

**FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES
ADMINISTERED BY "FUNDACIÓN PARA LA CONSERVACIÓN DE
LOS RECURSOS NATURALES Y AMBIENTE EN GUATEMALA (FCG)"
GUATEMALA TRUST -TFCA
FIDUCIARY: G & T CONTINENTAL BANK
Financial Statements
Report of Independent Auditors
At December 31, 2013 and 2012**

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Report of Independent Auditors

Oversight Committee

**Fondo para la Conservación de Bosques Tropicales - FCA
and the Board of "Fundación para la Conservación de los
Recursos Naturales y Ambiente en Guatemala – FCG"**

We have audited the accompanying financial statements of the "Fondo para la Conservación de Bosques Tropicales", which operates under a Trust (Fideicomiso Guatemala TFCA) become the G & T Continental bank and is managed by "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)", which correspond to the balance sheet at December 31, 2013, the statements of income and expenses, changes in equity and cash flows for the year ended, and a summary of significant accounting policies of the Trust and FCG's accounting policies for the management of the same and other explanatory information.

Management's Responsibility for Financial Statements

The administration of the fiduciary is responsible for the preparation and presentation of these financial statements in accordance with legal regulations, resolutions, contractual terms and policies governing the managed of the fiduciary, which differ in some respects from the International Financial Reporting Standard (IFRS) and internal control necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement importance, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing -ISA. Those standards require that we comply with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of risks of material misstatement of material effect on the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the entity, in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control of the entity.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Fideicomiso Guatemala TFCA, established at Banco G & T Continental by "Fondo para la Conservación de Bosques Tropicales" managed by "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)", to December 31, 2013, the results of operations, movements of trust assets and cash flows for the year then ended, in accordance with legal regulations, resolutions, contractual terms and policies governing the administration of the trust, which differ in some respects from the International Financial Reporting Standard (IFRS).

We have also reviewed the management accounts administrative expenses, donations and book by the "Fundación para la Conservación en Guatemala", as manager of "Fondo para la Conservación de Bosques Tropicales", for which we issued certification of proper handling of these accounts.

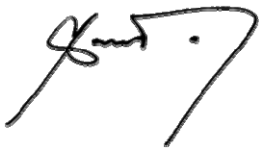
Accounting Base and Restriction on Distribution and Use

Without having any effect on our opinion, we draw attention to Note 2) to the financial statements, which describes the basis of accounting. The accompanying financial statements are prepared on the basis of accounting practices established by management.

As a result, the financial statements may not be appropriate for other purposes. This report was prepared for use by the Administration of the "Fideicomiso Guatemala TFCA" and "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)", the Monitoring Committee of the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)". This restriction is not intended to limit its distribution, which with the approval of the trustee, is a matter of public interest.

Paragraph of other matters

The financial statements for the year 2012 were audited by one another auditor, who issued an unqualified opinion dated May 23, 2013.



Manuel Cervantes
Public Accountant and Auditor
Collegiate No. CPA – 45

Guatemala, August 25, 2014

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Balance Sheets

At December 31, 2013 and 2012

(In Quetzales)

	<u>2013</u>	<u>2012</u>
ASSETS		
Availabilities (note 4)	1,261,682	138,955
Interest receivable (note 5)	331,476	1,472,887
Investments (note 6)	76,180,991	71,283,564
Total Assets	<u><u>77,774,149</u></u>	<u><u>72,895,406</u></u>
LIABILITIES		
Income tax payable	-	6,468
Accrued interest received (Note 5)	331,476	1,472,887
Total liabilities	<u><u>331,476</u></u>	<u><u>1,479,355</u></u>
EQUITY		
PRIMARY FUND		
Permanently restricted fund	60,820,724	59,413,823
ADDITIONAL FUND		
Activities accumulated temporarily restricted	16,621,949	12,002,228
TOTAL EQUITY	<u><u>77,442,673</u></u>	<u><u>71,416,051</u></u>
AMOUNT OF LIABILITIES AND EQUITY	<u><u>77,774,149</u></u>	<u><u>72,895,406</u></u>

