

**TROPICAL FORESTS CONSERVATION  
FUND- FCA**

**EXTERNAL AUDIT REPORT**

As from January 1 to December 31, 2009



**EXTERNAL AUDIT REPORT OF THE “TROPICAL FORESTS CONSERVATION  
FUND- FCA” PROGRAM**

Debt-for-Nature Swap according to the agreement held between the Guatemalan  
Government and the United States Government.

In the frame of the Forest Conservation Agreement subscribed among the  
Government of Guatemala, The Nature  
Conservancy and The Conservation International Foundation

Managed by the Foundation for the Conservation of the Natural Resources and  
Environment in Guatemala - FCG

As from January 1 to December 31, 2009

“TROPICAL FORESTS CONSERVATION FUND – FCA–” PROGRAM

CONTENTS

	Page
I. Introduction letter and execution summary	
▪ Background	4
▪ Purpose of the audit	6
▪ Scope of the audit	7
▪ Audit procedures	9
▪ Audit results	10
▪ Follow-up to the recommendations of the previous audit	12
II. Financial Statements	
▪ Independent Auditors’ Report	13
▪ Trust Balance Sheet	15
▪ Trust Profit and Loss Statement	16
▪ Patrimonial Statement	17
▪ Cash flow	18
▪ Notes to the Financial Statements	21
III. Internal Control System	
▪ Independent Auditors’ Report	31
IV. Compliance with the terms of the Agreement, applicable laws and regulations	
▪ Independent Auditors’ Report	37
V. Compliance with the terms of the Forest Conservation Agreement to assign donations, management, follow-up and control of the projects and compliance with the agreement held with the recipients of the donations	
▪ Independent Auditors’ Report	39

Guatemala, April 16, 2010

**Oversight Committee of the Tropical Forests  
Conservation Fund - FCA-  
and the Board of Directors of  
The Foundation for the Conservation of Natural Resources  
and Environment in Guatemala - FCG -**

This report presents the result of our financial audit related to the funds of the Tropical Forests Conservation Fund - FCA, regarding to the Debt-for-Nature Swap subscribed between the Government of Guatemala and the United States Government managed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG, for the period from January 1 to December 31, 2009.

**I. BACKGROUND**

In order to contribute to the conservation, protection, renewal, sustainable use and proper management of the tropical forests in Guatemala, the Government of the United States of America and the Government of the Republic of Guatemala subscribed the Debt-for-Nature Swap Agreement on September 8, 2006 for the execution of the "Tropical Forests Conservation Fund" Program, in order to pay in advance and settle up a debt owed by the Government of the Republic of Guatemala to the Government of the United States of America, considering that the deforestation levels and the forestry degradation are considerable issues in many regions of the world, that the relief of the external debt in the frame of important economic reforms may improve the protection of the tropical forests, that the role performed by both "The Conservation International Foundation and The Nature Conservancy" in the protection of the rain forest in Guatemala and the success of the non-for-profit organizations in Guatemala to the conservation and the management of forest lands are of major importance, as well to foster the goals established by the laws of the United States of America.

Three agreements were subscribed for the execution of the Program for a period of 15 years beginning on September 8, 2006 until January 28, 2021. Such program is currently managed by the Foundation for the Conservation of Natural Resources and Environment in Guatemala - FCG-.

For the reception of the funds coming from the payments indicated in Annex 1 of the Forests Conservation Agreement, a Trust fund was created, which was constituted on September 30, 2008 in Banco G&T Continental; the latter is responsible for the opening of the Debt Service account, receiver of the payments of the Government of Guatemala, as well as for the Endowment Fund account.

### **Purpose of the Program**

The funds of the Program are destined to the conservation, maintenance and renewal of the tropical forests in Guatemala, which are identified as Forest Lands.

The mission of the FCA is to be an innovative financial mechanism that along with donors, entities and communities, strengthens the agendas of conservation and sustainable development through strong-impact programs.

The vision and goal is to achieve a lasting conservation of the natural resources in priority regions of Guatemala in order to improve the welfare of the community.

### **Brief history of the Program's Administrator (Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG)**

The Guatemalan Conservation Trust began its operations in 1991 constituted with the purpose of supporting the processes of conservation of the biodiversity and the sustainable use of natural resources.

In order to make the processes and services provided by the Trust easier and more efficient and with the idea of extending its activities, on March 24, 2003 the Foundation for the Conservation of the Natural Resources and Environment in Guatemala was recorded in the Civil Registry of the City of Guatemala. This is a private, non-governmental, non-for-profit organization, without any political ideology and with ecological and conservation purposes.

FCG does not substitute the Guatemalan Conservation Trust, both entities work together to provide a better and more efficient service to the allies and collaborators. From the beginning, the Foundation is in charge of almost every operation of the environmental fund and leaves the process of credits for productive and environmental projects in charge of the Trust.

The general purpose of the Foundation is to promote the conservation of the biodiversity and the sustainable use of natural resources, the environmental management and sustainable development through the execution and stable generation of the funds, the management of services and projects, the proposal and

execution of specialized services in the environmental area, financing of the projects, as well as the management of environmental projects.

The mission of FCG is to negotiate and supply financial resources for the conservation and sustainable management of the natural heritage in Guatemala. This is made through three programmatic lines:

- 1) Grants; 2) sub-accounts and services, and 3) credits managed through the Trust.

The first programmatic line that has been developed was related to the grants through which FCG have granted support to the projects in almost all of the country under the following action lines: Protected areas, sustainable management of natural resources, training and environmental education, research, environmental policy and legislation, and institutional strengthening. The beneficiaries of these funds (the ones executing the projects) include, besides other NGO's, individual researchers and government entities.

With the subscription of the Forest Conservation Agreement in September 2006, the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG - was appointed as administrator of the fund and in 2008, with the incorporation of the Guatemala - TFCA - Trust, the FCG was constituted as the Trustor.

## **II. PURPOSE OF THE AUDIT**

The main purpose consists on developing the audit of the proceeds of the Tropical Forests Conservation Fund managed by the Oversight Committee of the Fund through the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG.

