for the management of selected protected areas in the DRC, with a focus on sustainably financing the management costs of Parc National Kahuzi-Biega (PNKB) and the Parc National Garamba (PNG). The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according to the wishes expressed by the donor.

Following the wishes of the donor, the funds received from KfW, namely EURO 14 million received in December 2019, are treated as:

Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14 million EURO – 7.4million US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

14 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases

	Property 2020 £	2019 £
Less than one year	9,693	9,258
	9,693	9,258

15 Contingent Liability

Within the year it was noted that there are addition taxes for Expatriate employees within the DRC. Okapi should not have to paid this taxes due to its charitable status, however at the year end the charity was still awaiting confirmation that this was the case. The extended costs would be approximately £42k.

16 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.