The accompanying notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Statements of Income and Expenses

For the years ended December 31, 2013 and 2012

(In Quetzales)

<u>Description</u>	<u>Temporarily restricted</u>	<u>Permanent restricted</u>	<u>Total</u>	<u>Temporarily restricted</u>	<u>Permanent restricted</u>	<u>Total</u>
INCOME						
Financial products (note 7)	4,968,798	-	4,968,798	4,361,726	-	4,361,726
Contributions from the Ministry of Finance (note 8)	-	16,281,463	16,281,463	-	16,183,667	16,183,667
Other income	147,768	-	147,768	98,245	-	98,245
Total income	5,116,566	16,281,463	21,398,029	4,459,971	16,183,667	20,643,638
ADMINISTRATIVE EXPENSES						
Administrative expenses	-	-	-	44	-	-
Transfers 10% administrative expenses	-	1,628,146	1,628,146	-	1,618,366	1,618,366
Donations for projects	-	13,246,416	13,246,416	-	13,699,230	13,699,230
Total expenditures	-	14,874,562	14,874,562	44	15,317,596	15,317,640
Income before tax	5,116,566	1,406,901	6,523,467	4,459,927	866,071	5,325,998
(-) Tax Income	496,871	-	496,871	218,064	-	218,064
OTHER RESULTS						
Operating expenses in foreign currency	(26)	-	(26)	5,929	-	5,929
Net result of the year's activities	4,619,721	1,406,901	6,026,622	4,235,934	866,071	5,102,005
Opening Balances previous year	12,002,228	59,413,823	71,416,051	7,766,294	58,547,752	66,314,046
Equity balances	16,621,949	60,820,724	77,442,673	12,002,228	59,413,823	71,416,051

The accompanying notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Statements of Changes in Equity
For the years ended December 31, 2013 and 2012
(In Quetzales)

CONTRIBUTIONS TO EQUITY	2013	2012
Balance at beginning of year	104,043,317	87,859,650
Contributions from the Ministry of Finance (Note 8)	16,281,463	16,183,667
Balance at end of year	120,324,780	104,043,317
DECREASE OF EQUITY		
Balance at beginning of year	(44,629,493)	(29,311,898)
Transfers 10% administrative expenses	(1,628,146)	(1,618,366)
Donations for projects	(13,246,416)	(13,699,230)
Balance at end of year	(59,504,056)	(44,629,494)
Total restricted funds	60,820,724	59,413,823
ACCUMULATED ACTIVITIES TEMPORARILY RESTRICTED		
Accumulated investment activities	12,002,228	7,766,294
Net Activities of the year	4,619,721	4,235,934
Balance at end of year	16,621,949	12,002,228
TOTAL EQUITY FUND	77,442,673	71,416,051

The accompanying notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Cash Flow Statements

At December 31, 2013 and 2012

Description	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Activities of the year	4,619,721	4,235,934
Net changes in assets and liabilities		
Cash received from contributions	16,281,463	16,183,667
Donation for project implementation	(13,246,416)	(13,699,230)
Disbursements for administrative expenses	(1,628,146)	(1,618,366)
Additions and use of investment	(5,116,566)	(5,105,683)
Others	296,022	300
Tax	(83,351)	(46,544)
Net cash received from operating activities	1,122,727	(49,922)
Net change in cash	1,122,727	(49,922)
Cash at beginning of year	138,955	188,877
Cash at end of year	1,261,682	138,955

The accompanying notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

1. HISTORY AND OPERATIONS

Brief History of Trust

The Fideicomiso Guatemala TFCA (the "trust") was constituted by an indefinite period on September 30, 2008, as Document No. 151 of the Notary Karla Guerra de Balsells. The address of the organization is in the city of Guatemala, and its accounting period is from January to December of each year.

The Trust has no employees, and which is administered by the Trustee G & T Continental, Bank S.A.