The specific objectives of our audit were the following:

- a) To issue an opinion on the financial statements of the Tropical Forests Conservation Fund - FCA - generated by the Trustee of the Guatemala Trust - TFCA -, Banco G&T Continental and FCG as Administrator.
- b) To determine whether the internal control structure of the Tropical Forests Conservation Fund - FCA - is adequate or not and to identify the reportable conditions including important weaknesses of the internal control and the accounting procedures in use for the operations managed by the Guatemala -

TFCA - Trust and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG-

- c) To issue an opinion on the financial statement and the management of the grants for the execution of the seven projects approved in the first cycle of the FCA projects.
- d) To issue an opinion on the records of the expenses bore by the grantees of the project that they are executing through a significant sample of the seven projects that are currently being developed.
- e) To evaluate whether or not the Tropical Forests Conservation Fund - FCA - has complied with the terms of the Forest Conservation Agreement and with the applicable laws and the regulations, as well as whether the grantees complied with the subscribed grant agreements or not.

### **III. SCOPE OF THE AUDIT**

The scope of our work included the following:

- I. To get familiar with the program through the review of the following documents:
  - Debt-for-Nature Swap Agreement,
  - Swap Co-financing Agreement,
  - FCA Forest Conservation Agreement,
  - Incorporation deed of FCG and records in the corresponding entities,
  - Incorporation deed of the Guatemala - TFCA - Trust,
  - Managing expenses budget approved in 2009,
  - Agreements held with the grantees.

#### **II. Internal Control**

We got an understanding on the design of the policies and procedures of the internal control of FCG related to the Program, as well as the control procedures established in the management of the trust, we also assessed the control risk to determine our audit tests, but not with the purpose of expressing an opinion on the internal control taking into consideration income and disbursements procedures, accounting records, financial information system and budget control.

III. Management of grants for the execution of seven projects approved in the first term of the FCA projects

**Guatemala - TFCA - Trust**

We got an understanding on the procedures established in the incorporation deed of the trust according to which it will be in charge of the management of the debt service account, being the receiver of the payments of the Government of Guatemala, and of the account of the Endowment Fund and will manage the funds deposited according to what is established by the Oversight Committee through the administrator in the terms of the agreement.

**FCG as Administrator**

We got an understanding on the procedures established in the Forest Conservation Agreement set out in section 5, which refers to the process of selection and approval of eligible projects, as well as the control procedures established by the Foundation for the management of the projects.

We assessed the risk of control to determine our audit tests, but not with the purpose of expressing an opinion on the adequate management of the grants taking into consideration the procedures for the selection and approval of the projects, disbursements, accounting records and financial information systems, follow-up and control.

IV. Verification of the records of the expenses bore by the grantees of the project being developed

We chose a representative sample out of the total of the projects that as of December 31, 2009 were being executed, in order to verify the compliance with the main aspects contained in the grant agreement by the grantees. The purpose of our assessment was to obtain a reasonable assurance as to whether the Grantee is being executing the project according to the stipulations set out in the grant agreement.

V. Compliance with the terms of the agreement, applicable laws and regulations

We examined the compliance of FCG, in all of its important aspects, with the terms of the Forest Conservation Agreement, applicable laws and regulations, based on the International Accounting Standards issued by IFAC. The purpose of our assessment was to obtain a reasonable assurance as to whether the Financial Statement is free of any material inconveniences and not to express an opinion on the compliance with such terms.



#### IV. AUDIT PROCEDURES

- a) We obtained and reviewed the legal documents, as follows:
- Incorporation deed of the Foundation FCG and its respective records in the corresponding governmental agencies.
  - Incorporation deed of the Guatemala - TFCA - Trust and its respective records in the related governmental agencies.
  - Agreements held with the grantees.
  - Minutes of the Oversight Committee of the Tropical Forests Conservation Fund.
  - Agreements held with the grantees.
  - Technical and financial reports of the grantees.
  - External supervisors' reports on the projects being developed.
- b) Specific audit procedures

We examined the support documentation and the information associated with the accounting records of the Program.

##### **Guatemala - TFCA- Trust**

- Review of the diary, the ledger and the balances issued by the Trust in order to verify the adequate record of the operations.
- Review of the projects' fund transfers and the managing expenses, checking that all of the instructions issued by the Oversight Committee by means of the Administrator are complied.
- Review of the bank accounts and the controls on them, as well as the confirmation deliveries to the banks.
- Payment confirmations carried out by the Government of Guatemala in accordance with Annex 1 of the Forest Conservation Agreement.
- We verified the support documentation of the investments placed by the Trust as of December 31, 2009 supported by the books and accounting books and records.
- We examined the adequate record of the interests earned during the period 2009, coming from the investments expiration.
- We verified the adequate calculation of the interests accrued, not earned, corresponding to current investments.

##### **FCG as Administrator**

- Review of the bank accounts and the control on them, as well as the confirmation deliveries to the banks.

- Review of the budget and its execution.
- Review of the technical and financial reports submitted by the grantees.
- Confirmations to the grantees.
- Review of the opinions of each project issued by the Foundation's project teams.
- We carried out the tests to determine the expenses of the Program in which the FCA managing expenses are included and besides, we verified that such expenses did not surpass the global budget approved by the Oversight Committee for 2009.
- We reviewed the support documentation of the expenses from the grants, verifying that the established requirements to give such disbursements to the projects were duly complied.
- We visited three institutions that are currently receiving the grants as a result of our selective sample and we carried out the tests in order to evaluate that the established internal control procedures assure that the funds received are being used according to the stipulations set out in the subscribed agreements and for the purposes authorized by the Program.

## **VI. AUDIT RESULTS**

### **a) Financial statements of the Guatemala - TFCA - Trust**

In our opinion, the financial statements fairly present, in all their main aspects, the financial position of the Guatemala - TFCA - Trust as of December 31, 2009, the results of its operations according to the terms of the Forest Conservation Agreement and in conformity with the accounting basis described in Note 3 (a).

### **b) Income Statement of the accounts in charge of FCG as Administrator**

In our opinion, the Financial Statement of the funds received by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala, as administrator of the aforementioned Tropical Forests Conservation Fund, fairly presents in all its main aspects, the income, the incurred expenses, the disbursements carried out and the assets acquired by the Program during the period from January 1 to December 31, 2009, according to the terms of the Forest Conservation Agreement and in conformity with the accounting basis described in Note 3 (a).

**c) Internal control**

As a result of our tests on the compliance with the internal control, we did not observe any matter related to the internal control and its operation that we should consider as a material weakness that might be considered as a reportable condition in the design or operation of one or more of the specific elements of internal control.

However, we observed certain matters related to the internal control and its operation that might affect considerably the ability to record, process and report in a consistently way the financial information; such issues have been reported to the executive board of the Administrator (FCG Foundation), in conformity with the international auditing standards. Refer to Annex 1.

As part of our procedures, we have carried out a follow-up to the internal control report of the previous year, highlighting that the trustee of the Fund took the necessary actions to correct or install the controls in order to solve the issue pointed out in such report.

**d) Management of the grants for the execution of the seven projects approved**

As of December 31, 2009, the Oversight Committee has approved a total of seven projects for a total amount of Q12,304,612 out of which Q6,424,474 (52%) have been disbursed. The projects were approved to be developed in a two-year period.

The counterpart amounts up to Q11,561,842 and as of December 31, 2009, the projects have reported Q4,395,061 (38%).

As a result of our review, we concluded that the funds authorized to the grantees have been given according to the authorized purposes and in conformity with section 5 of the Forest Conservation Agreement; furthermore, the Foundation based on its capacity of Administrator has installed the management and follow-up mechanisms to the programs that allow them to comply with the stipulations contained in section 5.2.6 (Use of Donations) of the Forest Conservation Agreement.

The contracts with the grantees do not stipulate a commitment from the latter to carry out the counterpart in a specific term.

For future projects, the Oversight Committee could consider that the grant agreements or its annexes include a commitment of the grantees in the sense that the execution of the funds of the counterpart be programmed in such a way that by means of the reports the compliance with this contribution in the stipulated term can be supported.

e) **Verification of the records of the expenses that the grantees bear of the projects being currently developed**

As part of our audit procedures, we visited the facilities of the following projects:

1. “Fundación Defensores de la Naturaleza” - “Strengthening of the institutional abilities and the community’s sustainable development for the conservancy of the natural and cultural heritage of *Parque Nacional Sierra de Lacandón* Project.
2. “Asociación Helvetas” - “Strengthening of the community’s local management of the forest in the departments of Quetzaltenango and Totonicapán, Guatemala” Project.
3. FUNDAECO -“Design, proposal and promotion of a regional sub-system of the protected area for the Northern part of Huehuetenango through alternative strategies of conservation.”

In such institutions we carried out tests to verify in a general manner the compliance with what was stipulated in the grant agreement.

As a result of the applied audit procedures, we concluded that we did not observe any matter related to the terms of the grant agreement that we could consider as a material weakness that requires being a reportable condition; therefore, the funds granted to the institutions have been reasonably used according to the authorized purposes.

f) **Compliance with the terms of the agreement, its applicable laws and regulations**

Material instances of non-compliance are considered as failures in the follow-up of the requirements or infringements to the terms of the agreement, laws and regulations that conclude that the accumulation of such failures or infringements is a material issue for the Financial Statements of the Guatemala - TFCA - Trust and the Income Statement. As a result of our compliance tests, we do not identify material instances that might affect significantly such financial statements.

## **VII. FOLLOW-UP TO THE RECOMMENDATIONS TO THE PREVIOUS AUDIT**

As part of our review, we followed up the recommendations contained in the internal control report issued on December 31, 2008.

As a result of this procedure, we identified that the Administrator of the Fund took the necessary steps towards correcting and putting in place the controls in order to solve the issue that was pointed out in such report.

## **INDEPENDENT AUDITORS' REPORT**

**Oversight Committee of the Tropical Forests  
Conservation Fund - FCA -  
and the Board of Directors of the Foundation for  
the Conservation of the Natural Resources  
and Environment in Guatemala - FCG**

We have audited the financial statements of Guatemala - TFCA - Trust and the Income Statement for the year ended December 31, 2009. These financial statements are the responsibility of Banco G&T Continental, in its capacity of Trustee, and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG - in its capacity of Administrator, respectively. Our responsibility is to express an opinion on such financial statements based on our audit.

We have carried out our audit in conformity with the International Auditing Standards. These standards require that we plan and perform the audit in order to obtain a reasonable assurance that the financial statements of the Trust and the Income Statement are free of significant errors. An audit includes the exam, based on selective tests, of the evidence of the figures and disclosures submitted in such statements. It also includes the evaluation of the accounting principles used and the relevant estimates made by Banco G&T Continental and FCG, as well as the assessment of the general presentation of the financial statements of the Trust and the Income Statement. We consider that our audit provides a reasonable basis to express our opinion.

As described in Note 03, item a), the financial statements of the Guatemala - TFCA - Trust and the Income Statement were prepared on an accounting basis of modified cash and cash, which is an accepted accounting integral basis, different from the International Financial Information Standards that were adopted by the Guatemalan Institute of Certified Public Accountants as Generally Accepted Accounting Principles in Guatemala.

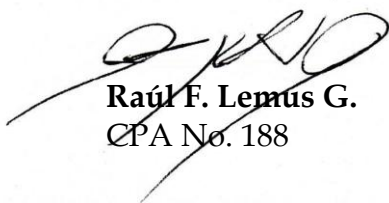
In our opinion:

- a) The financial statements fairly present, in all of their important aspects, the financial position of the Guatemala - TFCA - Trust as of December 31, 2009, the results of their operations, in accordance with the terms of the Forest Conservation Agreement and in conformity with the accounting basis described in Note 3 (a) of the current report.

- b) The Income Statement fairly presents, in all of its material aspects, the income, the costs incurred and reimbursed and the management of the bank accounts “Grants account” and the management of the “Managing Expenses” account for the program “Tropical Forests Conservation” and in conformity with the accounting basis described in Note 3 (a) of the current report.

This report was prepared to inform the Oversight Committee of the Tropical Forests Conservation Fund and the Board of Directors of the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG; however, such report is a matter of public concern and its distribution will not be restricted.