Trustor: The "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG" (as administrator FCA). According to the Trust Agreement creating 10% of government payments to Guatemala for administrative expenses will go.

FCG was established on March 27, 2000, as a, nonprofit, nonpartisan, and for conservation, ecological, scientific, educational, technological and cultural, non-governmental private organization with legal personality and capacity to acquire rights, incur obligations and to make necessary for the fulfillment of its purposes activities.

The overall objective of FCG is to promote biodiversity conservation and sustainable use of natural resources, environmental management and sustainable development through implementation and stable cash flow generation, management services and projects, supply and implementation of specialized services in the environmental area, project financing; as well as managing environmental projects. FCG's mission is to manage and provide financial resources for the conservation and sustainable management of natural and cultural heritage in Guatemala, as drivers of sustainable economic development in the country. It does this through grants and services.

Trustees: They are legal persons benefited the specific Trust, who are the recipients of grants that will be trustees up to the amount of the donation and only for the term in maintaining the status of receptor of donation, and one or more persons designated by written by the Oversight Committee from time to time.

Trust: G&T Continental, Bank S.A.

Trust estate: The trust estate is made up of payments to the Government of Guatemala Debt Service Account, under the provisions of the Forest Conservation Agreement (FCA, for its acronym in English).

Purposes of the Trust: The aims of the Trust are: Provide funds for the fulfillment of the objectives of the Fondo para la Conservación de Bosques Tropicales, through selection by the Oversight Committee Proposals for projects submitted by grant recipients of accordance with the procedures established by the FCA and cover the costs of operating the Escrow, as authorized by the Supervisory Committee and in

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

accordance with the procedures established by the FCA. Furthermore, shaping the Endowment Fund, as set out in that agreement.

The FCA Oversight Committee is composed of four permanent members as follows: Government of the United States (USAID), the Government of Guatemala (CONAP), The Nature Conservancy (TNC) and Conservation International (CI).

In addition, for a term member, currently: Cultural and Natural Heritage Foundation Maya (PACUNAM)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Financial Statements have been prepared in accordance with legal regulations, resolutions, contractual terms and policies governing the administration of the trust, which differ in some respects from the International Financial Reporting Standard (IFRS), but are acceptable for administration the Trust.

a) Income

Interest earned on bank accounts are recorded monthly to be accredited by the Bank, and this is no different from the accrual method of accounting. Interest from investments in certificates of time deposit are recorded in control accounts (in asset accounts "Interest receivables" and passive "uncollected accrued interests"); and being received or credited by the bank are recorded against income for the year. This is acceptable for recording financial institutions accounting practice.

b) Foreign currency transactions

Transactions in foreign currencies are recorded in local currency at the exchange rate prevailing at the time of operation. The balances of assets and liabilities in foreign currency are restated in local currency at the end of each year, according to the exchange rate prevailing in the banking system and the corresponding effect is included as part of the earnings.

c) Permanently restricted trust estate

Funds are intended solely for the specific objectives, the restriction is typified by the FCA Agreement and the Trust Agreement. It consists of funds paid to the trust paid by the Government of Guatemala in accordance with the Exchange of Debt with the Government of the United States and private NGO's listed above; these funds are used according to the objectives of the creation of the Trust, based on the approved plans by the Oversight Committee FCA, mainly covering Donations project plans, which are described in

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

Annex I, entitled: DETAIL OF PROJECTS FINANCED WITH FUNDS FCA, and 10% of payments received from the Government of Guatemala, for administrative expenses.

d) Accumulated temporarily restricted Activities

These arise from the operation and administration of the Trust, which will be used to support the objectives of the Trust, with prior approval of the Monitoring Committee of the FCA.

e) Investments

Investments in certificates of deposit are recorded at cost and agreed to return rates prevailing in the market.

3. CURRENCY EXCHANGE AND REGIME

The financial statements are expressed in Quetzales (Q), the official currency of the Republic of Guatemala. The purchase and sale of currencies takes place in the national banking system, through free negotiation, according to Decree 94-2000 force since 1 May 2001.