**LG FIRM, S. C.**  
**External Auditors and Tax Advisors**  
**Member Of Geneva Group International**  
**Swiss Accounting and Consulting Firm**



**Raúl F. Lemus G.**  
CPA No. 188

Guatemala, April 16, 2010

**GUATEMALA - TFCA- TRUST**  
**Balance Sheet**  
Period ended as of December 31, 2009  
(Expressed in US\$ Dollars and Quetzals, respectively)

<u>Assets</u>	<u>Notes</u>	<u>US\$</u>	<u>Q.</u>
<b>Current assets</b>			
Available assets	6	328,458	2,744,067
Interests receivable	7	91,568	752,697
Total current assets		420,026	3,496,764
<b>Other assets</b>			
Investments	8	5,613,630	46,898,451
<b>Total assets</b>		<b>6,033,656</b>	<b>50,395,215</b>
 <b><u>Liabilities and patrimony</u></b>			
<b>Current liabilities</b>			
Income tax payable		16,210	135,423
Interests accrued, not earned yet	7	91,568	752,697
		107,778	888,120
 <b>Patrimony</b>			
<b>Primary capital</b>			
Trust patrimony	9	6,600,300	55,141,487
Trust patrimony discounts	10	(989,398)	(8,265,816)
		5,610,902	46,875,671
<b>Complementary capital</b>			
Income from previous periods		5,198	43,423
Income from the period		309,778	2,588,001
Total accounting capital		5,925,878	49,507,095
<b>Total liabilities and patrimony</b>		<b>6,033,656</b>	<b>50,395,215</b>

See notes to the financial statements.

**GUATEMALA - TFCA- TRUST**  
**Profit and Loss Statement**  
**Period ended as of December 31, 2009**  
**(Expressed in US\$ Dollars and Quetzals)**

	<u>Notes</u>	<u>US\$</u>	<u>Q.</u>
<b><u>Products per allotment</u></b>			
Financial products per placement of investments	11	334,131	2,726,354
Products from foreign currency operation	12	163	1,330
		334,294	2,727,684
<b><u>Received expenses</u></b>			
Expenses from foreign currency operation	13	440	3,588
Investments margin		333,854	2,724,096
Income tax	14	(16,679)	(136,095)
Income after Income Tax		317,175	2,588,001
<b><u>Other expenses</u></b>			
Difference from conversion	18	7,397	-
<b>Income from the period</b>		<b>309,778</b>	<b>2,588,001</b>

See notes to the financial statements



**GUATEMALA - TFCA- TRUST**  
**Patrimonial Statement**  
**Period ended as of December 31, 2009**  
**(Expressed in US\$ Dollars and Quetzals, respectively)**

	<u>Notes</u>	<u>Primary Capital</u>	<u>Complementary Capital</u>	<u>US\$</u>	<u>Primary Capital</u>	<u>Complementary Capital</u>	<u>Q</u>
Initial balance		4,157,440	5,198	4,162,638	34,732,877	43,423	34,776,300
Contributions from the Ministry of Finance year 2009	9	2,028,698		2,028,398	16,948,536		16,948,536
<b>Trust patrimony discounts</b>	10						
Transfers carried out 10% on managing expenses		(202,870)		(202,870)	(1,694,854)		(1,694,854)
Donations granted to the projects		(372,366)		(372,366)	(3,110,888)		(3,110,888)
<b>Complementary capital</b>							
Income from the period			309,778	309,778		2,588,001	2,588,001
<b>Total trust patrimony</b>		<b>5,610,902</b>	<b>314,975</b>	<b>5,925,878</b>	<b>46,875,671</b>	<b>2,631,424</b>	<b>49,507,095</b>

See notes to the financial statements.

**GUATEMALA - TFCA - TRUST**  
**Statement of Cash Flow**  
**Period ended as of December 31, 2009**  
**(Expressed in US\$ Dollars and Quetzals, respectively)**

	<u>Notes</u>	<u>US\$</u>	<u>Q.</u>
Cash flows in operating activities			
Income from the net year		309,778	2,588,001
Adjustments to reconcile the net income and the net flows of operating activities:			
Income tax provision		16,210	135,423
Profit before changes in assets and liabilities		325,988	2,723,424
Changes in assets and liabilities:			
Trust patrimony			
Cash received upon contribution	9	2,028,698	16,948,536
Donation for the execution of projects	10	(372,366)	(3,110,888)
Disbursement for managing expenses	10	(202,870)	(1,694,854)
		1,453,463	12,142,794
Net cash flows from operating activities		1,779,450	14,866,218
Cash flows from investment activities			
From investment in deposit certificates		(1,453,395)	(12,140,851)
Net flow used in investment activities		(1,453,395)	(12,140,851)
Net cash decrease increase		326,055	2,725,367
Cash and equivalents at the beginning of the year		2,403	18,700
<b>Cash and equivalents at year-end</b>		<b>328,458</b>	<b>2,744,067</b>

See notes to the financial statements.

**FCG FOUNDATION - ADMINISTRATOR**  
**Income and Expenses Statement**  
**Period ended December 31, 2009**  
**(Expressed in US\$ Dollars and Quetzals, respectively)**  
**Managing expenses account and grants account**

	<u>Notes</u>	<u>US\$</u>	<u>Q.</u>
Income	15	576,082	4,812,649
Disbursements			
Donation for the execution of the projects	16	372,366	3,110,888
Operating expenses	17	<u>155,887</u>	<u>1,275,561</u>
Total expenses		<u>528,253</u>	<u>4,386,449</u>
<b>Net income and expenses of the year, in excess</b>		<u><u>47,829</u></u>	<u><u>426,200</u></u>

See notes to the financial statements.



**FCG FOUNDATION - ADMINISTRATOR**  
**Available Cash**  
**Period ended as of December 31, 2009**  
**(Expressed in US\$ Dollars and Quetzals, respectively)**

	Note	US\$	Q.
<u>Cash</u>			
<u>Bank accounts</u>			
Banco G&T Continental 66-0009301-3		106,753	891,857
Banco G&T Continental 66-0009302-1		323	2,701
Petty cash		239	2,000
		107,315	896,558
Income upon expenses of previous years, in excess		58,774	470,358
Income upon expenses of year 2009, in excess		47,829	426,200
Difference from conversion	18	712	--x--
<b>Total equal to available cash</b>		<b>107,315</b>	<b>** 896,558</b>

\*\*The cumulated excess of the income upon the expenses for an amount of Q896,558 (US\$107,315) must be reported to the Oversight Committee in order to decide its use.

**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

1. **Brief history and description of the “Tropical Forests Conservation Fund - FCA - Program**

On September 8, 2006 three agreements were subscribed simultaneously:

- a) Debt-for-Nature Swap Agreement held by the Government of the United States of America and the Government of Guatemala; b) Forest Conservation Agreement held by the Government of Guatemala and international NGO's and
- c) Co-financing Swap Agreement held by the Government of the United States and international NGO's.

The adherence process of Guatemala within the program of Tropical Forests Conservation of the United States began with the clear interest of the Government of Guatemala towards the Government of the United States of America to be part of the program. After carrying out the evaluation of the requirements, the Government of the United States of America notified the Government of Guatemala about its eligibility to participate within the program. The sum authorized to finance the “Tropical Forests Conservation Fund - FCA” was up to US\$24,370,861, in conformity with the stipulation contained in Annex 1 to such agreement. The Program began at the date of the signature of the agreements (September 8, 2006) and will end approximately on January 28, 2021.

**Purposes of the program**

1. Strengthen and promote alliances, leverage of funds, participation and contribution of key actors (donors, academy, private, and public sectors, communities, and NGO's) for the compliance with the purposes of the conservation and sustainable development authorized by FCA.
2. Assure that the regions and specific areas are under a functional management that contributes to the long-term protection of critical species and vulnerable ecosystems through the active and relevant participation of the local actors.
3. Prevent and reduce the degree of threaten and pressure upon the biodiversity, natural resources and their surroundings within the regions at risk.

**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

**Areas chosen by the Program**

As a final result and a general consent, the geographical areas prioritized by the Program are:

- *Biósfera Maya* Reserve
- Western Volcanic Cordillera
- *Motagua* Region -*Polochic*- Caribbean Coast
- *Cuchumatanes* Region

2. **Brief history of the Administrator of the Program (Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG)**

The trust for the Conservation in Guatemala began its operations in 1991; it was incorporated in order to support the processes of conservation of biodiversity and the sustainable use of natural resources.

With the purpose of making easier and more efficient the processes and services provided by the Trust and with the idea of extending its activities, on March 24, 2003, the Foundation for the Conservation of the Natural Resources and Environment in Guatemala was recorded in the Civil Registry of the City of Guatemala. This is a private, non-for-profit, nonpolitical, ecological, conservationist, non-governmental organization.

FCG does not substitute the Trust; both entities work together in order to provide a better and most efficient service to allies and collaborators. As from its creation, the Foundation is in charge of most of the operations of the environmental fund and leaves the process of credits for productive and environmental projects in charge of the trust.

The general objective of the Foundation is to promote the conservation of biodiversity and sustainable use of the natural resources, the environmental management and the sustainable development through the execution and stable generation of funds, management of services and projects, offer and execution of services specialized in the environmental area, financing to projects, as well as the management of the environmental projects.



**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

The mission of FCG is to negotiate and expedite the financial resources for the conservation and sustainable management of the natural heritage in Guatemala. This is made through three programmatic lines: 1) Grants; 2) sub-accounts and services, and 3) credits managed through the Trust.

The first programmatic line that has been developed was related to the donations through which FCG has granted support to the projects in almost all of the country under the following action lines: Protected areas, sustainable management of natural resources, training and environmental education, research, environmental policy and legislation, and institutional strengthening. The beneficiaries of these funds (the ones executing the projects) include, besides other NGO's, individual researchers and governmental entities.

With the subscription of the Forest Conservation Agreement in September 2006, the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG - was appointed as the manager of the fund and in 2008, with the incorporation of the Guatemalan - TFCA - Trust, the FCG was constituted as the Trustor.

**3. Main accounting policies**

- a) The Financial Statements issued by the Guatemala - TFCA - Trust, were prepared on an accounting basis of modified cash, which is an accepted accounting integral basis, different from the International Financial Information Standards that were adopted by the Guatemalan Institute of Certified Public Accountants as Generally Accepted Accounting Principles in Guatemala. In conformity with such basis, income is recognized when received, and expenses, when occurred.

Income Statement was prepared using a cash basis, which is an accepted accounting integral basis, different from the International Financial Information Standards that were adopted by the Guatemalan Institute of Certified Public Accountants as Generally Accepted Accounting Principles in Guatemala. In conformity to such basis, income is recognized when received, and expenses, when recorded while disbursed.



**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

**4. Monetary Unit**

The accounting records of the Program are expressed in Quetzals. The exchange rate used to carry out the re-expression of the figures to dollars is published by Banco de Guatemala when making the transaction. As of December 31, 2009, the exchange rate of the Quetzal (Q) with respect to the US Dollar (US\$) was of 8.35439 per US\$1.00.

**5. Guatemala -TFCA- Trust**

In compliance with the stipulations contained in the Debt-for-Nature Swap Agreement through public deed No. 151, on September 30, 2008 an irrevocable trust agreement of management and payment of accounts for the conservation of the tropical forests in Guatemala, called "Guatemala - TFCA - Trust", was subscribed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala, which is the Trustor, and the Banco G&T Continental, S.A., the Trustee.

The Administrator, which is the Foundation for the Conservation of Natural Resources, instructs the Trustee about the execution of the Trust.

The trust receives payments that the Government of Guatemala put in the debt service account.

The Trust Patrimony is constituted by the assets and rights transmitted to the trustee for the accomplishment of the purposes of the trust; it is conformed by the sums of money coming into the trust.

The Trust Patrimony will be constituted by the payments coming from the FCA agreement according to Annex 1 of such agreement, which are received from the Ministry of Finance.

The purposes of the trust are as follows:

- a) To receive and manage the funds paid by the Government of Guatemala, which are deposited in the debt service account according to Annex 1 of the agreement, as well as to distribute such funds accordingly.
- b) To establish the rules that will prevail in the management of the trust funds by the trustee





**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

The funds of the trust will be used for:

- a) Providing funds for the accounts.
- b) Complying with the FCA's objectives through the selection of the grantees.
- c) Covering the trust operating expenses as authorized by the Oversight Committee.
- d) Any other use permitted by the contract and the FCA agreement.