The Bank of Guatemala, entity authorized by the Monetary Board to execute monetary policy, calculates and publishes daily exchange rate reference Quetzal against the Dollar in the United States, to be used in the settlement of tax liabilities or other payments involving the state or the state and its institutions as well as conflict resolution in the administrative and jurisdictional level. As of December 2, 2006, entered into force the use of a single exchange rate according to resolution JM-126-2006, issued by the Monetary Board. At December 31, 2013 and 2012 the exchange rate reference is Q7.90230 Q7.84137 and US \$ 1.00 respectively. There are no exchange restrictions in Guatemala for the repatriation of capital, payment of worthys s or any other purpose. Foreign currency can be bought and sold in any amount in banks in the system or authorized exchange.

4. AVAILABILITIES

Cash balances at December 31, 2013 and 2012 correspond to the available funds in the accounts on deposits constituted in the G & T Continental Bank, thus:

<u>Account number</u>	<u>2013</u>	<u>2012</u>
G&T Continental Bank 01-5801697-5	1,130,527	189
G&T Continental Bank 001-0036607-0	101,770	138,766
G&T Continental Bank 006-019377-8	29,385	-
TOTAL	<u>1,261,682</u>	<u>138,955</u>

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

5. ACCRUED INTEREST NOT RECEIVED

Interest on investments in certificates of deposits, made in the Guatemalan banking system. At December 31, are integrated as follows:

<u>US Dolars Investments</u>	<u>2013</u>	<u>2012</u>
G&T Continental, Bank S.A. Certificate No. 03-03-600000278-7	90,776	1,336,207
Industrial, Bank S.A. Certificate No. 31-006- 122984-8	144,868	61,423
G&T Continental, Bank S.A. Certificate No. 00812156	-	917
Subtotal	235,644	1,398,547
<u>Quetzales Investments</u>		
Banrural Certificate No. 432184	-	48,104
Industrial, Bank S.A. Certificate No. 33-006- 126207-8	95,832	26,236
Subtotal	95,832	74,340
Total	331,476	1,472,887

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

6. INVESTMENTS

At December 31 investment stocks are integrated as follows:

Description	2013	2012
Investment in fixed deposit in Banco Industrial, S.A No. 33-006-126207-8 maturing on December 17, 2013, earning 7.60% interest rate payable monthly.	-	9,000,000
Investment in fixed deposit in Banco de Desarrollo Rural, S.A (Banrural) No. 432,184 maturing on May 3, 2013, earning 7.75% interest rate payable monthly.	-	7,551,948
Investment in fixed deposit in G & T Continental, Bank S.A. No. 286,358, maturing on April 28, 2013 earning 8.50% variable interest rate payable monthly.	-	7,551,948
Investment in fixed deposit in G & T Continental, Bank S.A. No. 03-01-3020000266-7, maturing on December 17, 2013, earning 7.25% rate of interest payable at maturity.	-	6,676,837
Investment in fixed deposit in G & T Continental, Bank S.A. No. 03-03-600000278-7 for \$ 4,791,069, maturing on February 28, 2013, earning 4% interest rate payable at maturity.	-	37,206,506
Investment in fixed deposit in Banco Industrial, S.A No. 31-006-122984-8 US \$ 300,000, maturing on May 22 2013, earning 4.25% rate of interest payable at maturity.	-	2,335,473
Investment in fixed deposit in Banco Industrial, S.A No. 31-006-126211-2 US \$ 121,491, maturing on June 16, 2013, earning 2.50% interest rate payable monthly.	-	960,852
Investment in fixed-term certificate Banco Industrial, S.A No. 31-006-12-122984-8 worth US \$ 300,000, maturing on May 22, 2014 at an interest rate of 4.250% payable at maturity	2,335,473	-
Investment in fixed-term certificate Banco Industrial, S.A No. 31-385-12-7732-4 worth US \$ 4,975,725, maturing on March 5, 2014 at an interest rate of 4.300% payable at maturity	38,807,971	-
Investment in fixed-term certificate Banco Industrial, S.A No. 31-006-126211-2 worth US \$ 122,839, maturing on December 15, 2014 at an interest rate of 2.500% payable at maturity	967,894	-
Investment Certificate G & T Continental Bank, S.A No.3-01-3020000510-2 fixed term for a period of 365 days to mature on December 19, 2014 at an interest rate of 7.50% per annum payable at maturity.	18,883,679	-
Investment Certificate G & T Continental Bank, S.A No.3-01-4000001216-0 fixed term for a period of 365 days to mature on May 7, 2014 at an interest rate of 7.6% per annum payable at maturity.	82,078	-
Investment certificate G & T Continental Bank, S.A deposit No. 03-01-40000001215-4 365 days expires on May 7, 2014 at an interest rate of 7.6% per annum payable at maturity	7,551,948	-
Investment Banco de los Trabajadores certificate No. 286 358 for a period of 360 days to mature on June 13, 2014 at an interest rate of 8.5% per annum payable monthly	7,551,948	-
Total	76,180,991	71,283,564