The accounts are established as follows:

- a) The trustee of the trust will have to open and keep an account in Quetzals that will be called "Debt Service Account" under FCA, to which the funds received by the Government of Guatemala in the frame of the agreement will enter.
- b) The trustee of the trust will open and keep an account in Dollars of the United States of America that will be called FCA's Endowment Fund Account.

The investment of the funds deposited will be carried out according to the provisions of the Oversight Committee by means of the Administrator, in no specific time in conformity with the terms of the contract.

**Notes - Guatemala - TFCA - Trust**

**6. Available cash**

Available cash is itemized as follows:

	<u>2009</u>	
	US\$	Q.
Banco G & T Continental, S.A.	328,015	2,740,366
Banco G & T Continental, S.A.(foreign currency)	443	3,701
<b>Total</b>	<b>328,458</b>	<b>2,744,067</b>

**Tropical Forests Conservation Fund- Fca Program  
NOTES TO THE FINANCIAL STATEMENTS  
As of December 2009**

**7. Interests receivable / accrued, not earned**

Interests receivable / accrued, not earned are itemized as follows:

	<u>2009</u>	
	US\$	Q.
Interests on deposit certificates		
Account Nr. 03-03-3020000030-8	91,568	752,697
	<b>91,568</b>	<b>752,697</b>

**8. Investments**

The investments in Quetzals in Banco G&T Continental are as follows:

<u>Account Nr.</u>	<u>Expiration date</u>	<u>Interest</u> <u>rate</u>	<u>Amount in US\$</u>	<u>2009</u> <u>Amount in Q</u>
03-01-3020000105-2	03/12/2010	8.75	598,488	5,000,000
03-01-3020000106-8	03/12/2010	8.75	598,488	5,000,000
03-01-3020000107-3	03/12/2010	8.75	598,488	5,000,000
03-01-3020000108-9	03/12/2010	8.75	598,488	5,000,000
03-01-3020000109-4	03/12/2010	8.75	1,685,410	14,080,576
<b>Total investments in Quetzals</b>			<b>4,079,362</b>	<b>34,080,576</b>

Investments in Dollars in Banco G&T Continental are as follows:

<u>Account Nr.</u>	<u>Expiration date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount in US\$</u>	<u>2009</u> <u>Amount in Q</u>
03-03-3020000030-8	02/01/2011	6.25	1,534,268	12,817,875
<b>Total investments in Dollars</b>			<b>1,534,268</b>	<b>12,817,875</b>
<b>Total investments</b>			<b>5,613,630</b>	<b>46,898,451</b>

**Tropical Forests Conservation Fund- Fca Program  
NOTES TO THE FINANCIAL STATEMENTS  
As of December 2009**

**9. Trust Patrimony**

Trust patrimony is as follows:

	<u>2009</u>	
	US\$	Q.
Initial trust patrimony	4,393,956	36,708,828
Contribution of the Ministry of Finance (November 2008)	177,646	1,484,123
Contribution of the Ministry of Finance (period 2009)	<u>2,028,698</u>	<u>16,948,536</u>
<b>Total</b>	<b><u>6,600,300</u></b>	<b><u>55,141,487</u></b>

**10. Trust patrimony discounts**

Trust patrimony discounts are as follows:

	<u>2009</u>	
	US\$	Q.
Grants made for 2008 projects	396,628	3,313,591
Managing expenses 2008 (9.87%)	17,534	146,483
Managing expenses 2009 (10%)	202,870	1,694,854
Grants made for 2009 projects	<u>372,366</u>	<u>3,110,888</u>
<b>Total</b>	<b><u>989,398</u></b>	<b><u>8,265,816</u></b>

**11. Financial products from placement of investments**

Products from the placement of investments in the amount of Q2,726,354, equivalent to US\$334,131, correspond to interests earned, coming from the investments in deposit certificates with Banco G&T Continental that expired on December 3, 2009.

**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

**12. Financial products from foreign currency operations**

The detail of the products from foreign currency operations is as follows:

2009

	<u>US\$</u>	<u>Q.</u>
Fluctuation on exchange rate	148	1,205
Other products	15	125
<b>Total</b>	<u><u>163</u></u>	<u><u>1,330</u></u>

The detail of the expenses from foreign currency operations is as follows:

2009

	<u>US\$</u>	<u>Q.</u>
Loss on exchange	273	2,224
Fluctuation on exchange rate	81	662
Account handling expenses	20	165
General	10	80
Financial product tax	56	457
<b>Total</b>	<u><u>440</u></u>	<u><u>3,588</u></u>

**14. Income Tax**

Income tax for the period is as follows:

2009

	<u>US\$</u>	<u>Q.</u>
Interests earned in investments	330,902	2,700,011
Interests capitalized in Debt Service account	3,229	26,344
Exempted interests	(546)	(4,458)
Taxable revenue	<u>333,585</u>	<u>2,721,896</u>
<b>5% Income Tax applicable</b>	<u><u>16,679</u></u>	<u><u>136,095</u></u>

**Tropical Forests Conservation Fund- Fca Program  
NOTES TO THE FINANCIAL STATEMENTS  
As of December 2009**

**Notes: Income and Expenses Statement (FCG Administrator)**

**15. Funds received by the Administrator**

The detail of the funds received is as follows:

	Note	US\$	2009 Q.
Cash donations (for managing expenses)**		202,870	1,694,854
Funds received for the execution of the projects	15	372,366	3,110,888
Bank interests		846	6,907
		<u>576,082</u>	<u>4,812,649</u>

\*\* Transfer of the funds for managing expenses, according to the approved budget. For year 2009, the approved percentage was 10%.