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements

For the years ended December 31, 2013 and 2012

7. FINANCIAL PRODUCTS

Income generated in dollars and Quetzales at December 31 are as follows:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Interest on investment placement	4,968,798	4,346,316
Bank interest	-	15,410
Total a/	4,968,798	4,361,726

a / the interest from the certificates is included in Dollars and Quetzales In these accounts

8. TRUST ESTATE PERMANENTLY RESTRICTED

Contributions to December 31, are as follows:

<u>Description</u>	<u>2013</u>	<u>2012</u>
January 27	-	886,941
March 9	-	1,850,225
April 19	-	1,326,103
April 19	-	2,461,812
May 15.	-	1,509,096
July 30	-	889,481
September 30	-	1,916,556
October 19	-	1,336,710
October 19	-	2,481,666
November 20	-	1,525,077
January 28	891,053	-
March 14	1,863,905	-
April 23	3,800,439	-
May 17.	1,515,802	-
July 29	889,752	-
September 12	1,903,699	-
October 12	3,880,724	-
November 19	1,536,089	-
Total contributions for the period	16,281,463	16,183,667
Opening Balance period	104,043,318	87,859,651
Total	120,324,781	104,043,318

9. SUBSEQUENT EVENTS

It is not aware of any subsequent event occurred between the date of the financial statements and the date of authorization of management and even before the date of issuance of the report of the independent auditors, requiring modification of the figures presented in the financial statements.



**Report on Compliance with Contract Clauses
of Accounting and Financial character**

Oversight Committee

**Fondo para la Conservación de Bosques Tropicales - FCA
and the Board of "Fundación para la Conservación de los
Recursos Naturales y Ambiente en Guatemala – FCG"**

We have audited the balance sheet of the Fund for the "Fondo para la Conservación de Bosques Tropicales", which operates under a Trust (Fideicomiso Guatemala TFCA) become the Banco G & T Continental, S.A. and is administered by "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)", to December 31, 2013, the statements of income, changes in equity and cash flows for the year then ended, the financial statements are the responsibility of management, and have issued our report dated August 25, 2014.

In connection with our audit, we examined compliance with the contractual terms of accounting and financial provisions of the Deed of Trust and regulatory provisions and other Laws and Regulations applicable to the operations of the Trust during the year ending at December 31, 2013.

The accomplishment with the terms of agreement, laws and applicable regulations to Fondo para la Conservación de Bosques Tropicales (Fideicomiso Guatemala TFCA), is responsibility of the Trust Fund Management and the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG).

We conducted our audit in accordance with International Standards on Auditing -NIA. Those standards require the proper planning and execution of the audit to obtain reasonable assurance that the administration of the Trust has complied with the relevant provisions of the Deed of Trust and applicable Laws and Regulations; therefore, our aim was to form an opinion on the overall compliance with such regulations.