**16. Grants for the execution of projects**

Grants for the execution of projects amounting up to Q3,110,888, equivalent to US\$372,366 for 2009 correspond to disbursements for the execution of seven projects approved eligible entities in the first cycle of the FCA projects. (See note 9)

**17. Operating expenses**

The detail of the operating expenses are as follows:

		US\$	2009 Q.
FCG donations	(1)	112,141	918,611
Traveling allowances	(2)	3,529	28,796
Bank expenses	(3)	10,133	82,681
Fees	(4)	29,876	170,340
Printed material		1,283	10,469
Transportation		3,174	25,901
Feeding in meetings		1,570	12,811
Miscellaneous		2,466	20,121
Advertising and promotion		715	5,831
<b>Total</b>		<u>155,887</u>	<u>1,275,561</u>



**Tropical Forests Conservation Fund- Fca Program**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 2009**

- (1) FCG donations correspond to the transfer of 54.20% out of the 10% of the income received for the managing expenses of FCG.
- (2) Traveling allowances correspond to the expenses incurred of events related to the Fund, mainly to discuss issues associated to the projects.
- (3) The bank expenses correspond mainly to fees of management paid to the trustee of the Guatemala -TFCA-- Trust.
- (4) Correspond to payments of consulting of priorities in the portfolio of projects and fees.

**18. Difference on conversion**

It corresponds to the result of the conversion of the entity's operations recorded in Quetzals and expressed in to US Dollars, for presentation purposes, using the closing exchange rate to convert the balances of assets, liabilities and patrimony an the average exchange rat in the results. The profit or losses in the conversion of the financial statements are in the operations results.



## **Independent Auditor's Report on the Internal Control System**

**Oversight Committee of the Tropical Forests  
Conservation Fund -FCA-  
and the Board of Directors of the Foundation  
for the Conservation of the Natural Resources  
and Environment in Guatemala -FCG-**

We have audited the financial statements of the Guatemala - TFCA- Trust and the Income Statement for the period ended as of December 31, 2009 of the "Tropical Forests Conservation Fund" program in relation to a Debt-for-Nature Swap managed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala -FCG-. We have issued our report on April 16, 2010, in which we have expressed an opinion without exceptions.

Our audit was carried out in conformity with the International Accounting Standards. These standards require that we plan and perform the audit in order to obtain a reasonable assurance as to whether such financial statements are free of any significant errors.

When planning and performing our audit regarding the financial statements of the Guatemala -TFCA- Trust and the Income Statement of the Program, we considered the related internal control structure, in order to determine our audit procedures to express our opinion on such financial statements, instead of the internal control structure itself. Therefore, we are not expressing such an opinion.

Banco G&T, in its capacity as trustee, and the FCG, in its capacity of administrator, are the responsible entities to establish and keep the internal control. In order to comply with this responsibility, some judgments and estimates from the institutions managing the program are required to evaluate the expected benefits and the costs related to the policies and the procedures of internal control. The objectives are to provide a reasonable assurance, but not unlimited, that the assets are protected against losses coming from non-authorized uses or provisions; the transactions are carried out in accordance with the management authorities, supported by the instructions of the Oversight

Committee, the terms of the Forest Conservation Agreement and the corresponding fiscal legislation; and are duly recorded in order to allow the preparation of the financial statements, in conformity with the accounting basis described in Note 3 to the financial statement.

Due to the limitations of the internal control, errors or irregularities might occur and not be detected. Besides, the projection of any evaluation of the structure to future periods is subject to the risk that the procedures become inadequate due to changes in the conditions, or that the effectiveness of the design and the operation of the policies and procedures become impaired.

Our consideration on the internal control would not necessarily reveal all the internal control aspects that might be material weaknesses under the standards provided by the Guatemalan Institute of Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more specific elements of internal control do not reduce at a low level the risk that errors or irregularities in amounts that would be material regarding the financial statements might occur and not be detected conveniently by the employees in the normal performance of their duties. We do not observe any matter related to the internal control and its operation that we consider as a material weakness in accordance with the previous definition.

However, we observe certain matters related to the internal control and its operation that would affect in a negative sense the ability of the Program to record, process, summarize and report the financial information, as described below:

A. Guatemala - TFCA - Trust

- Difference in investments
- Unsupported reconciliations of who prepared and reviewed, respectively

B. FCG as Administrator

- Cumulated cash in the “Managing expenses” bank account
- Inconsistency in the accounting classification of some expenses





Annex I is enclosed with a description of each remark.

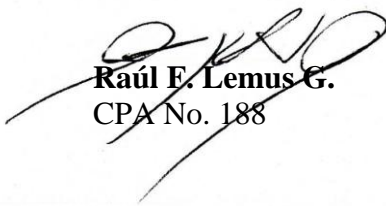
This report is destined to inform the Oversight Committee of the Tropical Forests Conservation Fund and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG, respectively. However, this report is a matter of public concern and its distribution is not restricted.

**LG FIRM, S. C.**

**External Auditors And Tax Advisors**

**Member Of Geneva Group International**

**Swiss Accounting And Consulting Firm**



**Raúl E. Lemus G.**  
CPA No. 188

Guatemala, April 16, 2010

## ANNEX I

### DETAIL OF THE OBSERVATIONS ON THE INTERNAL CONTROL

#### GUATEMALA -TFCA- TRUST

##### 1. Difference in investments.

#### Condition

On September 2009, a deposit was made to the "Debt Service" account for the amount of Q906,087 due to a disinvestment of the deposit certificate (account 03-01-3020000109-4) carried out for the development of projects; however, the investment was not cut, instead, it was recorded in the trust patrimony.

#### Potential effect

Lack of accuracy of the financial information submitted.

#### Recommendation

It is important to verify that the records are carried out conveniently in the corresponding accounts.

The correction of this registry was carried out in January 2010. For audit report purposes, the correction was made as of December 2009.

##### 2. Unsupported reconciliations of who prepared and reviewed, respectively

#### Condition

Some bank reconciliations do not have the signature of the person who prepared and reviewed; the detail is as follows:

Months	Bank account
February- March	01-36607-0
February- March	1-58016975-5

### **Potential effect**

The established control procedure is not completed and responsibilities are not delegated.

### **Recommendation**

Recommendations have to be made to the personnel responsible for the preparation and review of the bank reconciliations as to the importance that they support them with the established control processes.

### **FCG AS ADMINISTRATOR**

1. Cumulated cash in the “Managing Expenses” bank account (account nr. 66-0009301-3).

### **Condition**

According to the approved budget, a percentage of the funds received by the government, in order to cover the managing expenses of FCG and FCA, is transferred. For year 2009, the percentage was of 10%; however, the total amount of such expenses has not been executed according to the budget, consequently, this account shows a cumulated cash of Q891,857 as of December 31, 2009.