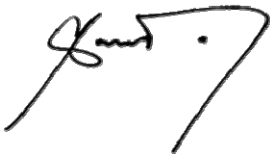
Also, we conducted an evaluation of compliance with legal aspects of financial accounting, laid down in the contract mentioned above and other laws and regulations.

Interest on investments are calculated and recorded correctly and show no discrepancy.

In our opinion, the Administration of the Trust and the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)", complied with the provisions of relevant financial accounting nature and had no knowledge of other facts or events that involve the breach or violation by the trustee of such clauses and provisions of financial accounting information.

We did not observe related to noncompliance with contract terms and applicable laws and regulations that had informed the Administration of the Trust and the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala.(FCG)" issues.

This report was prepared for use by the Management for "Fondo para la Conservación de Bosques Tropicales (Fideicomiso Guatemala TFCA)" and "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala.(FCG)". This restriction is not intended to limit its distribution, which with the approval of the Trustor, is a matter of public interest.

A handwritten signature in black ink, appearing to read 'Manuel Cervantes', with a stylized flourish at the end.

Lic. Manuel Cervantes
Public Accountant and Auditor
Collegiate No. CPA - 45

Guatemala, August 25, 2014



Report of the Independent Auditor of compliance with the terms of the Forest Conservation Agreement concerning grantmaking, Project Management and compliance with terms of the Grant Agreement by Grant Recipients

Oversight Committee

**Fondo para la Conservación de Bosques Tropicales - FCA
and the Board of "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG"**

We have audited the compliance of the stipulated matters Fund program for the "Fondo para la Conservación de Bosques Tropicales – FCA", in connection with the exchange of debt for nature and managed by the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG" and relative section 5 of the Convention relating Tropical Forest Conservation grantmaking, administration and project monitoring (Section 5.2.6 Use of Donations) and compliance with the implementation of donations in accordance with the terms of the Grant Agreement by grant recipients.

We conducted our audit in accordance with International Standards Audit of conduct compliance reviews of contractual clauses. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the authorized institutions receiving grant funds have been accorded to them in accordance with the authorized purposes and if the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG", as administrator of the program has met specified in the agreement and whether the "Fondo para la Conservación de los Bosques Tropicales – FCA" grant recipients are implementing the project in accordance with the terms of the grant agreement. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the "Fondo para la Conservación de los Bosques Tropicales – FCA" program administered by the "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG" kept in respect of all material compliance with the matters mentioned in Forest Conservation Agreement to which we referred in the preceding paragraphs for the year ended December 31, 2013.

This report was prepared for the information of the Monitoring Committee of the "Fondo para la Conservación de los Bosques Tropicales – FCA" Program and "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG". However, once, to be distributed this report is a matter of public record and its distribution is not limited.

Lic. Manuel Cervantes
Public Accountant and Auditor
Collegiate No. CPA - 45

Guatemala, August 25, 2014



ACCOUNTANT CERTIFICATION

Supervisory Committee

"Fondo para la Conservación de Bosques Tropicales – FCA" and Board "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG"

We emitted this Certification over adequate management of funds, accounting records and budget execution about the **Cuenta FCG - Cuenta Gastos Administrativos-TFCA** identified with No. 66-0009301-3 G&T Continental Bank, S.A., **Cuenta FCG – Cuenta de Donaciones - TFCA** No. 66-0009302-1, G&T Continental Bank, S.A. and **Cuenta FCG – Cuenta de Reserva – TFCA** identified with No. 66-0015478-1 G&T Continental Bank S.A., management by **Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG**, for the year ended December 31, 2013.

This certification is only for information Oversight Committee "Fondo para la Conservación de los Bosques Tropicales – FCA" Program and "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG".