### **Potential effect**

Sub-optimization of the available funds.

### **Recommendation**

The Committee must decide about the convenience of returning those funds to the Trust provided that interests can be capitalized through investments, which would result in optimizing the funds.

### **Comment of the Administrator**

The administrator will submit again this matter to the Oversight Committee in order to make the corresponding decision.

## **2. Inconsistencies with the accounting classification of some expenses**

### **a) Condition**

We observed that interests in the amount of Q1,232.23, earned in the bank account in October and November, were included in the account "Bank expenses".

The correction of this record was carried out in January 2010. For audit report purposes, the correction was brought about as of December 2009.

### **Potential effect**

Mistaken information was provided to the users of the Income Statement.

### **Recommendation**

It is necessary to supervise that the expenses are recorded in the corresponding accounts according to their nature.

### **Comment of the Administrator**

The aforementioned supervision is being performed.



## **INDEPENDENT AUDITORS' REPORT ON THE COMPLIANCE WITH THE TERMS OF THE AGREEMENT, APPLICABLE LAWS AND REGULATIONS**

**Oversight Committee  
Tropical Forests Conservation Fund -FCA –  
and Board of Directors  
Foundation for the Conservation of the Natural Resources  
and Environment in Guatemala**

We have audited the financial statements of the Guatemala - TFCA- Trust and the Income Statement for the period ended as of December 31, 2009 of the "Tropical Forests Conservation Fund" program in relation to a Debt-for-Nature Swap managed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala -FCG-. We issued our report on April 16, 2010, in which we have expressed an opinion without exceptions.

Our audit was performed in conformity with the International Accounting Standards. These standards require that we plan and perform the audit in order to obtain a reasonable assurance as to whether the financial statements of the Trust and the Income Statement are free of material weaknesses resulting from infringements to the terms of the agreements, laws, and regulations that could have a direct and material impact on the determination of the amounts in such financial statements.

The compliance with the terms of the agreements, laws and regulations applicable to the "Tropical Forests Conservation Fund" Program is the responsibility of Banco G&T, in its capacity of Trustee, and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala -FCG, in its capacity of Administrator. In order to obtain a reasonable assurance as to whether the financial statements of the Trust, as well as the Income Statement, are free of material weaknesses, we carried out compliance tests of the "Tropical Forests Conservation Fund" Program with certain terms of the agreement, laws, and regulations. However, our purpose was not to express an opinion on the general compliance with such provisions. Therefore, we are not expressing such an opinion. Besides, we performed compliance tests of the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG - with certain terms of the agreements, laws, and regulations applicable to the contributions of shared costs.

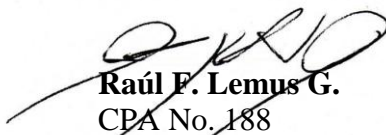


The results of our tests did not reveal non-compliance issues that require be informed.

In our opinion, the financial statements of the Guatemala Trust -TFCA- and the Income Statement as of December 31, 2009 of the "Tropical Forests Conservation Fund" Program are fairly presented, in all of their material aspects, according to the terms of the agreements and in conformity with the accounting basis described in Note 3 (a) to the financial statements.

This report was prepared in order to inform the Oversight Committee of the "Tropical Forests Conservation Fund" Program and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG. However, once distributed, this report is a matter of public concern and its distribution will not be restricted.

**LG FIRM, S. C.**  
**External Auditors and Tax Advisors**  
**Member Of Geneva Group International**  
**Swiss Accounting and Consulting Firm**



**Raúl F. Lemus G.**  
CPA No. 188

Guatemala, April 16, 2010



**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH THE TERMS OF THE AGREEMENTS REGARDING  
THE GRANTING OF DONATIONS, MANAGEMENT OF PROJECTS, AND  
COMPLIANCE WITH THE TERMS OF THE AGREEMENT BY THE  
GRANTEES OF THE SEVEN PROJECTS APPROVED BY THE OVERSIGHT  
COMMITTEE OF THE TROPICAL FORESTS CONSERVATION FUND**

**Oversight Committee of the  
Tropical Forests Conservation Fund -FCA-  
and Board of Directors of the  
Foundation for the Conservation of the Natural Resources  
and Environment in Guatemala**

We have audited the compliance with the "Tropical Forests Conservation Fund - FCA-" Program regarding a Debt-for-Nature Swap managed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG- and in relation with section 5 of the Forest Conservation Agreement regarding the granting of donations, management and follow-up of the projects (section 5.2.6 Use of the Donations) and the compliance with the execution of the donations according with the terms of the agreement by the grantees.

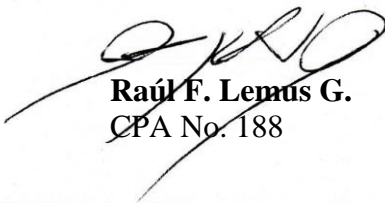
We performed our audit according to the International Auditing Standards. These standards require that we plan and carry out the audit in order to obtain a reasonable assurance as to whether the funds authorized to the grantees have been granted according to the authorized purposes, if the Foundation for the Conservation of the Natural Resources in Guatemala - FCG-, in its capacity of administrator, has complied with the provisions contained in section 5.2.6 (Use of Donations), and whether or not the grantees are executing the project according with the terms of the agreement. An audit includes examining appropriate evidence on a test basis. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, we concluded that the Tropical Forests Conservation Fund -FCA-" Program, managed by the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG-, observed in all material respects the compliance with the matters stipulated in section 5 of the Forest Conservation Agreement regarding the granting of donations, management, follow-up and control of the projects, as well as the funds granted to the recipients of the seven projects have been reasonably used according to the authorized purposes.



This report was prepared in order to inform the Oversight Committee of the “Tropical Forests Conservation Fund” Program and the Foundation for the Conservation of the Natural Resources and Environment in Guatemala - FCG. However, once distributed, this report is a matter of public concern and its distribution will not be restricted.

**LG FIRM, S. C.**  
**External Auditors and Tax Advisors**  
**Member Of Geneva Group International**  
**Swiss Accounting and Consulting Firm**



**Raúl F. Lemus G.**  
CPA No. 188

Guatemala, April 16, 2010