Lic. Manuel Cervantes
Public Accountant and Auditor
Collegiate No. CPA - 45

Guatemala, August 25, 2014

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

ANNEX I: DETAILS OF FUNDED PROJECTS FUNDED FCA

At December 31, 2013

Second Cycle Project						
	Organization	Project title	Project amount	status	Expenditures to 31/12/2013	% Execution
1	HELVETAS Guatemala	Municipal and Community Management for Integrated management of water catchment areas of strategic conservation in the highlands of Totonicapan and Sierra Santa Rita, Quetzaltenango.	Q.1,592,970.00	Ended	Q.1,592,970.00	100%
2	HELVETAS Guatemala	Strengthening and consolidation of centralized management of municipal regional parks, community forest and private nature reserves in priority areas of the volcanic chain connectivity Saquibutz- Tewancarnero	Q.1,590,620.00	Ended	Q.1,590,620.00	100%
3	Centro Agronómico Tropical para la Investigación y Enseñanza -CATIE-	Strengthening co-management for the conservation and restoration of the Municipal Regional Ship Park , Tecpan, Guatemala (water recharge zone of the river basins Madre Vieja , Motagua and Coyolate) Phase I	Q.1,593,217.5	Ended	Q.1,593,217.5	100%
4	Fundación Defensores de la Naturaleza	Threat mitigation to the conservation in the Rain Forest Corridor-Sierra de Las Minas, through the strengthening of conservation schemes, fire management and development of economic alternatives.	Q.1,592,977.49	Ended	Q.1,592,977.49	100%
5	Fundación Defensores de la Naturaleza	Strengthening governance SLPA actions ensuring protection against threats and conflicts management through the implementation of cooperation agreements.	Q.1,586,077.32	Ended	Q.1,586,077.32	100%
6	SOTZIL	Strengthening indigenous collective management for the conservation and sustainable management of community forest in the Western Volcanic Chain and Cuchumatanes	Q.1,598,992.00	Ended	Q.1,598,992.00	100%
7	Asociación Vivamos Mejor	Integrated management of the Sub River Basin Quiscab and strengthening the biological corridor Reserve Multipurpose Basin Lake Atitlan	Q.1,599,842.00	Ended	Q.1,599,842.00	100%
8	CARE-UICN	Implementing a model of participatory planning and management watershed for adaptation to climate change in communities in five municipalities in the highlands of San Marcos	Q.1,598,666.29	Ended	Q.1,598,666.29	100%

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At December 31, 2013

Second Cycle Project						
	Organization	Project title	Project amount	status	Expenditures to 31/12/2013	% Execution
9	Fundación para el Ecodesarrollo y la Conservación -FUNDAECO-	Support for the establishment and consolidation of a network of community, municipal and private protected areas, and management of bio-cultural landscape in Northern Border Huehuetenango, in Guatemala Region.	Q.1,467,155.00	Ended	Q.1,467,155.00	100%
10	ASOCUCH	Strengthening local management and implementation of strategies to reduce threats in three areas of importance for the conservation of bio diversity in the Sierra de los Cuchumatanes, Huehuetenango	Q.1,591,605.75	Ended	Q.1,591,605.75	100%
11	Fundación para el Ecodesarrollo y la Conservación -FUNDAECO-	strengthening management and management of protected areas Cerro San Gil, Rio Sarstún and Punta de Manabique; community onvovement, financial sustainability and strengthening core areas at critical pressure points and deforestation.	Q.1,600,000.00	Ended	Q.1,600,000.00	100%
12	Asociación -BALAM_	Strengthening the protection of Laguna del Tigre and its biological corridor, through a special protection system based on partnerships between government institutions, community groups and civil society organizations.	Q.1,429,000.00	Ended	Q.1,429,000.00	100%
13	Wildlife Conservation Society -WCS-	Stregthening governance in the Multiple use Zone of the Biosfera Maya Reserve, Petén, Guatemala	Q.1,590,440.00	Ended	Q.1,590,440.00	100%
Third Cycle Project						
1	ACODIHUE	Ecological restoration of the watershed of the River eight, sub watershed Rio Rancho Viejo, Selegua River Basin, in the department of Huehuetenango	Q2,387,429.00	Developing	Q1,014,930.28	43%
2	FUNDAECO	Protection of unique ecosystem and endemic species to 7 units of National conservation, Municipal and Community Department of Huehuetenango	Q2,221,789.50	Developing	Q704,330.26	32%

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At December 31, 2013

Second Cycle Project						
	Organization	Project title	Project amount	status	Expenditures to 31/12/2013	% Execution
3	FUNDAECO	Ending of the process of Legal Declaration Ending of the process of Legal Declararion, consolidation Core Areas and initiating participatory management processes of Water and Forest Reserve of Sierra Caral	Q1,634,235.00	Developing	Q523,457.04	32%
4	Wildlife Conservation Society -WCS-	Strengthening Governance in the Ruta Carmelita in the Multiple Use Zone of the Biosfera Maya Reserve.	Q2,490,340.00	Developing	Q440,917.10	18%
5	HELVETAS Guatemala	Strengthening Local Capacities for Conservation and Management of Natural Resources and protected Areas and Biodiversity in Forests of Municipalities, communities and Private Forest of the Volcannic Chain of Quetzaltenango and Totonicapan	Q2,308,605.00	Developing	Q882,289.01	38%
6	Asociación Aktenamit	Training indigenous youth people, devolving economic alternatives and promoting good practices in tourism and sustainable community development for the conservation of natural and cultural heritage in priority areas of the department of Izabal.	Q2,006,410.00	Developing	Q598,171.12	30%
7	Ecologic	Strengthening ths sustainable management of natural resources with local stakeholders in the Commonwealth Frontera del Norte, in the basins of the Ixcan Nentónand Pojom rivers.	Q2,100,000.00	Developing	Q1,096,169.40	52%
8	SOTZIL	strengthening native collective management for the conservation and sustainable management of community forest in the Western Volcanic Chain and Cuchumatanes PHASE II	Q2,212,561.00	Developing	Q1,060,440.27	48%
9	Centro Agronómico Tropical para la Investigación y Enseñanza -CATIE-	Knowledge of sustainable management and conservation of the Acatenango Volcano and Municipal Regional Park Acatenanggo Volcano	Q2,308,901.60	Developing	Q435,187.31	19%
10	Fundación Defensores de la Naturaleza	Management and conservation of biodiversity with local participation in priority qatersheds of Sierra de las Minas and Bosque Seco-Monte Espinoso	Q2,363,277.57	Developing	Q1,123,001.99	48%

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At December 31, 2013

Second Cycle Project						
	Organization	Project title	Project amount	status	Expenditures to 31/12/2013	% Execution
11	CARE	Sustainable forest management in water recharge areas of the Salama, Nahualate, Salinas, Motagua and Atitlan Lake watersheds, in the municipalities of Santa Maria Chiquimula and Totonicapan	Q2,440,447.13	Developing	Q733,745.50	30%
Program of small donations /PPD/FCA						
12	ASOCUCH	Subregional program	Q2,500,000.00	Developing	Q1,265,542.09	51%
13	Fundación Naturaleza para la Vida	Subregional program	Q2,500,000.00	Developing	Q84,273.50	3%
14	ASOPROGAL	Subregional program	Q2,500,000.00	Developing	Q87,596.56	4%
15	TIKONEL	Subregional program	Q2,500,000.00	Developing	Q598,691.52	24%
16	ADAM	Subregional program	Q2,500,000.00	Developing	Q738,585.27	30%

Observations:

Between the auditing procedures, additional documentary evidence in the records that are presented for each beneficiary organization to the “Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG”, visits were made to the headquarters of the organizations described below, to validate financial reports submitted to “Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)”, revenue receipts, statements which reflect income received and bank reconciliations, among others. The institutions that were visited as part of the sample were:

- a) Defensores de la naturaleza
- b) Asociación Vivamos Mejor
- c) Asociación SOTZIL
- d) Asociación HELVETAS

With the selected sample, we conclude that the records are adequate and consistent with those in the archives of “Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG”.